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EDITORIAL

As We See It

The air is filled these days with "informed" guesses of Kremlinologists and Peipingologists about what is happening or is about to happen in the two leading world centers of Communism. Many questions are raised but few answered. The experts, like the rest of us, are apparently wondering whether or how much longer Mr. Khrushchev will remain in actual control of the affairs of the Soviets—if he is and has really been in control of them in the past. They are uncertain whether world Communism will much longer remain essentially monolithic—as has been the frequent boast of its leaders—or presently become or possibly already has become dilithic. Some are asking whether it may not even become trilithic or possibly polylithic.

Meanwhile there is the query as to the precise meaning of "peaceful coexistence" as proclaimed so frequently and ardently by Moscow. How long before Peiping, which at the moment must be content with scolding Moscow and screaming at the world in general but doing little and able to do little far from its own immediate borders, may attain a greater status is unknown. These and other similar questions are, of course, of great interest to us all. They, or the answer to them so far as it can be found or guessed, are of vital concern to all those who are called upon to formulate and execute the policies and programs of the non-communist world.

Yet we venture the guess that in the long reach of history this era will be assessed on rather different grounds. This may well presently become recognized as the decade when the doctrines of Marx and Lenin were revealed in actual experience as colossal practical failures. The Kremlin may well have its political problems in Eastern Europe, in Cuba and in (Continued on page 20)

Restoratives to Cure Our Foreign And Domestic Economic Shortfalls

By Alfred Hayes, President, Federal Reserve Bank of New York, New York City*

Discussion of priorities in treating payments imbalance categorically denies subjecting U. S. private lending abroad to restrictions. Mr. Hayes reviews reasons for dollar outflow and use of "indirect" controls; warns we cannot solve domestic or foreign economic problems with a weak dollar and that monetary policy must act decisively in case of need; endorses Dillon's stand on freeing monetary policy from domestic expansion burden and placing tax cuts ahead of reform; objects to pushing economic growth with cost increases; and expounds on dollar of unquestioned faith.

I should like to talk about the dollar—the role it plays in the world and the urgent problems we face if we want to see that role maintained. My theme runs about like this: The strength of the United States, both at home and abroad, is inextricably linked with the strength of the dollar, and the dollar in turn is a key component of the Free World's financial structure. While the dollar still commands a high degree of confidence, there has been a perceptible lessening in its relative strength during the past five years of heavy international payments deficits for the United States. Despite all our efforts to date, and some of them have been quite effective, the payments deficit remains much too high. A prolongation of heavy deficits cannot fail to damage the dollar badly, and to damage along with it the payments system that has fostered economic growth here and abroad since the end of World War II. As a nation, we have the power to arrest and reverse these deficits, and to do so in a way that will preserve the basic structure that we want. Like all major national issues, the problem is one of priorities—in this case, whether we are willing to assign a top priority to the goal of restoring the dollar's unquestioned standing.

Alfred Hayes

The dollar attained pre-eminence in much the same undirected, almost unconscious, way that the United States became a great nation. Gradually, it became the medium of exchange for a large part of the world's trade and investment transactions, sharing this role principally with the pound sterling. Beyond this, the special role of the dollar as a standard and store of value was clearly recognized in the Bretton Woods Agreements of 1944, which provided for world currencies to be valued in either gold or the dollar. Indeed, the world's monetary reserves now consist largely of gold and dollars.

The role of the dollar as a reserve currency rests on several considerations: (1) a strong United States economy, in which the dollar is expected to remain immediately usable for a wide variety of goods and services at reasonably stable prices; (2) a strong United States creditor position in the world, with our foreign assets—largely long-term—exceeding our total foreign liabilities by a substantial margin; (3) our large gold stock, now comprising some 40% of the world's monetary gold, and available to foreign monetary authorities at the fixed price of $35 per ounce.

Faith in a currency, has the quality of being scarcely noticeable until there is reason to question it. Until recently, the dollar's impregnable position was so taken for (Continued on page 22)

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

The Security I Like Best...

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

This Week's Forum Participants and Their Selections

GEORGE L. BARTLETT

Partner, Thomson & McKinnon, New York City

American Cryogenics

Cryogenics is a word that is not well understood by most people. It did not get into the older dictionaries and definitions in more recent ones leave something to be desired. It is derived apparently from "Cryogen: Any freezing mixture, as ice and salt." But that is hopelessly outdated and inadequate today. "Cryogenics" means today the science of cold and its effects on other substances and their behavior; it infers also the absence of heat and how to contrive and maintain such absence. For the benefit of those interested it may be stated that the theoretical zero of cold corresponds to a trifle less than minus 460 degrees Fahrenheit. This is still a convention; it is based on the belief that all molecular activity ceases at that point.

Intense cold appears to be in close association with magnetism. It works strange changes in substances. Steel becomes very brittle. Lead and other metals, normally inert, are excellent conductors of electricity. Altogether, it is a relatively new science, the applicability of much of which, in a commercial sense, must still be learned. Someone has told the world that cryogenics will be to it in the coming hundred years what electronics and heat processes were to it in 1850-1960.

Be that as it may, cryogenics have been in the laboratories of and under development by some of our leading chemical, electrical, and steel, telephone, food and missile companies for years now. Undoubtedly, various breakthroughs in new connections will come from various of them. As is usual in most industries where competing and larger makers already are well established, newer suppliers of the basic materials encounter quite rough going. This is not necessarily true, however, because several relative voids have been found.

An interesting situation in this field may be American Cryogenics, Inc. (O.T.C. 11¼-12¾, April 26, 1963). Its main business is making and distributing oxygen, nitrogen, acetylene, argon, and a construction unit. Subsidiaries and divisions make and sell medical and dental gases, equipment, acetylene, hydrogen, and other cylinders, in which an export business is also done. Another subsidiary, the Independent Engineering Co., designs and builds new plants for the parent as well as for others. Due to the rapidly rising demand for oxygen in steel-making (direct oxygen process) it is estimated that about 400 steel plants in the U. S. do not yet have oxygen installations. It is calculated that an economy of $3 a ton is being realized by their use. To remain competitive, the oxygen process must generally be adopted and installed; this is a big market to supply and the parent company also reasons quite properly that "Independent" should obtain its full share of this volume and the earnings from it.

The chemical industry believes that, in the next six years or so, it will require double the quantity of nitrogen it now uses. Cryogenics for Government use of oxygen, argon, helium promises vigorous expansion. Hospital demand for medical gases and equipment should also expand considerably. This, plus other items made or purchased and resold, in the aggregate is Big Business.

It will have been noted that external cryogenics do not, as yet, play the important role in the company's prospects that they will assume a little later. Established uses still account for the company's profits; that is because cryogenics enter also into today's products. The company's own business of making and supplying liquid gases is cryonic in character, though the use is not. The cryonics applications of the future are expected to expand the demand correspondingly.

The company's record in the past five years has been good as follows:

—(000's Omitted)—

Yr. End. July 31:	Sales	Net After Taxes
1962*	$14,508	$808
1961	9,352	558
1960	6,622	350
1959	5,641	226
1958	4,388	154

*100% stock dividend paid.

Calendar year 1962 was an eventful one for American Cryogenics. So far as stockholders were concerned, the 100% stock dividend had an exhilarating effect; it was paid on Jan. 2, 1962. In March, 1962, four Texas and New Mexico companies were acquired, putting the organization into that southwestern area. Expansions and consolidation in Marks Oxygen division and California Oxygen, a subsidiary, increased production 216% over the July 1, 1962 figure; results fall into the 1933 year.

For the year to July 31, 1963, the company is shooting at earnings of around $1 million or about 55 cents a share. In the 1964 year, there is a hope and a guess that the company will show net between $1.6 million and $1.8 million on the properties as they are presently constituted. That would approximate $1 a share; a little more could be expected if Independent Engineering performs as well as it presently looks.

Capitalization on July 31, 1962 consisted of funded debt of $4.386 million, plus $1,619,000, maturing within a year, which was carried as a current liability. The company had the right to convert $3,200,000 of 5⅜% notes due Nov. 1, 1962 to five-year 5⅜% notes payable in ten instalments. This is rather topheavy, especially as there were several other commitments exceeding $3 million at the 1962 fiscal year end. A year or two of good earnings could, of course, improve this situation materially. There were 1,608,960 shares of common stock (par $5) outstanding at July 31, 1962.

Management is well regarded as capable, knowledgeable and aggressive. Executive officers were mainly brought in from the acquired subsidiaries. Directors consist of six company officials, two presidents of other companies, two members of its banking firm, a financial adviser to Rockefeller Brothers, Inc. and a former president of Southern Bell Telephone.

WILLIAM L. DEWART

Analyst, John Muir & Co., New York City

Members New York Stock Exchange

Deltown Foods, Inc.

Deltown Foods, Inc. was incorporated in New York State in 1932 as Middletown Milk and Cream Co., Inc., succeeding through a subsidiary, to a business established in 1889. So it has had a long background of continuous growth, success and experience.

During the period 1955-1959 the businesses of a number of retail and wholesale milk distributors were purchased for $1,042,000.

In August, 1961, Roland's Dairy Inc., and affiliates at Copiague, L. I. with sales of $4,000,000 annually, were purchased and this included the subsidiary Delwood Dairy Co., Inc.

January, 1962, brought the acquisition of Samuel Adler Inc., distributors of milk through vending machines and stores in the New York Metropolitan areas and this marked the beginning of a new most profitable era.

The distributing, processing, and receiving sites are geographically important and strategic. They now embody the following areas: The Bronx, Fort Edward, Fraser Slate Hill and Yonkers, N. Y., Copiague, L. I., Herkimer, Manorkill, North Winfield, Walton, West Coxsackie, Brewster, White Plains, Carlstadt, N. J., Lake Grove and Queens Village, Long Island.

In these areas are these wholly owned subsidiaries: Morrisania Farm Products Inc., Long Island Milk Co., Farmlea Dairy Inc., Blonder Milk Co. Inc., Wright Milk Co. Inc., Public Milk Co., Inc., Tilly Foster Farms Inc., Westchester Dairy Co. Inc., Gannon Bros. Inc., Kudile Bros., Hasbrouck Heights Dairy Inc.

Due to constant emphasis on a well organized and modern Research and Development Division, the Products Division is well diversified. Emphasis is on diversification constantly. Products include cream, skim milk, butter, soft cheese, cheddar cheese, ice cream mixes, and powdered skim milk. The newest product, just announced, is orange juice. Other fruit juices are to follow.

In addition to the home and wholesalers, distribution is made in increasing volume to stores, restaurants, schools, and institutions. The vending machine distributor is rapidly growing in the New York Metropolitan area.

In 1960 a machine for cleaning large pieces of equipment "in place" was successfully and prof-

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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.)

A Favorable Outlook for New Machinery Orders

By Frank J. Nunlist,* *President, Worthington Corporation, Harrison, N. J.*

Analysis of the outlook for non-electrical machinery projects a 5% to 7% increase in this year's orders over last year's level. Lying behind this prediction, and subject to candid assessment, are such determining factors—all of which are favorable—as: (1) where industry is and is not operating below their preferred rate of operations; (2) investments to improve profit margins; (3) accelerated research spending of 1956-59 now inducing new machinery purchases; and (4) scrappage and replacement rate. Compositional breakdown made of the machinery market puts construction machinery 8% over year-ago, and machine tool and office machine industries 10% higher for each. The existing low level of return on investment is said to be such that even an improvement of 40% to 50% is considered insufficient to provide adequate profits.

Forecasts for the machinery industry have become a popular indoor sport in recent months. The concern over the need to spur investment has been expressed by almost everyone from President Kennedy and Walter Heller to the labor leaders of our country. There is a considerable risk in making such a forecast at a time when the possibility and the nature of the Administration's proposed tax reduction program is uncertain; when profit margins of the industry continue to decline; when it may be too early to appraise the real effect of the revised depreciation schedules and the investment tax credit, and when the labor-management atmosphere appears to be headed for continuing turmoil. Forecasting such an outlook is almost as hazardous as betting in the winter book of the Kentucky Derby. I wouldn't be surprised to find the Las Vegas oddsmakers taking bets on the outcome of this business in the very near future.

Frank J. Nunlist

Because of these very uncertainties I should like, therefore, to explore some of the fundamentals that create a basic demand for machinery. It seems to me that this is the starting point, for unless a real demand exists there can be no change in the basic incoming order rates.

Let me at the outset point out that the machinery industry is not a homogeneous and simple industry. It includes such categories as construction and mining machinery, metalworking machinery, engines and turbines, farm machinery and equipment, office machinery, general industrial machinery and special industrial machinery. Note that the basic factors responsible for a demand for office machinery may be quite different than the factors that stimulate the farm machinery market. There are, however, some basic conditions that are common stimulants in all of these areas.

Incidentally, I am going to limit my subject to non-electrical machinery and by so doing, minimize overlap into such areas as household appliances, electronics and the like which are technically classed as electric machinery.

Extent of Capacity Operations

The first of these basic questions is whether or not the machinery in use is being employed up to its full capacity. It is not enough to answer this question in broad generalities because while it is true that there is excess capacity overall in American industry today, some industries are operating at or nearer to their preferred operating rates while other industries are far below their preferred levels. In the McGraw-Hill outline of preliminary plans for capital spending, the following figures are set forth:

Industry	Preferred Rate	Anticipated Oper. Rate 1963
Autos, Trucks & Parts	91%	86%
Paper & Pulp	95%	95%
Rubber	95%	97%
Petroleum Ref.	90%	91%
Food & Bever.	86%	87%
Textiles	94%	92%
Miscellaneous	93%	94%

It is anticipated that the paper and pulp, the rubber, petroleum and refining, and miscellaneous manufacturing industries will all be operating at rates above their preferred rates by the end of 1963 providing their growth is at the rates predicted.

Even in these categories, closer examination will indicate that some parts of each of these industries are still operating well below capacity while others have reached their preferred capacity right now. If, then, the basic per capita and the total demand for food and beverages, for paper and pulp and other similar items continues to rise, we have reached a

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OBSERVATIONS...

BY A. WILFRED MAY

REGULATION IN FLUX

The Fourth Article In a Series On
THE SPECIAL STUDY OF SECURITIES MARKETS

The first segment, namely five chapters, of the Special Study's Report, filed with Congress by the SEC on April 3 last, is comprised of Chapter I describing the purposes and methods of the Report and the general nature of the recommendations arrived at, also giving data highlighting the enormous postwar growth in the securities industry; Chapters II and III concerned with the broad range of persons and business entities engaged in the securities business; Chapter IV dealing with primary and secondary distributions to the public, with particular emphasis on new issues; and Chapter IX reviewing the legal requirements and standards in respect of reporting, proxy solicitation and "insider" trading.

It is expected that the remaining nine chapters of the Staff's Report will be delivered in their entirety to Congress at the end of the month (May). Chapters V, VI, VII and VIII will extensively explore the functions, structure, and problems of markets in which securities are traded after their distribution, including the New York Stock Exchange; Chapter X with securities credit and margin requirements; Chapter XI with certain aspects of mutual funds which have been neither covered by the Wharton School Study nor the continuing inquiries of the SEC's own Division of Corporate Regulation; Chapter XII appraising the self-regulatory effort of the stock exchanges and the NASD (National Association of Securities Dealers); Chapter XIII analyzing the stock market break of May, 1962; and finally of Chapter XIV which is reserved for left-over general topics.

* * *

On April 5 last, two days after the submission of the above-cited first segment of the Report to the House Interstate and Foreign Commerce Committee, Chairman Oren Harris formally requested an indication of the Commission's position with respect to the Staff's conclusions and recommendations set forth in those first five chapters. This was complied with in a detailed communication from Chairman Cary on behalf of the Commission and released at this writing (Tuesday, April 30).

Accordingly, the full Commission's position on the Staff Report's conclusions and recommendations on the respective items which we cover in the following article will be indicated therewith.

Those Incorrigible Advisers

In our view, the quantitative as well as qualitative factors are largely responsible for the difficulty involved in regulating investment advisory activities — whether by government or self-policing.

The extent and variety of the current plethora of written "investment information" and "advice" furnished by broker-dealers free to their customers, existing and prospective, as part of their selling activities, is impressively spelled out by the Special Study. Merrill Lynch, Pierce, Fenner & Smith during last September had a regular circulation to its clients of over 200,000 for its fortnightly magazine, *Investor's Reader*. E. F. Hutton has an average circulation of its monthly *Market and Business Survey* of over 67,000 copies. Shearson, Hammill distributes a variety of publications that include its monthly *Research Bulletin* with a regular circulation of about 85,000. Walston & Co. prints 437,000 copies of its daily market letter, larded with "technical" beat-the-market aspects.

According to estimates by the New York Stock Exchange, the number of different market letters distributed by its member firms has since the 1955 Bull Market stage, doubled to over 60,000, functioning as a major whipper-up of the public's speculative frenzy.

Paralleling this extraordinary growth in the volume of selling materials distributed by broker-dealers has been the swelling number of *subscription publications*. These include large publishing houses with numerous products; but with one of these firms having only one publication, with an 80,000 circulation.

That "Research God"

In most firms investment advice (including hot and cold tips) originates with the analyst who "researches" particular securities or industries. Such individuals concentrating on corporate value factors are known as *security analysts*, with the *Fundamental* approach; the *technicians* fastening their sights on interpretation —often with charts, extending to the point-and-figure variety for detecting the performance *Trend*, and being known as *market analysts*.

Incidentally, a firm's use of the "technical" variety of star-gazing constitutes economy; since, as the Study points out, fewer employees are needed to keep the chart and other picture-making up-to-date, than to amass fiscal data for individual issues. And pictorialization is easier on the investor too.

The Study aptly comments (for the benefit of the investor if only it could be made to reach him) on exploitation of the public's beguilement with the term *research*: "Common to printed material of broker-dealers and subscription publishers alike is the suggestion, expressed or implied, that their recommendations are the product of research.

"The Study's survey of the research practices followed by firms in each category reveals wide variations in the practices followed, and the adequacy of research staffs to perform the functions they see called on to perform, as well as a frequently broad gap between the practices followed and the standards professed. As a general policy the highest quality research efforts are directed at institutions and substantial customers, and the most casual efforts are generally directed to review of portfolios submitted in response to newspaper advertisments.

"Reliance on outside sources for research services also occurs . . . [through] the occasional circulation by broker-dealers under their own names of material prepared by Public Relations counsel of the company whose stock is recommended, or by advertising firms or others, represents an abdication of responsibility."

Predominance of Bull Tips

Another major fault ascribed to printed advisory material by the Special Study is its superficiality, and its usual eclectic bullishness: ". . . [most of the material] does not purport to make any detailed analysis to support the recommendations. It generally classifies the securities in terms of investment goals, but omits any consideration of adverse data or uncertainties. Overwhelmingly the recommendations are to purchase; recommendations to sell securities are few, and for the most part deliberately avoided, even with respect to securities previously recommended whose prospects may have changed.

"The core of the recommendation," the Report continues, "is generally a projection, which often is in the form of an estimate of future earnings which sometimes involves an outright prediction of a future market price well in excess of the present market. Ordinarily little information is given concerning the extent or method of research and about the person responsible for the recommendation."

Conflict-of-Interest Abuses

Full consideration is given by the Study to Conflict-of-Interest elements, in the case of both broker-dealers and investment advisers — ranging from "minor league" *scalping* to broader areas "which go to the question of good faith." The Study, for example, cites the usual absence of indication of any interest in or intentions by the adequate commenting firm in the security it discusses —at most carrying a vague, but legalizing notation that it "may" have a holding of the issue or "may" be dealing in it.

The fact of a dealer or broker having a long-term position in a recommended issue is defensible (the risking of his own money in the security indicates his sincere confidence in it); but the absence of such *disclosure* is, indeed, indefensible.

A Prevalent "Chisel"

The Study devotes considerable space to the practice of "scalping," of which it reports it found evidence among both brokers and registered investment advisers. This practice embraces broker-dealers, publishers or employees of either, who know of a pending recommendation and buy the stock before it is publicized, and then sell after the market price has felt its impact.

In our view, while such chiseling is of course reprehensible, its broad and serious market impact is confined to those instances where the "chiseling" opportunity determines the recommendation. This takes the practice beyond the realm of a mere short-term speculative abuse.

In any event, we believe, the entire conflict-of-interest emphasis is not as important an adviser abuse, in its broad sense, as are the lasting damaging effects of their activities in whipping up speculative excitement, fanning market booms, and leading unsophisticated lambs to eventual market slaughter.

Importantly sharing such "come-on" instigation is, as has been copiously demonstrated in this space, the advertising, newspaper and magazine, by the so-called investment advisers. The Study, as has this column, gives examples of subscription publisher advertising and solicitation material demonstrating its Bull Market - stimulating its "sensational and even frenzied approach," as follows:

STOCK MARKET CRISIS WITHIN NEXT 30 DAYS

STOCK MARKET BOOM COMING IN NEXT 30 DAYS?

THREE STOCKS TO BUY BEFORE APRIL 14

THREE STOCKS TO BUY BEFORE MAY 1

$1,000 to $29,443 IN TWO YEARS WITH ONE NEW SCIENCE STOCK

FOUR AWAKENING SLEEPERS FOR LARGE GAINS

THREE MORE STOCKS TO RIDE THE CREST OF THE LITTLE PUBLICIZED "HIDDEN BULL MARKET" IN SPECIALTY STOCKS, NOW SELLING UNDER $30 WITH 18-MONTH PROFIT OBJECTIVES OF 30% TO 100%

(The regulatory difficulties, which we have cited previously, will again be discussed below.)

The Regulation Potential

What possibility of regulation in this area — rendered particularly difficult because of its unspecific and quite indefinable standards?

Both the large population of advisers and the "torrent" of their product registered with the Commission — 5,868 broker-dealers under the Securities Exchange Act and 1,861 under the Investment Advisers Act—alone would make effective governmental administration of regulation difficult.

The New York Stock Exchange, exerting a direct and prompt contact with its members, has made successive efforts to forestall advisory abuses — with the guiding principle of "truthfulness and good taste." It has tightened its formal rules continually; and on Feb. 1, 1963 initiated a series of monthly conferences between its staff and member firm executives responsible for advertising, market letters and sales literature aimed, according to President Funston, at providing "a better understanding of the Exchange's rules and standards for advertising and market letters."

Alas! The Exchange itself has realistically stated that "rules can never take the place of good judgment in the preparation of advertising, market letters and sales literature. Under some circumstances what is left out may be just as important as what is included."

Agreeing with the self-doubt by the Exchange, the Study goes much further in criticising the results of its review program. "The Exchange market letter and review sales literature program" the Report asserts, "falls considerably short of vigorous and aggressive self-regulation. Its administration raises serious problems. What the program fails to police at all, however, may be more significant than what it does. The Exchange actively encourages its members to advertise the quality of their research services, but makes no effort to determine whether the research facilities of any firm are commensurate with its claims."

NASD Policy Over-the-Counter

Like the Stock Exchange, the National Association of Securities Dealers (NASD, self-regulating the far-flung "over-the-counter" market under the SEC's aegis)—unlike its lengthy and detailed Statement of Policy through which it supervises the Mutual Funds—approaches regulation of broker-dealer advice through "a very broad and general rule."

The Association's effectiveness under its rule arouses the Study's deep misgivings. "The nature of the broker-dealer selling literature examined by the Study," says the Report, "does not suggest that the NASD rule interpretation has had a significant impact on the industry. To some extent this may be due to the broad, general nature of the rule, and to some extent it reflects largely ineffective enforcement.

"The NASD makes little, if any, effort to evaluate the materials which it inspects in the light of its 'interpretation.' Nor is there any general effort to determine whether published market letters may involve conflicts of interest, such as trading against advice."

No doubt the Special Study's directorate would grant the permanent difficulty of exerting effective regulation from *any* source over this far-flung enormous industry sector, off-the-Exchanges.*

The Advisory Firms

The Investment Advisory firms, being neither subject to the self-controls imposed by the NASD nor the Stock Exchange, depend on the Federal Government for regulation. On the finding of the inadequacy of this arrangement, the Study pins its hopes on the possible advent of such an organization; with the alternative of tightening-up of SEC control or the statute, with subjection to civil liability in favor of customers reasonably relying thereon to their own detriment."

Although the full Commission has formally approved these proposals in its communication to the House Committee, we find ourselves highly skeptical of the practical efficacy of these approaches, for *fluidity* of the promotional machinations would render abortive any set of rules, whether imposed by statute or administrative agency. The employment of civil liability, also endorsed by the Commission, we regard as impracticable, mainly because of the difficulty of interpretation and the aforementioned inflexibility.

With our doubts about *self-regulation* buttressed by recent experience, this medium also fails to provide the answer. Both legal and ethical considerations have seemingly blocked the intra-industry imposition of restraints during the advisers' Bull Market field days.

The Full Commission's Position

Along with foregoing this proposal, the Commission in its current communication approves the following other four recommendations advanced in this area by its Special Study Staff:—

(A) A legislative proposal, that registered investment advisers other than broker-dealers should be organized into an official self-regulatory association. The Commission adds the observation that it is still exploring the way in which this can be best achieved.

(B) An item relating to the content of market leaders and investment advisory materials, would require disclosure of source of information, research techniques, existing position in stocks recommended, and other matters.

(C) A proposal to curtail the exaggerated claims about research.

(D) Coordinating the efforts of the Exchanges and self-regulatory agencies in tightening up on market letter surveillance and "generally discouraging discriminate advertising of research and advisory facilities."

The Frenzied Advertising Program

The "frenzied" advertising of their wares, as typified above, provides the most urgent sector for reform. The journals will not cooperate, as demonstrated by our otherwise most responsible newspapers.

The Federal Trade Commission, as it does in the case of things ranging from books to pills, could exercise administrative restraint. That Commission could at least pick up where the SEC's rules

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***Today (May 1) Llewellyn P. Young, Administrator of the New York Regional Office of the Securities and Exchange Commission, issued a statement cautioning broker-dealers not to accept without close scrutiny published price quotations for Over-the-Counter securities of obscure companies about which little or no published information is available.**

Ralston Purina Company

By Ira Cobleigh, Economist

A review of the successful national and international operations of this substantial company providing food and feed for persons, pets, poultry and prime cattle.

In the business of producing and distributing feed for man and beast, Ralston Purina Company has done an outstanding job. Whether it's Wheat, Rice or Corn Chex for your own breakfast, Purina chows for pooch or pussy; or Purina protein-building feeds for cows, beefs and poultry, Ralston Purina products are in great and increasing demand. The "checkerboard square" trademark is a well known symbol to both bipeds and quadrupeds.

Divisional Operations

This huge company (whose net sales should cross $700 million for the first time this fiscal year), is efficiently operated through six major domestic divisions and an international one. The Chow Division produces commercial animal and poultry feeds and merchandises them through about 5,000 independent dealers, coast-to-coast. Purina Chows come in over 600 varieties and are preferred because of the more pounds of meat or egg they produce per pound of feed. This division accounts for about 70% of total business.

The Sanitary Products Division has enjoyed a 400% increase in sales in the past 10 years, and promotes animal health with its line of disinfectants, wormers, treatments and insecticides. Sound sanitation practices substantially increase the output and profitability of farms and ranches. Purina proprietary products in this area are effective and profitable sales supplements, in the quite captive market provided by Purina Chows.

The Soybean Division both supplies and processes soybeans. This is a big market since over 50% of all protein meal fed to American livestock comes from soybeans. Soybeans are also processed as food supplements in soups, hamburgers and spaghetti; and research is constantly finding new uses for this versatile bean.

Best known to most Americans is the Ralston Division which handles all the grocery products—principally cereals, Ry Krisp and pet foods. Ralston Dog Chow is now the leader and almost one dog out of every three that eats out of a can, eats Ralston. This Ralston division should be considerably expanded by the pending acquisition of Van Camp Sea Food.

The Poultry Division was launched in 1961 to create a more orderly market in poultry products, and to develop new consumer products from turkeys and chickens. This division is fully integrated carrying production all the way from owned breeders and hatchers, to feeding and fattening; and the processing, packaging and marketing of eggs and table poultry. All of this creates a built-in market for Ralston feeds, and advances research in development of superior and convenient poultry products; cost saving feeds and highly automated facilities.

The Grain Marketing Division is a large scale operation involving grain storage elevators and offices for buying and selling grain in principal commodity centers. This assures effective, efficient buying of the large amounts of grains required for Purina Chows; and keeps buyers constantly informed about significant price movements in the grain markets.

In connection with all of these divisions, broad-gauged research is being done on farms owned by Ralston—poultry, livestock, dairy, mink and trout farms; a rabbitry, a dog care center, a beef ranch, and animal pathology laboratories.

International Division

The company commenced operation of manufacturing in Latin America in 1956 and now has plants in Venezuela, Colombia and Mexico. A new plant is planned for Argentina. Ralston methods of modern feeding are bringing to Latin America lower costs and improved quality of poultry products, the principal source of proteins in this region.

In Europe, Ralston has 50% partnership with important companies in France, Germany and Italy, and presently has seven European plants in operation and one (in Italy) under construction. In Australia, Ralston acquired last year a 75% interest in Robert Harper & Co., Ltd., a leading food manufacturing company.

International Opportunities

It is generally believed that abroad, and especially in Europe, meat production has not advanced as rapidly as industrial manufacture. Consequently, Ralston looks to overseas' markets for a rapid expansion (and higher profit margins) in sale of its products. The rising use of protein foods, as per capita incomes and populations expand, indicates a powerful uptrend in demand for Purina feeds, services and animal research, all of which stimulate meat production. The President of the Company, Mr. Raymond E. Rowland, expects the International Division to have sales of Chow, in 1972, at the same level as the current business volume in the domestic division.

Impressive Growth

Many companies can report good increases in sales without corresponding gains in earnings. Ralston Purina, however, has produced operating income averaging about 8% of sales for the past 4 years. For fiscal 1955 (year ends Sept. 30) per share net was 99 cents. For fiscal 1962 per share reached an all time high of $1.67; and, in the past 7 years, there were four dividend increases. Current rate is 80 cents. In the 17 year post - war period since 1945, sales have increased more than fourfold; and net profits have grown over sevenfold. For the first quarter of the present fiscal year a 15% in net (over the 1962 quarter) was reported.

Ralston Purina Common

The common of Ralston Purina, outstanding in the amount of 13,268,388 shares, is preceded by only $22,542,000 of long term debt. Against a high of 45, reached in both 1961 and 1962, current quotation at 37 is only 21½ times 1962 earnings. This appears as a modest appraisal of an equity with such impressive growth potentials. With 80% of the world still undernourished, the skills and products of this Company in increasing protein production are in urgent demand; and investors too, may find some financial meat in so sturdy a stock as RAL common.

Correction On the Article On Kennametal Inc.

In the article by Dr. Ira U. Cobleigh on "Kennametal Inc. — Converter of Metal Into Money," published in our April 4 issue, Director Andrew Gahagan should have been described as the **former** President of Beryllium Corporation. Also, rather than being separate elements, columbium and niobium are identical, although the names are used interchangeably in trade circles.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market has shown some slight improvement since writing our report a week ago. The market had then bottomed out following the announcement by syndicate managers that the $300,000,000 Treasury 4⅛% account would be held together at original terms. The fairly heavy early week schedule of new state and municipal bond issues, reflecting the recently improved yields (10-15 basis points), was taken by bank investors in wholesale proportions. The market's tone within a relatively brief period was perceptively better. An aura of stability was generated and by the week's end most of the market criteria were back in better perspective.

Slight Price Rise

The Commercial and Financial Chronicle's state and municipal bond yield Index, reflecting the 20-year high grade general obligation market's offering side, averages out at 2.938% on May 1 as against 2.947% a week back. This moderately lower yield average translating into an average market rise of about one-quarter of a point has developed with a minimum of fanfare despite the quick placement of several issues. Most of the business was accomplished through syndicate pre-arrangement and possessed but little of the spontaneity usually accompanying a better market. The market has quieted some since this brief flurry of bank investor interest but the underlying feeling reflects a strength that may not easily be reduced to the frightened shambles following the Treasury 4⅛% sale.

No Occasion for Joy

However welcome the market betterment, there appears little sentiment to the end that a strong trend has been reestablished. The price correction had been relatively small due to the underlying pressure of bank interest. The 10 or 15 basis point set-back may be easily retrieved in the period of lighter volume immediately ahead. However, this could lead to further imbalance as new issue volume redevelops and as inventories are further increased.

The market level has reached a point of return that abides little speculative fillip into higher ground. Bank investment interest has alone put the market in the presently tenuously high area and the gap as between this nervous peak and a broad general investor demand represents a sizable price chasm.

Despite some important irrelevance the long-term government bond market generally dominates the market for all long-term bond obligations. The present level of long governments from all appearances is high enough and perhaps too high in all-inclusive purview. Because of our inordinately high tax structure, tax-exempt bonds do offer some buttress against inflationary ravages according to the owner's tax bracket. This factor has given some advantage as against the bond market but the limits seem close to being attained at the bond market's present level.

Inventories Higher Than Published Totals

The calendar of scheduled and tentatively scheduled issues remains within moderate proportions again this week. For the month ahead these issues now total around $425,000,000. Moreover, there are no large negotiated type offerings likely to be offered during this period. These circumstances may lead to a more active interest on the part of investors in the abnormally heavy volume of secondary offerings apparent in the sheets and perhaps as great a volume vicariously being reoffered from coast to coast by telephone.

We have no idea as to what this secondary stuff may add to and perhaps no one precisely knows. However, the *Blue List* total of state and municipal offerings represents a consistent relative measurement of street float. This has been a heavier total for the last few weeks than the $588,855,000 as advertised on May 1. This doesn't represent much market impedimenta from our viewpoint but it does represent pressure enough to preclude any immediate market improvement. A market surge usually develops from an inventory base (*Blue List* total) considerably below $500,000,000, other factors being equal.

Recent Awards

This past week has been an active one in the field of municipal bond underwriting with just over $250,000,000 of bonds offered at public sale. Bidding has continued to be very competitive with close covers, for most loans, the inevitable result. Initial investor demand has been generally good.

Last Thursday the award of $7,800,000 Syracuse, New York School and Public Safety Building (1964-1981) bonds was made to the *Chase Manhattan Bank* and associates on a bid of 100.26 for a 2.60% coupon. The runner-up bid, 100.069 also for a 2.60% coupon, was made by the Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. account. There were ten additional bids made for this high quality offering.

Other major members of the winning group include Harris Trust and Savings Bank, United California Bank of Los Angeles, Estabrook & Co., Kean, Taylor & Co., Federation Bank and Trust Co., National Bank of Commerce, Seattle, and Henzig, McKenna & Co.

Reoffered to yield from 1.60% to 2.90%, initial demand has been moderate with the present balance in group totaling $4,210,000.

Thursday's only other sale of note consisted of $4,500,000 Clark County (Vancouver), Washington Public Utility District No. 1, Electric revenue (1969-1988) bonds which were awarded to the *Lehman Brothers* syndicate at a net interest cost of 3.247%. The second bid, a 3.26% net interest cost, came from Blyth & Co. and associates.

Other members of the successful syndicate are Dean Witter & Co., R. W. Pressprich & Co., Francis I. du Pont & Co., Bache & Co., Harkness & Hill, Inc., Dick & Merle-Smith, Stein Bros. & Co., Harold H. Huston & Co., Allison-Williams & Co. and Black & Co.

Reoffered to yield from 2.40% in 1969 to 3.30% in 1987 for various coupons, initial orders have amounted to $1,100,000. The present balance in syndicate totals about $2,810,000. The 1988 maturity carried a one-tenth of 1% coupon and was sold at a 4.25% yield.

On Friday there were no flotations of importance and on Monday of the present week there was only one notable new offering up for sale, namely, $3,000,000 Florida Development Commission, Osceola County Road and Bridge revenue (1964-1979) bonds and $1,500,000 Florida Development Commission, Bay County Road and Bridge revenue (1965-1973) bonds. The *Florida National Bank* group of banks was the success-

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.15%	3.05%
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	2.75%	2.60%
*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%	3.10%
*Chicago, Illinois	3¼¾	1981	3.20%	3.05%
New York, New York	3%	1980	3.06%	3.00%

May 1, 1963 Index=2.938%

*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.

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.	6,055,000	1964-1978	1:30 p.m.
Palo Alto Unified S. D., Calif.	2,500,000	1964-1988	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	3,130,000	1963-1974	7:30 p.m.
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
Gering School District, Neb.	1,149,000	1970-1993	8:00 p.m.
Holmdel Township S. D., N. J.	1,440,000	1964-1983	8:00 p.m.
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 9 (Thursday)			
Harrison County S. Bldg. Rev., Ky.	1,550,000	1964-1993	10:00 a.m.
Niagara Falls (G. O.), N. Y.	2,650,000	1963-1980	2:00 p.m.
May 13 (Monday)			
Euclid, Ohio	1,800,000	1963-1978	Noon
University of North Carolina	1,000,000	1965-2002	10:30 a.m.
May 14 (Tuesday)			
Chicago Park Dist., Imp., Ill.	6,000,000	1965-1983	10:00 a.m.
Delaware (G. O.)	9,628,000	1964-1983	11:00 a.m.
Denver, Colo.	1,170,000	1966	10:30 a.m.
Lafayette, La.	6,600,000	1965-1992	10:00 a.m.
Oconomowoc, Etc., Jt. SD, #3, Wis.	3,900,000	1965-1983	7:30 p.m.
Oxnard School District, Calif.	1,250,000	1964-1983	11:00 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	--------	--------
Bridgewater Township, N. J.	1,040,000	1964-1983	8:00 p.m.
Dupage Co. Tp. H. S. D., No. 87, Ill.	2,900,000	1964-1977	8:00 p.m.
Fargo School District, N. D.	2,150,000	1966-1983	11:00 a.m.
Gainesville W & E Revenue, Fla.	7,000,000	1966-1998	11:00 a.m.
Massena, N. Y.	1,370,000	1964-1993	2:00 p.m.
Monmouth County, N. J.	1,333,000	1964-1988	11:00 a.m.
New York State Housing	49,000,000	1965-2013	--------
May 16 (Thursday)			
Hawaii G. O. (Honolulu)	10,000,000	1966-1983	2:00 p.m.
Livingston Co. Tp. HSD #90, Ill.	1,726,000	1964-1979	8:00 p.m.
Ogden City, Utah	2,000,000	1966-1990	6:00 p.m.
May 17 (Friday)			
Kansas State Board of Regents, Kansas State University	1,170,000	1965-2002	10:00 a.m.
May 20 (Monday)			
Solon Local Sch. Dist., Ohio	1,300,000	1964-1933	1:00 p.m.
May 21 (Tuesday)			
Cleveland, Ohio	13,150,000	--------	--------
DeKalb Co. W & S Revenue, Ga.	5,000,000	--------	--------
Monroe, La.	6,000,000	1966-1993	10:00 a.m.
Tennessee (Highway, Education & Mental Health)	25,000,000	--------	11:00 a.m.
Toledo, Ohio	3,770,000	--------	--------
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.
May 27 (Monday)			
Kane, Cook & Du Page Counties Community Sch. Dist. #U46, Ill.	2,400,000	--------	--------
May 28 (Tuesday)			
Cherry Hill Sch. Dist., Mich.	1,600,000	1964-1992	7:30 p.m.
May 29 (Wednesday)			
Columbia S. C.	3,253,000	--------	--------
Dallas Indep. Sch. Dist., Texas	10,000,000	1964-1983	10:00 a.m.
Houma, La.	5,815,000	1964-1982	11:00 a.m.
Houston, Texas	6,000,000	--------	10:00 a.m.
June 3 (Monday)			
Carlsbad Mun. Sch. Dist., N. M.	1,250,000	--------	--------

Winds Out of Africa

By Clarence B. Randall,* *Retired Chairman of the Board of Inland Steel Company*

Mr. Randall takes strong exception to some serious charges levied against private mining companies operating in Africa. Alarmed at the economic ignorance of the accusers and the harm their false, widely circulated statements can make, the well known and distinguished business-statesman sets the record straight and, in so doing, educates the protesters as to the enlightened contributions of the various mining corporations, both economic and social, as well as to why private enterprise succeeds where other methods fail. Mr. Randall makes clear he has no vested interest other than of a publicly spirited citizen concerned with the welfare of Africa — an area in which he has long been interested. He recently returned from a trip through Southern Africa and was a special emissary of President Kennedy to Ghana in 1961 in connection with the Volta River project. Mr. Randall previously served President Eisenhower on foreign economic policy as a special assistant and then, from 1956-1960, as Chairman of the Council on Foreign Economic Policy.

Hot and violent winds of emotion roar suddenly out of Africa these days, winds that sear and burn whatever lies in their path as they sweep across our public consciousness. These are winds, too, that rouse storms of irresponsibility among many Americans who substitute passion and bias for thoughtful inquiry when suddenly confronted with a problem that lies outside their own experience.

Clarence B. Randall

Like the sand storm of the desert, which the Arabs call the ghibli, they strike without warning, and the most recent is a scandalous attack launched among representatives of the Afro-Asians in the United Nations against the mining industry of Southern Africa, and by implication the entire mining industry of the West.

The focal center of this particular emotional outburst is a highly articulate two-man team consisting of the Reverend Michael Scott, Angelican Priest, and Dr. Alvin W. Wolfe, Assistant Professor of Social Anthropology at Washington University, St. Louis, Mo. Reverend Scott refers to Professor Wolfe as an economist, but I think it will be found that his Ph.D. was earned in anthropology, and that not over five years ago, for a study dealing with the life and customs of a tribe in the back country of the Congo. From this background he has not hesitated to level slanderous charges at men widely and favorably known for their industrial leadership.

The Indictment

Here is the indictment:

Africa is being looted. An "Unholy Alliance" has been created, it is charged, by evil minded malefactors of great wealth whose power crosses national boundaries at will to exploit for selfish gain natural resources that have improperly come under their control, to oppress workers whose standard of living is deliberately kept only slightly above the subsistence level, and to keep in power governments that will maintain white supremacy. The "Cape to Katanga Team" he calls them.

The corporations named in this startling indictment are the following: Societe Generale de Belgique, Union Miniere du Haut Katanga, Tanganyika Concessions, British South Africa Company, Anglo-American Corporation of South Africa, De Beers Consolidated Mines, Rhodesian Anglo-American, Rhokana Corporation, Mufulira Copper Mines, Chibuluma Mines, Roan Antelope Copper Mines, Rhodesian Selection Trust, and American Metal Climax Inc.

Who is the witness for the prosecution?

Professor Alvin W. Wolfe.

And what proof does he offer to substantiate these corporate crimes against humanity?

Solely the facts that these companies are engaged in mining in Southern Africa, that there are white dominated governments in these areas involved, and that some of the companies have what he calls interlocking directorates!

Incredible, but true! For more than a year these two gentlemen have been loosing streams of invective against these great corporations. Using every means at their command, they have endeavored to whip up animosity against them, and against private corporate operation of mining enterprises, in the United Nations among delegates from the socialist countries. Professor Wolfe does the writing, Reverend Scott distributes the materials to the delegates, and appears before the committees.

I do not charge either of these gentlemen with bad faith. I have no doubt whatever as to their sincerity. I have great personal respect for the work of the Anglican Church of Africa—I happen, incidentally, to be an Episcopalian myself. Reverend Scott bears a high reputation for dedicated service to the underprivileged in Africa. And I have great respect for American scholarship —I have been a trustee of three fine institutions of higher learning. But what these gentlemen have done seems to me to have been highly irresponsible. Their crusade, which is still on, does not, in my opinion, reflect the degree of fairness and due diligence which the traditions of their own professions demand.

Has No Vested Interest

For myself, I have not one dollar invested in any corporation named, but I do know mining, and I do know Africa, and I cannot let these calumnies go unanswered. Just as the rising waters of the Nile may soon destroy priceless structures which required generations of devoted effort to construct, so may floods of ignorance, recklessly released, damage beyond repair the concept of private enterprise, and the enormous contribution which it has made, and can continue to make to the well-being of the underdeveloped world, if permitted.

Nothing is more normal or necessary in mining than that corporations be organized for the express purpose of making possible joint participation by many interests in the development of a particular mine, and when that happens it follows of course that each group must be represented on the board of directors. To see evil in this is either gross ignorance, or naked malevolence. In no other way than by such joint participations could dramatic developments like the Copperbelt in Northern Rhodesia have been brought about. Without such great enterprise the Bemba would still be using copper for no other purpose than the pounding out of crude knives. And the Bantu in the Transvaal would still be unaware of the vast wealth of gold lying beneath their kraals, the development of which has given them the highest per capita income for nonwhites in all Africa. And who is bold enough to believe that even the most advanced of the new African nations is yet ready to undertake such miracles entirely on its own, without outside financial or technical help?

Great Risks Involved

Mining is risk—great risk, and the more remote the location, and the deeper the mine, the more alarming is the risk from the point of view of the investor. Enormous amounts of capital are required on the entire continent of Africa to bring even a promising vein of metal into sufficiently low-cost production to be competitive in the world market. In Northern Rhodesia copper may have been known to the indigenous race for centuries, but it had no value to anyone until railroads were built by which supplies could reach the mines and the bars of metal reach the sea, and thus enter the consumption pattern of the great industrial countries; until deep shafts had been sunk, smelters built, rivers dammed to generate power, electric transmission lines constructed, townsites hacked out of the bush where the working force, both white and black, might live, malaria brought under control, schools and hospitals built, and the other necessary facilities provided.

Not even the largest mining company commands sufficient capital to make it prudent for it to assume such a vast undertaking alone. Even if it were rich as Croesus, the management would be mad to plunge the sum total of its resources on a single speculation. Geologists are not infallible, as the Germans found at Tsumeb in South West Africa, where they missed the true inclination of the vein. Risks have to be hedged. This is why everywhere in the world—except in Russia, and I take it that these accusers do not advocate that Africa adopt that system—mining risks are frequently shared by totally unrelated companies through the medium of joint enterprises. Each corporation puts in part of the capital, assuming the equivalent percentage of the risk, and one is named to manage. Board membership is then divided in ratio to ownership.

To suggest that such mixed directorates which are necessary for joint participation are created to establish monopolistic cartel controls, and to suggest that there is something sinister in the use of such a normal corporate medium, is reckless distortion of the facts. There is no other way whatsoever by which large mines can be developed by the use of private capital. If, of course, the end objectives of Messrs. Scott and Wolfe is the abolition of the private enterprise system, and its replacement by state socialism, that is a horse of quite another color, but this they have not said —at least, not yet.

Practice by Steel

The steel industry, from which I come, has always followed this practice of joint venturing in opening large iron ore mines, such as the great open pits located west of Lake Superior, and never for a moment has the United States Department of Justice questioned the right of separate companies thus to share the risk, and the capital requirements, of such large operations. The State of Minnesota, which sought such investment eagerly, as well as the labor unions involved, would have been wroth indeed had they done so. And the voters of Minnesota, who profited so enormously from the taxes paid by the companies, and by the payrolls flowing into their communities, would have been astonished had a Reverend Scott and a Professor Wolfe come to them from the outside to tell them that they were being robbed of their ancient heritage. Of all things in the world, that which they feared most was that some day their "heritage" might be given back to them, by surrender of the leases before the ore was mined out, and the mines closed down, because ore could be produced cheaper elsewhere. And their fears were sound, for both they and I lived to see this happen, with ghost towns resulting. Ghost towns will sprout all over Africa, too, if the ideas of Messrs. Scott and Wolfe prevail, for they will drive private capital out.

Incidentally, the accusers here seem to be strangely silent about iron ore in Africa, for they limit their castigations to nonferrous mines. One American steel company, for example, is presently going into Gabon to open a large

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Banks and Trust Companies of the United States — Comparative figures for first quarter—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y.

Building Industry—Memorandum with particular reference to **American Standard, Flintkote** and **Georgia Pacific**—Rittmaster, Voisin & Co., 40 Exchange Place, New York 5, N. Y.

Canada's Balance of Payments—Review—Bank of Nova Scotia, Toronto, Canada.

Companies Actively Purchasing Their Own Shares during the first quarter—Bulletin—Gerstley, Sunstein & Co., 211 South Broad Street, Philadelphia 7, Pa.

Drug Industry—Review—Calvin Bullock Limited, 1 Wall Street, New York 5, N. Y.

Industry Review—Quarterly review of selected industries, with issues in each which appear interesting—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Investment Company Portfolio Changes—Principal changes in common stock holdings of 45 trusts—E. F. Hutton & Company, Inc., 1 Chase Manhattan Plaza, New York 5, N. Y.

Japanese Department Stores—Analysis—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y.

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.**

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

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

Railroads—Review—J. C. Wheat & Company, 1001 East Main Street, Richmond 19, Va.

Retailing Equities—Review with particular reference to **Food Mart Inc., Safeway Stores, Inc., R. H. Macy & Co., Interstate Department Stores, F. W. Woolworth Co., Aldens Inc.,** and **Lane Bryant Inc.** —A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Steel Stocks—Study—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Stocks Selling at Lower Than Average Price Times Earnings—Bulletin—Courts & Co., 11 Marietta Street. N. W., Atlanta 1, Ga.

Texas Life Insurance Stocks — Memorandum—Rotan, Mosle & Co., Bank of the Southwest Building, Houston 2, Texas.

Textbook Publishers—Study—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are studies of **Motorola, Pacific Intermountain Express, Radio Corporation of America, Symington Wayne, Addressograph Multigraph, Allied Chemical, Avco Corp., Ex Cell O Corp., Steel Stocks,** and a memorandum on **Manufacturers Hanover Trust Company.**

Wall Street's Favorite 50—Survey —April issue of "The Exchange" Magazine" — The Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20 cents per copy, $1.50 per year. Also in the same issue are comments on the fourth quarter highlights of **Closed End Investment Companies, Control Data Corp., Uris Buildings Corp., Echlin Manufacturing Co., Coastal States Gas, Loral Electronics Corp.** and **Wesco Financial.**

* * *

Abbott Laboratories—Analysis—Glore, Forgan & Co., 45 Wall Street, New York 5, N. Y.

Advocate Mines Limited—Report —Watt & Watt Limited, 7 King Street, East, Toronto 1, Ont., Canada. Also available is a report on **Conwest Exploration Company.**

American Research & Development Corp.—Analysis—Bregman, Cummings & Co., 4 Albany Street, New York 6, N. Y.

Anaconda Company — Analysis — Colby & Company Incorporated, 85 State Street, Boston 9, Mass. Also available is an analysis of **Parke Davis.**

Asbestos Corporation Ltd.—Analysis—Annett & Co., Ltd., 220 Bay Street, Toronto, Ont., Canada.

Budget Finance—Comments—D. H. Blair & Company, 5 Hanover Square, New York 4, N. Y.

Canadian British Aluminum Company Ltd.—Analysis—Isard, Robertson, Easson Co., Ltd., 217 Bay Street, Toronto 1, Ont., Canada.

Canadian Chemical — Memorandum—McLeod, Young, Weir & Company, Limited, 50 King Street, West, Toronto 1, Ont., Canada.

Cascade Natural Gas Corporation —Analysis—Walston & Co., Inc., 265 Montgomery Street, San Francisco 4, Calif.

Chain Belt Company—Analysis—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, New York.

City National Bank of Beverly Hills—Bulletin—Mitchum, Jones & Templeton, Inc., 650 South Spring Street, Los Angeles 14, Calif.

Combustion Engineering Inc. — Bulletin—Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

Continental Companies—Analysis —The Illinois Company Incorporated, 231 South La Salle Street, Chicago 4, Ill.

Denver Real Estate Investment Association — Memorandum —Boettcher and Company, 828 17th Street, Denver 2, Colo.

Detroit Gasket Company—Report —R. L. Warren Company, 818 Olive Street, St. Louis 1, Mo.

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

Falk Corporation—Report—Loewi & Co. Incorporated, 225 E. Mason Street, Milwaukee 2, Wis. Also available are reports on **Central Wisconsin Motor Transport Co.** and **Norfolk & Western Railway Company.**

Franklin National Bank—Report —Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Gabriel Industries — Study — Hemphill, Noyes & Co., Inc., 8 Hanover Street, New York 4, N. Y. Also available are reviews of **Colgate-Palmolive and Alden's.**

Gillette Company—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **International Harvester, White Motor, Timken Roller Bearing, Commercial Credit, United Utilities, American Smelting & Refining, Pullman, Amsted, Talon, Alco Products and National Castings.**

M. A. Hanna Company—Analysis —Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Interchemical Corp.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Swingline Inc.**

Kent Moore Organization Inc.—Analysis—F. J. Winckler Company, Penobscot Building, Detroit 26, Mich.

Kroger Company — Analysis — Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y. Also available are reports on **Interstate Department Stores, National Can Company** and **Westinghouse Air Brake.**

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

Monsanto Chemical Company—Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reviews of **Falconbridge Nickel Mines** and **International Business Machines.**

Moore Corporation Limited—Analysis—Royal Securities Corporation Ltd., 244 St. James Street, West, Montreal, Que., Canada. Also available is an analysis of **Noranda Mines Ltd.**

Nationwide Corporation—Analysis—First Columbus Corporation, 52 East Gay Street, Columbus 15, Ohio.

North American Car Corporation —Analysis—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Pacific Power & Light — Memorandum—Birr, Wilson & Co., Inc., 155 Sansome Street, San Francisco 4, Calif.

Piedmont Natural Gas Company—Analysis—First Securities Corporation, 111 Corcoran Street, Durham, N. C.

Power Corporation of Canada—Circular—Charles King & Co., 61 Broadway, New York 6, N. Y.

Public Service Company of New Hampshire—Analysis—McDonald & Company, Union Commerce Building, Cleveland 14, Ohio.

Southern Industries Corp.—Analysis—Shropshire, Frazer & Company, First National Bank Annex, Mobile, Ala.

Standard Screw Co.—Memorandum—Kidder, Peabody & Co., 20 Exchange Place, New York 5, New York.

Sweets Company of America—Comments in the current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are comments on **American Sugar Company, Simplicity Manufacturing Company, Kinney Service Corp., Philip Morris, Vinco Corp., Kellwood Company, SCM Corp., Ford Motor, Tractor Supply Company, Carter Products, ACF Industries, and Rich's Inc.**

Tip Top Products Company—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a report on **Air Transport Companies.**

Transamerica Corp.—Analysis—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a discussion on **Anti Smog Devices.**

The Security I Like Best

Continued from page 2

itably developed for its own use and for sale to other companies.

Long-term debt is only $677,-909.

Common shares outstanding $1 par value total 498,846.

The constant growing success of this fine company is due to a forward looking conservative management, mixed with a modern flexible outlook to the future needs of the consuming public.

Cash dividends have just been raised to $0.20 per quarter on the common stock. Comparative earnings figures are as follows:

	1962	1961	1960
Per share earnings	$1.61	$1.49	$1.19
Net income	$809,146	$767,826	$618,395
Com. shares	498,846	339,234	339,234

Costs have been cut and despite constant sporadic price wars, income is steadily rising.

The corporation has applied for listing on the National Association of Security Dealers Inc., Over-the-Counter **Daily List.**

Current O-T-C price is about 16¾.

A. N. Snyder Jr. With Doremus & Co.

Arthur Nelson Snyder, Jr., has joined Doremus & Company, 120 Broadway, New York City, national advertising and public relations agency, as account executive, it has been announced by William H. Long, Jr., Board Chairman and chief executive officer.

Arthur N. Snyder, Jr.

Mr. Snyder was formerly with the national investment banking firm of Dempsey-Tegeler & Co., Inc. as New York representative of the Institutional Sales Department. Prior to that, he was Financial Advertising Manager of the American Banker.

Cook, Taylor With Ball, Burge, Kraus

CLEVELAND, Ohio — Richard J. Cook has become associated with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges, as Manager of the Municipal Bond Department. James R. Taylor has also joined the firm in the municipal bond trading department.

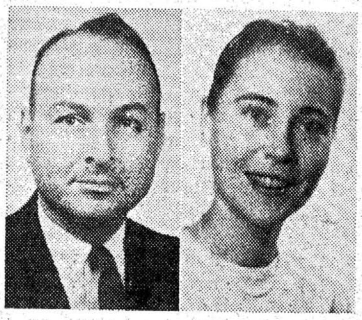
Mr. Cook was formerly Vice-President in charge of municipals with Wm. J. Mericka & Co., Inc., with which Mr. Taylor was also associated.

How Canada Can Increase Manufacturing Exports

By Edward Marcus,* *Professor of Economics, Brooklyn College, Brooklyn, N. Y., and* Mildred Rendl Marcus, *Economic Consultant, New York City*

Canada's massive strides in building up a modern manufacturing sector has taken it a long way from its historical reputation as a raw material producer, processor and exporter. Nevertheless, despite its impressive industrialization to date, Canada's manufacturers are not internationally competitive and the cost problem has contributed to slowing down the domestic economic growth rate. Joint-authored study clears all suspicious fault-factors except one—i. e., existence of too many firms and unnecessary product-multiplicity. The authors recommend allowing: (1) existing plant to grow rather than increase the number of firms with economic expansion; (2) consolidation of plants by permitting more mergers and increasing specialization; (3) emphasis on the manufacture of secondary products with a lower capital-output ratio or higher labor-output ratio—i.e., capital-labor ratio indeterminate between U. S. A.'s and Europe's; and (4) slowed approach in removing protection against imports.

As I looked at the question posed today, "A Canada-U. S. Free Trade Area?", I was rather amused by the analogy between the implicit problem — Canadian - American competition — today, and in the 17th and 18th century. At that time there was a struggle between the French in Quebec and the Colonialists from the Middle Atlantic Seaboard to control the most



Edward Marcus Mildred R. Marcus

valued and abundant Canadian national resource, fur. Although the French were closer to the source of supply, their trading goods were more expensive than those offered by the Colonialists, and thus their bargaining power was weaker. Now, some three centuries later, the American successors to the Colonies, also with their lower-priced goods, present a similar problem to the inheritors of French Canada. In general, the Canadian costs of production in manufacturing are still higher than comparable American costs, and the Hudson Valley and the St. Lawrence Valley may again be visualized as competing for the mastery of the Beaver.

Historically, of course, Canada has been a producer and an exporter of raw materials. In the 17th and 18th century the products were fish and furs, in the 19th century forest products and foodstuffs, and in the first part of this century, newsprint, base metals and wheat. Since World War II iron ore and petroleum have been added, all of them evidence of Canada's low-cost natural resources.

Now we must consider Canada's newer industry — manufacturing. Historically the United States tariff has favored Canadian raw and processed materials, but has penalized finished goods, and manufacturing has had to grow and develop by its own bootstraps. Therefore, we must ask how this segment of the economy would stand up to American competition if the trade barriers between the two countries were dropped. In particular, how would Canada's secondary manufactures fare? These include products such as agricultural implements, electrical machinery, textiles, and a host of other products. Are they able to meet the challenge of the American market, even if an American tariff did not exist? Could Canadian secondary manufacturing industry compete at home with American produced manufactures if there were no Canadian tariff?

If the Canadian manufacturing sector of the economy was able to show a net gain — for example, through increased exports to the United States greater than the increase in imports of American manufactures — the American manufacturer would, of course, have a net loss. In this instance the Americans would have ceded more of their market to the Canadians than they had ceded to the Americans. On the other hand, if the net shift in the balance of trade in manufactures was in favor of the United States, the opposite would be true. The outcome rests on one basic fact—the competitiveness of Canadian secondary manufacturing industry. It is the same as asking, how competitive is American secondary manufacturing industry? I have chosen to tackle this question by focussing attention on the Canadian viewpoint, partly because the economy is smaller and thus more readily analyzed, and partly because the variety of important secondary manufacturing is somewhat less. Both of these factors make the generalizations necessary for a presentation such as this more feasible.

In addition, I have had to limit my frame of reference and information almost entirely to the published data. Many of you who are intimately connected with Canadian industry could, I am sure, supplement this overall picture with details from your own experience.

The Canadian Economy

The Canadian economy is a growth economy, and like all such economies it hopes to grow faster. At the same time, remembering past depressions, some based on domestic business cycles, others caused by influences from abroad because of the economy's dependence on foreign trade, Canada seeks diversification. The aim is growth with stability. From this follows the increasing trend towards the development of manufacturing. As I mentioned previously, Canada has historically been a processor of its raw materials: wheat flour as well as wheat, wood pulp and newsprint as well as lumber, and refined non-ferrous metals have all been important exports. However, the former reliance on imports for secondary manufactures has changed. Roughly a quarter of the economy is now engaged in manufacturing, a figure which should increase slightly over the next two decades.

Canada produces a significant portion of the machinery, chemicals, transportation equipment, and consumer durables which it consumes. Many of these secondary manufactures are, indeed, also items of export. The aim now is to strengthen this segment of the economy, which is so important in industrialized areas such as the United States and Western Europe. The all-important factor in secondary manufacturing industry is productivity. How much does it cost to produce a drill press or a refrigerator in Canada? And how does the cost compare with that in the United States?

Estimates of Canadian productivity vary widely. One study shows that the Canadian worker's average productivity is three-quarters that of a worker in the United States. Another estimate states that in 1953 the value added per manhour in Canadian secondary manufacturing was only 61% of the United States figure. In general then, Canadian productivity in secondary manufacturing is about one-quarter to one-third less than productivity in the United States.

Theoretical Considerations

Why, in spite of the fact that American wage-rates are higher, is American productivity so much higher than Canada's? Or, to put it another way, why are American costs per unit of output lower than Canadian costs? As a means of clarifying the question, we might review briefly the forces that create inter-country differences in the competitiveness of manufacturing industries. As indicated later, few of these factors apply to Canada.

The first to be considered is know-how and skill. If one country has a large corps of well-trained workers while another lacks this essential ingredient, the latter labors at a disadvantage. Its output per worker is less, and therefore overhead costs per unit are more. In addition, spoilage and defective items are more frequent; the wastage of raw materials adds to costs. The probable increased breakdown of machinery also requires greater outlays for repairs, and thus the plant operates at a lower percentage of its theoretical capacity. However, the Canadian is a skilled worker as is evidenced by the numerous highly efficient firms in Canada, for example, the manufacturers of agricultural implements. Canada may not have quite the same high proportion of the various skills as exists in the United States, but this difference cannot be judged as the main cause of higher production costs per unit of Canadian output.

A second possible explanation is the relative use of machinery. A handicraft worker cannot hope to match output with the modern plant employee who works with machines worth thousands or even tens of thousands of dollars. But, here too, Canada matches the United States in high capital investment and the intensive use of machinery and equipment. While there are some industry variations in the capital-output ratio between the United States and Canada, the variations are not such that this factor can be a major explanation of cost differences.

A third possibility is the degree of ease in access to raw materials. Here we can accept the opinion of the 1957 Report of the Royal Commission on Canada's Economic Prospects which stated that Canada was at no net disadvantage to other countries in regard to raw materials and unprocessed materials. Certain cost elements may be higher in Canada, for example, transport, energy, interest charges and construction and equipment, but even together these cannot be assigned too great a role in the relative competitiveness. I will consider them subsequently since their marginal influence cannot be ignored, but they do not seem to be the determining factor in causing lower productivity in Canada.

A fourth possibility is that wages are too high in Canada. But is this a meaningful statement? It is not wages or wage rates but wage costs per unit of output and the wages paid relative to the productivity of the worker that are important. Therefore, this question is only a rephrasing of our basic problem: what causes differences in productivity?

A fifth possibility is that Canadian executive ability and its reflection in company organization and procedure, sales promotion and efficiency is the culprit. This involves a subjective analysis, and a difficult one at that, but it would hardly provide us with an answer. Even supposing that Canadian management is not quite as good as its American counterpart, a point very few could in truth assume, the final effect of the comparatively small difference on relative costs would be too insignificant to explain much of the American competitive superiority.

We turn now to our sixth and last possibility, the one in which the basic trouble may be rooted. This area can be summed up in the phrase "scale of operation." Our other possibilities did not seem to bear much fruit, and so, through a process of deduction, I shall concentrate my further remarks on this point. Is the Canadian market too small to permit efficient firm size? Are production runs of less than optimum size, that is, those which would yield minimum direct costs? Does the product mix of Canadian secondary manufacturing plants result in excessive overhead and start-up costs per unit?

Market Structure and the Factor of Productivity

Canada had a gross national product (in constant dollars) of $29 billion in 1955. This increased to $34.5 billion in 1961, an increase of 18%. In current dollars, GNP was $27 billion in 1955 and $36.8 billion in 1961, an increase of 35%. A gross national product which is larger than, for example, that of Italy, makes it difficult

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Can the American Economy Face World Competition?

By J. Howard Craven,* *Vice-President and Economist, Bank of America NT & SA, San Francisco, Calif.*

California banker assesses the challenges posed by world competition and, without minimizing the problems we face, concludes on a non-pessimistic note. He warns critics who oppose governmental measures to alleviate our worse economic problems that only the timely expansion of private expenditures will rob the Government of the excuse to intervene. Mr. Craven points out: (1) our gold situation is not below the historical norm; (2) net foreign investments have grown twice as fast as gold decline; (3) we are still competitive and need to negotiate lower tariffs without neglecting to keep our productivity up; and (4) can safely undertake a non-inflationary financed $5 to $10 billion deficit to stimulate local business. He urges private business to move constructively in the private sphere instead of voicing negative complaints.

I am particularly pleased to participate in the fifth Pepperdine College Forum, addressed to the general topic: "Analyzing Challenges to Free Institutions." The challenges come from all sides — from the Right and from the Left, from every point of the compass—and appear in many forms. They are complex, but if they are to be met successfully we must understand them despite their complexity.

J. Howard Craven

The main thrust of my argument must be along one special branch of this broad topic, the delineation of some of the challenges to our economy—in particular the challenges of world competition. On the economic front world competition poses many problems, among them being relations between the Free World and the regimented societies, the struggles of underdeveloped countries and the business pressures of industrialized nations.

There is more here to discuss than we could possibly exhaust in several forums. All of these influences, however, show some of their effects in the total balance-of-payments position of the United States which pulls into a common focus the problems of trade and aid and military might; of gold losses and of economic growth; of tax cuts, Government expenditures, and monetary policy; of private investment and of the European Common Market; of interest rates, unemployment rates, and profit rates; of recession, inflation, public debt and budget deficits. From this perspective one can examine and refute both the charge that the United States is embarked on a new imperialism aimed at dominating the world, and the charge that the United States is aimed at giving away its substance "out of the muddle-headedness of self-less charity" and is embarked on a course of national bankruptcy. Neither of these, of course, is true, but there are so many facets of the economy touched upon and reflected in our balance of payments that all sorts of charges and premonitions and misunderstandings result.

Our Balance of Payment Outflows

What is the picture of world competition mirrored in the balance of international payments of the United States? We have been running deficits in our international payments for every year but one since 1949. The annual deficits have been especially large in the last 5 years, running 3.5, 3.7, and 3.9 billion dollars in 1958, '59, and '60, respectively, dropping to 2.5 billion dollars in 1961 and to apparently something over 2 billion dollars last year. Since outflows of this magnitude cannot be sustained indefinitely we are very much concerned, both as a nation and as responsible individual citizens, that this situation be brought under closer control. Some of the problems which are related can be summarized as follows:

(1) The balance-of-payments "deficit" takes the form of payments by the United States in gold and liquid liabilities. The gold balances of the Treasury of the United States have been drawn down by nearly $8½ billion since 1949, and losses of about $6.8 billion having taken place in the past 5 years. Our short-term dollar banking liabilities in foreign hands have increased by over $17 billion during this same period. This increased potential drain on gold is causing almost as much concern as the gold outflows we have already sustained.

(2) We are feeling the pinch of foreign competition in an increasing number of markets at home and abroad. This, together with the official admonitions that we must export more, has led to the fear that we are pricing ourselves out of world markets. There has been an undercurrent of anxiety concerning low wage scales abroad and insufficient tariff protection at home.

(3) The recent breakdown of negotiations for British entry into the European Economic Community, or Common Market, strengthens the fear of some observers that Europe will not develop an outward-looking posture, but will seek to be increasingly self-sufficient, thus depriving the United States of a sizable and growing market, and making our balance-of-payments position even more difficult than it now is.

(4) The contribution to the U. S. balance - of - payments deficit of our foreign military and aid expenditures has not escaped notice. Increasing domestic pressure for us to withdraw from these activities has been evident.

(5) Private short-term capital outflows were especially strong in 1960 and 1961. Aside from unrecorded transactions which totaled some six hundred million dollars in each of those years, and which might well include some short-term transactions, recorded short-term capital outflows contributed $1.3 and $1.5 billion respectively, to the balance-of-payments deficits is those years. Concern that higher interest rates abroad than at home may have been responsible for attracting substantial volumes of those funds to foreign money centers has had a profound impact on domestic monetary policy. Ordinarily in periods of economic decline or of weak growth, such as we have recently been experiencing, economic policy would have dictated a greater degree of monetary ease extending so far as lowering substantially the levels of interest rates in an effort to stimulate borrowing and spending by local businesses and individuals. However, in order to keep short-term interest rates at home competitive with those abroad, the monetary authorities have seen fit to "twist" the rate. They have sold large volumes of short-term securities in the open market, thus keeping prices for such securities low and their interest rates up, while simultaneously buying long-term securities in an attempt to provide some degree of domestic monetary ease on the long side. The policy of holding up short-term interest rates has been sharply attacked as contributing to slow growth in our economy.

(6) Various industries have complained about inadequate profit margins. Many attempts to increase those margins through price increases have been unsuccessful. The adverse impact of price increases on our international competitive position and on our balance - of - payments, has been stressed.

(7) There has been a widespread view in the American business community that foreign holders of dollars, especially in Europe, are concerned about a resurgence of inflation in this country and that they would consider an increase in the Government debt as a signal to convert their dollar balances into gold. This view has hampered the formulation of effective fiscal policies. Tax-cut legislation proposed for last year was postponed at that time and requested only this January. Meanwhile, unemployment rates have continued to climb. [Ed. Note: They reached a 6.1% of the labor force in February and 5.6% in March.]

This is quite an assortment of problems and it does not exhaust the list. Nevertheless, it does provide ample grounds for comment and discussion. Each of those points is briefly addressed in that same order.

No Dangerous Gold Problem

(1) Gold and dollar losses have not crippled the American economy and need not do so. The dollar need not, should not, and in all probability will not be devalued. The United States has plenty of gold. No sound country and no sound bank ever has enough liquidity to meet a 100% run on it, but the United States is not in any imminent danger unless a wholly unfounded crisis of confidence should suddenly appear out of the blue, and even then devaluation would be a mistake; the problem could be overcome without it and would likely become worse with devaluation. The United States has nearly 14% of free-world imports and around 40% of free-world gold. The ratio of gold to annual imports in the U. S. stands about 67%—far above the ratios of other leading countries. In the old gold-standard era the British operated with a far smaller proportion of gold to imports, the ratio was 7% in 1910 and 5% at the outbreak of World War I. In historical perspective, the decline in U. S. gold holdings was a long overdue correction of a basic distortion of world reserves brought on by the devaluation of 1933 and the strains associated with World War II.

As to the accumulation of dollar balances abroad, the very fact that these have been growing is evidence that there has been no general run on the dollar. In fact, we have been trading sterile gold and low-earning short-term liabilities for high earning investments abroad. Our net foreign investment position between 1949 and 1961 has grown nearly twice as rapidly as our gold position has declined. Our net investment position has virtually doubled; during this period we have added some $13½ billion to it—nearly $9½ billion in the last five years.

Our gross investments abroad at the end of 1961 exceeded $77 billion compared with $50 billion of foreign investments in the United States. U. S. investments abroad are more than 2½ times as great today as they were in 1949, having increased by nearly $47 billion over the succeeding 12 years. These gross investment increases have been 2 to 6 times as great as our gold losses in each of the years since 1958 and at least that large in every year since 1950. The growth in our investments exceeded $6 billion in 1960 alone. I'd say the investment of our gold and dollars has been worthwhile.

We Are Still Competitive

(2) We have not priced ourselves out of world markets. The deficit in our balance of payments is due to capital flows rather than our inability to sell goods and services in competition with foreign producers. In recent years the United States has been running a surplus of nearly $5 billion annually in exports of goods and services, and has not had a deficit in this account for any year since 1895. We do not need more tariff protection at home; we need more bargaining power to negotiate lower tariffs against the sale of our goods abroad. (Part of this we got last year in the Trade Expansion Act, but it is as yet too soon for these powers to have been fully implemented.)

The subject of competitive wage rates deserves some attention. It is true that, for most items wage rates in this country are higher than wages abroad. But this fact obscures three very relevant aspects: The thing that counts in international competition is the net cost of the item in comparison with its qualities and we have three important characteristics which continue to operate in our favor to offset higher wages per hour. First, we have been strong in innovation, design and styling, packaging and servicing. These items are part of the thing the customer buys and we have strong advantages here in many products. Second, total costs of the product must include material costs and overhead, as well as labor costs. Studies by the National Industrial Conference Board indicate that U. S. manufacturers very often have price advantages in material costs and overhead. Third, the labor costs themselves are relevant only as labor costs **per unit of product** and these are influenced as much by productivity as by wage rates per hour.

We have had an advantage in the growth of productivity relative to the growth of wage rates and we are striving to maintain that advantage. A study has been prepared in the Department of Commerce comparing U. S. trends over the 8-year period 1953-61 with those in eight foreign countries — the five large Common Market countries, Sweden, the U. K. and Japan. Although there is still a significant spread between hourly wage rates in the United States and abroad, these costs have been rising much more rapidly in the foreign countries. In the United States **hourly** labor costs are still some 2 to 4 times those found in the European countries studied and 8 to 9 times those in Japan. But **unit labor costs** in the United States during the last half of that period declined 4%, a favorable showing unmatched by any other of the countries studied. It is also notable that Japan has been running an adverse balance of payments with the United States, buying more from us than she is selling here. This is not a picture of failure of U. S. competitiveness.

Need to Keep Our Productivity Pace

The picture is not wholly bright, however. While these other countries are suffering competitively from too rapid an increase in wage rates, their productivity has climbed considerably faster on the whole than our own. It behooves us to pay particular attention to investments augmenting our own productivity, to hold wages in line with productivity increases, and to maintain or decrease prices wherever possible.

(3) The Common Market poses challenges; there is no doubt about that. Two comments, however, may be appropriate. First, the exclusion of the British is not final and the commitment of Europe away from the rest of the world is far from complete. Second, a considerable part of our fear stems from the agricultural protectionism that prevails. The Europeans, not slow to innovate protective devices, themselves, have gone out of their way to point to the United States example of high agricultural protection. How can we protest a European illiberality in agriculture when we practice it ourselves. Only when we free American agriculture from the expensive strictures of the subsidy program will we have any grounds for complaint about Europe's closing off its agriculture with paternalism.

(4) Our aid and military programs abroad are undergoing "agonizing reappraisals," and will undoubtedly be streamlined as a result. Already approximately three-quarters of our economic aid funds are spent in this country and military expenditures abroad are slated for further reduction this year. The basic question, however, is whether or not we desire the United States to exert a leadership position in the world. Such a position is dependent on flows of certain aid funds. Unless the American people are really willing to turn their backs on the rest of the world and suffer the inevitable consequences, some major aid program is essential.

Interest Rates and Profits

(5) It is not at all clear exactly how important to our balance-of-payments deficits have been the higher interest rates abroad. Nor is the degree of monetary ease in our domestic economy last year beyond controversy. In fact, there has been a great deal of debate

about it. Nevertheless, until some force arises to sustain a high rate of economic activity in this country, we are not likely to depart very far toward higher interest rates. Neither are we likely to reverse ourselves and move dramatically toward lower rates so long as our balance-of-payments difficulty remains. The current tax-cut program is an attempt to substitute a fiscal stimulation for a monetary policy stimulation of domestic business, thus permitting the maintenance of short term interest rates at relatively high levels.

(6) The important thing for investors is total profit rather than profit margin (per unit of sales). Last year corporate profits reached an all-time record of some $51 billion before taxes, and this was after deducting increased depreciation charges. It is just not true that the American economy has insufficient funds today. It is in a very liquid position. Certainly, the raising of prices to augment the ratio of profits to sales is not the proper way to improve profits in today's environment and moves in this direction would have detrimental effects on our balance-of-payments position.

(7) We are deceiving ourselves on the fear of deficits as an absolute anathema. Last year in Europe I sought in vain for responsible citizens who feared a deficit in the U. S. budget. On the contrary, I kept running into bankers and businessmen who urged the United States to run a deficit in order to increase business growth. There were qualifications, to be sure: the deficit should not be excessive—but $5 to 10 billion was suggested as a clearly safe range. Moreover, the methods of financing should not be inflationary. These are good qualifications to keep in mind.

Summary

In summary, I am not pessimistic about the position of the United States relative to world competition. We cannot be complacement. We have problems to face, but we can manage if we will. We must keep inflation from cropping up but we must recognize that our immediate problem is one of avoiding deflation instead.

It is tempting to blame our problems on the government, and I am sure they contribute their share. However, I am not very sympathetic with the man who argues in one and the same breath that government expenditure should be curtailed but that he should keep that government order he just received.

The fact is that the American people have demonstrated quite clearly through Congress that they are unwilling to sustain heavy unemployment of people and facilities. It is politically impossible for the government to stand idly by while heavy unemployment exists. If we want government expenditures to be curtailed—and I certainly do—it is up to us to see that the expansion of private expenditures moves fast enough to rob government of the excuse to intervene. The move for private businessmen and citizens is not a negative one of complaint but a positive one of constructive action in the private sphere.

*An address by Mr. Craven before the Pepperdine College Forum, Los Angeles, Calif.

Concessions to Labor Unproductive in Britain

By Paul Einzig

Dr. Einzig excoriates the latest of a series of costly U.K. proposals designed to provide labor with a "free gift" of income when dismissed as superfluous. His objection stems from the government's failure to reciprocally exact, as a quid pro quo, an agreement from labor unions to end restrictive practices, unofficial strikes and other hindrances to increased productivity. The economist, moreover, flays the public, the press and the Government for failing to see what is being forfeited. He hopes his American readers will not duplicate U. K.'s "short-sighted opportunism" which inspires this policy.

LONDON, England—Ever since the end of the second World War the British Governments that have followed each other in office have made concession after concession to the so-called "working classes." (The term has become a misnomer, for, while the middle classes and upper classes in Britain are now fully occupied, a very large proportion of industrial employees are paid for doing no work and most of the rest are part-time workers on full-time pay.) A comparison of the expenditure on social services, including education, before the War and now, reveals the staggering extent to which the British taxpayer and rate payer has to shoulder the burden of these concessions.

There would be no cause to begrudge the working classes for receiving these benefits, if only they showed the slightest appreciation of them and if only they showed the slightest willingness to serve the community in return for favors received. But the extent to which the unending series of concessions have improved the attitude of the British worker towards the community is a negative quantity.

No Reciprocity

The post-War Governments which conferred on the working classes all these favors bear a very large share of the responsibility for the ingratitude of the recipients. There has never been a real attempt to enforce the principle of reciprocity. The concessions were made as free gifts even if there were some vague exhortations to the beneficiary to induce them to volunteer some additional efforts to earn the benefits received.

When Britain lost the peace was at the Press Conference in 1943 announcing the Beveridge Plan of social services. "To those who ask me, Can we afford to have these benefits? my answer is, Can we afford not to have them?" These were the fatal words of Lord Beveridge. He laid down the principle that there is no need to work harder in order to deserve and earn the unprecedented benefits contained in the scheme. Indeed, there is not even any need for working even as hard as before the War. In fact, there is no need to work at all. The proposed benefits singly constitute the birthright of the prospective recipients.

The correct way of introducing the Beveridge Plan, and of many subsequent concessions which went far beyond the limits of that plan, would have been as follows: "This is a bold experiment. We have no means of knowing whether we can afford the burdens it imposes on the community. If it should be found that they overtax our resources, we may have to cancel them or scale them down. Whether or not we have to do so depends on YOU!"

The latest in the series of concessions is a projected redundancy scheme under which workers dismissed through redundancy will receive compensation from a national fund. Details are not yet available, but it is certain that the Treasury and the employers will have to provide the money. This major concession, as all the previous concessions, will be made as a free gift "with no strings attached to it."

It did not even occur to the Minister of Labor when negotiating with the Trade Unions Council about the scheme to try to secure from the latter, in return for the concession, some form of undertaking to abandon restrictive practices, to enforce discipline against unofficial strikes, and to agree to the basic principles of a wages policy. The negotiations were confined to trying to find an agreed formula for the redundancy scheme, so that the representative body of the workers should be graciously pleased to accept the gift horse instead of looking into its mouth critically. It seems, however, that the response of the trade unions has been decided in advance. They are certain to say that the redundancy pay will not be enough, and instead of appreciating the free gift they will demand more. So the "grievance" will continue to exist and will continue to serve as an excuse for a hostile attitude of labor.

The net result of this concession, on top of all the other concessions, will be that the bargaining position of the trade unions will become even stronger. Until now they were subject at any rate to a certain amount of restraining influence, owing to fears of unemployment. The proposed arrangement will greatly mitigate such fears and will thereby greatly weaken the power of the Government to correct an inflated position by means of disinflationary measures. The prospects of a higher Bank rate and credit squeeze will no longer tend to bring the trade unions to their senses. Their corrective effect will be greatly reduced by the substantial "golden handshakes" that are to be received by redundant workers.

Can Expect No Justice

In a recent speech in the House of Lords, Lord Langford, who is among the most moderate Socialists, declared that the community was not entitled to expect the trade unions to refrain from taking full advantage of their strong bargaining power. That attitude would be correct if the community itself, confronted with the hard-faced trade union leaders, were equally hard-faced. Unfortunately, the trade unions are allowed to have it both ways. When they are in a strong position they bluster and bully and blackmail. When they are in a weak position they whine and wimper and wail, oozing in self-pity about the "poor downtrodden under - privileged," conveniently forgetting that those very same under-privileged were arrogantly holding the community to ransom in the recent past. Their attitude is understandable. What is more difficult to understand is that the Government, the Press and the public fail to realize that by the attitude taken when playing from strength the so-called under - privileged have forfeited the right to expect any sympathy when they are in a weaker position.

Evidently the Government has failed to learn the lesson and does not wish to learn the lesson taught by experience with previous concessions to the working classes. Everybody ought to know by now that, the more is done for them, the less they are prepared to do for the community. In spite of this there are still people who seriously believe that if only the workers are given "a square deal," they will change their present attitude which is entirely due to their fear of unemployment. Those who think so refuse to remember that during the middle 50's, when there was overfull employment with at least three vacancies for each unemployed, so that any dismissed worker would only have had to cross the road to find another job, restrictive practices and wildcat strikes were just as prevalent as today. In fact, wildcat strikes are always more prevalent in fully-occupied industries than in industries suffering from unemployment precisely because there is less fear of unemployment and the workers have a stronger bargaining position and are more trigger-happy about strikes.

The British people are bound to pay dearly for the Government's short-sighted opportunism which inspires this policy. I can only hope that it will teach the United States Administration and the American public a lesson on how *not* to do it.

[In my article appearing in your April 11 issue the time limit for the British general election was given as Oct. 1963. It should read October 1964 P.E.]

F. F. Stansberry Joins Goodbody And Company

Floyd F. Stansberry has joined Goodbody & Co., 2 Broadway, New York City, members of the New York Stock Exchange, as manager of their Municipal Financial Consulting Service to states, cities, towns, school districts and other political subdivisions, it has been announced.

Floyd F. Stansberry

Mr. Stansberry retired recently after almost 41 years with Bankers Trust Co., of which 34 years were in the municipal bond department. He was an Assistant Vice-President of the bank. Mr. Stansberry is a former Secretary of the Municipal Bond Club and of The Municipal Forum of New York.

Clark, Dodge & Co. Opens Boston Off.

BOSTON, Mass.—Clark, Dodge & Co. Incorporated, members of the New York Stock Exchange and the American Stock Exchange, announces the opening of an office in Boston, located at 79 Milk St. The new office will be under the management of Jackson O. Welsh, an Assistant Vice-President of the firm. His associates in the office include Roland H. Schuerhoff, Vice-President, Theodore S. Brown and Jay C. LickDyke.

Now With A. C. Allyn

BOSTON, Mass.—Edward F. Marshall has become associated with A. C. Allyn & Co., 30 Federal Street. He was formerly with Winslow, Cohu & Stetson.

Yield and Quality in Today's Mortgage Market

By Dr. Saul B. Klaman, Director of Research, National Association of Mutual Savings Banks*

Warning signals are sounded about the health of both Federally insured and conventional mortgage portfolios in today's race for yields high enough to cover pre-determined deposit payments without due regard for quality and liquidity. Dr. Klaman criticizes current practices and offers sagacious advice. Barring major economic tax cut or housing demand change, he sees little reason to expect a turnabout in mortgage yields, in the next six months.

The mortgage market today is more vulnerable than at any time in the postwar period. This is so because pressures to lend funds and to maintain yields are so great that the quality of mortgage credit is deteriorating. With inflationary pressures subdued, mistakes of judgment will not be so easily camouflaged as in preceding years of steadily rising real estate prices. Unless this trend is reversed, many lenders, servicers, and borrowers will come to grief, and the FHA and VA will find a rising share of its contingent liabilities turned to real liabilities.

Saul B. Klaman

The simple facts are that, in the mad scramble for mortgage loans, too many lenders and originators have been willing to: wink at overly liberal property appraisals, to qualify marginal credit risks, to extend contract maturities, to reduce down payment requirements, and, in some cases, to encourage junior mortgage financing. It is these downward adjustments in quality that have accounted for the relatively modest decline in mortgage yields over the past two years. In other words this means that yields on mortgages or relatively unchanged quality have in fact dropped further than most reported measures suggest.

The dangerously extended liberalization of mortgage terms has characterized both Federally underwritten and conventional loans. On VA and FHA loans, loan-to-value ratios have risen from an average of about 85-92% a few years ago to 94-98% currently, with a record percentage of no-downpayment loans represented in the average VA figures. Maturities have likewise been extended, commonly to 30 years or more. At the same time, current FHA and VA loan borrowers, have, on average, taken on greater housing expense relative to income than borrowers in earlier years, and have smaller liquid asset holdings than their predecessor borrowers. In the conventional loan area, it is significant that, between 1959 and 1962, savings and loan mortgage lending in excess of 80% of property appraisal jumped by five times.

To regard these developments lightly is to disregard the evidence in recent FHA and VA studies, and in general portfolio experience, that it is the highest ratio, longest maturity loans made to the lower income borrower that represents the greatest risk of failure. Dr. Leo Grebler, the eminent real estate economist at UCLA, stated the case succinctly:

"Risk represents a series of probabilities of failure. Thus, the probability of the 1960 or 1961 loans as a group (and, I would add, 1962 and 1963 loans in particular) to be in trouble is greater than the probability for the 1956 loans."

One need not seek far for the cause of reduced mortgage lending standards. Record flows of liquid saving and inadequate investment outlets have made investors increasingly mortgage-minded. Moreover, near-record interest returns to depositors, in the fierce competition for savings, have made lenders intensively yield conscious. Quality, then, is being sacrificed at the altar of yield in order to cover what are apparently considered to be fixed costs for savings deposits.

This, indeed, is topsy-turvy financial policy. For, over the long run, how sound is it for a corporation to decide that it will pay its stockholders a high return, or a financial institution that it will pay its depositors a high rate of interest, and then set out to generate earnings high enough to cover these pre-determined payments. Just the reverse ought to be true! Let us return, then, to basics of financial management. Let us seek to maximize yield only after due consideration to quality and liquidity, and establish a fair rate of return to the saver after earnings have been determined and adequate reserves set aside. If, in the current market situation, this necessitates a reduction in deposit rates, SO BE IT!

This does not mean that it is wise for supervisory authorities to urge financial institutions to reduce interest rates on deposits in order to ease the pressure for higher returns. On the contrary, this kind of policy supports the topsy-turvy thesis that it is deposit rates that determine mortgage yields. And it does not necessarily insure sound lending practices. It is on the latter that attention must be focused, and with a powerful spotlight, if we are to avert serious problems and painful readjustments in real estate and mortgage markets.

* * *

The Future Course of Mortgage Yields

There are growing expectations that general money and capital market rates will be under upward pressure in the months ahead. These expectations are based on anticipated tightening of monetary policy accompanying strengthened business activity, international constraints and proposed tax cuts. Even if some interest rate firming does occur—and this will depend more than anything else on the nature and timing of tax cuts—it is not likely that mortgage rates will follow the path upward.

Just as nominal mortgage rates are sticky on the downside, so they will be sticky on the upside. This reflects changes in quality factors noted earlier. As excess funds are drained off into other sectors of the capital market, mortgage lenders will be able to return to emphasis on quality in extending credit. Appraisals will be sounder, substantial credit risks rejected, and contract terms tightened, before yield will rise. This will be a salutary development, and it is to be hoped, therefore, that credit demands do indeed expand in other sectors of the capital market.

In judging the course of mortgage yields, moreover, it is significant that the current spread between FHA-insured mortgages and U. S. Government bonds is the lowest in a decade. This reflects the new acceptance of mortgages by an increasing number of investors—a situation not likely to change soon. In other words, the current narrower mortgage-bond yield spread is the more "normal" one around which changes will fluctuate, rather than the wider spread of earlier years. On this score, then, there is little reason to expect a turn-around in mortgage yields. Nor is there any reasonable expectation that funds available to mortgage lenders will significantly lessen.

In the absence of a major economic stimulus from a tax cut or a sudden strengthening in housing demand, the outlook for mortgage yields in the next six months is for more of the same—"mushiness." Subsequently there may be some firming into 1964 as the effect of a late 1963 tax cut takes hold, consumers increase their spending and unusually high liquid savings flows taper off.

*From a talk by Dr. Klaman at the Annual Meeting on Economic Outlook sponsored by Bankers Mortgage Co. of California, Los Angeles, Calif., April 17, 1963.

Butler Joins Laird, Bissell

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchg., announce that John Butler has joined their Bank and Insurance Stock Department. Mr. Butler has been associated with the bank stock market for over 35 years and he has been until recently with The First Boston Corporation.

John Butler

Al Dimpel Now With Hunter Assn.

JERSEY CITY, N. J.—Al H. Dimpel has become associated with Wellington Hunter Associates, 15 Exchange Place.

Mr. Dimpel was formerly manager of the trading department for John J. Laver & Co., Inc. in New York City. He began his career in Wall Street in 1917 as a runner for Shipman & Marsalis and was later associated with R. F. Gladwin & Co., Ralph T. Dimple & Co., and Blair F. Claybaugh & Co. For 16 years he was office manager and trader for C. D. Robbins & Co. in Newark.

Business Investing To Rise 7% Above 1962's Outlay

McGraw-Hill's latest survey finds U. S. business is planning to spend a record $40 billion on plants and equipments in 1963. The survey estimates manufacturers will hike their capital expenditures by 9%, and that 68% of spending will be devoted to modernization with the remainder to be devoted to expansion. R/D outlays are seen still increasing but at a slower rate.

American business now plans to spend a record $40 billion on new plants and equipment this year, a 7% increase over 1962. At the same time, the average amount business now plans to spend on new plants and equipment for 1964-1966 is slightly higher than the $37.3 billion which was spent in 1962.

These are the major findings of the 16th Annual Survey of Business' Plans for New Plants and Equipment conducted by the McGraw-Hill Publishing Company's Department of Economics.

The survey also found that manufacturing companies alone expect to spend $16 billion this year, a 9% gain over 1962 figures. And their preliminary plans for three years ahead indicate they plan to spend the same amount in each successive year through 1966.

These manufacturers also revealed that they consider 22% of their stock of plant and equipment technologically outmoded. Hence, manufacturers are continuing to concentrate on modernization; 68% of this year's investment is expected to be spent for this purpose and the same proportion between 1964 and 1966.

Sales to Rise

The manufacturers expect unit sales to rise only 4% this year, but 18% between 1963 and 1966. To meet this anticipated increase in demand, manufacturers are planning to add 12% to their capacity during the next three years, compared with a modest 4% this year.

Manufacturers were operating at 83% of capacity at year end, the same rate as last September and at the end of 1961. This was nine points below the rate at which they prefer to operate. But even if sales pushed operating rates to preferred rates by mid-year, manufacturers said they would not significantly raise this year's spending plans. Thus, the expected additions to capacity are geared to future rather than current demand.

"Under changing economic and political conditions, the course of capital spending can vary widely. But present plans suggest substantial expenditures, particularly beyond 1963," declared Douglas Greenwald, chief economist for the company's Publication Division.

The biggest increases in this year's spending are in the durable goods industries. The steel industry for example, now indicates investment plans for $1.4 billion, 27% more than last year. The rate of variation in the durable goods sector extends from a high of 34% for the nonferrous industry to no change for the stone, clay and glass industry.

Increase for Auto Industry

Auto companies are planning to increase their 1964 investment 14% higher than 1963 and to maintain this new level in the years beyond. Both the paper and the rubber industries indicate sizeable ups and downs in the pattern of their spending during the years 1964-1966. But with these exceptions, no major industry plans to change its level of spending by more than 7% from one year to the next during the entire period.

In non-manufacturing, the upsurge in capital spending plans by railroads indicates rising freight traffic and profits. For the first time since 1960, railroads will spend one billion dollars for new facilities.

But, railroads, having upped their investment considerably this year, plan to drop to their former level between 1964 and 1966.

Commercial businesses—trade, finance and services—which have spent well over eight billion dollars annually since 1959, indicate that no abatement in their purchases of buildings and equipment is in sight this year. Increases in both the electric and gas utilities will lift their capital spending to $5.8 billion this year.

This year's capital spending plans reveal an impressive array of manufacturing industries that will surpass 1957 records for the first time—these include machinery, transportation equipment, fabricated metals and instruments, chemicals and paper.

The survey also found that business as a whole indicates that the combined effects of the revised depreciation schedules and the tax credit for new equipment will account for over one billion dollars of additional investment in both 1963 and 1964.

Research To Rise

In its quest for new products and processes, American industry continues to look to research and development. To this end, industry as a whole worked on research and development projects to the tune of $12 billion last year, 10% more than in 1961.

The amount of research and development being performed by industry has risen so spectacularly over the decade that expenditures now are three and a half times greater than 10 years ago. But the rate of increase planned for the years ahead appears to be tapering off.

After a 10% increase between 1961 and 1962, industry expects the amount it will spend on research this year will rise only 4%. And companies now indicate that between 1963 and 1966 they expect their research and development to go up slightly more than one billion dollars for the three-year period. They will spend $12.6 billion on research and development this year and $13.8 billion in 1966.

Jos. Mayr Co. to Admit Partner

On May 2 Robert L. Meltzer, member of the New York Stock Exchange, becomes a partner in Joseph Mayr & Co., 50 Broadway, New York City, members of the New York Stock Exchange.

Mullaney, Wells 25th Anniversary

CHICAGO, Ill.—Mullaney, Wells & Company, 135 South La Salle Street, members of the Midwest Stock Exchange, founded by Paul L. Mullaney here in 1938, is this week celebrating its 25th anniversary. From a small beginning in May, 1938, the firm has become one of the leading investment banking firms in the Middle West, dealing in corporate and municipal securities. Over the past quarter century it has been a prominent participant in corporate and municipal underwritings and has become known as a leading specialist in revenue and general obligation municipal bonds. Its initial underwriting participation was 25 years ago this month when it was a syndicate member in a debenture offering for United States Steel Corporation.


Paul L. Mullaney

Mr. Mullaney, the founder, heads the firm and has spent 40 years in La Salle Street. He was associated with the bond department of one of the predecessor banks of the Continental Illinois National Bank and Trust Company from 1925 to 1933. He then joined Lawrence Stern and Company. Five years later he formed his firm. He has been prominent in the financial and civic life of Chicago during the entire period. He has served as governor of the Investment Bankers Association and Chairman of its national-state legislation committee. He is a former President of the Bond Club of Chicago and is now a director of the Community Fund, the Welfare Council, the National Traveler's Aid Association and President of the Catholic Charities of Chicago.

Kentucky Central Life Insurance Class A Offered

Public offering of 500,000 class A non-voting common shares of Kentucky Central Life Insurance Co., at $16.625 per share is being made by Stifel, Nicolaus & Co., Inc., St. Louis, and Associates.

Net proceeds will be added to the company's capital and surplus accounts, and will be invested in accordance with its established investment policy.

Headquartered in Anchorage, Ky., the company is engaged in the writing of ordinary life, monthly debit life, industrial life, industrial health and accident, group life, credit life, and through a subsidiary, fire insurance.

Broderick-Coleman In New Quarters

Broderick & Coleman, corporate public relations, have announced the removal of their offices to 42 Broadway, New York City.

Eastman, Dillon To Admit

Effective May 2, Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York City, member of the New York Stock Exchange, has admitted Virginia B. McVikar and Lucretia B. Abbott to limited partnership in the firm.

E. G. McGinnis Opens

DALLAS, Tex.—Edwin G. McGinnis is conducting a securities business from offices at 6037 Stefani Drive under the firm name of McGinnis & Co.

The State of TRADE and INDUSTRY

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

The current Cleveland Trust Company's monthly *Business Bulletin's* reports on a flurry of winds moving the economy out of its year-old doldrum on to possible further expansion. According to the Cleveland, Ohio's well-known *Bulletin*, "last March was the 25th month of the current business cycle. Most of the economic statistics for the month were encouraging. Industrial production edged up to 120.4% of the 1957-59 average. This compares with 119.4 in February and 118.9 in January. The months of April and May, are expected to be the best months in over a year. An important impetus should come from inventory building in anticipation of a steel strike this summer. In evaluating the possible duration of the current business cycle, it is helpful to survey the national economy over the past century and to realize that the median average of business cycles has been 43 months, or about 27 months up and 16 months down. The longest period of business expansion during peacetime covered 50 months beginning March, 1933. The shortest was 10 months.

"Several of the leading economic indicators have recently been showing renewed strength, and point to a continuation of the current business upswing beyond the 27 month average. New orders for durable goods, commercial and industrial building awards, and prices of common stocks are either at record levels or close to their old highs. The group of statistics for personal income and expenditures continues to pace the important coincident indicators to new records. Within this group, retail sales scored another new high of $20.7 billion in March, up 7% from a year ago. The Federal Reserve index of department store sales increased sharply in March to a seasonally adjusted level of 120 (preliminary), compared to 114 in February and 113 in January. Further help for this segment of the economy is expected from the New York and Cleveland newspapers which ended their blackouts after 114 days and 129 days respectively.

"Dealer sales of autos in the first quarter were 1,720,610. Second quarter auto sales are expected to run 15% ahead of the first quarter. The unemployment ratio in March fell to 5.6% of the labor force and thereby declined to the average for the year 1962. U. S. exports in February were double the depressed level during the January dock strike. The recent flurry of good news on the business scene indicates that the economy is pulling out of the doldrums and ready to use its year-old plateau as the base for further expansion.

Consumer Spending

"Last year the public spent approximately $357 billion for all types of goods and services. Of each dollar spent, about 46 cents went for nondurable goods such as food, clothing, and gasoline: 13 cents was paid out for durable goods like automobiles, furniture, and household appliances: and 41 cents was spent for services including rent, public transportation, laundry and dry cleaning, utilities and medical care. The year 1963 will probably see some increase in the share spent for services and durables with a decline to be seen in nondurables. In total dollars spent, all three groups should show a gain over 1962.

"Year-to-year fluctuations in the percentage of the consumer's dollar paid out for these three major groups are usually rather small. But changes over a long period are quite noticeable. Figures for each division are expressed as a percentage of the total amount spent for all three. Buying of homes, a capital expenditure, is excluded. Data are plotted annually. The source is the series compiled by the Department of Commerce.

"It is interesting to note that in 1962 all three curves approximated the same positions held in 1929. The entire postwar period, 1946-62, reveals a drop in the share spent for nondurables, a rise for services, and not much change for durables. Price changes have had an effect, since prices for services as a whole have advanced faster than those for goods. According to the main components of the consumer price index, the average price of all services increased 71% from 1946 through 1962. This compares with advances of 55% for foods, 46% for other nondurables, and 29% for durable goods.

"According to the first in a series of quarterly reports on consumer buying intentions published by the Bureau of the Census, consumers expect to purchase cars and household equipment in slightly larger numbers this year than in 1962. In the survey conducted in January, the proportion of U. S. households expecting to buy a new car within the next 12 months was 7.8%, the same figure as last year. Used car buying intentions increased from 8.2% to 8.7%.

"Expected purchases of household durable goods within the next six months were reported by 4.7%, compared to 4.1 a year ago. Of the seven household durables specified in the poll, the greatest gain was recorded for dishwashers. Television set purchases show the next largest increase. Only the group of radio and phonographic equipment costing at least $100 showed a decline from last year."

Bank Clearings 15.9% Above 1962 Week's Volume

Bank clearings in the latest statement forged ahead of 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 27, clearings for all cities of the United States for which it is possible to obtain weekly clearings were 15.9% above those of the corresponding week last year. Our preliminary totals stand at $32,093,948,977 against $27,687,356,329 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. April 27—	(000 omitted) 1963	1962	%
New York	$17,812,909	$13,729,285	+29.7
Chicago	1,327,559	1,517,504	—12.5
Philadelphia	1,226,000	1,329,000	— 7.8
Boston	951,683	903,891	+ 5.3
Kansas City	543,429	510,980	+ 6.4

Thirteenth Consecutive Weekly Steel Output Rise Reaches Highest Level Since Mar. 26, 1960, and Surges 30.2% Above Year-Ago-Week

According to data compiled by the American Iron and Steel Institute, production for the week ended April 27 was 2,548,000 tons (*136.8%) as against 2,521,000 tons (*135.3%) in the week ending April 20. The week to week output increased 1.1% and it was the 13th consecutive weekly gain which finally topped weekly output going back three years ago to March 26, 1960. It exceeded the year-ago week by a resounding 30.2%.

The 13th consecutive weekly increase is attributed to an advancing current use demand for steel as well as nervous hedge-buying against a possible steel strike. Not since the fall of 1954 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 27 — the output of ingots and castings has totaled 36,754,000 net tons (*116.1%) which is 7.4% below the Jan. 1-April 28, 1962 production of 39,702,000 net tons (*125.4%).

Data for the latest week ended April 27 shows production was 30.2% larger than last year's week output of 1,957,000 net tons (*105.0%).

District—	*Index of Ingot Production for Week Ending Apr. 27	Apr. 20
North East Coast	133	129
Buffalo	144	146
Pittsburgh	128	126
Youngstown	134	129
Cleveland	150	158
Detroit	168	172
Chicago	137	137
Cincinnati	150	140
St. Louis	130	130
Southern	134	131
Western	134	132
Total industry	136.8	135.3

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

May to Be Best Steelmaking Month in Three Years

Steelmakers expect May to be their biggest production month in more than three years, *Steel* magazine said.

They will produce about 11.5 million ingot tons — the most poured since March, 1960, when they were hustling to meet the enormous demand following a 116 day strike.

This time they are hustling because: (1) Metalworking activity is nearing an all-time high. (2) Steel consumption is expanding seasonally. (3) Users are building inventories as protection against a possible strike or another round of price hikes.

Some users believe increases will be gradually extended to other steel product lines. Steelmakers would like to boost prices of some major products neglected when they made selective increases, but they are not likely to do so for several months—if then.

Steel service centers are considering an increase in sheet and strip prices to compensate for the advances posted by mills. Local marketing conditions vary widely, so distributors will not revise schedules uniformly.

Companies will find it difficult to boost industrial product prices on anything but a "selective" basis. However, most of the heavy sheet and strip users *Steel* talked to felt some of the increased costs would have to be passed on. They are more concerned now about what the United Steelworkers will demand—and get. If they have to match any substantial wage increases, they report that across-the-board hikes on most products can be expected.

Practically no progress has been made in sessions of the Human Relations Committee, *Steel* reported. The union and steel companies appear to be as far apart as ever on two thorny issues — contracting out work and the scheduling of overtime.

New Order Flurry

A flurry of new order activity is reported by many steel mills. Buying of steels is still expanding. Inquiry for plates is improving. Demand for wire products is heavier. Standard pipe is moving more actively. Demand for oil country goods is reported a little better. There's heavier order demand for bars. Demand for fabricated structural steel is rising seasonally.

Look for the 14th consecutive increase in steel ingot production this week. Output will slightly exceed the 2,550,000 tons that *Steel* estimates the industry poured last week. Operations are at 84% of unofficial capacity.

Steel's price composite on No. 1 heavy melting grade of steelmaking scrap held at $28.67 a gross ton for the fifth straight week.

Aluminum production is reflecting good demand. *Steel* estimated the six domestic primary producers are operating at an annual rate of 2,195,000 tons, about 88% of the industry's capacity of 2,488,750 tons.

Secondary smelters of aluminum, bowing to the pressures of higher scrap prices, have raised quotations across-the-board an average of 0.5 cents a pound.

Mill product prices of aluminum, however, show no signs of strengthening.

Rush of Steel Orders Reflects Buyers' Nervousness

The steel buying rush is so strong that some June orders have been turned down by the mills according to *Iron Age*, a trade publication.

Since the steel price increase, orders have jumped substantially as buyers put on the pressure to hedge against a possible steel strike. Steel users to a man are apparently convinced the price increases made reopening of the steel labor contract inevitable.

Further, the price increases also convinced businessmen that the United Steelworkers of America would be a lot tougher at the bargaining table.

This is supported by reports coming out of preliminary negotiations of the Human Relations Committee. Although there had been little or no progress prior to the price increases, the bargaining has gone from bad to worse as the union's attitude stiffened noticeably.

While few, if any, steel buyers are shut out in June, many, including some of the largest automakers, are unable to place all their intended June business.

Small Note of Panic

In fact, a small note of panic has crept into the market. There are strong indications that automakers are not getting their inventories built up to desired levels. Better-than-expected auto production all year, backed up by even further increases in production recently, has eaten into the rate of inventory accumulation.

For all intents and purposes, cold-rolled sheet, galvanized, wide plate, and some coated products are virtually sold out for the second quarter. Now, unless there is an unexpected turn for the better in steel labor, July looks like another big month in steel production.

Sheet mills are now operating at 100% of capacity. And orders have been coming in at a rate that would exceed capacity.

But in spite of increased consumption of steel, no one is convinced that demand is based on immediate need. The big question is how much "water" exists on the books, and what will be the result if a steel labor settlement is reached without a strike.

Mills are now operating at a rate that would produce more than 130 million tons in a year. While earlier consumption predictions have been raised from around 100 million tons for the year, this shows an obvious gap between production and chew-up.

With the inventory buildup extending to a much wider range of products, mills are now talking about operations in May-June that would easily exceed 90% of capacity.

Construction Exceeds Autos as Steel's Biggest Buyer

The construction industry maintained its lead in 1962 as the top final consumer of steel products, *Iron Age* magazine reported.

This is in spite of figures on direct mill shipments which show the auto industry received 1.7 million tons more steel directly from the mills than did construction.

The difference is resolved in a special *Iron Age* analysis of sales by the steel service centers, or warehouses. The centers receive about 17% of mill shipments and their redistribution pattern sends almost five million tons of steel into the construction market.

In contrast, automakers relied almost entirely on direct mill shipments. In total distribution, automakers remained solidly in second place.

In total shipments, the construction industry in 1962 received 18.465 million tons of steel. This is equal to 26.8% of the total. The auto industry received 16.3 million tons for 23.7%.

Before analysis of service center shipments, the auto industry received 15.18 million tons, or 21.9% of all mill shipments. The construction industry received 13.476 million tons directly from steel mills, for 19.6% of direct mill shipments.

This is according to American Iron & Steel Institute, which reports the service centers received 12.269 million tons directly from mills.

Breakdown of warehouse shipments to final users, many of which buy much of their steel from warehouses, accounts for the change in patterns between direct mill shipments and final destination.

1961 was the first year since

1958 that the construction industry led automotive in both direct mill shipments and total shipments from mills and service centers. But the booming automotive production in 1962 returned the automakers to the top in direct mill shipments, although the auto industry lagged in final consumption.

Other leaders in final steel consumption, following construction and automotive are: Containers, 6.9 million tons, and 10.1% of the total; machinery, industrial equipment, and tools, 6.5 million tons, or 9.5%; electrical machinery and equipment, 2.7 million tons, or 3.9%.

Auto Output Last Week Tops 1962 Rate by 7.9%.

The nation's auto industry passed two more production milestones this week in its quest for new production and sales records for this year.

Ward's Automotive Reports said the industry built its 3,000,000th vehicle since Jan. 1 by April 25 close. The 5,000,000th 1963 model passenger car was assembled a week ago last Monday.

The statistical agency estimated output for the week ending April 27 at 154,644 cars and 28,677 trucks. The combined total continued to pace production in like 1962, although adjustments in passenger car assembly resulted in a slight decline in the unit total from a week ago, when 159,587 cars and 27,814 trucks were made. Auto output for the reporting week was above the year-ago week.

Ward's said, however, that the adjustments in output last week were "as scheduled." Entire April is still expected to yield some 686,000 cars and 125,000 trucks toward anticipated second-quarter production of more than 2,000,000 cars and nearly 400,000 trucks.

Passenger car making included overtime at four General Motors' plants and six Ford Motor Co. lines.

Of car making last week, GM Corp. was expected to account for 55.4%; Ford, 27.4%; Chrysler Corp. 9.4%; American Motors, 6.8%, and Studebaker, 1.0%.

Rail Freight Dips 1.4% Below Last Year's Level

Loading of revenue freight in the week ended April 20 totaled 561,450 cars, the Association of American Railroads announced. This was an increase of 5,369 cars or 1.0% above the preceding week.

The loadings represented a decrease of 8,043 cars or 1.4% below the corresponding week in 1962, but an increase of 28,413 cars or 5.3% above the corresponding week in 1961.

There were 15,052 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended April 13, 1963 (which were included in that week's over-all total). This was an increase of 1,408 cars or 10.3% above the corresponding week of 1962 and 3,724 cars or 32.9% above the 1961 week.

Cumulative piggyback loadings for the first 15 weeks of 1963 totaled 218,050 cars for an increase of 26,698 cars or 14.0% above the corresponding period of 1962, and 61,112 cars or 38.9% 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

Continued on page 39

Remove Silver Certificates From Our Monetary System!

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

Federal Reserve Chairman agrees with the Treasury's thesis that silver certificates should be replaced with Federal Reserve notes at a gradual rate so as to add not more than $35 million a year in necessary gold certificate reserves. Unlike gold, silver is said to be unacceptable as an international settler of adverse balances. Mr. Martin points out that silver certificates were not accepted because of their silver backing and he refers to Federal Reserve notes being as readily acceptable as the Treasury receipts.

I appear today in response to your invitation to present the views of the Board of Governors of the Federal Reserve System with respect to H. R. 5389, which would repeal the silver purchase laws and provide for replacement of silver certificates with Federal Reserve notes.

William Mc C. Martin

The Board believes that it is unnecessary to utilize silver as "backing" for our currency, and that its use could appropriately be confined to coinage. There is no need, therefore, to retain the silver purchase provisions that would be repealed by H. R. 5389. As a practical matter, these provisions are inoperative today, because of the rise in the market price of silver.

The Board favors the proposed amendment in Section 3 of the Bill, which would authorize issuance of Federal Reserve notes in $1 and $2 denominations in addition to the denominations now authorized.

Although the Board is not in a position to comment on the technicalities of the Bill's tax provisions, we perceive no objection in principle to repealing the tax on transfers of silver bullion.

If this Bill is enacted, it is important that the resulting shift from silver certificates to Federal Reserve notes take place gradually. Roughly $2 billion in silver certificates are outstanding. A complete shift of this amount to Federal Reserve notes would reduce the Treasury's free gold stock by $500 million, because of the 25% gold certificate reserve requirement on Federal Reserve notes. I am pleased, therefore, to note Secretary Dillon's estimate that the increase in the required gold certificate reserve resulting from the retirement of silver certificates and their subsequent replacement with Federal Reserve notes should not exceed $35 million a year.

Acceptability Not Based on Silver Backing

Although some concern has been expressed that removing the silver "backing" from part of our currency might lower its value, I would not agree. The fact is that the stability or instability of prices in our economy does not depend on the amount of silver in the Treasury. The relatively small part of our total money supply represented by silver certificates does not derive its value from the silver the Treasury must hold as "backing" for the certificates. Throughout the history of the silver purchase laws that this bill would repeal, the dollar has been worth more than the silver in it. This is still true today, even after the recent steady rise in the market price of silver. So it would seem that public acceptance of silver certificates must rest on their appraisal of factors apart from the silver "backing." This is further demonstrated by the fact that the public accepts Federal Reserve notes as readily as silver certificates. About $30 billion of Federal Reserve notes are in circulation—15 times the amount of silver certificates circulating.

It is possible, of course, that the market price of silver could rise above its monetary value if the Treasury's supply of free silver should ever be exhausted. If this bill is not enacted, the Treasury must continue to issue silver certificates to meet the public's need for $1 bills. Under those circumstances, if the market price of silver went high enough to encourage the public to turn in silver certificates for silver dollars, to be melted down for metal, the Treasury would be faced with the impossible task of trying to meet the public's need for $1 bills by issuing a certificate that would be exchangeable for dollar coins containing more than a dollar's worth of silver. Consequently, silver certificates would soon be returned from circulation. This would not only add significantly to the operating costs of the mints and the Federal Reserve Banks, but would also thwart, rather than serve, the public's need for a stable medium of exchange.

Where Silver Differs from Gold

Unlike gold, the Treasury's stock of silver cannot be used to maintain the role of the dollar as a key international currency, because silver is not a readily acceptable means of settling our accounts with other countries. On the other hand, one might suppose it would bolster the value of our currency to keep a valuable commodity such as silver in the stockpile of government assets. But without this bill, the Treasury sooner or later will be forced to buy more silver for silver certificates, in competition with other buyers who seek it for other uses. It can hardly be supposed that the government will find itself in a sounder financial position for having been forced to acquire an asset by simultaneously adding an equal amount to its debt, as would occur under these circumstances. Furthermore, Treasury purchases of silver would aggravate our international payments deficit, inasmuch as domestic silver production falls short of industrial consumption in the U. S.

There is no point now in renewing the historic controversy over the desirability of the silver purchase program as a means of assuring a favorable price to producers of silver. Today, because our economy has many other uses for this metal, its market price is well above that guaranteed by the silver purchase laws. The time seems ripe to take this step toward a free market in silver.

*Statement by Mr. Martin before the Senate Committee on Banking and Currency on H. R. 5389, Washington, D. C., April 29, 1963.

B. J. Kassel With Herzig, McKenna

Herzig, McKenna & Company, 50 Broadway, New York City, members of the New York Stock Exchange, have announced the opening of an unlisted securities department under the management of Boyd J. Kassel. Mr. Kassel was formerly with Gold, Weissman & Frankel Inc.

2% Penalty on Consolidated Tax Returns Is Anachronistic

By D. H. Larmee, Esq.,* *Assistant Vice-President—Taxes Pullman Incorporated*

Impressive array of evidence submitted fully supports President Kennedy's proposal to eliminate special tax levied only on affiliated corporates filing consolidated returns. Tax expert's catalogue of reasons points out: (1) basis for the tax has long disappeared making it an anachronism; (2) it is inequitable when contrasted with tax treatment of corporations with numerous branches; and (3) advantage of a consolidated return is recognized in all matters except the peculiar one of levying existing, outdated special 2% surcharge. Its removal, Mr. Larmee adds, would do much to augment the forces for economic growth.

President Kennedy has recommended to Congress that the present additional surtax of 2% levied on the consolidated net income of affiliated corporations filing consolidated returns be repealed and that taxation of dividends within affiliated groups be eliminated.

Most of the nation's corporations would be benefitted by these changes. Both proposals have an important bearing on industry investment to speed economic growth and create jobs.

The present 52% corporate tax is an oppressive enough burden. In spite of the enactment of the investment credit, the tax burden makes it difficult for corporations to provide the capital for the replacement and expansion of machinery and equipment which is so necessary for a healthy economy and full employment. To add to this burden by an additional levy on consolidated returns is economically unwise.

For similar reasons, the transfer of funds within affiliated groups should be encouraged, not discouraged. Efficient and effective use of earnings demands the unhindered flow of funds among affiliated corporations. This free flow is critically needed to combat national problems of slow growth, underinvestment, unused capacity and unemployment.

Penalty on Consolidated Returns

As mentioned, the inequity of assessing a 2% penalty on consolidated returns has been a matter of concern to both the Republican and Democratic Administrations.

President Eisenhower recommended repeal of the penalty in his 1954 budget message. A start was made by the 1954 Code which removed the penalty with respect to returns of regulated public utilities. The adoption of President Kennedy's recommendation would complete the removal of this unjust tax.

The use of consolidated returns should be encouraged rather than penalized. A consolidated tax return more properly reflects the taxable income of a group than do separate returns. Businessmen, accountants, and others have long recognized that consolidated financial statements more properly reflect the income of an affiliated group than do separate statements. This is illustrated by the fact that, almost without exception, financial reports to stockholders are on a consolidated basis.

Not only is an affiliated group an economic unit in fact, but Congress has recognized this in the enactment of certain tax relief legislation. For example, an affiliated group of corporations is treated as a single entity for the purpose of $25,000 and $50,000 limitations which are operative in the application of the investment credit. Further, an affiliated group is treated as a single taxpayer for the purpose of the $10,000 limitation operative in computing the additional first year depreciation allowance.

Consolidated returns reduce the administrative task of the Internal Revenue Service in collecting the tax and auditing the return. The auditing of one return from a central Interal Revenue Service office should involve much less work than auditing many returns which may be scattered in various Internal Revenue Service offices. A consolidated return minimizes the need to audit inter-company transactions, such as inter-company sales, loans, service fees and dividends. These are frequently complex and much time and effort is spent scrutinizing these items when separate returns are audited.

2% Penalty Inequitable

The 2% penalty is inequitable. Only those companies which for legal or economic reasons must operate through subsidiary corporations are subject to the tax. Other companies which can and do operate through branches and divisions rather than through subsidiaries pay no such penalty. The exclusion in 1954, of regulated public utilities from the operation of the 2% penalty was predicated on the fact that such businesses are usually required to operate through subsidiary companies. However, there are many other business enterprises besides regulated utilities which cannot readily function as a single corporation. The tax treatment of such businesses should be equated with that of the public utilities by the elimination of the 2% penalty.

The historical reason for the 2% penalty no longer exists. A penalty on consolidated returns was first imposed for the year 1932. Prior to 1932, operating losses could be carried forward two years. Starting with 1932, this provision was eliminated. It was realized at that time that the effect of eliminating loss carry forwards could be avoided by an affiliated group filing a consolidated return. In such a return, the loss of one company could be offset by the profits of another company. The penalty tax was thereupon conceived and enacted to offset this advantage of the consolidated return.

Any such advantage of consolidated returns has now disappeared. The present law permits operating losses to be carried back three years and forward five years. This is a far more liberal arrangement than that which was repealed in 1932 and 1933.

Although President Kennedy's proposal for the repeal of the 2% penalty was made contingent upon the enactment of legislation which would limit an affiliated group to the surtax exemption, it is recommended that the 2% penalty should be repealed regardless of whether any legislative action is taken to limit the surtax exemption.

It is submitted that before the enactment of one tax principle should be made contingent upon the prior or concurrent enactment of another tax principle, the tax principles involved must be such that they balance each other. As applied to a group of affiliated corporations such as the Pullman Incorporated group which would like to file consolidated returns, the 2% penalty and the limitation on surtax exemptions are not balancing factors—instead, they constitute a double disadvantage. The 2% penalty and the surtax exemption each have their own particular legislative history. Consequently, it is suggested that they should be given separate consideration by the Congress of the United States.

Intercorporate Dividend Tax

The historical reason for any tax on intercorporate dividends has long since disappeared.

In all the years prior to 1936 intercorporate dividends were properly characterized as mere transfers of funds and not taxed, except for a brief period under the Revenue Acts of 1913 and 1916. However, when the graduated corporate income tax was enacted in 1936 a tax on 15% of intercorporate dividends was enacted to discourage tax avoidance by multiple incorporations. The rate, however, of that tax was only 2¼%. The graduated corporate rate has all but disappeared and with it has gone the foundation for taxing intercorporate dividends. However, the tax has not only remained but it is now 7.8% which is 340% higher than in 1935.

Taxing intercorporate dividends within an affiliated group is inequitable. It makes for inequity in taxation between those entities which for sound economic and legal reasons operate through subsidiary corporations and those which can and do operate through branches and divisions. It also creates inequity in taxation between foreign and U. S. corporations. For example, Pullman has a U. S. subsidiary located and doing business in England. This subsidiary is presently being penalized because it is incorporated in the United States. This is shown by the accompanying table.

	Present U. S. Subsidiary	If Subsidiary Were Incorporated in United Kingdom
Assumed income	$100.00	$100.00
United Kingdom tax	53.75	53.75
U. S. tax after foreign tax credit	—0—	
Amount distributable to parent	$46.25	$46.25
U. S. tax on distrib. after fgn. tax credit	3.61	—0—
Net after all taxes	$42.64	$46.25

Repeal of the intercorporate dividends tax would eliminate these inequities.

Whether the corporate tax is in the nature of an excise tax and passed on to consumers, or whether it falls on the corporation and its shareholders, the harsh fact remains that present law subjects a single economic gain within an affiliated group to multiple taxation.

Other parts of the Internal Revenue Code effectively recognize the fact that an affiliated group is a single economic unit and that the flow of assets among members of that group should be tax free. The best examples are the provisions of the law relating to the liquidation or organization of a subsidiary where the transfer of assets is regarded as merely reshuffling within a single economic group and of no tax consequence.

We believe that elimination of the stifling intercorporate dividends tax meets our sluggish national economy head-on and responds directly to an urgent need for increased investment and job opportunities.

*Statement by Mr. Larmee before the House Ways and Means Committee, Washington, D. C.

Wm. R. Staats Co. Admits M. H. Stans

LOS ANGELES, Calif.—William R. Staats & Co., 640 South Spring Street, members of the New York Stock Exchange, the oldest incorporated investment banking firm in the state of California, on May 1st announced the admission of Maurice H. Stans as a senior partner and a member of the executive committee. Other senior partners are Donald Royce and Richard W. Millar.

Maurice H. Stans

Mr. Stans was director of the Bureau of Budget under President Eisenhower from 1958 to 1961 and was Deputy Postmaster General for two years prior to his assuming the Cabinet position. After leaving the Eisenhower Administration in 1961, he served as President of Western Bancorporation, Los Angeles, and Vice-Chairman and a director of United California Bank, until last August.

F. M. Mayer to Admit V. Lublin

Victor Lublin on May 9 will acquire a membership in the New York Stock Exchange, and will be admitted to partnership in F. M. Mayer & Co., 30 Broad St., New York City, members of the New York Stock Exchange.

Volpe Manager of Meller & Co.

Meller & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, have appointed Robert Volpe general manager of the firm.

Dunstan Joins Paribas Corp.

E. Fleetwood Dunstan has become associated with, and has been elected a Director of, Paribas Corporation, 40 Wall Street, New York City, investment banking firm, it has been announced. Paribas Corporation is an affiliate of The Banque de Paris et des Pays-Bas, the largest private bank in France.

E. F. Dunstan

Mr. Dunstan retired in 1961 as a Vice-President of Bankers Trust Co., with which he had been associated since 1921. He is a Director of General Security Assurance Corporation of New York, a member of the National Panel of the American Arbitration Association, and United States Representative of the Boy Scouts World Bureau.

During the early years of the World Bank, Mr. Dunstan was chosen as one of its officers and was its first Director of Marketing. A member of the Board of Directors of the Investment Bankers Association of America in 1934-1936, he served previously as Chairman of the Association's Municipal Securities Committee. In 1943 he was Assistant Director of the Banking and Investment Division of the New York State War Finance Committee.

Mr. Dunstan is a member of the New York Municipal Bond Club, of which he was President in 1936-1937; the Bond Club of New York; and the Lunch Club.

Bush Hog, Inc. Units Offered

Courts & Co., Atlanta, and associates are offering publicly 100,000 units of Bush Hog, Inc., at $28 per unit. Each unit consists of one $10 par 6½% convertible subordinated debenture due April 1, 1973, and two shares of common stock.

Net proceeds to the company will be used for debt repayment, development of a new "Varitiller" farm implement, purchase of additional equipment and inventories, and working capital.

Headquartered at Selma, Ala., the company is engaged in the manufacture of farm implements and machinery. Its principal product is a heavy-duty rotary cutter, sold in various models under the registered trade name, "Bush Hog", for use with any standard farm tractor.

Correction

In the "Businessman's Bookshelf" section of the **Financial Chronicle** of April 18 it was incorrectly indicated that the price of "Quotations on Money and Thrift" was 75c per copy. The correct price of the book, available from Savings Specialties Co., 53 West Jackson Blvd., Chicago 4, Ill., is $1.75 per copy. Quantity prices are available from the publisher on request.

The Market . . . And You

BY WALLACE STREETE

The last few points are always the hardest. And that is precisely how the stock market seems to be operating these days.

The trend is still upward and most observers expect this to continue for at least the short-term.

The nation's economy appears to have turned the corner from its rahter lethargic state of several months ago. Capital spending is rising, retail sales are poised for new highs and corporate profits are generally on the ascent. Most industries are reporting better earnings. Even those that are not, such as steel, can be expected to turn in more favorable results for this quarter than last.

Meanwhile the market is relentlessly, albeit somewhat slowly, making its way toward new highs. The Dow-Jones industrials at last week's new closing high of 718, came within 2% of the all-time peak of 735 set 17 months ago. Rails and utilities are already above their 1961-62 index tops.

Chartists Bullish

How far will this advance go? Few chartists are pinpointing the target in their forecasts but many are voicing more optimism that the Street will see new highs before the year is out.

Yet there is more evidence that a climax may be approaching. The appearance of more non-professional investors is often an accompanying sign. Volume is definitely growing. Turnover on the New York Exchange in April was the highest for that month since 1930.

Total volume of 106.5 million shares was the heaviest since last May and contrasted sharply with March's turnover of 74.7 million shares and April 1962's tally of only 65.2 million.

American Exchange traders were also active, illustrating a revival of interest in the lower-priced and more speculative issues. Amex turnover last month zoomed to more than 25 million shares from less than 20 million in March and 22.5 million shares a year ago.

Changed Odd-Lot Trend

Odd-lot figures also show a slight change of heart for the little buyer and seller. While sales continue to exceed purchases, the gap is narrowing. There is obviously a lot more interest on the public's part to get into the market these days. Yet a lot of traders remember that the public often tends to get in during the later stages of a bull market rather than at the beginning.

Still most professional forecasters expect that any reaction will be minor. The huge short interest position is considered a strongly bullish sign, especially because it has not shifted much from its 30-year high of 6.8 million shares of last November.

Most professional market watchers are also basing their hopes on an economic upsurge. Even unfavorable first quarter earnings have generally been accompanied by observations of company executives that their profits will move upward with the general economy.

"Zip-less Earnings"?

Yet there is some disagreement over what the first quarter earnings have brought. One prominent service feels first quarter corporate earnings showed less zip than the improvement in the economy would indicate. Nearly a third of more than 100 leading companies to announce their results have reported lower proftis than a year ago.

These declining profits cover a period when the Gross National Product rose 5% from a year ago, industrial output climbed 3% and wages 2%. Yet only half the companies had higher profit margins in this period.

The industries with the strongest profit showings for the first quarter have also been prominent among the market leaders. These include the oils, chemicals, autos, electronics, and drugs.

Oil Merger Candidacies

Oil stocks have also been helped by possibilities of take-overs. The search for crude oil merger candidates has been especially active in recent weeks. Superior, the highest priced stock on the Big Board, has moved to new highs on the strength of unverified rumors.

Other petroleum stocks are also hitting new highs mainly on their better profits. These include Sinclair) its profits rose 59% from a year ago); Union Oil of California (its net rose 18%) and Standard Oil of Ohio (its earnings soared 55%).

While some of the oil companies have indicated great concern that Uncle Sam may hike their taxes, investors apparently see higher profits offsetting this threat. A firmer petroleum price structure has also bolstered hopes of oil stockholders.

Profit-Depressed Steels

Steels still have a long way to go to benefit from their recent selective price rise. Their first quarter profits have been uniformly poorer when compared with results of a year ago. U. S. Steel's announcement this week of its worst first quarter earnings in 15 years came at a time when its stock was barely above its December high of 48, and well below its 1962 high of 78⅞.

National, the only major exception to the drop in steel profits, has failed to benefit. Its stock, now around 40, is only a shade over its December high, and several points under its 1962 high of 48.

The other steels are generally depressed although output is now at a three year high. Uncertainty is the main stumbling block. If the steelworkers union decides to reopen the contract, it is impossible at this time to predict what a shutdown might mean or how long it would last.

Steel users, in any event, are fast building up their stocks of materials to the point that inventory cutbacks will be needed if there is not a long shutdown. The biggest obstacle to expanded steel profits is the fact that over-all consumption is not growing. Companies should be able to make more money with higher prices, but the pattern may well be as spotty as the products involved.

Brighter Aluminum Picture

Aluminum presents a slightly brighter picture. Price rises already announced may have a better chance of sticking. Aluminium, Ltd., and Alcoa are also relatively lower cost producers than the large integrated steel makers.

Although both of these light metal company stocks are still several points under their 1962 highs, they have gained considerable ground in recent weeks. Appearance of Aluminium on the most active list this week marked the return of a former favorite that has been missing for some time.

Erratic Exchange Volume

Stock exchange volume itself has fluctuated widely in recent days. It has jumped to a high of nearly 6 million shares and sagged to less than 4 million shares in the space of a few days. Yet Big Board volume has shown a fairly consistent increase over the average daily turnover of 4.1 million shares in the first quarter.

The Shifting Funds

Part of this increase can be traced to switching to lower price stocks by the smaller investors, and by stepped up activity of the institutions. Much of the investment company trading was also attributed to shifting portfolios rather than any determined effort to get out of cash. One survey noted that 50 of the largest funds bought $481 mlilion while selling $401 million in common stocks.

Steels and electronics were among the most heavily sold while autos and oils led the buying side. Airline issues and chemicals were generally favored but there were wide splits among the latter. Ten funds sold du Pont (it made a new high for the year this week) while only one bought it. Better liked were Rohm & Haas, Air Products, and American Cyanamid.

[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.]

With Janney, Battles

PHILADELPHIA, Pa. — Janney, Battles & E. W. Clark, Inc., 1401 Walnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Louis J. Thomas is now associated with them as a registered representative and analyst.

FROM WASHINGTON . . . Ahead of the News

BY CARLISLE BARGERON

Back in 1916, Woodrow Wilson was elected President for a second term on the slogan "He kept us out of war." Even since 1914 he had been under harsh attack by the Republicans, particularly by Theodore Roosevelt because he had not taken a firmer attitude towards Germany.

Today, John F. Kennedy is being similarly attacked because of his vacillation and hesitation in his policy towards Cuba. The attack is coming from a few Democrats but mostly it is coming from Republicans. History may repeat itself in 1964. Assuming war has not occurred between Cuba and the United States before, Kennedy will get the benefit of having kept us out of war. But this does not mean there will be no war. We were at war within three months after Wilson began his second term.

There is a vast difference between the United States today and conditions of those days. Then we were unprepared. Today we are the most powerful nation in the world. We could go to war at the drop of a hat.

When Mr. Wilson was renominated in New York, Governor Martin Glynn of New York, spoke eloquently of the Wilson policy of neutralism to keep us out of war.

"This policy may not satisfy the fireeaters or the swashbucklers," said Governor Glynn, "but it does satisfy the mothers of the land at whose hearth and fireside no jingoistic war has placed an empty chair." And William Jennings Bryan who had been Wilson's Secretary of State but who was at the convention as a newspaper reporter, when called upon to speak by a mass of delegates, said: "I agree with the American people in thanking God we have a President who has kept us out—who will keep us out—of war."

President Kennedy is now being hailed by his supporters for his calmness and patience — for his watchful waiting — a policy adopted in those early days by Wilson. They and the President himself want to know if his critics are urging that we invade Cuba and run the risk of an atomic war with Russia. And if the peace continues, even an uneasy peace, it is easy to forecast the speeches at the next Democratic convention, acclaiming him in words similar to those used in praise of Mr. Wilson in 1916.

Mr. Wilson's tactics, his firm notes to Germany, many in number, his demands upon the warring powers to let the United States frame for them a peace "without victory" were unavailing. Finally, the German announcement that there would be unrestricted submarine warfare sent Mr. Wilson to Congress asking for a declaration of war.

There are many differences between today and 1916. In addition to being prepared, Russia has no illusions about our being afraid to go to war. We showed this in World War I and II and in our strong stand against Russia in the case of missile bases in Cuba.

In the last six months, however, there has been swelling criticism of Americans and now among the Cuban exiles in this country, because of what appears to be only a waiting policy — waiting for something to turn up to the disadvantage of Cuba and its Communist Government. President Kennedy answers these criticisms with statements of the economic pressures he and the other nations of the free world, including Latin America, are placing upon Castro's Cuba, as well as this country's determination, along with Latin America, to prevent Communist incursion and subversion in our sister nations to the south of us.

Joins Paine, Webber

MILWAUKEE, Wis.—Alexander Alex has become associated with Paine, Webber, Jackson & Curtis, Marine Plaza. He was formerly with McMaster Hutchinson & Co.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

First Quarter Fire & Casualty Insurance Underwriting Results

It appears likely that the first three months of 1963 may well be remembered as the worst quarterly loss period in the history of the fire and casualty insurance industry. While quarterly statements are not yet available, comments by insurance executives concerning the excessively cold and drawn out weather conditions experienced in virtually every section of the country lead to this unhappy conclusion. Results in the property insurance lines are expected to be particularly poor.

Fire losses during the first three months of the year, according to an estimate by the National Board of Fire Underwriters, rose to a record high of $405.9 million, 11.6% higher than the amount recorded in the comparable period of 1962. Estimated losses of $142 million in January were the highest monthly total ever recorded by the board in the 12 years it has been keeping such records. March's total of $137.4 million nearly matched that record figure and was 29.1% higher than the losses estimated for March of last year. There has been no increase in the number of conspicuously large fires this year, but a large number of industrial and mercantile establishments have been lost. Fire losses are usually the heaviest during the winter months as extreme cold weather overtaxes some heating plants, thereby increasing the number of fires as well as making them more difficult to fight.

High winds and dry weather during April in the northeastern section of the country boosted fire losses to high levels during the past month. Losses during the third week-end of the month in the east alone are estimated at $25 million. In view of the totals of the first few months, 1963 is almost certain to be a record high fire loss year. Total losses in 1962 reached a new high of $1,265,-002,000, the sixth consecutive year over $1 billion.

Fire insurance, once a steady profit producer, has been a major problem to the fire and casualty insurance industry in recent years. The line has shown virtually no growth over the past decade as volume has been transferred to multiple peril policies. Losses were incurred in 1958, 1960 and 1962 with only small profits recorded in the two intervening years. The combined loss and expense ratio reached 103.6% in 1962 and will certainly be higher this year. Few and inadequate rate increases have not been able to keep pace with the increase in total fire losses. Rates respond slowly to underwriting results in the fire line as rates are determined on the basis of experience over a period of several years and policies are generally written for a three year term.

First quarter underwriting losses will not be limited to the fire line alone. There were an unusual number of windstorms for mid-winter and freezing has added substantial water damage to the extended coverage loss totals. Homeowners and commercial multiple peril policies will certainly continue to be unprofitable, reflecting increasing losses, an inadequate rate structure and intense competition.

Automobile lines continue to be the industry's major problem. Recent bodily injury and property damage rate increases have helped results in those lines, but the usually highly profitable auto physical damage line is expected to be in the red for the first three months of the year. Auto physical damage had a 1.5% profit margin in 1962, well below the 4.5% average of the past five years, as rising losses have not been compensated by rate adjustments. The automobile industry's renewed emphasis on horsepower and speed in advertising is not likely to make insurance executives feel any better, although the more extensive use of seat belts is an offsetting factor.

In line with this by-line analysis, few if any fire and casualty companies will be able to record underwriting profits for the first quarter, while most will be substantially in the red.

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INSURANCE STOCK PRICES

With few exceptions, the common stocks of both life and fire and casualty underwriters advanced in line with the general market during the first quarter. Investors were apparently impressed by the recovery in liquidating values over the latter half of 1962 as the stock market recovered, rising net investment income and the mixed underwriting results which were reported in the 1962 annual reports. Numerous dividend increases undoubtedly were also a significant encouraging factor. The moderate rise in insurance stock prices has continued during the past month despite indications of highly unsatisfactory underwriting results during the first quarter.

SELECTED INSURANCE STOCK PRICES

	Dec. 31 1962	Mar. 29 1963	Increase (Decrease)	Current Price	Estimated Dividend	Yield
Aetna Casualty	$80	$89	11%	$96	$1.00	1.0%
Aetna Life	123½	141½	15	151	1.80	1.8
Boston	37¼	36¾	(1)	38	1.80	4.7
Connecticut General	133	148	11	156	.90	0.6
Continental Casualty	75	77½	3	76¼	1.50	2.0
Continental Insurance	59	61	3	61¼	2.20	3.6
Employers Group	61	66½	9	72	1.60	2.2
Federal	68½	72¼	6	76½	1.15	1.5
Fidelity & Deposit	61	67	10	67	2.00	3.0
Fireman's Fund	32¼	34½	7	36⅛	1.30	3.6
Franklin Life	61½	59	(4)	64¼	.25	0.4
General America	55½	57	3	65¾	1.00	0.9
General Reinsurance	200	214	7	211	2.00	0.9
Glens Falls	41¾	42½	2	43½	1.00	2.3
Govt. Employees	60½	70	16	71½	.80	1.1
Govt. Employees Life	47	59½	27	66	.12	0.2
Great American	61	64	6	65¾	2.20	3.3
Gulf Life	47½	47¼	--	47½	.50	1.0
Hartford Fire	68	73½	8	71¾	1.32	1.8
Home	60¾	72¼	19	77½	2.40	3.1
Insurance Co. of N. A.	94	98	4	99½	2.00	2.0
Jefferson Std. Life	84	90	7	92¾	1.20	1.3
Liberty Nat'l. Life	71¼	69¾	(2)	71	.35	0.5
New Hampshire	31½	34¼	9	34	1.28	3.7
Ohio Casualty	24	27½	15	25½	.74	2.8
Phoenix	110	124½	13	125	3.00	2.4
Reliance	36	40	11	41	1.32	3.1
St. Paul F & M	57	64	11	65	1.28	1.9
Springfield	46¼	53¾	16	51¼	1.00	1.9
Trans America	45½	48	5	50¼	.80	1.6
Travelers	160	178	11	181	1.80	1.0
U. S. F. & G.	61	61½	1	64¼	1.32	2.0
U. S. Life	76	76½	1	74½	.20	0.3

A Bright Spring Look Makes Long Island Glow

An optimistic view is taken of Long Island's economic prospects by Franklin National Bank. Economic survey uncovers favorable omens pointing up marked improvements in all areas but home building.

A pick up in manufacturing activity combined with continued high level consumer spending to give Long Island a bright spring look, according to the Franklin National Bank.

"Long Island consumers are spending with more zip this year than last," the bank said in its Franklin Letter, a bi-monthly review of the Nassau and Suffolk County economy.

At the same time, it noted that "manufacturing is running about 8,000 jobs over the year ago level of 132,000, with more than three-quarters of them in aircraft and missile plants."

Electric power by both industry and commerce, another indicator of the business activity level, generated a 13.4% rise in the 1963 first quarter over the year ago period, Franklin National found.

Dissenting note, the bank said, was home building, "a slow starter this year. Total units in the first two months on the Island fell 26% behind the 1962 period. Most of the decline centered in Nassau County where space limitations have crimped building in recent years."

While single family homes were up 9%, in Suffolk County, the number of new apartments was less than a year ago. Better spring weather was expected to change the pattern however, Franklin added.

Behind consumer spending, according to the bank, "the most encouraging sign has been the continued hike in income. After 1962's steady 7% rise over 1961, Long Islanders' income continued rising in the first part of 1963, climbing close to 5% over year ago levels."

Bread winners also have a stronger cash position, Franklin noted. "Nest eggs of individuals in savings accounts had increased 9.5% in 1961, and cascaded into a 19.5% gain by the end of 1962.

"Instalment buying scored bigger strides this year, up over 8% of January and over 10% in February compared to a year ago. New cars were the main item. Auto demand so far is running 5% ahead of last year.

"Department store sales are also strong especially among appliances and recreation lines, ranging from television sets and radios to sporting goods and cameras. Total February sales went up 9% over a year ago."

Check spending in the first quarter by both business and consumers summed-up activity with a 3% rise over 1962, the bank found. Its Franklin Business Index rose in February to 146.3 from its 1957 base of 100, making a six-point gain from the year end.

Unemployment, riding the 5.8% of the labor force in the first two months, drifted off to an estimated 5.3% in March. A year ago, it was 5.4%. Part of the decline reflected a rise in retail employment for Easter.

Reuben Rose Co. Elects Boland

James M. Boland has been elected Vice-President of Reuben Rose & Co., Inc., 115 Broadway, New York City, members of the New York Stock Exchange.

Investors Holdings Continue Rise

Institutional investors' holdings of New York Stock Exchange stocks continued their steady rise as a percentage of the value of all Big Board stocks in 1962, and reached nearly 19% of the total at year's end.

The number of partners and stockholders in member organizations, as well as the number of employees registered to handle the public's business, increased again during the year; the number of members' other employees decreased.

The 1,120-odd domestic companies whose stocks are listed on the Exchange—while representing only about one-tenth of 1% of the 1,100,000 corporations which file reports with the U. S. Treasury—have assets equaling about 30% of the total for all these companies.

These are some of the informational characteristics shown in the Exchange's annual statistical self-portrait, its Fact Book. The 1963 edition, covering data through the end of 1962, was issued April 26.

Now in its eighth edition, the Fact Book is designed as a quick reference aid to securities industry personnel, journalists, students and others. Its contents range from prices of Exchange memberships, or seats ($625,000, all-time high in 1929), to the dates when tickers and telephones were first utilized for Exchange business (1867 and 1878, respectively).

On institutional holdings — by pension funds, investment and insurance companies, banks, trusts, foundations and the like—the Fact Book notes that the year-end 1962 figure of 18.9% of market value of listed stocks was up from 12.7% in 1949.

With the 1962 decline in member firm employees other than registered representatives—from 56,137 at the end of 1961 to 49,172 at the end of last year—the total population of the Exchange Community came to 90,900. The total at the end of 1961 was 95,500. Members, partners and stockholders in member organizations totaled 7,598 at the end of last year, up from 7,203 the year before; registered representatives totaled 32,555, up from 30,628 a year earlier, and 16,325 seven years earlier. The Exchange's staff was 1,575.

Exchange listed companies have some 14,503,000 employees. Their assets total some $371.2 billion, their revenues $307.3 billion, and their net income some $17.9 billion. For domestic listed companies, the figures are $351.4 billion, $293.6 billion and $17 billion, respectively.

Other examples of information in the 1963 Fact Book include:

The Exchange's fourth Census of Shareowners in 1962 showed that, in the decade since the first such count was made, shareownership in the U. S. has grown by some 10 million—from 6.5 million in the 1952 Census to 17 million in the latest.

It was 100 years ago, and 71 years after its founding, that the Exchange changed its name from "New York Stock & Exchange Board" to "New York Stock Exchange" (on Jan. 29, 1863).

It was not until 1915 that stock prices were quoted on the Exchange as dollars and fractions of dollars; before that, they had been quoted as percentages of par value.

Sixty-six listed companies split their stock 3-for-2 (50%) or better during 1962; 16 offered their stockholders rights to subscribe to new or additional securities issues during the year; 15 listed companies were removed from the list in connection with mergers or consolidations in which stockholders received securities in other listed companies.

The median yield on dividend-paying listed stocks at the end of the year — based on year-end prices and cash dividends paid out during the year—was 3.8% for common stocks and 4.6% for preferred issues; at the end of 1961 the median yields had been 3.3% on commons and 4.8% on preferreds.

Seven listed companies have paid out some cash dividend to common stockholders in each and every year for over a century; almost 680 listed companies have annual dividend records for at least 20 years; nearly 450 of them have paid some cash dividend in each and every quarter for 20 years or more.

N. Y. Mun. Bond Club Gets Slate

The nominating committee of The Municipal Bond Club of New York has presented the following slate to the membership for officers for the year 1963-64:

Lloyd B. Hatcher

Lloyd B. Hatcher of White, Weld & Co. for President; Arthur R. Guastella of "The Daily Bond Buyer" for Vice-President; Alfred J. Bianchetti of J. A. Hogle & Co. for Secretary; William M. Durkin of the First National Bank of Chicago for Treasurer, and O. V. Cecil of Merrill Lynch, Pierce, Fenner & Smith Inc. for a three-year term as Governor. The election will be held at the annual meeting of the Club on Friday, June 7, 1963 at 2:30 p.m. at the Westchester Country Club, Rye, New York.

The nominating committee is composed of David T. Miralia of Kuhn, Loeb & Co.; Chester W. Viale of L. F. Rothschild & Co.; and Alfred S. Mante of Smith, Barney & Co.

Bache & Co. Seminars

A series of four seminars on what's ahead for the stock market and for major industries will be conducted by the New York Stock Exchange firm of Bache & Co. in its 60 Broad Street office on two successive Tuesday and Thursday evenings respectively in May.

Designed to bring investors up to date on the outlook for the market and on new developments in major industries, the 90-minute seminars will be concluded with a panel discussion by Bache partners and other key executives.

Dates of the seminars and the subjects to be covered are:

May 7, Savings & Loan and Finance companies; May 9, retail trade industry; May 14, automobile industry; May 16, outlook for market and individual stocks. Attendance at the meetings is subject to advance registration which can be made through Miss Evelyn Edwards at the firm's Broad Street office.

MUTUAL FUNDS

BY JOSEPH C. POTTER

An Ear for Music

A whole year has gone by since the Time of the Trouble, ushering in a sorrowful period for fundmen, brokers, analysts, people in the back offices and — not least — the customers. It was a time also of great wonderment within the financial community about what the portfolio people were doing about their diverse investments.

If they weren't engaged feverishly in liquidating stocks, neither were they standing pat. But then fundmen always are buying and selling. Based on a survey made by the Investment Company Institute of its members, it is now clear that in the Bust of 1962 the funds never lost their sense of values.

The I. C. I. study discloses that financial equities (banks and insurance companies) continued last year to be the top favorites of the funds. They were in the top slot in 1961 too, but due, no doubt, to the defensive thinking of portfolio people, they accounted for 15.6% of total value of common stock holdings of the funds in 1962, compared with 14.9% a year earlier.

Just as the banking and insurance category waxed fat in first place, so did public utilities (including telephonic) continue strong runners-up. The value of such holdings rose to 14.1% in 1962 from 13% in 1961.

To round out the in-the-money entries, the oils retained the "show" finish they attained in 1961. Indeed, the oils made the best showing of all from a ground-gain standpoint. They spurted up to 13.4% of value from 10.1% a year before. This was an amazing turnaround for a group that had fallen from the lead in 1960, ending up third that year. In 1959, the group was first, although by a slim margin. In 1958, its 15.4% of the total value of fund holdings left the contention far in the ruck.

The 1-2-3 order of fund favorites, in good times or bad, should occasion small surprise. After all, the selectors are professionals. Since the term often is used too loosely in the financial community, it might be more accurate to call the fund managers connoisseurs.

Our Britannica dictionary defines a connoisseur as a competent critical judge of such things as music. Our connoisseurs may not know Debussy from Mussorgsky and even be left cold by sexy Scheherazade, but they are swift to recognize and warm to the lilt of the cash register. In good times or bad, banks, insurance companies, utilities and oils play a not unhappy tune, decidedly commercial. Indeed, it is not unusual for these groups to play fortissimo when others are intoning a dirge.

If their tastes are rich, they are not narrow. Fundmen are not oblivious to the exotic qualities of chemicals (fourth last year and the year before) or office equippers (fifth both years).

Electronics and electrical equippers (excluding radio and television) also are gaining in appeal. They were sixth last year, up from eighth in 1960 and 1961, tenth in 1959 and No. 15 as recently as 1958.

The I. C. I. survey came up with 27 industry groups and noted that the funds under study showed wide differences in holdings, reflecting varied management policies and objectives. Interestingly, there was no fund that owned stocks in all 27 industries. It concluded:

"These variations are caused by the fact that there are different types of mutual funds, with differing long-term investment objectives. Varying objectives can mean different valuations of particular industries as well as of individual company stocks within an industry."

In the Time of the Trouble, fundmen were not unaware of prices but, more important, they never lost their sense of values.

The Funds Report

Aberdeen Fund reports that at March 29 total net assets amounted to $24,157,880 and asset value per share was $2.15, up from $2.04 at the start of the quarter.

New additions to the portfolio for the period were Celanese, FMC Corp., Gillette and Pitney-Bowes. Holdings were "substantially increased" in American Home Products, Farbenfabriken, Great Western Financial and Varian Associates.

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Dominick Fund announces that at March 31 net asset value totaled $38,997,963, equal to $21.17 per share. At Dec. 31, 1962, assets were $36,386,302, or $20.23 per share.

During the quarter, the fund acquired holdings in Burlington Industries and Pan American Airways and increased holdings of Aluminum Co. of America, Chrysler, Franklin National Bank, Johns-Manville, Litton Industries, Monsanto Chemical, Radio Corp. of America and Reynolds Metals. It eliminated American Natural Gas and Central & South West Corp., while reducing holdings in Florida Power & Light and Hudson's Bay Oil & Gas.

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Eaton & Howard Balanced Fund reports that at March 31 assets amounted to $216,083,729, or $12.41 a share, against $208,420,705 and $11.93 a share at the beginning of this year.

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Eaton & Howard Stock Fund shows total net assets at March 31 of $193,347,644, or $13.43 a share. This compares with $184,192,609 of assets and $12.71 a share at the beginning of the year.

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Combined net operating income of **Investors Diversified Services, Inc.**, and wholly-owned subsidiaries for the first quarter of 1963 amounted to $4,411,881, or $3.03 a share. For the corresponding period in 1962, combined net operating income totaled $4,712,074, or $3.24 a share.

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B. C. Morton Fund reports gain in value per share of all its three series of shares during the quarter ended March 31. Income Series rose to $4 from $3.69 at Dec. 31, 1962, Insurance Series advanced to $8.25 from $7.83 at the end of the year and Growth Series went to $6.16 from $5.95. The Fund's combined net assets on March 31 totaled $11,463,199, against $10,507,090 at Dec. 31.

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National Investors Corp. reports net assets at March 31 totaled $322,736,484, or $14.62 a share. This compares with $13.86 a share at the end of 1962.

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A new high in total net assets was recorded by **Nation-Wide Securities** on March 31, according to the report for the first six months of the fiscal year. On that date, total net assets were $50,267,841, compared with $42,110,953 at Sept. 30, 1962. Net asset value per share during the period rose to $21.84 from $19.33.

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Oppenheimer Fund reports that at March 31 total net assets were $15,371,420, or $14.42 a share, compared with assets of $14,182,804, or $13.34 a share at the end of 1962.

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Selected American Shares reports that at March 31 total net assets were $115,714,753, equal to $9.23 per share. This compares with $110,037,310, or $8.97 a share, at the end of last year.

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Assets and net investment income of **United Funds, Inc.** group registered gains in the first quarter while sales dropped. Assets increased to $1,266,406,564, compared with $1,221,902,700 at the close of 1962. Net investment income for the first quarter totaled $7,443,648, against $5,603,184 a year earlier. Total sales of the four funds were $48,546,200 in the first quarter, compared with $63,704,500 a year earlier.

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Appointment of Dan A. Kimball, former Secretary of Navy, as a member of the **Waddell & Reed, Inc.** investment consulting committee has been announced by Dudley F. Cates, President.

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Whitehall Fund reports that at March 31 net assets were $14,667,665, equal to $13.18 a share. This compares with assets of $13,248,868, or $12.79 a share, at the end of 1962.

New Data on the Mutual Fund Industry Issued

A comprehensive compilation of statistics outlining the latest developments and growth of mutual funds in the United States is contained in a new booklet—Mutual Funds — A Statistical Summary, 1940-1962, just published by the Investment Company Institute.

Covering a period of 23 years, the information in the 23 page booklet reflects the steady growth of the mutual fund concept of investing under continuous professional management.

The publication, prepared by the Institute's research staff, represents one of the most important continuing projects of the Institute—the collection of facts and figures on funds for use by the investment company industry, government agencies, the press, educators and others.

The summary indicates the trends in shareholder accounts, total net assets, sales and redemption of shares, distributions to shareholders, purchases and sales of portfolio securities, accumulation plans, dividend investment plans and sale of shares by states.

Single copies of the Summary are available free of charge from the Investment Company Institute, 61 Broadway, New York 6, N. Y.

Globe Industries Common Offered

Public offering of 127,500 common shares of Globe Industries, Inc., at $11 per share is being made by McDonald & Co., Cleveland. Of the total, 50,000 shares are being sold for the company and 77,500 for certain stockholders.

Net proceeds to the company will be used to build and equip a new plant at Dayton, and carry additional inventories and accounts receivable.

Globe Industries, of 1784 Stanley Ave., Dayton, is engaged in the manufacture of miniature electric motors, motor accessories and powdered metal products. It also produces other devices for the missile and aircraft industries.

As We See It

Continued from page 1

its relations with the Chinese boss. These and other similar questions we gladly leave to others better qualified to diagnose the situation. What seems to us to be beyond question is that the glowing promises of Marx, Lenin and all the others, particularly the grandiose forecasts of Mr. Khrushchev, are proving and indeed have proved to be snares and delusions. We can not imagine that all this has escaped the leaders of the party in Russia and elsewhere for that matter. It certainly should not be permitted to escape observers in other countries.

Once in a great while Mr. Khrushchev still talks about catching up with the United States and even taking the lead in economic performance, but the ebullience seems to have vanished from his utterances, and even such figures and facts as are permitted to escape the censors show that the Russians still are not in their hornbook when it comes to turning out vast volumes of goods and services such as we expect and see from day to day in this country. China is even more of an enigma wrapped in a mystery, but there is evidence enough that no Marxian heaven has appeared in that land either. Both countries are approaching the end of the second decade since the conclusion of major war activity. Agriculture in both countries is obviously still a very serious problem, and in neither even by their own admission is there to be found the tight economic efficiency so common in this country—and, of course, scarcity of consumer goods, if measured by our standards as Mr. Khrushchev used to be so fond of doing, is all but appalling. Even when compared with Western Europe, Soviet Russia is itself definitely still a backward country in all things at least except instruments of war and a few spectacular space achievements.

Lost Prestige

Just a very few years ago Russia stood on a mountain peak of prestige resulting from its first sputnik, its evident success in rocketry, and its loud boasting about its ability to destroy the world with its intercontinental missiles. For a time at least all this tended to obscure its real failures in many other directions. Then the "missile gap" proved to be a figment of the political imagination, and even the Soviet's proclaimed progress in weapons of war was badly discredited by its Cuban fiasco last autumn which could hardly be interpreted as other than a confession that much of its boasted superiority in the long range missile field simply had no basis in fact. This appears to be a season of self-criticism in the Soviet Union. That fact may suggest that some of the strictures which Khrushchev has of late been making about inefficiency and waste in Soviet industry must not be taken too seriously, but no one could possibly surpose, or so it seems to us, that things have all gone according to plan in Russia during the past year or two.

Abroad, the story is much the same. No one knows just what funds or goods have been sent to this, that, or the other backward country in the hope, doubtless, of winning them over to communism and to the Russian yoke, but there can be no doubt that they were enough to put the Russian economy under strain, and it is beyond question that returns have not been particularly great. The middle east, Africa from Egypt downward has been a losing proposition for the Kremlin. What is yet to happen in Cuba no one, of course, knows, but to date it is difficult to seem much if any net profit in it for the Kremlin—and apparently it is still costing a great deal. The effort to capture the world for Marxism-Leninism-Khrushchevism certainly has not got very far as yet, and seems to promise no more for the near future—however much it may be a thorn in the flesh of the Western world.

And, interestingly enough, in its endeavor to "build communism" in Russia, the Kremlin under Mr. Khrushchev seems to be moving farther and farther away from communism as preached by all its leading exponents through the years. Experience has made it plain as pikestaff that, given human nature as it is, progress toward an affluent society can be made only in a system which rewards the individual at least roughly in proportion to his contribution to that progress. This much the Kremlin appears to have learned, and is ready to admit. A society builded upon some "from-each-according-to-his-ability-and-to-each-according-to-his-needs" system is admittedly far in the future. To most observers outside the charmed circle, it must by now appear to be like the poet's "untravell'd world whose margin fades forever and forever" as they move.

As to China

As to China it has just begun that march that has proved so hard and rewardless to the Russian people. To what extent they have learned from practical experience about the nature of the so-called economic man, it is not easy to say at this time. It is, of course, widely recognized that the great leap forward was and is a fizzle. What they could have accomplished by now had the Kremlin supplied much of the wherewithal that Mao now says was withdrawn, assuming that Russia could have done what the Chinese regime wanted without neglecting other projects about the earth's surface, we, of course, can not say. What we do know is the communist experiment in China and in other countries where Chinese have penetrated provides little encouragement for "backward" peoples.

Bank Women Name Publicity Chairmen

Appointment of 12 regional publicity chairmen for the National Association of Bank Women has been announced by Mrs. Eleanor P. Headlee of Phoenix, Ariz., national publicity chairman of the organization.

The NABW has nearly 4,000 active members, all of whom are woman executives in national, state and savings banks and trust companies.

Mrs. Headlee, who is Assistant Vice-President and publicity director of the First National Bank of Arizona, was named to her NABW post at the organization's annual convention in St. Louis.

The 12 regional publicity chairmen who will make up her national committee for 1962-63, in addition to handling publicity for the organization at the regional level are:

Mrs. Margaret DeLaet, Trenton State Bank, Trenton, Mich.; Mrs. Ruth E. Gilbert, First National Bank, Lewistown, Pa.; Mary Jane Hoffman, State Bank & Trust Co. of Welston, St. Louis, Mo.; Jean A. Hubner, Vermont National & Savings Bank, Brattleboro, Vt.; Lillian G. Creamer, First Trust & Deposit Co., Syracuse; Eleanor R. Vanderbilt, Northwestern National Bank of Minneapolis; Mrs. Kay MacDonald, Security Trust & Savings Bank, Billings, Mont.; Jean McDougall, Continental Bank & Trust Co., Salt Lake City, Utah; Mrs. Helen Ruehrdanz, First National Bank, Orlando, Fla.; Mrs. Margaret H. Colby, Memphis Bank & Trust Co., Memphis, Tenn.; Mrs. Bobbie Scoggin, American State Bank, Lubbock, Texas, and Mrs. Athene Hensley, U. S. National Bank of San Diego, Calif.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Consumers Power Company

Consumers Power, with revenues of $331 million, ranks among the largest electric and gas utilities; together with Detroit Edison it dominates the utility business in lower Michigan. Electricity and gas (contributing about 60% and 40% of revenues respectively) are served to a population of over 4,200,000; large cities include Flint, Grand Rapids, Saginaw, Lansing, Pontiac and Muskegon. While there are a large number of farms and recreation areas, the area in general is highly industrialized. Major industries include automobiles, machinery and metal products, furniture, paper, chemicals and foodstuffs. Revenues are about 30% residential and farm, 23% commercial, 30% industrial and 5% miscellaneous.

The company's service area is large, including about 70% of the Lower Peninsular and covering about half the population of the entire state. The area extends from Lake Erie and Lake Huron on the east to Lake Michigan on the west, and from the southern border with Ohio and Indiana north to the Straits of Mackinac. However, the electric and gas services are largely in separate areas, only one customer in five having both services.

The company and its predecessors have had a long record, the gas business dating back over 100 years—and the electric over 80 years. The present company was incorporated in 1910 and has paid dividends since 1913. Sales to the automobile industry are of course, substantial, representing over one-quarter of electric industrial revenues. However, the company's business is more diversified than a decade ago, sales to other types of industry having increased somewhat faster than sales to auto companies. The company serves the plants of Chevrolet, Buick, Pontiac, Oldsmobile, GMC Truck and Fisher Body; also Ford, Lincoln and Mercury, as well as Chrysler and many independent supplier plants. The auto industry is apparently enjoying two **consecutive** good years for virtually the first time in its history.

The company's generating capacity approximates 2.8 million kw, a gain of 118% over 1952 and 10% over 1961; peak load in 1962 was 2.0 million kw, indicating a substantial margin of capacity. The company's plants are among the most efficient in the country with an average heat rate of 9,631 Btu per kwh. Last year the 265,000 kw James H. Campbell Plant, and the 50,000 kw Big Rock Point Atomic Power Plant, were completed. The atomic power plant will, however, be operated on an experimental basis for a time. The company and Detroit Edison have agreed to plan jointly for construction of future generating plants as well as the building of extra-high-voltage transmission lines, which should benefit both companies. Eventually the two electric systems may be operated jointly. Consumers Power some time ago acquired a site for a pumped storage hydro plant near Lake Michigan; the two companies are now studying the project, and if the plant is built it will probably be several times as large as originally planned.

In the past decade Consumers has invested nearly $900 million in new construction, including $100 million last year. However, this year's budget is only $71 million, so that the interest credit which has been at a fairly high level since 1959 may decline this year rather sharply. With a relatively small program in 1964-5, equity financing seems unlikely until 1965 or later, and senior financing will probably be moderate in amount. The equity ratio, around 42%, is above average. There has been some increase in the number of shares due to conversion of debentures, which may continue.

Consumers' gas business has expanded very rapidly, revenues increasing from $37 million in 1952 to $131 million last year; gas for home heating increased from $18 million to $75 million. In earlier years the company was handicapped by insufficient gas supplies, but in the past few years supplies have been more adequate and the 1958 contract with Trunkline Gas (subsidiary of Panhandle) will provide for further increases in deliveries. Consumers has also purchased extensive production properties from Panhandle for $18 million which will add substantial reserves as well as new storage capacity.

Sales of gas to commercial and industrial customers have grown at an even greater rate than the increase in sales to residential consumers, reflecting the expansion of industry plus the use of gas for new heating processes.

Consumers' regulatory position is generally favorable, although its rate of return on year-end net plant is only about 5.8%, down from 6.5% in 1954. Residential electric rates are below the national average and residential usage is above average. Accounting is on a conservative basis with tax savings from the use of accelerated depreciation (and the investment credit) normalized. Recently, the state commission has been reconsidering the possibility of "flow-through" however.

Growth in earnings per share was rather slow in the first half of the past decade, increasing from $1.33 to $1.67; in the second 5-year period they increased to $2.11, with a substantial gain in 1962. While 1963 operations are expected to be excellent, earnings per share will be handicapped by the decline in the interest credit. However, earnings in the 12 months ended March 31 were $2.21 compared with $2.10 for calendar 1962 and it seems likely that calendar 1963 should at least hold around the $2.20 level. If the Michigan Commission should decide to order flow-through (which the company has opposed) earnings could of course show a substantial gain.

At the recent price around 44½, Consumers Power yields 3.4%, based on the increase in the dividend rate to $1.50 effective May 20. This is the fifth increase since 1952. The price-earnings ratio is 20.1.

Legislative Proposals Inimical to Investors

By William Jackman,* *President, Investors League, Inc. New York, N. Y.*

Head of Investors League castigates the Kennedy Administration for principles and practices said to be harmful not only to business investors but also to the populace as a whole. Mr. Jackman reviews measures sought affecting the interest of investors and businessmen in the field of taxes and labor; disagrees defense spending should be made the scapegoat for our Federal deficits; and accuses New Frontier of seeking to socialize our energy resource industries.

For the second time in six months the New Frontier has set a record, a record high in the Consumer Price Index. The only trouble with this kind of progress is that it costs us all as consumers more money to buy our necessities. According to the Bureau of Labor Statistics, the Index returned in February to its record high

William Jackman

of September. In fact, in the past year, food prices alone have gone up 1.8%. While the Administration makes a big play for the votes of the elderly, the pensioners and the like, the Kennedy spending and deficit policies have cost these people, the ones who can least afford it, more of the purchasing power of their available dollars. This is a new kind of persuasion technique for getting people to accept government handouts and government controls—which doesn't leave them any choice.

Suprisingly enough, while the index has climbed steadily since 1961, prices for durable goods, upon which our great job-producing industries rely for profits in order to invest and expand, have been subject to several severe drops and are barely above the 1960 level. As a result, spending for plant and equipment is down 2% over the last five years. Yet the Kennedy tax program ignores the need to invest, and instead is dedicated to increasing consumer spending, which has risen 17% in the same period. Of course, once the "reforms" are put into the suggested new tax law, most middle income consumers will find little if any break or tax relief. The only record the New Frontier seems sure of breaking is—the most promises with the least performance.

Speaking of Budgets and Deficits

Economic planners of the New Frontier blame increased defense spending for the annual huge deficits they roll up. This is simply not true. In the past 10 years, spending for defense has risen a total of 26% while at the same time, non-defense spending has risen 104%. Included in the non-defense portion of our spending hikes have been a myriad of pump-priming, socialistic schemes. They all hold out the promise of "something for nothing" but in truth, they erode our freedoms as well as our material worth.

Speaking of budgets and deficits—and somehow one word demands use of the other along the New Frontier—the Treasury's official budget estimate of the deficit for this fiscal year has been stated as $8.8 billion. Figures show however, that during the first eight months of this fiscal year the ACTUAL deficit has already passed $10 billion, and we still have four more months to go. Based on the accuracy of this year's estimates, we can look for a staggering $20 billion deficit in the next fiscal year unless some of the wild-spending plans of the New Frontier are halted.

Foreign Aid Spending

The report of the President's Clay committee, named to study foreign aid spending, has startled the nation. The Committee recommends further sharp cuts in foreign aid appropriations. Foreign aid funds for this fiscal year of 1963 total $3.9 billion. In his budget the President requested $4.9 billion for foreign aid in fiscal 1964, starting July 1. Congress seems certain to reduce these appropriations to around $3.4 billion, and Chairman Passman of the House Foreign Aid Appropriations Subcommittee will fight to cut them to $2.5 billion. The Clay Committee's findings of foreign aid waste and extravagance hit in with a previous report of a special committee headed by Democratic Senate Leader Mansfield that some $5 billion of American money has been wasted in Southeast Asia in recent years.

League's Targets Ahead

The legislative issues pending in this Congress which most specifically affect the interests of investors and businessmen seem to lie in the general fields of taxation, labor union abuses and extension of needless public work and welfare schemes, especially in the field of extension of Federal social electric power schemes. The Investors League's efforts will be concentrated in these fields.

Federal Taxation—The hearings before the Ways and Means Committee on the Administration's tax reduction and tax reform proposals were concluded two weeks ago. This was the President's prime legislative objective for this session of Congress. The proposals were thoroughly blasted by the nation's press and by businessmen and investors everywhere. Also by many members of the House and Senate including Democratic Senator Harry F. Byrd, Chairman of the Senate Finance Committee.

The final tax bill that will emerge from the Ways and Means Committee, probably in late May at the earliest, will not bear the slightest resemblance to the Administration's proposals. With Senator Byrd's opposition, such proposals would never clear the Senate Finance Committee. Whatever bill is passed by the House, it will probably not reach the Senate floor before September and we will have a crack at it before the Senate Finance Committee.

In testimony before the Ways and Means Committee, we specifically urged the Committee to reject the Administration's proposals and recommended that consideration should instead be given to enactment of the Herlong-Baker Bill that would reduce personal and corporate income taxes over a five year period to a maximum rate of 42% and to enactment of the Wilson Bill (H. R. 257) to reduce the tax on long-term capital gains gradually over a five year period provided such gains were invested in Five-Year 2% U. S. Government Bonds redeemable at the option of the holder on sliding scale of from 75% of par value during the first year and advancing on a sliding scale to 100% of par value at death or maturity. This latter proposal should be considered apart from the omnibus tax bill. It is the only proposal that would immediately increase the Treasury's tax take.

Our League vigorously opposed the proposals to impose a new capital gains tax on gifts and estates payable at the time a gift is made, or upon death, on the value of the property so bequeathed over and above the original cost. We also opposed the proposal to repeal the $50 and 4% dividend credit and recommended that such credit be increased to $100 and 10%. Your League's basic tax objectives are to gradually get rid of the progressive feature of the income tax and the so-called tax on long term capital gains and to get completely rid of the double taxation of corporate earnings. To hasten this day we have urged that all government owned or financed enterprises, especially electric projects and co-ops, pay their fair share of Federal taxes.

Remember, it was primarily the organized investor-owners of the nation who, "hunting as a pack," put the biggest crimp in the Administration's tax proposals—but it is obvious that we should remain continuously alert. The advocates of planned socialism and the welfare state are well aware that their objectives can most readily be attained by taxing away the capital and incomes of owners of private property.

Labor Unions—The East Coast maritime strike, the Philadelphia transit strike, the New York and Cleveland newspaper strikes, the various strikes at missile bases, and now the threat of a national railroad strike over work rules, bring into sharp focus the necessity of remedial legislative remedies. So far, the Administration recipients of the union labor overlords' political aid have been remotely mute, except to appoint fact-finding boards to recommend settlement by non-binding arbitration. The Administration has appointed as Chairman of these boards such "impartial" chairmen as Senator Wayne Morse and New Deal judge Sam Rosenman. This is as near to "compulsory arbitration" as we can possibly get. There is nothing impartial about their recommendations. Labor's unholy alliance with government should be destroyed. The Czarist dictators' power over a free people should be destroyed in the name of human freedom. There are dedicated statesmen in Congress who are cognizant of the evils involved, not only to free enterprise, but the rank and file members' right to human freedom, who have introduced legislation in Congress to nullify the power of organized labor to conduct an all-powerful invisible government in defiance of the public interest. Here are the proposed bills:

S. 87—A Bill by Senator Goldwater for himself and Senators Curtis and Tower, essentially designed to amend our labor laws to create a national "right to work" law except where the separate states can deny it. This would reverse our present procedures whereby any State can create its own right-to-work law. This bill has been referred to the Senate Committee on Labor and Public Welfare. It deserves our wholehearted support. In the meantime, however, we should lend our complete support to enacting State "right-to-work" laws.

S. 287—A Bill by Senator McClellan of Arkansas (for himself, Senator Byrd of Virginia, Goldwater of Arizona, Bennett of Utah, Eastland of Tennessee, Robertson of Virginia, Thurmond of South Carolina, Curtis of Nebraska, Stennis of Mississippi and Tower of Texas). This bill would put transportation unions under the anti-trust laws. Your League should go all out for this legislation, especially when a national railroad strike is threatened. We should also strive to extend the scope of these proposals in an effort to put all unions under anti-trust. This legislation has been referred to the Senate Judiciary Committee and should get far more consideration than bills referred to the Labor Committee.

There have also been introduced by Congressmen Lennon of North Carolina and Scott of North Carolina identical bills (H. R. 2415 and H. R. 2426) to prohibit strikes by employees in certain strategic defense facilities, especially our missile manufacturing sites.

All of these legislative proposals will receive our League's vigorous attention.

Socialized Power—Our New Frontier is planning the squandering of billions of your tax dollars on further needless programs to socialize our energy resource industries. Our League will fight every one of these welfare-state proposals.

We have urged enactment of legislation to tax all federally owned or financed electric companies at the identical rates that investor owned power companies are taxed by levying upon them an excise tax on their gross equivalent in amount to the corporate income tax imposed on the tax paying investor-owned companies bears to their gross revenue. We have also been able to have introduced in Congress a bill to stop "hand outs" in the form of "give away" interest rates to the REAs. The following excerpt we received from Congressman Charles M. Teague of California is self explanatory:

"Once the Federal government subsidizes anything, it is difficult to get it to abandon the practice. Many years ago Congress provided that the Rural Electrification Administration could loan money to local REA cooperatives throughout the country at an interest rate of only 2%. The purpose was to make it easier for these cooperatives to bring electricity to farmers in remote areas. That purpose has been substantially accomplished, inasmuch as 98% of all farms are now electrified. Present-day loans to these cooperatives (if needed at all) should be at the same rate of interest the government itself must pay on its own borrowings — which, at the present time, is approximately 3½%. I have introduced a bill (H.R.5065) to accomplish this. However, I must report frankly that there is no immediate likelihood that it will be enacted into law. The REA cooperatives have developed a terrific pressure organization directed by the REA bureaucrats here in Washington, and I am afraid it will be a long process to persuade a majority of the Members of Congress that the existing subsidy is unfair to taxpayers as a whole. Nonetheless, I am encouraged by the public's increasing awareness of this situation and by the support that has been offered so far."

*From a talk by Mr. Jackman before the 5th annual Investors Forum of the League's Florida Division in Orlando, Fla., April 15, 1963.

Wall Streeters On Committee

Ten members of the financial community have been named on a commitee of 100 planning the dinner in honor of Roger M. Blough, Chairman of the Board and Chief Executive Officer of the United States Steel Corporation, to be held Tuesday, May 14, at The Americana Hotel, New York.

The $100 per plate event will benefit the human relations program of the National Conference of Christians and Jews.

Howard S. Bunn, Vice-Chairman of the Board of Union Carbide Corporation, is serving as dinner chairman.

Committee members from the financial community are: Henry C. Alexander, Morgan Guaranty Trust Co. of New York; Robert B. Anderson, Carl M. Loeb, Rhoades & Co.; S. Clark Beise, Bank of America, N.T. & S.A.; George Champion, Chase Manhattan Bank; Gen. Lucius D. Clay, Lehman Brothers; S. Sloan Colt, Bankers Trust Co.; Harold H. Helm, Chemical Bank New York Trust Co.; Roscoe C. Ingalls, Ingalls & Snyder; Charles J. Stewart, Manufacturers Hanover Trust Co., and Sidney J. Weinberg, Goldman, Sachs & Company.

In a featured ceremony, Mr. Blough will receive the Brotherhood Award of the National Conference "for distinguished service in the field of human relations."

Friedman Partner In Oppenheimer, Newborg

William Friedman, member of the American Stock Exchange, on May 1 was admitted to partnership in Oppenheimer, Newborg & Neu, 120 Broadway, New York City, as members of the New York and American Stock Exchanges.

To Form Corp.

Levin & Bishop, Incorporated, will be formed effective May 2, with offices at 5 Hanover Square, New York City. Officers are I. Victor Levin, member of the New York Stock Exchange President and Treasurer, and Edward Bishop, Vice-President and Secretary. Both were fromerly partners in Levin & Bishop.

Restoratives to Cure Foreign And Domestic Shortfalls

Continued from page 1

granted that few observes bothered to analyze carefully what lay behind this strength and w. at might endanger it. We can all recall the concern for those nations in Europe and elsewhere that faced a so-called "permanent dollar gap." Yet within a few years the dollar has lost some of its lustre and is no longer immune from occasional fears and suspicions. At home, the conclusion is inescapable that concern over the dollar's future is, in Chairman Martin's words, "a major shadow over our economy," restraining that full flowering of business confidence that is essential to the vigorous economic growth we all seek.

The question naturally arises whether we should welcome or deplore the unique position of the dollar — in short whether the burdens of a key currency are worth bearing. This is not the place for lengthy analysis, but I believe the tangible and intangible benefits from this role are great. Clearly, we must recognize the importance of a strong dollar if our national voice is to carry full weight in political, military and economic dealings with other nations. It is clear, too, that only a dollar of unquestioned soundness can continue to share with gold the role of providing the world's monetary base. Moreover, I cannot conceive how we could relinquish the key positoin of the dollar, even if we were willing to, without also isolating ourselves from our partners in world trade and payments—obviously at enormous real cost.

Even if our international payments were now in balance we would still have the responsibility, as the world's leading banker, for running our internal affairs so as to maintain the confidence of our foreign depositors and our own people. For those foreign dollar holdings, representing an accumulation of past deficits, confront us with a sobering relationship between our liquid assets and liabilities. But the position of the dollar would be far stronger if we put a stop to the deficits that have reduced our gold stock and swelled our short-term indebtedness to the rest of the world.

How We Met Balance-of-Payments Outflow

Before considering ways to eliminate the balance-of-payments deficit, let's recall how it has been financed to date. Over the past five years the deficits have aggregated about $16 billion. Of this, about $7 billion was paid for through sales of our monetary gold. Another $7 billion was financed through increases in dollar holdings of official foreign and international monetary authorities, while the private dollar holdings of foreign banks, corporations and individuals increased about $2 billion. There are limits, however, to the willingness of either official or private foreign entities to add to their holdings of dollars. Relatively easy credit conditions in this country tend to discourage private holders of dollars, even though the Federal Reserve System and the Treasury have sought to prevent this easy credit from being translated into excessively low short-term interest rates. To the extent that dollar investments appear unattractive to these private holders as compared with investments in their own or other countries, the dollars tend to find their way into foreign central banks' reserves. Once these official dollar holdings reach ample levels, there is naturally a reluctance in some countries to further enlarge the dollar component of their growing monetary reserves, and they tend to use additional dollars to buy gold.

Until a year or two ago these gold outflows or increased dollar holdings were the only means for settling our deficits with foreigners. But in recent months the Federal Reserve has arranged reciprocal currency drawing rights with most of the countries of major importance in international payments, while the Treasury has also acquired foreign exchange by issuing United States bonds denominated in foreign currencies. These arrangements, eliminating any exchange risks, have been useful in reducing immediate claims on our gold, and in avoiding or moderating temporary imbalances such as those caused by international tensions or speculative pressures—against other currencies as well as the dollar. The stability of the exchange markets during the Cuban crisis was a good case in point. These Federal Reserve and Treasury arrangements mark new milestones along the path of more effective international financial cooperation, which I am happy to say has not been affected by the recent policy differences among the major western nations on the military and trade fronts.

There are also other major means of financing a deficit, at least temporarily, which are still untapped and which constitute a most important reserve. I am thinking specifically of the normal resources as well as the enlarged lending facilities of the International Monetary Fund. But so long as the United States is in the process of correcting a long-continued deficit the fund isprobably best regarded as pretty much a "lender of last resort;" it would be foolhardy to neglect going to the root of the problem because of the existence of these special resources. And besides, it is obvious that any borrowing from the IMF is only a respite and that future repayment of such borrowing would require not merely equilibrium in the balance of payments, but actual surpluses.

I have heard our swaps and foreign currency borrowings criticized as "cover ups" that cause us to lose sight of the underlying need for payments equilibrium; but I can assure you that neither the Treasury nor the Federal Reserve has had the slightest illusion that they are in any sense a substitute for the needed remedial actions. Rather, apart from their longer-term value as a contribution to world liquidity, they serve at present as a holding operation while we undertake, by more fundamental measures, to get our basic payments deficit under control.

The Crux of the International Deficit

This brings us to the nature of the deficit itself. The bare bones of this problem can be set out as follows: (1) we have heavy government commitments abroad, military and economic; (2) we have large private capital outflows — including direct investment, long-term portfolio investment, and volatile short-term flows; and (3) while we sell more goods and services abroad than we buy from abroad, and recoup a growing return from our large foreign investments, the excess is not large enough to offset the other factors.

It is easier to prescribe what **not** to do to get rid of our deficits than it is to find the right combination of remedies. First, it is clear that the United States has rightly rejected devaluation of the dollar or any impairment of the interconvertibility of gold and the dollar at the fixed price of $35 per ounce. Such a step would be a breach of faith with our friends abroad, and with our own citizens, that would undoubtedly wreck the international financial structure we have been building since World War II. Incidentally, we have seen within recent years how disturbing to international confidence any tampering with fixed exchange rates can be. I am confident that none of the major nations will upset our world financial structure by seeking temporary competitive advantage through exchange rate adjustments—and clearly such action is unthinkable in the case of the dollar.

Second, we should not take steps that run counter to our basic objective of unrestricted trade and investment flows. Of course the tying of our economic aid is somewhat vulnerable on this count but it can be justified as a temporary measure, facilitating special government transactions largely outside the ordinary commercial channels. Any form of exchange control, however, whether by legal restriction or by moral suasion, is clearly excluded if we adhere, as I am sure we will, to the sound principle of promoting a free flow of trade and payments.

Denies Interference With Private Dollar Outflow

Let me digress a moment. Many people have told me that they have heard that the Treasury—or the Federal Reserve Bank of New York speaking for the Treasury — has advised bond underwriters, insurance companies, commercial bankers, or managers of pension funds not to extend dollar credits, or arrange for such extension, to foreign borrowers. To be sure, where large amounts are involved, we have always felt free to discuss with those concerned the timing of such payments, having in mind the desirability of avoiding undue market pressures. But I would like to emphasize as strongly as I can that we at the Federal Reserve and the Treasury have not interfered with private decisions to lend abroad nor raised objections as to amounts. These are private business decisions and they should remain so.

Attacking the Problem

Having touched on what we should not do, let us turn to the possibilities that are open to us for a vigorous attack on our payments problem. First, with respect to increasing our exports and our favorable trade balance, the level of our costs and prices is crucial in the long run—and it is the long run that will count, since a major change in our export volume can hardly be achieved overnight. We should welcome the efforts that are being made to get America more "export-minded," to provide government assistance in finding markets, and to streamline our methods of export financing and insurance; but important as these aspects are, it is on the field of costs that the battle will be won or lost. In the past couple of years, sharp rises in European wage rates and attendant price increases have helped us to some extent, but it would be foolishly complacent to count on Europe to continue indefinitely this involuntary help. For one thing, rapidly rising productivity abroad is still working hard in the opposite direction; and besides, serious resistance to higher costs on the part of foreign governments and central banks is beginning to appear in a number of countries.

Some in this country argue that we needn't worry too much about costs but rather should push for faster growth, on the theory that a more active economy would automatically boost productivity and reduce costs. Much as I would welcome more rapid growth, I don't think we can count on this for "automatic" cost improvement. On the contrary, unless we consciously aim at vigorous cost control, higher business activity could reawaken the inflationary pressures that plagued us in the 1950s. Keeping wage and salary increases within the limits of national productivity gains would seem to be a minimal target in this area. Corresponding moderation is also essential in other cost elements, including executive compensation, as well as in pricing policies.

Other Suggestions

With respect to our Government financial commitments abroad, while I am encouraged by the reductions initiated or accomplished in the last year or two, a great deal more remains to be done. The tying of our economic aid is not a full answer to that source of dollar drains, since a part of the tied aid may well be used to buy goods that would have been purchased from us even in the absence of aid. Doubtless, further gains can be made in the area of sharing the aid burden more equitably with our friends abroad, even granting the difficulty of reaching agreement on fair yardsticks for sharing. I suspect that greater emphasis on multilateral aid would produce real long-run savings. I'm sure many have read with keen interest, as I have, the report of the President's Advisory Committee on Foreign Aid, and I am heartened by the attention being given to these proposals by the Government. I would also hope that the program of matching United States military spending abroad with foreign military purchases in this country will be pushed to the maximum. This, too, should result in meaningful savings of foreign exchange.

But even after all these have been done, we may still face the hard question whether we can afford all of the commitments we have taken on, or whether some of them which do not directly contribute to our military security should not be substantially reduced. In seeking an answer, we cannot forget that the widespread use of, and reliance on, a strong dollar by the entire free world is a vital part of our national strength — political as well as economic.

We come now to capital movements. Our efforts to sustain short-term interest rates over the past year or two have been helpful, but the outflow of short-term capital remains too large. Partly, this outflow is due to the tendency of corporations, and sometimes banks, to take advantage of the higher rates obtainable abroad, often in the Euro-dollar market. Sizable outflows of long-term capital are also continuing. While the interest rate gap has been narrowed somewhat by declining rates in Europe in the past year or so, I am doubtful that we can count on further declines substantial enough to reieve us of this problem. I see no reason, for example, to believe that foreign monetary authorities will refrain from using restrictive credit measures to protect their currencies from the threat of cost or price inflation.

As I have already indicated, I am glad that our Government has taken a firm position against direct controls over capital flows. We should by all means continue our efforts to encourage further development of the European capital markets and a larger influx of foreign long-term capital into this country. However, this problem is not one that can be solved overnight by the removal of various remaining European government restrictions. A psychological heritage of inflation fears, scarcity of savings and heavy domestic capital needs all suggest that improvement in this direction will be relatively slow.

Monetary Disciplines

There remains, of course, the possibility of curbing the capital outflow through changes in our interest rates and credit availability. While this is, in a sense, "home territory" for the Federal Reserve System, I would hasten to add two caveats: (1) the level of interest rates and the availability of credit, especially long-term credit, depend importantly on the balance of savings and investment within this country, as well as on deliberate monetary policy. In the last year or two, with our resources less than fully employed, there has been a distinct tendency for the supply of savings to outrun investment demands. (2) We must not, of course, lose sight of the effects of monetary policy on our domestic economy. Fortunately, we do not need to worry about having to make money any easier, in view of the country's present ample liquidity.

For several years now, monetary policy has walked a narrow path between international and domestic considerations, and it will undoubtedly have to continue to do so. But I am convinced that what might appear to be a stark short - term conflict between domestic and international objectives disappears in the long run. There could be but a precarious gain in domestic activity if we do not surmount our long-run payments problem—while a vigorous domestic economy that attracted funds to these shores would contribute most importantly to achievement of balance in our international accounts. But in any case, as I have said on previous occasions, monetary policy must be prepared to act decisively in defense of the dollar if the need should become sufficiently acute.

Tax Policy

Let me say a word about tax policy. Once we get away from the controversial details of the proposed program, I am impressed by the broad support for a reduction in both individual and corporate income tax rates as a means of removing a drag on our economy and improving the atmosphere for productive private investment. I have been bothered by the unduly sharp distinction drawn between tax reduction and tax reform, since it seems clear to me that the most needed reform is a reduction in tax rates. Apart from objections to the specific measures presented as reforms, most of the dissatisfaction with the tax program seems to reflect doubts as to whether there has been enough restraint on the spending side. I have been encouraged by recent statements that defense and space outlays should reach a plateau in the next year or two. However, I am not at all sure that there could not be some further paring even in these two categories. And it is all too evident that some of the civilian programs are much larger than could be justified on sound economic grounds. Evidence of more effective limitation of total expenditures would, quite logically, facilitate wider acceptance of tax reduction.

Hopefully, tax reduction and the resulting stimulus to the economy would benefit our balance of payments, both by making investment in this country more attractive and by making U. S. funds somewhat more expensive and less readily available to foreign borrowers, as domestic demands for credit became more pressing. Moreover, tax reduction would free monetary policy from some of the burden it has been carrying of encouraging domestic business expansion, leaving it better able to respond promptly and flexibly to international strains on the dollar. I was gratified by Secretary Dillon's clear recognition of this point in his excellent address to the ABA Monetary Conference in Princeton last month.

I have heard the objection that our foreign friends' confidence would be so shaken by the enlarged budget deficits resulting from tax cuts that we would lose the benefits to be gained in other directions. This view I cannot share. I believe that they would not be disturbed by a temporarily enlarged budget deficit—provided it was soundly financed, and that expenditures were being brought under control. Under these conditions, they could expect an accompanying economic expansion and associated credit developments leading to a better payments balance.

Federal Deficits

Perhaps a word is in order here about Federal deficits in general. That a long series of substantial deficits should be avoided seems to be incontrovertible. There have been too many examples in history of inflation engendered by uncontrolled deficits to permit us to lose sight of the ever-present threat of abuse. Having in mind the usual gap between targets and actual performance, we would be unwise to abandon the objective of balanced budgets over an extended period of time. But this is quite different from saying that a Federal deficit automatically spells inflation, present or future. As the experience of the last four years seems to have shown, much depends on the nature of demand or cost-push pressures in the economy arising from the combination of all relevant factors, both public and private. Moreover, the means of financing the deficit can be crucial. The 1962 experience in this regard was reassuring, and I am sure that neither the Federal Reserve System nor the Treasury would countenance an inflationary method of financing whatever enlarged temporary deficits may result from tax reduction.

I believe a solution of our balance-of-payments problem can be found in some combination of actions along the lines that I have sketched in this paper. A good start, of course, has already been made on most of these measures. The harder steps lie ahead of us, but they are not less urgent on that account. We cannot have a vigorous and expanding economy, nor can we play a role in world affairs worthy of the United States, if the dollar becomes a weak currency. We still have time for the right measures to become fully effective if we have the courage to see them through—and I firmly believe that we do.

*An address by Mr. Hayes before the Economic Club of New York, New York City, April 22, 1963.

Financial Analysts Expect Record Convention

CHICAGO, Ill.—More than 1,300 of the world's leading financial analysts are expected to attend the 16th Annual Financial Analysts Federation convention in Chicago, May 12-16 at the Palmer House.

Russell J. Eddy, Manager, Brown Brothers Harriman & Co., Chicago, and FAF general convention Chairman, says pre-registration figures indicate that this year's convention may be the largest ever held by the group.

Members of analyst societies from England, France, Germany, The Netherlands and Japan as well as American and Canadian FAF members will be in attendance.

An early highlight of the convention is the expected election of William C. Norby as President of the federation. Mr. Norby is Vice-President, financial and economic research department, Harris Trust and Savings Bank, Chicago. He is currently FAF Executive Vice-President and Vice-Chairman of this year's convention committee.

The Chicago convention will serve two purposes: (1) The federation will study ways and means of improving and broadening financial analysis and (2) presentations by leaders in a wide range of business and industry will provide both the FAF members and the general public a stimulating look into projected trends in business, industry and public service.

An intensive four-day meeting is scheduled. This year's program has retained many popular features such as field trips and industry forums. Breakfasts bull sessions and workshops have been added to the convention agenda.

Analysts also will take a first-hand look at many of Chicago's top firms. These field trips will include a management conference as well as a tour of company plant and facilities. Company first-echelon executives will participate in conferences.

Management teams from leading national and international corporations will address the convention forums. And a number of companies in the Chicago area will have management groups available to convention members for conferences or interviews. Many firms will retain rooms at convention headquarters in the Palmer House and more than 40 will hold management open houses for the analysts.

The convention officially ends Wednesday, May 15. Many of the analysts will immediately leave for out-of-town field trips.

Holly Sugar Corp. Debentures Sold

Eastman Dillon, Union Securities & Co., New York, has announced the public offering of $10,000,000 Holly Sugar Corp. 4⅜% convertible subordinated debentures due May 1, 1983 at 100%.

The debentures will be convertible into common stock, at the rate of $41 principal amount of debentures per share, subject to adjustment. They also will be entitled to a sinking fund commencing May 1, 1973, calculated to retire 66⅔% of the issue prior to maturity.

Simultaneously, Holly Sugar announced that it has entered into an agreement, negotiated by Eastman, Dillon, Union Securities & Co., to sell up to $10,000,000 of 5% promissory notes due May 1, 1982 to an institutional investor. The notes will be issued from time to time prior to May 1, 1965.

Net proceeds from the sale of the debentures and the notes will be applied to the cost of a $21,000,000 sugar beet processing plant near Hereford, Texas. Headquartered at Colorado Springs, Colo., the company is engaged in the manufacture and sale of beet sugar and sugar beet by-products and in the sale of livestock, beet seed and fertilizer, principally in the mid-west and in the Rocky Mountain and Pacific Coast states. The company's ten present plants are located in California, Colorado, Montana and Wyoming.

Bosworth, Sullivan To Name Officers

DENVER, Colo.—Bosworth, Sullivan & Company, Inc., 660 Seventeenth St., members of the New York Stock Exchange, effective May 9 will appoint Emanuel L. Phillipp and David M. Pollock Assistant Secretaries, and Paul B. Casterline, Assistant Treasurer.

H. Hentz to Admit Roland B. Stearns

Roland B. Stearns, member of the New York Stock Exchange, on May 3 will be admitted to partnership in H. Hentz & Co., 72 Wall St., New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Stearns is a partner in Stearns & Co., which will be dissolved as of May 2.

With Splaine And Frederick

MILWAUKEE, Wis.—Donald F. Schmidt has become associated with Splaine & Frederick, Inc., 800 North Marshall Street. Mr. Schmidt was formerly local representative for Blyth & Co., Inc., and prior thereto was with Loewi & Co. Incorporated.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The May 15th maturities were taken care of by offering the holders of the issues which are coming due, namely, the $1,183,000,000 of 4% notes, the $3,027,000,000 of the 3¼% notes and $5,284,000,000 of 3¼% certificates, a package deal consisting of a short-term issue of 3¼% certificate due May 15, 1964, and an intermediate-term security, a 3⅝% note maturing Feb. 15, 1966. This is a straight refunding operation with no new money being involved. The Treasury in providing for these maturities is staying in the area where the largest demand is for Government obligations, the near-term and intermediate-term sectors of the market.

The long-term Government bond market is still under the shadow of the recent new money raising issue of the Treasury because this offering will have to be digested before the capital market will be able to operate freely again. Progress is reported being made in this direction after the syndicate removed price restrictions and these bonds sold down in the 100⅜ area.

More Realistic Bidding Required To Move Bonds

The capital market continues to feel its way along as far as the distribution of new bonds is concerned because the buyers of these securities are still inclined to be yield conscious in spite of the large amount of funds which they have available for investment in fixed income bearing obligations. This attitude might tone down somewhat the anxiousness to make new bond offerings purchases by syndicates which have been putting these new flotations on the market at yields that have not been attractive to investors. This will probably result in a more realistic level of prices for the bonds that will be sold by the various corporations in their quest for needed funds.

It appears to make very little sense when new bond offerings are brought out by syndicates at yields which do not meet the ideas of the ultimate buyer and as a result they are only partially distributed at the original price. By assuming a waiting policy, investors have been able to buy most of the bonds which they want at the prices which they consider attractive to them. This is usually done when the original offering syndicate has been dissolved and the bonds go down to levels which will result in a clean up of the unsold bonds.

Investors Demand Adequate Yields

It is quite evident that buyers of fixed income bearing obligations are very much income conscious and, with no shortage of new bonds coming into the market for either refunding or new money raising purposes, they have been able to get the issues which they need at prices which they are willing to pay by having a little patience. In addition, the improving business conditions do not make the buyers of capital market obligations feel that they have to rush in and buy the new bonds which are being offered for fear that they will get away from them since betterment in economic conditions generally bring along somewhat higher interest rates.

Even though the supply of funds looking for an outlet in bonds—and this goes for Governments as well as corporates and tax-exempt bonds—is very sizable and will be a most important force in determining the future course of long-term interest rates, it does not appear as though a modest increase in capital market rates should be unexpected with the economy moving ahead. Also, some of the funds which have been available for investment in bonds may be shifted into other channels which would probably mean that some of this money would be finding its way into the equity market for hedge purposes, because there have been instances in the past when a reviving economy has been carried along into a boom.

If there should be a boom in this country there will most likely be some action by the monetary authorities to curb it as there has been in the past. And one of the ways in which this has been done in the past is through the restricting of credit, along with higher interest rates.

Better Yield Spread for Long Governments Expected

The yield differentials between the various corporate bonds and Government obligations are expected to stay about where they have been until the recently offered new money issue of the Treasury is fully absorbed. In time, however, there should be a widening of this spread in favor of long Governments, provided the Government does not try to finance too much of the deficit through long-term bonds at competitive bidding. The Treasury indicates that it will not be in the market for long-term funds for a considerable period of time.

Street Club Elects Officers for 1963-64

CHICAGO, Ill.—David N. Daisley, Merrill Lynch, Pierce, Fenner & Smith, Inc., has been elected President of The Street Club for the 1963-64 year. The club is the organization of younger men in Chicago's financial community.

Other new officers are: Don W. Couch, A. C. Allyn & Co., Vice-President; Herbert E. Tucker, Hemphill, Noyes & Co., Treasurer; John W. Billings, Jr., Billings & Co., Secretary.

Elected Directors for the coming year are Joseph E. Blitstein, Burton J. Vincent & Co.; William B. Cutler, William B. Cutler & Co.; William L. Ostrander, The First Boston Corp.; Clyde W. Reighard, The Northern Trust Co.; and Thomas M. Terrill, McDonnell & Co.

Form Leader Secs.

I. Theodore Leader has formed Leader Securities Company, Inc., with offices at 551 Fifth Avenue, New York City, to engage in a securities business.

NEWS ABOUT BANKS AND BANKERS

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

H. Eric Schmidt and Robert D. Siff have been appointed Vice-Presidents of the **First National City Bank, New York.** Mr. Schmidt is in charge of the Corporate Financial Planning Department and Mr. Siff is assigned to the Aerospace and Electronics Department, both part of the bank's National Division.

* * *

G. Butler Sherwell, a Vice-President and Senior Consultant of the International Division of the **Manufacturers Hanover Trust Company, New York,** died April 30 in Lisbon at the age of 64.

* * *

The Bankers Trust Company, New York, elected William E. Hines as a Vice-President.

* * *

The appointment of Wilbur G. Thompson as Assistant Vice-President and J. Gifford Hood as Assistant Treasurer of **The Bank of New York** was announced today by Albert C. Simmonds, Jr., Chairman.

* * *

The **Fiduciary Trust Company, New York,** elected Roswell B. Perkins a Director.

* * *

The **Emigrant Industrial Savings Bank, New York,** has announced the promotion of W. Courtenay Robertson as Auditor, Joseph G. Reilly as Assistant Vice-President and Secretary and Bernard J. Ellis as Assistant Comptroller.

* * *

The **Greenwich Savings Bank of New York,** elected Everett R. Beach and Lacey E. Mincey, Assistant Secretaries.

* * *

Raymond A. Mieczkowski, Secretary-Treasurer of The **County Trust Company, White Plains, N. Y.** marks his 35th anniversary with the Bank.

Mr. Mieczkowski began his banking career as a messenger with the old **First National Bank & Trust Co. of Port Chester, N. Y.** a part of County Trust for many years. In 1947 he was elected Assistant Secretary and Assistant Treasurer of County Trust, in 1950 was advanced to Treasurer, and in 1957 also became Secretary.

* * *

The Comptroller of the Currency James J. Saxon approved on April 18 the application to merge **First National Bank of Portland, Portland, Me.,** and **Community Trust Company, York, Maine,** effective on or after April 15.

* * *

The **First Merchants National National Bank, Asbury Park, N. Y.** announced the election of James Forsyth as Chairman of the Board and John G. Hewitt as President. Kenneth H. McQueen, formerly Chairman of the Board, now retired, will continue as an active Director of the Bank

* * *

The Comptroller of the Currency James J. Saxon on April 18 approved the application to merge the **Farmers and Mechanics-Citizens National Bank of Frederick, Frederick, Maryland,** and the **Walkersville Bank, Walkersville, Maryland,** effective on or after April 25.

* * *

The Comptroller of the Currency James J. Saxon on April 19 announced that he has given preliminary approval to organize a National Bank in Leland, Mississippi.

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

* * *

The **City National Bank, Fort Worth, Texas,** elected Joe R. Martin, Jr., and Earl R. Waddell, Jr., Directors. John D. Gibson was elected a Vice-President.

The **Ft. Worth National Bank, Ft. Worth, Texas,** elected Lee R. Spence Vice-President and Trust Officer.

* * *

Comptroller of the Currency James J. Saxon, April 22, announced that he has given preliminary approval to organize a National Bank in Littleton, Colorado.

Initial capitalization of the new bank will amount to $510,000, and it will be operated under the title **"Valley National Bank."**

* * *

The Board of Governors of the Federal Reserve System on April 15 approved the merger of the **Bank of Idaho, Boise, Idaho,** with **Panhandle State Bank, Coeur d'Alene, Idaho,** under the charter and title of Bank of Idaho.

Cites Harm Caused by the 4.25% Treasury Bond Limit

Wall Street economic consultant flays interest rate ceiling on U. S. bonds for producing such harmful consequences as needlessly aggravating our balance of payments problem. His recently authored paper "American Economic and Political Trends," distributed by Marcus & Stone, analyzes the economic outlook; looks for Free World common policies; and warns of Government's inflation bias revealed in recently legislated cost of living escalator clause in U. S. Civil Service pension fund.

The 4¼% ceiling on U. S. long-term Government bonds provides a subsidy for housing, State and local governments as well as to all credit-worthy foreign borrowers, an economist said recently.

This subsidy, one of the causes of the outflow of gold, aggravates the U. S. balance of payments and threatens the position of the dollar, according to Hans Heinemann, consultant with the New York Stock Exchange firm of Markus & Stone.

Mr. Heinemann maintains that the Congress has to choose between the "hidden" subsidy in the long-term interest rate and control of capital movement abroad. Mr. Heinemann is one of the first economists to comment on the subsidy aspect of long-term interest rates and its effect on the U. S. balance of payments, a subject of great significance to both Washington and the financial community.

In a study, "American Economic and Political Trends," Mr. Heinemann discusses the political climate in Washington, the favorable immediate prospects of the U. S. economy, the greater scarcity of skilled workers and the ever increasing number of semi- and unskilled workers. He expresses the opinion that the U. S. must develop its public sector or it must be prepared to support a growing proportion of the labor force which is unable to find employment.

He also expresses the opinion that the U. S. Government must insist that the European Common Market maintain outward looking policies, making it clear that if they become inward looking, the U. S. will lose the economic means essential for its support to NATO. If the Common Market becomes inward looking, adopts economic nationalism with higher tariffs, quotas and trade restrictions, the U. S. and other countries will be forced to do likewise, the Western World will be fragmented, world trade will stagnate or contract, and governments will deal with domestic stagnation through inflationary measures which can only end in controls and restrictions for everyone.

The Western World must not only have outward looking policies, but, in order to avoid working at cross purposes, it must develop common policies on such matters as subsidies to exports, long and short term interest rates, capital movements and trade with the developing countries and the East. The lack of common policies can only end in disaster for all.

Mr. Heinemann's paper deals also with the interest rate, the capital outflow, and the threat to the dollar. The danger of inflation, he points out, is not only on the mind of the financial community, but also on the mind of the U. S. Government as revealed by the passage in the 87th Congress of a relatively unknown piece of legislation H. R. 7927 tying the pension of U. S. civil servants to the price index of the Bureau of Labor Statistics.

L. P. Carlin Joins J. B. Hanauer & Co.

NEWARK, N. J.—Former Newark Mayor Leo P. Carlin joined J. B. Hanauer & Company., 9 Clinton St., on May 1, as Director of Institutional Sales.

Mr. Carlin's function in the new post will include all phases of the origination and distribution of tax-free municipal bonds. He will aid the firm's clients in their investment needs.

Principals of J. B. Hanauer & Co., founded in 1931, are Bert Friedman, Elliot Friedman, Alvin Dern and Richard Tecott.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Don't Underestimate Clients

There is one compliment that another man will always appreciate—if you think he is a 1,000 share buyer offer him 10,000 shares. Some investors underestimate their own capacity to invest. This is not unusual because investment habits can often be acquired and people stick to them regardless of changes in their financial situation. If you believe that a security represents good value, is attractively priced, and is suitable for your client; then by all means show your confidence in your recommendation by suggesting that he acquire a position that is reconcilable with his buying power.

The Salesman Who Didn't Know About 100 Share Commitments

Recently I had an opportunity to talk with a very successful security salesman who built up his business among wealthy and influential people. He told me about an interview he had with the former head of a large insurance company who had retired and who was reputed to be a very astute and successful investor. One day he called to see him and after the usual formalities this investor said, "I don't think you could offer me anything that would appeal to me. I already own about fifty different securities. I have everything in my portfolio that I believe to represent sound value. Some of the securities were recommended to me by the investment department of the insurance company I used to know very well. In fact, the book-keeping and the paper work keeps me pretty busy, even if I am supposed to be retired and taking it easy."

Without any hesitation, this salesman replied, "Fifty securities is quite a list, I'll admit. But may I ask you one question?" "Yes," replied the investor, "What is it?" Then the salesman suggested, "If it was to your advantage to own just one more good security would you take a look at it?" The answer was "Yes" and they went over some figures pertaining to a prominent bank located in a city not far from where this investor lived. The figures were impressive, it was a growing bank in a city that had a prosperous future. In addition, the ex-insurance company president was acquainted with several of the bank's directors.

Impressed, he turned to the salesman and said, "O.K. I like this stock, the price seems right, I'll take one hundred shares." When he heard this it was quite a surprise. Here was a wealthy man. He was retired, influential and he owned a large number of investments. Then this salesman recognized that the habits of a lifetime were reflected in that statement "I'll take one hundred shares." Here was a man who owned fifty stocks and probably that was the way he bought them—one hundred shares at a time. He also realized that this man had been exposed to ideas such as broad diversification, spreading risk, and prudent investing during the years when he was an insurance company executive. But what he was doing as a personal investor was loading up his bank box with more items than any individual could properly supervise.

The salesman turned to his prospective new client and asked, "Do you mind if I ask you another quetsion?" "Go ahead," was the answer. "You certainly have every right to buy one hundred shares of this stock and we will be happy to confirm it to you. But my firm has one lot of a thousand shares that they can offer to you now. May I call my office and see if it is still available? Why should you buy one hundred shares? Either this stock is worth buying, holding and keeping—or you shouldn't buy it at all. In your judgement and that of our firm this is a fine bank in a growing city—if the stock is still available take the thousand shares and become a stockholder in this bank in keeping with your financial and business reputation. Doesn't that sound like a sensible suggestion to you?"

The salesman told me this man looked at him earnestly, then he hesitated a moment, smiled and replied, "O.K. make the telephone call. If this stock is attractive and I think so, I am going to take your advice. Possibly I've got too many stocks to watch anyway. In fact, for some time I've been thinking about going over my list of securities. Why not take it with you and see what you can suggest." The salesman took the order for the thousand shares and that was the beginning of a long and friendly business relationship.

Eventually the client moved to another city. The salesman who told me this story calls to see him several times a year. They constantly confer by mail and telephone. The list today is well diversified but it is now manageable. There are no more hundred share lots. Both the investor and this salesman are working together harmoniously and the results have been profitable for both of them.

Sales Suggestion

You always compliment a man when you imply that he is financially successful. You will also gain his good-will and his friendship when you place him in the higher brackets. Besides, if a security is attractive, if you believe in it, your customer will understand this much more readily if you suggest that he buy enough of it to fit his requirements—that is why the salesman in this instance not only made "the sale" but he acquired a client.

Conv. Securities Fund On Coast

LOS ANGELES, Calif.—The Convertible Securities Fund, Inc., a Los Angeles based mutual fund, has become the new name of the Kerr Income Fund, Inc., 606 South Hill Street, as the result of a recent vote of shareholders.

Douglas B. Fletcher, President, stated that the new policy of the Fund, under its new management, is to invest its assets in convertible securities, both bonds and preferred stocks.

This Fund is designed to provide a diversification and supervision of convertible securities that would otherwise not be available to most investors, Mr. Fletcher stated.

COMMENTARY...

BY M. R. LEFKOE

Very possibly a decision handed down by the U. S. Supreme Court on April 22, 1963 constituted the death blow to private property. Although long the "victim" of innumerable assaults by government officials, legislative bodies and the courts, private property always had managed to survive. This was so only because of the (heretofore?) impregnable shield provided by the Fifth and Fourteenth Amendments to the Constitution. (The Fifth Amendment had protected it from Congress; the Fourteenth from State Legislatures. The Fifth states: "No person shall . . . be deprived of life, liberty, or property, without due process of law." The Fourteenth states: "No State shall . . . deprive any person of life, liberty, or property, without due process of law.")

Death Sentence Passed?

But last week, the shield was knocked aside and the death sentence announced when the Supreme Court unanimously declared that "we emphatically refuse to go back to the time when courts used the Due Process Clause 'to strike down state laws, regulatory of business and industrial conditions, because they may be unwise, improvident, or out of harmony with a particular school of thought'." The school of thought known as "economic freedom," according to the Court, is no more a Constitutional standard than economic slavery.

Moreover, the Court continued: "Nor are we able or willing to draw lines by calling a law 'prohibitory' or 'regulatory.' Whether the legislature takes for its textbook Adam Smith, Herbert Spencer, Lord Keynes, or some other is no concern of ours." And if the legislature takes the writings of Karl Marx as its textbook—which calls for the complete abolition of private property—the Court would show "no concern."

Thus, if a legislative body—be it Federal or State—decided to declare the business of steel-making illegal, it could do so tomorrow without fear of Supreme Court opposition. If it wanted to pass a law stating that selling any particular product was illegal, it could do so without having to worry about Constitutional sanctions. And if it wanted to prohibit any individual or business firm from selling property of any kind without permission from a government official, it could do so with absolute impunity.

Court's Reasoning

The execution of private property was carried out in the case of "William M. Ferguson, Attorney General for the State of Kansas, *et al.*, Appellants *v.* Frank C. Scrupa, doing business as Credit Advisors." In delivering the unanimous opinion of the Court, Mr. Justice Black described the facts as follows:

". . . we are asked to review the judgment of a three-judge District Court enjoining, as being in violation of the Due Process Clause of the Fourteenth Amendment, a Kansas statute making it a misdemeanor for any person to engage 'in the business of debt adjusting' except as an incident to 'the lawful practice of law in this state.' The statute defines 'debt adjusting' as 'the making of a contract, express or implied, with a particular debtor whereby the debtor agrees to pay a certain amount of money periodically to the person engaged in the debt adjusting business who shall for a consideration distribute the same among certain specified creditors in accordance with a plan agreed upon.'

"The complaint, filed by appellee Scrupa doing business as 'Credit Advisors,' alleged that Scrupa was engaged in the business of 'debt adjusting' as defined by the statute, that his business was a 'useful and desirable' one, that his business activities were not 'inherently immoral or dangerous' or in any way contrary to the public welfare, and that, therefore, the business could not be 'absolutely prohibited' by Kansas. . . . The [lower] court found that Scrupa's business did fall within the Act's proscription and concluded, one judge dissenting, that the Act was prohibitory, not regulatory, but that even if construed in part as regulatory it was an unreasonable regulation of 'lawful business,' which the court held amounted to a violation of the Due Process Clause of the Fourteenth Amendment. The court accordingly enjoined enforcement of the statute."

Due Process Clause No Longer Valid

After reviewing the facts and the reasoning of the lower court, the Supreme Court drove the last nail into the coffin of private property by concluding: "Under the system of government created by our Constitution, it is up to legislatures, not courts, to decide on the wisdom and utility of legislation. There was a time when the Due Process Clause was used by this Court to strike down laws which were thought unreasonable with some particular economic or social philosophy. . . . We have returned to the original constitutional proposition that courts do not substitute their social and economic beliefs for the judgment of legislative bodies, who are elected to pass laws."

Mr. Justice Black and his colleagues deliberately chose to ignore the *purpose* of the Constitution and the function of the Supreme Court. The Constitution (and particularly the Bill of Rights) was designed to place a limit on the whims of legislators (and the majorities who elect them) by assigning the Supreme Court the task of insuring that legislative bodies do not exceed their authority to make laws. Our Founding Fathers did not give Congress or State Legislatures the authority to do whatever they pleased—their actions were subject to certain limitations as spelled out in the Constitution.

This principle—the basis of the United States Constitution — was expressed very clearly by the late Justice Robert H. Jackson: "The very purpose of a Bill of Rights was to withdraw certain subjects from the vicissitudes of political controversy, to place them beyond the reach of majorities and officials and to establish them as legal principles to be applied by the courts. One's right to life, liberty, and property, to free speech, a free press, freedom of worship and assembly, and other fundamental rights *may not be submitted to vote; they depend on the outcome of no elections.*" (Italics added.)

Few mourners attended the funeral, and no one even came forward to provide a tombstone for the grave of private property. But, if the decision went virtually unnoticed last week, the day is not too far hence — when economic controls start becoming unbearable and every other individual right starts disappearing one by one—when people will look back to that April day in 1963 and realize the significance of the Court's judgment. By then, Americans will have realized that private property is the lifeblood of a free economy and a free society, and, without it, there can be no freedom at all.

Winds Out of Africa

Continued from page 7

deposit, doing so in partnership with French capital, both state and private. Is this evil? And another large American steel company is going into Liberia to open another large iron ore deposit in partnership with Swedish and German capital. Of necessity that board of directors must represent all of the interests. Is this malicious? Does the enterprise thereby cease to be subject to the law of the host country? Evidently the government of Liberia, which is the second oldest independent nation of Africa, did not agree with Messrs. Scott and Wolfe, for they had complete control of the situation, and sought the investment eagerly.

Cites Ghana

And what about Ghana? The construction of the Volta Dam is made possible solely because two competing American aluminum companies joined together to organize Valco, and through that subsidiary corporation to enter into a contract for power which in due course will pay off the entire investment. No one can doubt but that President Nkrumah had full control of that great natural resource within his area. Had he felt that an evil cartel was looting his country, solely because two private corporations had joined in the enterprise, all he had to do was to refuse to sign the contract. Instead he led his people in a great day of rejoicing.

And what about the petroleum industry everywhere in the world? Every new country that I ever heard of tries desperately to find oil within its borders, and immediately invites the great oil companies to come in and develop it. Almost never does one corporation go in alone. The almost universal practice is to form a consortium in order to spread the risk. If Scott and Wolfe are right, stagnation will descend forthwith upon the underdeveloped areas of the world insofar as their hopes for earning foreign credits through oil exports are concerned.

In addition to spreading the risk there is one further reason why large mines often have to be developed by joint ventures with boards of directors that reflect all of the various sources of the capital, and that is the fact that the ownership of the land upon which the deposit is located is so often split into small fractions. The pieces have to be put together, and there has to be a whole pie, before anything can be done. The formation of a new corporation, with each company owning a percentage and having a man on the board to watch over their interest, is the only possible way by which actual production can be undertaken.

Katanga itself is the best possible illustration of this problem. As early as 1890 Alfred Sharpe, coming from South Africa to seek mineral prospects for Cecil Rhodes, began negotiations with Chief Msiri for mining rights. This alerted the Belgians, and between 1890 and 1892 they sent four expeditions into the area to make surveys, and seek treaties with the tribal authorities. The four modern hydro-electric stations on the Lualaba River are named for the leaders of these four exploring parties.

Toward the end of the 19th Century Sir Robert Williams organized Tanganyika Concessions with British capital, and began new explorations in Katanga under an agreement with King Leopold by which whatever mineral might be discovered would be owned 40% by his company, and 60% by the Belgians. He obtained favorable terms because the Belgians had met repeated failures in their efforts to discover good ore. By 1906 the fractionalization of prospecting rights, and ownership in pioneer deposits, among the various interests involved, became so complex that from an operating point of view they simply had to be put together. Union Miniere had to be organized or there would have been no production at all. Each claimant received an agreed share, and so a board came into being that gave representation to each interest involved, not for the purpose of monopoly, but solely that copper might be mined at all. And let me add without rancor that men like Messrs. Scott and Wolfe, who by hypothesis have never worn a hard hat or answered the blow of a whistle each day for years to go underground in a deep mine, or who never have had to plan the development of a mineral deposit, or to secure the capital required to put a plan into operation, might in good faith not understand this.

Where Would Africa Be?

And where would Africa be today if these great ventures had not been undertaken? The answer is clear: Katanga, Northern Rhodesia and the Transvaal would still be impenetrable bush, the darkest spots on the dark continent. It was the daring, the imagination, the management skills of these early mining men, plus the confidence which investors from the older countries placed in their judgment, that brought payrolls, and schools, and hospitals, and a new way of life to the Bemba and the other Bantu tribes. Surely no one thinks the Africans could have done these things by themselves. It was the outward thrust of private initiative from other countries, backed by sturdy traditions of thrift and savings from which the massive amounts of capital were drawn, that made it possible for these areas to start toward modern statehood.

And if Professor Wolfe in his writings dares to suggest that these great mining corporations have avoided their social responsibilities, let him go out and see their operations at first hand. Before he carries further this gratuitous campaign of vituperations, I ask him to do as I have just done, and visit the mines of the Copperbelt. There he will find genuine collective bargaining between white management and African labor unions; schools built by the corporations and turned over to the government for administration; welfare stations to teach child care to mothers; singing classes for kindergarteners; adult education in the afternoons for miners and their wives when their day's work is finished; the fostering of legislation to bar discrimination on grounds of race; stock purchase plans under which hundreds of Africans have become part owners of the enterprises; and many other surprises.

Suggests Visits by Critics

And I would ask him to visit the Kafue Flats south of the Copperbelt. Central Africa has never been a wheat growing country, but here in an artificial polder built along the river by Dutch experts, and utilizing the natural periodic flooding, the Rhodesian Selection Trust has at its own expense carried on a large pilot operation to determine whether grain can be grown there as it is in Holland. Dutch agronomists were brought in for the experiment, and now the project is being turned over to the government of Northern Rhodesia for further development. Can this be distorted into the evil machinations of a monopolistic cartel? Is it not rather industrial statesmanship of the highest order?

And if further proof were required of the value placed upon the contributions made by private enterprise in the development of the emerging African economies, it will be found in the recent statements of Kenneth Kaunda, the African leader in Northern Rhodesia. Instead of attacking the mining industry, as Scott and Wolfe have done, he has said that he fears a rapidly mounting public debt, and hopes to persuade private capital and management also to take over operation of the railways, and of Kariba Dam, both of which are now government owned.

It is time to call a halt to name calling. Character that it takes a man a lifetime to build can be destroyed overnight by an unfair accusation, and this is even more true of a corporation because its very anonymity makes it defenseless.

I ask no one to suspend criticism. All human beings are fallible, including clergymen and anthropologists.

But Africa needs the help of all thoughtful people the world around. Let us keep our voices down, and circulate only those criticisms which we can fully document.

*An address by Mr. Randall before the African Affairs Society of America, New York City, April 3, 1963.

Woodcock, Moyer Office

HARRISBURG, Pa. — Woodcock, Moyer, Fricke & French Inc. has opened an office in the State St. Building with Charles Doran Vance as registered representative in charge.

How Canada Can Increase Manufacturing Exports

Continued from page 9

to argue that the Canadian market is too small to permit the efficiencies of a mass market and mass production.

In a competitive growing economy which is beyond a minimum size, it is usually assumed that the larger the market, the greater the number of efficient producers rather than the more efficient the existing producers become. If this is true, the far larger size of the American market as compared with the Canadian market is not overwhelmingly significant since it might only indicate a greater competition among a greater number of competitive producers. We shall now explore this consideration, primarily as it applies to the Canadian economy.

As the Canadian economy has grown it has followed the pattern of many other, larger competitive economies by having a concomitant growth in the number of producers. As a result there exists a greater number of producers relative to market size rather than a concentration of efficiency among the existing producers. In other words, the American pattern has been followed, despite the smaller scale of the Canadian market. Although there may not be quite the same number of firms in both countries, there are too many relative to the much smaller total market of Canada. For example, in the aforementioned 1957 Royal Commission Report it was brought out that the expansion in Canadian refrigerator demand was matched by an increase in the number of producers; 19 firms served the market, although the total output was less than the minimum efficient size of an American plant. Incidentally, there are now 21 producers of refrigerators in Canada! In part this proliferation of firms reflects the influx of American capital. Many Canadian firms are branches of American companies, so that the number of Canadian offspring tends to equal that of the American parents. Apparently there is a certain status among top American corporations in having a Canadian unit! But, of course, with the smaller total market to be served the result is smaller production runs per Canadian plant. For example, in the iron and steel industry the average order size in the United States is 2½ times that in Canada. As a result, runs are shorter and frequent changes more costly; final production costs of machines and materials are thus increased. In this industry Canadian producers are probably the equal of their American counterparts in the blast furnace and open hearth stages, but their efficiency is less at the rolling mill stage, probably because of this market problem.

Similarly, Canadian manufacturers are normally at their greatest disadvantage when the product is complex, its design is altered frequently, and the capital and overhead costs are large. A good case here would be the automobile industry, with its frequent model changes and heavy fixed investment. Here the wiser policy has been to concentrate on assembly and parts manufacturing—and even then final costs tend to exceed the U. S. by about 15%.

Another aspect of this problem is the multiplicity of products that each firm turns out. Again citing the 1957 Royal Commission, one Canadian rubber manufacturer makes 600 different tires, a multiple of what the typical American plant would produce. Obviously, the greater the number of offerings, the shorter each run must be, with the accompaniment of higher costs. Perhaps the influence of American advertising is partly to blame here, for the tremendous diversity offered south of the border may have led the Canadians to demand just as great a variety.

Fortunately the Canadian economy will continue to grow; by 1970 manufacturing production is expected to be at least 40% greater than now. If the number of firms does not increase appreciably, the size of the production runs per firm could be increased to approach those of the United States, with corresponding benefit to costs. Most of the output will be for the Canadian market over the near future; only as this market grows, thereby making possible decreased unit costs, can the competition of the American producer be faced successfully. Therefore, to increase its competitiveness, the growth in the number of firms in Canada must be checked. Of course, inroads into the American market could be feasible sooner if the manufactured goods which are in very high demand in the Canadian market create large-size production runs and thus lower costs. Should the American demand for this item be relatively less, American runs would be smaller, costs higher, and thus trade would probably be diverted to the more efficient Canadian supplier. Obviously, a favorable U. S. tariff is of paramount importance here or such a benefit could not ensue.

Productivity Trends

Since the increase in productivity is all-important to survival, a glance at its past performance may be helpful in pointing the way for the future. From 1929 until World War II Canadian productivity increased at a rate comparable with that in the U. S. However it then lagged from 1946 to 1954, after which it sped up again. Apparently, Canadian productivity tends to rise more slowly in boom times, and the immediate postwar years were certainly hectic. Is this a continuation of the deep-rooted conservatism of the Canadian? Two centuries ago French Canada was unresponsive to the progressive ideas sweeping through France, while the end of the American Revolution brought an influx of the more conservative Loyalist element into Canada. Many observers also feel that Canada tends to lag in research and technical application, perhaps because it is usually done in the American parent plant which then communicates the results to the operating units in Canada.

Comparative productivity data may be somewhat misleading; however, it should be noted that part of the over-all superiority of the American performance accrues from the greater degree of concentration of production in high-value industries like steel, chemicals, and petroleum refining. Yet, if we examine, for example, the Canadian chemical industry, we see that its costs of production are as low as those of any country, primarily because the raw materials are inexpensive and plentiful. Recently, however, its productivity was rising only 2% per annum compared with 3½% in the U. S. chemical industry. Is the American industry exceedingly dynamic, or is this a reflection of the economies of size of the market and resulting difference in scale of production? Are there too many Canadian chemical producers? Will this be offset by the greatly expanding production of petroleum in western Canada and the resulting boost to the production of petrochemicals? Synthetic rubber, for example, may well be such a beneficiary. Similarly, the expanding domestic market should aid the production of fertilizer, helped by the ready availability of sulphuric acid and the use of relatively inexpensive hydroelectric power.

Canada's cheap hydroelectric power, however, may not continue to yield the advantage it has until now. The advent of nuclear power will make world energy costs more equal; on the other hand, where Canadians depend on more expensive steam-generated power this shift may be for the better. Actually the Canadian economy still devotes a greater proportion of its resources to the supporting auxiliary services — energy, communication, and transportation — than its giant neighbor. Roughly, 11% of current Canadian output is accounted for by this component compared with but 7% in the U. S. Similarly, about a fifth of current gross investment goes to this sector in Canada, compared with only a sixth in the U. S. As the Canadian economy grows, of course, this basic infrastructure will be able to serve a larger and more concentrated market, and we should expect a relative decline in the costs of energy and transport.

The importance of firm size relative to total market can be illustrated by a few favorable citations. The electric light bulb—a standard item lending itself to long production runs—has a large enough market in Canada to permit production at optimum size and low cost. This is also true in the manufacture of heavy custom-built apparatus which requires much labor, such as electrical equipment. Here the large-scale plant is not the dominant factor, but labor is a significant item, and the electric equipment produced can thus be manufactured at costs comparable with those in the U. S. As a consequence, the United States has now become the largest foreign customer for Canadian machinery, although some of this reflects the high demand characteristic of postwar America. The current undercapacity, however, may well lead to a decrease in imports from Canada since external supplies are probably of a marginal nature, drawn on only when capacity operations are being approached in the American plant. (Some of this American market also is a reflection of the assured outlet provided by the parent to its Canadian subsidiary.)

Canadian Cost Disadvantages

Certain factors inherent in the Canadian economy tend to raise capital costs, and thus fixed costs per unit of output. Interest costs in Canada are usually higher than in the United States, and, while there is some borrowing in the New York money market, only a few well-known companies have this freedom to go abroad to seek cheaper funds. In addition, in some centers the colder climate may make necessary costlier building construction as well as added fuel outlays.

The seasonal swings in Canadian output tend to be wider than in the U. S.; thus a greater capacity is needed relative to average output in order to meet the peak demands. The shorter U. S. season for some trades also results in the remaining unsold goods being dumped in Canada at much lower margins, thus undermining the Canadian competitor's profit spread.

I should mention in passing another possible adverse influence of American parents on their Canadian branches. In many cases these subsidiaries must buy from the parent firm regardless of price, so that Canadian production costs are increased further, thus reducing sales and the size of production runs. Capital costs may also have been increased in those cases where the equipment was imported over the rather stiff Canadian tariff. While free trade would remove this latter disability, the former one—the higher cost of American supplies, is not such an easy problem to solve.

Population Influences

In 1955 Canada was using $1.10 of machinery and $1.40 of building per dollar of output. When additional infrastructure items are also considered, the ratio of all fixed capital to output of goods and services is about 3.6:1. In addition, inventories (working capital) are about one-half of output. Therefore, the total capital to output ratio is about 4:1.

This 4:1 capital output ratio must be considered in relation to population. From 1955 to 1961 the U. S. population grew at 1.8% per year. In Canada over the same time period population growth was 2.5% per year or 0.7% more per year. Therefore, each year 2.8% of the Canadian gross national product (4x0.7% was needed to offset the greater rate of population growth in Canada. Since gross national output for the 1955-1961 period was $230 billion, 2.8% of this, or $6.5 billion, is the amount that had to be invested just to provide for the population growth in excess of the U. S. rate.

During this period Canadian net capital imports, primarily from the U. S., were roughly the equivalent of the $6.5 billion figure cited. In effect, the entire inflow of capital from foreign sources was used to provide for the higher rate of population growth. In theory, therefore, Canada would not have needed this foreign capital if its population growth rate had been the same as that of the U. S. Some of this foreign capital, however, would have been required to take advantage of large-scale opportunities which were beyond the financial capability of smaller Canadian entrepreneurs. More important, from the growth point of view, the greater expansion in Canada's population furthered the growth in market size, thus helping the Canadian firms to attain more efficient production runs and lower cost output. In brief, we can say that the price of the greater Canadian growth rate was a greater dependence on U. S. capital supplies.

The Canadian Export Market for Manufactured Goods

Of the $5,755 million Canadian exports in 1961, 54% were shipped to the U. S.; in 1962 total exports rose to $6,179 million, of which $3,608 million, or 58% went to the U. S. Approximately 10% of total Canadian exports in both years were manufactured goods, and in each year about 55% of these manufactured goods were exported to the United States.

As we all remember, the Canadian dollar declined sharply in recent years in relation to the U. S. dollar until it was effectively stabilized on May 2, 1962. The decline probably stimulated Canadian exports to the U. S. by partly offsetting the previously higher Canadian production costs in manufacturing. However, it will take time for the full effects of the depreciation of the Canadian dollar to show up in trade, although there is evidence that the improvement is already occurring. (Similarly the 1949 West Europe devaluations did not aid trade significantly until some time had elapsed.)

Canadian exports of "end products, inedible" (secondary manufactures) to the United States in 1962 were some $92 million higher than in 1961. Five items which are probably noncommercial (aircraft and engines, aircraft assembly and parts, aircraft engines and parts, radar equipment and military weapons) accounted for more than 45% of the rise. (In general the costs of producing aircraft in Canada appear to be lower than those in the United States.) An additional part of the rise was in manufactured items like agricultural equipment, telephone and radio apparatus and, of course, ice-skates. Moreover, seven-eighths of the increase in twelve of these major selected commercial items occurred in the second half of 1962, indicating that the depreciation significantly helped the exports of Canadian manufactured goods.

In addition, the price index for Canadian manufactured exports has shown a favorable trend. Although in terms of Canadian currency the prices of "end products, inedible" rose about 6% from 1960 to 1962, the decline in the Canadian dollar during this same period offset this increase, thus lowering export prices in terms of the U. S. dollar. As evidence, the volume of these exports rose one-half over the period. While there was also some decline in the wholesale price of U. S. manufactures during this time, there has probably been some shift towards greater price competitiveness for the Canadian producer, and the beneficial effects of the depreciation should continue to be felt in the future.

Conclusion

In view of Canada's market structure, investment picture and productivity, it seems logical that Canada should concentrate on the manufacture of those secondary products with a lower capital/output ratio or higher labor/output ratio, that is: a capital/labor ratio which is intermediate between the United States and Europe. The present ratio puts Canada at a competitive disadvantage to both the U. S. and Europe since Canadian productivity is lower than that in the United States, and its high wages relative to output put it at a disadvantage in regard to Europe.

In addition to a change in the capital or labor/output ratio, Canada would benefit from an increased corporate concentration in the secondary manufacturing sector of the economy. It appears that there are sufficient plants in the existing industries in Canada at the present time to serve the market, and productivity would benefit from allowing the existing plants to grow and achieve their optimum size rather than to increase competition further by setting up new plants. In fact it might be beneficial to consolidate the existing plants by allowing more mergers and increasing specialization. This would do away with much duplication of a numerous variety of products and greatly increase productivity. The resulting lower competition among Canadian plants is not a serious factor since U. S. supplies would act as a brake on monopoly prices, unless the Canadian tariff were too high.

To some extent extraneous influences may further these recommendations. For example, if the United Kingdom should finally enter the European Economic Community there will no longer be an incentive for American firms to set up in Canada to qualify for the Commonwealth tariff preference. As a result, fewer branch plants will automatically mean greater concentration. But in all likelihood a more positive program on the part of the Canadian Government will be necessary, such as a relaxation of the restrictions on mergers, if the suggestions offered here are to be implemented.

In brief, therefore, the possible transition to a free-trade area between the United States and Canada must be approached slowly. Many of those factors which could aid the Canadian industrialist are not yet present in a strong enough fashion to insure him a fair chance in the international competitive race. A tariff gives them time to develop. It protects Canadian industry against less expensive American products. If we implement the tariff reduction goal more slowly—such as the Common mon Market countries are doing —we allow these longer run tendencies to protect the transition stage. A ten-year period, for example, would give greater scope to the influences emanating from the additional growth of Canada's internal market. This expansion, in turn, could effect greater output per plant and, as suggested, would be significantly aided by a greater concentration in market structure.

*An address delivered by Dr. Marcus to the Pacific Northwest Trade Association Conference, Yakima, Washington, April 8, 1963.

James Balog Joins Auerbach, Pollak

James Balog has become associated with the Institutional Research Department of Auerbach, Pollak & Richardson, 30 Broad Street, New York City, members of the New York Stock Exchange, it was announced by Richard E. Jennison, director of institutional research.

Mr. Balog was previously with Electric Bond & Share Co., where his responsibilities included pharmaceuticals, electronics and electrical equipment securities; Merck & Company, as an engineer in pharmaceutical research and production, marketing manager of the Electronic Chemicals Division and budget director of the Chemical Division; and Philco Corp., as production engineer in the vacuum tube department.

A Favorable Outlook for New Machinery Orders

Continued from page 3

favorable point where capital spending must take place on a scale higher than that which would be required if these industries were still below their preferred operating rates.

Of course, we must recognize the significant impact of Space and of Public Works on machinery purchases.

While space appropriations require a much smaller percentage of machinery than general industrial expenditures, the fact that they continue to accelerate implies a continuing favorable influence.

And our systems of water supply, roads, schools and sanitation are certainly used up to their full capacities in many parts of the country. Public Works projects must continue their inexorable pattern of expansion.

Investments to Improve Profits

Now a second key force in the marketplace involves investment to improve profit margins. For the record I should like to point out that the continuing growth in fixed investment per employee will necessarily continue. Whether we talk in terms of automation or in terms of new manufacturing processes, investment because of the high and continually climbing cost of labor will be necessary. This applies, of course, to office machinery, to computers and to farm equipment, as well as to factory machinery. We should also note carefully, however, that as we invest to improve labor efficiency, and as we add to our capital plant, we are increasing capacity.

Real Paradox of the Cost-Price Squeeze

It is a pet thesis of mine that if increases in productivity occur, it is largely because of increased fixed investment. Simultaneously with the increase of productivity, capacity is increased. Strangely enough, as we invest to offset the costs of advancing wages, we increase the capacities of our physical plant to the point where less employment is desired and little is stimulated. Despite this fact, if we turn over the productivity gains and then some to the working force, the margins continue to decline making additional investment less attractive. This is the real paradox of the cost-price squeeze.

Lag Between Research and Investment Spending

The third basic stimulant to machinery purchases is the development of new processes and new products which require new machinery. It is not by accident that we find many companies predicting large expenditures this year. You will generally find a gocd correlation between high appropriation rates for specific companies and the amount of expenditures that they have made for product development in prior years. We all know how rapidly the research and development dollar has been expanding. There have been some studies made that will demonstrate a lag of from three to seven years between such expenditures and the capital expenditures necessary to bring a new product into production. Hence, the research dollars expended in the period of 1956 to 1959 are the base from which machinery purchases for new manufacturing processes and products will spring in 1963. Such research and development programs were in the process of rapid acceleration in that period. I believe, therefore, that we should begin to feel the beneficial effects right about now.

Scrappage and Replacement Rate

The fourth major influence in building a base demand is the rate of scrappage and replacement of basic equipment. War-time machinery is now at least 20 years old. Much of it has operated for 80 to 100 hours a week from the period 1941 through 1951. Much of it is susceptible to repair. Other equipment has become marginal because of obsolescence through the development of new and better equipment. Much of this equipment is located in marginal operations. Some of these have been closed down in recent months and it appears that a reshuffling in the markets for some products is taking place. As profit margins decline, some companies are choosing to drop certain product lines which may then place new burdens on the remaining participants in that market. The basic market for replacement machinery should be a reasonably steady and continuing one and does not, therefore, represent an adverse factor. This applies, again, pretty much across the board—from machine tools to farm machinery.

With these considerations of the underlying factors that create a demand, it is clear that none of them are obviously unfavorable. To appraise, however, to what extent and how quickly they will create pressures to buy is the obviously difficult task. Let me again, therefore, explore the outlook for each of the separate components in the machinery market, based on the best information I could gain from people knowledgeable about each of these segments of the market.

Farm Machinery

There is reason to believe that farm equipment sales may be 3% to 5% higher than last year, because the volume last year was somewhat less than normal while farm income nevertheless was relatively good. Since there will be more acreage planted this year and the equipment on hand is a year older, it is likely that there will be some improvement in this market.

Construction Equipment

Construction machinery sales may increase as much as 8% over last year. First, the sizable volume of equipment sold in the years 1955 and 1956 is beginning to wear out. Secondly, the total construction market, and particularly those facets of it that use heavy machinery, will probably increase. The government's determination to complete the Interstate Highway Program on schedule is significant. Incidentally, highway construction is being accelerated in many foreign areas. Germany has established a 10 year highway program, Britain is expected to increase highway expenditures by one-third during the next five years. Prospects in other parts of the world also seem to be reasonably favorable.

Mining machinery will probably show no increase over the next year. Non-ferrous mining may show a slight upturn, but coal and metal mining activities are not expected to do anything more than maintain their present level.

The **machine tool industry** has cause to be reasonably optimistic. It is possible that volume in this section of the industry may increase as much as 10%. Customer quotation activity is currently high. In addition, the pressing need for modernization and for cost reduction, and the availability of cash to satisfy this need is a plus factor.

Special Industrial Machinery

The outlook for textile machinery and printing machinery: both enjoyed a good year in 1962. It seems to be the concensus that 1963 will show some modest improvement over 1962 because of the continuing need to modernize, to change processes and to offset increasing costs.

General Industrial Machinery

The probability is that expenditures in this category including pumps and compressors, blowers, fans, power transmission equipment, etc., will rise from 6% to 8% in 1963. Since this category is broadly involved in all the industrial markets recited and in all phases of such markets, it should move with the total industrial economy.

Engines and Turbines

While the Engine and Turbine manufacturers anticipate a decline of about 5% from 1962 levels, it must be remembered that this market is affected by the Utility Power buying cycle. In addition, the decline will be from a fairly good level last year.

The outlook for growth in 1963 continues the pattern of previous years and anticipates an increase of 10% or more. This is not difficult to understand when we think of the increasingly high cost of red tape these days.

Pressure on Adequacy of Return

Whether or not such demand will create profitable investment opportunities depends upon other factors.

It is hardly necessary to discuss the availability of funds in any depth. Even before the new depreciation schedules, and before consideration of the effect of the investment tax credit on cash flow, cash was already being generated at a very high rate. If a profitable investment opportunity appears therefore, I am sure that industry will find a way to make the investment.

The question really is whether investment can be justified by possible improvement in profit margins. The already low level of return on investment generally is such that, in many cases, improvement of 40% or 50% would still not provide an adequate return after considering the effective cost of capital, the possible obsolescence due to technological change and the continuing deterioration in the market place.

Despite this problem, however, I do not think ti will have a significant bearing on the 1963 outlook. The American businessman has consistently prided himself on maintaining his plant in good physical order. Byproducts of research and development are such as to provide opportunities that cannot be resisted. The need for cost reduction in one form or another to alleviate the pressure on margins does continue and there are areas where new capacity is becoming necessary.

The National Industrial Conference Board Survey of new manufacturing appropriations for the fourth quarter of 1962 showed an increase of 13% over the appropriation rate in the third quarter. It is particularly notable that in the durable goods sector, the increase amounted to $625 million, or 68%.

It is also notable that the volume of appropriation cancellations for all manufacturing industry declined by 30% in the fourth quarter.

Predicts Overall 5 to 7% Gain

I think this is a broad and adequate indication of the desire and the necessity to move forward in the purchase of machinery in one or more of the areas recited.

It is, of course, ridiculous to make general statements about the overall market. It is just as hazardous as trying to forecast the performance of any one company's securities on the basis of an overall prognostication of a stock market average.

Adding together all of the factors that I have recounted here, and relying rather heavily on that instinctive itch that a good salesman gets when he is in sight of an order, I will summarize this discussion by predicting that new orders for all classes of machinery in 1963 should average from 5% to 7% better than the order level that probably existed in 1962.

*An address by Mr. Worthington before the 431st Meeting of the National Industrial Conference Board, Cleveland, O.

Elected Director

Donald P. Kircher, President and Chief Executive Officer of The Singer Manufacturing Company, has been elected a Director of The Lehman Corporation, it was announced by Robert Lehman, President of the Lehman Corporation.

Mr. Kircher is a Director of Bristol-Myers Company and General Cable Corporation, and is a Trustee of the Committee for Economic Development. He is also a Director or Trustee of a number of other educational, charitable and business institutions.

Ammidon to Head Drive for Greater N. Y. Fund

Hoyt Ammidon, Chairman of the Board and Chairman and Chief Executive Officer of the United States Trust Company of New York, will serve as General Campaign Chairman for the Greater New York Fund's 1963 campaign, it was announced April 16 by Dale E. Sharp, President of the Fund.

The 1963 campaign to be launched on May 1, will mark the 25th Anniversary of the Fund.

Mr. Ammidon will direct the efforts of more than 140,000 volunteers in the New York community, including business executives and employees, union officials, civil service and educational personnel. This group will solicit contributions for the 425 medical, health and welfare agencies which make the Fund the world's largest network and local non-profit community services.

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.

● **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**—May 9 (11 a.m. EDST) at 115 Broadway (Room 1510), New York. **Information Meeting** — May 6 (2:30 p.m. EDST) at 20 Pine St. (10th floor), New York.

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**—May 9 (11:45 a.m. EDST) at 115 Broadway (Room 1510), New York. **Information Meeting**—May 6 (2:30 p.m. EDST) at 20 Pine St. (10th floor), New York.

● **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. **Offering**—Indefinite.

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).

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.

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.

● **Associates Investment Co. (5/13-17)**
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.

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.

● **Bank "Adanim" Mortgages & Loans, Ltd. (5/6-10)**
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. (5/13-17)**
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.

● **Big G Corp. (5/13-17)**
April 17, 1963 ("Reg. A") $100,000 of 7½% convertible debentures due 1968, and 25,000 common shares to be offered in units of one $100 debenture and 25 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.

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

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.

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.

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.

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.

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 Corp. (5/13-17)**
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. **Note**—This company formerly was named Chemair Electronics Corp.

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 June.

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.

● **Consolidated Leasing Corp. of America (5/21)**
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 Investment, Inc. (5/13-17)**
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.

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.

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.

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. (5/6-10)**
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 repay-

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NEW ISSUE CALENDAR

May 2 (Thursday)
General Telephone Co. of California—Bonds
(Bids 11 a.m. EDST) $25,000,000

May 6 (Monday)
Bank "Adanim" Mortgages & Loans, Ltd.—Pref.
(Sakier & Co., Inc.) $280,728.99
Danac Real Estate Investment Corp.—Common
(Ferris & Co.) $1,500,000
Exchange Fund of Boston, Inc.—Common
(Vance, Sanders & Co., Inc.) 1,100,000 shares
Gulf Oil Corp.—Capital Stock
(First Boston Corp.) 3,441,880 shares
Liberty Fabrics of New York, Inc.—Common
(Offering to stockholders—underwritten by Blair & Co., Inc.) 108,700 shares
Nuveen Tax-Exempt Bond Fund, Series 4—Units
(John Nuveen & Co.) $15,000,000
Underwriters National Assurance Co.—Common
(K. J. Brown & Co., Inc.) $375,000

May 7 (Tuesday)
American Telephone & Telegraph Co.—Debs.
(Bids 11:30 a.m. EDST) $250,000,000
Cosmodyne Corp.—Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 150,000 shares
Eazor Express, Inc.—Common
(W. E. Hutton & Co.) $1,437,500
Manchester Insurance Management & Investment Corp.—Common
(Troster, Singer & Co.) $955,293
Manhattan Life Insurance Co.—Gtee. Stock
(Kidder, Peabody & Co., Inc.) 50,000 shares
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
General Automotive Parts Corp.—Common
(Hornblower & Weeks) 200,000 shares
Upper Peninsular Power Co.—Common
(Kidder, Peabody & Co., Inc.; Stone & Webster Securities Corp.; and Paine, Webber, Jackson & Curtis) 34,000 shares

May 9 (Thursday)
Alabama Power Co.—Bonds
(Bids 11:45 a.m. EDST) $16,000,000
Alabama Power Co.—Preferred
(Bids 11 a.m. EDST) $5,000,000
Halo Lighting, Inc.—Common
(A. G. Becker & Co., Inc.) 150,000 shares
Mortgage Guaranty Insurance Co.—Common
(Hornblower & Weeks and Robert W. Baird & Co., Inc.) 200,000 shares

May 10 (Friday)
Sternco Industries, Inc.—Class A
(Oppenheimer & Co.) 25,000 shares
Sternco Industries, Inc.—Debentures
(Oppenheimer & Co.) $400,000

May 13 (Monday)
Associates Investment Co.—Debentures
(Lehman Brothers and Salomon Brothers & Hutzler) $50,000,000
Berns Air King Corp.—Common
(McCormick & Co. and H. M. Byllesby & Co.) 100,000 shares
Big G Corp.—Units
(A. J. Davis Co.) 1,000 units
Canaveral Hills Enterprises, Inc.—Common
(Willis E. Burnside & Co., Inc.) $500,000
Chemair Electronics Corp.—Units
(Price Investing Co.) $180,000
Consultant's Mutual Investments, Inc.—Common
(Gerstley, Sunstein & Co.) $5,000,000
Ekco Products Co.—Common
(Lehman Brothers) 80,000 shares
Globe Security Systems, Inc.—Common
(Drexel & Co.) 200,000 shares
Greenwich Gas Co.—Common
(Offering to stockholders—underwritten by F. L. Putnam & Co., Inc.) $499,988.75
Holiday Inns of America, Inc.—Common
(Equitable Securities Corp.) 420,047 shares
Home Entertainment Co. of America—Common
(Bernard M. Kahn & Co., Inc.) $3,000,000
Hunsaker (S. V.) & Sons—Units
(Bateman, Eichler & Co.) $1,500,000
Louisville & Nashville RR.—Equip. Trust Ctfs.
(Bids noon EDST) $5,385,000
Mil National Corp.—Common
(Herbert Young & Co., Inc.) $376,000
National Fidelity Life Insurance Co.—Common
(E. F. Hutton & Co., Inc.) 72,455 shares
Pall Corp.—Class A
(Offering to stockholders—underwritten by L. F. Rothschild & Co.) 61,584 shares
Provident Stock Fund, Inc.—Common
(Provident Management Co.) 1,000,000 shares

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 12 noon CDST) $29,000,000
Chicago Union Station Co.—"A" Debentures
(Bids 12 noon CDST) $10,000,000
Chicago Union Station Co.—"B" Debentures
(Bids 12 noon CDST) $10,000,000
Poulsen Insurance Co. of America—Common
(A. C. Allyn & Co.) 100,000 shares
Southeastern Mortgage Investors Tr.—Ben. Int.
(Fleetwood Securities Corp. of America) $10,000,000
Vend-Mart Inc.—Common
(M. G. Davis & Co., Inc.) $240,000

May 20 (Monday)
Florida Jai Alai, Inc.—Common
(Consolidated Securities Corp.) $1,500,000
Optech, Inc.—Common
(Stone, Ackerman & Co., Inc., and Heritage Equity Corp.) $420,000
Peterson, Howell & Heather, Inc.—Common
(Alex. Brown & Sons) 33,383 shares

May 21 (Tuesday)
Central Illinois Public Service Co.—Bonds
(Bids 10:30 a.m. CDST) $10,000,000
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
Great Northern Ry.—Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,600,000
Maradel Products, Inc.—Common
(Hornblower & Weeks) 150,000 shares

May 22 (Wednesday)
Copenhagen (City of)—Bonds
(Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc., and Lazard Freres & 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 8:30 a.m. PDST) $60,000,000
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 23 (Thursday)
New York Central RR.—Equip. Trust Ctfs.
(Bids 12 noon EDST) $2,700,000

May 27 (Monday)
American Biltrite Rubber Co., Inc.—Debens.
(Goldman, Sachs & Co.) $5,000,000
Freoplex, Inc.—Debentures
(Alessandrini & Co., Inc.) $200,000
Holiday Mobile Home Resorts, Inc.—Debentures
(Boettcher & Co. and J. R. Williston & Beane) $1,700,000
Key Training Service, Inc.—Common
(Seymour Blauner Co. and Shelton Securities Co.) $308,750
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
Rona Lee Corp.—Common
(Reuben Rose & Co., Inc.) 50,000 shares
Rona Lee Corp.—Debentures
(Reuben Rose & Co., Inc.) $250,000
Safran Printing Co.—Common
(White, Weld & Co. and Watling, Lerchen & Co.) 225,720 shares
United Camera Exchange, Inc.—Common
(Ingram, Lambert & Stephen, Inc.) $300,000

May 28 (Tuesday)
Dow Jones & Co., Inc.—Common
(White, Weld & Co., Inc.; Goldman, Sachs & Co.; and Stone & Webster Securities Corp.) 110,000 shares

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 10 (Monday)
Enzyme Corp. of America—Common
(Bristol Securities Inc.) $240,000

June 11 (Tuesday)
Indiana Bell Telephone Co., Inc.—Debentures
(Bids 11 a.m. EDST) $20,000,000
St. Louis Shipbuilding-Federal Barge, Inc.—Com.
(Reinholdt & Gardner) 150,000 shares

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 25 (Tuesday)
Union Light, Heat & Power Co.—Bonds
(Bids 11 a.m. EDST) $6,500,000

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 9 (Tuesday)
Illinois Bell Telephone Co.—Bonds
(Bids to be received) $50,000,000

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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ment, 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.

● **Diversified Collateral Corp.**
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—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**—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. **Note** — This statement was withdrawn.

● **Ekco Products Co. (5/13-17)**
April 22, 1963 filed 80,000 common. **Price**—By amendment (max. $30). **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.

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 (6/10-14)**
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.

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. (5/6)**
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 June.

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. (5/27-31)**
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. (5/8)**
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 being 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** — $3.25. **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 Security Systems, Inc. (5/13-17)**
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.

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. (5/9)**
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.

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. (5/27)**
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.

Hollingsworth Solderless Terminal Co.
Feb. 27, 1962 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Manufacture, sale and development of solderless terminals and other wire terminating products. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Address**—P. O. Box 430, Phoenixville, Pa. **Underwriter**—Harrison & Co., Philadelphia. **Offering**—Temporarily postponed.

● **Home Entertainment Co. of America (5/13-17)**
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).

● **Hunsaker (S. V.) & Sons (5/13-17)**
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.

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.

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).

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).

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.

● **Key Training Service, Inc. (5/27-31)**
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** — $800 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. **Underwriter**—John A. Dawson & Co., 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.**
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. **Offering**—Imminent.

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)**
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. (5/7)**
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. (5/21)**
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.

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. **Note**—This registration will be withdrawn.

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.

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● Mil National Corp. (5/13-17)
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. (5/9)
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 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. **Office**—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, New York. **Note**—This statement was withdrawn.

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 (5/6-10)
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. (5/20-24)
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. (5/13-17)
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).

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.

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.

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.

● **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**—Indefinite.

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.

● **Rona Lee Corp. (5/27-31)**
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.

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. (6/11)**
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.

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.

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., New York. **Note**—This registration will be withdrawn.

● **Southeastern Mortgage Investors Trust (5/15)**
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.

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. (5/22)**
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.

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. (5/10)**
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 acquarium 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.

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.

● **Underwriters National Assurance Co. (5/6)**
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.

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.

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 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. **Offering**—Expected in mid-May.

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.

Universal Finance Corp.
March 29, 1963 filed $1,026,000 of 7% junior subordinated convertible capital notes (series A) due 1978; also 12,329 common to be sold for stockholders. **Price**—For debentures, at par; for stock, by amendment. **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.

● **Upper Peninsular Power Co. (5/8)**
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.

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● Vend-Mart Inc. (5/15)
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.

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 Biltrite Rubber Co., Inc. (5/27-31)
May 1, 1963 filed $5,000,000 of convertible subordinated debentures due May 1, 1983. **Price** — By amendment. **Business** — Company produces a variety of rubber and vinyl products. **Proceeds**—For prepayment of loans. **Office**—22 Willow St., Chelsea, Mass. **Underwriter**—Goldman, Sachs & Co., New York.

★ Automatique, Inc.
April 26, 1963 filed 254,975 common, of which 185,000 are to be sold by company and 69,975 by certain stockholders. **Price**—By amendment (max. $8.25). **Business**—Company, through subsidiaries and joint ventures, is engaged in the general vending and food service business. **Proceeds** — For acquisitions, debt repayment, and other corporate purposes. **Office** — 2540 West Pennway, Kansas City, Mo. **Underwriters**—Kidder, Peabody & Co., Inc., New York, and Barret, Fitch, North & Co., Inc., Kansas City. **Offering**—Expected in late May or early June.

★ Central States Life Insurance Co.
April 17, 1963 ("Reg. A") 43,513 common to be offered for subscription by stockholders of record March 31, 1963 on the basis of 0.8082 share for each share held. **Price**—91 cents per share. **Business**—Writing of life, accident and health insurance. **Proceeds** — For working capital. **Office**—402 Lovett, Houston, Tex. **Underwriter**—None.

★ Central Technology, Inc.
April 12, 1963 ("Reg. A") 84 class A and 2,352 class B common to be offered in units of one class A and 28 class B. **Price**—$290 per unit. **Business**—Fabrication and assembly of components for use in aircraft, missiles and space capsules. **Proceeds**—For equipment and operating capital. **Office**—721 E. Herrin St., Herrin, Ill. **Underwriter**—None.

★ Clark Cable Corp.
April 25, 1963 filed 121,915 common. **Price**—By amendment (max. $6). **Business** — Manufacture and development of electronic, electrical, and mechanical systems and components; also wholesale distribution of electrical components. **Proceeds** — For selling stockholders. **Office**—3184 W. 32nd St., Cleveland. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

★ Dow Jones & Co., Inc. (5/28)
May 1, 1963 filed 110,000 common. **Price**—By amendment. **Business**—Publishers of "The Wall Street Journal," "Barron's" and "The National Observer." Company also operates the "Dow Jones News Service," and the "Canadian Dow Jones News Service." **Proceeds** — For selling stockholders. **Office**—44 Broad St., New York. **Underwriters**—White, Weld & Co., Inc.; Goldman, Sachs & Co., and Stone & Webster Securities Corp., New York.

★ General Finance Co. of Johnson City, Inc.
April 17, 1963 ("Reg. A") $211,700 of 6% debentures, due 1968. **Price**—$100 each. **Business**—Lending of money and the purchase of commercial paper, company also acts as insurance agents or brokers. **Proceeds**—For loan expansion. **Office**—336 E. Main St., Johnson City, Tenn. **Underwriter**—None.

★ Holiday Inns of America, Inc. (5/13-17)
April 10, 1963 refiled 420,047 common, of which 400,000 will be sold for the company and 20,047 for stockholders. **Price**—By amendment (max. $20). **Business**—Company owns or licenses a national system of Holiday Inn motels. **Proceeds**—For debt repayment and other corporate purposes. **Office**—3736 Lamar Ave., Memphis. **Underwriter**—Equitable Securities Corp., Nashville.

★ Parkview Drugs, Inc.
April 29, 1963 filed 14,080 common. **Price**—By amendment (max. $20). **Business**—Company is engaged in the retail drug business. **Proceeds**—For selling stockholder. **Address**—6000 Manchester Trafficway Terrace, Kansas City. **Underwriter**—Scherck, Richter Co., St. Louis.

★ Pension Securities Fund, Inc.
April 24, 1963 filed 500,000 common. **Price**—$100 initially; thereafter, at net asset value. **Business**—A new mutual fund designed to provide an investment program for pension trusts. **Proceeds**—For investment. **Address**—20 Broad St., New York. **Underwriter**—None. **Adviser**—Smith, Barney & Co., New York.

★ Safran Printing Co. (5/27-31)
April 29, 1963 filed 225,720 common. **Price**—By amendment (max. $18). **Business** — Company specializes in multi-color printing for publishers and commercial clients, and produces business forms for conventional use. **Proceeds**—For selling stockholders. **Office**—3939 Bellevue St., Detroit. **Underwriters**—White, Weld & Co., Inc., New York, and Watling, Lerchen & Co., Detroit.

★ Tri-Nite Mining Co.
April 26, 1963 filed 800,000 common. **Price**—40c. **Business**—Company plans to engage in exploratory mining for zinc ore. **Proceeds**—For advance royalties, payment of balance due on a mill, and construction. **Address**—405 Fidelity Bldg., Spokane, Wash. **Underwriter** — Mutual Funds Co., Inc., Spokane.

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."

Associated Mortgage Companies, Inc.
125,000 common offered at $8.50 per share by Shields & Co., Inc., New York.

Bush Hog, Inc.
100,000 units offered at $28 each by Courts & Co., Atlanta. Each unit consisted of one $10 par 6½% convertible subordinated debenture due April 1, 1973 and 2 common shares.

General Life Insurance Corp. of Wisconsin
311,625 common offered for subscription by stockholders at $3.25 per share on the basis of one new share for each 4 held of record April 10, with rights to expire May 10. Piper, Jaffray & Hopwood, Minneapolis, is the principal underwriter.

Globe Industries, Inc.
127,500 common offered at $11 each by McDonald & Co., Cleveland.

Holly Sugar Corp.
$10,000,000 of 4⅜% convertible subordinated debentures due May 1, 1983 offered at par and accrued interest by Eastman Dillon, Union Securities & Co., New York.

Japan (Government of)
$27,500,000 of 5½% external loan sinking fund bonds due May 1, 1980 offered at 97.75%, to yield 5.71%, by First Boston Corp., New York.

Kentucky Central Life Insurance Co.
500,000 class A common offered at $16.625 per share by Stifel, Nicolaus & Co., Inc., St. Louis.

Putnam Management Co., Inc.
100,000 non-voting common shares offered at $8 each by Putnam Fund Distributors, Inc., Boston.

Roberts Co.
130,000 common offered at $10.50 per share by Reynolds & Co., Inc., New York and Lester, Ryons & Co., Los Angeles.

Tri-Continental Corp.
182,300 shares of $2.50 dividend, preferred stock offered at $55 a share plus accrued dividends, to yield 4.54%, by Eastman Dillon, Union Securities & Co., New York.

Victor Comptometer Corp.
$15,000,000 of 4⅞% sinking fund debentures due April 15, 1988 offered at 99.625% plus accrued interest, by Glore, Forgan & Co., Chicago.

Victor Comptometer Corp.
250,000 common offered at $9.75 per share by Glore, Forgan & Co., Chicago.

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 Union Station Co. (5/15)
April 29, 1963 this company, jointly owned by four major railroads, announced that it would accept separate bids for the sale of (a) $29,000,000 first mortgage sinking fund bonds due June 1, 1988, (b) $10,000,000 of serial debentures, series A, due June 1, 1964-68, (c) $10,000,000 of serial debentures, series B, due June 1, 1969-73.

Proceeds—To repay bank loans, and refund outstanding first 3⅛% and first 2⅞% bonds maturing July 1, 1963. **Office**—210 S. Canal St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Blyth & Co. **Bids** — May 15 (12 noon CDST) in Room 870, 516 W. Jackson Blvd., Chicago.

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. (5/7)**
April 24, 1963 it was reported that the ICC had authorized the sale of 125,000 shares of this firm's common stock. **Price** — $11.50. **Business** — A motor carrier of general commodities operating in 11 states from Mass. to West 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 Allegheny Ave., Philadelphia. **Underwriter**—To be named The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co., New York. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
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.

★ **Hartford Electric Light Co.**
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

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.

★ **Illinois Bell Telephone Co. (7/9)**
April 30, 1963 it was reported that the company plans to offer $50,000,000 of first mortgage bonds due 2003. **Proceeds**—To repay advances from A. T. & T., parent. **Office**—212 W. Washington St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co.; Glore, Forgan & Co.-Eastman Dillon, Union Securities & Co.; Morgan Stanley & Co. **Bids**—Expected July 9 at 195 Broadway, New York.

Indiana Bell Telephone Co., Inc. (6/11)
March 4, 1963 it was reported that this A. T. & T. subsidiary plans to sell $20,000,000 of debentures in June, marking its first sale of debt securities. **Office**—240 No. Meridian St., Indianapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—Expected June 11 (11 a.m. EDST) at 195 Broadway, New York. **Information Meeting**—June 6 (2:30 p.m. EDST) at same address.

Indiana & Michigan Electric Co. (8/6)
March 12, 1963 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $45,000,000 of first mortgage bonds due 1993. **Office**—2101 Spy Run Ave., Fort Wayne, Ind. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Harriman Ripley & Co. Inc.; First Boston Corp. **Bids**—Expected Aug. 6 at American Electric Power Co., 2 Broadway, New York.

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 (Government of)**
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

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.

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).

★ **Lousiville & Nashville RR. (5/13)**
April 30, 1963 it was reported that this road plans to sell $5,385,000 of equipment trust certificates due June 1, 1964-78. **Office**—220 E. 42nd St., N. Y. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—May 13 (12 noon EDST) at above address.

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

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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).

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.

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.

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 mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Pacific Co. (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).

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.

● Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

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. (6/25)
April 30, 1963 it was reported that this subsidiary of Cincinnati Gas & Electric Co., plans to sell $6,500,000 of first mortgage bonds due 1993. **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. **Bids**—Expected June 25 11 a.m. EDST).

Washington Gas Light Co.
Aug. 1, 1962 it was reported that this company plans to sell $12,000,000 of 25-year bonds, in the second quarter of 1963. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters**—(Competitive): Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.-Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

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.

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. 27	2,548,000	2,521,000	2,387,000	1,957,000
Index of production based on average weekly production for 1957-1959	Apr. 27	136.8	135.3	128.1	105.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 19	7,467,610	7,460,910	7,461,160	7,387,460
Crude runs to stills—daily average (bbls.)	Apr. 19	8,371,000	*8,553,000	8,596,000	8,136,000
Gasoline output (bbls.)	Apr. 19	29,067,000	29,006,000	29,935,000	27,790,000
Kerosene output (bbls.)	Apr. 19	3,543,000	3,040,000	3,482,000	2,758,000
Distillate fuel oil output (bbls.)	Apr. 19	13,029,000	13,957,000	15,150,000	12,580,000
Residual fuel oil output (bbls.)	Apr. 19	5,769,000	5,915,000	5,988,000	5,723,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Apr. 19	207,576,000	208,404,000	213,936,000	202,508,000
Kerosene (bbls.) at	Apr. 19	25,527,000	24,789,000	21,441,000	23,594,000
Distillate fuel oil (bbls.) at	Apr. 19	85,759,000	84,323,000	81,054,000	87,156,000
Residual fuel oil (bbls.) at	Apr. 19	43,295,000	44,034,000	42,179,000	40,175,000
Unfinished oils (bbls.) at	Apr. 19	85,015,000	84,062,000	81,244,000	82,185,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 20	561,450	556,081	534,999	569,493
Revenue freight received from connections (no. of cars)	Apr. 20	511,110	519,075	510,195	514,109
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 20	9,005,000	*9,000,000	7,970,000	8,759,000
Pennsylvania anthracite (tons)	Apr. 20	337,000	354,000	378,000	317,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Apr. 25	$557,000	$347,900	$418,000	$146,100
Private	Apr. 25	395,900	249,600	260,300	71,300
Public	Apr. 25	161,100	98,300	157,700	74,800
State and Municipal	Apr. 25	142,200	93,900	141,100	71,500
Federal	Apr. 25	18,900	4,400	16,600	3,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Apr. 20	104	121	106	118
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 27	16,495,000	16,191,000	16,425,000	15,054,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 25	312	255	329	335
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 22	6.279c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Apr. 22	$66.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	Apr. 22	$28.17	$28.17	$27.83	$30.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 26	30.600c	30.600c	30.600c	30.600c
Export refinery at	Apr. 26	28.400c	28.450c	28.400c	28.525c
Lead (New York) at	Apr. 26	10.500c	10.500c	10.500c	9.500c
Lead (St. Louis) at	Apr. 26	10.300c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	Apr. 26	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	Apr. 26	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	Apr. 26	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Apr. 26	115.000c	115.250c	109.250c	121.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 30	89.78	89.71	90.09	90.10
Average corporate	Apr. 30	89.09	89.09	89.37	87.32
Aaa	Apr. 30	92.64	92.79	93.23	91.48
Aa	Apr. 30	90.77	90.77	91.34	89.23
A	Apr. 30	89.23	89.37	89.51	86.91
Baa	Apr. 30	83.91	83.79	83.79	82.13
Railroad Group	Apr. 30	87.05	86.78	87.05	84.17
Public Utilities Group	Apr. 30	90.20	90.34	90.63	88.2[illegible]
Industrials Group	Apr. 30	90.06	90.06	90.48	89.64
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 30	3.80	3.80	3.75	3.65
Average corporate	Apr. 30	4.48	4.48	4.46	4.61
Aaa	Apr. 30	4.23	4.22	4.19	4.31
Aa	Apr. 30	4.36	4.36	4.32	4.47
A	Apr. 30	4.47	4.46	4.45	4.6[illegible]
Baa	Apr. 30	4.87	4.88	4.88	5.01
Railroad Group	Apr. 30	4.63	4.65	4.63	4.85
Public Utilities Group	Apr. 30	4.40	4.39	4.37	4.54
Industrials Group	Apr. 30	4.41	4.41	4.38	4.4
MOODY'S COMMODITY INDEX	Apr. 30	377.2	373.7	369.4	364.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 20	331,187	339,686	346,157	328,885
Production (tons)	Apr. 20	328,844	355,237	373,587	351,417
Percentage of activity	Apr. 20	87	96	98	97
Unfilled orders (tons) at end of period	Apr. 20	484,552	487,384	458,343	475,747
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Apr. 26	111.98	*111.88	112.56	111.39
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 5	2,868,960	2,440,010	2,171,190	2,256,650
Short sales	Apr. 5	651,030	503,770	500,880	436,550
Other sales	Apr. 5	2,380,880	1,895,530	1,693,630	1,870,800
Total sales	Apr. 5	3,031,910	2,399,300	2,194,510	2,307,350
Other transactions initiated off the floor—					
Total purchases	Apr. 5	681,130	516,190	393,740	222,110
Short sales	Apr. 5	41,700	35,910	34,400	26,800
Other sales	Apr. 5	582,010	502,960	311,020	282,970
Total sales	Apr. 5	623,710	538,870	345,420	309,770
Other transactions initiated on the floor—					
Total purchases	Apr. 5	1,243,797	996,551	931,666	733,540
Short sales	Apr. 5	173,300	114,870	112,630	174,200
Other sales	Apr. 5	1,204,385	1,005,715	728,127	747,221
Total sales	Apr. 5	1,377,685	1,120,585	840,757	921,421
Total round-lot transactions for account of members—					
Total purchases	Apr. 5	4,793,887	3,952,751	3,496,596	3,212,300
Short sales	Apr. 5	866,030	654,550	647,910	637,550
Other sales	Apr. 5	4,167,275	3,404,205	2,732,777	2,900,991
Total sales	Apr. 5	5,033,305	4,058,755	3,380,687	3,538,541
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	Apr. 5	1,659,427	1,256,625	1,238,550	1,742,029
Dollar value	Apr. 5	$86,415,392	$59,969,352	$59,955,906	$99,185,23[illegible]
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Apr. 5	2,067,516	1,579,464	1,447,064	1,671,785
Customers' short sales	Apr. 5	17,680	12,400	27,113	15,954
Customers' other sales	Apr. 5	2,049,836	1,667,064	1,419,951	1,655,831
Dollar value	Apr. 5	$102,052,733	$76,915,272	$66,960,965	$91,429,539
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 5	798,170	708,100	525,980	504,200
Short sales	Apr. 5				------
Other sales	Apr. 5	798,170	708,100	525,980	504,200
Round-lot purchases by dealers—Number of shares	Apr. 5	386,890	266,200	338,550	527,980
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	Apr. 5	1,134,350	881,910	990,200	791,740
Other sales	Apr. 5	23,246,590	19,067,640	16,045,380	15,345,960
Total sales	Apr. 5	24,380,940	19,949,550	17,035,580	16,137,700
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Apr. 23	99.8	99.9	99.9	100.6
Farm products	Apr. 23	94.1	*95.4	95.6	97.9
Processed foods	Apr. 23	99.6	*99.5	99.1	100.2
Meats	Apr. 23	87.3	87.6	88.6	94.6
All commodities other than farm and foods	Apr. 23	100.5	100.5	100.6	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 GAS ASSOCIATION— For month of February:			
Total gas sales (M therms)	12,626,900	12,650,200	11,470,600
Natural gas sales (M therms)	357,500	367,300	323,900
Manufact'd & mixed gas sales (M therms)	12,269,400	12,282,900	11,146,700
AMERICAN PETROLEUM INSTITUTE—Month of January:			
Total domestic production (barrels of 42 gallons each)	259,692,000	262,084,000	259,616,000
Domestic crude oil output (barrels)	226,420,000	228,824,000	227,756,000
Natural gasoline output (barrels)	33,535,000	33,249,000	31,851,000
Benzol output (barrels)	7,000	11,000	9,000
Crude oil imports (barrels)	41,043,000	31,349,000	36,349,000
Refined product imports (barrels)	43,051,000	37,236,000	39,259,000
Indicated consumption domestic and export (barrels)	381,111,000	351,636,000	367,502,000
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of March (000's omitted)	$306,400,000	$274,500,000	$293,200,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of March:			
Manufacturing number	225	199	228
Wholesale number	129	136	142
Retail number	595	629	701
Construction number	221	228	276
Commercial service number	126	112	143
Total number	1,296	1,304	1,490
Manufacturing liabilities	$34,907,000	$26,971,000	$22,421,000
Wholesale liabilities	13,473,000	11,918,000	7,803,000
Retail liabilities	26,148,000	26,098,000	25,044,000
Construction liabilities	19,017,000	22,530,000	15,612,000
Commercial service liabilities	6,957,000	7,198,000	9,998,000
Total liabilities	$100,502,000	$94,715,000	$80,878,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BOARD OF NEW YORK— As of March 31 (000's omitted)	$2,260,000	$2,193,000	$1,876,000
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of March	666,182	659,128	730,962
In consuming establishments as of March 30	1,686,645	1,652,484	2,166,675
In public storage as of March 30	12,432,734	13,351,376	9,429,537
Linters—Consumed month of March	106,364	105,597	111,486
Stocks March 30	930,655	826,578	688,851
Cotton spindles active as of March 30	15,995,000	16,029,000	17,105,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on March 30	19,474,000	19,469,000	19,475,000
Spinning spindles active on March 30	15,995,000	16,029,000	17,105,000
Active spindle hours (000's omitted) Mar. 30	8,043,000	8,044,000	8,622,000
Active spindle hours for spindles in place March 30	402.2	402.2	431.1
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of March:			
Contracts closed (tonnage)—estimated	311,991	285,727	221,253
Shipments (tonnage)—estimated	305,963	243,620	327,210
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of March:			
Weekly earnings—			
All manufacturing	$97.84	$97.20	$95.91
Durable goods	106.49	*106.23	104.45
Nondurable goods	86.85	86.02	85.32
Hours—			
All manufacturing	40.1	40.0	40.3
Durable goods	40.8	40.7	40.8
Nondurable goods	39.3	39.1	39.5
Hourly earnings—			
All manufacturing	$2.44	$2.43	$2.38
Durable goods	2.61	*2.61	2.56
Nondurable goods	2.21	2.20	2.16
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of December:			
Death benefits	$358,100,000	$318,900,000	$320,700,000
Matured endowments	63,300,000	60,100,000	70,000,000
Disability payments	10,300,000	11,500,000	11,300,000
Annuity payments	62,700,000	68,900,000	56,400,000
Surrender values	153,000,000	133,200,000	163,700,000
Policy dividends	346,700,000	149,200,000	345,400,000
Total	$994,100,000	$741,800,000	$967,500,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of March (000's omitted):			
Ordinary	$5,195	$4,571	$4,891
Industrial	595	560	621
Group	1,443	1,121	1,312
Total	$7,233	$6,252	$6,824
MANUFACTURERS' INVENTORIES & SALES— Month of February (millions of dollars):			
Inventories—			
Durables	$32,840	*$32,730	$32,190
Nondurables	24,860	*24,760	23,990
Total	$57,710	*$57,480	$56,180
Sales	34,030	*33,130	32,850
MONEY IN CIRCULATION—TREASURY DEPT. As of February (000's omitted)	$34,300,000	$34,100,000	$32,900,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of March 15:			
All farm products	240	242	244
Crops	238	232	233
Commercial vegetables, fresh	241	261	314
Cotton	270	251	248
Feed, grain and hay	161	161	153
Food grains	234	234	223
Fruit	267	228	229
Oil-bearing crops	258	258	252
Potatoes	151	155	132
Tobacco	501	502	543
Livestock	242	251	254
Dairy products	248	254	255
Meat animals	281	294	307
Poultry and eggs	155	157	147
Wool	274	264	240
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Jan. (000's omitted):			
Savings and loan associations	$1,143,401	$1,168,024	$1,041,436
Insurance companies	100,392	103,460	88,488
Banks and trust companies	456,871	444,452	400,342
Mutual savings banks	140,945	168,283	138,339
Individuals	288,529	264,323	294,049
Miscellaneous lending institutions	527,834	533,429	496,506
Total	$2,657,972	$2,681,971	$2,459,160
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of February (000's omitted):			
Exports	$2,104,800	$1,011,000	$1,775,200
Imports	1,389,500	1,116,700	1,222,700

IBA Municipal Conference Program

Official details of the second industry meeting to be held in Chicago, June 19-21.

The second Municipal Conference sponsored by the Investment Bankers Association of America will be held on June 19-21 at the Pick-Congress Hotel in Chicago.

The Conference will be devoted completely to subjects of concern to municipal bond underwriters and salesmen. The Conference will begin with a reception for all registrants on the evening of Wednesday, June 19. Morning, luncheon, and afternoon sessions will be held on Thursday, June 20, and morning and luncheon sessions on Friday, June 21. This year's Conference will be patterned after the one held in 1962 which saw a capacity registration of 425.

The first session will be devoted to problems relating to Origination and Issuance of Municipal Securities. The sub-topics will deal with Legal Aspects, General Obligations, Revenue Bonds, and Bond Ratings. Amyas Ames, President of the IBA, and James J. Saxon, Comptroller of the Currency, will be the luncheon speakers. The afternoon session will deal with the Internal Organization, Distribution and Secondary Market. Sub-topics include Firm Policy, Automation of Paying Agencies, Sales Techniques, Employment Compensation and Training of Salesmen, Secondary Market, and Trading Practices.

Current Developments in Municipal Finance will be the subject matter of the third session to be held on Friday. Topics of discussion will include Federal Financing of Municipalities, Registered vs. Coupon Bonds, and Management and Members' Obligations in Syndicates. Walter Trohan of the *Chicago Tribune* will be the luncheon speaker.

WEDNESDAY, JUNE 19, 1963

3:00-7:00 p.m.—Registration at The Pick-Congress Hotel.

5:00-7:00 p.m.—Rendezvous Room—Get-Together.

THURSDAY, JUNE 20, 1963

8:15-9:30 a.m.—Registration.

8:15-9:15 a.m.—"Kaffee Klatsch."

9:30-12:00 noon (Gold Room)—Problems Relating to Origination and Issuance of Municipal Securities. Moderator: Russell M. Ergood, Jr., Vice-President, Stroud & Company, Inc., Philadelphia, Pa.

(a) Legal—Russell McInnes, Partner, Wood, King, Dawson & Logan, New York, N. Y.

(b) General Obligations—J. M. Maxwell, Vice-President, The Northern Trust Company, Chicago, Ill.

(c) Revenue Bonds—William F. Morgan, Vice-President, Blyth & Co., Inc., N. Y.

(d) Bond Ratings—David Ellinwood, Vice-President, Moody's Investors Service, New York, N. Y.

—Discussion Periods—

12:30-2:00 p.m.—Luncheon (Great Hall)—Toastmaster: George B. Wendt, Chairman, IBA Municipal Securities Committee; Remarks: Amyas Ames, President, Investment Bankers Association of America; Guest Speaker: James J. Saxon, Comptroller of the Currency.

2:30-5:00 p.m. (Gold Room)—Internal Organization, Distribution and Secondary Markets. Moderator: Donald C. Patterson, Vice-President, Chemical Bank New York Trust Company, New York, N. Y.

(a) Internal Organization—(1) Firm Policy, John W. de Milhau, Senior Vice-President, The Chase Manhattan Bank, New York, N. Y.; (2) Automation of Paying Agencies, John W. Agnew, Vice-President, The First National Bank of Boston, Boston, Mass.

(b) Distribution—(1) Sales Techniques, Francis R. Schanck, Jr., Partner, Bacon, Whipple & Co., Chicago, Ill.; James F. Reilly, Partner, Goodbody & Co., New York, N. Y.; (2) Employment, Compensation and Training, Joseph M. Luby, Manager, Municipal Department, Paine, Webber, Jackson & Curtis, New York, N. Y.

(c) Secondary Markets and Trading Practices—(1) Dealer Function, Henry Milner, Vice-President, R. S. Dickson & Company, Inc., New York, N. Y.; (2) Broker Function, John J. Kenny, Prop., J. J. Kenny Co., New York, N. Y.

—Discussion Periods—

FRIDAY, JUNE 21, 1963

8:15-9:15 a.m.—"Kaffee Klatsch".

9:30-12:00 noon (Gold Room)—Current Developments in Municipal Financing. Moderator: Arthur E. Kirtley, Vice-President, The First Boston Corporation. Chicago, Ill.

(a) Federal Financing of Municipalities, Gordon L. Calvert, Municipal Director and Assistant General Counsel, Investment Bankers Association of America, Washington, D. C.

(b) Registered vs. Coupon Bonds, Russell H. Johnson, Executive Vice-President, United States Trust Co. of New York, New York, N. Y.

(c) Managers' and Members' Responsibilities—(1) Managers' Position, W. Neal Fulkerson, Vice-President, Bankers Trust Company, New York, N. Y.; (2) Members' Viewpoint, Elmer G. Hassman, Vice-President, A. G. Becker & Co., Incorporated, Chicago, Ill.

12:45-2:15 p.m.—Luncheon (Great Hall)—Toastmaster: Russell M. Ergood, Jr., Chairman, Municipal Conference Committee; Guest Speaker: Walter Trohan, Chief, Washington Bureau, Chicago Tribune Press Service, Inc.

2:30 p.m.—Open Discussion.

Complete Sale of Puerto Rico Bonds

Rafael V. Urrutia, Executive Director of the Puerto Rico Water Resources Authority accepts check at the offices of the First National City Bank from Martin J. McCallen, Cashier, of White, Weld & Co., acting on behalf of a banking group including Blyth & Co., Inc.; Glore, Forgan & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., who recently marketed $15,000,000 bonds of the Authority.

Left to right: David Larson, Vice-President, Government Development Bank for Puerto Rico; Fernando Torrent, Assistant Executive Director of the Authority; E. F. Mitchell, Vice-President, First National City Bank; Mr. Urrutia; Mr. McCallen and Edwardo Lube, Assistant Executive of the Authority.

TAX-EXEMPT BOND MARKET

Continued from page 6

ful bidder for the Osceola bonds at a 2.89% net interest cost and the same group was high for the Bay County bonds at a 2.69% net interest cost. No reoffering scale was released and the bonds were apparently not reoffered to the public.

The Elizabeth Township Sanitary Authority, Pennsylvania sold, through negotiation, to *Singer, Deane & Scribner* and associates, late Monday, an issue of $5,220,000 Sewer revenue serial (1963-1980) bonds and two term issues due 1992 and 1999.

Other major members of this account include Eastman Dillon, Union Securities & Co., Goldman, Sachs & Co., Halsey, Stuart & Co., Inc., Ira Haupt & Co., Kidder, Peabody & Co., Kuhn, Loeb & Co., John Nuveen & Co., Moore, Leonard & Lynch, Arthurs, Lestrange & Co., Blair & Co., Inc., Hornblower & Weeks, Stroud & Co., Thomas & Co., A. E. Masten & Co. and Cunningham, Schmertz & Co.

The serial bonds were reoffered to yield from 2% to 3.65% and the term bonds in 1992 at 3.875% and the term bonds due 1999 at 4.00%. All of the bonds were sold during the initial order period and the account was marked all sold.

Busy Tuesday

Tuesday was a busy day with four issues of importance totaling $45,000,000 selling at public bidding. The group managed jointly by *Kuhn, Loeb & Co., B. J. Van Ingen & Co.* and *Equitable Securities Corp.* submitted the best bids for two issues totaling $16,050,000 of Fort Lauderdale, Florida Water and Sewer revenue bonds. For the $9,350,000 Refunding (1964-1986) bonds, the winning group designated a net interest cost of 3.2236%. The runner-up bid for this issue, a 3.224% net interest cost, came from Smith, Barney & Co. and associates. The bidding for the $6,700,000 issue due serially 1964-1992 was also very close with the winning bid, a 3.484% net interest cost, just under the 3.49% net interest cost bid which, again, came from the Smith, Barney & Co. account.

Other major members of the winning group include John Nuveen & Co., Dean Witter & Co., Weeden & Co., Blair & Co., Inc., Carl M. Loeb, Rhoades & Co., Estabrook & Co., The Robinson-Humphrey Co. and Stifel, Nicolaus & Co., Inc.

The combined offering was released to yield from 1.80% in 1964 to 3.50% in 1992 for various coupons and initial demand has been good with the present balance in group about $3,900,000.

Good Reception

The account managed by *Halsey, Stuart & Co. Inc.* submitted the best bid, a 3.252% net interest cost, for $14,000,000 Orlando, Florida Utilities Commission, Water and Electric revenue (1965-1992) bonds. The second bid, a 3.263% net interest cost, was made by the Goodbody & Co. syndicate.

Other major members of the successful account include B. J. Van Ingen & Co., John Nuveen & Co., Blair & Co., Inc., Ira Haupt & Co., R. S. Dickson & Co., Hayden, Stone & Co., Second District Securities Co. and Roosevelt & Cross.

Reoffered to yield from 1.80% to 3.30%, a balance of $5,095,000 remains in account.

Santa Clara County, California awarded $8,000,000 general obligation Highway (1964-1982) bonds to the group headed jointly by the *First National City Bank, Halsey, Stuart & Co., Inc.* and *United California Bank* on a 2.8322% net interest cost bid. The runner-up bid, a 2.85% net interest cost, was made by the Bank of America N. T. & S. A. and associates.

Other members of the winning group are Kuhn, Loeb & Co., First Western Bank and Trust Co., R. W. Pressprich & Co., Paine, Webber, Jackson & Curtis, First National Bank of Oregon, F. S. Smithers & Co., A. G. Becker & Co., First of Michigan Corp., National State Bank, Newark, Fahnestock & Co., Industrial National Bank of Rhode Island, Providence, and Third National Bank, Nashville.

The bonds were reoffered to yield from 1.65% to 3.00% and once again, good business was done with the present balance about $3,175,000.

Tuesday's final sale of note was $5,000,000 Dormitory Authority of the State of New York (Skidmore College) revenue (1965-1994) bonds. The account led by *Phelps, Fenn & Co.* and *Lehman Brothers* submitted the best bid, a 3.272% net interest cost, and this compared favorably with the second bid, a 3.29% net interest cost, which came from Wertheim & Co. and associates.

Other members of the winning account include Kuhn, Loeb & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., Salomon Brothers & Hutzler, Paine, Webber, Jackson & Curtis, Francis I. duPont & Co., A. C. Allyn & Co., Inc., First of Michigan Corp., Hayden, Stone & Co., Adams, McEntee & Co., Barr Brothers & Co., Coffin & Burr and Eldredge & Co.

Reoffered to yield from 1.80% in 1965 to 3.40% in 1993, the present balance in account totals $2,660,000. The 1993 maturity carries a one-tenth of 1% coupon and is reoffered at a 4.30% yield.

Week's Major Sale

On Wednesday, the largest issue of this week, $115,000,000 Placer County Water Agency, California serial and term bonds, sold at competitive bidding. The syndicate headed jointly by *Blyth & Co.*, and *Smith, Barney & Co.*, was the successful bidder at a dollar price of 101.1149 for preset coupons. The only other bid, a dollar price of 100.8869, came from the account headed jointly by F. S. Smithers & Co., and Salomon Brothers & Hutzler. The $31,435,000 serial bonds maturing from 1968 to 1987 are priced to yield from 2.30% to 3.35%. The first term phase of the loan, $42,015,000 of 3½% bonds due 2003 are dollar priced at 100. The second term loan, $39,125,000 of 3¾% bonds due 2012 are dollar priced at 104. The third block of term 3¾% bonds due 2000 are dollar priced at 105.

This district, organized in 1957, is coterminous with Placer County and covers an area of 1,400 square miles about 100 miles northeast of San Francisco. The proceeds from this issue will finance construction of the Middle Fork Project which is designed to conserve and control waters of the Middle Fork of the American River, the Rubicon River and certain branches for irrigation, domestic and commercial purposes and for generation of electric energy. Involved are two storage and five diversion dams and four power plants.

These bonds will be payable solely from revenues accruing under a contract through the life of the bonds with Pacific Gas and Electric which will take all of the electric power generated. This format is similar to the previously financed Tri-Dam Project and the Oroville-Wyandotte Irrigation Project. Due to time differences, no balance is presently available but it is estimated that most of the bonds have been spoken for. The three term issues are trading at slight premiums.

The group led by Eastman Dillon, Union Securities & Company and Halsey, Stuart & Co. Inc. submitted the best bid of a 2.917% net interest cost for $17,500,000 Maryland State Roads Commission (1964-1978) bonds. Second best bid for these bonds, offering a 2.942% net interest cost, came from the account headed jointly by Smith, Barney & Co., Alex. Brown & Sons and Harriman Ripley & Co., Inc. Other major members of the winning account include C. J. Devine & Co., White, Weld & Co., Salomon Brothers & Hutzler, Hallgarten & Company, Lee Higginson & Company, Hornblower & Weeks and Reynolds & Co. The issue is scaled to yield from 1.60% to 2.95% and initial sales have amounted to $6,000,000. As we go to press, a balance of $9,300,000 remains in group.

Dollar Bonds Continue to Show Strength

The long term toll road, toll bridge, public utility and other revenue and authority issues did better as a group again this week. A week ago, *The Commercial and Financial Chronicle's* yield Index for 23 standard so-called revenue bond issues averaged out at 3.442%. This week the Index is 3.421% reflecting an average improvement of about three-eighths of a point. Most of these issues are still quoted below their recent highs but also is the general market. The gradual improvement in revenues for most of these projects continues in a convincing pattern. Revenues generally are likely to break records during the coming summer and it seems safe to assume that the market for most of these issues will improve as against the general market.

As traffic density increases, these "closed end "obligations, further protected by the flexibility of toll charges, seem better fitted to face the inexorable inflationary forces than do other fixed income obligations. Their tax freedom of course adds to their defensive qualities. Anachronistically, our top heavy tax structure renders tax free bonds as growth securities to some degree, when held by wealthy individuals. The net return can be large enough to warrant the transfer of some income to capital account and we are told that this transference is not now uncommon. This to some extent becomes a gratuitous capital gain.

The State of TRADE and INDUSTRY

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ago and 58 in the corresponding week in 1961.

Truck Tonnage Falters Fractionally Below Year-Ago Week

Intercity truck tonnage in the week ended April 20 was 0.7% below the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 0.5% ahead of the volume for the previous week of 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 15 localities, with 19 points reflecting decreases from the 1962 level. Terminals at two centers, New York and Dallas-Ft. Worth, registered tonnage gains of 13.2 and 10.0%, respectively, while trucking centers at five points reflected decreases of 10% or more.

Compared with the immediately preceding week, 16 metropolitan areas registered increased tonnage, while 16 areas showed decreases. Two terminal cities, Oklahoma City and Portland, Oregon, showed no change from the previous week.

Lumber Production Falls 5.7% Below 1962 Week

Lumber production in the United States in the week ended April 20 totaled 222,284,000 board feet compared to 234,753,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output declined 5.7%; new orders dropped 8.3% and shipments fell by 8.6%.

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

	Apr. 20, 1963	Apr. 13, 1963	Apr. 21, 1962
Production	222,284	234,449	234,753
Shipments	227,353	232,766	248,756
New orders	229,022	238,848	249,643

Electric Output Rises to 9.6% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 27, was estimated at 16,495,000,000 kwh., according to the Edison Electric Institute. Output was 404,000,000 kwh. more than the previous week's total of 16,191,000,000 kwh., and 1,441,000,000 kwh. above the total output of the comparable 1962 week, or an increase over the year ago week of 9.6%.

Business Failures Rebound from Two-Week Slide

After dropping sharply for two weeks, commercial and industrial failures rebounded to 312 in the week ended April 25 from 255 in the preceding week, reported Dun & Bradstreet, Inc. However, casualties did not return to the year's peak level of 360 set on April 4, nor did they quite reach the 335 occurring in the comparable week of last year. Some 4% fewer businesses failed than in 1939 when the pre-war toll came to 326 in the similar week.

Failures with liabilities under $100,000 resurged to 270 from 206 a week earlier but fell short of the 298 of this size registered in the corresponding week last year. Contrasting with the week's over-all upswing, large casualties involving losses in excess of $100,000 dipped to 42 from 49 in the prior week although they remained slightly above the comparable year-earlier toll of 37.

More concerns succumbed than last week in all industry and trade groups. In retailing, the toll bulged to 141 from 119, in manufacturing to 45 from 35, while mild increases lifted wholesaling to 42 from 37, construction to 50 from 42 and commercial service to 34 from 22. Service mortality increased substantially from its 1962 level, and tolls held about even with last year in construction, wholesaling, and manufacturing. Only retail casualties remained considerably below the number reported in the similar 1962 week.

The business toll in the East North Central States jumped to 75 from 41 in the preceding week and the toll in the Mountain States climbed to 20 from 6. These two areas, along with the Pacific States which were up to 59 from 42, accounted for the week's rise in failures. In most other regions, casualties held relatively steady —the Middle Atlantic total stood at 77 as against 73 and the South Atlantic at 35 as against 34. Year-to-year trends were mixed; five regions had fewer businesses failing than a year ago while four had more.

Seventy-four Canadian failures were reported, soaring from 22 in the previous week and 36 in the comparable week of last year.

Wholesale Commodity Price Index Again Edges Highest Since January

With sugar and wheat advancing in wholesale cost, the general wholesale commodity price level returned this Monday to 269.66, the highest point since late January, reported Dun & Bradstreet, Inc. This increase followed on the heels of a dip to 268.91 last week from the peak of 269.56 registered on April 15, which also exceeded any level since the latter part of January this year.

The Daily Wholesale Commodity Index edged to 269.66 on Monday, April 29, and pushed well ahead of its month-ago 267.70 although continuing down from the comparable 1962 level of 271.71 for the similar day.

Wholesale Food Price Index Holds at 10-Month Low

For the second successive week, the Wholesale Food Price Index, compiled by Dun & Bradstreet, remained on April 30 at $5.74, the lowest level since June 6 a year ago. Continuing below last year as it has in every week so far in 1963, the index fell 1.9% short of the $5.85 chalked up on the corresponding day of 1962.

Sugar and cocoa led the list of foodstuffs quoted higher at wholesale markets, while gains also were registered for wheat, corn, beef, cottonseed oil and hogs. These price increases, however, were offset by declines in eight other food items: rye, raisins, hams, bellies, lard, milk, eggs and potatoes.

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

Lull in Consumer Buying After Easter

The usual post-holiday slackening hit retail purchases in the week ended Wednesday April 24. Understandably, total volume lagged below the corresponding calendar week last year when 1962 Easter shopping was in its final surge. The sharpest downslide occurred in sales of fashion accessories, children's wear, and gift merchandise. Interest in women's apparel sagged more than in men's. However, some of the week's slack was taken up by appliances and furniture staging moderate comebacks from their Easter slump and by auto sales continuing to steam ahead. Furthermore, warm weather added momentum to the call for lumber, plaints, hardware and outdoor equipment.

The total dollar volume of retail trade in the week ended in the Wednesday statement week ranged from 9 to 5% lower than last year, according to spot reports collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: South Atlantic —14 to —10; Middle Atlantic and Pacific —12 to —8; West South Central —9 to —5; West North Central —8 to —4; East North Central —7 to —3; New England —6 to —2; Mountain +3 to +7.

Nationwide Department Store Sales Stay 7% Above Last Year's Rate for Second Week in a Row

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index again reported an overall gain of 7% (adjusted) for the week ended April 20, compared with the like period in 1962, for the second week in a row, and was the ninth consecutive weekly gain over 1962.

In the four-week period ended April 20, 1963, sales gained +5% adjusted 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 20, advanced +3% adjusted over the comparable year-ago week.

So far this year (Jan. 1 to April 20) the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago. A major part of the 114 days New York City and 129 days Cleveland, Ohio, newspaper strikes occurred during this period. Cleveland's department store sales recorded a minus 1% and New York City sales put a plus 1% for the Jan 1-April 20 span in comparison to the similar period in 1962.

One can only speculate as to what department store sales might have been in the absence of the strike. The data merely show that the two cities performed significantly below all districts with the exception of the non-struck Philadelphia area.

OBSERVATIONS . . .

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leave off—but thus far the FTC has insisted on passing-the-buck to the SEC.

Unfortunately, past inquiry by us forces us to the conclusion that under its existing routine, FTC action would at best be so delayed and cumbersome as to make it ineffective. In a communication to this space,* the Commission has spelled this out as follows:

The Commission does not give advance or advisory opinions with respect to its jurisdiction, making such decisions only in actual cases after the pertinent facts have been developed in an investigation by it. We believe the Commission would not enter such a matter for investigation or take any other action in such a matter until it had first been determined that the matter does not come within the purview of laws administered by the Securities and Exchange Commission. The Commission follows this policy with a view of preventing possible conflict or duplication of effort in relation to other agencies which have specific statutory duties, as in the area of regulating the activities of securities dealers and investment advisers."

* * *

In any event, as should be appreciated from the foregoing discussion, realistically the investor's surest flexible protection lies in his education—howsoever this may smack of "out-dated" caveat emptor!

***From a letter signed by Daniel J. Murphy, Director, Bureau of Deceptive Practices, Federal Trade Commission, Washington, July 14, 1961.**

Named Director

William A. Titus, Partner in the investment banking firm of Wertheim & Company, New York, members of the New York Stock

Wm. A. Titus

Exchange, has been elected to the Board of Directors of The Bowman Products Co., Cleveland-based fastener specialist and parts supplier to the vehicle markets.

Goodbody Names Boston Manager

BOSTON, Mass.—Goodbody & Co., members of the New York Stock Exchange, announce the appointment of John S. Clapp, Jr. as Manager of their Boston office at 125 High Street. Mr. Clapp has been with Goodbody & Co. for many years.

Joins H. Hentz & Co.

BOSTON, Mass. — David Troderman has become affiliated with H. Hentz & Co., 585 Boylston St. He was formerly with Granbery, Marache & Co.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The Kennedy Administration, Wall Street, machinery and petroleum products dealers, banks, farmers and housewives and others will be affected either directly or indirectly by the important wheat referendum May 21.

Perhaps it is one of the most important referendums since passage of the first Agricultural Adjustment Act of the Administration of President Franklin D. Roosevelt. Billions of dollars in price supports and storage costs for wheat and other crop price supports have been paid out since inception of the regulated agricultural era.

The outcome might determine whether the farmer will have individual freedom by throwing off government intervention, or whether we will continue to have a regulated agricultural system.

Former Assistant Secretary of Agriculture, True D. Morse, contends that government programs are on the defensive, with more demands for free markets. In a recent report on trends in a "Farm Journal" publication, he said the regulated portion of government in agriculture is in deep and costly trouble.

Here in the nation's Capital, the Kennedy Administration and a good many Democrats in Congress are out beating the drums for the proposed reduced acreage of wheat from 55,000,000 acres to 49,500,000 acres.

The Taxpayers' Stake

Taxpayers all over the country will have a certain stake in the referendum. Here is the picture:

Before World War II a so-called minimum national wheat allotment of 55,000,000 acres was established. It remained in effect until the Democratic controlled Congress in 1962 removed it in the new Food and Agriculture Act. When the minimum national acreage was promulgated in the late 1930s, 55,000,000 acres of wheat plantings would produce about enough to meet domestic and export needs.

In 1938 the average wheat yield was just a little more than 13 bushels an acre. In 1939 it was 14 bushels. In the past few years the average yield has varied from 24 to 27 bushels an acre, depending on growing conditions. Thus the amount of wheat in our country has almost doubled. Yet the market demand for wheat has lagged far behind. As a result there is a serious oversupply problem.

The tremendous productivity of American agriculture, the envy, of the world and the Soviet Union in particular, has resulted in more and more complexities of the farm programs. Budgets for the Department of Agriculture have been from $5 billion to $7 billion a year since the 1951 fiscal year. The estimate for fiscal 1964 is about $6.5 billion. About one-third of these expenditures has usually been for direct price support, and nearly one-third for programs of foreign food assistance.

The Government presently, despite the giveaway program, has billions of dollars of farm products which it owns outright or has under loan. The annual cost of storing these products, together with insurance, transportation, and interest on the CCC investment, amount to $1 billion or more.

Freeman Defends Policies

Critics of the acreage reduction proposal are declaring on Capitol Hill that if the wheat growers reject the cut in the referendum, Congress would come along with a new bill to protect wheat prices. Under existing wheat laws there would be a sharp price cut if the farmers turn down the controls.

Some Senate and House Agriculture committeemen are on record as saying there will be no wheat laws passed at this session if the growers turn down the acreage cut. Secretary of Agriculture Orville Freeman, appearing before a House Agriculture Committee, ran into a stream of opposition from Republicans from the Farm Belt.

"I'm not trying to tell any farmer how to vote," said the Cabinet officer. It's true that the Department is seeking to bring information to every voter. But if the inference is that this is a campaign per se for a 'yes' vote, the answer is no."

Chairman Allen J. Ellender of the Senate Agriculture Committee believes that a new feed grain surplus control bill which is in the legislative works will brighten prospects for acceptance of the wheat plan.

Conflicting Views

The American Farm Bureau, which usually takes a conservative stand on most agricultural problems, declares that there is a lot at stake in the forthcoming vote. It is a question whether the farms of our country are to be managed by farmers or by Government bureaucracy, according to the bureau. Furthermore, the farm organization declares that if the plan is approved it would give a great incentive to the Administration's efforts to expand supply management to other commodities.

Nevertheless, the Bureau's contentions are being challenged in some quarters. Some of the proponents of the wheat referendum contend that the farmers are not committing themselves beyond 1964. Therefore, if the plan does not work out, Congress could change the law in 1965. The trial plan must be approved by a two-thirds vote, if it is to become effective.

Out in the heart of the Farm Belt, "The Des Moines Register and Tribune," editorialized on the side of the proposed 1964 program. The editorial said: "It seems not unreasonable that the government ask farmers to cooperate in limiting production if they want a guaranteed price for their product. If they do not want to comply with acreage allotments in return for a higher price, well, that settles that. But it isn't an issue of 'government management' of farms, nor is it setting the course of farm policy for evermore."

Not too long ago Rep. Harold D. Cooley of North Carolina, Chairman of the House Agriculture Committee, raised some storm signals in the House about farm programs. He maintained that many city people have been misinformed and prejudiced against farmers. Furthermore, farmers are divided against themselves.

"Today the farm program is in danger of collapse," said Chairman Cooley. I am wondering how long we may have the strength in Congress to maintain a farm program at all. Should the farm program collapse, the consequences would be devastating to the whole economy."

High Productivity a National Asset

Despite all the headaches brought about by the complexities of the farm program, the great productivity is a mighty asset nationally. Only about 10% of our work force is engaged in farming, whereas from 40 to 50% of Russian workers are employed in agriculture.

One farmer in the United States raises enough for 27 of his fellow Americans who live in New York and all the other cities and villages. A Russian farmer raises enough for only five people, and one Chinese farmer produces enough for a little over two people.

The proposed acreage and marketing regulations pertaining to wheat are described as going a little further than controls that have been in effect for several years on cotton and tobacco. Students of the plan say the primary difference is that the plan amounts to a "two-price" system. Its effect would be that the farmer would receive an average of about $2 a bushel on about 80% of the normal production on his 1964 acreage allotment, and about $1.30 on the remainder on his acreage allotment.

The farmer received the support price of a $2 a bushel for the 1963 crop on his entire production. The big difference of course is that if the program is approved, each farmer must reduce his acreage allotment 10%. Each farm would be issued an acreage allotment and a marketing quota based on its normal acreage and production records.

Meantime, experts are predicting that technology in agriculture will continue to increase, with farms getting bigger all the time, with more machinery, and greater use of chemicals. Land prices appear likely to continue to increase along with higher local taxes.

[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"

"Internal Revenue called about your 1962 tax return—said they can't accept that depletion allowance on your wife."

M. E. Reiner to Admit Florio

Milton E. Reiner & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on May 10 will admit Robert A. Florio to partnership.

COMING EVENTS

IN INVESTMENT FIELD

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 17, 1963 (Philadelphia, Pa.) Investment Association of Philadelphia annual outing at the Gulf Mills Golf Club, Gulph Mills, Pa.

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

May 23, 1963 (Omaha, Neb.) Nebraska Investment Bankers Association annual field day at the Omaha Country Club (preceded May 22nd by cocktails and a dinner.)