Funds Intensified Buying on the Eve of Stock Market's Sharp Climb

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EDITORIAL

As We See It

Of all the infinitude of statistics now compiled and published by the Government at Washington, unemployment data are easily the most vital to the politicians and, for that matter, to a good many of the economists in and around the capital. A great deal is heard, of course, about Gross National Product, but that magic figure draws some of its meaning in Washington minds from the supposed fact that there is a fairly definite and fixed inverse relationship between it and the amount of unemployment in the nation. There is, needless to say, nothing surprising or unreasonable about concern with the fact that there is, and apparently likely to continue to be very substantial amounts of unemployment. The nightmare of apple-selling in the 'Thirties has not been forgotten by the rank and file, and the distress caused by inability to find work is very real.

It would be a good thing, however, if the public understood a little more about these current unemployment estimates, and accordingly accepted them with somewhat more reservation. It would be a still better thing if even the very elect understood more clearly the underlying causes of whatever facts are really disclosed. It is commonplace to read headlines about changes in the percentage of unemployment which come to no more than a fraction of 1%, and when change of a percentage point or more are reported, very substantial significance is ordinarily attached to it.

Now the professional statistician is well aware that such concepts (and such figures representing them) as the "total labor force," "employment" and "unemployment" have historically been subjects of sharp disagreement. He is likewise, of course, well aware that the figures as they appear from month to month (Continued on page 20)

STANY PICTURES IN THIS ISSUE—Candid photos taken at the 27th Annual Dinner of The Security Traders Association of New York, appear in today's PICTORIAL SECTION.

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DAVID G. GINBERG

Vice-President, Research Department, Frank G. Ginberg & Co., Inc.,
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Playksol Manufacturing Company

The May, 1962 break in the stock market ended the three-year growth and created new opportunities for companies which successfully marketed with investors. Since then analysts have been trying to determine what group or group of factors would find favor with the investor and power the next bull move. The group that appears to lead the way is the after the present recovery phase which, until now, has been led by the chipmaker.

The consumer—and how and where he spends his money—has become the most important factor in our modern-day economy. Today, more and more purchasing power of the American public is at an all-time high and is continuing to grow at a rapid pace. Personal income rose from February, 1963, to March by $1.6 billion, to a new high of $42.7 billion on a seasonally adjusted annual rate. The unprecedented automobile boom has been an example of the impact that the consumer and his tastes can have on the economy and a particular industry.

The Toy Industry has already benefitted from the affluence of our consumers. The last few years have seen record results reported by many toy companies. The public was spending more on toys and paying more for individual items. In 1962, this trend of increasing sales continued, however, the consumer's tastes showed a tendency to shift toward the cheaper and more basic type of toy. This shift should have added extra fuel to the sales and earnings of Playksol Manufacturing Company.

Playksol has built a reputation and is well known with parents for the past 25 years. The company is one of the leading subsidiaries, Halaem Products and Holgate Toys Inc., manufacturer an assorted line of educational toys for pre-school children which range in price from $2 to $5. Through an expanding retail outlet network, the company is concentrating on developing simple toy made primarily of wood and plastic. Playksol in the past has had some notable firsts in its industry such as being the first company to use non-toxic paints and labeling the age bracket for which the toys are designed. The current line of toys includes puzzles made of wood and plastic, various sets of building blocks, peg games and hammers, an abacus, all sorts of pull toys, and educational games.

Playskool (a trade mark of the over-the-counter) has current assets of $6.6 million and current liabilities of $2.8 million. The company's capitalization on Jan. 31, 1963, consisted of 2,000,000 of long-term debt and $10,250 shares of common stock. The sales and earnings have improved each year since the company was publicly held in October, 1961. An initial dividend of 10 cents a share was paid in December, 1962.

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IBA Municipal Conference

JUNE 19-21

The annual IBA Municipal Conference will be held June 19 at the Pick Congress Hotel in Chicago, Representatives of the CHRONICLE will be covering the proceedings of this important meeting this year also and full coverage, plus on-the-spot analysis, will again be featured in a Special Supplement to the CHRONICLE to be published July 1.

OVER-THE-COUNTER INDUSTRIAL STOCK INDEX

23-Year Performance of 35 Industrial Stocks

PUBLISHED ON REQUEST

National Question Bureau

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SAN FRANCISCO
Taking a Sober Look at Our Economic Upswing

By Matt S. Smyczynski, Consultant, C. J. Decline and Company, New York and Member of the Faculty, Georgetown University, Washington, D. C.

Former Federal Reserve Governor fears that the improvement in our economy and prospects for its continuance in the coming weeks and months may carry complacency to an extent that would risk the building and then breaking of a boom. Mr. Smyczynski argues that the present boom in economic activity is attributed to two-fold factors — the inelastic supply of money and the tax cut that has “more” than “less” effect. Mindful of Drawing’s warning countering “nations” in one country, Mr. Smyczynski paints the warning picture of inflation, the price level and changing composition of our labor force necessitating expanding job opportunities as the base of living.

Savings and Loan Associations are close to home. Therefore my message will stress our home problem. The problem we face today and must resolve as soon as possible, lest they increase to such proportion that they will overwhelm and destroy for which we have so much — our home and freedom and our high standard of living.

It is a natural tendency for man to relax when a business shows some improvement. We welcome good news and we dislike to think that there is much to be done to improve and to strengthen our economy and to keep it at a high and stable level. Last fall the pessimism seemed greatly overcome. At that time it looked as if the influence spending and therefore economic activity pointed more or less toward maintenance of current levels. It appeared to me that economic contraction would not change drastically upward or downward, for many months.

Need for Sober View

I think that current optimism is completely erroneous. I continue to see no serious recession on the horizon. It is extremely likely that the next several months will witness a welcome improvement in the economy. But before we go overboard and count on a real boom that would strain our resources — the shape of the kind we had in the late 1920’s, or one of the 1935-37 variety, let us look at the facts a little more closely. Sobriety now may spare us unnecessary disappointment and a fear of heavy, rapid and excessive countering of the pendulum later. Throughout last fall and winter, the economy was sluggish but — in contrast to business psychology — never weak. Consumer income was steadily advancing, and with it, almost in exact proportion, consumer spending. Prospects for investment outlays seemed a bit uncertain, but the effects of last summer’s兴奋 for investment credit and revised rules for depreciation allowances were bound to help it on its way. It is true the fall was certain not in the cards. In brief, all indications last fall pointed to a slow but continuing improvement.

They still do. Nothing basic has changed. Nothing has happened that was not foreseeable half a year ago. Investment credits and revised depreciation rules are beginning to encourage modernization, and that in turn will likely create new consumer demand. The steady rise in consumer spending is gradually absorbing excess capacity and thus providing a new source of employment.

As a consequence, investment plans for 1965 should promise a 5% increase in investment outlays. Inventories, exceptionally low in relation to sales last fall year, inevitably will fall to be built up in line with gradually rising sales .\n
Residential construction remains strong in view of the high rate of family formation now and throughout the decade. Exports continue to maintain a satisfactory level, even a slowly rising trend — as was to be expected, barring an economic calamity abroad.

Does not all this add up to the beginning of a boom? It does not seem very likely. No doubt the rise in investment outlays will, through the so-called multiplier effect, speed up the rate of eco-

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OBSERVATIONS... BY A WILFRED MAY

CONFUSING ROUTINE (This first section of our column continues our series on the SEC's current Special Study of the Security Markets.)

It is becoming ever more evident that the Special Study Group should have been called on the Securities Markets to the Congress in one piece in lieu of two a couple of months eight weeks apart (the first one on April 3 last, and the second and final one of May 26.)

The two-section route, we are seeing has functioned as a major source of confusion. Availability with an issued section coming on April 19 to ever the content and treatment accorded a relevant phase of the question in the part of the Report still to come, has been leading even knowledgeable observers to jump to false conclusions.

Furthermore, and in any event, much has been lost by the sacrifice of the opportunity to go over the ground with questioning through the entire report at the time of a proposal's advancement. Confusion Compounded

Such confusion has been further extended as a result of a decision of the House Interstate and Commerce Committee's instructions to SEC Chairman Cary on April 19 to report to the Congress its reaction to Study Group's first five chapters. Typical of the misunderstanding emanating from this kind of public release is a recent report on the current run as a front page newspaper item, to the effect that the SEC is purportedly asking for "broad new powers" over dealers "going beyond the recommendations of its own Study committee." Actually, it appears that the additional cost of the proposal is being discussed by the Committee's concurrent report, followed by a preliminary form of the Commission's approval (of Chapter IV, Part E). Thus, unformed impressions of extensive powers are unnecessarily adding worry to the industry.

Likewise does the "beating-the-dead-horse" routine entitle public confusion via divided announcement of approval, expressed in its Letter, of some of the Committee's proposals. Included therein are Part D of Chapter III, dealing with protection of customers' funds and securities and Section B and C of Chapter IV dealing with primary and secondary distributions to the public, and unregistered distributions.

Surely the industry associations, Committees, the interested public, and the Congressional Committee themselves would all have been advantaged by Congressman Harris' deferment of the May 26 Commission's reaction, to its complete remission in one piece at the time of the Report's final submission of the completed Study.

THE PRIVATE SECTOR OUT FRONT

Again in the Stock Option area, we see the private sector beating the regulatory authorities to the Reform punch—the Commission having persistently abstained from action.

This space has previously related (on April 11) how Cimm Equipment Company after gaining stockholder approval, via proxy solicitation of an Option-Stock Plan, was able to arrange the stockholder approval in its home state, eliminating what was facetiously termed "the running of the Delinquent" (in Item Two below).

"1. The option price will be not per cent of market value on the date granted. (Earlier the plan specified not less than 80 per cent.)

"2. Lowering of option prices in event of market declines is prohibited for options already outstanding as well as for future options. Also, the company does not propose to use the device of sub-ordinated stockholders to such a purpose, as stockholders were informed. (In the plan to the earlier plan permitted establishment of lower prices, the company would thus have made it possible to improve the quality of a population industry."

The accelerated population growth has already intensified problems of urban congestion, crime and pollution, and been cut off our recreations. At the same time, and Federal, state and local governments to provide new and expanded facilities and services to meet increased demands. In the way in young workers now entering the labor force constitutes a seri- ous deficiency in a country which is already "confronted by the venture of automation. These challenges will require special attention."

QUOTE-OF-THE-WEEK

From RICHARD N. GARDNER, Deputy Assistant Secretary of the Treasury, in his speech before the American Assembly’s Conference on The Population Dilemma, Columbia University Campus, Harrisman, N. Y., May 4:

"One week last December I found myself at the U. N. dealing simultaneously with outer space and the population explosion. The relation between these two subjects is well known, I am sure many of you saw the article by the Soviet scientist which said there was no population explosion, because the surplus people could be exported to other planets.

"At the U. N. this proposal is known as the Soviet plan to solve the population problem by means of artificial dissemination."

FROM OUR MAIL BOX

The Government's Appraising Difficulties

Our article (of April 4, last), to which the following communications were submitted over the telephone to the American Assembly. This authoritative organization is semi-official, and was established to demonstrate the great difficulty of realistically valuing Art. Particularly for tax purposes. We cited in detail the sole limitations—versus-the-average cut, which, moreover, has been realized in the majority of the cases or the future cut, as well as others showing crazy variations, both upward and downward, vs.-a vs.-the single representative estimates. The better intra-formula divergence applied to individual items within a single scale has been worked out in recent New York and Newport sales.

Such wide intra-sale divergences have, since our article's publication again been registered at Sotheby & Co., the London auctioneer, in its Wolf Collection sale of April 21.

DEAR MR. MAY:

I have read with interest your article entitled "The Unpracticable Art Market," which appeared in the April 4 Financial Chronicle of April 4.

"I'm free to write positively in principle, but am surprised to see that American employment pays seeking a proper value for a work of art. By the same token, I find it difficult to confront the Internal Revenue Service in determining fair market value of specific items of the kind. If you feel it would help, I would be happy to supply you with a list of comparatively modest, but unanswerable offers made in their re- sponsibilities in determining fair market values for tax purposes and thereby assist the Service in fair and effective administration of the income tax laws.

Your article has undoubtedly contributed toward a better un- derstanding of a basic problem encountered in the valuation of art objects.

MORTIMER CAPLIN

COMMISSIONER, U.S. Treasury Dept.


U. S. Steel Grants

To Education

A $2,400,000 program of aid to edu- cation, with grants to 700 liberal arts colleges, universities, and in- stitutes, and to 26 organizations dedicated to raising the quality of teaching and learning in America, has been an- nounced by Roger M. Blough, Chairman of the Board of Trustees of United States Steel Founda- tion, Inc.

"The Foundation's tenth anniver- sary program of aid to educa- tion," said Mr. Blough, "marks a decade of effort by the Trustees to enhance the quality and serv- ice potential of a broad segment of educational institutions, organi- zations, and special programs and projects."

The Foundation's grants fall into four major categories: (1) about $1,300,000 for unrestricted operating grants to colleges, universities and institutes; (2) C. $1,165,000, is for major-purpose or capital grants; (3) $544,000 for aid to organizations and projects for improvement of edu- cational methods and facilities; and (4) the balance of about $450,000, is for graduate-study fellowship grants for univer- sity-chosen doctoral candi- dates.

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I will concentrate on highlighting briefly three factors within the framework of my topic. "What is the future of booming West Germany's economy?" These three factors are: first, Germany's internal economic second, its attitude toward membership in the Common Market of Great Britain and the other European countries in the Common Market; and third, the Federal Republic's role in meeting its obligations toward the Free World, particularly toward the United States. Some misinterpretations, are prevalent about these three subjects. Perhaps my opinions may help to form a clearer picture about these problems.

First, about the German economy. For several years, Germany has been a long run governed by the common expression, "What happens in America happens in Germany tomorrow." In other words, the development of our civilization in Germany has been tied to that of the United States, some misunderstandings, are prevalent about these three subjects. Perhaps my opinions may help to form a clearer picture about these problems.
The effective placement of the $15,000,000 Placer County Water Agency, California issue late Wednesday (May 11) climactically lifted the sluggish municipal bond market from its doldrums and initiated a new round of buying that has resulted in a brighter market this week. Although the market is brighter this week, it has generalized that it is not pervasively higher in the sense that a positive price change characterizes. There continues to be a specific demand for certain new issues that has broadened during the past week so as to generate some collateral interest in the secondary market to the end that inventories have been moderately reduced.

As the calendar is presently a light one, dealers have reacted by again following new issue openings lest a possible first be missed or even one that may be destined for better than half sold.

Inventories Still High

We are not/intimating that inventories have been reduced that much; they are merely reduced from a recent high level calculated at $75,000,000. According to the Blue List, state and municipal bond offerings reached a high of $225,000,000 on April 22. The May volume of offerings totaled about $167,000,000. The sluggish pattern of demand is such that inventories are not likely to fluctuate in total or higher almost indefinitely since recent investor interest is quite sporadic. As inventories are only sporadic, it absorbs certain issues while eschewing comparable relatively priced offerings.

Yield Stability More Significant Than Bare Statistics

Despite the heavier dealer inventory burdens, bond yields show an invariable increase in new issue volume and the market has already reached a relatively high level particularly for new issues, the Commercial and Financial Chronicle's yield Index, which averages the yields from 13 specific high grade 20-year general obligation bond offerings, shows a slight decrease against this week. The Index on May 8 was 4.25% against 4.26% a week back. This .012% decrease in yield translates to an average price increase of five sixteenths of a point. The more or less weekly volatility in yields and the market are symptomatic of the general problem of the market-place: a prevailing lack of general investor demand interspersed with intense bank investor interest in certain new issues.

Partly as a result, the market has taken on a listlessness effec
tively portrayed by our recent Index figures. It has registered a decline from 4.31% early October of last year. In points, this represents a range of only about 1% points. Obviously this has been a most unexciting period for dealers and at least a difficult one for most investors. The dealers have found the period less profitable than is normal, too.

Calendar Remains Light

The calendar generally scheduled new issue offerings through mid-June now total only 10. This total includes the following sizable issues: $23,000,000 Port of Portland (Ore) Metropolitan New York; $48,755,000 State of New York May 15; $25,000,000 State of Tennessee by the State Highway Authority; $26,000,000 Nevada Irrigation District 1983-1987; $15,000,000禅\

Lack of Bidder Takes the Week's Major Issue

The Washington Public Supply System (Hancock Project) $122,000,000 Electric Revenue Bonds (1987-1988) and term (1996) bonds to Williams & Wendell (as usual) alone. The bid figure is $23,213, net interest cost $2,926,000. The reason no bids are received is the low interest cost, over the term of the project for the extent.

The new technique is at least partly responsible for this through this important transition in the business. It could also be argued that this week's market may actually have moved from the pre-bond market era to a more competitive bond market and from this perspective, it may appear to be less desirable.

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Bank of England Head
Faults Rigid Deposit Rates

By Paul Elias

Dr. Eisig writes most approvingly of Lord Cromer's strong criticism of the British banks' "highly restrictive" keeping-of-interest rates from resounding to changed market conditions. He blames this long standing factor for bringing about Euro-sterling deposits and for preventing time deposits from expanding—interest rates now being analogous to the deflating effect of our past Reg. Q rates insti

tuating Euro-dollar deposits and keeping time deposits down until a higher fixed rate was decreed. The noted economist explains how Euro-sterling, as well as Euro-dollar deposits have abetted speculation against sterling and that deposit and deposits rates could reduce—though not end—the problem.

LONDON, England—Both American and British interest rates allowed on deposits offered by themselves come from adapting themselves to fluctuating supply-demand relationships. But while in the United States rigid deposit rates are imposed on the banking community by the authorities, in Britain it is the banks themselves who have founded and maintained fixed rates in face of official criticism of their policy. On a recent occasion the Governor of the Bank of England, Lord Croener, came out strongly against the "gentleman's agreement" under which British commercial banks have undertaken not to interest in excess of 2% below the bank rate of the day.

That rate has been, in existence throughout the past war period and was largely responsible for the development of the market in Euro-sterling deposits in Paris and other continental centers, just as Regulation Q was largely responsible for the development of the market in Euro-dollar deposits in London, Paris and elsewhere. Non-resident depositors of sterling have discovered that they can earn much higher interest rates on sterling deposits if they re-deposit them with a bank outside the United Kingdom, and this is done on a fairly large scale.

Other Consequent Disadvantages

Lord Croener's main argument in favor of lowering the artificial limit to interest on deposits is that it prevents deposits from expanding adequately. It does not refer to the development of the Euro-sterling market. Yet from the point of view of sterling's defenses and of the efficient enforcement of monetary policy, that development, together with the development of the Euro-dollar market, is not a very distinct disadvantage.

Any speculative attack on sterling would be greatly assisted by the existence of the considerable amount of Euro-dollar deposits that are available for speculation by Euro-dollar holders of sterling and selling sterling deposits they can run as a short foreign currency position in anticipation of a devaluation. This is what happened quite recently, when following on the breakdown of the Common Market links and on the revival of agitation in favor of devaluation, an attack developed against sterling. It took the form of buying Euro-sterling deposits for two days and selling the spot sterling, renewing the loan every two days. On the assumption that a devaluation was imminent it was a very cheap way of speculate against sterling. Actually, since the operation had to be renewed by persistent speculators quite a number of times, and the rate for two day's Euro-sterling deposits was abnormally high, the exercise has proved to be rather costly lesson to depositors.

Abetted Speculation Against Sterling

It is of course arguable that, in the case of British, only non-resident holders of sterling can lend their sterling deposits in the Euro-market for foreign exchange, and that these holders are in any case entitled to sell their sterling any time. But it very often happens that holders of a currency are not sufficiently possessive to realize their holdings, while at the same time speculators are prepared to operate in anticipation of its deprecation. In such situations the Euro-market is largely at the mercy of foreign speculators who provide speculative opportunities for one thing, the existence of an alternative method of speculate against sterling keeps the discount on forward sterling relatively narrow, so that it indirectly encourages also the conventional method of speculation.

Need to Unite Deposit Rates

An increase in British deposit rates would not bring the Euro-sterling market to an end, any more than a renewal of Regulation Q would bring the Euro-dollar market to an end. Having come into existence, markets in foreign currency deposits will remain a permanent part of the international monetary mechanism, even though the volume of transactions is likely to have its ups and downs. But higher British deposit rates would reduce the volume of Euro-sterling, and this would mitigate the extent to which this device would contribute to speculative pressure. This may not be of immediate importance, for at present sterling seems to have overcome the pressure, but once the date of the general election is announced it is bound to come under pressure again.

Actually the Euro-dollar market tends to interfere with official British policies more than the Euro-sterling market, because of the development of additional facilities for British banks to obtain credits out of resources which are not under the control of the British monetary authorities. At this moment this cause no headache in official circles, because the official policy is expansionary. British business expansion is financed in part through borrowing Euro-dollars and reserving it into sterling, the authorities have no cause for worry so long as they can. In favor of expansion. But soon or later they are bound to severity, no matter how unfashionable that device is at present. When that occurs it will become necessary for the authorities to go much further than they would have to go in the absence of Euro-dollar facilities, because they will have to neutralize the expansion due to the use of those facilities.

1962 Net Income of Commercial Banks

Net income after taxes of the nation's 13,124 insured commercial banks in 1962 remained on the plateau of the preceding two years, Chairman Eric Cokee, Sr., of the Federal Deposit Insurance Corporation announced. The figure of $2,064 million compared with $2,000 million in 1960 and $1,906 million in 1961.

Total current operating revenue increased 10% in 1962 to $12,210 million. But a 15% advance in current operating expenses to $7,898 million offset the greater revenue, leaving the banks with net current operating earnings practically unchanged from 1961.

About three-fifths of the increased income in 1962 was derived from loans. The growing importance of the banks' municipal portfolio was reflected in a 21% growth in income from this source.

Almost two-thirds of the rise in current operating expenses in 1962 came from interest paid on time and savings deposits. Such payments of interest totaled $2,045 million, 35% greater than in 1961, and represented an average of 2.18% paid on such deposits. Salaries and wages of officers and employees totaled $3,073 million, 6% more than in 1961, most of the advance resulting from a 4% increase in the number of such employees.

Net current operating earnings of $3,630 million were unchanged from 1961. Larger charge-offs in 1962 contributed to lower income taxes which resulted in relatively unchanged net income after taxes.

Such net income represented a return of 8.8% on total capital accounts, as compared with 9.4% (on smaller capital accounts) in 1961. A slight increase dividends to stockholders resulted in somewhat smaller additions to capital from income.

THE PORT OF NEW YORK AUTHORITY

Proposals for all or none of $35,000,000 of The Port of New York Authority, CONSOLIDATED BONDS, TWENTY THIRD SERIES, DUE 1994, will be received by the Authority at 11:00 A.M., E.D.S.T., on May 14, 1963, in Room 1510, at 111 Eighth Avenue, New York 11, New York.

Each offer must be accompanied by a certified check or cashier's check in the amount of $500, all other bids, which will not be acknowledged, will be returned to the bidder.

Copies of the prescribed bidding form, of the official Statement of the Authority and of the resolutions pursuant to which these bonds are to be issued, may be obtained at the office of the Treasurer of the Authority, 111 Eighth Avenue, New York 11, N. Y.
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 Broadway, New York 4, N. Y.


Canadian Steel Industry—Analytical brochure. McLeod, Young, Weir & Company Limited, 50 King Street, West, Toronto, Ont., Canada.

Commercial Bank Stocks—14th annual edition—reviewing nine New York City Banks, 41 out of town banks, and six bank holding companies. FleetBoston Corporation, 20 Exchange Place, New York 5, N. Y. Also available are comparative figures on New York City Bank Stocks as of March 31.


Drug Stocks—Analysis—Evans & Co., incorporated, 509 Park Avenue, New York 22, N. Y. Also available are comments on Raytheon.


Japanese Economy for 1962—Booklet—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a booklet on the Japanese Stock Market for 1961-


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Co., 155 Montgomery Street, San Francisco 4, Calif.

Telephone Industry—Survey with particular reference to competitive analyses. Telephone & Electronic Corporations.

Rochester Telephone Corporation—United Telephone & Electric Corporation of New York, 40 Broadway, New York 4, N. Y.


Trade in Capital Goods—Detailed industry report—Laddlaw & Co., 25 Broadway, New York 5, N. Y. Also available are reports on Ingersoll Rand, Babcock & Wilcox, Mack Trucks, Allis Chalmers, E. W. Bliss, Cincinnati Milling, Cooperage, Sanitary, etc.

Virginia Bank—Comparison of eight major Virginia Banking and Trust Companies. Virginia Bank & Trust Co., 39 South SaLe Street, Richmond, Virginia 1, Va.


Allied Chemical—Analysis—Colby & Company, Inc., 83 State Street, Boston 9, Mass. Also available is an analysis of Harris Interype.

Allied Chemical—Discussion in "Business and Lette"—Amyir Co., 115 Broadway, New York 6, N. Y. Also in the same issue are analyses of the American Can, General Motors, General Electric, John Hancock, John Muir, Manufacturing & Standard Oil of New Jersey.

Allied Chemical Corporation—Comment—Newport News, 120 Broadway, New York 5, N. Y. Also available are comments on John T. Hubbard, New York 5, N. Y.


Arbitrage Investment Funds—Comparative figures—A. A. Smit¬son & Co., Inc., 52 Wall Street, New York 5, N. Y.


Calgary Power—Memorandum—MacDouglall, MacDougall & MacTier, Ltd., 129 St. James Street, Winnipeg, Canada. Also available are memoranda on Dominion Textbook Publishers, Ltd., 45 Broadway, New York 4, N. Y.


Celanese Corporation of America—Memorandum—H. W. Lewis & Co., 80 Pine Street, New York 5, N. Y.


Chrysler—miscellaneous—Irving Weis & Company, 66 Beaver Street, New York 4, N. Y.


Columbia Pictures—Analysis—Flor, Bullard & Smyth, 28 Broadway, New York 4, N. Y.

Consolidated Edison Company of New York—Report—Edwards & Hanle, 100 North Franklin Street, Chicago 1, Ill. Also available is an analysis of Allis-Chalmers.


Diebold—Memorandum—W. T. Emnett & Co., Inc., 75 Park Avenue, New York 22, N. Y.

E. O. Corporation—Chart analysis—Auchmuty, Parke & Reddin, 2 Broadway, New York 6, N. Y.

Fairchild Camera & Instrument—Memorandum—Amott, Baker & Company, 50 East 42nd Street, New York 17, N. Y. Also available is a memorandum on the Chamberlin.

France Wyoming Oil Memorandum—First Southwest Company, Mercantile Bank Building, Dallas 1, Texas.

General Cable Corporation—Report—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

General Plywood—Bulletin—D. W. Winslow, Cohu Street, New York 6, N. Y.

Gillette—Report—Harris, Uphan & Co., 120 Broadway, New York 5, N. Y. Also available are bulletins on Medals & Trust Trust and Illinois Central Railroad.

Continued on page 46

Noyes Nominated By Bond Club

Blanche Noyes of Hemphill, Noyes & Co. has been nominated for President of the Bond Club of New York to succeed H. Lawrence Wilson.

The Bond Club also has a slate of candidates for Secretary and John L. Weilberg of Goldman, Sachs & Co., for Treasurer. Three new members of the Board of Governors have been nominated for three-year terms. They are: Harold D. Barnard, Jr., Dean Witter & Co.; Howard E. Bulke, Hornblower & Weeks; and Edward A. Smith, National Securities Co.

Again Chairman of Tokyo Exchange

One of Japan's most distinguished financial leaders, Mr. Gakuzo Yoshino, President of the Nikko Securities Co., Ltd., has been reelected Chairman of the Board of Gov¬ernors of the Tokyo Stock Exchange, it has been announced by Terumasa Hasebe, Man¬aging Director of N i k k o, New York.

Mr. Yoshino has served as President of Nikko, one of Japan's largest securities houses, since 1932. He was first elected Chairman of the Tokyo Stock Exchange in 1960 and this new term will expire April, 1964.

The Tokyo Stock Exchange has the largest trading volume of any stock exchange in the world, some 33,134,000,000 shares in 1962 for the year's turnover of approximately 131,108,000,000. In mone¬tary value the Tokyo Stock Ex¬change has the bulk of its business second only to the New York Stock Exchange; its 1962 figures were $10,600,000,000 as compared to $1,000,000,000 for the New York Stock Exchange.

FINANCIAL—SECURITY ANALYSIS

Economics graduate, age 37. Strong financial background including 9 years Treasurer's staff major oil company dealing with analysis of financial and foreign exchange problems, financial forecasts and reports. Also 2 years account executive leading investment banking firm, financial planning, portfolio analysis, security analysis and general brokerage. Box E-52, Commercial & Financial News, 35 Park Place, New York 7, N. Y.
Havem Industries, Inc.

By Dr. Ina U. Cohleigh, Economists

A short description of a company with an unusual name, unusual products, unusual earning power, and a reputation for being “First in Engineered Plastics.”

Havem Industries, Inc., is no ordi¬
nary company. It is no more a name as Continental-Diamond Fibre Company, Havem Industries, Inc., came into being July 1, 1963. Since then, by virtue of an aggres¬sive program of acquisition and spin-off of new products, Havem’s sales has dramatically in¬creased from an announced $3.6 million in July, 1955, to a current annual rate of $200 million, as indicated in the balance sheet for the first quarter of 1963.

Engineered Plastics

Describing the Havem product line is not easy. Here is a company that has used every com¬mercial plastic material available and, in its plastics, employs every plastic molding or processing method. The end products are advanced, unique and diverse: a nose cone of Teflon for missiles; polyurethane foam for food and beverage containers; and for industry, many packages including imprinted boxes, bottles and containers, and for handling products, hundreds of weight plastic drum inserts for handling products, hundreds of polyimide tanks that are plastic lined, corrosion resistant and wound on the outside. Like a huge wheel with glass and epoxy resin filaments; computer wires and cables; electronic ceramic for micro-minicir¬tization; aircraft structural members and missile components, resins and plastic cements, etc.

All of these, and dozens of other ultra sophisticated, plastic and molded products, are turned out by nine operating divisions in six plants in the United States and one in Puerto Rico. The plant at Taunton, Mass., specializes in Compression, Transfer, Automatic and Injection Molding. The Temp Division at Wilmington, Delaware, produces fibers and fabrics for high temperature in¬sulation, The Havem Corporation, also in Wilmington, houses the Chemical Equipment Division, the Aerospace Division, and the Container Division. Northeast Engineering and Plastics Company, Inc., at Santa Fe Springs, California, manufactures rubber¬al members, radomes and rocket and missile components; specialty wires and cables are produced both at American Super-Tem¬perature Wires, Inc., Burlington, Vermont, and at Hemisphere Products Corp., Rio Piedras, Puerto Rico.

Havem would be much easier to write about if it made soft drinks or razor blades, but because of the number, diversity and special de¬sign of Havem’s products, the fore¬going rather reads like a registry of items and plants seems appropriate to an understanding of how this company goes any¬where.

Research and Development

All of this ultra modern hardware is the by-product of a con¬tinuous program of research and development, in which the com¬pany does not hesitate to spend a relatively high percentage of its revenues. Illustrative of Havem’s excellence in research is its major break-through in the molding of large-sized Teflon parts. Teflon is an amazing fluorcarbon, patented by DuPont. It has been virtually impossible to mold because of the high compression required to bond the Teflon parts to¬gether. Havem, however, has solved the problem and can now produce, in its ovens, units 5x5x10 feet, with larger ones now possi¬ble. The most dramatic use for Teflon missile nose cones that come with reentry heat and fri¬zation, and lean fuel requirements due to their lighter weight. Havem research has also produced a carbon cloth, for aerospace insula¬tion, that is heat resistant up to 6000 degrees Fahrenheit.

Diversified Sources of Earnings

From the foregoing you can see that Havem is no “one product” or “one customer” company. Its customers include a cross-section of all the elite companies in packaging, chemical, food products, electronic, communications, aerospace, etc. Accordingly, Havem offers to investors a diversity in the sources of its earning power, products so specialized as to lend off competition, and strong de¬pression resistant characteristics.

Profitability

Many companies are strong on research and great on new prod¬ucts, but a lot of them simply don’t make money with all their technologi¬cal sophistication. Havem is different. It is a sub¬stantial money-maker and getting more so every quarter. For 1962, the company reported sales of $25,065,046, up from $21.3 million the year before. Net income increased somewhat correspond¬ing increase, $1,022,708 for 1962, against $686,360 in 1961 or $1.01 a share on the common stock, against 86 cents a year earlier.

For the first quarter of this year the gains are even more impres¬sive. For the first three months of 1963, sales totalled $7.38 million, against $6.12 million last year and, on a per share basis, net of $1.28 was more than doubled the 35 cents earned in the correspond¬ing 1962 period. The President, Dr. John H. Lux, recently an¬nounced “we are budgeting a sales increase of 20% for 1963, and a higher percentage of in¬crease in earnings over 1962.”

Capitalization

The capital structure of Havem Industries, Inc., is quite simple, $4,270,000 in common stock (at $1962 year-end) followed by 1,019,267 shares of common stock. Net worth, on the same date, stood at $7.0 million.

A company has defined a revenue problem, constant, paying out less than 50% of net. The current dividend of 45 cents per share the 1961 declara¬tion of 33 cents, and dividends have been successively increased in each of the last six years.

While investors are unlikely to buy Havem common for current income, they may well be at¬tracted to it because of the strong product company position in aerospace, the demonstrated competence of management, the well defined up corporate capacity to ideate, and to manufacture profitably, ad¬vanced new products, Havem com¬mon at a year’s high of 34 on NYSE, seems to have attracted an equity of interest to those who continue growth, and space-age minded.

Parker Corp.

Appoints May

BOSTON, Mass.—The Parker Corporation, 200 Berkeley Street, has just announced the appointment of J. Denny May as Execu¬tive Vice-President in charge of Sales. For many years Sales Manager in the East Coast area, Mr. May will now assume responsibility for sales throughout the entire country and overseas.


Mr. May joined the Parker Corp. in March of 1947 at which time he was in charge of dis¬tributing Incorporated Investors throughout the eastern half of the country. He was elected a Vice¬President in 1953. Since 1954, when Incorporated Income Fund was founded as a pioneer mutual fund, Mr. May has handled the eastern distribution of both of the Incorporated funds.

The investment business has been Mr. May’s entire career and mutual funds have by far played the largest role in it. After his graduation from Washington & Jefferson in 1928, he became a sales representative at Hemphill, Noyes & Co., first in New York City, then in the Pittsburgh, Pa., office. In 1931, he formed his own investment firm, J. Denny May & Co., Wheeling, W. Va.

Following the war, in 1946, Mr. May decided to go into the spon¬sor-wholesale area of the mutual fund business. It was at that time that he became familiar with this operation in the southwest section of the United States. The next year Mr. May joined the Parker Corp.

Augsburger Joins Donaldson, Lufkin

Robert R. Augsburger has joined Donaldson, Lufkin & Jenrette Inc., 1 Whitehall Street, New York City, member of the New York Stock Exchange, as a Vice¬President, it has been announced.

Mr. Augsburger was previously Director of financial relations and Manager of Pension Funds of Gildgen Co. in Cleveland.

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Aerospace Industry Outlook
In a Period of Turbulence

By Murray L. Weidenbaum, Senior Economist, Stanford Research Institute, Menlo Park, Calif.

The past five years have marked a radical shift of the airline industry into missiles and space. The aerospace industry now includes such giants as Chrysler, G.E., D. & R. A. and A. T. & T. and is troubled almost as much as any industry is. In viewing the aerospace industry’s outlook, Mr. Weidenbaum sees the U.S. Government as the largest and most powerful buyer in the industry. The rapid growth of the Government’s spending on missiles and space has contributed significantly to the growth of the industry's profits. However, the rapid growth of the industry is expected to slow down in the near future, and the industry's profits are expected to decline.

The Outlook
I would like to conclude with some observations as to the outlook for the aerospace industry. The first major point is that the industry's profits are expected to decline. In the past, the industry has been able to weather economic downturns due to the Government’s large spending on missiles and space. However, as the Government’s spending on missiles and space is expected to slow down, the industry’s profits are expected to decline.

Second, the industry is expected to become more diversified. In the past, the industry has been dominated by a few large companies. However, the Government’s spending on missiles and space is expected to be more spread out, which will allow smaller companies to compete.

Third, the industry is expected to become more competitive. In the past, the industry has been able to maintain high prices due to the Government’s large spending on missiles and space. However, as the Government’s spending on missiles and space is expected to slow down, the industry’s prices are expected to decline.

In conclusion, the aerospace industry is facing a period of turbulence. However, the industry is expected to become more diversified and competitive in the future. The industry’s profits are expected to decline in the near future, but the industry is expected to continue to grow and be an important part of the economy.
SBIC’s and Investment Bankers Are Complementary

By Gregan Lord,* President, Texas Capital Corp.,
Georgetown, Texas.

SBIC’s prospects have never been better according to Mr. Lord who explains how “equity banks” can work with investment bankers in bringing about a new financial climate, suitable for those self-reliant, yet restricted to, equity options and investment bankers. SBIC investments are said to be continued to low rates to meet with the need which does not mean high interest rates since options to purchase stock are often made part of the financing arrangements.

All of the financial institutions in the investment industry are in business of furnishing capital to businesses. However, they are not necessarily all in competition with each other. They have similar functions, that is, they serve similar functions, serving different points and times in the history of a business entity. But by accurately analyzing the needs of businesses and comparing these needs with the functions of various sources of capital, I believe there is a large area in which investment banks and SBICs can work together to improve our services to our clients as well as to increase our own personal monetary return.

Since I am representative of the small Business Investment Company industry, I would first like to make a few preliminary remarks about our industry. In recent months, more SBIC publicity, unlike the situation we faced during the early days of the industry’s history, has been less than romantically encouraging. This feel is not natural because anything new tends to stimulate more optimistic feelings than an industry whose methods of operation have become more familiar. Despite whatever feelings many people may have and I feel that the public may be to a degree, laboring under misconceptions—I believe that the prospects for our industry have never been better, and our ability to serve the financial and business community has never been greater.

Scope of SBIC Industry

There are 21 SBICs in the Dallas-Fort Worth area with a total available private investment capital of approximately $50,000,000, in the State of Texas, there are 59 SBICs over $100,000,000 in private investment capital. In the entire SBIC program there are 677 licenses in the United States with approximately $300,000,000 in private investment capital available. From these figures, you can note that while the State of Texas has only 13% of the total number of licenses in the nation, Texas SBICs account for approximately 20% in total available investment capital.

This is largely due to the large amount of funds concentrated in our State and, I believe we all agree, there is an almost unlimited amount of opportunity to utilize such funds in our State.

It is anticipated that SBICs will provide $100,000,000 per year in public issues funds considerably by utilizing borrowing when the need arises. I personally feel that the most poorly managed SBIC should be able to leverage one time, and believe that the leverage of 10 or 15 times is considerably higher than this. Nevertheless, our ability to utilize pricing, we are looking at total funds of SBICs in the State of Texas alone. We do not believe in any single purchase of $200,000,000, a very significant sum of money.

There has been little attention given to SBICs to grant commitments to the Small BIZ which in turn assign these commitments to banks in order to obtain bank financing. It is our feeling that this type of financing should offer Texas SBICs in additional source of investment capital at least $100,000,000. Therefore, we are considering SBICs as sources of investment capital, and are asking about minimum amounts of $300,000,000 in investment capital in the State of Texas alone. I believe that an industry which offers financial services of this magnitude in an area whose economy is fully capable of utilizing such funds, is capable of a permanent place in the business picture of our area and the United States. The fact that 50 of the largest SBICs in the nation account for 80% of the total funds controlled by SBICs is indicative of the fund concentration in our industry, a fact which I believe merits dealing with SBICs.

As for the sources of investment opportunities for these funds, Mr. Lord, head of the Federal Reserve System, has recently stated that there is a need for $300- $500,000,000 in long term loans and equity financing for small businesses in the next 10 years. He has also stated that there are 150,000 manufacturing concerns and 30,000 service type concerns which are candidates for SBIC financing. With a proven supply of money and an almost unlimited source of demand, I can see nothing but a bright future for these Small Business Investment Company industry in our nation.

Bringing the Financing Gap

Now, I would like to direct my remarks to areas in which SBICs and Investment Bankers can work together in the investment capital on a basis beneficial to both parties. Every financial institution which we can conceive of should play a role in furnishing long range capital to business. My primary purpose is to attempt to guide our thinking toward the broad spectrum of the financing gap between capital supplied by a business and the normal operation itself and capital to be supplied by special issues and institutional investors. Invest-

* Gregan Lord, President, Texas Capital Corp., Georgetown, Texas.
Private Placements and Insurance Companies

By William N. Georgenson
Assistant Vice President, Continental Assurance Co., Chicago, Ill.

Investment bankers are reminded of the overriding importance of private placements to life insurance companies; urgent to compete by submitting placements; and drill, many of the more prominent banks have been reminded of it. The latter includes specific pointers on what to consider in terms of preferences and prejudices of the insurance companies, and what is required for an effective, satisfactory proposal. Mr. Georgenson gives his reactions to various types of financing ranging from industrial loans to issues with equity kickers; suggests a breakdown of available funds; and warns against wholesale shopping.

One of the major changes in the corporate bond market in the postwar period has been the increased importance of private placements. In fact, to many life insurance companies, private placements of all types are the corporate bond market.

Most investment bankers I am sure, have heard a phrase like this before: "We are only interested in private placements." It generally emanates from life insurance investment departments and is repeated at frequent intervals.

Let me assure you that it will continue to be a prime concern of the land, and rather than assuming it to be another variety of brush off, I would like to present an effective rebuttal in the form of private placement submissions. Certainly, you may all be aware of the development of Texas and the Southwest towards proving a fertile field from which to develop a growing flow of private placements. My principal purpose today is to pass on some thoughts and suggestions concerning the presentation of an offering to life insurance companies.

Before moving on to our main purpose, we may well get to the point in order to define a private placement and to indicate their importance in the investment operations of life insurance companies.

A private placement is defined as the issue of securities by direct negotiation between the borrower and an investor or a limited number of investors, with or without the aid of an investment banker as agent. In passing, we should note that approximately 35% of private placements involve an investment banker and that as the size of the lender increases, this percentage has been on the rise recently.

The SEC estimates that new corporate bonds offered for cash in 1962 amounted to $2.2 billion. Of this total, $4.8 billion or 50.8% was placed privately. The public offering was not nearly in the same ratio. Since 1846, the ratio of private placements to new corporate bond offerings has ranged from a low of 34.4% in 1856 to a high of 58.4% in 1951. In the last four years, however, there has been an excess of 50%.

The volume of private placement financings fluctuates more widely than public offerings and is more costly due primarily to the concentration in industrial and miscellaneous areas which are more sensitive to changes in general economic conditions.

Importance to Life Insurance Companies

Granted that private placements are of major significance in the financing of financial institutions. How important are they to life insurance companies? This can be answered briefly by a look at a group of 23 life insurance companies. The group is composed of the 13 largest companies and 10 smaller companies active in private placements. With the end of 1961, this group of companies accounted for 76% of the $3.9 billion corporate bond holdings of all United States life insurance companies. During 1961, the group accounted for $3.9 billion in long-term corporate bond placements as compared to $4.2 billion in corporate debt of which $3.17 billion or 75% was in private placements.

Without belaboring this point further, let me assure you that the data presented in this volume are a prime goal of any major life insurance company. Certainly, the data presented will continue to increase as our industry grows.

Let's turn now to what is a doable private placement. I wish that I could give you the probability of a successful placement for any given deal. Such a statement is beyond the scope of this presentation. It is not unusual for a great number of potential lenders, of the right size, to be interested in a financing proposal.

I will say that you first become as familiar as possible with the likes and dislikes of potential life insurance companies on both an historical and a current basis. In short, know your market.

There are a few rather self-evident clues as to whether a given deal can be successfully placed. Obviously, the larger the company the higher the probability of successful placement. With $1 billion of issuance capacity, the main potential lenders in the larger life insurance companies. Issues amounting to less than $500,000,000 are almost impossible to place. A more difficult to place.

Types of Financing Instruments

Stock

Type of issue is a significant factor. Although there is little "read" against any form of stock issue, very little interest paid by the issuer. The issuer should be aware of this and its impact on the information, comment should be made, explaining any unusual terms of the issue and/or income statements. Long-term lease arrangements and full de-
Facing Up to Realities About Cuba and Elsewhere

By Roger W. Babson

No one knows the real answers to the inescapable USER situations in Cuba and to help any of the South-Central American countries according to Mr. Babson; Brief review of the complex problems depicts the facts that the rich South Americans do not invest in their own countries. Mr. Babson hopes that the Pope will be able to exert a real influence in that country.

This week’s column is being written in Orlando, less than 200 miles from Cuba. Palm Beach—where some of the Cubans have been staying much of the winter—is much closer to Cuba.

How Many Russians Left in Cuba?

No one really knows how many Russian soldiers, technicians, or officials still remain in Cuba. The estimates range from a low of about 2,000 to a high of 18,000. When these Russians leave Cuba they go in covered “wagon” and they are dressed in civilian clothes. They claim to have removed all “offensive weapons,” but they admit to selling a large number to Castro which are classed as “defensive.” Those would be able to “blow up” areas in Florida, but not any large American cities.

Our Intelligence is trying to get the facts by photography. This is in part a reason why certain camera company stocks sell at very much higher prices than they did in 1960. Although we own permanent rights in Guantánamo on the southeast corner of Cuba, we are very careful to let no one to pass the lines to enter or leave Guantánamo which has not a high character and reputation. It is rumored that Castro has dug a tunnel under Guantanamo Point and threatens, in case of war, to blow it up.

What Russia Wants

Khrushchev will not allow Castro to destroy Cuba, as some Republicans are urging Mr. Kennedy to do. He knows that such an event could start a world war. Furthermore, President Kennedy knows that the American people would much rather lose Cuba now than start World War III. Consequently, Russia seems to be “sitting tight” at present.

I further believe that Mr. Kennedy wants to go to the voters in 1964 under the slogan “I kept you out of war.” I also believe that if any Republican candidate for the 1964 election urges that we now “clean up Cuba,” he will surely be defeated. Another thing to remember is that the Cuban people are 90% Catholic and that the Pope is working for a friendly settlement. The Pope probably has no influence in Russia; but he should have real influence in Cuba.

What About Central and South America?

Friends tell me that Castro will try both to placate Russia and also to entice the Communists of Venezuela, Colombia, and other countries. All these and the other countries of Central and South America I have visited. In fact, the Babson Institute once in a branch in Guatemala. I owned a fine stone building which was destroyed by an earthquake. I repeat that we will not get into a war with Russia over Cuba. On the other hand, I know the Latin American people, as it seems indicated above. The trouble with these nations is that they have no “middle class,” they are either very rich or very poor. In temperature. One sad fact is that the rich do not invest their money in their own country, but send it to Switzerland to be invested in high-grade stocks listed in New York or London.

All of the above means that it will be very difficult to help Cuba or any of the South or Central American countries. Russia knows this. President Kennedy also knows it; but does not know the real answer, which is one of the fundamental difficulties with the Cuban problem. Geographically Cuba is a wonderful base for Russia to have in the Western Hemisphere; but from a military standpoint Russia knows that neither Castro nor any successor of Castro can be depended upon. Hence, I believe President Kennedy is now right in keeping out of Cuba—directly or indirectly.

N. Y. Inv. Ass’n Annual Outing

The Investment Association of New York will hold its annual outing on June 21 at the Sleepy Hollow Country Club.

This is not an offer of securities for sale. The offer is made only by the Prospectus.

Not a New Issue

May 8, 1963

50,000 Shares

The Manhattan Life Insurance Company

Guarantee Capital Shares

Price $110 per Share

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13

(1965)

(Citized for FRASER)
Gold Mining Subsidy Cannot Solve Our Gold Problem

By Leland Howard,* Director, Office of Domestic Gold and Silver Operations, Treasury Department, Washington, D. C.

There is another problem, as well, that arises from the very nature of mining. Many mines were once successful because of one metal and in the price of one metal. And the decrease in the price of one metal increases the importance of revenues from other. No doubt, some of the arguments today for a greater return from by-product mining result from a decrease in the price of another metal. But I do not believe we should abandon gold for an unprofitable situation with just one metal in the field.

These, then, are two problems caused, not by external circumstances, but by the character of the industry. And I believe that if the industry is going to adjust itself to the price of gold in the market, it can do so. But it cannot do so if it is going to continue to produce gold at a fixed price to foreign governments, central banks and, under certain conditions to international institutions. United States devaluation has been accepted by many of our foreign individuals. Also, we sell gold for legitimate purposes, so that we can bring this link between money and gold. If our money is the full and complete system of the entire Free World, it is to our monetary policy of buying and selling gold at a fixed price. The dollar is a vital part of the balance of payments. As we have found, the status of the dollar in international trade, United States dollar is valued at $170 million. This is followed by devaluation in all other countries, leaving the dollar in the international market as before but with less prestige. The fact that the dollar would not be used as a currency in the world could bring about a collapse in the world and agriculture and other activities in this country.

Another problem is the answer that the money: subsidies, which are not now the status of the dollar, and other countries do not have the same problems as we do. In the past, the United States gold production was only 1% of the gold produced in the world. Now, United States gold production is 4% of the gold produced in the world. Many have predicted that the gold mining industry in the United States will have to be reduced to about 1% of the world. This is a lot of gold. A dollar, at least, in the past, is a limited resource. It produces a capital, economic demand for gold and the price of gold. I do not believe that we can ever hope to have a large demand for gold—such as we have had in the past. And when we have a large demand for gold—such as we have had in the past, the price of gold will be increased. 9%

At a time when labor and mine operators of a country become more aware of the risks involved in mining, we will see in the 1930's and 1940's that the price of gold was increased by more than 9%. At a time when labor and mine operators of a country become more aware of the risks involved in mining, we will see in the future that the price of gold will be increased. 9%

Another suggested solution is to make the dollar a fixed rate. If we are going to accept the need of the United States to control the dollar, the super economist cannot do so. But this does not change the fact that the present price for gold is correct.

Opposes Two-Price System

There must not be a second standard of gold. There must be only one standard, the super economist, cannot do so. But this does not change the fact that the present price for gold is correct.

Dollar's Soundness

The dollar is sound both at home and abroad. It is the currency on which other countries rely for a large part of their internal pay-
from Washington... Ahead of the News
BY CARLISLE BARGERON

Congress will have the opportunity soon to correct the injustice done to retired military officers five years ago. A dividing line was set up between officers who retired before June 1, 1958 and those who retired later. The injustice was done to thousands who served in World Wars I and II and some in such wars as the Korean fiasco. Whether Congress will take advantage of its opportunity remains to be seen.

In 1958 Congress enacted a bill which corrected a situation whereby grades of lieutenant colonel and above had been underpaid for many years. But without warning the Congress suddenly and drastically decreed that all officers who had retired prior to June 1, 1958 would receive only a 6% "cost of living increase" in their retirement pay, but those who retired after June 1, 1958 would receive retirement pay computed on the increased pay scale for active officer personnel. The 6% retirement for the officers retired earlier was small. But the recomputed increases on the new pay scale ran from $326 a year for lieutenant colonels who retired June 1, 1958 and therefore to $4,000 a year for retired chiefs of the services. A colonel's retirement pay jumped by $1,000 a year, a brigadier general's by $1,400, a major general's by $1,800, a lieutenant general's by $2,400 and a general's by $3,200.

More than 25,000 officers of these ranks had been retired prior to June 1, 1958. It is estimated that approximately that number are still alive and on retirement pay. If Congress should now permit the recomputation of their retirement pay, the cost for the first year, it has been estimated, would run approximately $300 million. Thereafter, as the ranks are depleted, the annual cost would be reduced until it was finally wiped out.

Over a period of 15 years, it has been estimated, the cost will not exceed $600 million. In light of our annual costs for national defense, running into hundreds of billions of dollars in the next 15 years, this little ingenuity to right an injustice to men who served their country well.

The House Armed Services Committee reviewed the action of its own subcommittee proposing recomputation of retired pay for these officers. It ignored the fact that former President Eisenhower urged Congress to correct the mistake it had made in 1958, and on March 16, 1960 the House conspicuously passed an act for recomputation. President Kennedy committed himself to the principle of recomputation of retired military pay during the 1960 campaign and Secretary of Defense McNamara recommended the bill now reported to the House to allow recomputation on the basis of the 1958 act.

Three members of the House committee, Representatives Bob Wilson and Charles E. Gusher of California, and Charles E. Chamberlain of Michigan, submitted a minority report on this subject. They believe that recomputation of retired military pay would give war-time and帛 beneficiaries premature retirement.

Regardless of the merits of the recomputation bill, the injustice of 1958 is the issue. If Congress does not correct the injustice before it comes before the House.

D. C. Hahn Joins Edelman, Pollok

HOUSTON, Tex. - The investment banking firm of Edelman, Pollok & Foddick, Inc., Bank of the Southwest, has announced that Bernard S. Hahn has been appointed as manager of the Corporate Department, effective May 1, 1963.

Mr. Hahn, formerly with Rotan, Moale & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc., has been active in the investment securities field for the past nine years.

Wood, Struthers & Co. of New York City has been formed as a new business unit with Vilas &融资租赁

John E. Boyle on May 16 will assume his membership in New York Stock Exchange and will become a partner in the Exchange member firm of Wood, Struthers & Winthrop, 30 Wall Street, New York City.

N. Y. Bond Club to Hear Rockefeller

David Rockefeller, President of The Chase Manhattan Bank, will address members of The Bond Club of New York at a luncheon meeting on Friday, May 17, in the Bankers Club, E. Lawrence Googins, Board Club President, announced today.

Maxwell, Franklin Company in N.Y.C.

The election of John C. Maxwell, Jr., as President of Maxwell, Franklin & Co., Inc., 48 Wall St., New York City, members of the New York and American Stock Exchange has been announced. The firm name was also changed to Maxwell, Franklin & Co., from Hickey, Franklin & Co.

Prior to joining Maxwell, Franklin & Co., Mr. Maxwell was partner in charge of Research and Corporate Finance at Tuckey, Anderson & R. D. Edge, New York Stock Exchange member firm, from 1956 through 1958. From 1962 to 1956 he was a member of the underwriting department of First Union Corp.

Evicted President - Vice President and Treasurer of Maxwell, Franklin was Daniel G. W. Del Rio, formerly a research analyst and new business specialist with Villas &融资租赁.

DIVIDEND NOTICES

DOME MINES LIMITED

DIVIDEND NOTICE No. 89

DIVIDEND NOTICE No. 166

DIVIDEND NOTICES

THE COLORADO FUEL AND IRON CORPORATION

DIVIDEND NOTICE

The Board of Directors of the Colorado Fuel and Iron Corporation, having approved the annual dividend report of May 16, 1963, declare a quarterly dividend of $1.25 per share on the common stock of the Corporation.

KENNAMETAL INC.

LATROBE, PA.

DIVIDEND ANNOUNCEMENT

At a regular meeting held April 18, 1963, the Board of Directors of Kennametal Inc. declared a semi-annual dividend at the rate of 40 cents per share on the outstanding stock of the Company.

Fullman Incorporated

97th Consecutive Year of Quarterly Cash Dividends

A quarterly dividend of fifteen cents (15c) per share will be paid on June 14, 1963, to stockholders of record May 21, 1963.

Standard Oil Company (New Jersey)

DIVIDEND NOTICE

Thé more than 715,000 owners of Standard Oil Company (New Jersey) will share in the earnings of the Company by a dividend, declared by the Board of Directors May 11, 1963 and payable June 10, 1963, paid on June 14, 1963, to stockholders of record May 21, 1963. The dividend rate is 62 1/2 cents (62 1/2c) per share on the common stock of the Company, or at the rate of 67 1/24 per share of stock.

The Standard Oil Company (New Jersey) (1907) 15
The State of 
TRADE and INDUSTRY

Improving business sentiment has found
confirmation in a variety of economic data releases in recent
weeks. The Federal Reserve Bank of New York’s
latest Survey of Professional Forecasters found
an increase in optimism among businessmen,
which was attributed to factors such as
higher profits and improved consumer
sentiment. The University of Michigan’s
Consumer Sentiment Index also rose
in March, reaching a reading of
93.9, which is slightly above the
long-term average.

Despite these positive signals,
some economists are cautioning
against overestimating the
recovery. They note that
the pace of growth has
been uneven and that
there are several
unknowns that
could 

FED SUGGESTS SOME CAUTION

Since the recovery took
off in mid-1982, there has
been a general
improvement in economic
conditions. However, there
are still some concerns
regarding the pace of growth
and the sustainability of the
recovery. The Federal Reserve
Bank of New York, in its
latest Industrial Outlook
survey, indicated that
businesses are
cautiously optimistic
about the future,
but they are
also
concerned about
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One concern is
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STATUS SYMBOLS...IN NO UNCERTAIN TERMS

It used to be that critical management decisions could wait until the next executive committee meeting. Today—in business, industry and national defense, the pace of decision-making is tremendously accelerated. Instrumentation, data communications and computers are pressed into service. But the critical moment comes when their signals and codes must be delivered to human beings. At this point, the hardware must say, in the vernacular: "Now look, this is how things stand."

ITT System companies have developed many sophisticated 'read-out-display' devices to accomplish this. They range from high-speed printers to slow-scan television. One especially versatile device, driven directly from computers which may be in remote locations, projects refined data in any desired form—tabulation, text, symbol, map, graph—in a full spectrum of colors for rapid discrimination. Its uses range from command of military operations to industrial administration, air traffic control and no end of other possible applications.

ITT is active in developing advanced data-processing, data-communication and display systems on a global scale—handling data traffic between the U.S. State Department and embassies abroad...working as the nerve center for a worldwide weather service. These are fields of growing importance to the world's largest international supplier of electronics and telecommunications. International Telephone and Telegraph Corporation. Headquarters: 320 Park Avenue, New York 22, New York.
The Market ... And You

BY WALLACE STREETER

Has the stock market caught a bad spring cold, or is it merely a small attack of mild indigestion after swallow-
ing too many advances too fast? Almost certainly, the bulls are more confident in their predictions of new highs, there is little doubt that the bears through the March break have been delayed a bit.

Last week's assault on the Dow-Jones industrial average pushed the recovery high to a closing above 420. Yet the rally was not a break-through; it was merely a return to the level of the early March peak.

For the week, the Dow-Jones industrial average closed at 414.9, a move that practically no one expects will be repeated. Still there is a growing school of caution. The shift toward cash is seen to a small extent in some recommended sales of the recent upturn. But, a few quiet voices suggest there may be a little rain in the old highs of 725 are tipped.

Chemical and Drugs

Spur Interest

Chemicals and drugs are among the wave of more favorable comments in the market, there is much divergence in opinion on other issues. For instance, some members of the Kefauver in-

vestigation and the bad publicity of the thalidomide scandal.

Many of the prescription drug makers are called under-priced as a result. Growth of the drug market is also considered a sure thing because of the expansion of the nation's network of health-insurance programs and the widening number of aged persons.

The range of current recommend-

ations is wide.

Incidentally, one of the more cynical letters to investors notes that you may buy a company with a bad reputation or not because the current price of its merchandise is affor-
dable.

W arnings

One well-known bear puts it this way: "In predicting an 800 move in the ket:' the air gets thin that high, but we think that the market is going to make a fool of itself."

Another veteran Wall Streeter warns that first quarter earnings are good but does not confidently signal the results for the full year. Some industries, he noted is not having much of a first quarter. Other groups, like the oil or utilities, will have a good advantage over the economy earnings will follow. New highs are more frequently predicted, but the big question of how long they will last remains an enigma.

The view expressed in this article do not necessarily at any time coinci-
dide with those of the "Commercial.

They are presented as those of the author only."

Kersey Joins

Donaldson, Lufkin

James F. Kersev has joined Donaldson, Lufkin & Jenrette, Incorporated, One Whitehall St., New York, as a member of the New York Stock Ex-

change Bond department. Mr. Kersev, who has just been elected a

joint manager of the firm, is currently in the bond department and di-

rects the Boston office. Mr. Kersev, who is a member of the New York Stock Exchange.

The Price-Earnings Ratio

The overall price-earnings ratio for the Dow-Jones industrial av-

dage continues its recovery move. Latest calculations put it at 17.5
times the estimated per share earnings for the earnings per share for the year of 1963 which was 6.5

Although many analysts con-

clude that the ratio is still high at 1964 the price earnings are not cheap enough to satisfy a lot of buyers.

The Bond market is growing

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Philad. Sec. Ass'n

Luncheon Meeting

PHILADELPHIA, Pa. — Sol N. Berman, President, and Donaldson, Lufkin & Jenrette, Incorporated, One Whitehall St., New York, is a member of the New York Stock Ex-

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EXCERPTS:
The continued increase in population and industry in Northern and Central California was reflected in another year of progress for the Company in 1962.

The year's results provide further confirmation of the strong underlying growth trend that has characterized the Company's operations throughout the postwar period. We have every reason to believe that this trend will continue, and we are formulating our plans accordingly.

Net earnings for the common stock amounted to $1.64 a share based on the 56,477,326 shares outstanding during the year. This compares with earnings of $1.49 a share based on the same number of shares outstanding at the end of the previous year.

Development of nuclear energy as an economic source of power continues to engage our attention. Fuel loading of uranium oxide is proceeding for the 60,000 kilowatt nuclear unit at our Humboldt Bay Power Plant near Eureka, and the reactor is expected to be operating under test shortly. Authority to proceed with the construction of a 330,000 kilowatt nuclear unit at Bodega Bay Atomic Park has been granted by the California Public Utilities Commission, and start of construction awaits the receipt of a construction permit from the Atomic Energy Commission.

An important part of our activity is planning the additions to our system that will be required in order to meet the future demands of our customers. Recently the Company announced, in addition to its current program, its plans for an electric construction program through 1980, which will more than treble the size of our existing electric system.

While the program is naturally flexible, it includes nine thermal type generating units of at least 600,000 kilowatts each, seven others of at least 1,000,000 kilowatts each, and more than 1,200 miles of extra high voltage (EHV) transmission lines of at least 500,000 volts. Construction of a part of the new EHV transmission system has already commenced. The first 660,000 kilowatt generating unit is scheduled for operation in 1966. If our nuclear unit at Bodega Bay turns out to be as economically successful as we are confident it will be, many of the large generating units in this program will be nuclear.

FOR THE BOARD OF DIRECTORS

Chairman of the Board  President

PACIFIC GAS and ELECTRIC COMPANY
245 MARKET STREET, SAN FRANCISCO 6, CALIFORNIA

For additional information on the Company write K. C. Division, Vice President-Finance, 245 Market St., San Francisco 6, Calif., for a copy of P. G. & E.'s 1962 Annual Report.
SECURITY SALESMAN'S CORNER

“All Kinds of Customers”

After you have been selling securities for a while you will find that there is more to it than the tension of learning and making a good judge of investment values. Certainly no one can be too anxious about handling the investment accounts of individual investors unless they know the standards and regulations of the NASD (and if registered members of the New York Stock Exchange commands and requirements. Also, the more you know about investment values, the better. There are—basically—they come first.

There are as many different types of securities as there are investors who know the fundamentals of your craft, you still are required to understand people. Here’s an example:

The Lady Wanted To Be Reckoned
One day a friend of mine, through the "Exeter" I received a note on the rebound just by waiting. One day she had an unfortunate laps and said the wrong thing. Result: bruised feelings—lost account.

My friend, it seems, was receiving a stock as a gift from an elderly man and his younger wife. After a while, he realized that he was obtaining a mere part of their total volume of trading. However, he also noticed that the lady was greatly taking over more of the initiative. She began to telephone him almost daily to order him to sell certain stocks. She had long been on a referee's rating, and was very proud of the correct manner she kept the records, wrote checks, and followed every item in the account. When there was a profit, she traveled to her original rating, she would emphasize this more than casually—particularly when the bank accompanied the note to the office.

The major portion of this account was handled by another salesman who had done business with the husband for years. My friend knew this. But he continued to execute the orders because he realized he could be his way, and the husband could be the principal and accompanied her to the office.

The New York Clearing House in New Home

The New York Clearing House Association has unveiled its new home at 100 Broad Street, New York City.

Operator of the country’s oldest and largest bank clearing house, the association now occupies a recently completed two-story structure, located between the Park Avenue and Bridge Streets in lower Manhattan.

George Champion, Chairman of the Building Committee and of The Chase Manhattan Bank; Albert C. Simons, Jr., Chairman of The National City Bank; and J. Edward W. Jones, President of The Clearing House Association, participated in the ceremonies in the unveiling of the new structure.

The association, which now includes 21 New York City banks, has handled over $1 billion in volume during the year, an increase of nearly 25 percent over the previous record.

The new building is a modern facility designed to meet the needs of an expanding business.

The facility is equipped with the latest in electronic and mechanical devices, and is designed to provide a safe and efficient environment for the association’s operations.

Possibly the broker who is reluctant to give your account what it deserves has hesitated to do so because you did not understand his reasons. But it is also evident that the second broker knows he has two problems — to help the client do a good job, and to keep the look his on his side — which will be right with everyone.

E. F. Hutton Co.

Names W. B. Peter

The appointment of Wernher B. Peter, as Regional Manager of E. F. Hutton & Company Inc.’s Midwestern division has been announced by Sylvan C. Coleman, Chairman of the Board.

Mr. Peter is located at the firm’s main office at One Chase Manhattan Plaza, New York, and will help coordinate mutual fund activities for its nationwide network of 41 offices.

Continued from page 1

ed houses or did some other available work, and waited until opportunity opened for them to turn to their trade. In any event the term “in their line” may well, and probably does, cover a multitude of sins. How is an employer to find his way safely through all such pitfalls as these?

The degree to which labor is organized in aggressive and powerful unions does nothing to ease such a situation. Not only is it difficult, not to say impossible, for an employer to find in the industry—what will be the best way to approach work in his line—when he is not available, so far as he is concerned—but even when it is available under circumstances where it should not be a solution to correct such a situation is this. How much the difficulty of dealing with pr.cilms of this sort actually affects the month to month employment figures of this Federal Government, we have not yet come to knowing, but we can not but believe that the experience is real, and quite likely to be greater at some times than at others and thus influence the changes regularly published.

Far More Important

But far more important than any or all of these face the circumstances of which the Powers apper, not to be aware, or else prefer to ignore. We, of course, hear a good deal about “technological unemployment” and “structural unemployment” and the like. Such unemployment arises when advances in technology or other changes occur for which the work is not designed or is not clearly responsible. They often mean a greatly decreased demand for certain types of labor — a decline that may or may not be offset by greater demand for other types. Or employers may find itself necessary to make geographical shifts in their labor staff. A laborer being far more mobile and consequently unable to find work in their line “in their community.”

There are, of course, various other causes of this type of unemployment. It is not likely that they will be little doubt that it constitutes a very significant portion of unemployment at any time now-a-days. It is in this connection, that we hear a great deal about “automation” — which after all is basically not an extensive improvement in technology made possible by scientific advances.

What so many of us do not appear to understand is that while this sort of change is inevitable, and has been and will continue to continue to work for workers as before or even more investments, as the result, they may not be made available to individuals in high and low, and that it is the result of our own shortcomings and of our own mistakes. This is why it is so difficult to understand the complexity of the process.

There are many many different projects of this type. The practical business man is naturally under the necessity of deciding whether or not there is a possibility that it may be possible for his firm to continue to work for workers as before or even use substantially more of the investments, as the result, they may not be made available to individuals in high and low, and that it is the result of our own shortcomings and of our own mistakes. This is why it is so difficult to understand the complexity of the process.

The Lady Wanted To Be Reckoned
One day a friend of mine received a note on the rebound just by waiting. One day she had an unfortunate laps and said the wrong thing. Result: bruised feelings—lost account.

My friend, it seems, was receiving a stock as a gift from an elderly man and his younger wife. After a while, he realized that he was obtaining a mere part of their total volume of trading. However, he also noticed that the lady was greatly taking over more of the initiative. She began to telephone him almost daily to order him to sell certain stocks. She had long been on a referee’s rating, and was very proud of the correct manner she kept the records, wrote checks, and followed every item in the account. When there was a profit, she traveled to her original rating, she would emphasize this more than casually—particularly when the bank accompanied her to the office.

The major portion of this account was handled by another salesman who had done business with the husband for years. My friend knew this. But he continued to execute the orders because he realized he could be his way, and the husband could be the principal and accompanied her to the office.

One day he received a telephone call from the wife. She was very agitated and told him that if the profits would have been more than $1 billion then she would like to come to see him. They came in as usual, and before he could say a word she spoke up, “We’ve decided that you should handle all our business.”

The situation was that the other broker who had controlled this account for years suddenly went on an extended vacation and the wife was his broker. He failed to give the “zippy” that she demanded.

Hurt Feelings

They had bought some speculative securities and the wife had made the original suggestions.

The afternoon of the 28th May “break” took its toll and when they telephoned and suggested that all or part of the account might be sold and go buy some more of the same, now that they were at low market values, she did it in a thoroughly less and rather abruptly told her that she SHOULD HAVE BROUGHT THEM IN THE FIRST INSTANCE. This was too much. Instead of realizing that her old financial situation, involved here—the other broker made a statement that completely baffled this rather involved relationship.

So there they sat—this elderly man and his wife — and not knowing what to do, did my friend learn that the lady was wife number two. The husband in a rather aggravating manner turned to him and said, “You know I am so proud of the way you handle my affairs.” Since my first wife died many years ago I never knew what a relief it was to have any one around with her head for a change. I live near our home— from now on we’ll have you handle our entire account.”

And as they took the transfer of account forms and signed them my friend told him that he would have to listen to him over and over again — when they came to see him—when they talked over the phone, and gave the wife called to ask about a credit balance in the account—suggest that she had a lot of it. He was hurting very seriously.

This joint account is now being managed by my friend and is very pleased with the whole experience.
UNION PACIFIC RAILROAD COMPANY
(INCLUDING ITS LEASED LINES)

SIXTIETH ANNUAL REPORT — YEAR ENDED DECEMBER 31, 1962

REPORT OF THE BOARD OF DIRECTORS
ON THE YEAR'S BUSINESS

TO OUR STOCKHOLDERS:


As explained in our brief annual report released in March, net income of $82.5 million, as reported under accounting rules prescribed by the Interstate Commerce Commission has been reduced in our income statement to $68.6 million, in conformity with generally accepted accounting principles. The adjustment of $13.9 million represents the amount of the reduction in current Federal income taxes resulting from advance allowances for depreciation and amortization, which under Interstate Commerce Commission regulations represent depreciation charges to be made in the accounts over the entire lives of the facilities involved. In effect, current net income as reported under I.C.C. regulations is thus being artificially inflated at the expense of net income, stated on the same basis, at some future time. In the opinion of the management, which is supported by leading accounting authorities, the adjustment made in our income statement is essential for the purposes of setting out the factual situation and preventing misleading assumptions by our Stockholders and the public as to future income prospects of the Company.

Net income for the year as adjusted represents an increase of $2.4 million, or 3.6 per cent, over similarly adjusted income for 1961. This improvement resulted chiefly from increases in transportation earnings (exclusive of the temporary income tax reductions) and in interest income, partially offset by decreases in income from oil and gas operations and from miscellaneous sources.

Adjusted net income per share of common stock, after preferred dividend requirements, was $2.80 compared with $2.76 per share in 1961. Dividends of $1.60 per share declared on common stock in 1962 amounted to 50 per cent of the net earnings per share.

The organization of the Union Pacific into Operating Divisions, inaugurated in 1961, has been working well. The tabulation below shows a breakaway by Divisions of 1962 net income before Federal Income taxes, compared with the previous year:

<table>
<thead>
<tr>
<th>Divisions</th>
<th>1961</th>
<th>1962</th>
<th>Increase (+) or Decrease (—with)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Division</td>
<td>$91,678,749</td>
<td>$91,017,326</td>
<td>+661,423</td>
</tr>
<tr>
<td>Natural Resources Division</td>
<td>$3,767,774</td>
<td>$3,747,837</td>
<td>+19,937</td>
</tr>
<tr>
<td>Land Division</td>
<td>$7,957,619</td>
<td>$7,774,960</td>
<td>+182,659</td>
</tr>
<tr>
<td>Non-Divisional</td>
<td>$1,867,683</td>
<td>$1,867,683</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$110,270,725</td>
<td>$112,467,516</td>
<td>+2,196,791</td>
</tr>
</tbody>
</table>

Gross expenditures for investment in equipment and other transportation property during the year amounted to $64.4 million, or $14.5 million more than in 1961. Such huge outlays are a continuing necessity to accomplish operating economies and provide improved transportation services. Incidentally, most of such expenditures in 1962 were of the kind for which 7% investment credit is allowed to apply against current Federal Income taxes, of which 48 per cent represents a permanent tax saving.

The year 1962 was notable for a general feeling of cautious optimism with respect to the future of the railroad industry, occasioned by a number of different factors, some of which are outlined below.

President Kennedy's transportation message to Congress on April 5, 1962, mentioned in last year's annual report, was the first such official recognition of certain urgent transportation problems to which our railroads have been vainly calling attention for years. Legislative enactment of the President's program may take considerable time, but public presentation of the facts represents a long step forward, and offers hope that at least some of the discriminatory regulations affecting the railroads will be removed or substantially modified, so that they may be able to compete on a more equitable basis with other forms of transportation in the future.

Recommendations by the President's Railroad Commission in its report of February 28, 1962, on employe work rules, and especially the recommendation with respect to gradual elimination of the positions of firemen-helpers on diesel locomotives in road-freight and yard services, appear to have a reasonably good chance of being put into effect. As might perhaps be anticipated, the labor organizations concerned resisted this development in the courts, despite the Commission's recommendations that were designed to make such purposes changes as beneficial to affected employees as reasonably practicable. However, the ruling by the United States Supreme Court on March 4, 1963, has from a legal standpoint cleared the way for affirmative action. If and when the new work rules are finally put into effect, a large and economically unjustified burden will have been lifted from the railroad industry.

Another encouraging aspect of the general picture is the increasing progress made by the railroads themselves in their bold originisation and implementation of new ideas, such as the extension of piggyback services, use of multi-level cars and other specialized freight cars, introduction of new rate-making procedures, and so on.

Finally, authorization by the Interstate Commerce Commission of certain railroad mergers has been a healthy development. When such mergers are soundly conceived, their consumption should effectuate worthwhile economies, improve administration, and strengthen the whole railroad industry.

INCOME ACCOUNT

<table>
<thead>
<tr>
<th>TRANSPORTATION OPERATIONS</th>
<th>1962</th>
<th>1961</th>
<th>Increase (+) or Decrease (—)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$121,344,155</td>
<td>$120,356,430</td>
<td>$988,725</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$75,801,528</td>
<td>$75,070,703</td>
<td>+730,825</td>
</tr>
<tr>
<td>Revenue over expenses</td>
<td>$45,542,627</td>
<td>$45,285,727</td>
<td>+256,900</td>
</tr>
<tr>
<td>Income from operations</td>
<td>$45,542,627</td>
<td>$45,285,727</td>
<td>+256,900</td>
</tr>
<tr>
<td>Railway Operating Income</td>
<td>$60,698,033</td>
<td>$59,314,960</td>
<td>+1,383,073</td>
</tr>
<tr>
<td>Equipment rents (debited)</td>
<td>$20,167,039</td>
<td>$19,020,391</td>
<td>+1,146,648</td>
</tr>
<tr>
<td>Joint freight rents (credited)</td>
<td>$1,566,148</td>
<td>$1,520,504</td>
<td>+45,644</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$102,533,520</td>
<td>$91,857,865</td>
<td>+10,675,655</td>
</tr>
</tbody>
</table>

| Net Income from Transportation Operations | $40,471,525 | $39,587,754 | +883,771 |

<table>
<thead>
<tr>
<th>INCOME FROM INVESTMENTS AND OTHER SOURCES</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from oil and gas operations</td>
<td>$25,788,328</td>
<td>$25,788,328</td>
</tr>
<tr>
<td>Royalties from oil and gas leases</td>
<td>$1,053,377</td>
<td>$1,053,377</td>
</tr>
<tr>
<td>Dividends on stocks owned</td>
<td>$4,374,204</td>
<td>$4,374,204</td>
</tr>
<tr>
<td>Interest on bonds and notes earned</td>
<td>$2,319,207</td>
<td>$2,319,207</td>
</tr>
<tr>
<td>Other interest income</td>
<td>$455,477</td>
<td>$455,477</td>
</tr>
<tr>
<td>Rents from lease of real estate</td>
<td>$132,379</td>
<td>$132,379</td>
</tr>
<tr>
<td>Miscellaneous rents</td>
<td>$1,069,803</td>
<td>$1,069,803</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$42,150,066</td>
<td>$42,150,066</td>
</tr>
<tr>
<td>Net Income</td>
<td>$80,625,591</td>
<td>$80,625,591</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$80,625,591</td>
<td>$80,625,591</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MISCELLANEOUS INCOME</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous tax accruals</td>
<td>$3,611,016</td>
<td>$3,611,016</td>
</tr>
<tr>
<td>Other deductions from income</td>
<td>$4,157,757</td>
<td>$5,068,757</td>
</tr>
<tr>
<td>Total deductions from income</td>
<td>$7,768,773</td>
<td>$8,579,773</td>
</tr>
<tr>
<td>Income available for fixed charges</td>
<td>$80,347,818</td>
<td>$80,347,818</td>
</tr>
<tr>
<td><strong>Fixed Charges</strong></td>
<td>$3,141,455</td>
<td>$3,096,356</td>
</tr>
<tr>
<td>Other fixed charges</td>
<td>$12,263</td>
<td>$12,263</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,253,718</td>
<td>$3,208,619</td>
</tr>
<tr>
<td>Net income under accounting rules prescribed by I.C.C.</td>
<td>$82,496,108</td>
<td>$80,347,818</td>
</tr>
<tr>
<td>Reductions necessary to conform accounting for railroad operations</td>
<td>$3,408,129</td>
<td>$3,408,129</td>
</tr>
<tr>
<td><strong>Net Income under accounting rules prescribed by I.C.C.</strong></td>
<td>$79,088,179</td>
<td>$76,939,690</td>
</tr>
<tr>
<td>Net Income from railroad operations</td>
<td>$80,057,241</td>
<td>$76,939,690</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET INCOME</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under accounting rules prescribed by I.C.C.</td>
<td>$3,50</td>
<td>$3,50</td>
</tr>
<tr>
<td>**Net income per share of common stock (after dividends)</td>
<td>$2.76</td>
<td>$2.76</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIVIDENDS DECLARED ON UNION PACIFIC RAILROAD CO. STOCK</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>On preferred stock (4 ½ %)</td>
<td>$3,381,724</td>
<td>$3,381,724</td>
</tr>
<tr>
<td>On common stock</td>
<td>$3,381,724</td>
<td>$3,381,724</td>
</tr>
<tr>
<td><strong>Total dividends declared</strong></td>
<td>$6,763,448</td>
<td>$6,763,448</td>
</tr>
</tbody>
</table>

"Railroad tax savings" include Federal taxes on income from all sources. Such taxes on income from oil and gas operations were approximately $7,060,000 in 1962 and $7,418,000 in 1961. Railroads tax savings in 1962 also include the 7% investment credit provided in the Internal Revenue Code of 1962, which is taken against Federal Income taxes, 48% of which is a permanent tax saving.

9
Public Service Company of New Mexico

Public Service of New Mexico, with annual revenues of about $23 million, serves electricity (which contributes 96% of revenues) to a vast number of homes in northern New Mexico, and also to Deming in southwestern New Mexico; water is served in Santa Fe and Las Vegas. Total population of 163,000, almost half of it, is in metropolitan Albuquerque. This city, the largest in the state, is important for the manufacture of bricks, cement, flour, sawmill products and other construction materials—the population has increased from 2,000 in 1910 to 71,000 at the time of the last census, and the growth has been a further 22,000 since then.

The company has been in business for more than 90 years, and has served the city of Santa Fe since 1893. It is closely connected with the University of New Mexico, which is located in the city. A new, modern building is under construction. Deming has attracted some light industry, including a large textile mill. Farming areas specialize in the growing of grains, cotton and vegetables, as well as livestock raising. The company's electric revenues are 27% residential and rural, 22% commercial, 22% industrial and 19% wholesale and miscellaneous.

The growth of the population and the size of the city has been rapid. In 1950, the city had a population of 27,988. By 1960, it had grown to 70,540. This growth has been mainly due to the increasing demand for energy, which has led to the construction of several new power plants in recent years.

As a result, the company's revenues have increased at a much faster rate than for most other electric utilities, more than tripling in the last 10 years. In 1952, the increase in earnings per share was 35%, which is a very good performance for an industry that is generally considered to be a staple of the economy. The company has been able to maintain this growth in earnings per share, which has averaged 10% per annum as indicated in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings Per Share (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>$1.23</td>
</tr>
<tr>
<td>1953</td>
<td>$1.32</td>
</tr>
<tr>
<td>1954</td>
<td>$1.49</td>
</tr>
<tr>
<td>1955</td>
<td>$1.61</td>
</tr>
<tr>
<td>1956</td>
<td>$1.74</td>
</tr>
<tr>
<td>1957</td>
<td>$1.83</td>
</tr>
<tr>
<td>1958</td>
<td>$1.90</td>
</tr>
<tr>
<td>1959</td>
<td>$2.03</td>
</tr>
</tbody>
</table>

The company expects to benefit by a new 250,000-volt transmission line from New Mexico to Colorado, which will interconnect its system with that of Arizona Public Service at the latter company's generating plant. Plants are under way for an interconnection with Western Colorado Power, as well as for a high voltage interconnection with El Paso Electric, the present owner (owned by the U. S. Bureau of Reclamation) being inadequate.

The company's transmission system will be part of the "grid" for transmission of power from the big Colorado River Storage Project. An adverse factor is that advocates of public power are urging that power from the Colorado River project should be made available to the company, some of whose customers, are designated by law as preference customers.

The company apparently has no regulatory problems. The basic electric rates in effect are the same as those approved by the New Mexico Public Service Commission in 1933. These rates are considerably lower than all of the municipal electric rates in the state, and, with the exception of preference customers, are lower than those of all R.E.A. cooperatives in the state.

As the company is not building any generating plants at present, construction requirements will probably be only about 2.3% of current year's purchases of new plant and equipment, which is a small percentage compared to the 15% or so that most companies are spending on new plant and equipment. This is due to the fact that the company has a large number of older plants, which require relatively little maintenance.

A small amount of cash may be received from the exercise of warrants subscribed to the 1895 series of preferred stock. These warrants (almost the only example of utility warrant outstanding) will expire July 1 and will presumably be exercised to purchase common shares of stock. The equity ratio approximates 37%.

Despite a decline in the interest credit this year, Standard & Poor's has raised its earnings pattern from the $1.23 earned last year to $1.30 to $1.35 in 1963. The stock has been quoted recently on the over-the-counter market around $8 to $8.50.

The company is in a strong position to take advantage of business developments, for savings are expected in 1963, and the earnings ratio for 1963, the price-earnings ratio is about 27.
when the two banks merged in 1960.

The Northern Trust Company, Chicago, Ill., May 1 announced the retirement of C. V. Moore, Senior Vice-President in the Bond Department, after 41 years' association with the bank.

The Central National Bank, Chicago III., elected A. H. Brittain, Jr., as Vice-President. Mr. Bauder was formerly Vice-President of Continental Illinois National Bank & Trust Co., Chicago, Illinois.

The Comptroller of the Currency James J. Saxon on April 29 announced that he has given preliminary approval to organize a National Bank in Southfield, Michigan.

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

The Comptroller of the Currency James J. Saxon on April 30 approved the application to merge The First National Bank of Georgetown, Georgetown, Kentucky, and the Farmers-Deposit Bank of Sadieville, Sadieville, Kentucky, effective on or after May 7.

Paul E. Hoover, Chairman of the Board of Crocker-Anglo National Bank, San Francisco, Calif., and Roy A. Britt, President of Citizens National Bank of Los Angeles, Calif., May 6, announced the proposed plan of reorganization of the future Crocker-Citizens National Bank, to be formed by merger of the two banks.

Emmett G. Solomon, new President of Crocker-Anglo National Bank will be President and Chief Executive Officer of the merged institution, and Joseph F. Hogan, now First Vice-President of Crocker-Anglo, will continue in that capacity with Crocker-Citizens, they said.

Mr. Hoover will continue as Chairman of the Board of Crocker-Citizens National Bank, and W. W. Crocker will continue as Honorary Chairman. Mr. Britt will become Vice-Chairman of the Board of Crocker-Citizens, succeeding Paul B. Kelly, at present Vice-Chairman of Crocker-Anglo, who will shortly reach retirement age. Mr. Britt will also serve as Chairman of the Executive Committee and officer in charge of the southern division of the merged institution.

Mr. Kelly, will continue his association with Crocker-Citizens as a member of the Board of Directors.

"We are highly pleased and consider it most fortunate that Mr. Kelly, who has devoted to Crocker-Anglo a distinguished banking career spanning four decades, will afford Crocker-Citizens the great benefit of his counsel and assistance," Hoover and Britt said.

The following members are proposed for the Board of Directors of the merged bank: Fred W. Ackerman; Stephen D. Bechtel, Jr.; Milo W. Bekker; Others Berry; Roy A. Britt; Wm. Herbert Carr; Ralph J. Chandler; Dwight L. Clarke; W. W. Crocker; Mortimer Fleischhacker, Jr.; R. G. Fol-b; Walter A. Has; Paul E. Hoover; Reed O. Hunt; Earle M. Jorgenson; Paul B. Kelly; Carl O. Lindeman; Joseph A. Moore, Jr.; David Packard; George A. Poy Jr.; William S. Rosecrans; William M. Roth; Mrs. Helen C. Russell; Henry Salvatori; Emmett G. Solomon.

Of the 25 directors named, 18 are at present members of the Crocker-Anglo Board and seven of the Citizens Board.

Clyde H. Brand; A. H. Brawner; William Pflueger; John J. Reilly; Porter Semon; Randolph Sever; and J. F. Sullivan, Jr., now members of the Crocker-Anglo Board, will continue to serve the merged institution on an enlarged advisory committee. In addition, the remaining present directors of Citizens National will serve on an advisory board to be formed to aid the operations of the southern division of Crocker-Citizens. These members comprise:

Wm. H. Andrews; George D. Bjurman; W. J. Boyle; Davis Factor; Herbert D. Ivey; L. O. Ivey; G. Harold Janeway; Robert Gibson Johnson; Donald H. Mc-Keel; William L. Pereira; John B. Rusen; Samuel K. Rindge; Wm. T. Semon, Jr.; W. A. Simpson; Emerson Spear; Ron Stever; Kenneth B. Wixom.

The plan for the merger of the two prominent banking institutions into a single branch system serving both northern and southern California was recently approved formally by the directors of both banks and now awaits action by the respective shareholders at separate meetings to be held in June. Final approval by the Comptroller of the Currency must then be obtained before the merger can become effective.

The merger bank will have initial assets of approximately $20,000,000 and capital funds approaching $200,000,000.

The Comptroller of the Currency James J. Saxon April 29 announced that he has given preliminary approval to organize a National Bank in Biju, California.

Initial capitalization of the new bank will amount to $1,000,000, and it will be operated under the title "Taboo National Bank."

Swensen Named By A. G. Becker Co.

SAN FRANCISCO, Calif.—Paul L. Swensen has been appointed Sales Manager of the San Francisco office of A. G. Becker & Co., Incorporated, Ross Building.

SECOND IN ALL THE U.S.A.!

...among publicly owned integrated distributors of electrical energy

Power production in Puerto Rico continues to set new records. Paced by the continuing industrial boom and the rapidly rising standard of living, output has multiplied over and over.

The Puerto Rico Water Resources Authority is now the second largest municipally owned integrated system producing and distributing electric power in the United States. In terms of net plant, gross revenues and customers served, the relative sizes of the "big three" are:

Puerto Rico Power

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Puerto Rico Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>343 million</td>
</tr>
<tr>
<td>1952</td>
<td>685 million</td>
</tr>
<tr>
<td>1957</td>
<td>1,342 million</td>
</tr>
<tr>
<td>1962</td>
<td>2,270 million</td>
</tr>
</tbody>
</table>

City of Los Angeles

<table>
<thead>
<tr>
<th>Department of Water and Power (Dec. 31, 1962)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Plant:</td>
</tr>
<tr>
<td>Electric Revenues:</td>
</tr>
<tr>
<td>Number of Customers:</td>
</tr>
<tr>
<td>$7,171,604,022</td>
</tr>
<tr>
<td>$136,153,857</td>
</tr>
<tr>
<td>972,000</td>
</tr>
</tbody>
</table>

City of Seattle

<table>
<thead>
<tr>
<th>Department of Lighting (June 30, 1962)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Resources Authority</td>
</tr>
<tr>
<td>Net Plant:</td>
</tr>
<tr>
<td>Electric Revenues:</td>
</tr>
<tr>
<td>Number of Customers:</td>
</tr>
<tr>
<td>$312,866,887</td>
</tr>
<tr>
<td>55,083,610</td>
</tr>
<tr>
<td>214,837</td>
</tr>
</tbody>
</table>

Bonds of The Commonwealth of Puerto Rico and its various agencies such as The Puerto Rico Water Resources Authority are exempt from state income taxes as well as United States federal income taxes.

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

Fiscal Agent for The Puerto Rico Water Resources Authority

1311 Ponce de Leon Avenue
San Juan, Puerto Rico

45 Wall Street
New York 5, N. Y.
COMMENTARY

BY M. R. LEFKOE

It would be natural for one to assume that if a management has the right to decide whether any given operation should be conducted by its own employees or by an outside contractor, it would also be natural for one to assume that if a contract is void due to the Constitution prohibits ex post facto legislation, each Government agency would be required to act in accordance with that restraint. Finally, it would be logical to assume that the laws of our nation would be drafted and applied in a manner calculated within the jurisdictional ability of a company violating one law or regulation as a necessary consequence of complying with another.

The Employer's Dilemma

In fact, if one were considering the implications of the Federal Reserve Board agreements, it would be natural to assume that the Board has the right to decide on the consequences of a violation of its agreements. Any suggestion that the Board would be required to be consistent in its actions would be a violation of the Constitution's prohibition against the ex post facto application of laws.

The Federation's Position

The company was seen in danger, however, that its delivery system would be disrupted by ICC regulations in the event of a delivery and that the ICC would be given the right to manage and regulate the company's delivery operations. A short time later, however, the Board decided to make its own delivery system without the use of ICC regulations and its own employees.

The ICC's Position

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Enter the Union

At this point, a union entered the picture, and a recognition election, became the bargaining agent for the employees. After a series of events but before any agreement had been reached, the ICC returned, told Town & Country that its delivery system was a violation of ICC regulations, and filed criminal charges against the company.

The union was informed by the company immediately of the ICC's action. The union had to decide whether to sell its delivery system to the company and whether to sell the company's delivery system to the ICC. The decision was made by the company's top management, which was a violation of ICC regulations, and filed criminal charges against the company.

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The Minority Decision

The practical effect of the Board's decision in the Town & Country case is that the Board is free to act in the interests of the company, and that the minority decision is to be interpreted as a decision of the minority. The Board has, in effect, established a company's right to manage and regulate its delivery operations.

Penalty Is "Grotesque"

To describe the penalties prescribed by the Board majority is to say that the penalty for violating the Board's regulations is "grotesque." It is to say that the penalty imposed by the Board is so unequal to the harm caused by the violation that it would be unfair to impose it. Such a penalty is not a penalty at all, but a punishment.

The Board's decision in the Town & Country case is to be regarded as a decision of the minority. The Board has, in effect, established a company's right to manage and regulate its delivery operations. The penalty imposed by the Board is so unequal to the harm caused by the violation that it would be unfair to impose it. Such a penalty is not a penalty at all, but a punishment.
Funds Intensified Buying
Before Market Soared

Continued from page 1
the net purchases of $180 million were more than double the comparable figure for the March quarter 1962.

In the case of the open-end balanced funds, purchases exceeded sales in the March quarter of $255 million, an increased sales of $147 million. Net group gross sales of $304 million were up 20%, due primarily to Wellington heavy buying. This huge fund bought $108 million of equities, while disposing of $38.7 million. In the December quarter the fund acquired $80.6 million and sold $30.5 million. Other substantial buyers in the latest quarter included Investors Mutual and Putnam.

As for the open-end stock funds, stepped-up buying and selling occurred during the first quarter. However, the greater emphasis on the buy side — purchases of $67 million against $304 million in the December quarter—reflected a quarter-to-quarter improvement of 4%. Moreover, net group acquisitions of $68.3 million contrasted with no more than 20% increases in the preceding quarter. Contributing important figures in this showing in the recent three months was heavy buying by Dreyfus, Fidelity and United Accident Indemnity.

The closed-end funds overall presented a mixed showing in the past quarter. However, group purchases of $3.5 million was extremely favorable when compared with a $4 million selling balance in 1962’s fourth quarter. The better showing in the March quarter was the result of good buying by Lehman Corporation. Conversely, heavy selling by the fund was an important factor in placing the group in a net selling position in the December quarter.

As a proportion of total portfolio assets, closed-end group holdings rose to 7.0% as of March 31 from 6.3% on Dec. 31, and other defensive securities (bonds, and high grade preferred stocks) declined to 9.3% from 10.7%. Reflecting the increased buying of equities, the common stock sector of the group was given a net positive value rise to 83.7% from 82.5%

In the accompanying table will be found comparative statistics, by quarters in the years 1962 and 1961, of the status of the mutual fund industry with respect to total net assets, gross and net sales and purchases, etc. In this respect, it may be observed that while the ratio of redemptions to aggregate net assets for the initial quarter was 1.54% as against 1.42% in the December quarter, net share sales for the two periods were $223 million and $294.3 million, respectively. The net asset values of $22.6 billion on March 31, 1962 were matched with $21.2 billion on Dec. 31, 1961.

Impressive Showing Under Pressure

Most funds weathered 1962’s eroding stock market, including May’s sharp break, in fairly good shape. Many prophets had said that the funds would fall apart in any major stock market drop. This, however, was not the case. There was no great stampede by fund shareholders to redeem their shares. Nor did the managements operating the funds become panic-stricken.

Naturally, when the market fell sharply last April, the net values of most funds turned sharply downward. But generally, however, they held up much better than many had expected. Since that time, net asset values have made good recoveries in line with the market’s upturn in the past two quarters.

As already indicated, fund managements as a group were distinctly bullish toward common stocks in the March quarter. In this regard, the following expressions of investment philosophy may be of interest:

Charles M. Wery, Chairman of the George Putnam Fund of Boston: "The Trustees are of the opinion that the Fund should be strongly invested in common stocks at this time. This decision is based largely on these points: (1) the expectation of continued improvement in general business activity and earnings during 1963 quite possibly at an accelerating rate, (2) the very large amount of money presently in the hands of both institutions and individuals warranting a favorable opportunity to come into the market, and (3) the possibility of a new wave of inflation both here and abroad in the months ahead.

Lawrence A. Sikes, President of Massachusetts Life Fund of Boston: "Ever since July 1962, the American economy has been featured by an historically high rate of output that has neither leveled off nor receded appreciably. As a result, we adopted a more buoyant attitude towards the stock market during the early part of the first quarter of 1963, anticipating some degree of bullishness. However, several recent developments including increased capacity, capital, improved retail trade, especially for automobiles, and the absence of serious maladjustments in the real estate market, have led us to believe the next change in domestic activity would be up. Consequently, we have been adding more aggressively to the common stock portion of our portfolio."

POLICY TOWARD INDUSTRY GROUPS

Fund managements showed increasing confidence in the future as they strongly favored 11 industry groups while disfavoring 3 during the March quarter. This compares with 11 industries favored and 3 sold in the December quarter.

In the March quarter, the following groups were predominate: automotive, transportation, utilities, containers, cosmetics, drug products, electronics and communications, insurance, industrial equipment (machinery), metals (aluminum), office equipment, oils (international), public utilities, printing and publishing, and railroads.

The following industries were mildly favored by managements in this survey: chemicals, food products, natural gas, rubber and tire, and textiles.

In the mixed group we find agricultural equipment, aircraft and aircraft equipment, automobile, building construction and equipment, glass, paper and paper products, printing and publishing, radio TV, and telephone.

Metals (copper), retail trade and steel industries were the only groups meeting substantial selling.

POPULAR TOPICS

Top on the list is most widely bought stock during the first quarter was achieved by Royal Dutch, followed by Socony-Mobil. Acquiring this enviable position in the General Motors during the December quarter, Royal Dutch represented with 16 fund manage- ments purchasing and 4 selling. In the initial three months of 1963, the second most popular issue was known IBM. This dynamic "growth issue" was purchased by 13 managements and sold by 4.

THREE-YEAR COMPARATIVE SALES RELATIVE TO THE MUTUAL FUND INDUSTRY

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Ratio of Redemptions to Net Assets

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Note: Ratio of redemptions to net assets in 1962 was 1.43%. This compared with 5.8% in 1961 and 5.4% in 1960.

Third in popularity was one of the world’s leading petroleum enterprises—Standard Oil (N. J.), purchased by 12 managements trading with sales by only 2.

Continued on page 25

ARE YOU LOOKING FOR INCOME NOW, INCOME LATER... BOTH?
The Parker Corporation is distributor of mutual funds with two different goals:

Incorporated Income Fund

A mutual fund investing in a list of securities selected to earn current income.

Incorporated Investors

A mutual fund investing in a list of securities selected for possible long-term growth of capital and income.

A prospectus on each fund is available from your investment advisor.

THE PARKER CORPORATION
20 Berkeley Street, Boston, Mass.
**Funds Intensified Buying Before Market Soared**

Stearns Co. Continues

Stearns & Co., 80 Pine Street, New York City, members of the New York Stock Exchange, did not dissolve as previously reported.

Continued from page 25

*The George

**PUTNAM FUND of Boston**

**A BALANCED FUND**

The Putnam Growth Fund

Emphasizing possible long-term Capital Growth

*Transactions in the favored groups*

**Airlines Unanimously Bought**

A repeat performance occurred this year in the industry, with all issues having portfolio activity showing excess of buyers over sellers. This indicates a stronger International Paper, Kanasai Electric Power ALDs; Pacific Gas & Electric Public Service Electric Service & Phillips Lamp; Smith Klein & French; and Westinghouse Electric.

**"DEBUTANTES PARADE"**

Within this category we entered a number of issues with relatively no prior investment fame. Usually, how fund managers are concerned. These issues are generally traded in the Over-the-Counter market or in small regional exchanges. Issues making an appearance in investment company portfolios during the recent quarter were: Associates Investment Co.; B. V. D. Corp.; Citizens Southern National Bank; Hoerner Boxes; Ilkin Corp.; Kearney & Trecker Corp.; North American Life & Casualty; Pacific Southwestern Airlines; Robin (A. H.) Co.; Ondondaga Pottery; St. Louis Capital; Southwestern States Telephone; Strawbridge & Clothier; Tex-Star Oil & Gas Corp.; Uris Building Corp.; and Union Bank (L. A.).

**DIS-FAVORED STOCKS**

Dis-favored issues marked during the past quarter were: dlPoint (2.1) with eight sellers and three buyers; Florida Power & Light with seven sellers and three buyers; and Learner Financial having six sellers and one buyer.

**COMPLETELY FRIENDLESS**

The following issues sold by four or more managers, found no buyers: Champlain Oil & Refining; Texas Gulf Producing; and Republic Steel.

**TRANSACTIONS IN THE FAVORABLE GROUPS**

**Airlines Unanimously Bought**

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### Federal Reserve Bank of St. Louis

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### National Securities Corporation

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### Mutual Investment Funds

#### Stock Series

- **Corning Glass Works**
  - **Mats.**: 3,500
  - **Shares**: None

- **Owens-Illinois Glass**
  - **Mats.**: 26,500
  - **Shares**: None

- **Emhart Mfg. Co.**
  - **Mats.**: 4,350
  - **Shares**: None

- **Holleburk Co.**
  - **Mats.**: 5,000
  - **Shares**: None

- **Pittsburgh Plate Glass**
  - **Mats.**: 23,700
  - **Shares**: None

#### Income Series

- **Aetna Life and Casualty**
  - **Mats.**: 83,500
  - **Shares**: None

- **Continental Casualty**
  - **Mats.**: 15,000
  - **Shares**: None

- **Fireman's Fund Insurance**
  - **Mats.**: 15,000
  - **Shares**: None

- **Home Insurance**
  - **Mats.**: 21,500
  - **Shares**: None

- **Marsh & McLennan**
  - **Mats.**: 5,000
  - **Shares**: None

#### Preferred Stock Series

- **Transamerica Corp.**
  - **Mats.**: 11,600
  - **Shares**: None

- **Travelers Insurance**
  - **Mats.**: 2,700
  - **Shares**: None

#### Balanced Series

- **Anacostia**
  - **Mats.**: 4,000
  - **Shares**: None

- **Cerro Corp.**
  - **Mats.**: None
  - **Shares**: None

- **Koppers Co.**
  - **Mats.**: None
  - **Shares**: None

- **Phelps Dodge**
  - **Mats.**: None
  - **Shares**: None

#### Bond Series

- **Birmingham**
  - **Mats.**: 5,000
  - **Shares**: None

---

### Affiliated Fund

A Common Stock Investment Fund

**Investment Company Name** for its shareholders' protection

**Address**

New York 4, New York

**Telephone**

201-472-7000

**Fax**

212-472-7001

**Home Office**

1000 Avenue of the Americas

New York, New York 10036

---

### Mutual Investment Funds

- **Stock Series**
- **Growth Stocks Series**
- **Dividend Series**
- **Income Series**
- **Preferred Stock Series**
- **Balanced Series**
- **Bond Series**

---

### Wellington

A Name to Remember When Investing

- **A Balanced Fund**
  - Seeking conservation of capital, reasonable current income, and profit possibilities.

---

### Massachusetts Life Fund

A balanced mutual fund providing for distribution of income and principal equal in accordance with an individual trust account for each income.

**Investment Company Name**

**Address**

30 East Street, Boston 6, Mass.

---

### Wells Fargo

A name to Remember When Investing

- **A Balanced Fund**
  - Seeking conservation of capital, reasonable current income, and profit possibilities.

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### National Securities Research Corporation

Established 1932

120 Broadway, New York 3, N.Y.
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For forward-looking investors—

Guardian Mutual Fund

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For information and free copy of prospectus, write to

Selected Investments Co. 135 S. LaSalle St., Chicago 3, Ill.
Fidelity (11,000), and Dreyfus (11,000).

Finance Companies Bought
With the exception of CIT Financial, which was sold in the first quarter, all other sales of portfolio companies were in demand during the March quarter. Best purchased First Charter Financial, this issue being newly acquired in the quarter. Other purchases were Putnam (24,400); State Street Investment (5,000); and Incorporated Investors (5,000).

Insurance Strongly Favored
All issues in this group, especially fixed and variable, were in demand during the March quarter. Home Insurance was newly acquired by Lazard (7,400); and General Public Service (10,000). Aetna Casualty & Surety had been bought (7,800); and Selected American Shares (1,000).

Machinery and Industrial Equipment
Moving from their sold position in the previous quarter, this group encountered good demand during the recent three month span. Leesona Corp., a specialty textile machinery manufacturer, was sold by Value Line (15,000); and Blue Ridge Mutual (8,000).

Metals (Aluminum) Bought
Sentiment toward metal issues (excluding copper) continued to improve over the preceding quarter. David Lazard & Co. Aluminum Ltd., which had been heavily sold during the December quarter, had aluminum (40,000) newly, and Massachusetts Investors Growth (50,000).

Bidders Buy Rail Shares
Railroad shares were pointed to by bidders during the March quarter, possibly reflecting the recent favorable Supreme Court decision on "featherbedding." Norfolk & Western, a unanimous favorite, was newly bought by Fidelity (11,000); Dreyfus (14,000); and Eaton Howdy (5,600). Another favorite, was heavily bought by Dividend Growth (11,000); Putnam (10,000). Big acquisitions in Pennsylvania Railroad were Dreyfus (72,000), and Delaware Fund (100,000) were also record.

GROUPS MILDLY BOUGHT
Chemicals Eke out Moderate Interest
At the same time that activity for groups within this quarter was once again reconfirmed. Good buying was indicated in Lederle Products and Rayonier. Selling pressure was registered especially in Du Pont (30,000) and American Cyanamid (40,000). However, a block of 10,000 shares was eliminated by Delaware Fund.

Oils Selectively Bought
In the oil sector, considerable buying prevailed, especially of the international concerns. Oil stocks distinctly outperformed the market during 1962, as the industry again became one of major interest to investors. Petroleum companies continued to show good earnings progress reflecting better demand. Foreign demand has been advanced for domestic reasons, with 4% domestically, and remains in a healthy uptrend.

Royal Dutch was the most popular of all issues during the March quarter, and was bought by 16 dealers. The top buyers in RD were Scudder (30,000) newly; United Accumulative (12,500). Continental (40,000); and Fidelity (45,000). SON, another of the international oils, was eliminated by Madison (8,000); Fundamental (16,000); and Tri-Continental (10,000).

Much of the selling which was experienced in the international oils was directed at the merger or sell-out rumors. This should be realized when reviewing the industry's performance during the March quarter. The following issues, sold during the quarter, may be classified in this category:

- Atlantic Refining: Champlain Oil: Sunray DX Oil; and Texas Gulf Refining.
- Public Utilities Again Acquired
- Continuied strong fund demand for utility shares was experienced during the March quarter. This activity was attributed to the numerous dividend increases and stock splits which have been exceptionally good buying indicated in our previous survey continued in the recent quarter. St. Louis Edison (N. Y.), Public Service Electric & Gas; and Southern Co. A foreign issue, Kansai Electric Power (Japan), was unanimously favored by five management groups. Demand for this issue was relatively low.

PRINTING & PUBLISHING MEET FAIR DEMAND
Fund managers' interest in this group was extremely limited, activity being confined to only four issues. Best liked was Donnelly & Sons with 10,000 buyers, Lehman (40,000) newly, and Massachusetts Investors Growth (50,000).

INDUSTRIES MEETING MIXED REACTION
Agricultural Equipment Not Robust
Little attraction is usually encountered in this group; the diversified product mix of companies is so great that few, if any, true farm equipment companies remain. As a result, Lazard & Co. sold by Dreyfus (7,500); and Eaton Howdy (1,600). Hull Industries Trust of Boston and Investment Co. of America.

FMC (100,000) was eliminated by Madison (21,000), and Selectors Trust of America.

Elicited Selective Buying
These issues included the expansive 

Lazard & Co. acquired a number of other companies during the period, including Atlantic Refining, Chaplain Oil, Sunray DX Oil, and Texas Gulf Refining. The company also acquired Public Utilities again acquired.

Public Utilities again acquired
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Elicited Selective Buying
These issues included the expansive...
Taking a Sober Look at Our Economic Upswing

Continued from page 2

Unless we are prepared to implement the logical counterpart of the drain upon the government expenditure not only in step with rising national income, we are not ready for the radical tax overhaul we really need.

Changing Labor Force Growth Greatly Preserves

There is still another reason why we must guard against any complacency about our economic growth. Over the next few weeks and months the economy will be running at speeds far above normal. Surely nobody is willing to contemplate such fantastic enlargement of the industrial field. This braking effect of the new young labor force is something that we must take into account in every view, simply as a result of rising standards of living.

Mr. Kaufman's recent article has not even made itself felt in any event, simply as a result of rising standards of living.

Secondary for Gulf Oil Corp.

The First Boston Corp., New York, and associates announced that they are offering publicly a total of 3,441,880 capital shares of Gulf Oil Corp. at $44.73 per share.

The shares are believed to represent a portion of the holdings in Gulf of certain charitable foundations and family trusts and are held by members of the Mellon family and of the Mellon Institute, Mr. Richard K. Mellon, Mr. Thomas M. Mellon and Mrs. Sarah Mellon Scaife. These shares are being sold for the purpose of establishing funds to meet commitments for charitable and other purposes and in the case of the Charities, to permit a greater diversification in their portfolio. After the sale the sellers and other Mellon interests will continue to be substantial stockholders in Gulf Oil Corp.

Gulf Oil Corporation is devoted primarily to the production, purchase, transportation, refining, and sale of petroleum products, crude petroleum and petroleum products, including petrochemicals, and in related businesses. Operations are conducted throughout the Free World, and the corporation is affiliated with the major integrated enterprises in the oil industry.

Tarantinos Joins May & Gunnion Inc.

BOSTON, Mass.—James W. Tarantinos has been associated with May & Gunnion Incorporated, 140 Federal St., Mr. Tarantinos was formerly in the trading department of the Boston office of New Hanover Marine Corporation.
### Cash Position vs. Security Holdings of 89 Investment Companies With Aggregate Net Assets of $16.8 Billion (3-31-63 vs. 12-31-62)

**Open-End Balanced Funds:**
- American Business Shares...
- American Growth Fund A...
- American Growth Fund B...
- American Growth Stock Fund...
- American Science & Electronics...
- Boston Fund...
- Broad Street Investing...
- Community Development Fund...
- Diversified Investment Fund...
- Dodge & Cox Fund...
- Eaton & Howard Balanced Fund...
- Fund of America...
- General Investors Trust...
- Group Securities—Fully Admin. Fund...
- Institutional Foundation Fund...
- Investors Mutual...
- Johnson Mutual Fund...
- Knickerbocker Fund...
- Loomis-Saysen Mutual Fund...
- Massachusetts Life Fund...
- Mutual Investment Fund...
- National Securities—Income...
- Nation—Wide Securities...
- Nels Fund Investors...
- New England Fund...
- Putnam Fund...
- Scudder, Stevens & Clark Fund...
- Shares America...
- Stein Roe & Farnham Balanced Fund...
- Value Line International...
- Value Line Income Fund...
- Wellington Fund...
- Whittall & Co. Fund...
- Sub-Total Open-End Bal. Funds...

**Open-End Stock Funds:**
- Aberdeen Funds...
- Affiliated Fund...
- Blue Ridge Mutual Fund...
- Bullstock Fund...
- Chemical Fund...
- Delware Fund...
- de Verg Mutual Fund...
- Dividend Fund...
- Eaton & Howard Stock Fund...
- Energy Fund...
- Equity Limited Fund...
- Fundamental Investors...
- Group Securities—Common Stock Fund...
- Guardian Mutual Fund...
- Incorporated Investors Fund...
- Investment Co. of America...
- Investment Corporation of Boston...
- Landau Fund...
- Massachusetts Investors Trust...
- National Investors...
- National Securities—Special...
- One William Street Fund...
- Pioneer Fund...
- Price (7-Eleven) Growth Stock...
- Scudder, Stevens & Clark—Common Stk...
- Selected American Funds...
- Sovereign Fund...
- State Street Investment...
- Street Retreat Fund...
- Texas Fund...
- United Accumulative Fund...
- United Continental Fund...
- United Fund...
- Value Line Special Situations...
- Wall Street International...
- Wisconsin Fund...
- Sub-Total Open-End Stock Funds...
- Total Open-End Funds...

### Closed-End Companies
- Abscon Fund...
- Adams Express...
- American European Securities...
- American International...
- Carrier & Generals...
- Consolidated Investment Trust...
- Dominick Fund...
- General American Investors...
- General Public Service...
- Lehman Corp...
- Madison Fund...
- Niagara Share...
- Overseas Securities...
- Tri-Continental...
- U.S. & Foreign Securities...
- Total Closed-End Companies...
- Grand Total...

### Security Transactions by the 89 Investment Companies During January-March, 1963

<table>
<thead>
<tr>
<th>Description</th>
<th>Purchased</th>
<th>Sales*</th>
<th>Purchased*</th>
<th>Sales*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash, etc., and Government bonds</td>
<td>$1,489,991</td>
<td>$1,204,720</td>
<td>$3,782,481</td>
<td>$1,709,420</td>
</tr>
<tr>
<td>Defensive Securities (Excluding Preferred)</td>
<td>$6,550,958</td>
<td>$10,836,723</td>
<td>$1,235,655</td>
<td>$2,377,620</td>
</tr>
<tr>
<td>Risk Securities (Common Stock)</td>
<td>$3,094,958</td>
<td>$3,094,958</td>
<td>$1,476,958</td>
<td>$1,476,958</td>
</tr>
<tr>
<td>Totals</td>
<td>$10,035,907</td>
<td>$12,535,391</td>
<td>$6,554,130</td>
<td>$6,652,997</td>
</tr>
</tbody>
</table>

*Includes corporate short-term notes where as included by reporting fund.

### AVERAGE ALLOCATION BY 89 COMPANIES OF ASSETS TO CASH AND MONEY MARKET INSTRUMENTS, SECURITIES, AND REINSURANCE LIABILITIES

**March 31, 1963:**
- Cash and government instruments: 31.0%
- Securities: 47.0%
- Reinsurance liabilities: 22.0%

**December 31, 1962:**
- Cash and government instruments: 32.0%
- Securities: 47.0%
- Reinsurance liabilities: 21.0%
Indications of Current Business Activity

**AMERICAN IRON AND STEEL INDUSTRY:**

<table>
<thead>
<tr>
<th>Iron and steel shipped (in thousands of tons)</th>
<th>May 4</th>
<th>136.6</th>
</tr>
</thead>
</table>

**AMERICAN PETROLEUM INSTITUTE:**

<table>
<thead>
<tr>
<th>Crude oil—dunday average</th>
<th>May 4</th>
<th>7,902,624</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refineries (barrels)</td>
<td></td>
<td>2,704,664</td>
</tr>
<tr>
<td>Distillate (gallons)</td>
<td></td>
<td>1,162,000</td>
</tr>
<tr>
<td>Residual fuel oil (tsls)</td>
<td></td>
<td>2,904,000</td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
<td>140,000</td>
</tr>
</tbody>
</table>

**AMERICAN IRON AND STEEL INSTITUTE:**

<table>
<thead>
<tr>
<th>Steel shipments (tons)</th>
<th>May 4</th>
<th>3,529,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct shipments</td>
<td></td>
<td>3,456,200</td>
</tr>
<tr>
<td>Total indirect shipments</td>
<td>72,800</td>
<td></td>
</tr>
</tbody>
</table>

**ASSOCIATION OF AMERICAN RAILROADS:**

<table>
<thead>
<tr>
<th>Revenue freight received from connections (in thousands of dollars)</th>
<th>May 4</th>
<th>275,839</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight charges on oil tank cars</td>
<td></td>
<td>1,051</td>
</tr>
<tr>
<td>Freight charges on other cars</td>
<td></td>
<td>1,505</td>
</tr>
</tbody>
</table>

**TOAL OUTPUT OF S. BEER (RECORDS):**

<table>
<thead>
<tr>
<th>Beer output (in thousands of barrels)</th>
<th>May 4</th>
<th>4,560,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brewed in the U.S.</td>
<td></td>
<td>4,080,000</td>
</tr>
<tr>
<td>Brewed by foreign-owned firms in U.S.</td>
<td></td>
<td>480,000</td>
</tr>
<tr>
<td>Brewed by American-owned firms overseas</td>
<td></td>
<td>200,000</td>
</tr>
</tbody>
</table>

**DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE:**

| May 4 | 113.2 |

**EDISON ELECTRIC INSTITUTE:**

<table>
<thead>
<tr>
<th>Electric output (in thousands of kilowatt-hours)</th>
<th>May 4</th>
<th>18,729,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio</td>
<td></td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

**METAL PRICES (F. & J. M. QUOTATIONS):**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Status</th>
<th>May 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum</td>
<td></td>
<td>3.07</td>
</tr>
<tr>
<td>Copper</td>
<td></td>
<td>2.15</td>
</tr>
<tr>
<td>Lead</td>
<td></td>
<td>0.47</td>
</tr>
<tr>
<td>Silver</td>
<td></td>
<td>0.51</td>
</tr>
</tbody>
</table>

**MOODY’S BOND YIELD DAILY AVERAGES:**

<table>
<thead>
<tr>
<th>U. S. Government Bonds</th>
<th>May 4</th>
<th>9.02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td></td>
<td>170</td>
</tr>
<tr>
<td>Short</td>
<td></td>
<td>170</td>
</tr>
<tr>
<td>Long</td>
<td></td>
<td>170</td>
</tr>
</tbody>
</table>

**MOODY’S COMMODITY INDEX:**

| May 4 | 379.6 |

**OIL, PAINT AND DRUG REPORTER PRICE INDEX—100 AVERAGE:**

| May 4 | 111.08 |

**ROUND-LOT TRANSACTIONS FOR ACCOUNT OF NEW YORK STOCK EXCHANGE MEMBERS AND SPECIALISTS:**

<table>
<thead>
<tr>
<th>Total round-lot sales (in thousands of dollars)</th>
<th>May 4</th>
<th>2,476,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short sales</td>
<td></td>
<td>2,476,800</td>
</tr>
<tr>
<td>Total purchases</td>
<td></td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

**STANDARD DANCE OF THE N. Y. STOCK EXCHANGE AND ROUND-LOT SALES TRANSACTION FOR ACCOUNT OF NEW YORK STOCK EXCHANGE MEMBERS (MARKETS):**

<table>
<thead>
<tr>
<th>Total round-lot sales (in thousands of dollars)</th>
<th>May 4</th>
<th>1,061,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales</td>
<td></td>
<td>1,061,800</td>
</tr>
</tbody>
</table>

**WAREHOUSE PRICES, NEW SERIES—U. S. DEP. OF COMMERCE:**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>May 4</th>
<th>99.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td></td>
<td>99.8</td>
</tr>
<tr>
<td>Cotton</td>
<td></td>
<td>100.3</td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td>100.3</td>
</tr>
</tbody>
</table>

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:

**AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—MONTH OF MARCH:**

<table>
<thead>
<tr>
<th>Total home laundry (in thousands of yards)</th>
<th>May 4</th>
<th>14,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td></td>
<td>14,000,000</td>
</tr>
<tr>
<td>Linen</td>
<td></td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

**BUILDING MATERIALS: FERTILIZER: BROADSTREET, N. Y.: CITY—MONTH OF MARCH:**

| May 4 | 91.076 |

**BUSINESS INVENTORIES—DEPT. OF COMMERCE:**

| May 4 | 27,865 |

**DEPARTMENT STORE SALES—FEDERAL RESERVE—100 AVERAGE: Month of April:**

| May 4 | 117.01 |

**EDISON ELECTRIC INSTITUTE:**

| May 4 | 24,491.04 |

**LIFE INSURANCE BENEFITS PAID TO POLICYHOLDERS—INSTITUTIONS OF LIFE INSURANCE:**

| May 4 | 10,055,000 |

**METAL PRICES (F. & J. M. QUOTATIONS):**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>May 4</th>
<th>30.06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td></td>
<td>28.06</td>
</tr>
<tr>
<td>Aluminum</td>
<td></td>
<td>28.06</td>
</tr>
<tr>
<td>Silver</td>
<td></td>
<td>28.06</td>
</tr>
</tbody>
</table>

*Source: Federal Reserve Bank of St. Louis.*
Why Compulsory Auto Insurance Is a Failure

Caged arguments in the case against compulsory automobile insurance coverage that should be faced up to and answered are advanced by trade insurance group. Noted, for example, are the "big business" argument and the "compulsory" insurance claim. According to the National Association of Independent Insurers, world's largest insurance trade association.

Contrary to general belief, the insurance industry is strongly opposed to compulsory automobile liability insurance, primarily because: (1) It heaps millions of dollars of unearned premium reserves on the state governments and automobile owners; (2) It is almost impossible to protect the responsible citizen.

In the first place, says NAI, "compulsory" insurance will result in a giant premium allowance which is far from being adequate to cover the losses of a compulsory system. It will cause it simply cannot compel. In Massachusetts, for example, even after years of experience, thousands of claims for liability insurance, many thousands of uninsured motorists still roam the state highways.

In New York State, during a recent 12-month period, there were at least 1,800 hit-and-run accidents in North Carolina in a recent year and nearly 2,500 accidents involving uninsured motorists.

Triage Irony

This highlights the triage irony of compulsory liability insurance: the more risks there are, the less the sense of security such a law gives law-abiding motorists who believe it even higher.

Why can't a compulsory automobile insurance system be forced? Consider the following, says NAI:

New York has 5.2 million motor vehicles, Massachusetts 1.9 million and North Carolina 1.8 million. Thus the Compulsory Sections in these states' Motor Vehicle Department start off with from 2,000,000 to 5,000,000 pieces of paper.

Then: A driver changes his address, or he changes his car.

He lets his insurance lapse, or he takes out new insurance.

He changes his own companies, or he changes his insurance coverage.

One time he signs his name John Q. Doe, the next time J. Doe, in Q. Doe, somewhere along the line perhaps it gets misspelled. Tens of thousands of transfers take place in a staggering maze of administrative confusion.

Result: The original two to five million pieces of paper have snowballed into a veritable blaze of forms, and insurance takes place in a staggering maze of administrative confusion. In New York, not only are there 85,000,000 pieces of paper, but there are also 10,000 pieces of paper per policy for which the insurance company may be liable.

And keeping the files current becomes a grim joke, with taxpayers or policyholders footing the bill for all of this work.

Opposition View

It is significant that compulsory insurance is under fire in the three states that have it (one of them has been able to achieve the law's purpose: total insurance of its motorists.

Says the Asheville, North Carolina, Citizen: "It sounded wonderful, but it has turned out over." New York State Senator Ernest H. Hatfield has framed the law as a "punishment" weapon, and has called for a study aimed at repealing it.

Some Massachusetts state officials have also called for a repeal of their state's law, because: (1) It doesn't prevent highway safety. Too many people become negligent and take chances, and some even become reckless after the accident.

It causes increasing highway hazards. Studies show that all three of the compulsory insurance states are having sharp rises in highway injury and property damage accidents.

North Carolina personal injury accidents increased 38% from 1961 to 1962, though its compulsory program is 11 years old. Personal injury jumped 46% and property damage accidents 26%.

In 1961 Massachusetts again led the nation in bodily injuries from automobile accidents, but New York was second.

New York's claim frequency for the last four and one-half years increased 35% (while insurance rates in New York were 13% above the national average). The increase was due to both the compulsory insurance and to the law's 

The average price earnings ratio for the major banks is 17.5 times. This average has been exceeded in only one year since 1950. The average yield on these stocks is 3.25% and has been lower at only one point since 1950.

BANKS AND INSURANCE STOCKS This Week—Bank Stocks

NEW YORK CITY BANKS—

For the first quarter of 1963, New York City banks showed divergent earnings trends. In general, average earnings increased by 5%. It is expected that earnings for New York City banks for the full year will be staggering at this increment over 1962's earnings. This increase compares somewhat with the anticipated increases for those banks in other sections of the country.

The banks in the Southeast are expected to show increases ranging 10-15%.

There are two principal reasons for the retardation of growth in earnings for New York banks. One is the growth in time deposits, which has proved to be quite costly to earnings growth. West Coast banks have had high time deposit ratios for years and have realized the experience of investment—why is a high return type of investment. Also, municipal investment has been restricted to West Coast banks and the average return on this portion of the portfolio is greater—due to earlier investment at higher rates.

The second reason for slower growth among these banks is the branching laws, which were enacted in New York in 1959. In the legislation enacted the Omnibus Banking Act which permitted New York City banks to extend their branching into the two adjacent counties—Nassau and Westchester. Most banks in these adjacent counties through merger have been thwarted in their "feverish" branching. The establishment of these new banks rather than taking over existing ones is immediately costly and requires not only time consuming construction of a facility but also the acceptance in the new locale. The inability to move easily into the suburbs of New York City has placed the consumer or retail banking business. This means not only fewer investments, but also fewer mortgage loans than West Coast banks.

The full establishment of these departments is not only time consuming but costly.

Sporn Loan Fund Established

Establishment of the "Philip and Sadie Sporn Fund" at the Indiana Institute of Technology, Fort Wayne, was announced jointly by Philip Sporn, Chairman of the Development Committee of American Electric Power Corporation of West Virginia, and Dr. Archie T. Keene, President of Indiana Tech. Mr. Sporn is also a trustee of the fund.

The $50,000 loan fund was made available to the Philip Sporn Institute for studies of engineering schools in the mid-West.
The State of TRADE and INDUSTRY

Continued from page 10

week's over-all total was an increase of 1,923 cars or 14.3% above the corresponding week in 1962 and 3,084, or 31.8% above the 1961 week.

Cumulative piggyback loadings for the 14 weeks of 1963 totaled 235,242 cars for an increase of 29.3% above the corresponding period of 1962, and 64,781 cars or 38.8% above the 1961 period. There were 61 class I U.S. railroad systems originating this type of piggyback freight in 1963, compared with 58 one year ago and 64 in the corresponding week in 1961.

Inter-City Trucking Gains 0.1% Over Year-Ago

Inter-city truck tonnage in the week ended April 27 showed a marginal gain of 0.1% over the volume in the corresponding week of 1963, the American Trucking Associations announced. Truck tonnage slightly under 63,000 was 0.1% above the corresponding week in 1962. While there were 61 class I U.S. railroad systems originating this type of piggyback freight in 1963, compared with 58 one year ago and 64 in the corresponding week in 1961.

The loadings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Motor Carriers of the Metropolitan Economies. The report reflects tonnage handled at more than 200 terminals by the larger carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage from 14 to 15 locations with 19 points reporting decreases from the 1962 level. Truck termina-

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SBIC's and Investment Bankers Are Complementary

Continued from page 11

high rate of return is sought through the obtaining of options to purchase stock in the company financed.

Flexible Financing Arrangements

We attempt to be very flexible in our financial arrangements, and we do not restrict ourselves to term loans with equity options. We supply capital to growing businesses, we also finance sales or purchases of assets, and the purchases of businesses by key employees or partners. It seems that such transactions are quite common in the Southeast. We have a staff composed of men with varied backgrounds, and we offer executive management counseling contracts with our clients. As discussed above, on some occasions, we will grant a small business a commitment to lend a given amount of money, and the small business will in turn use this commitment to collateralize a bank loan. We usually charge a standing fee for this type of arrangement. We go to whatever lengths are prudent in financing small businesses. Incidentally, 90% of all businesses in the United States fall into the category of "Small Businesses" as defined by the SBA.

Referral Fees

I imagine that the next question that investment bankers would ask, if indeed it were not the first question, is "What can I realize out of such an arrangement and how can I collect it?" There was, in the past, an SBA obstacle to SBIC's paying fees for referrals. However, this restriction no longer exists, and we can operate more freely in this area. Due to some unfortunate misunderstandings between people referring business to us and clients whom we have financed, we prefer that the person referring a client make his financial arrangements with that client prior to our advancing any funds to the client. Then, when the funds are advanced, we have no qualms against our client paying that fee from funds that we have advanced. If this is not possible, we can make other arrangements that are just as satisfactory to ourselves and to the persons referring clients to us.

Potential Public Offering Business

Another advantage obtainable through this type of operation is not an immediate monetary one, but it is just as significant, I believe, as an immediate fee. I believe that an SBIC with adequate capital available and an adequate managerial staff can direct and guide and encourage the growth of a Small Business entity to the point that a public offering of its stock can be advisable. I am certain that all well run SBICs will succeed in this type of arrangement, and I am convinced that an SBIC with the proper staff and operating under a loan agreement which exercises proper controls can reduce these figures significantly.

It goes without saying that if you are able to refer a client to a source of capital funds, this client will most likely come back to you when his business is ready for a public underwriting. In fact, it is a simple matter to tie down this point in some type of contract at the time the initial SBIC investment is made.

I could go on and on discussing specific points involved in our working with investment groups in promoting the growth of small businesses, but rather than going into detail, just let me emphasize that we are fully capable and quite anxious to work with investment bankers to our mutual benefit in obtaining capital for businesses that need and deserve it.

There is presently pending before Congress legislation which, if passed, would grant us more flexibility in our operations and greatly facilitate our value to the business community and to the small business concern in need of funds. All indications are that this legislative program will result in favoring treatment in Congress, and I am certain that in years to come, the legislative process will further enhance our effectiveness. Despite all this talk about methods of giving our economy a boost, I cannot think of a single administration proposal which will do more to stimulate our economy than will a program assuring our small business concerns of a source of growth and expansion capital.

The Small Business Investment program is regulated and assisted by the Small Business Administration with headquarters in Washington and branch offices throughout the United States. This governmental agency, unlike so many that we have all had experience with, is well staffed by a group of very qualified executives who are fully aware of business realism and who know the Washington scene well. Our program is destined to become the "fourth banking system," to use the words of President Kennedy. Our industry has also been referred to as the "Equity Bank" and I feel that this one phrase describes our industry as well as any that I have heard. Our aim is to render long term capital financing to small businesses and with the help of investment bankers I think that we can do an even more effective job than would otherwise be the case. I think that investment bankers and small business investment companies go together like ham and eggs, and we are anxious, willing and able to prove it.


NEW ISSUE CALENDAR

May 9 (Thursday)
Alabama Power Co. (Bonds) (Mk 11 a.m. EDT) $10,000,000

May 12 (Monday)

May 15 (Wednesday)
Berea Air King Corp. (Common)

May 17 (Thursday)
Virginia Electric & Power Co. (Bonds) (Mk 11 a.m. EDT) $10,000,000

May 22 (Wednesday)
Copenhagen (City of) (Bonds)

May 28 (Monday)
Dow Jones & Co., Inc. (Bonds)

June 3 (Monday)
Canaeval Hill Enterprises, Inc. (Common)

June 4 (Tuesday)
Southern Pacific Co. (Equipment Trust Cts.)

June 5 (Wednesday)
Missouri Pacific RR (Equipment Trust Cts.)

June 10 (Monday)
Enzyme Co. of America (Common)

June 11 (Tuesday)
Indians Bell Telephone Co., Inc. (Debentures)

June 16 (Thursday)
Pacific Telephone & Telegraph Co. (Common)

June 22 (Wednesday)
Southern California Gas Co. (Bonds)

June 23 (Thursday)
Natural Gas & Oil Producing Co. (Common)

July 9 (Tuesday)
Illinois Bell Telephone Co. (Bonds)

July 10 (Wednesday)
Northern Illinois Gas Co. (Bonds)

July 17 (Wednesday)
Sierra Pacific Co. (Common)

August 6 (Tuesday)
Indians & Miami Electric Co., Inc. (Bonds)

October 3 (Thursday)
Colorado Gas & Electric Co. (Debentures)

October 8 (Tuesday)
Wisconsin Public Service Corp. (Bonds)

November 7 (Thursday)
Georgia Power Co. (Bonds)

Continued on page 38

Four Consolidated Leasing Corp. of America (S 15)
April 11, 1965 refilled $2,500,000 of 6% debentures due 1978 (with warrants); also 70,000 units, each consisting of two shares of 7% convertible preferred and one share of common, to cover unamortized balance-Leasing of cars, trucks and equipment. Proceeds-For debt repayment, and for general corporate purposes. Offer-1012-Baltimore Ave., Kansas City, Mo., Underwriters-A. C. Allyn & Co., New York.

Five Consolidated Oil & Gas, Inc.
Feb. 28, 1963 filed $2,432,500 of 6% sinking fund debentures due 1974 for subscription by common stockholders on the basis of $500 for each $1,000 of debentures held as of May 8. Rights will expire about June 8. Price-At par. Business-Company is engaged in the acquisition of oil and gas properties and in the development of oil and gas fields. Office-4150 East Mexico Ave., Denver.

Six Consolidated Resources Corp.

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

Eight Consultant's Mutual Investment, Inc.
Dec. 21, 1962 filed $500,000, common. Price-$15. (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—601 S. Broad St., Philadelphia.

Nine Consolidated Telephone Co. (S 22)

Ten Danec Real Estate Investment Trust.

Eleven Defenders Insurance Co.

Twelve Eichler, Inc.
June 17 (Thursday)
Public Service Electric & Gas Co., Inc. (Bonds) (Mk 11 a.m. EDT) $40,000,000

June 24 (Monday)
Norfolk & Western Ry. (Bonds) (Mk 12:00 noon EDT) $40,000,000

June 25 (Tuesday)
Union Light, Heat & Power Co. (Bonds) (Mk 11 a.m. EDT) $6,000,000

June 26 (Wednesday)
Southern California Gas Co. (Bonds) (Mk 11 a.m. EDT) $40,000,000

June 27 (Thursday)
Natural Gas & Oil Producing Co. (Common)

July 9 (Tuesday)
Illinois Bell Telephone Co. (Bonds) (Mk 12 noon EDT) $50,000,000

July 10 (Wednesday)
Northern Illinois Gas Co. (Bonds) (Mk 12 noon EDT) $20,000,000

July 17 (Wednesday)
Sierra Pacific Co. (Common)

August 6 (Tuesday)
Indians & Miami Electric Co., Inc. (Bonds) (Mk 12 noon EDT) $45,000,000

October 3 (Thursday)
Colorado Gas & Electric Co. (Debentures)

October 8 (Tuesday)
Wisconsin Public Service Corp. (Bonds)

November 7 (Thursday)
Georgia Power Co. (Bonds)

June 4 (Tuesday)
Southern Pacific Co. (Equipment Trust Cts.)

June 5 (Wednesday)
Missouri Pacific RR (Equipment Trust Cts.)

June 10 (Monday)
Enzyme Co. of America (Common)

June 11 (Tuesday)
Indians Bell Telephone Co., Inc. (Debentures)

June 16 (Thursday)
Pacific Telephone & Telegraph Co. (Common)

June 22 (Wednesday)
Southern California Gas Co. (Bonds)

June 23 (Thursday)
Natural Gas & Oil Producing Co. (Common)

July 9 (Tuesday)
Illinois Bell Telephone Co. (Bonds) (Mk 12 noon EDT) $50,000,000

July 10 (Wednesday)
Northern Illinois Gas Co. (Bonds) (Mk 12 noon EDT) $20,000,000

July 17 (Wednesday)
Sierra Pacific Co. (Common)

August 6 (Tuesday)
Indians & Miami Electric Co., Inc. (Bonds) (Mk 12 noon EDT) $45,000,000

 October 3 (Thursday)
Colorado Gas & Electric Co. (Debentures)

October 8 (Tuesday)
Wisconsin Public Service Corp. (Bonds)

November 7 (Thursday)
Georgia Power Co. (Bonds)

Georgia Power Co. (Preferred (Mk 12 noon EDT) $7,000,000

Continued on page 38
Equity Funding Corp. of America
March 6, 1963, filed $50,000 common—Price—By amendment (max. $6.50), Business—A holding company dealing in real estate investments, agricultural crops, and deuterium mining operations. Office—1500 Wilshire Blvd., Los Angeles, Calif.

Farmers' Educational & Co-operative Union of America
April 1, 1963, filed 5,500,000 of 5%-6% serial debenture notes—Price—By amendment (max. $25.00), Business—A non-profit organization of farmers devoted to education and the advancement of its members. Proceeds—For general corporate purposes. Office—1200 E. New York St., New York City, Underwriter—To be named. Note—This registration statement was filed under the Registration Act of 1933.

Great Central Real Estate Investment Trust

Great Miami Industrial Park, Inc.

Greater Nebraska Corp.

Gotham Educational Equipment Co. Inc.
Dec. 4, 1962, filed 750,000 common—Price—By amendment (max. $5. To be named). Business—A holding company dealing in the marketing of items used in educational institutions and other purchases. Proceeds—For general corporate purposes. Office—New York, New York, Underwriter—To be named. Note—This registration statement was filed under the Registration Act of 1933.

Diversified Collateral Corp.

Diversified Resources, Inc.

Dow Lime & Stone Co.

Dow Jones & Co., Inc. (5/28)
May 1, 1963, filed 100,000 common. Price—By amendment (max. $120). Business—Manufacturing of household goods, and commercial agricultural linen items. Proceeds—For loan repayment, and working capital. Office—1252 W. Van Buren St., Chicago, Ill. Underwriter—None. Note—The SEC has issued a stop order, suspending this registration statement.

Doman-Isabon, Inc.

Dow Jones & Co., Inc. (5/28)
May 1, 1963, filed 100,000 common. Price—By amendment (max. $120). Business—Manufacturing of household goods, and commercial agricultural linen items. Proceeds—For loan repayment, and working capital. Office—1252 W. Van Buren St., Chicago, Ill. Underwriter—None. Note—The SEC has issued a stop order, suspending this registration statement.

Duro-Test Corp.

Dynapower Systems Corp.

Ekco Products Co. (5/13-17)

Enzyme Corp. of America (6/10-14)

Equitable Life Insurance Corp. of America

Equity Funding Corp. of America
March 6, 1963, filed $50,000 common—Price—By amendment (max. $6.50). Business—A holding company dealing in real estate investments, agricultural crops, and deuterium mining operations. Office—1500 Wilshire Blvd., Los Angeles, Calif.

Farmers' Educational & Co-operative Union of America
April 1, 1963, filed 5,500,000 of 5%-6% serial debenture notes—Price—By amendment (max. $25.00), Business—A non-profit organization of farmers devoted to education and the advancement of its members. Proceeds—For general corporate purposes. Office—515 Sherman St., Chicago, Ill. Underwriter—None.

Headstøck, Inc. (5/22) May 22, 1963 filed 2,000,000 common of which 1,000,000 are to be offered to company stockholders, the remaining 1,000,000 to be offered for sale to the public. Price—$10 per unit. Business—Operations of a cattle packing and meatpacking plant. Proceeds—For construction of a new packing plant and capital address. Address—Beaumont, Richler & Co., Los Angeles.

Harco Corporation (5/13-21) Jan. 16, 1963 filed 200,000 common, of which 100,000 are to be offered to company stockholders and 100,000 to be offered to the public. Price—$15 per unit. Business—A new television network. Proceeds—To operate and a beef and pork packing plant. Address—John A. Dorrance, Chairman, 1004 Sixth Ave., N. Y. Underwriter—None.

Kwik-Kid, Inc. (5/13-21) March 18, 1963 filed (Reg. A) 100,000 common of which $5,000 will be sold for company and $46,000 for outside investors. Price—$5 per unit. Business—Manufacture of certain types of new metal or metal patented cooling equipment. Proceeds—For home and small business operating and working capital. Address— Jennings Bldg., P. O. Box 2345, Los Angeles, Calif. Underwriter—Horace Mann Investors, Inc. (same address).


Federal Reserve Bank of St. Louis

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Land, and working capital. Office—4301 46th St., Bladens-
burg, Md. Underwriter—Netherlands Securities Co.

National Fidelity Life Insurance Co. (5/13-17)
March 28, 1963 filed 72,455 common, of which 36,227
shares are to be issued by a stockholder. Price—By amendment
(max. $35). Business—Company engages in the business of
underwriting life insurance on the basis of a single premium
policy or a participating policy. Proceeds—For general corporate
purposes. Fee—$13,000. Underwriter—None.

Outlet Mining Co., Inc.
Mining and developing of mining properties. Proceeds—For
development and working capital. Address—Creede, Colo.
Underwriter—None.

April 8, 1963 filed 200,000 common. Price—Net asset
value plus 4%. Business—A new mutual fund specializing
in the acquisition of a diversified portfolio. Proceeds—For
the purchase of equipment and long term working capital.
Fee—$2,000. Underwriter—None.

Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. Price—Net asset
value plus $.01. Business—A mutual fund corporation.
Proceeds—For investment. Office—316 North Fifth St., Bi-
lington, Ky. Underwriter—Provident Management Co., (same
address).

April 3, 1963 filed 2,000,000 shares of beneficial interest.
Price—Net asset value plus 8 1/2%. Business—A new mu-
tual fund corporation. Proceeds—For the purchase of
working capital. Fee—None. Underwriter—None.

Real Equity Communities Corp. of New York
April 2, 1963 filed 175,000 common for subscription by
stockholders on the basis of one new share for each three
shares of member stock in the company. Proceeds—For
purchase of additional properties and working capital.
Office—316 North Fifth St., Bil-
lington, Ky. Underwriter—None.

Reliance Life Insurance Co. of Illinois
March 28, 1963 filed 10,000,000 common. Price—By amend-
ment (max. $4). Business—A mutual life insurance corpora-
tion. Proceeds—For sales promotion, and investment. Office—
316 North Fifth St., Burlington, Ill. Underwriter—None.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Founda-
tion. Price—$10 per membership. Business—Company will
operate a program of retirement and saving funds for private
homes and apartments by members upon their retirement.
Office—To be named. Proceeds—For administrative and
other corporate purposes. Office—235 locke smart 2, Dover.
Del. Underwriter—John D. Ferguson, Dover, Del.

Richard Gray & Co., Inc.
a securities broker-dealer. Proceeds—For capital expansion.
Office—122 34th St., N. Y. Underwriter—Richard Gray Co.,

Richmond Commercial
A real estate investment company. Proceeds—For debt
repayment and general corporate purposes. Office—1209-
Brooke, Kansas City, Mo. Underwriter—Hirshel & Co., Silver
Spring, Md. Underwriter—None.

The SEC has challenged the accuracy and adequacy
of the registration statement.

Rona Lee Corp. (5/27-31)
Sept. 10, 1962 filed 150,000 common, of which 50,000 are
intended for subscription by members of the company. Proceeds—
For debt repayment and general corporate purposes. Office—
316 North Fifth St., Burlington, Ill. Underwriter—None.

Royaltone Photo Corp.
Nov. 28, 1962 filed 650,000 of $5 debentures and 50,000
common. Proceeds—For debt repayment and stockholder
amendments. Amendment for: stock, $4. Business—Design, manufacture, and dis-
tribution of stamps for camera cases and other products.
Proceeds—For debt repayment. Office—112 34th St., N. Y.

Russell Mills, Inc.
Aug. 28, 1963 filed 312,500 common. Price—By amend-
ment (max. $10). Business—Manufacture of athletic clothing,
knitwear, childrens' sleepwear, men's socks, and girls' clothing.
Proceeds—For bond retirement and plant expansion.
Office—Address—None. Underwriter—None.

* Continued from page 39
for are exploratory April
gage writer debt
Milton Price—$10.
and for debt Angeles.
Brothers Business—A A. C.
is engaged in
debentures due Stephenson
$1,000; —
filed 105,000 by
Superior Benefit
price—$3.50.


Southern California Edison Co. (5/22) April 22, 1963 filed 60,000,000 of first and refunding mortgage bonds, series Q due May 1, 1988, Proceeds—To retire outstanding bonds and for debt repayment. Office—$60 West Fifth St., Los Angeles. Underwriters—Halsey, Stuart & Co.; First Boston Corp.; Dean Witter & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.—Salomon Brothers & Hutzler (jointly). Bids—May 22 (8:00 a.m. PDT) at office address.


Stephenson Finance Co., Inc. (6/3-7) April 12, 1963 filed $1,000,000 of 6% sinking fund subordinated debentures, due 1982. Proceeds—For general corporate purposes. Underwriter—A consumer finance company which is also engaged in the sale of automobiles and life insurance. Proceeds—For debt repayment and other corporate purposes. Office—818 S. Royal St., Florence, S. C. Underwriter—None.


Issues Filed With SEC This Week

**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."

**American Telephone & Telegraph Co.**
$250,000,000 of 4½% debentures due May 1, 1909 offered by Morgan Stanley & Co., New York.

**Ezraor Express, Inc.**
$125,000 offered at $11.50 per share by W. E. T. & Co., New York.

**Exchange Fund of Boston, Inc.**
1,000,000 common shares being offered in exchange for certain securities owned by stockholders in one share for each $27.50 of market value of deposited securities. Proceeds—For debt repayment and working capital.

**General Automotive Parts Corp.**
200,000 common offered at $12.50 per share by Hornblower & Weeks, New York.

**General Telephone Co. of California**
$25,000,000 of 6½% mortgage bonds, series D, due May 1, 1909 offered at 90.5% to yield 4.98% by Peabody, Jackson & Curtis and Kidder, Peabody & Co., New York.

**Gulf Oil Corp.**
3,441,880 capital shares offered at $44.75 per share by First Boston Corp., New York.

**Liberty Furniture, Inc.**
$105,175,000 common offered at $11.75 per share by Kidder, Peabody & Co., New York.

**Manhattan Life Insurance Co.**
500,000 guaranteed capital shares offered at $110 per share by Kidder, Peabody & Co., New York.

**Upper Peninsula Power Co.**

**Federal Reserve Bank of St. Louis**

**Wiener Shoes Inc.**

**Wolf Corp.**

**Women's Life Insurance Co. of America, Inc.**

**Columbia Gas System, Inc.**

**Commonwealth Telephone Co.**
A registered telephone company has announced plans to offer additional 1,000,000 common shares on a 1-for-10 basis. Proceeds—For general corporate purposes. Officers—516 W. Ave, 5th Fl., Scranton, Pa. Underwriter—American Telephone & Telegraph Co. (Competitive). Probable bidders: Halsey, Stuart & Co.; New York.

**Communications Satellite Corp.**
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D.C. SEC has granted permission without waiting for action on the provision that the public value, will be divided into two series. Series I will be 100 common, offered at a par plus accrued interest for $500 per share. Series II will be approved FFC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by any one carrier. Each Series I may hold over 10% of the remaining 50%. Price—Maximum of $500 per share. Price—Maximum of $500 per share. Commissioners have authorized the company to provide satellites and ground facilities for the national transmission of telephone, television, telegraph, television and other electronic services. Officers—Henry K. Klingside, N. W., Washington, D. C. Underwriters—To be announced.

**Community Public Service Co.**
Jan. 16, 1963 it was reported that this company plans to sell $1,000,000 of 5% first mortgage bonds due June 1, 1963. Officers—408 W. 7th St., Fort Worth, Tex. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; New York.

**Connecticut Light & Power Co.**

**Connecticut Yankee Atomic Power Co.**
April 23, 1963 it was reported that the 12 utilities which jointly own the new atomic power plant will get an exemption from the Public Utilities Holding Act Company financing to pay for the interest on the note, it and the sale of $35,000,000 of the firm's bonds. The request has been opposed by a major under-

**ATTENTION UNDERWRITERS!**
Do you have an issue you're planning to register? Our Underwriters Notice would like you to know about it so that we can prepare an item similar to those you'll find hereunder.

Would you telephone us at ReC-2-9570 or write us at 25 Park Place, New York 7, N. Y.
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Hartford Electric Light Co. April 12, 1963 it was reported that the company plans to sell $15, 000,000 of securities through a competitive bidding by Halsey, Stuart & Co., Inc., First Boston Corp. & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Lynch, Pierce, Fenn & Smith Inc. (jointly); Kidder Pedley & Co.; Harriton Ripley & Co.
Hawaiian Electric Co., Ltd. March 5, 1963 it was reported that this company plans to sell $15, 000,000 of securities through a competitive bidding by Halsey, Stuart & Co., Inc.-W. C. Langley & Co. (jointly); Lee Higginson Corp.
Hawaiian Telephone Co. March 25, 1963, the company announced plans to sell $12, 000,000 of bonds. Details have not been decided upon. However, it is probable it will be a straight rights basis to stockholders. Office—1180 Alakea St., Honolulu. Underwriter—Kidder, Pedley, & Co., New York.
Duke Power Co. April 22, 1963 it was reported that the company has tentative plans to issue $100, 000,000 of common stock under amendment (min. $5) Business—A motor vehicle company currently doing business in nine eastern states from Vermont to Virginia. Proceeds For working capital. Office—(jointly) Morgan Stanley & Co., Inc.-Vistra Securities Corp.
Michigan Wisconsin Pipe Line Co. March 12, 1963 it was reported that the company is considering the issuance of about $25,000,000 of bonds in the third quarter, to refund a like amount of outstanding 6% first pipe line bonds due June 15, 1977. Action is contingent upon successful completion of its rate case now pending in the N. Y. P. C. Office—500 Greswell St., Detroit. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.-First Boston Corp.-Blyth & Co.
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 currencies to be sold by the Mexican Government and would be sold in the U. S. Details as to terms, timing, etc. have not been made public. Proceeds—To finance development. Underwriter—Ruhi, Loeb & Co., New York.
Missouri Pacific RR. (6/5) April 23, 1963 it was reported that this road plans the sale of $3,500,000 of equipment trust certificates in June. Proceeds—For general corporate purposes. Underwriter—Missouri Pacific Bldg., St. Louis, Mo. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.-First Boston Corp.; Merrill Lynch, Pierce, Fenn & Smith Inc.-Kidder, Pedley & Co.—(jointly); Bache & Co., Inc.-White, Weld & Co.-Blyth & Co. (jointly). Nebraska (State of) May 2, 1963 it was reported that the company plans to sell a registration statement covering $150,000 common stock. Price—$1 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.
Nebraska Power Co. April 16, 1963 the company announced plans to sell about $18,000,000 of first mortgage bonds in the second quarter. Address—Fourth and Stuart Avenue, Las Vegas. Underwriters—(Competitive). Probable bidders: Kidder Pedley & Co.-Equitable Securities Corp.-Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenn & Smith Inc.-Kidder, Pedley & Co.
Underwriters—(Competitive).

Nickon Telegraph & Telephone Public Corp.
April 8, 1963 it was reported that the company plans to sell $20,000,000 of common stock sometime in June at 19. 1/2 to 20. 1/2. Proceeds—For construction.

Northern Natural Gas Co.
Jan. 16, 1963 it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1963 in the last quarter of the year. Proceeds—For construction.

Northern States Power Co. (Minn.)
Jann 16, 1963 it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1963 in the last quarter of the year. Proceeds—For construction.

Pacific Power & Light Co.

Pacific Telephone & Telegraph Co. (6/12)

Pennsylvania Power Co. (6/12)

Philadelphia Electric Co.
March 5, 1963 it was reported that this company plans to sell $478,000,000 for construction during the five-year period 1963 to 1967. Proceeds—To finance; Some of the money required will be generated internally, and the balance of the funds will be obtained through the sale of bonds. Office—1000 Chestnut St., Philadelphia. Underwriters—(Competitive). Proceeds—To finance; Some of the money required will be generated internally, and the balance of the funds will be obtained through the sale of bonds. Office—1000 Chestnut St., Philadelphia. Underwriters—(Competitive).

Phillips Petroleum Co. & Gas Co. (6/15)


West Germany's Future
Now That Boom Is Over

Continued from page 5

such and certainly not as a basis for a Paris-Berlin axis. The Federal Republic will not tolerate any disturbance of its independence and status with Europe and NATO as a result of the Paris treaty. This determination will translate into action to the Treaty which is now in the process of ratification by the German parliament.

Moreover, we must continue to maintain constant contacts with Great Britain, and the question should be done which will make its entry into the Common Market more difficult.

That is why I went to London immediately after the Brussels negotiations. I spoke there with Minister Heath. I felt it was absolutely necessary to express to him once again how sincerely we regretted the breakdown of the British accession to the Common Market. In past years I had conversations with Mr. Heath about the membership of Great Britain in the Common Market. His bearing at the time of the rejection in Brussels commandeered his position and respect. During my visit I assured him that if he decided to reach a final decision as fast as possible, and that we would do everything in our power to make Great Britain's membership possible, in spite of everything, a reality as rapidly as possible. Minister Heath agreed and I think his initiative. But, he told me at the same time that the British Government would take a new offer from the six nations.

Atlantic Common Market Goal

I understand his position. The President of the European Economic Community, Walter Ballantine, to whom I spoke afterwards also shares my opinions. He was quite clear about his attitude when he addressed the European parliament recently. But actions speak louder than words. It is therefore imperative for the Common Market to demonstrate its liberal outlook toward world trade so that the mutual tariff concessions made possible on the part of the United States by the National Trade Expansion Act may serve to lay the foundation for expanded world trade. Indeed, unless the full potential of the National Trade Expansion Act can be realized, that is, with the entrance of Great Britain to the Common Market, then we may actually come close to a common Atlantic market, negotiated on a basis of mutual interest. In which the flow of goods will no longer be hindered by customs barriers and protectionism. We are trying to establish an Atlantic trade community as a logical extension of our efforts to achieve economic integration in Europe. German industry will therefore work with all the means at its disposal to make clear that the Common Market will be liberal in its trade policies, that is EEC's decisive responsibiliy.

Sometimes I hear my American friends ask: wouldn't it be possible for the Federal Republic to contribute more to the defense of the Free World, of which we are a part of it? Here in this third and final part of my discussion I would like to answer these questions.

First, in regard to our contributions to the defense of the Free World: today more than a third of the Federal Republic's budget represents outlays for defense. As a result, our defense establishment has expanded on an ever-increasing extent to the extent that we now almost met all requirements of NATO. Germany industry has supported this policy and, I might add, not because it draws direct profit from these huge outlays. Actually some of you may be better aware of some of these outlays than I, since a substantial part of our defense hardware and other equipment is being delivered abroad, particularly in the United States.

We are equally aware of our responsibilities and obligations in the field of foreign aid. After all we benefited from Marshall Plan aid and now it is our turn to do our share. As a matter of fact it was German industry which provided the initial spark toward implementing Germany's foreign aid program. It was in 1960 when Hermann J. Abs, one of Germany's leading bankers, and I appealed to all large and medium-sized German manufacturers to subscribe to a loan to the government for this purpose. Our appeal was wholeheartedly supported. Today Germany's foreign aid expenditure has reached a freely accepted level and amount to almost 1% of the Gross National Product.

You may be assured that the Federal Republic knows and appreciates the global obligations that America has undertaken. Nor is our understanding a mere academic matter. We practice what we preach. It is for this reason that we in German industry are worried about the development of our economy, that we implore our unions to moderate their demands for the time being, because we recognize fully what it might mean if our chances of survival in the shadow of the Iron Curtain, should weaken and thus prevent us from meeting our obligations toward Berlin and the Free World.

**An address by Mr. Brey before The Economic Club of Detroit, April 29, 1963.**

**McCormick Joins Thos. De La Rue**

The appointment of Edward T. McCormick as Executive Vice-President of the printing firm of Thos. De La Rue, Inc., was announced by Francis J. Sorg, Jr., Chairman.

Mr. McCormick, who is at present President of the American Stock Exchange from 1951 to 1961, was formerly Commissioner of the Securities and Exchange Commission. He joined the SEC in 1954 as a security analyst and rose through the ranks to the position of Commissioner in 1958. During World War II, for 16 months, he was on loan to the Office of Price Administration and the War Production Board.

A native of Phoenix, Ariz., Mr. McCormick holds a bachelor of science degree from the University of Arizona; following studies at Northwestern University, he became a Certified Public Accountant; he earned his Master of Science degree from the University of California, and his Doctorate of Philosophy from Duke University. He is a member of the Beta Kappa, the national honorary scholastic society.

Thos. De La Rue, Inc., with headquarters at 20 Exchange Place, New York City, has printing and manufacturing plants at 110 Cedar St., in New York and in Westbury, Long Island.

**TAX-EXEMPT BOND MARKET**

Continued from page 6

mission's new production reactor at Hanford will consist of a powerplant, housing two two-megawatt reactors. The project will also include transformation and switching facilities and about twenty-eight miles of transmission lines to deliver output to the regional transmission system. The operations of the project will be coordinated with the Northwest Power Pool.

Some seventy-six participants will take the power supplied by the project and make payments to the system which will cover operating and maintenance expenses and 16% of annual debt service requirements on these bonds.

The bonds maturing 1967 to 1966 are offered to yield from 2.25% to 3.25% for various coupons and the term bonds due 1966 carry a 3¾% coupon and are offered at a dollar price of 98 with the yield approximately 3.35%. As we go to press, it is estimated that a balance of $100,000,000 remains in account.

The Bancroft Trust Co., Morgan Guarantee Trust Co. group was high for $5,530,000 Cincinnati, Ohio various purpose, unlimited and limited tax bonds due 1964-1996 with an overall net interest cost of 2.98252%. Involved were ten separate issues but the average was made on an "all or none" basis. The second best bid for the bonds offering 3.0400% net interest cost, came from the syndicate led by the First Boston Corp.

Other major members of the winning group include Kiddie, Moody & Co., Kuhn, Loeb & Co., John Nieuve Co. and Wertheim & Co.

The securities are offered to yield from 1.60% in 1964 to 3.15% in 1996 for various coupons. First week orders have amounted to about $10,630,000.

More than a week has lapsed since the start of our municipal bond coverage and during this period the market has been dominated by the so-called Yankee syndicate. This has taken quite a toll in the municipal bond market.

One other note this week is brief mention. The Indiana Area Joint School Authority, Pennsylvania sold $2,793,900 revenue refunding (1963-1982) bonds through negotiation to the agency term basis by Iris Haupt & Co. and McKeil & Co. at a net interest cost of 3.1017%.


Refunded to yield from 1.30% to 2.30% the syndicate reports wide investor response with all but $150,000 of the bonds sold.

**Dollar Bonds Again Up**

The dollar quoted told road, toll bridge, public utility, various authority and other revenue issues did a little better again this week.

Many of these issues were up ¼ to ½ of a point which moved the average ¼ of a point from the 3.421 average yield of a week ago to 3.412% as of May 5. The outstanding gains in the course of the week were the Delaware and Maryland Turnpike ¼s. Both issues were up ¼ of a point or more. Port of New York 3s were a half point. The Pennsylvania Turnpike 3½s rebounded ¼ths of a point.

The Placer County Water Agency term 3s and 5s, which were referred a week ago at 103 and 104 respectively, have been bid up about a point. In all respects this Placer flotation was a highly successful one. The Pacific Gas and Electric credit behind the Tri-Dam, Oroville-Wyandotte and Placer issues has contributed greatly to their popularity with institutional investors.

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The editorial proceedings of the Municipal Conference of the I. B. A. to be held at the Pick-Congress Hotel in Chicago from June 20-21, will on-the-spot photographs, will again be featured in a special supplement of The Chronicle.

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

For further information contact Edwin L. Beck, Commercial and Financial Chronicle, 15 Park Place, New York, N. Y. (212) 2-0570)
New Branches

BETHLEHEM, Pa. — Warren W. York & Co., Inc., 603 W. Main Street, is a new branch of the firm, formerly Federated Merchandise Bread Co.

CLEVELAND, Ohio — Disbro & Co., Superior Building.

GRAND ISLAND, Neb. — First National Bank of Grand Island is the new Yacey Hotel, Lawrence F. Dendlinger is manager.

HOLLYWOOD, Texas — Kaasche & Co., 4518 Fannin St. Bank Building, Eugene C. Hamilton is manager. Mr. Weintz, a survivor of the second Houston office.

LONG BEACH, N. Y. — Purcell Graham & Co., 64 East Park Ave., is the new branch of the firm, formerly in a similar building.

LOS ANGELES, Calif. — Hugh C. Watson Co., Inc., 509 South Grand Avenue, Charles D. Miller is in charge.

LOS GATOS, Calif. — J. H. Baker & Company, 278 N. Santa Cruz Avenue, is in charge.

MARTINSVILLE, Va. — J. C. Wheat & Company, 9 East Church Street, is with Mr. Michael Meredith is manager.

Mechanicsburg, Pa. — Iterly & Co., 7 East Main Street. Edward E. Stansfield is manager.

New York City — Reynolds & Company, 302 Park Avenue. George C. Schubert is manager. Allyn & Co., 1082 Broadway, is with Mr. William L. Hansen is in charge.

New York City — Logan Co., Inc., 51 Camion Drive, James E. Ryon is in charge. Logan Co., Inc., 1044 Broadway, is a branch of the firm.


SANTA CRUZ, Calif. — Brick, Slough & Company, Inc., 1013 Pacific Avenue, Charles F. Kesterson is manager.

Springfield, III. — Great States Investment Brokers, Inc., 506 East Monroe Street, Fred Soetman is in charge.

Springfield, Ill. — Funded Future, Inc., Myers Building. Fay Coefy is a principal of the firm.

Tampa, Fla. — Penninsular Investments, 4808 Grand Central. William V. Turner is manager.

Toronto, Ont. — Holman and Company, 75 Yonge St., is with Mr. Arnold Green is manager.

Boston Securities Traders Association

The Boston Securities Traders Association has announced that it will hold its 45th Annual Summer Outing at the Country Club on June 6. James J. Lynch, Paul D. Sheeline & Co., is chairman.

Georgia Security Dealers Association

The Georgia Security Dealers Association has announced that their outing scheduled for May 30 and 31 has been deferred until the Fall.

Cleveland, Ohio — Norman E. Haslop is now affiliated with Green, Grindly & Co., 1940 East Sixth Street. He was formerly with Saunders, Stiver & Co.

Columbus, Ohio — Theodore G. Mixter has been added to the staff of Haydon, Miller & Hunt, Huntington Bank Building. He was formerly with Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Columbus, Ohio — Bernard F. Moroff and Bernard J. Wyman have been added to the staff of Hallmark Securities, 118 South Main Street. Both were formerly with Gallagher-Roach & Co., Inc.

Denver, Colo. — William C. Filer has joined the firm of Quin & Co., American National Bank Building.

Lewiston, Maine — Hyman Mirron is now associated with Townsend, Dalbey & Nash, 59 Park Street. He was formerly with Morton Hall & Rouns, Inc. and Schirmacher, Atherton & Co.

Minneapolis, Minn. — John W. McFarlane and Vern Nelson are associated with Mitten & Associates, 2410 Pillsbury Building. He was formerly with Hill & Associates, 510 Sibley Building.

New York City — Bache & Co. has announced the appointment of Harold Gruber as Assistant Manager of its 770 Lexington Avenue office, of which Arnold Green is manager.

Owls Head, Maine — Walter S. Glendenning has been added to the staff of Lincoln M. McRee, Inc., Anchorage, North Shore Drive.

Springfield, N. J. — David J. Birr and Louis B. Meadows have been associated with Stewart, Hughes & Co., Inc., 1431 Park Avenue.

R. G. Zeller Elected

F. Eberstadt V-P.

Robert G. Zeller has been elected a Vice-President and Director of F. Eberstadt & Co., Managers & Distributors, 99 Wall Street, New York City.

Zeller, who was recently admitted as a general partner of F. Eberstadt & Co., was for many years a partner of the firm of Calihan, Rennie & Ohr. He is active in the handling of the firm's investment banking operations and private investments.
Automation Fears

Challenged by Study

Dr. Yale Brozen, professor of economics at the University of Chicago, says we should not ignore the number of jobs machines create when examining the displacement problem. "To talk about what the job losses that would have more unemployment today than in the 1930's. The economist says the displacement rate could be minimized by a slower technological pace and not at a cost of $20 billion per year estimated as the amount needed to equip 1.3 million workers actually entering the labor force.

Fears that automation may reduce employment opportunities in new areas are generally unfounded, he says in a study just made by Dr. Yale Brozen, professor of economics at the University of Chicago.

The rate of automation has increased at a rapid pace during the past decade, he believes, unemployment, at present wage levels, is not a problem in the level of the early 1930's. Alternatively, he says, if real wage rates were at levels consistent with full employment under the same technology as that practiced in 1930, wages rates would be about $16 per week lower than they are now.

Prof. Yale Brozen

Minimizing Displacement Rate

When asked what is needed to minimize the displacement rate in the future, Dr. Brozen says the rate of automation, Dr. Brozen does not ignore its adverse effects. He points out that automation is not job displacement, but he, points out, displacement can be minimized by careful planning of employment costs and a higher rate of saving and investment.

Over the past decade, he says, we have generally ignored the shift in consumer demand from fabricated products to the products of personal services and "life-enriching" industries and, consequently, we must realize that maintenance of demand for manufactured goods can be achieved only through lower wages and lower costs are required for jobs in the manufacturing sector of our economy.

The rate of automation depends on the availability of capital and relative productivity in the real wage rates. Twenty billion dollars per year is needed to equip sufficiently the 1.3 million workers who are entering the labor force each year. "It is not possible to employ workers at current wage rates. He concludes that the impact of automation is spreading very slowly and it is not likely to accelerate greatly.

Also available is the AEI Advisory Board. The Board is composed of Chairman Paul W. McCracken, professor of business administration, University of Michigan; Karl Brandt, professor of economics, Stanford University; Milton Friedman, professor of economics, University of Chicago; and Gottfried Haberler, professor of economics, Harvard University; Arthur Kemp, professor of finance, Credit, Claremont Men's College; Felix Morley, editor and author; Stanser Parry, professor of economics, Harvard University, and E. Blythe Staton, dean Emeritus, University of Michigan Law School.

Businessman's BOOKSHELF

Bank Tellers Do's and Don'ts

Revised — An Instruction Booklet — American Bankers Association, 33 East 6th Street, New York City 16, N. Y. (paper).

California Taxes. —1963 Guidebook to California's State and Local Taxes, The Tax Clinic, Inc., 4025 West Peterson Avenue, Chicago 40, Ill. (paper).

Competitive Challenge to Steel, 1963 Edition—American Iron and Steel Institute, 150 East 42nd Street, New York 17, N. Y. (paper).


Electric Utility Industry—The President's report to the President, Edison Electric Institute, 739 Third Avenue, New York 17, N. Y. (paper).

Fishing for Fun and to Wash Your Seat—Seaboard—Hotel, 425 West 30th Avenue, New York 17, N. Y. (paper).

Food Distribution Center Location—Technique and Procedure—United States Bureau of Labor, United States Department of Labor, Washington, 25, D. C. (paper).

France and Petroleum; Merchant Marine—Southern and Antarctic Lands; The Atom; Alide and Cooperation — A Series of Briefs to President's Committee on Atomic Energy, New York, N. Y. (paper).

Hours of Work—A Bibliography of Research on Work Hours unpublished addresses, Industrial Relations Section, Princeton University, Princeton, N. J. (paper).

How and Where to Find the Facts — William Sprouse—An encyclo¬ logic guide to finding and locating sources of information, listing available books and Statistical handbooks, covering all kinds of organizations, industries, and localities, and other sources of information; also millions of listings for all kinds of organizations, industries, and localities, and other sources of information; also millions of listings for all kinds of organizations, industries, and localities, and other sources of information.

Consumer Markets—Saw Pumps, 22 32nd Street, New York 11, N. Y. (paper).

Human Resources and Economic Growth—A Bibliography of Research and bibliography—Stanford Research Institute, Menlo Park, Calif., $3.50.

Industrial Relations, 1963 — A Bibliography of Research, Industrial Relations Section, Princeton University, Princeton, N. J. (paper).


Lower St. Lawrence and Gulf—A Region with a Future—Second Edition, a statistical and economic information—Lower St. Lawrence and Gulf Development—United States Department of Commerce, University of Montreal, 2 Que., Canada (paper).


Role of Money in a Dynamic Economy—Princeton—Graduate School of Business Administration, New York University, Washington Square, New York, N. Y. (paper).


WASHINGTON AND YOU
REBEStRIDE-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—President Kennedy's Comptroller of the Currency, James J. Saxon, has just come through another stormy week.

The Independent Bankers Association, representing 6,244 banks, and the National Association of Supervisors of State Banks, took out after Mr. Saxon before the House Banking and Currency Committee.

The President of the Independent Bankers Association, E. Babington, testifying before Chairman Wright Patman, Democrat of Texas and his colleagues, flatly charged that pressure from Comptroller Saxon's office is absolutely breaking down the dual (State and National) banking system in this country.

Despite the growing criticism there appears to be no danger of Mr. Saxon having his head chopped off. The White House more than likely will come to his defense.

Comptroller Saxon helped to save himself from the confusion resulting from dualism when he in effect threw himself on the "mercy of the court." The court in this case being the House Banking Committee.

Mr. Saxon, 48, a native of Toledo, Ohio, under questioning presented a vigorous defense of his regulations policies of National Banks before the House Committee.

Confesses Error
He threw himself upon the Committee by acknowledging that he had used some judgment in directing national bank examiners recently to direct banks and suggest that they might come to the aid of Mr. Saxon by getting together to request the House Banking Committee.

Six days later, however, after there had been a kick-back, he countermanded the order because he said the calls might be interpreted as pressure to support his office. Mr. Saxon said he should not have permitted any calls to be made.

Chairman Patman, who does not agree with some of Mr. Saxon's policies, commented:

"This looks like an abuse of executive power," said Chairman Patman. "But I think you did the right thing in confessing it."

Mr. Saxon, who had his first job at the comptroller's office at the Treasury Department back in the New Deal days of 1937 after he got out of law school, was Assistant to the Secretary of the Treasury in charge of public affairs for a time during the Administration of President Harry S. Truman.

Defends Saxon
After he made what Chairman Patman called a "confession," Representative Charles A. Varch, Democrat of Ohio, speaking directly to Mr. Saxon, said: "If you erred in any way, it was the same way you did your job. I think the office of comptroller has been vacated for all practical purposes for some time. Some segments of business like inertia. It is un-

"Don't mention any French investments to him—he's so sore at DeGaulle he won't even eat French toast!"

against the plan, while the branch banking proposal received 708 "yes" votes and 1,553 "no" votes.

"Unnecessary Conflict" Horace R. Hansen of St. Paul, Minn., counsel for the Independent Bankers Association, in testimony before the House Banking and Currency Committee, summed up the thoughts of many bankers in the country whether they are domiciled in New York, Wisconsin, Michigan or Kansas and whether they are connected with State or National banks.

Mr. Hansen said the Association positively believes in competition between the two banking systems.

"Unfortunately," said the Minnesota lawyer, "the Comptroller has created a situation which appears to place each of the systems in separate compartments, so that instead of an accommodation between the two systems we are in an unnecessary conflict between the systems which can only lead to a breakdown of the dual banking system.

"We believe Congress should set the National banking policy, not the Comptroller. We feel that changes in National banking should be accomplished by careful and deliberate action, not by the whim of one imperative man."

(C) 1963 Chronicle Pictorial, 1444 Market St., San Francisco, Calif. (Canada) 1963 Association of Mutual Savings Banks 43rd annual convention at the Sheraton Park Hotel.

May 16-17, 1963 (Baltimore, Md.) Baltimore Security Traders Association 28th annual spring outing at the Country Club of Maryland.


May 21, 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).

June 6, 1963 (Boston, Mass.) Boston Securities Traders Association 44th Annual Summer Outing at the woodland Country Club.

June 7, 1963 (New York City) Bond Club of New York Annual Field Day at the Westchester Country Club, Rye, N. Y.


CHRONICLE'S Special Pictorial Supplement: June 12, 1963.


June 31, 1963 (Philadelphia, Pa.) Association of Mutual Savings Banks 43rd annual convention 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.


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