The COMMERCIAL and FINANCIAL CHRONICLE

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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 disagreements. He is likewise, of course, well aware that the figures as they appear from month *(Continued on page 20)*

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

CHRONICLE'S analysis of 100 leading investment companies' portfolio operations during the March quarter's [and subsequently intensified] buoyant stock market discloses accelerated net buying of common stocks. Total net purchases were more than double the comparable figure in the December quarter as fund managers became increasingly bullish. Although the greatest emphasis was again centered on quality issues, buyers were also attracted to medium grade and high grade growth issues. Preferred industry groups included airlines, banks, beverages, drugs, electronics, finance companies, insurance, office equipment, oils (international), utilities and railroads. Most popular issue was Royal Dutch, with IBM, Standard Oil (N. J.), and Xerox runners-up. Sold on balance were metals (copper), retail trade and steel issues. Most widely liquidated issues were du Pont, Florida Power & Light and CIT Financial. Interest in foreign issues remains brisk. Ratio of share redemptions to funds' net assets was 1.54% in first quarter.

[See page 26 for specific stocks purchased and sold by managements in March quarter. For Funds' portfolio position, cash vs. security holdings, on March 31, 1963 and Dec. 31, 1962, see page 31.]

The CHRONICLE'S analysis of the March quarter portfolio operations of the nation's predominant investment companies embraces a period which began with markedly "bullish" and "bearish" camps in both the business and financial communities. True, the December quarter had produced one of the most spectacular stock price rises in recent history. However, as the new year unfolded there was considerable doubt in many quarters that the gains could be sustained rather than that a further uptrend would develop. Of particular moment, of course, was the probable course of the business trend in the new year, the negative attitude in this area being reinforced by the adverse forecasts of the President and his chief economic advisers. Still another "cloud" overhanging the stock market was the impending release of the findings of the securities markets study by the Securities and Exchange Commission.

Under the circumstances, the climate for the stock market as the year got underway was less than exhilarating. With the passage of time, however, the bullish trend which was so prominent in the December quarter reasserted itself with vigor. A stimulating factor was the substantial improvement in the business trend, highlighted by the remarkable sales performance of the automobile industry.

Accordingly, it should be pointed out that the stock market, as reflected in the Dow Jones Industrial Average, which was 646.79 on Jan. 2, subsequently rose to a high for the quarter of 688.96 on Feb. 18. Thereafter, the average continued on a relatively "steady course" and closed at 682.52 on March 31, or 5.5% above the Jan. 2 level. (The sharp post-quarter rise carried the average to 721 on May 1, only 3% below the all-time high of 741.30 recorded in 1961).

In light of the foregoing, the central question is: What was the attitude of fund managers towards common stocks in the first quarter of 1963? Based on our extensive study, the answer is that they were substantially bullish. This is evidenced in the fact that their purchases of equities of $737 million considerably dwarfed the aggregate of $543 million acquired in 1962's fourth quarter. And, although sales in the first quarter at $557 million were higher than the $462 million liquidated in the December quarter, *(Continued on page 25)*

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.

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

Playskool Mfg. Co.—David G. Ginberg, Vice-President-Research Dept., Frank Ginberg & Co., Inc., New York City. (Page 2)

Johnson Service Co.—Glenn C. Petersen, Vice-President, Seligmann & Co., Inc., Milwaukee, Wisconsin. (Page 2)

DAVID G. GINBERG

Vice-President, Research Department, Frank Ginberg & Co., Inc., New York City

Playskool Manufacturing Company

The May, 1962 break in the stock market ended the New Issue craze and saw the new innovation growth companies for the time being lose favor with investors. Since then analysts have been trying to determine what group or groups of securities would find favor with the investor and power the next bull move. The group that I feel will lead the market after the present recovery phase which, until now has been led by the blue chips, is the companies that produce consumer products.

The consumer—and how and where he spends his money—has become the most important factor in our modern-day economy. Today, the potential 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 $452.7 billion on a seasonally adjusted annual rate. The unexpected automobile boom is an example of the impact that the consumer and his tastes can have on the economy and a particular industry.

The Toy Industry is one industry that should benefit from the affluence of the consumer. The last few years have seen record results recorded 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 an added impact on the sales and earnings of Playskool Manufacturing Company.

Playskool has built a reputation and a trade name with parents for the past 25 years. The company and its wholly-owned subsidiaries, Halsam Products and Holgate Toys Inc., manufacture an assorted line of educational toys for pre-school children which range in price from $2 to $5. Through an expanding research program, the company is concentrating on developing simple toys made primarily of wood and plastic. Playskool in the past has had some notable firsts in its industry such as being the first company to use nontoxic 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 types of building blocks, peg games and hammers, an abacus, all sorts of pull toys, and various educational games.

Playskool (traded over-the-counter) has current assets of $6.6 million and current liabilities of $2.6 million. The company's capitalization on Jan. 31, 1963, consisted of $425,858 of long-term debt and 810,250 shares of common stock. The sales and earnings have improved in each year since the company became publicly held in October, 1961. An initial dividend of 10 cents a share was paid in December, 1962.

—(000's Omitted)—

Year end. Jan. 31:	Sales	Earnings
1963	$18,540	$684
1962	13,101	530
1961	12,140	414

The management of the company feels that fiscal 1964 should continue this trend and show considerable improvement over fiscal 1963.

The population growth rate, especially the birth rate, should increase during the next decade as the 1940's War Babies begin to form their families. During this same period, I believe more and more emphasis will be placed on encouraging the creative abilities of our children. Since Playskool Manufacturing Co. is the nation's leading producer of pre-school toys, its sales and earnings should feel the full impact of both of these trends.

This security is a good investment for the person who is mainly interested in speculating for long-term capital gains.

GLENN C. PETERSEN

Vice-President, Seligmann & Company, Inc., Milwaukee, Wis.

Johnson Service Company

One of the outstanding concerns in the temperature control industry, Johnson Service Company celebrated its 77th year in business by posting record sales of $67,880,000 in 1962. This total may not seem impressive when related to sales for other industrial concerns; however, 1962 sales represent a 17% increase over 1961 and sales over the past decade have increased by 249%. As a result of these gains, Johnson Service has emerged the world's largest manufacturer of commercial pneumatic temperature and air conditioning control systems.

Unlike its competitors, Johnson Service does not sell its controls through jobbers or dealers, but instead, the company contracts for complete installation of its systems working directly with architects and general contractors. This insures that the proper equipment will be selected for each installation. Installation of equipment and maintenance service is supplied by 110 branch offices located in major cities throughout the United States and Canada.

Johnson Service product line includes valves, thermostats, dampers and complete monitoring control centers. The control centers are custom engineered according to the requirements of the individual building.

The product line has just been broadened by acquisition of the controls division of Fischbach and Moore, Inc. The integration of Johnson Service pneumatic controls with the electronic controls manufactured by this newly acquired division, will give Johnson Service for the first time, a complete line of commercial temperature controls.

The acquisition was a cash purchase with no stock involved. The sales of this division in 1962 were a little over one million and are now being projected at two million for 1963 and four and one-half to five million in 1964.

A sales break-down of types of customers is as follows: schools and universities, 34%; commercial office buildings and public buildings, 19%; hospitals, churches and hotels, 14%; industrial buildings and manufacture processing controls, 14%; military 10% and service, 9%.

In 1964 management is planning to build additional manufacturing facilities at their Humboldt Ave. Plant in Milwaukee and manufacturing facilities in Milan, Italy.

This will cut costs of manufacturing by eliminating moving of semi-finished parts between their two Milwaukee plants. The Milan, Italy facilities will mark their entry into manufacturing in the common market which should greatly increase their European sales.

While 1962 earnings, $2.84 per share, showed only a 4% increase over 1961's $2.75 per share, these earnings showed them a 6¾% profit margin from sales after taxes. 1963 earnings should approach the $3.10 per share level. This increase should come from the following sources: the newly acquired division, increase in domestic sales, a large increase in foreign sales, and only one year, 1963's exchange loss in net assets resulting from official devaluation of the Canadian dollars, will be written off, compared to 1961 and 1962 write-off in 1962.

Backlog of orders is slightly ahead of last year at 45 million dollars, and profit margins could improve some this year.

Johnson Service has shown an earning per share increase of 264% over the past decade and has increased its dividend each of the last five years. They have paid a continuous dividend since 1931 and are currently paying $1.45 per share. Dividend pay-out has been maintained at 50% of earnings for the past several years and management has indicated that this has become company policy.

Financial position of the company is very strong, current assets are 22 million, current liabilities, 3.3 million, and cash and equivalent, 14.6 million. There is no debt of any kind, no preferred stock and only 1,600,000 shares of common stock.

The Justice Department price fixing suit against Johnson Service should be settled in the next few months with minor fines. A few branch offices were guilty of this offense, but this was stopped in 1960 when it was uncovered by the home office. The government uncovered these offenses long after the company had corrected these practices.

The company has indicated that if legislation is passed requiring them to report financial information the same way as listed companies, they would request listing on the New York Stock Exchange. Rated A+ by Standard & Poor, selling at 16 times earnings this year, $3.10 per share estimated earnings, Johnson Service is one of the few quality issues that is still under valued at the offering price of 51 in the over-the-counter market.

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

Taking a Sober Look at Our Economic Upswing

By Matt S. Szymczak, Consultant, C. J. Devine 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 cause complacency to set in and shunt aside necessary steps to assure sustained real prosperity. The present pace of economic activity is attributed to two-fold transitory factors, and our tax system is blamed for harboring a built-in brake holding back growth. Mr. Szymczak argues that today's happier economic rate makes tax cut action "more" rather than "less" urgent. Mindful of Disraeli's warning about countenancing "two nations" in one country, Mr. Szymczak points to the growing size and changing composition of our labor force necessitating expanding job opportunities as a sine qua non.

Savings and Loan Associations are close to home. Therefore my message is on our economy—where it it and where it is likely to go. But more importantly it seems to me my message will stress our home problem, the problems we face today and must resolve as soon as possible, lest they increase to such proportion that they will overwhelm and destroy that for which we gave so much—our home and freedom and our high standard of living.

Matt S. Szymczak

It is a natural tendency for man to relax in spring, when business shows some improvement. We welcome good news and we dislike to be told 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 overdone. At that time all the factors that influence spending and therefore economic activity pointed more or less toward maintenance of current levels. It appeared to me that economic activity would not change drastically upward or downward, for many months.

Need for Sober View

I think the current optimism is equally overdone. I continue to see no serious recession on the horizon, and it seems quite 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—a boom of the kind we had in the late 'forties, or one of the 1955-57 variety, let us look at the facts a little more closely. Sobriety now may spare us unnecessary disappointment and an excessive counterswing of the pendulum later.

Throughout last fall and winter, the economy was sluggish but—in contrast to business phychology—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 provision for investment credit and revised rules for depreciation allowances were bound to be felt sooner or later, and promised at worst to prevent a serious drop, at best to stimulate a rise in new investments. Government expenditures on the Federal, state and local levels were scheduled to increase steadily. Exports also were slowly rising, and though the levelling off of the European boom might slow down the rate of further expansion in exports, a serious fall was certainly 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 as intended. The steady rise in consumer spending is gradually absorbing excess capacity and thus stimulating expansion of facilities. As a consequence, investment plans for 1963 now promise a 5% increase in investment outlays. Inventories, exceptionally low in relation to sales all last year, inevitably have to be built up in line with gradually rising sales—another plus factor. Government expenditures on all levels keep increasing, as scheduled. Residential construction remains strong in view of the high rate of family formation now and throughout the 'sixties. 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 submitted its Report on the Securities Markets to the Congress in one piece in lieu of two major instalments eight weeks apart (the first one on April 3 last, and the second and final one due the end of May).

The two-section routine, we are seeing has functioned as a major source of confusion.

Availability with an issued section coupled with uncertainty over 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 hearings, close to the time of a proposal's advancement.

Confusion Compounded

Such confusion has been further extended as a result of the House Interstate Commerce Committee's instructions to SEC Chairman Cary on April 19 to report to the Congress its reaction to its Study Group's first five chapters.

Typical of the misunderstanding emanating from this kind of publication was the report thereof 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 powers were called for by the Committee's concurrent report, followed by preliminary conforming action by the Commission (of Chapter IV, Part E). Thus, unfounded impressions of extensive power usurpation are needlessly adding worries to the industry.

Likewise does the "beating-the-gun" routine entail public confusion via the Commission's disapproval, 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 Parts B and C of Chapter IV dealing with primary and secondary distributions to the public, and unregistered distributions.

Surely the industry associations, the Liaison Committees, the interested public, and the Congressional Committeemen themselves would all have been advantaged by Congressman Harris' deferment of his request for the 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 the area.

This space has previously related (on April 11) how Ginn & Company after gaining stockholder approval, via proxy solicitation of an Option-Reset deal i. e., a one-way revision of the Option price, downward after the stock's market decline), voluntarily cancelled the arrangement at the subsequent annual meeting.

Last week Standard Oil Co. (Indiana) management also went over to the Side of the Angels, by asking and winning stockholder approval at its annual meeting (May 2) for the following changes, including the banning of the Reset (in Item Two below).

"1. The option price will be 100 per cent of market value on the date granted. (Earlier the plan specified not less than 95 per cent.)

"2. Lowering of option prices in event of market declines is prohibited for options already granted as well as for future options. Also, the company does not propose to use the device of substituting options to accomplish such a purpose, as stockholders were informed. (Noting that although the earlier plan permitted establishment of lower prices, the company did not do so.)

"3. Optionees must be employed 24 months after an option is granted in order to exercise any part of it. (Earlier the stipulation was 18 months.)

"4. A matured option may be exercised after termination of employment only by an annuitant or by the estate of a deceased optionee. (Earlier, others had this privilege for a limited period.)"

"Reset" in Reverse

Moreover, at least one management has gone the whole-hog in actually reversing the "Reset" process to take effect *against* itself. At U. S. Steel's annual meeting this week, Chairman Blough disclosed that he and other top management executives had taken pay cuts (Mr. Blough's amounting to 5%) because of the corporation's reduced earnings.

POPULATION DILEMMA —ITS ECONOMIC IMPACT

The wide scope of the economic impact covered, or so deemed, by the population explosion and "inflated" birth rate were strongly highlighted at the deliberations over the four-day weekend at the American Assembly. This authoritative organization is semi-annually hosted at Columbia University's Arden House in Harriman, New York.

Indicated below (with emphasis added), are these items excerpted from the Group's Final Report.

"Present and prospective world rates of population growth cannot be maintained indefinitely. Such growth contributes and creates substantially to the perpetuation of *low levels* of living for two-thirds of mankind, and creates difficult problems of adjustment in the *economically* advanced nations."

"A high birth rate obstructs the *economic* development of low income countries in a number of ways. It diverts *resources and hampers economic growth* in the less developed economies and makes it necessary to provide for a larger population rather than for a higher level of living. It contributes to imbalance in rural-urban and regional population distribution. It generates an age structure with large numbers of young dependents in relation to workers. It impairs efforts to improve the quality of a population by restricting *per capita expenditures* for improving health, raising educational levels, and teaching new occupational skills. It reduces natural resources per capita."

"Rapid population growth has undoubtedly contributed to additional *effective demand and thus to increased economic growth.* Although there are no insuperable economic difficulties in the short run, we see increasing dangers in the continuation of the present rate of growth that would double the population every forty years with the prospect of constricted social opportunities and progressive crowding.

"Accelerated population growth has already intensified problems of urban congestion, education and transportation, and contributed to pollution of air and water and crowding of out oor recreational facilities. It has required Federal, state and local governments to provide new and expanded public facilities and services with consequent *increased taxation.* Furthermore, the wave in young workers now entering the labor force constitutes a serious challenge to our economy which is already confronted by readjustment to the advent of automation. These challenges will require special attention."

* * *

QUOTE-OF-THE-WEEK

From RICHARD N. GARDNER, *Deputy Assistant Secretary of State,* addressing the American Assembly's Conference on The Population Dilemma, Columbia University Campus, Harriman, 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 communication from the Commissioner of Internal Revenue is addressed, cited current auction sale results as demonstrating the great difficulty of realistically valuing Art —particularly for tax purposes. We cited in detail the sale realizations-versus-the-advance estimates, showing substantial uniform divergence from sale-to-sale; as well as others showing crazy-quilt variations, both upward and downward, vis-a-vis the respective estimates. The latter intra-sale divergence applied to individual items within a single auction has been strikingly manifested at recent New York and Newport sales.

Such wide intra-sale divergence has, since our article's publication, again been registered at Sotheby & Co., the London auctioneer, in its Wolf Collection sale of April 24.

DEAR MR. MAY:

I have read with interest your article entitled "The Un-Appraisable Art Market," which appeared in *The Commercial and Financial Chronicle* of April 4.

The article effectively pinpoints problems faced by taxpayers seeking a proper value for a work of art. By the same token, it denotes difficulties confronting the Internal Revenue Service in determining fair market value of specific items of this nature. I feel certain that knowledge of these problems will make donors of art objects more aware of their responsibilities 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 understanding of a basic problem encountered in the valuation of art objects.

MORTIMER CAPLIN
COMMISSIONER
U. S. Treasury Dept.
Internal Revenue Service,
Washington, D. C., May 2, 1963

U. S. Steel Grants To Education

A $2,480,000 program of aid to education, with grants to 766 liberal arts colleges, universities, and institutes, and to 26 organizations dedicated to raising the quality of teaching and learning in America, has been announced by Roger M. Blough, Chairman of the Board of Trustees of United States Steel Foundation, Inc.

Roger M. Blough

"The Foundation's tenth anniversary program of aid to education," said Mr. Blough, "marks a decade of effort by the Trustees to enhance the quality and service potential of a broad segment of educational institutions, organizations, and special programs and projects."

The Foundation's grants fall into four major categories: (1) about 33% of the total, $820,000, is for unrestricted operating grants to colleges, universities and institutes; (2) about 48%, $1,160,000, is for major-purpose or capital grants; (3) about 9%, $245,000, is for aid to organizations and projects for improvement of educational methods and administration; and (4) the balance of about 10%, 255,000, is for graduate-study fellowship grants for university-chosen doctoral candidates.

West Germany's Future Now That Boom Is Over

By Fritz Berg,* *President, Federation of German Industries, and President of Wilhelm Berg Co., Cologne, Germany.*

Top West German industrialist unequivocally answers three critical questions most frequently raised about Germany's economic future, attitude toward U. K.'s admission to ECM, and participation in Free World's burdens. One, he avers that the boom in his country is over and, like the U.S.A., has caused some concern about future economic growth. Nevertheless, two, Mr. Berg is not pessimistic providing the impasse over U. K.'s entry into the ECM is resolved without delay and we can apply our National Trade Expansion Act of 1962 to help lay the foundation for expanded world trade. In fact Germany is said to be anxious to see U. K. made a full trading partner, and is just as anxious to see a true Common Atlantic Market wherein the flow of goods is no longer burdened by customs barriers and protectionism. His third answer points out that foreign aid expenditures already are close to the 1% of GNP international formula and that Germany does not intend to provide any concern about its willingness to meet fully Free World's obligations. Mr. Berg is dubious about Germany's import-pace and wage-inflation.

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 economy; second, its attitude toward membership of Great Britain and the other EFTA countries in the Common Market; and third, the Federal Republic's role in meeting its obligations toward the Free World. Outside of Germany including the United States, some misunderstandings, if not misconceptions, are prevalent about these three subjects. Perhaps my opinions can help to form a clearer picture about these problems.

Fritz Berg

First, about the German economy: We in Europe are in the long run governed by the common expression, "What happens in America today happens to us tomorrow." In other words, the development of our civilization in Germany, our technology, our standard of living and everything else follows in the long run the pattern established by the United States. But, says Lord Keynes, "In the long run, we shall all be dead." So let us look, therefore, at the problems facing us in the short run—the ups and downs of the economy, particularly those that make themselves felt on this side of the ocean as well.

I would like to cite a few facts and figures in this connection. For years the Federal Republic has bought more from the United States than America has bought in Germany. During the last five years the exports of the United States to Germany have risen uninterruptedly. Without wanting to be a prophet I would assume that this trend will continue. At the same time Germany is also a good customer of those European countries which are also strong buyers in the American market.

The Germany market therefore has a two-fold importance for America. We have constantly liberalized the imports of foreign products. Nor are any efforts being made now to reverse this open door policy. On the contrary it was just a few days ago that the German Government succeeded in obtaining the agreement of its partners in the Common Market to effect a further reduction of trade barriers. This step was taken in connection with the forthcoming GATT negotiations which will try to work out mutual tariff concessions and thus implement the National Trade Expansion Act. The Common Market, for its part, has already announced a 20% reduction of its external tariffs on industrial products.

Germany's Boom Is Over

But you may ask what good all these European and German intentions for promoting trade are if business takes a turn for the worse over there. The fact is—and my opinion is shared by industry as well as government—that the German boom is over. To be sure, there is no reason for outright pessimism but, like the U. S., we too now have our worries about economic growth. After the collapse of 1945 and the currency reform of 1948 we managed to build our economy, but on an extremely small capital foundation. Indeed without generous American support, notably through its Marshall Plan Aid, it would hardly have been possible for us to succeed. By the way, it was a good American investment since we, in turn, are now able to give aid to the developing countries.

Wage Inflation

If I say that our economic situation has changed, I do not mean only that our incoming orders and profits have declined but also that, compared to industries in other countries, our plants are working on too small a capital base and, to make matters worse, our taxes and labor costs make it extremely difficult to form capital, just at a time when we need a higher rate of investments.

Naturally, the German capital resources are not comparable with America's, and neither is German productivity. But I do want to emphasize the importance of our labor costs. Since my visit to Detroit in 1951, industrial wages in Germany have risen an average of 130%, that is, they have more than doubled. During this same period, your wages, I hear, have increased only by one-half, though this is also quite a jump on top of a higher wage level than ours.

We have experienced these wage increases in spite of the fact that we have drawn some 700,000 foreign workers into our labor force. You see, we too, have a labor problem, but ours is one of shortage. It has the disadvantage that labor is in a stronger position to raise its demand not only for higher wages but also for a shorter work week. As a result the 40-hour week now prevails in most industries compared to 45 hours some years ago. For some time now, Germany has been the nation with the highest wages and the shortest average work week in Europe. This situation worries me. Where are we to get the capital that we need so urgently merely to invest in equipment that will raise our productivity to the point where we can catch up with the wage increases.

Right now we are faced wth another wave of wage demands by the metal workers union which sets the pace because nearly half the German industrial workers belong to it and because it is the strongest union. If wages should once again rise beyond increases in productivity it will be a further blow to Germany's competitive standing in world markets and thus ultimately limit Germany's capacity to import because our balance of payments position is already unfavorable, with a deficit of $500 mil. Contributing to this condition was the upward revaluation of the DMark which made our products more expensive abroad but imported products such as yours, cheaper in Germany. Nevertheless we have reduced our tariffs beyond the limits prescribed by international agreements. Such a liberalization of imports coming into Germany has not only opened our markets to foreign producers to an ever-increasing extent but these imports have also intensified the competition for our domestic producers and put our industrial prices under pressure. However, it looks as if rising costs and taxes will change all that.

UK's Admission to EEC

But instead of turning to protectionism—and now I am coming to my second point—we in German industry have welcomed all efforts to widen the markets of the world and in particular to intensify the trade within the Atlantic Community. It is especially for this reason that German industry has considered the postponement of Great Britain's entry into the European Economic Community, the Common Market, as a tragedy. It is imperative and indeed natural that Britain should belong.

Our government and industry fought for this solution. Statesmen and industrialists both know that the success of America's National Trade Expansion Act would be limited if Great Britain were to be excluded. It is yet another reason why we regret the misunderstanding that has arisen out of this situation. I am not the type to sidestep an issue, or to couch my words in diplomatic terms. I therefore want to say categorically that, at this very time, when both the German Government and industry recognize that our economic growth is lagging, it is most important to us that everything should be done to promote the development of European integration. The collapse of the negotiations in Brussels was for Europe as well as the Free World a serious setback. German industry has always been a consistent and resolute supporter of Great Britain's membership in the Common Market. Therefore, we do not consider the decision in Brussels a final. Europe would make a decisive mistake if the integration of the six Common Market countries were to lead to an economic and possibly a political split on the Continent and even to a breakdown of the Common Market.

German industry would be especially hard hit by such a development. Among the six Common Market partners we maintain by far the closest trade ties with the seven nations of the EFTA, the European Free Trade Association.

It has by this time been conceded by all sides that normal and good relations between France and Germany are the basis for European integration. The establishment of French-German friendship was, with the support of all Western nations, the principal aim of German foreign policy after the war. That we achieved this goal is to Chancellor Adenauer's credit. To this end German industry had been active in supporting the Shuman Plan even though its provisions demanded many a sacrifice from German producers. German industry gave the same support to the acceptance of the Treaty of Rome which founded the Common Market. Together with French industry it recognized that French - German understanding was the basis of European unity.

Recalls 1951 Position

Back in November 1951, when I came to Detroit with Georges Villiers, the President of the National Council of French Industry, the leading French industrial association, we pointed out the importance of French-German understanding as a basis for solving all European problems and we stressed the resolution of both industrial associations to work cooperatively toward this goal.

Nor have we ever forgotten the strong determination of the United States to further European unity. It is particularly for this reason that we very much regret that the French-German Treaty of Friendship has evidently been entirely misunderstood in the United States, but it is just as unfortunate that France's veto of Great Britain's acceptance in the Common Market came just at the time when the French-German treaty was being signed. These are also the opinions of Chancellor Adenauer with whom I talked after the collapse of the negotiations in Brussels. Dr. Adenauer assured me during our conversation that even he was completely surprised by De Gaulle's action. Nevertheless French-German understanding is the base of European integration. It is viewed as

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

The effective placement of the $115,000,000 Placer County Water Agency, California issue late last Wednesday (May 1) climactically lifted the state and municipal bond market from its doldrums and initiated a spasm of activity that has resulted in a brighter market this week. Although the market is higher, it should be generalized that it is not pervasively higher in the sense that all prices are stronger. There continues to be a specific demand for certain new issues that has broadened enough 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 reaching to purchase new issue offerings lest a possible fast one be missed or even one that may be destined for better than half sold.

Inventory Still High

We are not intimating that inventories have been recently much reduced; they are merely reduced from a recent high level coincident with a quiet market.

According to the *Blue List*, state and municipal bond offerings reached something under $625,000,000 on April 22. The May 8 volume of offerings totaled about $594,652,500. The quixotic pattern of demand is such that inventories may remain at this total or higher almost indefinitely since recent investor interest is quite specific as well as being only sporadic. It absorbs certain issues while eschewing comparable relatively priced offerings.

Yield Stability More Significant Than Bare Statistics

Despite the heavier dealer inventory burden, the inevitable increase in new issue volume and the market's already 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 again this week. The Index on May 8 was 2.926%, against 2.938% a week back. This .012% decrease in yield translates to an average market rise over the week of one-eighth of a point.

The more or less tiny weekly changes in the Index and the market are symptomatic of the general problem of the marketplace: 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 effectively portrayed by our recent Index figures. It has registered between 2.991% and 2.888% since early October of last year. In points, this represents a range of only about 1½ 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 scheduled and tentatively scheduled new issue offerings through mid-June now total a little more than $450,000,000. This total includes the following sizable issues: $25,000,000 Port of New York Authority on May 14; $48,755,000 State of New York on May 15; $25,000,000 State of Tennessee on May 21; and $57,200,000 Nevada Irrigation District, California Electric Plant revenue bonds tentatively scheduled for sale in early June. For this time of year the calendar is extremely light and it is made more so by the fact that there are no sizable or important negotiated type issues presently being readied for springtime flotation.

From today's purview it would appear that the state and municipal bond market faces no glut through the pressures of new issue financing and that therefore, through inference at least, the high level of inventory may pose no real threat to the market's level.

Dealer's New Technique

As it becomes generally apparent that negotiated type issues will not prevail to the extent that they once did, dealers are attempting to face up to their problems under these new circumstances. Large, comfortable positions with firm bonds at attractive spreads are apt to be less frequent experiences. Most of the large revenue issues have recently been sold at public bidding. Until recently one bid was forthcoming in such situations with hundreds of dealers accepting smaller participations and receiving a commensurate profit. With the pressure on for profits, dealers are now taking much larger cuts in these king size competitive deals in an effort to bolster the coffers.

For example, major participants now take from three to five million bonds in bidding competitively for issues totaling from $50 to 100 million. On occasion, participations go much higher.

Risk Reduced

This new tendency may not be as speculative a procedure as it appears to be to many. The risk has been limited to some degree by the steadier bond markets that have prevailed for over a year. Whereas, the municipal bond market usually varied up to 10 points or even more within a 12-month period through the years, such swings seem to have been considerably dampened in recent market history.

The new technique is at least bold and it may help dealers through this important transition in the business. It could also break a few.

The new issue calendar for the past week totaled a modest $176,565,000 of new tax-exempt bonds and of this total there were but two issues of general market importance selling at competitive bidding.

Lone Bidder Takes the Week's Major Issue

The Washington Public Supply System (Hanford Project) awarded $122,000,000 Electric Revenue serial (1967-1986) and term (1996) bonds to *William S. Morris & Co.*, bidding (as usual) alone. The bid figured a net interest cost of 3.2601%. The runner-up bid, a 3.313% net interest cost, came from the account managed by Halsey, Stuart & Co., Inc. and the third bid, a 3.332% net interest cost, was made by the syndicate headed jointly by Smith, Barney & Co., The First Boston Corp., Blyth & Co. and White, Weld & Co. Another bid, a 3.3445% net interest cost, was made by John Nuveen & Co. and associates.

Vast Project

This system, a municipal corporation and an operating agency of the State of Washington, was organized in Jan. 1957. The system is composed of sixteen operating public utility districts in the State of Washington. It is empowered to acquire, construct and operate plants, works and facilities for the generation and for transmission of electric power and energy. In carrying out its powers, the system may exercise the right of condemnation of lands, rights-of-way and properties.

The project to be constructed to utilize the Atomic Energy Com-

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.15%	3.05%
Connecticut, State	3¾%	1981-1982	3.05%	2.95%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	2.90%
New York, State	3¼%	1981-1982	2.95%	2.80%
Pennsylvania, State	3⅜%	1974-1975	2.70%	2.55%
*Delaware, State	2.90%	1981-1982	3.00%	2.90%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.10%	2.95%
Los Angeles, California	3¾%	1981-1982	3.15%	3.05%
Baltimore, Maryland	3¼%	1981	3.00%	2.90%
Cincinnati, Ohio (U.T.)	3½%	1981	3.05%	2.90%
Philadelphia, Pennsylvania	3½%	1981	3.20%	3.05%
*Chicago, Illinois	3¼%	1981	3.20%	3.05%
New York, New York	3%	1980	3.70%	3.00%

May 8, 1963 Index=2.926%

*No apparent availability.

Larger Issues Scheduled For Sale

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

May 9 (Thursday)			
Harrison County S. Bldg. Rev., Ky.	1,550,000	1964-1993	10:00 a.m.
Niagara Falls (G. O.), N. Y.	2,650,000	1963-1980	2:00 p.m.
May 13 (Monday)			
Euclid, Ohio	1,800,000	1963-1978	Noon
University of North Carolina	1,000,000	1965-2002	10:30 a.m.
May 14 (Tuesday)			
Chicago Park Dist., Imp., Ill.	6,000,000	1965-1983	10:00 a.m.
Cook Co. Bremen Tp., Comm., H. S. D. No. 228, Ill.	1,350,000	1965-1981	7:30 p.m.
Delaware (G. O.)	9,628,000	1964-1983	11:00 a.m.
Denver, Colo.	1,170,000	1966	10:30 a.m.
Lafayette, La.	6,600,000	1965-1992	10:00 a.m.
Oconomowoc, Etc., Jt. SD, #3, Wis.	3,900,000	1965-1983	7:30 p.m.
Oxnard School District, Calif.	1,250,000	1964-1983	11:00 a.m.
Port of N. Y. Authority	25,000,000	1963-1994	11:00 a.m.
St. Bernard Sch. Dist. No. 1, La.	1,300,000	1965-1988	11:00 a.m.
Tacoma, Wash.	4,780,000	1965-1983	10:00 a.m.
Wichita, Kansas	4,155,000	1964-1983	10:00 a.m.
May 15 (Wednesday)			
Augusta, Ga.	6,000,000	1965-1993	11:00 a.m.
Bridgewater Township, N. J.	1,040,000	1964-1983	8:00 p.m.
Dupage Co. Tp. H. S. D., No. 87, Ill.	2,900,000	1964-1977	8:00 p.m.
Fargo School District, N. D.	2,150,000	1966-1983	11:00 a.m.
Gainesville W & E Revenue, Fla.	7,000,000	1966-1998	11:00 a.m.
Hoboken, N. J.	4,315,000	1965-2002	11:00 a.m.
Massena, N. Y.	1,370,000	1964-1993	2:00 p.m.
Monmouth County, N. J.	1,333,000	1964-1988	11:00 a.m.
New York State Housing	48,755,000	1965-2013	Noon
May 16 (Thursday)			
Hawaii G. O. (Honolulu)	10,000,000	1966-1983	2:00 p.m.
Livingston Co. Tp. HSD #90, Ill.	1,726,000	1964-1979	8:00 p.m.
Ogden City, Utah	2,000,000	1966-1990	6:00 p.m.
May 17 (Friday)			
Kansas State Board of Regents, Kansas State University	1,170,000	1965-2002	10:00 a.m.
May 20 (Monday)			
Solon Local Sch. Dist., Ohio	1,300,000	1964-1983	1:00 p.m.
Springfield Pub. Bldg., Comm., Ill.	3,500,000	--------	--------
May 21 (Tuesday)			
Cleveland, Ohio	13,150,000	--------	--------
Coral Gables, Fla.	1,050,000	1964-1979	3:00 p.m.
Monroe, La.	6,000,000	1966-1993	10:00 a.m.
State Teachers' Colleges, Tex.	4,372,000	1965-1976	10:00 a.m.
Tennessee (Highway, Education & Mental Health)	25,000,000	1964-1983	11:00 a.m.
Toledo, Ohio	3,770,000	--------	--------
Wilmington, N. C.	1,595,000	1964-1989	11:00 a.m.
May 22 (Wednesday)			
Springfield S. D. No. R-12, Mo.	1,750,000	1965-1979	7:30 p.m.
May 23 (Thursday)			
Penn. State P. S. Bldg. Authority	23,260,000	1963-2002	Noon
Waldwick S. D., N. J.	2,725,000	1965-1984	8:00 p.m.
May 24 (Friday)			
Northwest Missouri State Coll.	4,905,000	1964-2002	3:00 p.m.
Valley Center Mun. Water D. Cal.	1,250,000	1964-1992	7:30 p.m.
May 27 (Monday)			
Kane, Cook & Du Page Counties Community Sch. Dist. #U46, Ill.	2,400,000	--------	--------
May 28 (Tuesday)			
Cherry Hill Sch. Dist., Mich.	1,600,000	1964-1992	7:30 p.m.
DeKalb Co. W & S Revenue, Ga.	5,000,000	--------	--------
Excelsior Union H. S. Dist., Calif.	1,532,000	1964-1988	9:00 a.m.
Gregory-Portland Ind. S. D., Tex.	2,050,000	1964-1986	7:30 p.m.
Palos Verdes Peninsula Unif. S. D., California	1,500,000	1966-1988	9:00 a.m.
Santa Ana Unif. S. D., Calif.	4,000,000	1964-1988	11:00 a.m.
Southern Illinois University	10,500,000	1966-2003	10:00 a.m.
May 29 (Wednesday)			
Columbia S. C.	3,253,000	--------	--------
Dallas Indep. Sch. Dist., Texas	10,000,000	1964-1983	10:00 a.m.
Houma, La.	5,815,000	1964-1982	11:00 a.m.
Houston, Texas	6,000,000	--------	10:00 a.m.
June 3 (Monday)			
Carlsbad Mun. Sch. Dist., N. M.	1,250,000	1964-1973	10:00 a.m.
Louisiana State Univ. & A. & M College	2,990,000	1965-2002	10:00 a.m.
June 4 (Tuesday)			
DeKalb County Sch. Dist., Ga.	2,550,000	--------	--------
Louisiana State Bond & Building Commission	15,000,000	1964-1983	11:00 a.m.
Ohio State Underground Parking Commission	6,000,000		
St. Tammany Parish Parish-Wide School District, La.	1,950,000	1966-1993	10:00 a.m.
June 5 (Wednesday)			
Nevada Irrigation Dist., Calif.	57,200,000	--------	--------
June 6 (Thursday)			
Albuquerque School District, N. M.	5,000,000	--------	10:00 a.m.
Sacramento Mun. Util. Dist., Calif.	10,000,000	--------	11:00 a.m.

Bank of England Head Faults Rigid Deposit Rates

By Paul Einzig

Dr. Einzig writes most approvingly of Lord Comer's strong criticism of the British banks' "gentlemen's agreement" keeping interest rates from responding to changed market conditions. He blames this long standing practice for helping to bring about Euro-sterling deposits and for preventing time deposits from expanding — a situation found analogous to the deadening effect of our past Reg. Q rates instigating 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 how untied deposit rates could reduce—though not end — the problem.

LONDON. England—Both American and British interest rates allowed on time deposits are prevented from adapting themselves to fluctuating supply-demand relationship. 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 adopted and are maintaining fixed rates in face of official criticism of their policy. On a recent occasion the Governor of the Bank of England, Lord Cromer, came out strongly against the "gentlemen's agreement" under which British commercial banks have undertaken not to pay interest in excess of 2% below the bank rate of the day.

That rate has been in existence throughout the postwar period and was largely responsible for the development of the market in Euro-sterling deposit 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 on their 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 Cromer's main argument in favor of removing the artificial limit to interest on deposits is that it prevents deposits from expanding adequately. He did 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, has some very distinct disadvantages.

Any speculative attack on sterling would be greatly assisted by the existence of the considerable amount of Euro-sterling deposits that are available for speculators. By borrowing Euro-dollars and selling spot sterling they can run up a short position in sterling in anticipation of a devaluation. This is what happened quite recently, when, following on the breakdown of the Common Market talks and on the revival of agitation in favor of devaluation, an attack developed against sterling. It took largely the form of borrowing 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 speculating 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 a costly lesson to depositors.

Abetted Speculation Against Sterling

It is of course arguable that, in the case of Britain, only non-resident holders of sterling can lend their sterling deposits in the market for foreign deposits, 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 pessimistic to realize their holdings, while at the same time speculators are prepared to operate in anticipation of its depreciation. In such situation the fact that foreign-held sterling deposits become freely available in the market for foreign currency deposits provides speculators with additional opportunities. For one thing, the existence of an alternative method of speculating against sterling keeps the discount on forward sterling relatively narrow, so that it indirectly encourages also the conventional method of speculation.

Need to Untie Deposit Rates

An increase in British deposit rates would not bring the Euro-sterling market to an end, any more than a removal 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 the moment this causes no headache in official circles, because the official policy is expansionary. If business expansion is financed in part through borrowing Euro-dollars and swapping into sterling, the authorities have no cause for worrying so long as they are in favor of expansion. But sooner or later they are bound to revert to credit squeeze, 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 Erle Cocke, Sr., of the Federal Deposit Insurance Corporation announced. The figure of $2,004 million compared with $2,003 million in 1960 and $1,996 million in 1961.

Total current operating revenue increased 10% in 1962 to $12,219 million. But a 15% advance in current operating expenses to $8,589 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 bank's 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 $2,845 million, 35% greater than in 1961, and represented an average of 3.18% 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 in dividends to stockholders resulted in somewhat smaller additions to capital from income.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

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

Canadian Gas & Oil Warrants—Figures on 12 issues—Draper Dobie & Company, Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada. Also available are analyses of **Granduc Mines Ltd.** and **Willroy Mines Limited.**

Canadian Steel Industry—Analytical borchure—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—First Boston 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 Industry—Detailed appraisal—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Drug Stocks—Analysis—Evans & Co. Incorporated, 300 Park Avenue, New York 22, N. Y. Also available are comments on **Rayette.**

Gold—Past and future—Brochure—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y. Also available is an analysis of **Purolator Prdoucts.**

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

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

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

Life Insurance Stocks—Financial highlights on 52 stock life insurance companies—Also includes listing of 50 largest life companies ranked by size, and comparison of assets and insurance in force—$2.00 per copy—Victor G. Paradise, 9804 Wilshire Boulevard, Beverly Hills, Calif.

Long Term Governments—Review—Salomon Brothers & Hutzler, 60 Wall Street, New York 5, N. Y. Also available is a review of the **Bond Market.**

Machine Tool Stocks—Review—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Moorgate and Wall Street—A review of the British and American investment markets—Harriman Ripley & Co. Incorporated, 63 Wall Street, New York 5, N. Y.

Municipal Market—Report—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a review of the **Construction Industry** and a memorandum on **Borg-Warner.**

Newsprint Securities—Memorandum—Flood, Wittstock & Co., 60 Yonge Street, Toronto 1, Ont., Canada.

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

Overseas Market — Bulletin — International Bond & Share, Inc., International Building, San Francisco 8, Calif.

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

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co. Inc., 52 Wall Street, New York 5, N. Y.

Savings & Loan Industry in California—Analysis—J. S. Strauss & Co., 155 Montgomery Street, San Francisco 4, Calif.

Telephone Industry—Survey with particular reference to **General Telephone & Electronics Corp., Rochester Telephone Corp.** and **United Utilities Inc.**—Purcell, Graham & Co., 50 Broadway, New York 4, N. Y.

Textbook Publishers—Analysis—David L. Babson and Company, Inc., 89 Broad Street, Boston 9, Mass.

Trend in Capital Goods—Detailed industry report—Laidlaw & Co., 25 Broad Street, New York 5, N. Y. Also available are reports on **Ingersoll Rand, Babcock & Wilcox, Mack Trucks, Allis Chalmers, Blaw Knox, E. W. Bliss, Cincinnati Milling, Cooper-Bessemer, Cross Co., Leeds & Northrup** and **Warner & Swasey.**

Virginia Banks—Comparison of eight major Virginia Banks and Bank Holding Companies—Invest ment Corporation of Virginai, Selden Arcade, Norfolk, Va.

* * *

Aerovox Corp.—Memorandum—Leason & Co., 39 South La Salle Street, Chicago 3, Ill.

Air Products & Chemicals—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also aavilable are reviews of **Deere & Company** and **General Precision Equipment.**

Allied Chemical—Analysis—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available is an analysis of **Harris Intertype.**

Allied Chemical—Discussion in "Monthly Investment Letter"—Carreau & Co., 115 Broadway, New York 6, N. Y. Also in the same issue are comments on **American Can, General Motors, International Harvester, Johns-Manville** and **Standard Oil of New Jersey.**

Allied Chemical Corp.—Comment—Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y. Also available are comments on **Ashland Oil & Refining Company, Howard Johnson Company, Tennessee Gas Transmission Company** and **Timken Roller Bearing Co.**

American Enka Corporation—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

American Greetings Corp.—Memorandum—J. N. Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio. Also available are memoranda on **Atlantic Refining** and **Cle-Ware Industries.**

American Telephone & Telegraph Company — Analysis — Gerstley, Sunstein & Co., 211 South Broad Street, Pihladelphia 7, Pa.

Arlan's Department Stores—Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, New York.

Arrow Liqueurs Corp.—Analysis—Morrison & Morrison Co., Penobscot Buliding, Detroit 26, Mich. Also available is a report on the **RIC Group.**

Ashland Oil & Refining Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Ashland Oil & Refining Corp.—Analysis—Suplee, Yeatman, Mosley Co., Incorporated, 1500 Walnut Street, Philadelphia 2, Pa. Also available is a comment on **Scott Paper Corp.**

Atlas Consolidated Mining and Development Corp.—Bulletin—DeWitt Conklin Organization, 120 Broadway, New York 5, N. Y.

Buechler Corp.—Memorandum—City Securities Corporation, Circle Tower, Indianapolis 4, Ind.

Calgary Power—Memorandum—MacDougall, MacDougall & MacTier, Ltd., 129 St. James Street, West, Montreal 1, Que., Canada. Also available are memoranda on **Dominion Glass, Dominion Stores, Fraser Companies, Interprovincial Pipe Line** and **Union Gas.**

Canadian Pacific — Memorandum—Kippen & Company Inc., Canadian Imperial Bank of Commerce Building, Montreal 2, Que., Canada.

Celanese Corp. of America — Memorandum—R. W. Pressprich & Co., 80 Pine Street, New York 5, N. Y.

Charles Bruning Company, Inc.—Analytical brochure—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Continental Assurance Company** and **United States Life Insurance Company.**

Chemical Bank—Analysis in current issue of **"Investornews"**—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are analyses of the **Appliance Industry, Gardner Denver, Stauffer Chemical, Federal-Mogul-Bower Bearings** and **Masonite Corp.**

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

Columbia Broadcasting System Inc.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a bulletin on **Greyhound** and **Coastal States Gas.**

Columbia Pictures — Analysis — Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Consolidated Edison Company of New York—Report—Edwards & Hanle, 100 North Franklin Street, Hempstead, N. Y.

Cove Vitamin & Pharmaceutical—Report—Hill, Thompson & Co. Inc., 70 Wall Street, New York 5, New York.

Diebold — Memorandum — W. T. Emmet & Co., Inc., 375 Park Avenue, New York 22, N. Y.

Edo Corporation—Chart analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Fairchild Camera & Instrument—Memorandum—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y. Also available is a memorandum on **W. T. Grant Co.**

Franco 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—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Gillette—Review—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are bulletins on **Mesabi Trust** and on **Illinois Central Railroad.**

Continued on page 46

Noyes Nominated By Bond Club

Blancke Noyes of Hemphill, Noyes & Co. has been nominated for President of the Bond Club of New York to succeed H. Lawrence Bogert, Jr. of Eastman Dillon, Union Securities & Co., who has headed the club for the past year. The election will take place at the Bond Club's annual Field Day to be held on June 7.

Blancke Noyes

Walter W. Wilson of Morgan Stanley & Co. was nominated for the office of Vice-President to succeed Mr. Noyes.

The Bond Club slate also includes Ralph D. DeNunzio of Kidder, Peabody & Co., for Secretary and John L. Weinberg 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. Buhse, Hornblower & Weeks; and Craig Severance, New York Securities Co.

Again Ch'man of Tokyo Exchange

One of Japan's most distinguished financiers, Gakuzo Yoshino, President of the Nikko Securities Co., Ltd., has been reelected Chairman of the Board of Governors of the Tokyo Stock Exchange, it has been announced by Terumasa Hasebe, Managing Director of Nikko, New York.

Gakuzo Yoshino

Mr. Yoshino has served as President of Nikko, one of Japan's "Big Four" security houses, since 1952. He was first elected Chairman of the Tokyo Stock Exchange in 1960 and his 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 an average daily turnover of almost 110,000,000 shares. In monetary value the Tokyo Stock Exchange ranks second only to the New York Stock Exchange; its 1962 figures were $16,600,000,000 as against $47,000,000,000 for the New York Stock Exchange.

Haveg Industries, Inc.

By Dr. Ira U. Cobleigh, Economist

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

Haveg Industries, Inc., is no ordinary company. Formerly known as Continental-Diamond Fibre Company, Haveg Industries, Inc., came into being on July 1, 1955. Since then, by virtue of an aggressive program of acquisition and of new product development, Haveg's sales has dramatically increased from an annual rate of $1.2 million in July, 1955, to a current annual rate of $30 million, as indicated by results for the first quarter of 1963.

Engineered Plastics

Describing the Haveg product line is not easy. Here is a company that has used every commercial plastic material available and, in its plants, employs every plastic molding or processing method. The end products are advanced, unique and diverse: a nose cone of Teflon for missiles; polystyrene foam for food and beverage containers, consumer packages including imprinted boxes, bottles and containers, and for industrial packaging; lightweight plastic drum inserts for handling problem chemicals; huge tanks that are plastic lined, corrosion resistant and wound on the outside, like a huge spool, with glass and epoxy resin filaments; computer wires and cables; electronic ceramics for microminiaturization; 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 Sil-Temp Division at Wilmington, Delaware, produces materials and fabrics for high temperature insulation. The Haveg Corporation, also in Wilmington, houses the Chemical Equipment Division, the Aerospace Division, and the Container Division. Rheinhold Engineering and Plastics Company, Inc., at Santa Fe Springs, California, makes aircraft structural members, radomes and rocket and missile components; specialty wires and cables are produced both at American Super-Temperature Wires, Inc., Burlington, Vermont, and at Hemisphere Products Corp., Rio Piedras, Puerto Rico.

Haveg would be much easier to write about if it made soft drinks or razor blades, but because of the number, diversity and special design of Haveg's products, the foregoing rather detailed, if rambling, account of items and plants seems appropriate to an understanding of how this company goes and grows.

Research and Development

All of this ultra modern hardware is the end product of a continuous program of research and development, in which the company does not hesitate to spend a relatively high percentage of its revenues. Illustrative of Haveg's excellence in research is its major break-through in the molding of large-sized Teflon parts. Teflon is an amazing flurocarbon, patented by DuPont. It has been virtually impossible to mold because of the high compression required to bond the Teflon particles together. Haveg, however, has solved the problem and can now produce, in its ovens, units 5x5x10 feet, with larger ones now possible. The most dramatic use is for Teflon missile nose cones that cope with reentry heat and friction, and lessen fuel requirements due to their lighter weight. Haveg research has also produced a carbon cloth, for aerospace insulations, that is heat resistant up to 6600 degrees Fahrenheit.

Diversified Sources of Earnings

From the foregoing you can see that Haveg is no "one product" or "one customer" company. Its customers include a cross-section of the elite companies in packaging, chemicals, food products, electronics, communications, aerospace, etc. Accordingly, Haveg offers to investors a diversity in the sources of its earning power, products so specialized as to fend off competition, and strong depression resistant characteristics.

Profitability

Many companies are strong on research and great on new products, but a lot of them simply don't make money with all their technological sophistication. Haveg is different. It is a substantial money-maker and getting more so each quarter. For 1962, the company reported sales of $25,665,046, up from $21.3 million the year before. Net income showed a somewhat corresponding increase, $1,032,708 for 1962, against $868,360 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 impressive. For the first three months of 1963, sales totaled $7.38 million, against $6.12 million last year and, on a per share basis, net of 32 cents was more than doubled the 15 cents earned in the corresponding 1962 period. The President, Dr. John H. Lux, recently announced "we are budgeting a sales increase of 20% for 1963, and a higher percentage of increase in earnings over 1962."

Capitalization

The capital structure of Haveg Industries, Inc., is quite simple, $4,270,000 of long-term debt (at 1962 year-end) followed by 1,019,287 shares of common stock. Net worth, on the same date, stood at $6.7 million.

The company has defined a prudent policy of cash dividends, paying out less than 50% of net. The current dividend of 45 cents is 10 cents above the 1961 declaration of 35 cents, and dividends have been successively increased in each of the last six years.

While investors are unlikely to buy Haveg common for current income, they may well be attracted to it because of the strong company position in aerospace, the demonstrated competence of management, the well defined up curve in sales and net, and the corporate capacity to ideate, and to manufacture profitably, advanced new products. Haveg common at a year's high of 34 on NYSE, seems to have attracted a following, and to present 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 Executive 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.

J. Denny May

The Parker Corp., founded at Boston in 1925, sponsors Incorporated Investors and Incorporated Income Fund.

Mr. May joined The Parker Corp. in March of 1947 at which time he was in charge of distributing 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 and Co., first in New York City, then in the Pittsburgh, Pa., office. In 1931, he formed his own investment firm, J. Denny May and Co., Wheeling, W. Va.

Following the war, in 1946, Mr. May decided to go into the sponsor-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, he became associated with 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 Glidden Co. in Cleveland.

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., R. C. A. and A. T. & T., and is troubled about the adequacy of profits in sales to the Government. In viewing the aerospace industry's outlook, Mr. Weidenbaum sees the U. S. Government market stabilizing at $18 billion a year roughly divided into thirds for aircraft, missiles and space with space becoming the major growth area. Note is taken of the continuing efforts by military suppliers to diversify into commercial markets with emphasis on industrial markets instead of consumer though they have not, as yet, "paid off too handsomely." Sales to airlines have slackened and long run outlook is seen revolving around extent, if any, of government participation in supersonic transport development.

My use of the words, "Yaw, Pitch, and Roll," should not be taken as a commentary on the performance of the airline industry. My theme rather is that the aircraft, or as it is now called aerospace, manufacturing industry is facing a period of turbulence.

M. L. Weidenbaum

Although I don't wish to belabor the metaphor, yaw is a swaying motion in which the body moves from side to side. Using my poetic license, this characteristic of sideways movement may well apply to the changing structure of the aerospace market, to the resultant composition of the industry, or merely to its annual sales level.

Pitch is, essentially, an up and down movement. The industry's profit levels, as well as its future expectations, immediately come to mind.

Roll, of course, may represent the most fundamental type of movement and, here, the basic shifts in the very inputs or resources employed by the industry may be mentioned. However, an unkind critic might summarize the remainder of my remarks under the heading, "Shake, Rattle, and Roll."

The Shift in Product Line

When I first entered the aerospace industry — which really wasn't very long ago — the oldtimers usually talked in terms of the "Airframe primes," the companies varying from Boeing and Douglas to Beech and Cessna, etc., who could design and assemble complete aircraft of various types and sizes. Upon reflection, a few engine and several "accessories" manufacturers were alluded to as probably sort of being part of the industry, too.

Essentially, within the past five years, the product line of this industry has shifted in emphasis to missiles and now to space. With the function of prime contractor for major missile and space systems commonly being assumed by the government, companies other than the traditional airframe firms increasingly are competing for the major contracts awarded to private industry. The giants of the missile and space business, it should be noted, also include Chrysler, General Electric, RCA, and A. T. & T.

As a result of this sideways movement of the airframe primes to missile and space markets—my academic friends would diagnose this development as probably horizontal diversification — and the entry of other firms into this business area, we now have something frequently referred to as the aerospace industry.

In recent years, the Federal Government, which of course is the dominant customer, has spent about $18 billion annually on the design, development, and production of aircraft, missiles and space systems. After a few years of expansion associated in part with crises in Berlin and a change in administration, the overall aerospace market once again is tending to stabilize. Although there is little organized data available, it is probable that the old aircraft companies, taken as a whole, have received a declining share of the governmental aerospace expenditures. The absolute volume of sales and production of these companies has been maintained through commercial activities, mainly in the airline market.

The Trend in Profits

The profits of the aircraft companies have pitched downward severely in recent years (data on aerospace divisions of automotive, telephone, and other companies are generally not publicly available). To a large extent, this has been the almost paradoxical result of the fabulous sales of jet airliners. Better men than I have tried to analyze this phenomenon in an industry where unit costs supposedly fall drastically with volume. The difficulties of forecasting costs and sales years before the fact are clearly evident. So are the risks involved. However, the jet transport losses are essentially one-shot affairs.

A longer-term trend can be observed which also is dampening the rates of return on military business. This second, less dramatic factor may have been obscured by the jetliner situation. It revolves about the fact that, in most forms of contracts for advanced weapon systems, the definition of cost is a key determinant of the profits achieved. For example, there is no simple, clear cut definition of that portion of a company's cost which is allowed to enter into the determination of "cost plus." In good measure, it is a result of interpretation and negotiation. Obviously, the unallowable elements of cost incurred come out of profits.

The list of partially and totally disallowed costs has been rising over the years. The most conspicuous example of such partially unrecoverable costs is the growing volume of company-sponsored military and space research. Coupled with the renegotiation process, this results in a downward pressure on the profits on military business, both in terms of profit margin and returns.

However, because of the essentially administered nature of the industry's profits, we do not know whether, in earlier periods, they were "unduly" high in relation to risk and, hence, whether the current decline merely adjusts for an abnormality. Because of the elusiveness of the risk concept, we cannot be sure that the risk borne by aerospace firms is, in some absolute sense, larger than industry generally, and, hence that these firms should expect above average returns.

There has been some attention paid recently by both policymakers and researchers to the adequacy of profits of government suppliers, both in terms of risk assumed and the need to attract capital and resources to this line of business. Such attention may be long overdue. Nevertheless, in the short run I see no major change in the current relatively low level of profit rates on military business.

Shift in the Industry's Inputs

What may be the most fundamental change for the companies in the aerospace industry is the result of the shift in the customer's product demands. Missile and space work requires increasing concentrations of scientists and engineers and declining portions of welders and riveters, more laboratories and office space and fewer manufacturing facilities. The physical shape of an aerospace company differs sharply from that of a World War II or Korean War bomber plant. So does the legal form, by the way, since a far greater proportion of the fixed assets are now company-owned than was the case in the earlier periods.

More fundamentally, the type of people comprising this industry has changed. The industry's scientific work force of about 100,000, the largest concentration in any industrial group in the economy, represents about one-eighth of the total industrial employment of scientists and engineers in the United States. Moreover, the industry concentrates the highest proportion of its scientists and engineers on research and development work—almost 3 out of 5. As a result, the aerospace industry has gained the dominant position in R & D in industry.

Geographic Movement

One final indication of the turbulence encountered by the aerospace industry is the nature of locational movements. It has become fashionable in recent months to decry the shift of defense work from the Midwest to the East Coast and, especially, to the West Coast. I do not wish to provoke my Chicago friends, but I think that this growing public discussion may indicate an informational or analytical lag. I say this because the shift that is now taking place, as best as I can determine it, is from all of these areas down to the emerging space complex along the Gulf Coast.

Houston, New Orleans, Orlando, Huntsville, as well as Canaveral, are now the rapid growth areas of the aerospace industry. In any event, it is not my intention to lend any encouragement to the idea that government contracts for defense or space work can become the WPA of the 1960's.

The Outlook

I would like to conclude with some observations as to the outlook for the aerospace industry. Taking the commercial market first, I observe at least a temporary decline in the volume of sales to the airlines. By and large, the major airlines of the world have converted their longer routes from pistons to jets—to the DC8, 707, 720, 880, and 990. Future sales are likely to be mainly in the nature of replacement demand and the result of yearly growth in air traffic. It is the smaller planes, those serving the short to intermediate routes, that are now getting the center of attention from the manufacturers.

It is in this latter area that the European producers—both French and British—are making the best showing. From about 10% of the long and intermediate range jet market, the European companies have obtained well over one-half of all the short-range jet sales to date.

The longer term outlook will depend primarily on our government's future decisions on the extent, if any, of its participation in the design and production of a supersonic transport. On the other hand, the press has reported—at least prior to the Common Market membership problem—that the British and French Governments were combining efforts in a joint supersonic transport program.

In contrast to the commercial prospects, the U. S. Government market for aerospace products and services appears to be stabilizing, at about $18 billion a year. A few trends are discernible here, some expected and some quite surprising. The government market is now roughly divided into thirds — aircraft, missiles, and space. Expenditures for space programs have been, of course, the major growth area in recent years. This trend is likely to continue for at least the next several years.

NASA expenditures — which is the civilian space program—for the fiscal year 1964 are officially estimated at $4.2 billion, a 75% increase over the 1963 fiscal year. Requested new appropriations for fiscal 1964, most of which will actually be expended in subsequent years, total $5.7 billion.

A less noticeable development is the leveling off in missile outlays, actually a modest decline to about $6 billion a year. Also, military aircraft spending has held up better than generally expected. After the major cutbacks in recent years, a plateau of $5-6 billion a year may be in the offing. Of course, if we project in constant dollars, it is likely that in real terms expenditures for aircraft and missile programs will be declining in the next few years and only the space portion of the aerospace market will show any over-all growth.

Undoubtedly, the efforts on the part of major military suppliers to diversify into commercial markets will continue. In contrast to the scattering of effort in the period immediately following World War I, the more recent diversification activities of these companies have generally relied on an extension of their technology to industrial rather than consumer markets.

In contrast to the stainless steel and aluminum caskets the industry came up with after World War II (after all these products used the capability to fabricate light metals), examples of recent diversification include industrial electronics, gas turbine engines, nuclear reactors, hydrofoil ships, wall panels, and heavy-duty land vehicles. Each of these items either utilizes the industries' advanced technology or represents sales to governmental or industrial markets. Nevertheless, it is not my impression that these diversification efforts have yet in the aggregate paid off too handsomely.

I would like to leave you with the caution that the historical record on forecasts in the aerospace industry has been of such a nature as to indicate that the forecasters as well as the industry have been navigating through turbulence.

*An address by Mr. Weidenbaum before the Annual Business Economists' Conference, University of Chicago, Chicago, Illinois.

American Tel. & Telegraph Co. Debentures Sold

Morgan Stanley & Co., New York, as manager of the underwriting group, has announced an offering to the public of $250,000,000 American Telephone & Telegraph Co. 4⅜% debentures, priced at 100.816% and accrued interest to yield 4.33% to maturity.

The issue, due May 1, 1999, was awarded to the Morgan Stanley group at a competitive sale May 7 on a bid of 100.171% which named the 4⅜% coupon.

This offering marks the largest corporate financing operation undertaken so far this year. Since 1958 American Telephone has sold four other quarter of a billion debenture issues by competitive sale, and in February, 1962, the company sold a $300,000,000 issue of debentures, also by competitive sale.

The new debentures will not be redeemable prior to May 1, 1968. Beginning with that date the redemption price will be initially 104.816% with succeeding redemption prices scaling down to the principal amount on and after May 1, 1994.

A. T. & T. intends to call for redemption on or about June 10, 1963, its 5% debentures due Nov. 1, 1983, outstanding in the principal amount of $250,000,000 at 106.461% of their principal amount. The redemption payment will be made from the company's general corporate funds.

Proceeds from the sale will be used for general corporate purposes, including advances to subsidiary and associated companies; the purchase of stock offered for subscription by such companies, and for extensions, additions and improvements to the company's own telephone plant.

A. T. & T. has 21 principal telephone subsidiaries and a number of other subsidiaries, the most important of which are Western Electric Co., Inc., and Bell Telephone Laboratories, Inc.

Batchelder With American Securities

BOSTON, Mass. — Joseph M. Batchelder has become associated with American Securities Corp. 53 State St. He was formerly with Hemphill, Noyes & Co. and prior thereto conducted his own investment business in Boston.

SBIC's and Investment Bankers Are Complementary

By Grogan 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 bridging the financing gap facing smaller, sound concerns offering a good chance of substantial appreciation within a reasonable period of time. Mr. Lord outlines: investment criteria looked for; flexibility of financing arrangements usually in the form of, but not restricted to, equity options; and the financial and non-financial advantages to investment bankers. SBIC investments are said to be continued to low to moderate risks with potential high returns—which does not mean high interest rates since options to purchase stocks are often made part of the financing arrangements.

All of the financial institutions in the investment banking industry are in the business of furnishing capital to businesses. However, they are not necessarily all all in competition with each other. They serve various functions; that is, they serve similar functions, but at different points and time in the history of a business entity. By carefully analyzing the needs of businesses and comparing these needs with the functions of various sources of capital, I believe that there is a large area in which investment banks and SBIC's can work together to improve our services to our clients as well as to increase our own personal monetary return.

Grogan Lord

Since I am a representative of the Small Business Investment Company industry, I would first like to make a few preliminary remarks about our industry. In recent months, SBIC publicity, unlike the situation we faced during the early days of the industry's history, has been less than romantically encouraging. This I feel, is only 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 about SBIC's—and I feel that the public may be, to a degree, laboring under misconceptions—I sincerely believe that the prospects for our industry have never been better, and our ability to serve the financial and business community has never been more impressive.

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 with over $100,000,000 in private investment capital. In the entire SBIC program there are 677 licenses in the United States with approximately $500,000,000 in private investment capital available. From these figures, you can note that while the State of Texas accounts for only 8% of the total number of licensees in the nation, Texas SBICs account for approximately 20% in total available investment capital. Thus, there is a 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 be able to leverage their private 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 I believe the industry average will be much higher than this. Nevertheless, using a one time leverage factor, we are looking at total available funds from SBICs in the State of Texas of approximately $200,000,000, a very significant sum of money.

There has been little attention given to the opportunities for SBICs to grant commitments to Small Businesses who in turn assign these commitments to banks in order to obtain bank financing. It is our feeling that this type financing should offer Texas SBICs an additional source of investment capital of at least $100,000,000. Therefore, when we are considering SBICs as sources of investment capital, we are talking about minimum sources of $300,000,000 in investment capital in the State of Texas alone. I believe that an industry which offers financial sources of this magnitude in an area whose economy is fully capable of utilizing such funds is assured of a permanent place in the business picture of our area and of the United States. The fact that 50 of the larger 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 simplifies dealing with SBICs.

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

Bridging the Financing Gap

Now, I would like to direct my remarks to areas in which SBICs and Investment Bankers can work together in supplying investment capital on a basis beneficial to both parties. Every financial institution which we can conceive of should play some role in furnishing capital to a growing business concern. My primary purpose is to attempt to guide our thinking toward the bridging of the gap between capital supplied by a business operator himself and capital to be supplied by public issues and institutional investors. Investment bankers are all familiar with the problem to which I am addressing myself, and it is my desire to attempt to show how SBICs can solve this problem by:

(1) Briefly outlining how our industry operates.

(2) How we as SBIC operators, can work with investment bankers and other sources of business capital.

(3) How by so doing, we can benefit not only our clients, but also ourselves.

We, at Texas Capital, have had some pleasant and profitable deals with investment banking firms. I would like to state at this point, that, while I am speaking as a representative of our entire industry, my thinking is probably influenced to a degree by my experience with the investment policies of Texas Capital Corporation. However, generally speaking, I believe that we share many similarities with other SBICs in the Southwest area.

The Investment Banker's Role

Let us suppose that a client contacts you concerning his needs for additional capital. Your first thought, and naturally the proper thing for you to think of first, is, "Is this client one that I would be willing to underwrite a public issue for?" Assuming that he is not, your next thought should be, "What is the best way for me to serve this client, and how can I do it in such a way as to make my devoting of time to this situation worthwhile to me and my company?" If you are as convinced as I am that the Small Business Investment Company can render both you and your client a very valuable service in this area, your next question would be, "How will I present this proposal to a Small Business Investment Company?" In the interest of saving your client wasted time and in the interest of saving your own time and the SBIC's time, we would suggest that you screen the application to some degree. You all know what I mean by screening these applications.

We don't expect anyone to prepare a complete financial analysis of a loan application with which we are presented. We have our own staff to do this work. However, it is very helpful if somebody familiar with the money business will look over the deal and form a preliminary judgment as to whether or not the proposal has any sound business merit. For example, no SBIC would be interested in investing in a fad, that, like the mule, has no pride in ancestry, no hope for posterity, and not a whole lot of utility.

What SBIC's Look For

We are interested in proposals that have growth or profit potential and security. I do not mean glamour-type industries with romantic projections that indicate unbelievable profitability, but I most certainly do mean situations in which a small equity interest purchased on the basis of present value of the business has a good chance of substantial appreciation within a reasonable time. As for security, I am not referring to security as it is understood in commercial banking circles. A profitable earnings history and a proven management capability is certainly security in investments such as small business investment companies seek.

Long term purchase contract for the product manufactured or sold by the business applicant is also security. And of course, collateral and solvent personal guaranties are security. It is difficult to give an exact formula for the degree of security which we seek, but I believe that you, as competent business men and financial experts can use your own judgment in determining whether or not a specific proposal has enough sound business merit for a company such as ours to consider. We do not consider ourselves suppliers of pure venture capital, neither do we consider ourselves as suppliers of bank loan type capital. We seek investments of low to moderate risk with potential high rates of return.

When I say high rates of return, I do not mean high interest rates. Our interest rates are comparable with bank interest rates, and our

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Private Placements and Insurance Companies

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

Investment bankers are: reminded of the overriding importance of private placements to life insurance companies; urged to compete by submitting placements; and drilled, moreover, on how and what to present to life insurance companies. The latter includes timely pointers on what to consider in terms of preferences and prejudices of life insurance companies, and what is required for an effective, salable presentation. Mr. Georgeson gives his reaction to various types of financing ranging from industrial loans to issues with equity kickers; suggests minimum coverage a brochure should contain; 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 are the corporate bond market. Most investment bankers I am sure, have heard a phrase similar to "we're 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 heard throughout the land, and rather than assuming it to be another variety of brush-off, I would urge you to prepare an effective rebuttal in the form of private placement submissions. Certainly the rapid industrial development of Texas and the Southwest should prove 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 a life insurance company.

W. N. Georgeson

Before moving on to our main purpose, perhaps it would be in order to define a private placement and to indicate their importance in the investment operations of life insurance companies. A private placement is the sale of an issue of securities by direct negotiation between the borrower and one or a limited number of lenders, with or without the aid of an investment banker as agent. In passing, we should note that approximately 50% of private placements involve an investment banker and that as the size of the lender increases, this percentage has a tendency to decline.

The SEC estimates that new corporate bonds offered for cash in 1962 amounted to $9.056 billion. Of this total, $4.6 billion or 50.8% was placed privately. The publicity attached was not nearly in the same ratio. Since 1946, the ratio of private placements to new corporate bond offerings has ranged from a low of 34.4% in 1958 to a high of 58.4% in 1951. In three of the last four years, it has been in excess of 50%. The volume of private placement financing fluctuates more widely than public offerings. This is 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 debt financing. How important are they to life insurance companies? This can be answered by a brief look at a group of 28 life insurance companies. The group is composed of the 18 largest companies and 10 smaller companies active in private placements. At the end of 1961, this group of companies accounted for 78% of the assets and 85% of corporate bond holdings of all United States life insurance companies. During 1961, these 28 companies acquired $3.957 billion in long term corporate debt of which $3.734 billion or 94% was in the form of private placements. At the end of the year, the same companies held $42.016 billion in corporate debt of which $31.744 billion or 75% represented private placements. Without belaboring this point further, let me assure you that private placements in adequate volume are a prime goal of any major life insurance company and that this appetite will continue to increase as our industry grows.

Let's turn now to what is a do-able private placement. I wish that I could give specific standards for measuring the probability of successful placement for any given issue, but I cannot. With the wide range of potential lenders, the range of individual likes and dislikes is enormous. It simply is impossible to state categorically that this issue can be placed and that one cannot. So I would suggest that you first become as familiar as possible with the likes and dislikes of your life company clients 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. While I cannot specify a minimum asset size, you should keep in mind the fact that only a small percentage of loans, probably less than 10% in number and 3% in dollar volume, is made to companies with less than $2 million in assets. The overwhelming share of loans go to companies with assets in excess of $10 million. Size of the loan is also an important factor. This is due to minimum commitment size requirements of most larger life companies. Issues amounting to less than $500,000, or even $1 million, are somewhat more difficult to place.

Types of Financing Instruments Sought

Type of industry is a significant factor. Although there is little prejudice against any form of public utility, very definite preferences may exist in industrial loans. Based on past purchases, life insurance companies have shown a definite preference for debt of manufacturing companies over non-manufacturing enterprises. The exception to this statement is the debt of finance companies.

The purpose of the loan is pertinent as, long-term loans for capital improvements have a much better market than short-term working capital loans. We generally prefer not to compete with the commercial banks in their term loan market. We certainly do not look favorably on short-term loans which the commercial banks won't do.

Finally, the company should have a reasonably successful earnings record and an equity base sufficient to support the desired loan. It should have a capable management in depth. One man operations are very difficult to place.

Even though a private placement is not do-able, a mortgage loan may be if real estate values and corporate earnings are sufficient. Life insurance companies will be happy to receive your offerings in this area as well.

If, upon completion of your appraisal, you feel that the financing can be placed, your next step is to present the offering to a life company. This involves both the presentation of material concerning the deal and a determination of where it should be presented.

How should a private placement be presented? It probably matters little whether initial contact is by personal visit or by telephone. It may not be necessary to disclose the issuers' name initially, although I personally consider this desirable. Wide use of the so-called "no name" canvass does little to spark a buyer's interest and frequently results in an unpleasant let-down when the name is divulged. No matter how the initial contact is made, one thing is certain. It should be followed by a well-planned, thorough presentation of adequate information.

Included in this presentation should be a brochure describing the company and the financing. Audits or annual reports for a minimum of five years should also be submitted. Preferably, the audits should be those of a nationally recognized firm of accountants. If not, bank references for the auditors should be furnished.

The rescriptive brochure should be tailored to fit the offering. For purposes of illustration, let's discuss the desirable scope of a brochure presenting a relatively small manufacturing company. Two major topics are covered, the issue and the company. The description of the issue should include a list of proposed terms. In drawing up suggested terms, above all, be realistic. Make sure the company fully understands the terms and conditions under which the loan can be done. Suggestions as to interest rate, call provisions, sinking fund, and restrictive covenants as to working capital, additional debt, etc. should be kept within the realm of practicality. Far too much time is wasted by insurance companies trying to convince small issuers that they cannot expect interest rates and terms similar to prime credits sold publicly. If delivery is to be delayed, a commitment fee of ½% to 1% may be required. Independent legal counsel for the lender will normally be required, with fees and expenses paid by the issuer. The issuer should be aware of this and its approximate cost.

At this point, it might be well to mention the possible use of equity participation. This may take the form of convertibility, warrants, options, or free stock. It is frequently used in promotional situations where interest rate alone cannot adequately compensate the lender for risks assumed. In such cases, the lender is entitled to some share in the success of the promotion. Equity participation may also be used during high interest rate period. Most insurance companies have some form of vague interest rate ceiling, usually between 6% and 7%. As the general level of interest rates rises, the spread between the prime rate and this rate ceiling narrows. In order to obtain a loan under such a situation, a smaller borrower may have to use some form of equity kicker.

Brochure Content

The brochure should give a thorough descriptive analysis of the company and its operations. The history of the company should be outlines, including the date and state of incorporation. Any subsidiaries should be described.

The nature of the business should be discussed in detail. Product lines, sales by product line, type of customer, and geographical markets should be covered. The methods of distribution used and advertising and promotional activities, together with a description of principal customers, need elaboration. If pertinent, any important patents or trademarks should be described. Research expenditures and activities should be explored.

Some coverage of the company's position in its industry is desirable. Included under this heading would be the principal competitors and the type of competition, whether price, product, or service. Comments concerning the status of the company's products in their respective markets would also be helpful.

Management and ownership control are vitally important factors in evaluating any security. Frequently, however, they receive much less coverage than they deserve. Directors should be listed by name, age, principal corporate affiliations, and stockholdings. Biographical sketches of management, as well as an organizational chart showing the principal functions and responsibilities of the officer group, should be included.

The brochure should describe the company's principal plants and physical facilities. Their function, age, location, and whether they are leased or owned are all important. Any major expansion plans should be fully explained.

Employee relations should be covered including the degree of unionization, termination dates of labor contracts, history of strikes, and employee benefits. The principal sources of raw materials and supplies may also be pertinent.

In the financial area, capitalization on both an historical and a pro forma basis should be indicated. A tabulation of comparative balance sheets and income statements for a period of at least five years should be set forth. Historical coverage of pro forma interest charges, both before and after income taxes, should be calculated. If feasible, cash flow projections for future years are desirable. In preparing this financial information, comment should be made, explaining any unusual fluctuations in the balance sheets or income statements. Long-term lease arrangements and full descriptions of outstanding debt must be included.

Finally, the brochure must contain a clear-cut statement as to the purpose of the loan and the advantages which the company expects to obtain from it.

You have probably noticed that I have used the word "should" frequently in describing the contents of the brochure. Unfortunately, the difference between theory and actual practice in this area is frequently substantial. Too often, a breathless salesman bursts into your office, announces that ABC Corp. would like to borrow $10 million at 4%, and drops the annual report for the past year on your desk. The next day, or perhaps that afternoon (depending on the aggressiveness of the salesman), you receive a call asking how much you'll take and how soon you can close. This may work for AT&T 6s at par, but rarely works for the typical private placement.

I have attempted to outline what would be considered a thorough brochure. I hope that, subject to the limits of time and staff, the typical brochure can be improved. The presentation of a private placement to a potential lender is of prime importance. Certainly better presentations enhance the chances of a successful placement and shorten the length of time required to obtain a decision.

Warns Against Wholesale Shopping

With your presentation completed, your knowledge of life company likes and dislikes may suggest one or more possibilities to whom the loan should be referred. Perhaps the candidates may not be obvious. In any case, be selective and don't shop the deal indiscriminately. In addition, avoid offering to several institutions, any one of which could take the entire issue. You may end up with a severe problem of allocation.

Not only may a wholesale shopping bring you perilously close to a public offering, it will also discourage interest on the part of potential lenders. In many cases, it may be desirable to show the placement to only one carefully chosen institution which may either take the entire issue or act as a leader in securing other participants. If there are holders of existing debt, they are usually offered first look at the new issue.

Even though you put a great deal of time and effort into developing a private placement and make an excellent, thorough presentation to a well-chosen group of lenders, you may be unable to place the loan. If so, determine the reasons for rejection and file them away for future reference. As you gain experience and polish your procedures for developing and presenting offerings, you will find your batting average improves.

Summary

In summary, it seems to me that a life insurance company has the right to expect the following minimum standards of a private placement:

(1) That the investment banker has determined that the offering is soundly conceived and is economically and financially feasible. Too many private placements are private placements by

default in that the financing has been turned down in every other conceivable form and by every other conceivable lender.

(2) That the terms of the offering are realistic and are fully understood by the borrower. While further negotiation of terms will probably be necessary, much time can be wasted through argument over unrealistic terms.

(3) That a thorough and complete brochure outlining the operations of the borrower will be presented, together with adequate audits. While the brochure can be tailored to fit the financing, we should not be expected to lend millions of dollars on the basis of a two or three paragraph summary and one audit.

(4) Finally, that some degree of discretion be exercised in offering the financing to potential lenders.

By following these simple standards, you can be of subtially increased value to your institutional accounts.

*An address by Mr. Georgesen before the Texas Investment Bankers Association Convention, Dallas, Texas.

G. A. Saxton Co. To Be NYSE Firm

On May 16, Carl Stolle will acquire a membership in the New York Stock Exchange, and G. A. Saxton & Company, Incorporated, 52 Wall Street, New York City, will become a member corporation of the Exchange. Other officers in addition to Mr. Stolle, who is President of the firm, are Arthur W. Bertsch, Executive Vice-President; Herbert L. Swinarton, Treasurer; Victor M. Miller, Vice-President and Secretary; Gerald C. McNamara and Henry C. Trundle, Vice-Presidents.

Carl Stolle

Loeb Awards Winners for 1962 Announced

Winners of the sixth annual University of Connecticut Loeb Awards for business and financial journalism were announced May 1 by Dean Laurence J. Ackerman of the University's School of Business Administration, and Chairman of the Loeb Awards Advisory Board.

Those who will receive the awards, as determined by the Advisory Board after recommendations by two panels of judges, are:

Newspapers: David R. Jones, "Wall Street Journal"; and two runners-up, Robert E. Nichols, Los Angeles "Times," and Hugh R. McEvers, Hartford "Times."

Magazines: Sanford Brown, "Newsweek"; and two runners-up Robert W. Murray, Jr., "House & Home," and Gilbert H. Clee, Harvard "Business Review."

Winners in each category will receive $1,000 and a bronze plaque. The runners-up will receive Special Achievement bronze plaques.

The awards will be presented at a luncheon in the Waldorf-Astoria Hotel on May 22, when plaques will also be presented to the publications in which the winning articles appeared.

The Loeb Awards, administered by the University of Connecticut, were established in 1957 under a grant from the Sidney S. Loeb Memorial Foundation, Inc. They are given annually to business and financial writers who contribute to a better understanding and appreciation of the American free enterprise economy.

Judges for the 1962 competition were:

Newspapers: Leon Alpert, President and Chairman of Loral Electronics Corporation; Dr. Joseph H. Taggart, Executive Dean, New York University Schools of Business; and Nate White, free lance financial writer and twice winner of the Loeb Awards.

Magazines: Alfred S. Mills, President, The Bank for Savings; Dr. Stephen H. Fuller, Professor of Business Administration, Harvard Graduate School of Business; and William Dwight, publisher, Holyoke (Mass.) "Transcript."

Loeb Awards Advisory Board members, in addition to Dean Ackerman, are:

Hon. John N. Dempsey, Governor, State of Connecticut; Honorary Chairman; Vernon R. Alden, President, Ohio University; Frank H. Bartholomew, Chairman of the Board, United Press International; Herbert E. Dougall, professor of finance, Stanford University Graduate School of Business; Frank M. Folsom, Chairman of the Executive Committee, Board of Directors, Radio Corporation of America; Gerald M. Loeb, Vice-Chairman of the Board, E. F. Hutton & Company Inc., and Charles K. Papon, President, New York Financial Writers' Association, Inc.

Broker-Dealer Problems Panel

A special two-day program covering broker-dealer problems and the new S. E. Study, discussed for brokers and lawyers, will be held May 10 and 11 (9:30 a.m. to 5 p.m.) at the Statler Hilton Hotel, by the Practising Law Institute.

Speakers from the S. E. C. will be Milton H. Cohen, Manuel F. Cohen, Philip A. Loomis, Jr. and L. P. Young. Other speakers include Frank J. Coyle, Marc White, Spencer Pinkham, and Marvin Schwartz.

Fee for the two sessions is $100, and includes lunch on Friday at which Milton Cohen will speak. Practising Law Institute is located at 20 Vesey St., New York City.

Bache Investors Course

A short investment course, designed to show investors how to invest more effectively is being offered the general public by the New York Stock Exchange firm of Bache & Co. in three consecutive Monday evening lectures beginning May 13.

Purpose of the course is to enable investors to build a second income as a hedge against inflation. The economic outlook will be reviewed and consideration will be given to the place of mutual funds in portfolios. There will be time for questions.

The lectures will be given in the firm's 770 Lexington Avenue office (near 59th St.) and advance registration is necessary.

Facing Up to Realities About Cuba and Elsewhere

By Roger W. Babson

No one knows the real answers to the imponderables making it very difficult to change the favorable USSR situation in Cuba and to help any of the South-Central American countries according to Mr. Babson. Brief review of the complex problems deplores the fact that the rich South Americans do not invest in their own country. As for Cuba, 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 Florida less than 300 miles from Cuba. Palm Beach—where some of the Kennedy's have been staying much of the winter—is much closer to Cuba.

How Many Russians Left in Cuba?

No one really knows how many Russians soldiers, technicians, or officers 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 "wagons" 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." These would be able to "blow up" areas in Florida, but not any large American cities elsewhere.

Our Intelligence is trying to get the facts by photographs. 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 Guantanamo on the southeast corner of Cuba, we are very careful to allow no one to pass the lines to enter or leave Guantanamo who has not a high character and reputation. It is rumored that Castro has dug a tunnel under Guantanamo, 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 well 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 in the driver's seat" 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 especially Brazil. All these and the other countries of Central and South America I have visited. In fact, the Babson Institute once had 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 I have indicated above. The trouble with these nations is that they have no "middle class;" they are either very rich or very poor; and whether rich or poor, they are temperamental. 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 temperamental standpoint Russia knows that neither Castro nor any successor of Castro's 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.

Gold Mining Subsidy Cannot Solve Our Gold Problem

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

Treasury spokesman unequivocally tells miners that a subsidy cannot solve our gold problem. Nor, for that matter, could our gold problem be helped by: a two-price system of mint and other than official price; devaluation; freely fluctuating exchange rates; or a new monetary unit issued by a world central superbank. The facts are, Mr. Howard points out, that gold is a monetary metal whose national and international importance as such must remain the paramount consideration to which gold as a commodity is subservient. The Treasury, he states, is not oblivious to the health of the mining industry nor to the fact that it should not be blamed for the decline in the value of the by-products in the ore or to the fact that gold production in the non-U. S. A. free world has been waxing strong. What other countries do cannot be imitated by us, he explains. There is no doubt in Mr. Howard's mind that the Treasury intends to adhere firmly to the fixed buying and selling price of $35 an ounce.

The Treasury's policy on gold has remained the same since 1934, when Congress passed the Gold Reserve Act. Although the technique of carrying out the policy under different Administrations may vary, the basic policy has been the same under both Democrats and Republicans. Our basic policy has been—and remains—one of centralizing the gold reserves of the country in the hands of the Government under the jurisdiction of the Treasury and maintaining a fixed price of $35 an ounce for gold.

Having worked in the gold and silver field during my entire Government career, I believe that I well understand the mining industry's problems. I know that producers are interested in bringing out of the ground a ton of material for which they can obtain a price, on the basis of the metal or metals therein, that will offset the cost of mining the ton of material. I know that because mining is an extractive industry, many things enter into the picture in addition to the price obtained for metals. One problem is that the metal content of the ore body is not inexhaustible, and it eventually "peters out."

Perspective Changes With Time

The history of gold mining in the United States demonstrates that this problem has played an important part in the gold mining industry. We know that gold mining was once a flourishing industry in Virginia, the Carolinas and Georgia. And any one of us could relate, as if it were yesterday, the story of the many once great mining areas here in the West. We have had mints for the coinage of gold in Charlotte, N. C., and Dahlonega, Ga. Also, a mint for coining gold and silver at Carson City, Nev., and assay offices at Seattle, Helena, Salt Lake City, Deadwood and Boise. These went out of existence years ago because of the drying up of ore bodies, the cost of production and the price of gold. I do not believe anyone present would contend that these mining areas should have been kept open through subsidy or a higher price for gold—that would have interfered with the monetary role of gold. Nor do I believe anyone would contend that today there should be a subsidy large enough to reopen these fields. All of us can agree, therefore, that our policy is clear and right when we apply it to these events of the far distant past. But our perspective changes when it affects us here and now.

There is another problem, as well, that arises from the very nature of mining. Many mines involve more than one metal. And the decrease in the price of one metal increases the importance of the revenue from another. No doubt, some of the arguments today for a greater return from gold in by-product mining result from a decrease in the price of another metal. But I do not believe we should blame gold for an unprofitable situation when another metal is at fault.

These, then, are two problems caused, not by external circumstances, but by the character of mining itself. This, of course, does not change the larger picture, in which gold production in the United States has been on the wane while Free World gold production has been waxing strong. In the United States, production reached its peak in 1940, when it amounted to $170 million. In 1961, U. S. production amounted to only $55 million. Free World gold production, on the other hand, has increased from $738 million after World War II to $1.220 billion in 1961. During the 10-year period 1951-1961, Free World gold production increased 45%. Preliminary figures for 1962 indicate a further increase in Free World production and it is predicted that there will continue to be an increase for many years to come. As it now stands, based on 1961 figures, United States gold production is only 4½% of Free World production.

Many have predicted that a subsidy would cause United States gold production to increase enough within a few years to offset our decrease in gold stocks. In the past five years this decrease has amounted to nearly $7 billion. That is a lot of gold. As it is difficult to predict production at some higher price—let's look and see what happened in the United States in 1934, when the price of gold was increased 69%. At a time when labor and supplies were at their cheapest, when ore dumps and tailing piles that had been in existence for years were reworked, when the dredge really blossomed—many gold-bearing streams in the West that could be worked with a dredge were worked—gold production slightly more than doubled. Recently, in commenting on one of the proposed subsidy bills, the Department of the Interior indicated that a 100% subsidy would about double today's gold production. Yet if such subsidy were given and we doubled our gold production, it would take this increase well over one hundred years to replace the decrease in the gold stocks in the past five years.

Subsidy Is No Solution

A subsidy, in short, cannot solve the problem. And it would present a very real danger to our dollar.

Starting after World War I, the dollar evolved as a key currency of the world, and since World War II, the world has accepted the dollar as a supplement to the gold supply in furnishing liquidity to the trade between the countries of the world. The dollar has become the kingpin, so to speak, of international financial stability. This has been possible for a number of reasons. But a fundamental aspect has been our policy of buying and selling gold at a fixed price to foreign governments, central banks and, under certain conditions to international institutions, for the settlement of international balances and for other legitimate monetary purposes. We do not, I might note here, sell to foreign individuals. Also, we sell gold for legitimate industrial, professional and artistic use in the United States and, of course, we buy gold here. Other governments hold the dollar because of our policy of buying and selling gold at a fixed price. The dollar is the only currency that maintains this link between money and gold, and the monetary system of the entire Free World is hinged to this interconvertibility which we maintain between gold and dollars at a fixed price. This much is clear. But how, one might still ask, can a subsidy to us, a domestic problem, have anything to do with the dollar as an international currency? Gold, one might add, is subsidized in other countries and agriculture and other industries are subsidized in this country.

The answer is that the monetary units of other countries do not have the status of the dollar, and other countries do not have the responsibility for maintaining a fixed relationship between their currencies and gold. Gold in the United States is a monetary metal and cannot be treated as a commodity, as are products of other industries, or as gold is treated in some countries. The usual reasons, therefore, for urging gold subsidies in other countries or for urging subsidies to other industries in this country are not applicable to gold in the United States. The gold mining industry cannot be viewed simply as a case of a marginal or depressed industry seeking relief from the normal compelling pressures of economic change. An effort to assist a relatively few people to keep or obtain jobs, no matter how desirable, would instead of helping those in the gold industry, run the grave risk of disrupting the monetary system on which not only their own livelihood but the livelihood of all of us depends.

Opposes Two-Price System

There must not be a second price for gold in the United States, no matter how indirect, alongside the official price. Any price other than the official price could be construed by our creditors — those countries that hold dollar balances—to mean that we had in some way made a judgment that the official price of gold is too low; that in some way, directly or indirectly, we were on the way to revising our official price. This could lead to speculation against our currency. Doubt must not exist. We are the country that maintains the monetary role of gold and for that reason we cannot treat gold as we would another commodity or the gold-mining industry as we might treat some other industry.

The position of the Treasury, therefore, which is, of course, that of the President, is to maintain the fixed price of $35 an ounce for gold and to oppose any proposals that would lead anyone to believe that we did not think that the $35 price is the proper price for gold.

It is the balance in our international payments — that is, the balance between the total payments made by U. S. residents to foreigners and the receipts of U. S. residents from foreigners—which is the root cause of our gold outflow. A comprehensive program to eliminate this balance-of-payments deficit has been developed and much progress has been made.

Opposes Devaluation and Other Plans

I might add, without going into too much detail, that several easy but deceptive solutions to the balance of payments problem have been put forth. The first of these is devaluation. Devaluation would not only fail to help our balance of payments, but it would destroy the status of the dollar in international trade. United States devaluation would undoubtedly be followed by devaluation in all other countries, thus leaving the dollar in the same relative position as before but with less prestige. Because of devaluation, the dollar would not be used as a companion to gold in furnishing world liquidity. Once the value of the dollar is changed, the world is left without a major currency generally acceptable as a suppleemnt to gold. Yet providing such a supplement is vitally important, as you can judge by the fact that foreign monetary authorities now hold about $12 billion in short-term dollar assets, private foreigners about $8 billion, and international institutions more than $5 billion.

Another plan is to create a super world central bank with a new monetary unit of account representing the deposit balances held at the super bank. This would require all countries of the world to give up their present reserves and accept the new monetary unit of account of the super central bank. No matter how constituted, the credit standing of the super world bank would, in the final analysis, depend upon the credit structure of the countries involved and the same balance of payments problem would confront each country under this system as under the present one.

Another suggested solution is one of free exchange rates. During the postwar period we have striven through the International Monetary Fund and through international monetary cooperation to develop a payments system based on stable exchange rates firmly linked to gold. Free exchange rates would introduce uncertainties and disruptions in exchange transactions and would not be conducive to trade between countries, which has grown so greatly since World War II under a system of basically fixed exchange rates among the major industrial countries.

Dollar's Soundness

The dollar is sound both at home and abroad. It is the currency on which other countries rely for a large amount, and in some cases, for all of their international payments. We are the banker for a large part of the world's payments needs. Our payments problem is not to be considered lightly nor is it to be viewed as something that cannot be corrected over a period of time. The same is true of our gold loss, since it is so closely tied to our payments problem. Nor should we back away from our role as world banker. Our political, economic and military position in the world makes our balance of payments problem a difficult one, because in making military expenditures and in giving aid, some dollars will continue to go abroad even though the amount that is not spent directly on U. S. goods and services is being constantly reduced. Our economic health is observed from abroad, and measures taken to correct our balance-of-payments must be consistent with the growth of our domestic economy. In formulating overall policies we must, on the other hand, keep strongly in mind our balance-of-payments problem.

One of the most important things to point out is the cooperation in the monetary field that is taking place between the U. S. and the other countries of the Free World. The cooperation in this field today, in which mutual problems are being discussed constantly, is a bright spot in today's problem-plagued world.

All of these, then, are the reasons for the Treasury's position on gold. We must, as I have explained, think of gold as a monetary metal—not as a commodity. We must think of the dollar not only as involved in our domestic economy, but also as a reserve currency held by others as a supplement to the world's gold supply. The dollar has attained this position internationally for a number of reasons. But one essential aspect of maintaining confidence in the dollar and maintaining a strong and stable international monetary system is to continue to stand ready to buy and sell gold at the fixed price of $35 an ounce and to avoid any actions that would encourage speculation for a higher price of gold.

Not Oblivious to Mining Industry's Health

The Treasury is deeply interested in the health of the gold-mining industry, just as we are interested in the wellbeing of our other major industries. However, we must think of gold from the standpoint of the national interest as a whole, and not only in its relation to one segment of the economy. As I indicated earlier, we cannot take side excursions in gold that others will interpret as a sign that we do not think the present price for gold is correct. We cannot run the risk of disrupting the monetary system which is so vital to the United States economy and the economy of the Free World. The Treasury intends to adhere firmly to our policy of continuing to buy and to sell gold at $35 an ounce, and we firmly intend to oppose all attempts, whether direct or indirect, to change the $35 price for gold. This has been our policy since 1934. It must continue to be our policy.

*An address by Mr. Howard before the 66th National Western Mining Conference and Exhibition, Denver, Colorado.

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 $526 a year for lieutenant colonels who retired June 1, 1958 and thereafter to $4,600 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 $1,900, 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 $30.5 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 the light of our annual costs for national defense, running into hundreds of billions of dollars in the next 15 year, this seems little enough to right an injustice to men who served their country well.

The House Armed Services Committee reversed 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 May 12, 1960, the House unanimously passed an act for recomputation. President Kennedy committed himself to the principle of recomputation of retired military pay during his 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. Gubser of California, and Charles E. Chamberlain of Michigan, submitted views in the committee report on this subject, declaring a question of morality was involved.

These committee members insisted that it is a common error to state that the military retiree does better than his civil service counterpart. This, they said, is not true, but a reverse of the fact. They pointed out that the military man has contributed to his retirement through acceptance of substandard wages based on comparability tables.

Representative Gubser will introduce an amendment to correct the "injustice of 1958" when the military pay bill comes before the House.

D. C. Hahn Joins Eddleman, Pollok

HOUSTON, Tex. — The investment banking firm of Eddleman, Pollok & Fosdick, Inc., Bank of the Southwest Building, has announced the appointment of Daniel C. Hahn as manager of the Corporate Trading Department, effective May 1, 1963.

Daniel C. Hahn

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

Wood, Struthers To Admit Partner

John E. Boyle on May 16 will acquire a membership in the 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, H. Lawrence Bogert, Jr., Bond 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., 45 Wall St., New York City, members of the New York and American Stock Exchanges has been announced. The firm name was also changed to Maxwell, Franklin & Co., from Hickey, Franklin & Co.

John C. Maxwell

Prior to joining Maxwell, Franklin & Co., Mr. Maxwell was partner in charge of Research and Corporate Finance at Tucker, Anthony & R. L. Day, New York Stock Exchange member firm, from 1956 through 1962. From 1953 to 1956 he was a member of the underwriting department of First Boston Corp.

Elected Vice - President and Treasurer of Maxwell, Franklin was Daniel G. W. Del Rio, formerly a research analyst and new business specialist with Vilas & Hickey, D. A. del Rio & Co. and Carl M. Loeb, Rhoades & Co.

Elected Vice - President and Secretary was John W. Hughes, formerly Research Manager of Carlisle & Jacquelin. Wallace McMartin Orr, formerly Security Analyst for A. E. Ames & Co. of Toronto, and Granger & Co. of New York was elected Executive Vice-President.

The four new officers of Maxwell, Franklin & Co. are all stockholders of the investment banking firm. Other stockholders include:

Robert Ritter, economist and technician, formerly associated with E. F. Hutton & Co., and later a partner in Leavitt & Co., New York Stock Exchange member firm. Mr. Ritter is responsible for Maxwell, Franklin's daily market letter and economic analyses.

Albert Franklin, Jr., since 1956 a member of the New York Stock Exchange; James W. Carpenter, formerly manager of the Trading Department of G. C. Hass & Co., and from 1956 to 1961 employed by Smith, Barney & Co.; and Leo F. Spellman, since 1950 a Floor Broker at the American Stock Exchange.

The State of TRADE and INDUSTRY

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

Improving business sentiment has found confirmation in a variety of economic statistics as winter gave way to spring, declared the Federal Reserve Bank of New York in its just published May *Monthly Review*. "Profits have apparently remained near the record fourth quarter level, and such measures of activity as industrial production, nonfarm employment and private housing starts, all increased significantly in March while retail sales continued upward." Early returns suggest further increases in producton and a continued high level of consumer spending in April.

Fed Suggests Some Caution

Despite these favorable signs, some caution is necessary in interpreting recent developments. The Bank notes, in particular, that available data on actual business captial outlays and on orders and contract awards have not as yet shown the kind of pickup that is indicated in the surveys of spending plans, and that unemployment in April remained higher than a year earlier, "again pointing up the persistent underutilization of economic resources." Moreover, improvement in some measure was due to the ending of such dampening factors as strikes and severe weather conditions.

The recent improvement also reflected efforts to build up steel inventories as a strike hedge, a process that is expected to be reversed later in the year. The Bank went on to indicate that "while the success in the steel industry in putting through selective price increases has undoubtedly given an immediate boost to business sentiment, the ultimate effects on demand, on prices generally, and on wages, are still uncertain."

The Bank noted that the $8½ billion increase in Gross National Product in the first quarter of 1963 topped most government and business forecasts and that nearly two-thirds of the gain reflected increased consumer expenditures. Purchases of durables advanced only moderately from the high level attained in the fourth quarter of 1962 and the rise in expenditures for services was the same in both periods. There was, however, a sharp first quarter pickup in spending for nondurable goods. As a result, the over-all ratio of consumption to disposable income rose to 94%, the highest level in two years. Government spending also contributed importantly to the rise in the first quarter, as it has throughout the current expansion.

The *Review* also contained as a supplement a report entitled *Federal Reserve Open Market Operations in 1962*, prepared by Mr. Robert W. Stone, Manager of the System Open Market Account and Vice-President of the Federal Reserve Bank of New York. This customary annual report by the Manager of the Federal Open Market Committee, released for publication for the first time this year, is reprinted from the *Federal Reserve Bulletin* for April 1963.

In addition, the *Review* included the full text of the speech by Mr. Alfred Hayes, President of the Federal Reserve Bank of New York, before the Economic Club of New York, New York City, on April 22, 1963, which was published in the *Chronicle* last Thursday, May 1 (pp. 1, 22-23).

Bank Clearings 6.3% Above 1962 Week's Volume

Bank clearings in the latest statement forged ahead of a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, May 4, clearings for all cities of the United States for which it is possible to obtain weekly clearings were 6.3% above those of the corresponding week last year. Our preliminary totals stand at $36,441,513,754 against $34,284,-677,611 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. May 4—	1963 (000 omitted)	1962 (000 omitted)	%
New York	$21,635,197	$19,424,044	+11.4
Chcago	1,548,800	1,593,142	— 2.8
Philadelphia	1,303,000	1,434,000	— 9.1
Boston	992,247	1,006,140	— 1.4
Kansas City	526,957	412,918	+27.6

Steel Dips First Time in 14 Weeks and 39.8% Over Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended May 4 was 2,544,000 tons (*136.6%) as against 2,548,000 tons (*136.8%) in the week ending April 27. The week to week output dipped 0.2% after 13 consecutive weekly rises following optimism voiced by Mr. McDonald and steel leaders about the current labor negotiations. The week's output exceeded last year's output and except for last week was lower than any weekly output since April 2, 1960.

The sustained upward steel output pace in the past three months since Jan. 26 witnessed a 36% gain in output attributable to an advancing current use demand for steel as well as nervous hedge-buying against a possible steel strike. Not since the fall of 1954 has the industry experienced such a long sustained weekly sequence of rises.

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

So far this year — through May 4—the output of ingots and castings has totaled 39,298,000 net tons (*117.2%) which is 5.4% below the Jan. 1-May 5, 1962 production of 41,522,000 net tons (*123.8%).

Data for the latest week ended May 4 show production was 39.8% larger than last year's week output of 1,820,000 net tons (*97.7%).

District—	*Index of Ingot Production for Week Ending May 4	Apr. 27
North East Coast	134	133
Buffalo	142	144
Pittsburgh	128	128
Youngstown	132	134
Cleveland	154	150
Detroit	158	168
Chicago	138	137
Cincinnati	151	150
St. Louis	133	130
Southern	127	134
Western	139	134
Total industry	136.6	136.8

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

Strong Steel Demand to Make Second Quarter Best in 3 Years

Booming demand for steel will probably make this quarter the best one steelmakers have seen since first quarter, 1960, *Steel* magazine said.

They'll ship at least 23 million tons—5 million more than they did in the quarter just ended. April shipments were 10% to 15% higher than those of March, and May shipments are expected to be 8% higher than April's.

Already, steel production is at the highest level in more than three years. *Steel* predicted output this week will be 2,590,000 tons of ingots, highest since the week ended March 26, 1960. Operations will be close to 85% of unofficial capacity. This week will mark the 15th consecutive rise. Not since the autumn of 1954 has there been an uptrend of comparable length.

Steelmaking scrap prices rose last week for the first time in six weeks. *Steel's* price composite on No. 1 heavy melting grade was $29.50 a gross ton, up 83 cents.

Higher operating rates plus increased revenue from selective price hikes may give steelmakers the best earnings period of the year in the second quarter, but first quarter results are not impressive. Average first quarter net earnings for 23 steelmakers run 4% of sales vs. slightly over 5% in the corresponding 1962 period.

Inventory Buildup Just Starting

Since the price increases, there has been no letup in demand. Users who weren't previously concerned about the possibility of a strike are scrambling for tonnage. Mills are gettng more orders for some products than they can accept. They're sold out through June on cold rolled sheets, tin plate, galvanized products, and long ternes.

The buildup is just starting, *Steel* said. Relatively little steel has moved into user stocks. The first quarter buildup couldn't have been more than 500,000 tons—the margin by which imports exceeded exports. That's apparent because mill shipments in the period were only 18 million tons—a figure equivalent to estimated consumption.

March was the first month of the year in which mill shipments (6.7 million tons) clearly exceeded consumption, and it was then that most of the first quarter's stockpiling occurred. In April, users added about 1 million tons to inventories. They'll continue hedging at that rate until there's a labor settlement or until they're adequately protected against a strike.

The only thing that could spoil prospects for an unusually strong market would be a quick labor settlement. Then, users might cancel or defer some tonnage.

If that happens, steelmakers won't be too unhappy. Reasons: (1) They prefer stability to feast-and-famine inventory cycles. (2) They're confident that the market has strong underpinnings: Automakers are buying heavily for consumption, and requirements of other industries are expanding more than seasonally.

Booming auto sale s are also spurring use of both lead and zinc in 1963. *Steel* estimates zinc consumption should climb 5% to 1,-065,000 tons, while lead usage may hit 1.1 million tons vs. 1,080,700 tons in 1962.

Steel Labor Cost Seen Rising 2-3%

The final settlement of the steel labor contract will probably fall in the area of between 2% and 3% in increased employment costs, *Iron Age* magazine reported.

But this figure would be reached only after hard bargaining. Many in the industry believe 2% is the absolute maximum that can be granted and keep the cost within productivity gains.

On the other hand, David McDonald and the United Steelworkers of America will not consent to anything under the Administration's 3% guideline without a bitter struggle at the bargaining table.

Further, leaders in the steel industry are determined to keep employment cost increases at an absolute minimum, and some are strongly opposed to any increase at all.

In terms of cents per hour, a 2% increase would mean roughly 8c per hour; 3%, 12c. However, with union interest centered on job security, any agreement will not emphasize take home pay but evolve around security measures.

Iron Age pointed out that steel labor talk is going on in an atmosphere of a strong steel market. The magazine said that steel consumption in the present (second) quarter of this year could very well be the highest in history.

Chew-up of steel during April-May-June could approach 20 million tons. This could be an all-time high rate of consumption. If translated to a yearly figure, steel consumption is going at an annual rate of 80 million tons. By comparison, consumption totaled 77 million tons in record-setting 1955.

This tremendous surge in steel chew-up has had a cumulative effect on the steel market, the magazine pointed out. Many steel users, particularly automotive, are using up steel at a much higher rate than predicted. This means that inventory buildup has fallen far behind schedule as the hour of reckoning approaches in steel labor.

Earlier goals of about 90 days of inventory by the end of June can not be reached under present conditions. This means unless there is an early settlement, or strong indications of one, the steel stock buildup is likely to continue another month.

On the other hand, the longer reopening of the contract is delayed, the less urgency there is for a continued buildup. More delay in a notice of reopening would inevitably see some easing in steel demand, even taking the high rate of steel chew-up into consideration.

In fact, on the heels of optimistic comments by steel leaders and Mr. McDonald last week, a leveling in the rate of new orders was noted. Further, some June tonnage has been deferred into July, apparently on the basis of new hopes for a peaceful contract settlement.

Current Auto Model Year Exceeds All Such Periods

Output of 1963 model passenger cars from U. S. plants by the end of this week will range 500,000 units ahead of 1962 model production to the same date, *Ward's Automotive Reports* said. It already totals 5,201,000, including 1,640,000 economy models.

The statistical agency also said that in another week the 1963 model count will exceed the entire 1961 model run, which reached 5,408,625 in an August termination.

The current model year leads all such periods in history, including the record 1955 model term.

Ward's said the industry produced 691,078 cars in April, second-best April only to the same 1955 month and 12.0% above 616,949 cars made in April last year.

Last week the industry programmed 158,611 passenger cars, gaining slightly from 156,178 in the prior week and persisting 6.2% ahead of 149,378 assemblies in the corresponding session of last year.

Ward's recently reported 28 of 46 industry assembly plants are now operating on double shifts—including one on three shifts. Six of these have inaugurated a second shift since 1963 model production began and several of them in recent weeks.

Despite this, some auto makers are still being pressed into overtime. Ford Motor Co. had nine car lines in operation last Saturday, planning highest output for any week since last November. Chevrolet division of General Motors put in the extra day at four locations.

Two plants were in shutdown last week—Chrysler Corp.'s Jefferson Ave. Detroit facility, undergoing some expansion and realignment since last week, resumed operations Monday of this week. Ford's Wixom (Mich.) Lincoln-Thunderbird plant was out last Friday and Saturday in a production adjustment.

Of last week's, General Motors was expected to account for 53.7%; Ford Motor Co., 28.4%; Chrysler Corp., 10.4%; American Motors, 6.6%, and Studebaker Corp., 0.9%.

Rail Carloadings Dip Slightly Below Last Year

Loading of revenue freight in the week ended April 27 totalled 576,839 cars, the Association of American Railroads announced. This was an increase of 15,389 cars or 2.7% above the preceding week.

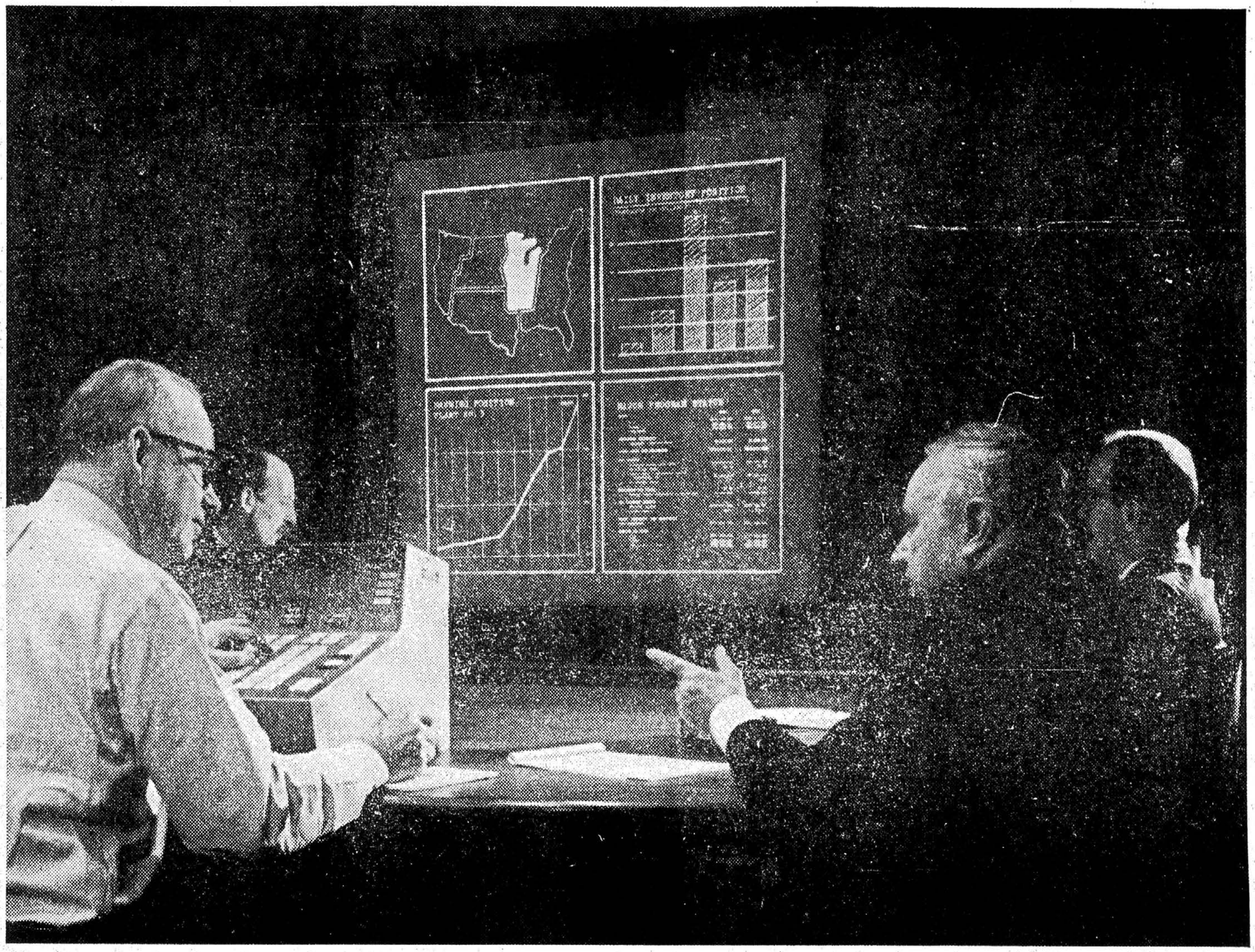
The loadings represented a decrease of 1,026 cars or two-tenths of 1% below the corresponding week in 1962, but an increase of 32,460 cars or 6.0% above the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended April 27, 1963, are estimated at approximately 12.4 billion, an increase of 6.0% over the corresponding week of 1962 and 17.0% over 1961.

The more favorable comparison of ton-miles vs. carloadings is due to the continuing increase in the average capacity of freight cars, coupled with heavier loading and greater average length of haul.

There were 15,792 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended April 20, 1963 (which were included in that

Continued on page 34



The Market . . . And You

BY WALLACE STREETE

Has the stock market caught a bad spring cold or is it just a victim of mild indigestion after swallowing too many advances too fast?

Although most observers remain confident in their predictions of new highs, there is little doubt that the march thereto will be delayed a bit.

Last week's assault on the Dow-Jones industrial averages pushed the recovery high to a closing mark of 721. While this lofty position is still close to the peak, we have also seen a series of retreats in the past few sessions.

Good Industrial News

There is still undoubtedly a lot of underlying strength in this market. Economic news remains generally favorable. Steel demand is still booming and an excellent second quarter seems assured. The production climb is flattening out, but steel profits are bound to be much improved this current three month.

Other fundamental industries are making good showings. Auto sales continue to set records. Some optimists are revising their predictions upward to a new record year for Detroit rather than just another 7-million-car year back to back.

Capital spending remains high and continues to exert a strong bullish force. Yet some of this capital spending, as some astute watchers have noted, can eventually contribute to over-capacity in industries where this is already a major problem.

But the bulk of this $40 billion allocated for new plant and equipment is obviously designed to cut costs and speed up cash flow. Investors are unquestionably more attracted by low-cost producers that can meet stern international as well as domestic competition.

The main point, as investors are discovering in this market of stocks, is that the more efficient producers are often the best performers. General Motors' breakthrough to a new high this week came on the heels of an extra dividend. GM has also expanded its penetration of the auto market to the extent that its divisions have less than a month's supply of cars, lowest inventory in the industry.

With GM common now in the low 70's, it still seems reasonably priced, according to most analysts. Ford, the second largest auto maker, presents a far different story. Its sales are up a meager 3% for the first four months against GM's 11% and Chrysler's astounding 42%.

Ford has retreated from its high of 51⅝ as more signs point to a decline in earnings this year. Some sources pick $4 a share as a more likely net compared with $4.36 a share a year ago. Yet some seers had fixed Ford's income as only $3.70 to $3.90 a share not long ago.

Public Interest

More activity in lower-priced stocks has been apparent in recent days. Although the shift has not been overwhelming, it is indicative of a growing response by the smaller investor. He has generally stuck to established merchandise, the blue chips in most cases, following the morning-after of last spring and early summer.

But the lower-priced issues are becoming more prominent on the most active list. Fairbanks Whitney, selling at 5, Sperry Rand at 14, and Brunswick at 15¼, all hit the heavy turnover group this week.

While most sentiment is strongly bullish these days on the future course of the market, there is much divergence in opinion on whether the economy and earnings will follow. New highs are more freely predicted, but the big question of how long they will last remains an enigma.

Warnings

One well-known bear puts it this way in predicting an 800 market: "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 they don't necessarily signal the results for the full year. Some industries, it is noted are having big write-offs for the first quarter. Other groups, like the oils or utilities, had the advantage of unusually severe winter weather to bolster earnings.

Yet the pattern varies widely. A survey of first quarter earnings made by the First National City Bank of New York shows that first quarter combined profits of nearly 800 manufacturers rose only 4% from a year ago. Furthermore, the combined showing was also 13% lower than the fourth quarter of 1962.

Some of the anticipated increases in second quarter sales and resultant profits could be borrowed from the second half of 1963. Roger Blough conceded this possibility in his talk to United States Steel stockholders this week. His words have not been lost on the investor, as witness the further decline in Big Steel to barely a few points above its low for the year of 43½.

Although many analysts continue to say the stock is cheap in the high 40's, it is apparently not cheap enough to satisfy a lot of traders.

The Price-Earnings Course

The overall price-earnings ratio for the Dow-Jones industrial average continues its recovery move. Latest calculations put it at 19.7 times the estimated per share profits. This is a shade above the month-ago p/e average of 19.3, but still below the year-ago level of 21.

Meanwhile the conjecture of statisticians on the future course of the market and the all-important averages continues. One chart-watcher estimates that earnings of the 30 firms in the Dow index will hit an all-time high of $39 this year. This total would represent an advance of 6.7% from the record of $36.55 actually earned last year.

Projecting the current 19.7 times earnings level of the Dow, it is also determined that it wouldn't take much more investor enthusiasm to push the multiple to 20, where it was at the 1961 peak. The Dow would then, says our chart-watcher, hover around 780, and this does not include the effect of any significant business tax cut. The tax cut would in turn boost earnings.

Last May's panic dropped the Dow multiple to a low of 14.5, 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 recommendations. Nobody expects a storm, but a few quiet voices suggest there may be a little rain before the old highs of 735 are toppled.

Chemicals and Drugs Spur Interest

Chemicals in general and drugs in particular are riding the waves of more favorable comment. Drugs are termed dynamic despite the inroads of the Kefauver investigation and the bad publicity of the thalidomide scandals.

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 health insurance and the widening number of aged persons. The range of current recommendations is wide.

Incidentally, one of the more cynical letters to investors notes that it doesn't matter whether you buy a company with a bad reputation or not because the public doesn't know whose products it is consuming.

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

Keresey Joins Donaldson, Lufkin

James F. Keresey has joined Donaldson, Lufkin & Jenrette, Incorporated, One Whitehall St., New York City, members of the New York Stock Exchange, and has been elected a Vice-President and director.

James F. Keresey

Mr. Keresey, who retired recently as a partner in Baker, Weeks & Co., is currently Secretary and a Governor of The Bond Club of New York. He is also a member of the NASD Executive Committee (District No. 12) and served as a member of the 1962-63 Nominating Committee of the New York Stock Exchange.

Phila. Secs. Ass'n Luncheon Meeting

PHILADELPHIA, Pa. — Sol N. Berman, President, and Stuart B. Webb, Executive Vice-President of Berman Leasing Co., Pennsburg, Pa., will address a luncheon meeting of the Philadelphia Securities Association on Friday, May 24.

The luncheon meeting will be held at The Barclay Hotel.

Rubin Hardy of The First Boston Corporation, is in charge of arrangements.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money market is putting the new refunding issues, namely the 3¼% due May 15, 1964 and the 3⅝% due Feb. 15, 1966, into their places in the pattern of things in the near term area of the government market.

In the capital market, the digesting of the new money raising 4⅛% due 1989-1993, is going on after the removal of price restrictions in order to get this bond into the hands of the ultimate investor. It was evident after the first few days that the price of 100¾ was too high to suit the taste of the investor. At the new level around 100⅜, it is indicated that a sizable amount of these bonds have been going into strong hands, namely those of the ultimate and quite likely the permanent investor. This slow deal, which had to be disposed at lower prices, should satisfy the Treasury and dealers' appetites for long-term offerings under competitive bidding for awhile.

Treasury Bonds Must Be Competitive With Private Issues

There have been many estimates as to the amount of this $300,000,000 4⅛% bond due 1989-1993 that was not sold at the offering price of 100¾. However, it appears as though the best informed sources in the financial district are of the opinion that less than 50% was sold. Some of these bonds, no doubt, were taken down by the banks in the underwriting syndicate at the 100¾ price and will for a time at least be a part of the investment portfolio of these institutions.

The new level at which the 4⅛s sold following the dissolution of the bidding syndicate attracted those investors who were waiting for just such a development because the yield was high enough to meet their requirements. There is no question, but what the best credit risk in the fixed income bearing field—which is a government bond—should attract investment buying whenever they are offered to the public provided the price is right.

However, it should be remembered that in this country, the bonds of the government have to compete with the offerings of corporates and tax-exempts for the investor's dollar, which means that if the Treasury issues are out of line with the fixed income bearing market as a whole, there will be very little, if any, investors interested in the Federal obligations.

Another Competitive Treasury Award Surely Not Imminent

The not too successful offering of long-term government bonds under competitive bidding conditions raises the question as to when the next one will be coming along if at all. The Treasury says that there was no schedule or set time or intervals at which long-term new money raising operations were to be carried out. This was supposed to be one of the reasons why investors were not too enthusiastic about the second new money raising venture of the government. Even though it is very desirable to get government issues into the hands of the ultimate investor under conditions such as we have at present, it is not desirable to do this in such a way that the capital market will be adversely affected by the undertaking.

Therefore, if the Treasury is going to follow its indicated program that there will be no crowding of the long-term bond market with government issues, this should be taken to mean that there will be a fairly substantial digesting period before the competitive capital market is again used to finance part of the deficit.

Shore-Term Issues Continue in Heavy Demand

The May 15th refunding issues, namely the 3¼% certificate due May 15, 1964 and the 3⅝% note due Feb. 15, 1966, fitted into the present money market and were well taken by the owners of the obligations which were coming due. There is no question but what the demand for short-term government obligations is as large as ever and there is not likely to be very much of a decrease as long as there are the usual national and international problems to contend with.

Manhattan Life Insurance Co. Stock Offered

Kidder, Peabody & Co. Inc., New York, and associates are offering publicly 50,000 shares of The Manhattan Life Insurance Co. guarantee capital shares at $110 per share. All of these shares are being sold by certain shareholders, and none of the proceeds will accrue to the company.

Manhattan Life was incorporated in 1850 as a mutual life insurance company under the laws of the State of New York. Although a mutual company, the company has the unique feature of having authorized and outstanding shares of guarantee capital shares, which were authorized by the statute under which the company was incorporated.

The company writes most forms of ordinary and group life insurance as well as some annuity business and is licensed to do business in all 50 States and the District of Columbia.

Hegamaster With Saunders, Stiver

CLEVELAND, Ohio — Donald Z. Hegamaster, Jr., has become associated with Saunders, Stiver & Co., Terminal Tower Building, members of the Midwest Stock Exchange, as manager of the Municipal Bond Department.

Mr. Hegamaster was formerly municipal manager for Ball, Burge & Kraus. Prior thereto, he was with Anderson & Strudwick in Richmond, Va., and was in the municipal department of White, Weld & Co.

PG and E 57th ANNUAL REPORT-1962

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.

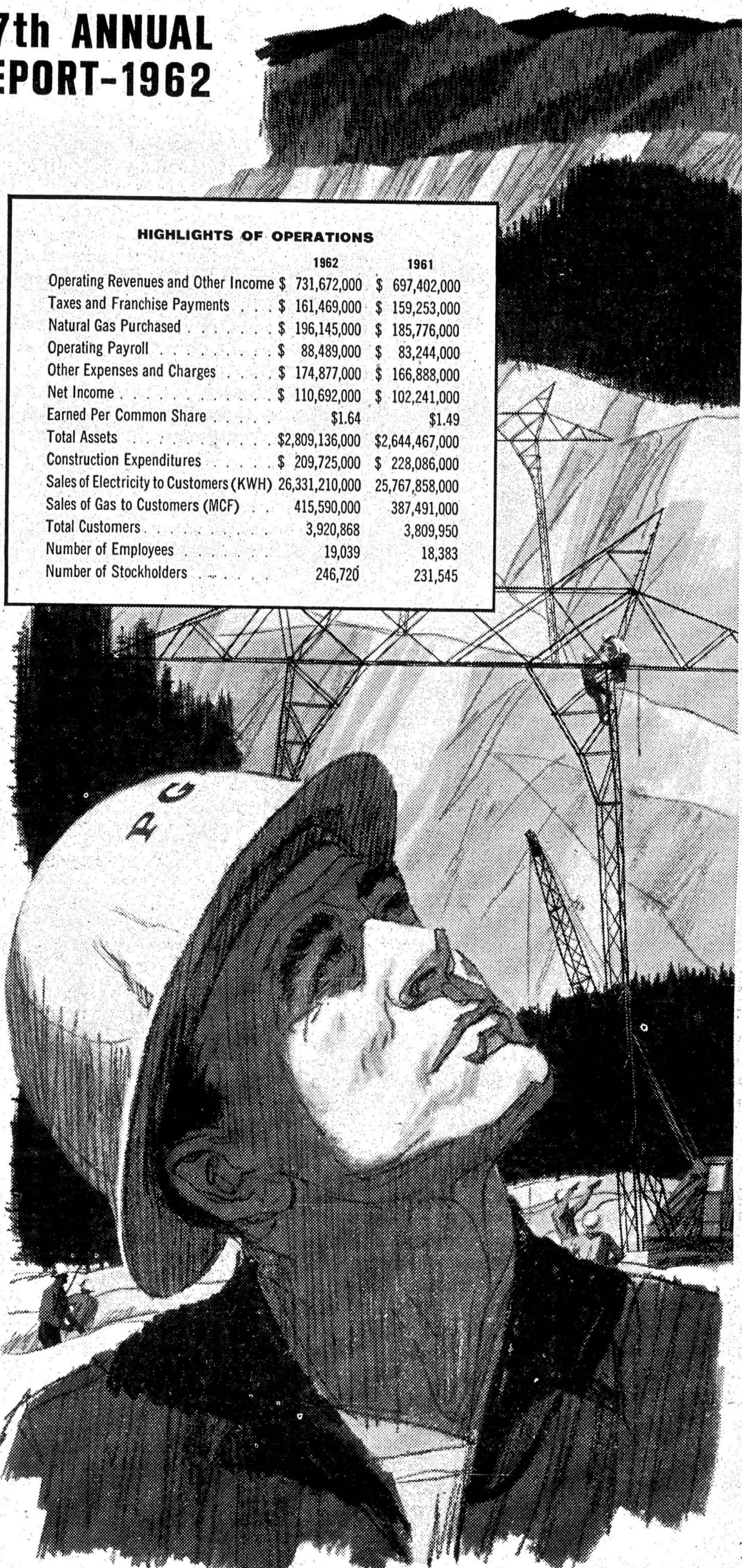
Development of nuclear energy as an economic source of power continues to engage our attention. Fuel loading of uranium oxide is proceeding for the 60,000 kilowatt nuclear unit at our Humboldt Bay Power Plant near Eureka, and the reactor is expected to be operating under test shortly. Authority to proceed 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 660,000 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 proves to be as economically successful as we are confident it will be, many of the large generating units in this program will be nuclear.

HIGHLIGHTS OF OPERATIONS

	1962	1961
Operating Revenues and Other Income	$ 731,672,000	$ 697,402,000
Taxes and Franchise Payments	$ 161,469,000	$ 159,253,000
Natural Gas Purchased	$ 196,145,000	$ 185,776,000
Operating Payroll	$ 88,489,000	$ 83,244,000
Other Expenses and Charges	$ 174,877,000	$ 166,888,000
Net Income	$ 110,692,000	$ 102,241,000
Earned Per Common Share	$1.64	$1.49
Total Assets	$2,809,136,000	$2,644,467,000
Construction Expenditures	$ 209,725,000	$ 228,086,000
Sales of Electricity to Customers (KWH)	26,331,210,000	25,767,858,000
Sales of Gas to Customers (MCF)	415,590,000	387,491,000
Total Customers	3,920,868	3,809,950
Number of Employees	19,039	18,383
Number of Stockholders	246,720	231,545



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. Christensen, Vice President-Finance, 245 Market St., San Francisco 6, Calif., for a copy of P. G. & E's 1962 Annual Report.

As We See It

Continued from page 1

to month are the product of sampling techniques and hence are subject to what is known as sampling errors. He knows, too, that the basic data must be compiled by many "field men" who must often make rather fine distinctions in the process of their work. Carefully trained and able men are now supervising this and other statistical processes of the Federal Government, and as a result errors which are inevitable in such procedures are probably lower than at any time in the past. Despite all this, though, the thoughtful observer will not assign to these figures the same presumptive accuracy that is normally expected of an observation in a physics laboratory.

There are, moreover, certain special reasons for close scrutiny of these unemployment statistics. One of them is the definition of "unemployment," and the inherent difficulties facing the field agent in deciding who is and who is not to be included. An illustration or two will make the point clear. An unemployed person is one who is "looking for work." How many who are not currently on a job would not tell a government agent that they were "looking for work"—particularly if unemployment insurance payments were involved? Evidently the field agent must use very considerable acumen if he is to know the truth about such matters—and even then may not be able to know that his report is really in accord with the fact.

Other Problems

His task is made no easier by the fact that he must include people who are not working and not looking for work but would be looking for work if they were not ill. He must also include those who are not looking for work simply because they do not believe—or say that they do not believe — there is any work to be found in their community, certainly not "in their line." Thus, according to this theory "once a carpenter, always a carpenter" to paraphrase a common saying of an older day concerning certain types or denominations of religion. Here, however, it is a very practical issue that is at stake. Any sort of flexibility in the labor force is severely discouraged at the outset. Many of us remember in the 'Thirties when professional carpenters often painted houses or did some other available work, and waited until opportunity opened for them to return to their chosen trade. In any event the term "in their line" may well, and probably does, cover a multitude of sins. How is an enumerator to find his way safely around 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 a union member to accept work "in his line" if wages or hours are not according to union rules —the job then is "not available" so far as he is concerned —but the influence of so-called standard wage rates and other practices extend often far beyond the limits of the union itself. The fact that unemployment insurance is available under circumstances where it should not be, does nothing to correct such a situation as this. How much the difficulty of dealing with problems of this sort actually affects the month to month unemployment figures of the Federal Government, we have no way of knowing, but we can not but suspect the influence 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 factors are certain circumstances of which the powers appear 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 industrial changes occur for which the wage earner affected is not directly responsible. They often mean a greatly decreased demand for certain types of labor — a decline which may or may not be offset by greater demand for other types. Or employers may find it necessary to make geographical shifts in their operations, labor being far less 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, and there can be little doubt that it constitutes a very significant portion of unemployment at any one time now-a-days. It is in this connection, that we hear most about "automation"—which after all is basically nothing more than extensive improvements 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 made possible by scientific discovery, it is not by any means always made necessary by it. The practical businessman is naturally under the necessity of deciding whether it will be most profitable to continue to hire workers as before or invest very substantial amounts of cash in modern machinery and equipment, and thus dispense with the need of so many men. Relocation of plants is usually based on similar considerations. Now such decisions obviously will be affected by the relative costs of the two methods of operation. The more labor costs—and that is governed not only by wages but by various other restrictions imposed by the unions—the more attractive alternative modes of procedure become.

To what degree current technological and structural unemployment is a product of labor monopoly, we can not say, but we can hardly doubt that it is quite substantial. In view of such facts, the relationship between unemployment and public policy assumes a quite different appearance.

New York Clearing House in New Home

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

Operator of the country's oldest and largest bank clearing house, the association now occupies a recently completed two-story building between Pearl and Bridge Streets in lower Manhattan.

George Champion, Chairman of the Clearing House Committee and of The Chase Manhattan Bank; Albert C. Simmonds, Jr., Chairman of the Clearing House Building Committee and of The Bank of New York, and Paul R. Fitchen, Executive Vice-President of the Clearing House, participated in the short ceremonies marking the unveiling of the new structure.

The association, which now includes 11 New York City banks, has handled checks valued at more than $18 trillion since it was founded in a Wall Street basement room in 1853. Current daily exchanges on the floor of the Clearing House totaled about $3.8 billion, or an annual volume of some $950 billion.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

"All Kinds of Customers"

After you have been selling securities for a while you will find out that there is more to it than knowing the rules, procedures and being a good judge of investment values. Certainly no one should be allowed the privilege of handling the investment accounts of individual investors unless they are familiar with the ethical standards and regulations of the NASD (and if registered representatives) the New York Stock Exchange procedures and requirements. Also, the more you know about investment values, markets, timing or purchases and sales, and the economic and monetary background — the better. These are basics—they come first.

There are also as many different types of security buyers as there are human beings. After you know the fundamentals of your craft . . . you still are required to understand people. Here's a sample:

The Lady Wanted To Be Recognized

One of my friends told me how he obtained a good account on the rebound just by waiting. One day a competitive salesman had an unfortunate lapse and said the wrong thing. Result — bruised feelings—lost account.

My friend, it seems, was receiving a small amount of business from an elderly man and his younger wife. After a while, he realized that he was only obtaining a meagre part of their total volume of trading. However, he also noticed that the wife was gradually taking over more of the initiative. She began to telephone him and give him orders to buy or sell certain stocks. She had been a bookkeeper before her marriage and she was very proud of the correct manner she kept the records, wrote checks, and followed every item in the account. When there was a profitable transaction which she originated, she would emphasize this more than casually — particularly when the husband 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 that came his way, and did the best job possible to please both the husband and the wife.

One day he received a telephone call from the wife. She was very agitated and told him that both she and her husband would like to come to see him. They came in as usual, and before he could say a word, the lady spoke up, "We've decided that you should handle all our business!" What had happened was that the other broker who had controlled this account for years possibly took it for granted that he was their broker. He failed to give the "lady" the attention that she desired.

Hurt Feelings

They had bought some speculative securities and the wife had made the original suggestions. The aftermath of the 1962 May "break" took its toll and when she telephoned and suggested that possibly it would be a good idea to buy more of the same, now that they were so low in market value, the other broker thoughtlessly and rather abruptly told her that SHE SHOULD HAVE NEVER BOUGHT THEM IN THE FIRST INSTANCE. This was too much. Instead of realizing that there was an emotional situation involved here—the other broker made a statement that completely upset this rather involved relationship.

So there they sat — this elderly man and his wife — and not until this moment did my friend learn that the lady was wife number two. The husband in a pleased and approving manner turned to him and said, "You know I am so proud of the way she has helped me handle my affairs. Since my first wife died several years ago I never knew what a relief it was to have anyone around with her head for business. Your office is 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 me he realized that he would have to listen to the same story over and over again — when they came to see him—when they talked over the telephone—when the wife called to ask about a credit balance in the account—or suggest that she had made some good investment or trading improvements in the portfolio—but this is also an important aspect of salesmanship. With it all she is intelligent, and she has learned her lesson regarding highly speculative securities. When a suggestion is offered now, he says, "What do you think of it?" and the lady replies, "I'll think it over." Then she usually agrees, or sometimes comes back with an idea of her own. She is now the one who makes the decisions. And she is taking her job very seriously. This joint account is now being managed by mama—and papa is very pleased about the whole idea.

Possibly the broker who handled this account originally would have never lost it if he had understood this. 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 lady on his side — which will be all right with everyone.

E. F. Hutton Co. Names W. B. Peter

The appointment of Werner B. Peter, as Regional Manager of E. F. Hutton & Company Inc.'s Mutual Fund Department has been announced by Sylvan C. Coleman, Chairman of the Board.

Mr. Peter will be 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.

UNION PACIFIC RAILROAD COMPANY

(INCLUDING ITS LEASED LINES)

SIXTY-SIXTH ANNUAL REPORT — YEAR ENDED DECEMBER 31, 1962

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

TO OUR STOCKHOLDERS:

New York, N. Y., April 25, 1963.

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 $2.88 compared with $2.78 per share in 1961. Dividends of $1.60 per share declared on common stock in 1962 amounted to 56 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 breakdown by Divisions of 1962 net income *before Federal income taxes,* compared with the previous year:

	1962	1961 (Restated)	Increase (+) or Decrease (—)
Transportation Division	$91,638,740	$91,017,526	+ $621,214
Natural Resources Division	23,767,774	26,741,837	— 2,974,063
Land Division	875,979	774,160	+ 101,819
Non-Divisional	1,807,633	983,866	+ 823,767
Total	$118,090,126	$119,517,389	—$1,427,263

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 a 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 the 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 Presidential 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 have been anticipated, the labor organizations concerned resisted this development in the courts, despite the Commission's recommendations that were designed to make the proposed changes as painless to the affected employes 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 origination 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 consummation should effectuate worthwhile economies, improve administration, and strengthen the whole railroad industry.

* * * *

INCOME ACCOUNT

TRANSPORTATION OPERATIONS	1962	1961 (restated)	Increase (+) or Decrease (—)
Operating revenues	$512,124,915	$499,324,448	+$12,800,467
Operating expenses	370,157,101	360,798,813	+ 9,358,288
Revenues over expenses	$141,967,814	$138,525,635	+ $3,442,179
*Railway tax accruals	73,469,279	86,610,789	— 13,141,510
Railway Operating Income	$68,498,535	$51,914,846	+$16,583,689
Equipment rents (debit)	20,167,039	19,029,381	+ 1,137,658
Joint facility rents (debit)	1,556,168	1,702,354	— 146,186
Net income from Transportation Operations	**$46,775,328**	**$31,182,611**	**+$15,592,717**
INCOME FROM INVESTMENTS AND OTHER SOURCES			
*Net income from oil and gas operations	$23,888,982	$26,030,815	— $2,141,833
Royalties from oil and gas leases	395,977	410,702	— 14,725
Dividends on stocks owned	4,374,624	4,418,546	— 43,922
Interest on bonds and notes owned	5,071,887	3,968,854	+ 1,103,033
Other interest income	675,077	548,777	+ 126,300
Rents from lease of road	122,579	122,579	
Miscellaneous rents	804,350	806,669	— 2,319
Miscellaneous income	2,863,146	3,448,918	— 585,772
Profits and losses—net (property sales, etc.)	1,067,766	2,442,946	— 1,375,180
Total	$39,264,388	$42,198,806	— $2,934,418
Total Income	$86,039,716	$73,381,417	+$12,658,299
Miscellaneous tax accruals	$311,685	$534,888	— $223,203
Other deductions from income	84,167	448,776	— 364,609
Total deductions from income	$395,852	$983,664	— $587,812
Income available for fixed charges	**$85,643,864**	**$72,397,753**	**+$13,246,111**
FIXED CHARGES			
Interest on funded debt	$3,141,455	$2,996,256	+ $145,199
Other fixed charges	12,283	15,372	— 3,089
Total	$3,153,738	$3,011,628	+ $142,110
Net income under accounting rules prescribed by I.C.C.	$82,490,126	$69,386,125	+$13,104,001
†Reduction necessary to conform accounting for current Federal income taxes to generally accepted accounting principles	13,860,492	3,117,024	+ 10,743,468
NET INCOME	**$68,629,634**	**$66,269,101**	**+ $2,360,533**
Net income per share of common stock (after preferred dividends):			
Under accounting rules prescribed by I.C.C.	$3.50	$2.92	+ $.58
Under generally accepted accounting principles	2.88	2.78	+ .10

DIVIDENDS DECLARED ON UNION PACIFIC RAILROAD CO. STOCK	1962	1961	
On preferred stock (4%)	$3,981,724	$3,981,724	
On common stock	35,886,776	35,886,776	
Total dividends declared	$39,868,500	$39,868,500	

*"Railway tax accruals" include *Federal taxes on income from all sources.* Such taxes on income from oil and gas operations were approximately $7,089,500 in 1962 and $7.818,900 in 1961.

†Reduction consists of (1) the tax effect arising from excess of depreciation and amortization allowed for tax purposes over depreciation recorded in the accounts under accounting rules prescribed by the Interstate Commerce Commission, and (2) a portion (52%) of the 7% investment tax credit, both of which it is anticipated will be offset by additional taxes in future years.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

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 large area of northern New Mexico, including Albuquerque, Santa Fe, Belen and Las Vegas, and also to Deming in southwestern New Mexico; water is served in Santa Fe and Las Vegas. Total population is about 405,000, over half being in metropolitan Albuquerque. This city, the largest in the state, is important for the manufacture of bricks, cement, flour, sawmill products and machinery. It is the home of Sandia Base, a large installation devoted to nuclear activities, and Kirtland Air Force Base, which also does work in the nuclear weapons field; there are also a number of industries devoted to scientific and space-age work and the University of New Mexico is located in the city.

Santa Fe, the capital, is a resort center. Deming has attracted some light industry, including a large toy manufacturer. Farming areas specialize in the growing of grains, cotton and vegetables, as well as stock raising. The company's electric revenues are 27% residential and rural, 32% commercial, 22% industrial and 19% wholesale and miscellaneous.

The area has shown rapid growth, population in the principal cities having grown as follows:

	1950	1960
Albuquerque	145,673	*262,199
Deming	5,672	6,764
Belen	4,495	5,031
Las Vegas	13,763	13,818
Santa Fe	27,998	33,371

*Metropolitan area.

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 decade ended 1962. While the increase in earnings per share has been irregular, it has averaged 10% a year compounded as indicated in the table below.

During the 12-year period 1950-62, generating capability increased from 58,000 kw. to 334,000 kw. Last August, when the third generating unit was completed at Reeves Station, capacity was estimated to be adequate to take care of increasing loads until 1966 or 1967. The company will probably begin construction of the next unit some time in 1964-65; it will probably be a coal-burning plant in the Four Corners area, adjacent to the large coal reserves controlled by the company.

The company now burns natural gas in its generating plants. Gas is purchased at a current cost of about 23 cents per mcf. from Southern Union Gas Co. under a contract extending through 1969 or later. It can also use fuel oil under its boilers during periods of gas curtailment. Coal is also available as a future fuel, when it may become more economical than gas or oil. The company's subsidiary, Public Service Coal Co., formed in 1960, has acquired estimated reserves of about 100 million tons of coal which could be economically mined.

The company expects to benefit by a new 230,000-volt transmission line (about ready to go into service) which will interconnect its system with that of Arizona Public Service at the latter's Four Corners generating plant. Plans are also under way for an interconnection with Western Colorado Power, as well as for a high voltage interconnection with El Paso Electric, the present interconnection (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 by the Bureau of Reclamation to some of the company's customers, which are designated by law as preference customers.

The company apparently has no regulatory problems. The basic electric rates now in effect are the same as those approved by the New Mexico Public Service Commission in 1953. These rates are considerably lower than all of the municipal electric rates in the state and, with one exception, 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 million this year and any cash needs will be taken care of by bank loans. A small amount of cash may be received from the exercise of warrants attached to the 1959 series of preferred stock. These warrants (almost the only example of utility warrants outstanding) will expire July 1 and will presumably be exercised to purchase nearly 40,000 shares of common stock. The equity ratio approximates 37%.

Despite a decline in the interest credit this year, Standard & Poor's estimates that earnings on the common stock may increase 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 36; the dividend is 72 cents, to yield 2%. Based on estimated earnings for 1963, the price-earnings ratio is about 27.

	Gross Revenues (Millions)	Common Stock Record: Earnings Per Share Amount	% Increase	Dividend Paid	Approximate Range
Year—					
1962	$23	$1.23	15%	$0.72	34 - 23
1961	22	1.07	—2	0.69	39 - 26
1960	20	1.09	8	0.67	27 - 20
1959	17	1.01	9	0.58	23 - 18
1958	15	0.93	22	0.53	19 - 11
1957	13	0.76	6	0.49	11 - 9
1956	12	0.72	16	0.43	9 - 8
1955	11	0.62	2	0.43	10 - 9
1954	9	0.61	27	0.43	9 - 7
1953	8	0.48	—4	0.36	7 - 6
1952	7	0.50	NC	0.36	6 - 5
Average			10%		

NC Not calculated.

NEWS ABOUT BANKS AND BANKERS

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

T. Jack Henry has joined **First National City Bank, New York** as Vice-President in charge of advertising. He formerly was associated with McCann-Erickson, Inc., New York, where he was Administrative Vice-President.

T. Jack Henry

Mr. Henry was from 1957 - 1961 Vice - President and Manager of the McCann Detroit office, joining it after four years as Director of Advertising and Sales Promotion for the Lincoln-Mercury Division of the Ford Motor Company.

From 1935-1953 Mr. Henry was associated with the N. W. Ayer agency in Detroit rising to Vice-President and Manager of the Detroit office.

* * *

The **First National City Bank, New York,** announced the appointment of John J. Blumers and William W. Lowe as Vice-Presidents.

Mr. Blumers will be in charge of the bank's branch at Seventh Avenue and 34th Street and Mr. Lowe has been assigned to the branch at Lexington Avenue and 42nd Street.

* * *

Henry B. Danmeyer retired Vice-President of the **Chase Manhattan Bank, New York** died May 4 at the age of 67.

Mr. Danmeyer joined the **Bank of the Manhattan Company,** in 1926 which was merged in 1955 with the **Chase National Bank of the City of New York.**

* * *

The election of eight Assistant Vice-Presidents at **Chemical Bank New York Trust Company, New York,** was announced May 7 by Harold H. Helm, Chairman.

They are: Ernest Bruce Brandi, William L. Kennedy, Noble Welch and John W. Woods, all of the bank's National Division; Hugh V. MacDonald, Thomas W. Sheridan and Joseph Kremar of the Metropolitan Division; and Lawrence J. Rudloff of the Check-Clearance Department.

* * *

Frederick H. Brownell, Jr. has been elected a Vice-President of **The Marine Midland Trust Company of New York,** and will be assigned to the bank's Metropolitan Division.

Mr. Brownell was, until recently, Vice-President of **Empire Trust Company, New York.**

* * *

The Commercial Bank of North America promoted four officers to new positions, G. Russell Clark, Chairman, announced.

Advanced from Assistant Secretary to Assistant Vice-President were Victor Landau of the foreign department and Curt Meyer of the international department. William Gardner, Manager of the bank's Kings Highway branch in Brooklyn, and Sol Sternick, of the main office, were named Assistant Secretaries.

* * *

Malcolm A. MacIntyre, has been elected a member of the Boards of Directors of **J. Henry Schroder Banking Corporation** and **Schroder Trust Company, New York.**

* * *

The **South Brooklyn Savings Bank, Brooklyn, N. Y.** elected Robert M. Burke a Trustee.

* * *

Alfred R. Weil has been elected a Vice-President of **Long Island Trust Company, Garden City, N. Y.** He will have his headquarters in the bank's Freeport Office.

Mr. Weil comes to Long Island Trust Company from **Manufacturers Hanover Trust Company, New York,** where he was employed for more than 40 years.

* * *

Howard J. Silverstein was named Vice-President in charge of data processing at **National Bank of Westchester, White Plains, N. Y.**

* * *

The Banking Department of the State of New York on April 26 gave **The Sullivan County Trust Company, Monticello, New York** approval to Certificate of Amendment of Certificate of Incorporation providing for an increase in capital stock from $320,000, consisting of 32,000 shares of the par value of $10 each, to $476,000, consisting of 47,600 shares of the par value of $10 each; and a change in the name of the corporation from The Sullivan County Trust Company to **Intercounty Trust Company.**

* * *

Edward P. Gannon, a Vice-President of the **Connecticut Bank and Trust Company, Hartford, Conn.,** died May 6 at the age of 55.

Mr. Cannon was with the **Wallingford Bank and Trust Company** for 23 years before its merger last year with the **Connecticut Bank and Trust Company.** He was Vice-President, Treasurer and Trust Officer at the time of the merger.

Before coming to Wallingford, Mr. Gannon was an Account Administrator for 10 years with the **Manufacturers Trust Company, New York.** He had also been in the corporate trust department of the **Chatham-Phoenix Bank, New York.**

* * *

The **First National Bank of Passaic County, N. J.,** elected Oscar T. Storch Vice-Chairman and Erwin O. Kraft, President.

* * *

John Harold Hendrickson, Vice-President and Director of the **Monmouth County National Bank, Red Bank, N. J.** died April 29 at the age of 73.

* * *

Allan G. Little, Jr. has been appointed a Senior Investment Officer at **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** and will head the Investment Advisory Division of the Trust Department.

* * *

In a joint statement by Hooper S. Miles, Chairman of the Board of **Maryland National Bank, Baltimore, Md.** and Franklin M. Thomas, Chairman of the Board of **The Second National Bank of Hagerstown, Md.** it was announced May 2 that by action of the respective boards of directors of the two banks, a merger of The Second National Bank with Maryland National Bank has been agreed to, subject to the approval of the Comptroller of the Currency and the stockholders of both banks.

The agreement between the two banks contemplates the issuance of 36,000 shares of Maryland National stock to the stockholders of Second National for the 30,000 shares of its stock now outstanding, providing a ratio of six for five.

Claude M. Potterfield, President of Second National, will become a Vice-President of Maryland National Bank in charge of the operations of the Hagerstown offices, and an advisory board will be established consisting of the present directors of the Second National Bank.

Second National, has total resources in excess of $16,000,000.

As of March 18, deposits of Maryland National Bank were $563,470,863 and Second National's were $14,312,200.

The proposed merger would give the Maryland National Bank, capital funds in excess of $49,000,000 and total resources approximating $650,000,000.

* * *

The Comptroller of the Currency James J. Saxon on April 30 approved the application to merge **American National Bank of Silver Spring, Silver Spring, Maryland,** and the **Canton National Bank, Baltimore, Maryland,** effective on or after May 7.

* * *

The **Cleveland Trust Co., Cleveland, Ohio** made Allan K. Shaw, Vice-President, loan administration, a member of the Bank's Executive Committee, succeeding George F. Pryor, who retired.

* * *

Lester Armour retired from active service as Vice-Chairman of the **Harris Trust and Savings Bank, Chicago, Ill.,** on May 3. He will continue as a member of the Harris Board of Directors.

Mr. Armour in 1937 became a Director of the City National Bank and Trust Co., where he was elected Senior Vice-President in 1946, serving until 1947.

From 1948 until 1960 he served as Chairman of the Board of the **Chicago National Bank,** becoming Vice-Chairman of Harris Bank when the two banks merged in 1960.

* * *

The Northern Trust Company, Chicago, Ill. on May 1 announced the retirement of Pat G. Morris, Senior Vice-President in the Bond Department, after 41 years' association with the Bank.

The Central National Bank, Chicago Ill. elected Frank E. Bauder 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 organization of the future **Crocker-Citizens National Bank,** to be formed by merger of the two banks.

Emmett G. Solomon, now 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. Bekins; Othmar Berry; Roy A. Britt; Wm. Herbert Carr; Ralph J. Chandler; Dwight L. Clarke; W. W. Crocker; Mortimer Fleishhacker, Jr.; R. G. Follis; Walter A. Haas; Paul E. Hoover; Reed O. Hunt; Earle M. Jorgensen; Paul B. Kelly; Carl O. Lindeman; Joseph A. Moore, Jr.; David Packard; George A. Pope, 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 Sesnon; Randolph Sevier, 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. McKee; William L. Pereira; John B. Rauen; Samuel K. Rindge; Wm. T. Sesnon, Jr.; W. A. Simpson; Emerson Spear; Ron Stever; Kenneth B. Wilson.

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 $3,200,000,000 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 Bijou, California.

Initial capitalization of the new bank will amount to $1,000,000, and it will be operated under the title **"Tahoe 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, Russ Building.

Sutro Bros. Co. To Admit Layne

Sutro Bros. & Co., 80 Pine Street, New York City, members of the New York Stock Exchange, on May 16, will admit Philip Layne to partnership in the firm.

G. T. Devine Boston Mgr. of C. J. Devine

BOSTON, Mass.—Leslie A. Tucker has resigned as Resident Manager of the Boston office of C. J. Devine & Co., 75 Federal Street, and Gerald T. Devine has been named Resident Manager.

COMMENTARY...

BY M. R. LEFKOE

It would be natural for one to assume that a company's management has the right to decide whether any given operation should be handled by inside employees or by an outside contractor. It also would be natural for one to assume that, since the Constitution prohibits *ex post facto* legislation, each Government agency, as well as Congress, would act in accordance with that restraint. Finally, it would be natural for one to assume that the laws of our nation would be drafted and applied in a manner calculated to obviate the possibility 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 these issues in a nation whose President constantly referred to his dedication to the principles of free enterprise, logic would necessitate making these political-economic assumptions. Nevertheless, if an employer in the United States were to rely on any of these assumptions in making a business decision, the National Labor Relations Board would soon make it very clear to him that, in the area of labor-management relations, such reliance carries with it the risk of his destruction.

The decision in which a majority of the NLRB was able to disabuse businessmen of all three assumptions at one time involved the case of Town & Country Manufacturing Co., Inc. (136 NLRB No. 111), a company which was engaged in the manufacture, sale, and distribution of mobile home trailers. Initially, the company delivered its trailers to customers by an independent contractor who owned the trucks, employed the drivers, and supervised the delivery operation. After a short time, however, Town & Country decided to make its own deliveries, using company-owned trucks and its own employees.

The ICC's Position

The company was soon informed, however, that its delivery system fell within the jurisdiction of the Interstate Commerce Commission, and that its specific method of distribution violated ICC regulations. Town & Country's first attempt to comply with ICC regulations led it to sell its trucks and engage a man to supervise the delivery of its trailers. Under this new system, the drivers and the supervisor owned the delivery vehicles; but, in an endeavor to comply with ICC regulations, title to the tractors was kept by the company. When the ICC declared that this system also was illegal, the company tried again: it purchased the trucks from the drivers, hired them as employees, and retained their old supervisor as the company dispatcher.

Enter the Union

At this point, a union entered the picture and, after winning a recognition election, became the bargaining agent for the drivers. After negotiations began, but before any agreement with the union had been reached, the ICC returned, told Town & Country that this third delivery system was a violation of ICC regulations, and filed criminal information charges.

The union was informed by the company immediately of the ICC's action and told that serious consideration was being given to subcontracting the delivery operation, but almost three weeks elapsed before a union representative arrived at the company's offices to discuss the matter. When told by the company that, in a desperation attempt to comply with ICC regulations and head off criminal prosecution, it had started dismissing its drivers and had begun to use independent ICC licensed haulers, the union representative complained about not being consulted before any action had been taken, and contacted the NLRB.

This brief summary of the relevant facts sets a framework in which the three major issues of the case can be isolated and examined: (1) Town & Country had tried three times, without success, to satisfy ICC regulations and, under the pressure of criminal charges, had been forced to change its delivery system immediately to one normally approved by the ICC; (2) the company had told the union that its decision to dismiss its drivers and use an outside contractor was necessitated primarily by ICC pressure, and partly by economic considerations, but that, in any case, it was a basic management decision which was not undertaken as a means of avoiding its statutory obligation to negotiate and bargain with the union; (3) at the time the final change in delivery procedures was made, the company believed that it was not obligated to bargain with the union about its decision to terminate its own hauling operations — an assumption backed both by the unanimous view of every Court of Appeals which had ruled in the issue and by the last decision the NLRB had handed down on similar facts.

Presented with the facts of the case and aware of the issues involved, a Board majority decided that the termination of the hauling operations was motivated by opposition to the union and was designed to disparage and undermine the union's majority status. Moreover, it held that the company was in violation of a statutory obligation to bargain about the decision to subcontract, *even if* the company's action was taken to avoid violation of ICC regulations or because of economic considerations.

As a means of remedying this violation of the National Labor Relations Act, the Board ordered Town & Country to reinstitute its trailer hauling department, to offer those drivers who had been dismissed reinstatement to their former or substantially equivalent positions, and to compensate them for any loss of earnings they might have incurred since their employment had been terminated.

Changing the Rules

In order to reach this decision, the Board majority was required to completely evade the precedent it had previously set in the Fiberboard Products case (130 NLRB 1558), where it had held that the statutory obligation to bargain is not "so broad and all-inclusive as to warrant an inference that the Congress intended to compel bargaining concerning basic management decisions, such as whether and to what extent to risk capital and managerial effort." Moreover, by convicting a company which had relied on this ruling in subcontracting a job before bargaining with the union, the Board employed an *ex post facto* decision as justification for its right to punish the company—despite the fact that retroactive laws are specifically prohibited by Article 1, Section 9 of the Constitution.

(Since, perhaps, even the majority of the Board couldn't ignore the blatant contradiction between its previous decision on the failure to bargain issue and the new theory it expounded in the Town & Country case — which interpreted the Act to mean that an employer is compelled to bargain with the union on any managerial decision which might conceivably affect his employees in some way —the Board decided to reconsider its precedent-setting decision in the Fiberboard case. After examining the facts of that case in the light of its new position, the NLRB reversed its original decision, found Fiberboard guilty of violating the Act, and thereby dispensed with the problem of having handed down two diametrically opposed positions.)

The Minority Decision

The practical effect of the Board's decision in the Town & Country case on management's right to manage was stated in no uncertain terms by NLRB member Rogers in his dissent to the reconsidered Fiberboard case: "If this ruling of the majority stands, it is difficult to foresee any economic action which management will be free to take of its own volition and in its own vital interest (whether it be the discontinuance of an unprofitable line, the closing of an unnecessary facility, or the abandonment of an outmoded procedure) which would not be the subject of *mandatory* bargaining." In fact, Mr. Rogers concluded, "the subjecting of such management decisions as this to the ambit of the Board's process, and particularly to the mandatory bargaining requirement, simply means that, short of company union agreement, *any action taken by management* hereafter must be taken at its peril." (Italics added.)

In an attempt to undercut the strength of the warning issued by their colleague, the majority of the Board stated in Town & Country: "This obligation [to bargain] in no way restrains an employer from . . . effectuating an economic decision . . . [A] prior discussion with the duly designated bargaining representative is all that the Act requires."

Throwing the Dictionary "Out the Window"

Although this statement appears to be a clear-cut guarantee that management may make economic decisions without NLRB interference as long as "discussions" are held with the union, the Board's assurance must be interpreted in the light of its ability to accurately interpret the written word. For example, although a majority of the Board has not hesitated to throw the dictionary out the window whenever it feels like ignoring the accepted meaning of a word, it is also famous for its ability to define a term so literally that the intent of Congress is effectively destroyed.

(See the condemnation of the NLRB made on the floor of the House of Representatives last year by Congressman Robert Griffin, co-author of the Landrum-Griffin Labor Act, in which he stated: "In another decision which threatens to put the dictionary out of business, the Board recently permitted a secondary boycott by holding, in effect, that a radio station produces the automobiles that are advertised in the station's commercials.")

NLRB's "Loophole"

Thus, it is worth examining the loophole which the NLRB has left open for itself whenever the occasion arises—the potential implications of the word: "discussion." As Theophil C. Kammholz, an ex-General Counsel of the NLRB, recently pointed out: "The fact is that you [the businessman] will be sitting down to this so-called 'discussion' with a union which likely will be determined to oppose with all its might and guile any change which might cause it the loss of dues-paying members. The fact is that you will probably remain in this sitting position for a remarkably long time and even thereafter you will get up only at your own considerable risk.

"To illustrate:—it is now well established that the employer's duty to bargain includes the duty to furnish information which will enable the union to bargain effectively and with understanding. Most management decisions of the sort here under discussion will turn upon cost considerations. Accordingly, and at the demand of the union, the union will be entitled to time for study and perhaps investigation of this information. How long will the union be entitled to take to study this information? A reasonable time. What is a reasonable time? In the eyes of the Kennedy Board, I would guess, it will extend to one week after the employer — exasperated at the delay—effectuates his management decision.

"Moreover, another well-established requirement of the [National Labor Relations] Act is that parties must reach an impasse before unilateral action may be taken. . . . At best, impasse is a nebulous state of affairs; difficult to attain and easy to lose. . . . In sum, if the employer finally decides to go ahead without union approval, he can rarely be sure that he is acting within the law and, if he errs, the penalties are among the most drastic ever applied by the Board."

Penalty Is "Grotesque"

To describe the penalties prescribed by the Board majority in the Town & Country case as "drastic" is to let the Board get off too easily — the penalty imposed is grotesque. Not only will re-establishing a completely dismantled distribution system (which the facts indicated was uneconomic) and compensating all former drivers for any loss in earnings since their dismissal saddle the company with prohibitive monetary burden, the action demanded by the NLRB will most likely force the company to face a reinstatement of criminal investigation by the ICC.

The Board's approach, decision, and remedy in the Town & Country case are not really surprising to anyone who is at all familiar with other decisions handed down by the Board in the past two years. In most of the cases in which the guiding court decisions are ignored, in which the Board arbitrarily overturned earlier NLRB interpretations of the National Labor Relations Act, in which a decision effectually abrogated the intent of the Landrum-Griffin Amendment to the Act, and in which Constitutional and legislative guarantees of rights are considered old fashioned—the three Kennedy appointees to the five-man Board are usually found sitting as a majority writing the decision.

The practical consequences of the Kennedy Board decisions include tearing a hole through the Landrum-Griffin Act wide enough for unions to engage in secondary boycotts and blackmail picketing almost at will; coming dangerously close to completely destroying the employer's right of free speech, in violation of both the Constitution and the NLRA; gerrymandering employee groups in a manner calculated to make it easier for unions to obtain bargaining rights for all of a firm's employees by winning an NLRB-rigged representation election; and, in the two cases discussed here, telling businessmen, in effect, that their right to manage their own companies is subject to ultimate approval by their union.

It's Up to Congress

This disastrous situation which businessmen find themselves in today is only an indirect consequence of specific NLRB decisions. The primary responsibility lies with Congress, which created the administrative agency and gave its members the almost unlimited power to interpret the law subjecting the area of labor-management relations to the chaos of arbitrary men enforcing arbitrary laws.

IBA Calif. Group 12th Conference

SAN FRANCISCO, Calif. — The California Group of the Investment Bankers Association of America will hold its 12th Annual Conference at the Santa Barbara Biltmore beginning Saturday, June 22, through Tuesday, June 25, 1963.

Among those who will be present are:

Leonard E. Read, President, The Foundation for Economic Education, Inc.; Dr. Kenneth McFarland, General Motors Corporation; Dan A. Kimball, Chairman of the Board, Aerojet-General Corporation; and Henry Sargent, President, American & Foreign Power Company.

In addition to these speakers, Amyas Ames, Partner of Kidder, Peabody & Co., New York, President of the Investment Bankers Association of America, will briefly address the gathering.

The Municipal Forum will again be held at 2:30 p.m., Sunday, June 23. Alan Post, Legislative Analyst for the State of California, will be the speaker at this popular seminar.

Cavalier & Co. Opens In San Francisco

SAN FRANCISCO, Calif.—William S. Cavalier, Jr. has formed Cavalier & Co., with offices at 301 Pine Street, to engage in a securities business. Mr. Cavalier was formerly Chairman of the Board of Cavalier & Otto, Inc.

Funds Intensified Buying Before Market Soared

Continued from page 1

the *net* purchases of $180 million were more than double the comparable figure of $80.6 million in the earlier three-months span.

In the case of the open-end balanced funds, purchases in the March quarter of $255 million far exceeded sales of $147 million. *Net* group purchases of $108 million were up 26%, due primarily to Wellington's heavy buying. This huge fund bought $107.5 million of equities, while disposing of $30.7 million. In the December quarter the fund acquired $83.6 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 was experienced during the first quarter. However, the greater emphasis on the buy side—purchases of $427 million against $304 million in the December quarter—reflected a quarter-to-quarter increment of 40%. Moreover, *net* group acquisitions of $68.3 million contrasted with no more than $1.5 million in the preceding quarter. Contributing importantly to the better showing in the recent three month span was heavy buying by Dreyfus, Fidelity and United Accumulative.

The closed-end funds overall presented a mixed showing in the past quarter. On a *net* basis, however, group purchases of $3.5 million was extremely favorable when compared with the $6.4 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* liquidation position in the December quarter.

As a proportion of total portfolio assets, net cash and governments rose to 7.0% as of March 31 from 6.8% 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 their total balance sheet value rose to 83.7% from 82.5%.

In the accompanying table will be found comparative statistics, by quarters in the years 1963, 1962 and 1961, of the status of the mutual fund industry with respect to total net assets, gross and net share sales, etc. In this regard, 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 $253 million and $224.3 million, respectively. Also, total net assets of $22.6 billion on March 31, 1963 compared with $21.2 billion on Dec. 31, 1962.

Impressive Showing Under Pressure

Most funds weathered 1962's gyrating 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 panicky.

Naturally, when the market fell sharply last spring, the share values of most funds turned sharply downward. In general, 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 uptrend 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. Werly, 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 amounts of money presently in the hands of both institutions and individuals waiting for 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. Sykes, 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 moved up nor down appreciably. As a result, we adopted a more cautious attitude towards the stock market during the early part of the first quarter of 1963, anticipating some decline in business. However, several recent developments including increased private capital spending, improved retail trade, especially for automobiles, and the absence of serious maladjustments in inventories and credit markets, lead 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 18 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 *predominately bought:* airlines, banks, beverages, containers, cosmetics, drug products, electronics and electricals, finance companies, 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, automotive, building construction and equipment, glass, paper and paper products, Radio T-V, and tobacco.

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

POPULAR ISSUES

Top rank as the most widely bought stock during the first quarter was achieved by Royal Dutch Petroleum. After relinquishing this enviable position to General Motors during the December quarter, Royal Dutch rebounded with 16 fund managements purchasing and 4 selling in the initial three months of 1963.

The second most popular issue was renowned IBM. This dynamic "growth issue" was purchased by 13 managements and sold by 4.

THREE - YEAR COMPARATIVE STATISTICS RELATIVE TO THE MUTUAL FUND INDUSTRY

Gross Sales
(Millions)

Qr.	1963	1962	1961
I	$600.7	*$922.1	$719.9
II	----	771.1	695.4
III	----	495.0	722.4
IV	----	510.9	813.1
	----	$2,699.0	$2,950.9

*Historic high.

Redemptions
(Millions)

Qr.	1963	1962	1961
I	$347.9	$282.4	*$331.1
II	----	320.0	317.9
III	----	234.7	248.0
IV	----	285.6	263.3
	----	$1,122.7	$1,160.4

*Historic high.

Net Sales (Sales Less Redemptions)
(Millions)

Qr.	1963	1962	1961
I	$252.8	*$639.7	$388.8
II	----	451.1	377.5
III	----	260.3	474.4
IV	----	224.3	549.8
	----	$1,575.4	$1,790.5

*Historic high.

Net Assets
(Millions)

Qr.	1963	1962	1961
I	$22,639	$23,048	$19,439
II	----	18,436	20,002
III	----	19,088	21,008
IV	----	21,271	22,789

Ratio of Redemptions to Net Assets

Qr.	1963	1962	1961
I	1.54%	1.23%	1.81%
II	----	1.54	1.61
III	----	1.25	1.21
IV	----	1.42	1.20

Note: Ratio of redemptions to average net assets in 1962 was 5.1%. This compared with 5.8% in 1961 and 5.1% in 1960.

Third in popularity was one of the world's leading petroleum enterprises—Standard Oil (N. J.), purchases by 12 managers contrasting with sales by only 2.

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Stearns Co. Continues

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

Funds Intensified Buying Before Market Soared

Continued from page 25

Xerox, a "glamor" issue in the photo copy field with 10 buyers and 3 sellers, was fourth.

"UNANIMOUS FAVORITES"

The following issues, bought by four or more managements, met no selling: AMP Inc.; Becton Dickinson & Co.; Cities Service; Container Corp.; Max Factor; Pan American Airways; International Paper; Kanasai Electric Power ADRs; Pacific Gas & Electric; Public Service Electric & Gas; Philips Lamp; Smith Klein & French; and Westinghouse Electric.

Other issues which were heavily, but not unanimously purchased, included Aluminium Ltd.; American Tel. & Tel.; Burlington Industries; General Electric; Gulf Oil; Northwest Airlines; Pepsi-Cola; RCA; Socony-Mobil; and Standard Oil Indiana.

"DEBUTANTES PARADE"

Within this category we endeavor to unveil issues with relatively no prior investment fame insofar as fund managers are concerned. These issues are generally traded in the Over-the-Counter Market or on small regional exchanges. Issues making such an appearance in investment company portfolios during the recent quarter were: Associates Investment Co.; B. V. D. Corp.; Citizens & Southern National Bank; Hoerner Boxes; Ilikin Corp.; Kearney & Trecker Corp.; North American Life & Casualty; Pacific Southwest Airlines; Robins (A. H.) Co.; Onondaga 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

Among the issues markedly disfavored during the past quarter were: duPont (E. I.) with eight sellers and three buyers; Florida Power & Light with seven sellers and three buyers; and CIT Financial having six sellers and one buyer.

COMPLETELY FRIENDLESS

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

* * *

TRANSACTIONS IN THE FAVORED GROUPS

Airlines Unanimously Bought

A repeat performance occurred in this group, with all issues having portfolio activity showing excess of buyers over sellers. This was also true in the December quarter. Many jet age problems have become a thing of the past and improved earnings are in prospect. In the period under review, Pan American was a standout, with Northwest and National runners-up. Pan-Am having eight buyers and no sellers was a *unanimous favorite*. New commitments by five funds included: T-V Electronics (85,000); Madison (35,000); Diversified Growth (20,000); Fidelity (10,300); and Dominick (10,000). Madison also bought (15,000) newly of Northwest; however, a huge additional purchase of 90,800 shares by Dreyfus was the largest commitment in the issue. National was also bought by both Dreyfus (25,000) and Madison (18,800).

Buyers Dominate Banks

Generally speaking, bank issues maintained the strong demand which had been indicated in the December quarter. A greater interest was shown for banks outside New York City and, in particular, the more rapidly growing sections of the country. In the latter category were First National Bank of (Miami) bought by Putnam (3,000) and First National Bank of Dallas bought by Massachusetts Investors Growth (4,000) newly. These acquisitions, incidentally, are not reflected in our extensive tabulations of specific portfolio changes during the quarter inasmuch as this analysis is confined to transactions by two or more managements.

Insofar as the major banks are concerned, the best bought bank issue was Security First National (L. A.) with (10,500) by Fidelity newly. Investment Co. of America bought 12,000 shares. First National City Bank (N. Y.), best bought of the Manhattan institutions, was acquired by Fundamental Investors (35,000) newly;

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Changes in Common Stock Holdings of 75 Investment Management Groups

(January - March, 1963)

The following transactions include only those issues in which more than one management group participated. Issues in which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases exclude shares received through stock splits, dividends, etc. Number of shares bought or sold prior to stock splits are expressed giving effect to the split.)*

—Bought—			—Sold—	
No. of Mgts.	No. of Shares		No. of Shares	No. of Mgts.
		Agricultural Equipment		
4	17,300	Deere & Co.	20,900	1(1)
2	*8,300*	*Caterpillar Tractor*	*112,000*	*4(2)*
1	*18,200*	*International Harvester*	*20,000*	*2(1)*
		Aircraft and Aircraft Equipment		
2(1)	7,200	Bendix Corp.	13,150	2(2)
1(1)	44,000	Grumman Aircraft	6,500	1
3(1)	43,700	Lockheed Aircraft	None	None
6	48,300	North American Aviation	69,600	6
1	1,000	United Aircraft	50,000	1(1)
2	*29,000*	*Boeing*	*42,300*	*5(2)*
None	*None*	*Martin - Marietta*	*13,900*	*2(1)*
1	*1,000*	*McDonnell*	*43,050*	*2(1)*
		Airlines		
3(1)	59,600	American	500	1
2	35,300	Delta	9,000	2
3(1)	73,800	National	None	None
5(1)	164,683	Northwest	35,600	2
8(5)	302,600	Pan American	None	None
4	47,800	United	500	1
1	30,800	Western	2,000	1
		Automotive		
1	50,000	American Motors	12,000	1
8(1)	115,100	General Motors	24,550	4
2(1)	40,000	Fruehauf Trailer	None	None
2(1)	*30,900*	*Chrysler*	*29,400*	*3(1)*
2	*114,900*	*Ford*	*98,200*	*6(4)*
		Automotive Equipment		
1(1)	*2,600*	*Champion Spark Plug*	*108,500*	*2(2)*
None	*None*	*Thompson Ramo*	*6,700*	*2*
		Banks		
3(2)	14,000	Bank of America	None	None
2(1)	50,000	Bankers Trust	5,000	1
4(1)	48,517	Chase Manhattan	6,000	1
2	10,325	County Trust Co. (White Plains)	None	None
1	16,000	Crocker Anglo National Bank	25,000	1(1)
6(1)	45,044	First National City Bank (N. Y.)	8,960	4(2)
3	19,937	Franklin National Bank (L. I.)	4,140	1
3	8,584	Irving Trust (N. Y.)	5,702	2(1)
2(1)	3,950	Morgan Guaranty Trust	2,500	(1)
1	4,500	National Bank of Cleveland	6,500	1(1)
2	3,000	National Bank of Detroit	14,000	2(2)
8(1)	40,692	Security First Nat'l Bank, L. A.	6,000	1
2	1,000	Valley National Bank, Arizona	None	None
1(1)	100,000	Western Bancorporation	155,000	1(1)
None	*None*	*Bankers Trust*	*64,823*	*3(1)*
1	*3,700*	*Continental Ill. Nat'l Bk. & Tr.*	*20,000*	*3(2)*
3(2)	*48,000*	*Chemical Bank, N. Y. Trust*	*50,100*	*4(1)*
1	*16,400*	*First National Bank of Boston*	*16,300*	*2(1)*
		Beverages		
2(1)	11,000	Anheuser-Busch	None	None
2	8,700	Coca-Cola	None	None
4(1)	31,200	Pepsi-Cola	11,000	1(1)
		Building, Construction and Equipment		
1	5,000	American Pipe & Construction	4,500	1(1)
1	8,900	Armstrong Cork	14,200	1
1	6,000	General Portland Cement	28,700	1(1)
1	5,000	Ideal Cement	33,000	1(1)
1(1)	50,000	Lone Star Cement	40,000	1(1)
2(1)	2,500	Owens Corning Fiberglas	None	None
2(1)	5,000	Sherwin-Williams	None	None
1	*3,000*	*Johns Manville*	*77,760*	*3(2)*
None	*None*	*Mary Carter Paints*	*12,200*	*2*
1	*1,000*	*National Gypsum*	*57,222*	*2(1)*
1	*5,000*	*Otis Elevator*	*81,600*	*4(1)*
2(1)	*3,400*	*U. S. Gypsum*	*19,500*	*4(1)*
		Chemicals		
4(1)	36,800	Allied Chemcial	37,000	2(2)
6(1)	60,350	Air Products & Chemical	29,500	1
4(1)	17,200	American Potash & Chemicals	71,700	3(1)
2	58,112	Dow Chemical	None	None
4(1)	62,500	Eastman Kodak	18,700	3
4(2)	60,562	Grace & Co.	106,000	3
4(1)	41,000	Hercules Power	41,400	2
4	85,380	Hooker Chemical	71,400	1(1)
2	12,492	National Starch	None	None
3(1)	104,400	Rayonier Inc.	None	None

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
3	12,101	Rohm & Haas	3,461	1(1)
2(1)	18,700	Stein Hall & Co.	3,100	1
2	3,100	Union Carbide	1,000	1
3	32,330	Wallace & Tiernan	47,000	2(2)
None	None	*American Agricultural Chemical*	12,500	2(1)
3	18,800	*duPont, E. I.*	39,100	8(1)
4(1)	53,000	*FMC Corp.*	50,500	6(2)
None	None	*Harshaw Chemical*	21,800	2(1)
3(1)	38,250	*Monsanto*	29,440	4
None	None	*Stauffer*	15,600	2(2)
1(1)	11,000	*Tennessee Corp.*	28,200	4(1)
None	None	*United Carbon*	8,150	2(1)
		Containers		
4(1)	69,900	Container Corp.	None	None
2	[illegible],900	Continental Can	18,400	1
		Cosmetics		
2(1)	14,900	Chesebrough-Ponds	5,000	1
4(2)	30,680	Factor (Max)	None	None
2	4,180	Shulton	None	None
4(2)	71,300	*Gillette*	177,300	5
		Drug Products		
2(1)	10,300	Abbott Laboratories	21,500	2
3	4,100	American Home Products	None	None
2	28,800	Bristol-Myers	11,000	1
3	10,000	Carter Products	None	None
3(1)	48,400	Mead Johnson	6,000	3
6(1)	27,800	Merck & Co.	26,000	2(1)
2	1,500	Pfizer (Chas.)	None	None
1	8,300	Plough	25,000	1
2	9,524	Rexall Drug & Chemical	None	None
3(1)	12,166	Richardson Merrell	None	None
3	5,500	Schering Corp.	36,000	2(2)
5(2)	18,600	Smith, Kline & French	None	None
3	10,600	Sterling	None	None
1(1)	5,000	Upjohn Co.	34,500	1(1)
1	1,700	U. S. Vitamin & Pharmaceutical	15,000	1
1	14,000	*Parke Davis*	33,600	3
None	None	*Stauffer*	15,600	2(2)
		Electronics and Electricals		
4(1)	62,300	AMP Incorporated	None	None
1	150	Beckman Instruments	1,000	1(1)
2(1)	27,700	Clevite Corp.	None	None
2(1)	26,500	Control Data	4,000	1(1)
4(1)	65,500	Emerson Electric Mfg.	30,000	2(1)
7(2)	181,500	General Electric	22,000	2(1)
5(4)	36,200	Litton Industries	10,100	2(1)
1(1)	5,000	Magnavox	5,000	1
2(1)	35,500	McGraw Edison	86,700	2(2)
3	58,000	Motorola	None	None
6	41,743	Phillips Lamp Works	None	None
7(2)	93,600	R. C. A.	30,788	4(3)
2(1)	5,200	Reliance Electric & Engineering	9,400	1
2	8,600	Schlumberger Ltd.	12,000	2(1)
2(1)	25,200	Sunbeam Corp.	None	None
3	1,600	Texas Instruments	8,600	2(2)
3	20,100	Varian Associates	17,000	1(1)
5(2)	80,600	Westinghouse Electric	None	None
10(3)	55,300	Xerox Corp.	15,200	3(1)
None	None	*Fairchild Camera*	14,900	3(1)
None	None	*Foxboro Corp.*	5,400	2
3(2)	41,600	*Zenith Radio*	88,300	5(1)
		Finance Companies		
3(3)	23,400	Financial Federation	14,000	2(1)
4(1)	55,300	First Charter Financial	65,105	2(1)
2	15,850	Great Western Financial	31,500	1(1)
3(1)	85,000	Talcott (James)	23,166	2(1)
1(1)	100,000	*C I T Financial*	38,900	6(2)
		Food Products		
1(1)	25,000	American Sugar Refining	4,500	1
3	5,700	Armour	5,100	1(1)
1	13,000	Central Soya	4,328	1(1)
3	24,760	General Foods	10,400	2(1)
3(1)	77,700	General Mills	20,000	1
1	3,000	United Biscuit	40,400	1(1)
1	1,000	Wilson & Co.	4,300	1
None	None	*Campbell Soup*	9,000	3
None	None	*Carnation Co.*	1,630	2
None	None	*Corn Products*	41,000	2

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Glass		
3(1)	5,500	Corning Glass Works	None	None
2(2)	26,500	Owens-Illinois Glass	16,000	2(1)
1	17,500	*Libbey-Owens-Ford Glass*	7,500	3
1	798	*Pittsburgh Plate Glass*	83,231	2(2)
		Insurance—Fire & Casualty		
2(2)	8,350	Aetna Casualty & Surety	None	None
2	6,800	Continental Casualty	None	None
1	70,000	Fireman's Fund Insurance	7,300	1
3(2)	23,100	Home Insurance	None	None
3(1)	27,500	Marsh & McLennan	None	None
1	5,500	Maryland Casualty	5,000	1
		Insurance—Life		
1	11,600	Transamerica Corp.	5,300	1
4(1)	2,700	Travelers Insurance	2,200	2
		Machinery and Industrial Equipment		
1(1)	5,000	Emhart Mfg. Co.	8,350	1
1(1)	20,800	Gardner-Denver	5,400	1(1)
2	6,000	Halliburton Co.	6,000	1(1)
3(2)	29,000	Leesona Corp.	None	None
1	25,000	Singer Mfg.	1,000	1
3(1)	7,400	United Shoe Machinery	9,500	2(2)
1	18,500	*Warner Swasey*	30,000	2(1)
		Metals and Mining—Aluminum		
6(2)	138,300	Aluminium Ltd.	22,700	3(1)
6(2)	35,500	Aluminum Co. of America	20,000	1(1)
3	23,500	Reynolds Metals	68,500	3(2)
1(1)	20,000	*Kaiser Aluminum & Chemical*	25,000	2(2)
		Metals and Mining—Copper		
1	4,000	Anaconda	9,000	1
None	None	*Cerro Corp.*	7,900	2(1)
None	None	*Kennecott*	43,500	2(2)
1	14,300	*Phelps Dodge*	26,600	2(1)
		Metals and Mining—Other		
2	43,000	American Metal Climax	12,500	1
2(1)	9,500	National Lead	27,500	1(1)
3	21,100	Newmont Mining	3,000	1(1)
1	45,900	Revere Copper & Brass	35,000	1(1)
2	29,700	St. Joseph Lead	None	None
None	None	*Falconbridge Nickel Mines*	26,700	2(1)
3	9,200	*International Nickel Ltd.*	40,900	6(3)
		Natural Gas		
1	24,000	American Natural Gas	15,000	1(1)
5(1)	64,500	Arkansas Louisiana Gas	56,000	3
3(2)	39,900	Panhandle Eastern Pipe Line	7,000	2(1)
2(1)	165,000	*Tennessee Gas Transmission*	235,532	3(3)
		Office Equipment		
13	29,278	I.B.M.	6,100	4(1)
4	57,900	Minneapolis-Honeywell	4,000	2(1)
3(1)	5,200	National Cash Register	8,500	3
2(1)	18,000	Pitney Bowes	None	None
1	1,300	*Moore Corp. Ltd.*	50,000	2(2)
		Oil		
5(2)	32,600	Amerada Petroleum	47,300	3(1)
4(1)	31,100	Cities Service	None	None
2	19,200	Continental Oil	68,700	2
2(2)	44,400	Delhi Taylor Oil	None	None
8(2)	237,470	Gulf Oil	20,318	1
1	1,300	Louisiana Land & Exploration	5,000	1
2	15,000	Pure Oil	3,000	1
16(3)	449,800	Royal Dutch Petroleum	24,500	4(3)
2(2)	61,000	Sinclair Oil	None	None
10	200,400	Socony-Mobil	8,525	2(1)
8	65,875	Standard Oil—Calif.	7,873	3

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—Bought— No. of Mgts.	No. of Shares		——Sold—— No. of Shares	No. of Mgts.
7(1)	69,770	Standard Oil—Indiana	43,300	3(1)
12	203,660	Standard Oil—New Jersey	8,500	2
1	100	Superior Oil	1,000	1(1)
8(1)	198,600	Texaco	52,182	5(1)
2	7,748	Union Oil, California	None	None
None	*None*	*Atlantic Refining*	*45,000*	*2(1)*
None	*None*	*Champlain Oil & Refining*	*72,200*	*4(2)*
None	*None*	*Phillips Petroleum*	*55,600*	*3(1)*
None	*None*	*Shell Oil*	*42,000*	*2(2)*
None	*None*	*Shell Oil of Canada*	*9,900*	*2(2)*
None	*None*	*Sunray DX Oil*	*81,300*	*3*
None	*None*	*Texas Pacific Coal & Oil*	*23,000*	*2*
1	*736*	*Tidewater Oil*	*10,220*	*2*
None	*None*	*Texas Gulf Producing*	*57,200*	*5(3)*
1	*3,000*	*Universal Oil Products*	*29,500*	*4*
		Paper and Paper Products		
2(1)	20,400	Crown Zellerbach	21,000	1
2	7,300	Diamond National	None	None
6(2)	147,878	International Paper	None	None
2(1)	33,200	Mead Corp.	None	None
None	*None*	*Champion Papers*	*78,000*	*2(1)*
1	*200*	*Kimberly Clark*	*77,200*	*3(1)*
None	*None*	*Scott Paper*	*37,000*	*2(1)*
		Public Utilities—Telephone & Telegraph		
9(3)	114,800	American Tel. & Tel.	12,000	2(1)
2(1)	227,900	General Tel. & Electronics	7,100	2
5(1)	101,700	International Tel. & Tel.	12,000	2(2)
None	*None*	*Western Union*	*56,500*	*2*
		Public Utilities—Electric and Gas		
2(1)	24,200	Central Hudson Gas & Electric	None	None
2	5,400	Commonwealth Edison	None	None
9(2)	36,333	Consolidated Edison	2,500	2(1)
1	6,500	Community Public Service	4,000	1(1)
2	25,000	El Paso Electric Co.	None	None
2	13,200	Florida Power Corp.	18,400	1(1)
4(2)	118,400	Gulf States Utilities	108,600	4(2)
2(1)	25,000	Interstate Power	None	None
5(1)	286,425	Kansai Electric Power Co. ADR	None	None
3(1)	36,500	Kansas City Power & Light	16,300	1(1)
2	17,200	Kansas Gas & Electric	None	None
2	19,700	Montana Dakota Utilities	None	None
1	25,500	New York State Electric & Gas	4,700	1
2	23,100	Oklahoma Gas & Electric	None	None
1	13,400	Orange & Rockland Utilities	10,000	1(1)
4	145,900	Pacific Gas & Electric	None	None
4	39,670	Public Service Elec. & Gas	None	None
2	20,200	San Diego Gas & Electric	None	None
4	100,200	Southern California Edison	20,000	2
8	76,400	Southern Co.	2,700	2
2	6,100	Texas Utilities	117,700	2
2	1,800	Tampa Electric	8,000	1
2	7,500	Virginia Electric & Power	None	None
1	*2,000*	*Arizona Public Service*	*40,000*	*4*
3(2)	*86,800*	*Central & Southwest Corp.*	*53,400*	*5(1)*
3	*13,000*	*Florida Power & Light*	*50,500*	*7*
1	*10,000*	*Middle South Utilities*	*164,000*	*3(2)*
1	*54,000*	*Public Service of Colorado*	*18,630*	*2(2)*
1	*5,700*	*Long Island Lighting*	*143,400*	*2(2)*
		Printing and Publishing		
2(1)	90,600	Donnelly, R. R. & Sons	None	None
1	500	Harris-Intertype	4,900	1
2	13,000	Grolier	500	1
1(1)	2,100	McGraw Hill Publishing	13,300	1
		Radio, Television and Movies		
3	22,800	American Broadcasting	39,300	1
4(1)	*112,160*	*Columbia Broadcasting*	*75,500*	*6(2)*
None	*None*	*Metro-Goldwyn-Mayer*	*64,200*	*3(2)*
		Railroads		
3	5,300	Atchison T & S Fe	57,000	2(2)
2(1)	24,500	Great Northern Railroad	6,000	1
1	15,700	Illinois Central	1,000	1
2(1)	2,500	Louisville & Nashville	None	None
5(3)	47,600	Norfolk & Western	None	None
2(2)	172,000	Penn. Railroad	None	None
5(3)	138,820	Seaboard Airline RR.	2,000	1
5(2)	66,000	Southern Pacific	3,000	1
7(2)	56,000	Southern Railway	64,600	5(3)
3(1)	61,500	Union Pacific	30,300	2(1)
2(1)	*23,700*	*Atlantic Coast Line RR.*	*38,800*	*3*
None	*None*	*New York, Chicago & St. Louis*	*26,500*	*3(1)*
None	*None*	*Northern Pacific*	*80,000*	*3(3)*
		Railroad Equipment		
2	6,100	A. C. F. Industries	1,000	1
		Retail Trade		
1(1)	29,642	Aldens Inc.	27,500	1(1)
1	5,000	Green Shoe	6,800	1(1)
3	4,500	Montgomery Ward	None	None
2	24,750	Stop & Shop	None	None
None	*None*	*Marshall Field*	*13,600*	*2(1)*
1(1)	*3,000*	*Sears Roebuck*	*26,000*	*3(2)*

—Bought— No. of Mgts.	No. of Shares		——Sold—— No. of Shares	No. of Mgts.
None	*None*	*Spiegel Inc.*	*25,000*	*2(2)*
None	*None*	*Federated Dept. Stores*	*17,600*	*2(1)*
		Rubber and Tire		
1	500	Firestone	2,600	1
2(1)	32,500	Goodrich, B. F.	5,000	2(1)
2(1)	11,000	Goodyear	3,000	1
		Steel and Iron		
1	65,000	Bethlehem Steel	10,100	1
1(1)	5,000	General Steel Industries	1,500	1
1	2,000	Inland Steel	2,000	1(1)
2	88,800	National Steel	16,300	2
2(1)	7,200	Youngstown Sheet & Tube	15,000	2
None	*None*	*Granite City Steel*	*16,300*	*2*
None	*None*	*Harbison Walker*	*46,800*	*2(1)*
1	*29,000*	*Jones & Laughlin*	*14,800*	*2*
None	*None*	*Republic*	*93,100*	*4(1)*
None	*None*	*U. S. Steel*	*59,500*	*2(1)*
		Textile and Rayon		
1	5,000	Bobbie Brooks	6,800	1
7(4)	177,900	Burlington Industries	52,500	4(2)
3	46,400	Celanese Corp.	18,300	1
2(1)	22,000	Stevens (J. P.)	None	None
None	*None*	*American Viscose*	*6,000*	*3*
		Tobacco		
3(1)	23,000	Consolidated Cigar	None	None
3	7,500	Philip Morris	30,000	1
4(1)	41,600	Reynolds Tobacco	121,900	3(2)
None	*None*	*Liggett & Myers*	*23,800*	*3(2)*
		Miscellaneous		
4(2)	33,400	Becton Dickinson & Co.	None	None
2	6,400	Gevaert Photo	None	None
1	13,800	Procter & Gamble	9,700	1
2(1)	10,400	U. S. Lines	None	None
2	7,300	Whirlpool Corp.	4,700	2(2)

The foregoing tabulation also includes transactions by 11 investment companies (under 7 additional managements) in addition to those shown in our tabulation "Balance Between Cash and Investments."

Purchases and sales by Affiliated Fund included above and in our article are for the January quarter 1963; those by American Business Shares, Fidelity Capital Fund are for the February 1963 quarter.

Funds Intensified Buying Before Market Soared

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and also by United Accumulative (6,200); and Wellington (2,500).

Beverages Favored

In the soft drink field, Pepsi-Cola was again actively sought. Buyers included United Income (12,000); Loomis Sayles (10,000) newly; and Putnam (9,000). A lone purchase of 5,000 shares in Dr Pepper was made by Lehman.

Containers Again Liked

As in the two preceding quarters, containers were again unanimously favored. Container Corp. was bought by four funds and had no sellers. Institutional Investors Mutual acquired (18,500) newly; other buyers included United Accumulative (14,300); and Pine Street (3,000).

Cosmetics Popular

Moving from their sold position in the previous quarter, cosmetic issues found better buying in the first three months of 1963. A newcomer, Max Factor, led the group and was a *unanimously bought* issue. It was newly purchased by Dividend Shares (2,400); and Diversified Growth (13,000); other buyers included Fund of America (5,180); and United Science (10,000). Gillette continued in marked disfavor, being heavily sold by Eaton & Howard (46,300); Putnam (36,900); and United Accumulative (22,000).

Drugs in Big Demand

The popularity of drug issues, which was evident during the December survey, continued to attract good buying in the March quarter. *Unanimously bought* Smith Klein & French, with five buyers, was newly acquired by Price (T. Rowe) (5,000); and United Accumulative (5,000). Merck & Co., also in big demand, was best bought by Wellington (20,000); Value Line Income (2,200) newly; and One William Street (2,300).

Electronics and Electrical's Popularity Rally

This "glamor" group recovered considerably from its disfavor in the preceding quarter. During 1963, the industry is expected to become the fourth largest in the United States with an expected total volume of $15 billion, rising from approximately $13 billion in 1962. Government spending continues to spur the industry and government products currently account for about 60% of the market. The three unanimously bought electronics issues in the quarter were: AMP Inc.; Phillips Lamp Works; and Westinghouse. Both General Electric and RCA were acquired by seven funds. In the case of GE, big blocks by Wellington (81,000) and Dreyfus (65,000) were outstanding purchases. RCA recently stated that "color television was among the most significant elements contributing to first quarter record earnings." Buyers in this issue included Fundamental Investors (40,000) and Fidelity Fund (28,300) newly; and Dreyfus (21,200). Xerox, another popular issue, was once more acquired by

Fidelity (14,000), and Dreyfus (11,000).

Finance Companies Bought

With the exception of CIT Financial, which was heavily sold, all other issues with portfolio transactions were in demand during the March quarter. Best bought was First Charter Financial, this issue being newly acquired by Madison Fund (20,000). Other purchasers were Putnam (24,400); State Street Investment (5,900); and Incorporated Investors (5,000).

Insurance Strongly Favored

All issues in this group, (especially fire and casualty) were in demand during the March quarter. Home Insurance was newly acquired by Dreyfus (10,600); and General Public Service (10,000). Aetna Casualty & Surety also had two new buyers, Putnam (7,800); and Selected American Shares (1,000).

Machinery and Industrial Equipment Pick-Up

Moving from their sold position in the previous quarter, this group encountered better buying in the recent three month span. Leesona Corp., a specialty textile machine manufacturer was newly acquired by Value Line (15,000); and Blue Ridge Mutual (9,000).

Metals (Aluminum) Bought

Sentiment toward metal issues (excluding copper stocks), showed improvement over the preceding quarter. Leading the group was Aluminium Ltd., which had been heavily sold during the December quarter. Big buyers of Aluminium included Stein Roe (85,000); Loomis Sayles (26,800); and Scudder (10,000). ALCOA was acquired by Lazard (20,000) shares.

Office Equipment Popular

This category continued to remain popular, with dynamic IBM leading the group. Shares purchases of this highly priced issue more than doubled, while share sales halved. Prominent buyers included Wellington (5,000); Madison (4,700); and United Accumulative (4,000). However, a block of 4,500 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 continue to show good earnings progress reflecting better demand. Foreign demand has been advancing 10%, compared with 4% domestically, and remains in a healthy uptrend.

Royal Dutch was the most popular of all issues during the March quarter, and was acquired by 16 managements. Among the top buyers in RD were Scudder (80,000) newly; United Accumulative (61,000); State Street (45,000); and Fidelity (45,000). SONJ, another of the international oils, elicited good buying from Wellington (88,000); Fundamental (16,000); and Tri-Continental (10,200).

Much of the selling which was experienced within the oil group was directed at the merger or sell-out rumor issues. 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 Producing.

Public Utilities Again Acquired

Continued strong fund demand for utility shares was experienced during the March quarter. This favorable showing may be attributed to the numerous dividend increases and stock splits which have been announced. The exceptionally good buying indicated in our previous survey continued in the following issues: ATT; Consolidated Edison (N. Y.), Public Service Electric & Gas; and Southern Co. A foreign issue, Kansai Electric Power (Japan), was *unanimously favored* by five managements. Among the buyers of this issue were Value Line, Shareholders Trust of Boston and Investment Co. of America.

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 two buyers, Lehman (40,000) newly, and Massachusetts Investors Growth (50,600).

Buyers Ride Rail Shares

Railroad issues continued to elicit good buying during the March quarter, possibly reflecting improved earnings and the recent favorable Supreme Court decision on "featherbedding." Norfolk & Western, a *unanimous favorite*, was newly bought by Fidelity (18,700). Dreyfus (14,800); and Blue Ridge Mutual (5,000). Seaboard, another favorite, was heavily bought by Diversified Growth (62,000); Dreyfus (38,800); and Putnam (18,000). Big acquisitions in Pennsylvania Railroad by Dreyfus (72,000), and Delaware Fund (100,000) were also recorded.

* * *

GROUPS MILDLY BOUGHT

Chemicals Elicit Moderate Interest

Continued selectivity for issues within this group was once again reaffirmed. Good buying was indicated by Air Products; Hooker; and Rayonier. Selling pressure was registered especially in du Pont (E. I.); and also in FMC Corp.; and Tennessee Corp. Lehman bought 50,000 shares of Rayonier newly, while Shareholders Trust of Boston eliminated 3,500 shares of du Pont, the most widely sold of all issues surveyed during the quarter.

Foods Bought Mildly

The food industry elicited better buying in contrast to their mixed reception in the December quarter. Best bought were General Foods and General Mills; in the case of the former Incorporated Investors (12,000); and the latter Dreyfus (49,500).

Natural Gas Liked

Although activity within this sector declined from the previous quarter, most issues found buyers. Most active was Arkansas Louisiana Gas, newly acquired by Massachusetts Investors Growth (29,000); and General American Investors (15,000).

Rubbers Mildly Acquired

Rubbers and tires which had been sold in the two preceding quarters, experienced selective buying. Best bought was B. F. Goodrich; National Securities acquired 30,000 shares while Knickerbocker bought 2,500 shares newly.

Textiles Cyclical Favorites

Prime buying target here was Burlington (Fundamental Investors acquiring 90,000 shares and Dreyfus 56,900 shares both newly). Celanese remained popular and was bought by National Securities (39,000); and Aberdeen (3,900). American Viscose, a past favorite, found no buyers and was sold by Selected American Shares (6,000); Knickerbocker (1,000); and General American Investors (5,000).

* * *

INDUSTRIES MEETING MIXED REACTION

Agricultural Equipment Not Robust

Little attraction is usually encountered in this group; the diversified product mix of companies making farm equipment is so great that few, if any, true farm equipment companies remain. Deere & Company was bought by Dreyfus (7,500); and Shareholders Trust of Boston (5,000).

Aircrafts Meet Mixed Reaction

During times of international tension, and major contract awards, this group usually experiences greater interest. In the March quarter, however, over-all group activity was reduced, with fewer transactions taking place. Lockheed attracted a fair amount of interest and was bought by Institutional Investors (9,500) newly. Boeing met considerable selling, with eliminations by Delaware (25,000) and Guardian Mutual (3,000). North American Aviation was completely neutral, with six buyers and six sellers being recorded.

Automotives Turn Mixed

From the favored atmosphere portrayed during the previous quarter, auto issues presented a mixed showing, despite widespread predictions of another banner sales year in 1963. General Motors continued to exhibit good buying but to a much lesser extent than in the December quarter when it was the most popular issue. Significant purchases came from Madison (27,000); United Income (25,000); and Fidelity (25,000). Ford Motor continued to be generally liquidated; however, Wellington bought better than 100,000 shares and Eaton Howard bought 1,000 shares. Chrysler, a recent favorite, was sold on balance.

Building, Construction and Equipment Remain Mixed

This group continued to experience both selective buying and selling. Fair buying was indicated in Owens Corning Fiberglas; and Sherwin-Williams. Sold extensively were Otis Elevator and U. S. Gypsum.

Glass Group Neutral

Once again a mixed performance was indicated in this glamorless group. Both Corning and Owens continued to find buyers; while Libbey-Owens Ford, and Pittsburgh Plate remained sold. This was repeat performance of the fund's atitude towards this group in the December quarter.

Paper and Paper Product Issues Lacklustre

The only respectable attention in this group was devoted to International Paper. The issue was a *unanimous favorite* and heavily sought by Delaware (50,000) newly; Wellington (53,000); and National Securities (33,500).

Radio-TV Scrambled

This group continued to display the mixed reaction exhibited during our previous survey. However, American Broadcasting, after being sold on balance in the December quarter, found itself in a more favored position in the March period. In the case of Columbia Broadcasting, the position was reversed. Complete eliminations in Columbia were made by State Street (10,300) and Dividend Shares (11,500).

Tobacco Interest Mild

This group was virtually ignored again in the latest quarter. The only appreciable attention was given to Reynolds Tobacco where Fund of America bought 2,500 shares newly.

* * *

TRANSACTIONS IN THE DISFAVORED GROUPS

Metals (Copper) Sold

Sentiment toward copper stocks was lacking during the March quarter; on balance the group met selling. Kennecott, with a reduction in its dividend during the period, was eliminated by Diversified Growth (40,000); and Pine Street (3,500). This issue found no buyers. Phelps Dodge was eliminated by Dreyfus (21,000); and sold by Madison (5,600).

Retailers in Disfavor

Less popularity was indicated for the retail trade group than had been true in the December quarter. Sears, Roebuck continued to experience selling and was eliminated by Selected American Shares (20,000); and Eaton Howard (5,000); Wellington sold (1,000) shares.

Steels Remain Sold

Fund managements continued their bearish attitude with respect to the steel issues, thereby seemingly discounting the industry's overall outlook despite the heavy current increases in production. Some of the high current ingot output is generally interpreted as reflecting hedge buying against a possible steel strike this summer.

In any event, selling in the quarter predominated in Granite City, Jones & Laughlin, Republic and U. S. Steel. Republic, with no buyers, was eliminated by Tri-Continental (36,000); and sold by Broad Street (29,100); Incorporated Investors (27,000); and Sovereign Investors (700).

* * *

MISCELLANEOUS ISSUES

Among the companies which it is inappropriate to categorize industry-wise, Becton, Dickinson & Co. (doctor and surgeon products), was a *unanimous favorite*; the issue was newly acquired by Bullock (8,500); National Investors (15,000); and also by General American Investors (5,900); and Lehman (4,000).

* * *

BRISK INTEREST IN FOREIGN ISSUES CONTINUES

Interest in foreign issues, which had rebounded during the December period, remained strong during the March period. This was particularly true of Canadian issues, where a new political party has been elected. The following foreign issues elicited good buying: Bank of Tokyo; Bell Tel. of Canada; Broken Hill Proprietary; Canadian Imperial Bank of Commerce; Dresdner Bank; Ericsson

Continued on page 30

Chapman, Howe Co. To Admit

CHICAGO, Ill. — On May 16, Chapman, Howe & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges, will admit Robert M. Barnes, and Clarke J. Robertson to partnership. Mr. Robertson is Manager of the firm's municipal department. Mr. Barnes in the past was with Eastman Dillon, Union Securities & Co.

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L. M. Telephone; Gevaert Photo; Farbwerke Hoechst; Honda Motor Co.; Kansai Electric Power; Kaufhof; Karstadt; Mt. Isa Mines Ltd.; Royal Bank of Canada; Royal Dutch Petroleum; Siemens & Halske; Unilever.

Eurofund, the closed-end investment company limited by its charter to European securities or cash, expressed the opinion that the outlook for the European economy continues favorable. The report for the March quarter, however, stresses the fact that the current unsettled political climate in several European countries will greatly influence investment decisions in the future.

Eurofund's 10 Largest Holdings As of March 31, 1963

(1) Ciments Lafarge
(2) Siemens & Halske
(3) R.W.E.
(4) Farben-Bayer
(5) A.E.G.
(6) Philips'
(7) Zwanenberg-Organon
(8) Great Universal Stores
(9) Hoechst
(10) Royal Dutch

Distribution of Eurofund's Foreign Investments as of March 31, 1963

Country	% Foreign Investments
Belgium	8.0
France	21.2
Germany	19.8
Italy	20.1
Netherlands	15.9
Spain	4.7
Switzerland	0.6
United Kingdom	9.7

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 $44.75 per share.

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

Headquartered in Pittsburgh, Gulf Oil is engaged primarily in the production, purchase, transportation, refining and marketing of crude petroleum and petroleum products, includng petrochemicals, and in related businesses. Operations are conducted throughout the Free World, and the corporation constitutes one of the major integrated enterprises in the oil industry.

Tarantino Joins May & Gannon Inc.

BOSTON, Mass.—James W. Tarantino has become associated with May & Gannon Incorporated, 140 Federal St. Mr. Tarantino was formerly in the trading department of the Boston office of New York Hanseatic Corporation.

Taking a Sober Look at Our Economic Upswing

Continued from page 3

nomic expansion. And higher sales will have an accelerating effect on the accumulation of inventories. On both counts, we may expect a healthy boost to the economy for the coming months. But will that be enough to bring us back to real prosperity and full employment? Perhaps there would be a chance if we could make society stand still, if we could freeze the population, the work force, and technological development. But we cannot — and neither would we want to. As it is, we must find outlets for an ever increasing production if we merely want to avoid increasing unemployment. To quote Secretary of Labor W. Willard Wirtz from a recent interview in *U. S. News and World Report,* "in order to take care of the new people entering the labor force and also to replace those jobs taken over by machines, it is estimated that we will have to find about 50,000 or 60,000 new jobs every week."

The trouble with our present spurt is twofold: it is based partly on factors which are only transitory, and it is held back by a built-in brake. The transitory factors are automobiles and steel. A second banner year for automobiles—and 1963 has all the makings of one—can probably be explained in terms of heavy demand from the large number of young people now coming along, ready to buy their first car. Many of them in fact, are looking for used cars. But that too helps: a buoyant second hand car market boosts trade-in values and determines many others to buy a new car now. On that reading it is quite conceivable—though by no means certain—that car sales may remain high for months or even years—but probably not at the peak rate of the last 18 months. As to the strength of steel, much of it is of course due to hedging against a possible strike later this year. We must surely hope that the uncertainty be removed soon lest the build-up of inventories be carried further and then be followed by a precipitate drop in sales, as happened last year.

Built-In Brake

The built-in brake in the economy is of course our present tax structure. Having such a brake is not in itself a bad thing—quite the contrary: if properly adjusted to a safe speed from time to time, it could be a real blessing. But of course, it hasn't been adjusted for 20 years, apart from some little tinkering with it every few years, and the results of that omission are obvious. The absolute level is too high—based as it is on war-time rates which were still appropriate and useful in the early post-war years when inflationary demand pressures had to be held back, but a real drain on available purchasing power in a normal peacetime economy. Equally damaging, if not more so, is the steep progressiveness of the structure. Even without the price inflation of the post-war years, this would have meant that as the economy grows and per capita income rises, even larger chunks of that income are taken out in taxes. This of course is the perfect recipe for stagnation — ever larger unemployment of resources —unless we are prepared to implement the logical counterpart of such a tax policy: to increase government expenditure not only in step with rising national income, but much faster than that, until government accounts for 25, 30, 40, 50% of total spending — and eventually even more than that. Surely nobody is willing to contemplate such fantastic enlargement of the government sector.

This braking effect of the progressive income tax would have made itself felt in any event, simply as a result of rising standards of living. The post-war price inflation has simply reinforced it and brought us face to face with the dilemma much more quickly and dramatically. But my point is that the braking effect as such is a good thing—provided it is periodically adjusted to the changing economy. What makes it so farcical at the moment is that we are trying to run a model 1963 economy with a brake of 1940 vintage. Let us by all means retain a brake in the form of a progressive tax structure, but one that is adjusted to a much faster and larger economy. Then and only then, will we once again have a built-in stabilizer—not a gadget that brings the economy to a screeching halt every time we come within 8% (and eventually perhaps within 10 or 15%) of full employment of our resources, but rather a safety valve when too much steam is building up and inflation threatens.

Recovery Makes Tax-Cut More Urgent

With a revision in the outmoded tax structure so important for our future prosperity and growth, it is obvious that the recent indications of an economic upswing make it *appear* less necessary but *actually* and in *truth* the tax revision is much more necessary. In fact, rising incomes will quickly lead to disproportionately larger tax receipts, probably to some reduction in government transfer payments; in brief, to a shrinking in the government's cash deficit long before full employment is reached, and will thus take the steam out of any revival before it gets very far. Nothing at the moment is more important than to bring home this one point as emphatically as possible: the truly serious flaw in the present tax structure is *not* that it may lead to a recession, but that it stifles any honest-to-goodness revival and thus prevents us from making full use of our resources and from realizing our potential for growth. It would be tragic if this truth were lost sight of in the squabble over details of the tax bill. Whatever happens to the various reforms—and it now looks as though most of them may be lost, at least this year—is seems imperative that a net cut in the tax take of at least close to $8 billion be salvaged. This appears to be the minimum and the spread over three years is too long. It seems to me that the spread should be two years beginning as soon as possible. Otherwise we shall have to resign ourselves to the modest hope that a few more years of semi-stagnation and high unemployment will ultimately lead to greater understanding of the issue involved, and that after a period of clear exposition by the leaders of opinion, the public will finally be ready for the radical tax overhaul we really need.

Changing Labor Force Growth Creates Pressing Problems

There is still another reason why we must guard against any complacency about our economic performance, even if in the coming weeks and months the economy picks up and seems to be advancing at a brisk pace. Not only must we run faster merely to stand still — a quantitative problem—but we are also facing a serious qualitative social problem, the need to adjust to a profound revolution in the country's economic structure. The President's recent manpower report gave a glimpse of the magnitude of this task. Quite apart from the (quantitative) fact that over the past five years the economy generated on the average somewhat under half a million new jobs per year while the labor force increased by (on the average) 781,600 workers annually, and will increase at a much faster rate throughout the 60's, there is the drastic shift in the type of job opportunities that are available. Agricultural employment has been declining by roughly 200,000 annually, and a similar contraction has been taking place in mining jobs. As to manufacturing, technological changes are radically altering the job pattern there too. There continues to be less and less demand for unskilled and semi-skilled labor—over the past five years the number of blue-collar workers declined by over 7%—while the increasing requirements for engineers, scientists and similar highly skilled occupations are often hard to satisfy. It is here that shortcomings in the educational system will soon create serious social problems. The large number of school dropouts; the uneven, and often seriously inadequate education provided in some of our high schools; the weaknesses in mathematics, science and engineering education; the haggling over aid to education, both on the primary and secondary levels and on the college and professional school level; the difficulties of retraining many older workers whose skills are rapidly becoming obsolete—all these factors are building up to a social problem, a serious social problem.

That is why at this time of a short-term spurt in the economy, it appears advisable for me to sound this serious note of caution. What may well happen is that a majority of us — those who have jobs and the right skills—will rest on this economic rise while an ever larger minority—young people who are inadequately trained, older people whose jobs have disappeared, racial minorities who are discriminated against—cannot find jobs at all. Disraeli once spoke of "two nations" in Britain; it would be a tragedy if America, after three centuries of economic and social equality, and opportunities for all, were now to develop such a cleavage between "haves" and "have-nots." And as you well know and as history teaches us every day, the "have-nots" become increasingly more and more desperate.

Summary

Let me sum up: the short-run economic prospects look good. There has been underlying strength in the economy: high levels of income out of which consumers have consistently spent 92-94% after taxes; willingness and ability to expand consumer credit; low inventories which call for a considerable build-up as sales expand; outlays on new plant and equipment which are likely to rise quite a bit; gradually increasing levels of government spending, both on national defense and on the enormous backlog of social overhead, especially on the state and local level; and a continued slow growth in exports. Nor must we overlook the possibility that inventiveness and technological changes may lead to unforeseen new bursts of activity in many sectors. But pleasing as these prospects are, we must never forget the submerged five-sixths of the iceberg that constitute the real challenge of the 60's: how to fit a rapidly swelling number of new job-seekers into a radically changing economic structure—really two staggering problems rolled into one. The answer is clear at least in outline: we must take the tax brakes off the economy so that it can take off into rapid and sustained growth and provide a job, a living, and an economic justification for the more than one million new members that will join the labor force every year from now on; and we must finally bestir ourselves to prepare people, especially young people, for the jobs of the 60's.

This therefore is my message—much yet remains to be done at home. This is a good time for all of us to join in doing it. This is no time to relax and to let somebody else do it—that is our job—yours and mine.

Savings and Loan Associations by the very nature of their financial operations are close to home and to the grass roots of our economy and our social structure. Therefore, Savings and Loan associations are in a position to understand and to join in this determination to concentrate our efforts to resolve not only our short range problems but also, and more importantly, our long range economic problems. History will judge us by that which we do or do not do now.

*An address by Mr. Szymczak before the Stockholders' Meeting of the Federal Home Loan Bank of Topeka, Topeka, Kansas, May 4, 1963.

Royal Securities Corporation 60th Anniversary

MONTREAL, Canada—Royal Securities Corporation Limited, 244 St. James Street, West, is this year celebrating the 60th anniversary of its founding in April, 1903.

Officers of the firm are J. R. Hughes, Chairman; Alan Gordon, President; F. L. Glasgow, Executive Vice-President; G. W. W. Ross, Ivan A. Martin, G. C. Stewart and P. A. Wooten, Vice-Presidents; F. B. Hoyland, Treasurer and Hugh MacMillan, Secretary.

The firm acts as underwriters, distributors and dealers in government, municipal and corporation issues. In addition to its 14 offices in Canada, and affiliate, Royal Securities Inc., is located at 2 Wall Street, New York City.

Cash Position vs. Security Holdings of 89 Investment Companies With Aggregate Net Assets of $16.8 Billion (3-31-63 vs. 12-31-62)

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

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Percent of Net Assets —End of—		Investment Bonds and Pfd. Stocks Percent of Net Assets —End of—		Common Stocks Percent of Net Assets —End of—		(In Thousands of Dollars) Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	Dec.	Mar.	Dec.	Mar.	Dec.	Mar.	Dec.	Mar.	Total Purchases‡	Total Sales**	Total Purchases‡	Total Sales**
Open-End Balanced Funds:												
American Business Shares	b4,191	b3,879	b16.0	b15.0	b23.6	b24.0	b60.4	b61.2	----	831	----	831
Axe-Houghton Fund A	369	1,066	1.5	2.4	35.0	34.7	64.2	62.9	1,499	2,911	1,276	2,652
Axe-Houghton Fund B	12,365	11,308	7.1	6.0	29.1	31.0	63.8	63.0	3,738	4,572	3,609	4,201
Axe-Houghton Stock Fund	93	255	1.2	3.0	21.3	19.0	77.5	78.0	142	281	142	281
Axe Science & Electronics	343	2,655	1.7	12.4	6.0	6.0	92.3	81.6	705	3,006	705	3,006
Boston Fund	10,968	15,872	3.6	5.0	34.2	32.6	62.2	62.4	4,058	6,214	2,504	6,142
Broad Street Investing	2,121	2,550	0.8	1.4	7.9	7.5	91.3	91.1	6,690	6,656	5,697	6,056
Commonwealth Investment	4,746	4,674	3.1	2.9	35.4	34.0	61.5	63.1	9,803	9,870	3,567	2,410
Diversified Investment Fund	2,542	2,690	2.6	3.0	35.2	34.5	62.2	62.5	4,274	3,115	3,860	2,243
Dodge & Cox Fund	393	404	4.4	4.4	26.2	24.7	69.4	70.9	586	538	283	193
Eaton & Howard Balanced Fund	37,983	41,601	18.2	19.3	17.1	16.2	64.7	64.5	9,645	11,418	1,154	4,926
Fund of America	325	12	7.2	0.2	15.3	20.9	77.5	78.9	684	371	684	202
General Investors Trust	1,408	1,530	8.7	8.9	23.8	23.2	67.5	67.9	1,493	1,253	1,010	945
Group Securities—Fully Admin. Fund	394	989	3.6	5.8	22.9	22.5	73.5	71.7	1,125	197	1,125	197
Institutional Foundation Fund	1,920	1,838	3.5	3.3	26.8	27.2	69.7	69.5	2,840	3,011	2,840	3,011
Investors Mutual	61,570	66,567	3.3	3.4	36.1	34.4	60.6	62.2	65,256	41,954	58,883	32,046
Johnston Mutual Fund	4,320	5,273	14.2	16.4	15.7	16.5	69.5	67.1	1,994	2,420	1,739	2,412
Knickerbocker Fund	386	85	3.2	0.8	8.8	4.5	88.0	94.5	658	385	589	231
Loomis-Sayles Mutual Fund	22,878	21,938	23.5	21.3	16.3	14.7	60.2	64.0	10,427	8,459	9,685	6,859
Massachusetts Life Fund	5,401	5,737	6.4	6.3	30.8	30.7	62.8	63.0	5,527	2,260	3,047	2,247
Mutual Investment Fund	2,887	3,138	8.5	8.6	6.7	10.6	84.8	80.8	4,326	3,922	2,823	3,922
National Securities—Income	3,649	1,967	4.5	2.3	36.8	38.5	58.7	59.2	10,510	8,759	10,510	8,759
Nation-Wide Securities	4,879	6,475	10.4	12.1	29.2	27.8	60.4	60.1	2,870	2,549	1,523	1,414
Nelson Fund Inc.	260	53	5.6	1.3	19.2	21.7	75.2	77.0	598	659	479	575
New England Fund	4,778	5,395	24.6	26.5	16.3	14.3	59.1	60.2	1,316	1,354	937	698
Putnam (George) Fund	27,998	12,039	9.9	4.0	29.5	28.8	60.6	67.2	25,994	8,762	20,291	5,509
Scudder, Stevens & Clark Fund	10,126	13,247	11.0	13.8	24.5	19.4	64.5	66.8	12,470	12,580	3,020	1,444
Shareholders' Trust of Boston	2,306	6,895	3.6	9.9	31.9	29.8	64.5	60.3	1,061	4,313	1,061	4,220
Stein Roe & Farnham Balanced Fund	11,588	9,175	15.2	16.2	20.3	18.0	64.5	65.8	6,013	2,137	1,951	706
Value Line Fund	657	1,272	7.5	13.8	None	2.7	92.5	83.5	1,066	1,801	813	1,801
Value Line Income Fund	2,163	6,530	2.8	7.8	44.2	42.4	53.0	49.8	2,333	6,940	1,464	6,029
Wellington Fund	194,588	185,754	13.8	12.5	28.2	25.0	57.5	62.5	107,497	67,087	107,497	30,705
Whitehall Fund	538	1,028	4.1	7.0	43.9	41.9	52.0	51.1	551	882	119	354
Sub-Total Open-End Bal. Funds	441,133	443,891	8.2	8.4	25.0	23.6	66.8	68.0	307,749	231,467	254,887	147,227
Open-End Stock Funds:												
Aberdeen Fund	1,131	1,220	5.0	5.0	None	None	95.0	95.0	1,143	767	1,143	767
Affiliated Fund	a62,966	a75,175	a9.2	a9.3	aNone	aNone	a90.8	a90.7	4,773	15,160	4,773	15,160
Blue Ridge Mutual Fund	369	1,358	1.1	3.9	10.2	9.9	88.7	86.2	1,736	2,237	1,736	2,237
Bullock Fund	5,484	6,141	7.7	8.0	None	0.5	92.3	91.5	4,777	5,065	4,777	5,065
Chemical Fund	3,943	5,763	1.5	2.2	0.6	1.0	97.9	96.8	5,326	13,068	5,326	13,068
Delaware Fund	4,852	3,852	3.8	2.9	2.8	2.8	93.4	94.3	1,368	1,143	1,028	1,051
de Vegh Mutual Fund	1,725	926	8.0	4.3	1.4	None	90.6	95.7	5,170	1,498	5,170	1,498
Dividend Shares	21,770	20,864	7.2	6.6	None	None	92.8	93.4	7,318	6,486	7,318	6,486
Dreyfus Fund	19,367	16,950	5.4	4.3	0.3	0.5	94.3	95.2	54,859	35,747	53,771	35,402
Eaton & Howard Stock Fund	14,828	18,557	8.1	9.6	None	None	91.9	90.4	14,544	14,223	3,653	8,223
Energy Fund	367	198	1.3	0.7	0.4	2.8	98.3	96.5	1,895	1,225	1,895	1,225
Fidelity Fund	5,632	3,631	1.4	0.8	12.4	3.7	86.2	95.5	49,759	24,338	49,154	16,961
Fundamental Investors	20,804	20,169	2.9	3.0	None	None	97.1	97.0	45,880	43,409	45,880	43,409
Group Securities—Com. Stock Fund	3,323	6,817	2.2	3.9	None	None	97.8	96.1	7,689	9,236	7,689	9,236
Guardian Mutual Fund	1,674	2,285	10.0	12.4	5.9	1.1	84.1	86.5	2,608	2,684	2,588	1,904
Incorporated Investors	35,824	25,240	13.9	9.5	None	None	86.1	90.5	24,697	21,421	24,697	21,421
Institutional Investors Mutual Fund	4,701	4,320	5.9	4.9	None	None	94.1	95.1	7,113	2,357	7,113	2,357
Investment Co. of America	31,906	40,182	13.0	15.5	1.7	1.7	85.3	82.8	20,043	25,367	19,206	25,259
Investment Trust of Boston	595	832	0.9	1.2	None	None	99.1	98.8	3,536	3,919	3,536	3,919
Lazard Fund	12,745	10,957	12.7	10.5	None	None	87.3	89.5	c----	c----	c----	c----
Massachusetts Investors Trust	6,789	36,004	0.4	2.1	None	None	99.6	97.9	15,426	22,242	15,426	22,242
Massachusetts Investors Growth Stock	16,113	13,370	3.0	2.3	None	None	97.0	97.7	17,034	11,562	17,034	11,562
National Investors	8,640	8,078	2.8	2.5	0.4	None	96.8	97.5	10,429	4,452	10,429	4,452
National Securities—Stock	16,815	17,314	8.5	8.1	None	None	91.5	91.9	25,355	20,937	25,355	20,937
One William Street	27,315	25,310	11.0	10.1	1.6	1.6	87.4	88.3	4,436	10,628	4,436	10,628
Pine Street Fund	3,614	5,576	17.0	20.7	5.6	4.5	77.4	74.8	1,198	2,052	1,198	1,647
Pioneer Fund	1,982	1,398	3.1	2.5	11.8	11.1	85.1	86.4	2,549	1,771	2,549	1,771
Price (T. Rowe) Growth Stock	6,935	7,806	8.8	7.6	0.6	2.1	90.6	90.3	2,188	172	2,188	172
Scudder, Stevens & Clark—Com. Stk.	643	685	1.2	1.2	None	None	98.8	98.8	5,592	4,442	4,720	342
Selected American Shares	5,806	5,526	5.3	4.8	0.3	0.2	94.4	95.0	12,025	12,591	12,025	12,470
Sovereign Investors	41	27	1.1	0.9	3.9	3.5	95.0	95.6	117	30	117	25
State Street Investment	19,192	12,737	9.6	10.2	0.7	0.6	89.7	89.2	5,077	8,609	5,077	8,609
Stein Roe & Farnham Stock Fund	1,459	1,435	4.7	4.0	None	None	95.3	96.0	2,457	1,186	2,457	1,186
Texas Fund	1,774	2,536	3.1	4.3	0.2	0.2	96.5	95.5	699	1,098	699	1,098
United Accumulative Fund	27,260	41,703	4.5	6.4	7.0	3.3	88.5	90.3	39,168	36,576	39,168	18,576
United Continental Fund	5,451	4,800	13.4	11.8	2.4	2.5	84.2	85.7	536	2,244	536	2,244
United Income Fund	18,226	24,165	5.3	6.3	4.5	3.7	90.2	90.0	21,226	9,798	21,226	9,798
United Science Fund	15,531	23,260	8.5	12.7	4.4	None	87.1	87.3	12,517	16,890	6,574	8,890
Value Line Special Situations	82	374	0.5	2.2	12.4	11.8	87.1	86.0	1,373	1,786	1,267	1,696
Wall Street Investing	91	191	0.8	1.1	13.5	12.9	85.7	86.0	357	407	230	407
Wisconsin Fund	2,883	1,653	14.9	8.2	1.4	1.3	83.7	90.5	2,387	1,205	2,387	1,205
Sub-Total Open-End Stock Funds	447,758	499,385	6.0	6.1	4.0	2.0	90.0	91.9	448,008	404,326	427,179	358,903
Total Open-End Funds	888,891	943,276	7.1	7.3	14.4	12.8	78.5	79.9	755,757	635,797	682,066	506,130
Closed-End Companies:												
Abacus Fund	1,577	982	4.0	2.6	None	None	96.0	97.3	2,505	1,712	2,505	1,712
Adams Express	2,617	4,484	2.8	4.1	0.6	0.5	96.6	95.4	1,580	1,646	Nil	1,646
American European Securities	53	2,800	0.3	13.9	16.3	None	82.9	86.1	1,502	1,274	1,502	1,274
American International	2,806	4,020	6.9	8.7	1.0	0.8	92.1	90.5	1,193	1,173	Nil	1,173
Carriers & General	1,514	1,502	8.5	8.1	1.2	1.2	90.3	90.7	188	157	188	157
Consolidated Investment Trust	363	1,236	0.5	1.7	1.6	None	97.9	98.4	1,092	1,704	895	1,207
Dominick Fund	1,539	2,155	4.2	5.5	3.2	1.6	92.6	92.9	1,658	1,479	1,658	1,479
General American Investors	7,294	4,138	12.5	7.5	2.1	2.0	85.4	90.5	1,375	1,632	1,375	1,632
General Public Service	13,184	12,452	17.3	15.6	1.2	1.6	80.8	82.8	3,960	2,777	3,960	2,529
Lehman Corp.	20,613	21,847	6.9	6.9	1.6	0.7	88.7	92.4	10,917	4,719	10,917	4,719
Madison Fund	15,054	8,633	10.7	5.8	0.3	4.8	89.0	90.4	23,443	20,964	23,443	20,351
Niagara Share	4,314	4,145	6.5	6.0	0.2	0.2	93.3	93.8	1,384	2,807	1,384	2,807
Overseas Securities	----	----	---	---	7.9	13.7	90.3	85.5	518	523	518	523
Tri-Continental	4,882	4,681	1.1	1.0	9.0	8.8	89.9	90.2	9,104	8,817	6,276	6,944
U. S. & Foreign Securities	7,313	9,051	6.7	7.8	None	None	93.3	92.2	Nil	2,427	Nil	2,427
Total Closed-End Companies	83,123	82,126	6.0	6.6	3.2	2.4	90.8	91.0	60,420	53,811	54,621	51,100
Grand Total	972,014	1,025,402	6.8	7.0	10.7	9.3	82.5	83.7	816,177	689,608	736,687	557,230

†Includes corporate short-term notes where so included by reporting fund. a For Oct. 30-Jan. 31 period. b For Nov. 30-Feb. 28 period. c Sold on balance. ‡Cost of purchases. **Proceeds from sale.

—SUMMARY—

CHANGES OF CASH POSITION OF 89 INVESTMENT COMPANIES
March 31, 1963 vs. December 31, 1962

	Plus	Minus	Approx. Unchngd.	Total
OPEN-END COMPANIES: Balanced Funds	19	11	3	33
Stock Funds	20	18	3	41
CLOSED-END COMPANIES	6	6	3	15
Totals	45	35	9	89

AVERAGE ALLOCATION BY 89 COMPANIES OF ASSETS TO CASH AND EQUIVALENT, DEFENSIVE SECURITIES, AND RISK SECURITIES

	Dec. 31, 1962	Mar. 31, 1963
Net cash, etc. and Governments	6.8%	7.0%
Defensive Securities (Bonds and Preferreds)	10.7	9.3
Risk Securities (Common Stocks)	82.5	83.7
Totals	100.0%	100.0%

Indications of Current Business Activity

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

	Date	Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	May 4	2,544,000	2,548,000	2,413,000	1,820,000
Index of production based on average weekly production for 1957-1959	May 4	136.6	136.8	129.5	97.7
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 26	7,492,610	7,467,610	7,477,660	7,385,360
Crude runs to stills—daily average (bbls.)	Apr. 26	8,148,000	8,371,000	8,498,000	8,321,000
Gasoline output (bbls.)	Apr. 26	28,344,000	29,067,000	29,434,000	28,993,000
Kerosene output (bbls.)	Apr. 26	2,954,000	*3,266,000	3,316,000	2,591,000
Distillate fuel oil output (bbls.)	Apr. 26	12,920,000	13,029,000	14,269,000	12,626,000
Residual fuel oil output (bbls.)	Apr. 26	5,352,000	5,769,000	5,794,000	5,556,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished gasoline (bbls.) at	Apr. 26	205,408,000	207,576,000	210,744,000	199,855,000
Kerosene (bbls.) at	Apr. 26	26,403,000	25,527,000	22,756,000	23,879,000
Distillate fuel oil (bbls.) at	Apr. 26	87,204,000	*85,861,000	79,671,000	88,534,000
Residual fuel oil (bbls.) at	Apr. 26	44,320,000	43,295,000	42,097,000	39,387,000
Unfinished oils (bbls.) at	Apr. 26	85,416,000	85,015,000	81,345,000	83,580,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 27	576,839	561,450	558,611	577,865
Revenue freight received from connections (no. of cars)	Apr. 27	521,408	511,110	518,654	504,622
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 27	9,125,000	9,005,000	8,805,000	8,559,000
Pennsylvania anthracite (tons)	Apr. 27	347,000	337,000	396,000	294,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	May 2	$528,000	$557,000	$567,900	$276,500
Private	May 2	371,900	395,900	392,900	148,600
Public	May 2	156,100	161,100	175,000	127,900
State and Municipal	May 2	145,500	142,200	174,100	125,900
Federal	May 2	10,600	18,900	900	2,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Apr. 27	113	104	113	110
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 4	16,279,000	16,495,000	16,418,000	15,369,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 2	306	312	360	314
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 29	6.279c	6.279c	6.196c	6.196c
Pig iron (per gross ton)	Apr. 29	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	Apr. 29	$28.83	$28.17	$28.17	$28.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 3	30.600c	30.600c	30.600c	30.600c
Export refinery at	May 3	28.425c	28.400c	28.400c	28.500c
Lead (New York) at	May 3	10.500c	10.500c	10.500c	9.500c
Lead (St. Louis) at	May 3	10.300c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	May 3	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	May 3	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	May 3	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	May 3	116.875c	115.000c	110.250c	119.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 7	90.02	89.78	90.07	90.09
Average corporate	May 7	89.09	89.09	89.23	87.45
Aaa	May 7	92.64	92.64	93.08	91.62
Aa	May 7	90.77	90.77	91.19	89.37
A	May 7	89.37	89.23	89.37	86.91
Baa	May 7	84.04	83.91	83.91	82.15
Railroad Group	May 7	87.05	87.05	86.91	84.17
Public Utilities Group	May 7	90.20	90.20	90.48	88.40
Industrials Group	May 7	90.06	90.06	90.48	89.78
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 7	3.77	3.80	3.70	3.65
Average corporate	May 7	4.48	4.48	4.64	4.60
Aaa	May 7	4.23	4.23	4.35	4.30
Aa	May 7	4.36	4.36	4.51	4.46
A	May 7	4.46	4.47	4.67	4.64
Baa	May 7	4.86	4.87	5.02	5.01
Railroad Group	May 7	4.63	4.63	4.86	4.85
Public Utilities Group	May 7	4.40	4.40	4.59	4.53
Industrials Group	May 7	4.41	4.41	4.47	4.43
MOODY'S COMMODITY INDEX	May 7	379.6	377.2	371.4	364.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 27	360,281	331,187	392,020	323,759
Production (tons)	Apr. 27	363,604	328,844	368,979	330,628
Percentage of activity	Apr. 27	95	87	97	91
Unfilled orders (tons) at end of period	Apr. 27	482,871	484,552	485,432	468,481
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	May 3	111.98	*112.05	111.89	111.46
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 12	2,866,420	2,868,960	2,141,540	2,438,240
Short sales	Apr. 12	667,290	651,030	373,800	471,870
Other sales	Apr. 12	2,262,030	2,380,880	1,741,370	2,016,110
Total sales	Apr. 12	2,929,320	3,031,910	2,115,170	2,487,980
Other transactions initiated off the floor—					
Total purchases	Apr. 12	548,220	681,130	479,170	276,520
Short sales	Apr. 12	48,900	41,700	35,700	55,700
Other sales	Apr. 12	549,160	582,010	389,870	293,420
Total sales	Apr. 12	598,060	623,710	425,570	349,120
Other transactions initiated on the floor—					
Total purchases	Apr. 12	997,391	1,243,797	932,858	741,455
Short sales	Apr. 12	124,988	173,300	122,360	90,700
Other sales	Apr. 12	1,068,620	1,204,385	821,448	812,808
Total sales	Apr. 12	1,193,608	1,377,685	943,808	903,508
Total round-lot transactions for account of members—					
Total purchases	Apr. 12	4,412,031	4,793,887	3,553,568	3,456,215
Short sales	Apr. 12	841,178	866,030	531,860	618,270
Other sales	Apr. 12	3,879,810	4,167,275	2,952,688	3,122,338
Total sales	Apr. 12	4,720,988	5,033,305	3,484,548	3,740,608
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Apr. 12	1,527,530	1,659,427	1,232,345	1,754,062
Dollar value	Apr. 12	$80,362,651	$86,415,392	$59,205,831	$94,100,605
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Apr. 12	1,891,995	2,067,516	1,600,282	1,644,161
Customers' short sales	Apr. 12	15,732	17,680	17,490	18,167
Customers' other sales	Apr. 12	1,876,263	2,049,836	1,582,792	1,625,994
Dollar value	Apr. 12	$95,107,378	$102,052,733	$73,795,479	$87,227,953
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 12	737,150	798,170	669,300	485,050
Short sales	Apr. 12	------	------	------	------
Other sales	Apr. 12	737,150	798,170	669,300	485,050
Round-lot purchases by dealers—Number of shares	Apr. 12	378,670	386,890	293,870	576,280
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Apr. 12	1,061,830	1,134,350	843,070	818,310
Other sales	Apr. 12	21,618,940	23,246,590	17,180,140	15,591,290
Total sales	Apr. 12	22,680,770	24,380,940	18,023,210	16,409,600
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Apr. 30	99.9	99.8	99.9	100.3
Farm products	Apr. 30	95.0	94.1	95.2	96.7
Processed foods	Apr. 30	100.0	99.6	98.9	99.9
Meats	Apr. 30	88.5	87.3	88.3	93.9
All commodities other than farm and foods	Apr. 23	100.5	100.5	100.6	100.9

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

	Latest Month	Previous Month	Year Ago
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of March:			
Total home laundry appliance factory unit sales (domestio)	480,437	419,370	444,632
Washers	363,614	300,781	334,027
Automatic and semi-automatic	303,796	249,250	267,689
Wringers and others	59,818	51,531	66,338
Combination washer-dryers	4,102	2,840	5,739
Dryers	112,721	115,749	104,866
Electric	75,347	74,432	70,126
Gas	37,374	41,317	34,740
AMERICAN IRON AND STEEL INSTITUTE—			
Steel ingots and steel for castings produced (net tons) Month of March	10,079,000	8,222,352	10,583,943
Shipments of steel products (net tons)—Month of March	6,691,176	5,604,298	7,700,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of March:			
New England	$61,364,028	$34,965,670	$34,151,047
Middle Atlantic	93,617,315	77,720,911	66,839,468
South Atlantic	47,887,781	41,852,651	56,472,688
East Central	116,253,832	82,142,544	108,290,835
South Central	150,714,872	134,768,091	136,542,652
West Central	48,214,739	27,601,236	38,019,081
Mountain	42,474,696	26,761,729	41,467,264
Pacific	144,157,421	151,134,617	171,709,583
Total United States	$704,684,684	$576,947,449	$653,492,618
New York City	40,893,631	44,373,324	28,404,066
Total outside New York City	$663,791,053	$532,574,125	$625,088,552
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of February (Millions of dollars):			
Manufacturing	$57,710	*$57,480	$56,180
Wholesale	14,030	*14,050	13,620
Retail	27,540	*27,540	26,900
Total	$99,280	*$99,080	$96,700
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1957-59 Average=100—Month of April:			
Adjusted for seasonal variation	116	119	113
Without seasonal adjustment	114	101	112
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1957-59 Average=100—Month of March:			
Sales (average daily) unadjusted	101	88	99
Sales (average seasonally adjusted)	119	*115	119
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of February (000's omitted)	68,458,934	69,406,696	63,331,894
Revenue from ultimate customers—Month of February	$1,144,659	$1,152,572	$1,068,590
Number of ultimate customers at Feb. 28	61,371,559	61,287,493	60,103,210
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of March:			
All manufacturing (production workers)	12,226,000	*12,177,000	12,240,000
Durable goods	6,876,000	*6,852,000	6,857,000
Nondurable goods	5,350,000	*5,325,000	5,383,000
Payroll indexes (1957-59 average=100)—			
All manufacturing	113.1	*112.0	110.9
Estimated number of employees in manufacturing industries—			
All manufacturing	16,605,000	*16,545,000	16,525,000
Durable goods	9,432,000	*9,400,000	9,339,000
Nondurable goods	7,173,000	*7,145,000	7,186,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of January:			
Death benefits	$369,500,000	$358,100,000	$349,100,000
Matured endowments	71,500,000	63,300,000	74,700,000
Disability payments	13,400,000	10,300,000	12,500,000
Annuity payments	95,200,000	62,700,000	91,000,000
Surrender values	152,600,000	153,000,000	152,700,000
Policy dividends	142,500,000	346,700,000	128,900,000
Total	$844,700,000	$994,100,000	$808,900,000
METAL PRICES (E. & M. J. QUOTATIONS)—April:			
Copper—			
Domestic refinery (per pound)	30.600c	30.600c	30.600c
Export refinery (per pound)	28.404c	28.400c	28.598c
††London, prompt (per long ton)	£234.181	£234.125	£234.309
††Three months, London (per long ton)	£234.063	£233.875	£233.355
Lead—			
Common, New York (per pound)	10.500c	10.500c	9.500c
Common, East St. Louis (per pound)	10.300c	10.300c	9.300c
††London, prompt (per long ton)	£57.866	£55.747	£60.470
††Three months, London (per long ton)	£57.697	£55.854	£60.132
Zinc—			
East St. Louis (per pound)	11.500c	11.500c	11.500c
§§Prime Western, delivered (per pound)	12.000c	12.000c	12.000c
††London, prompt (per long ton)	£74.184	£71.655	£69.428
††London, three months (per long ton)	£73.941	£71.494	£70.072
Silver and Sterling Exchange—			
Silver, New York (per ounce)	127.290c	127.138c	101.500c
Silver, London (per ounce)	109.506d	109.155d	84.401d
Sterling Exchange (check)	$2.80070	$2.80064	$2,81399
Tin, New York Straits	112.940c	109.250c	122.138c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$184.909	$187.000	$192.000
Antimony—			
¶New York, boxed (per pound)	36.250c	36.250c	36.250c
Laredo, bulk (per pound)	32.500c	32.500c	32.500c
Laredo, boxed (per pound)	33.000c	33.000c	33.000c
Platinum, refined (per pound)	$77.000	$82.000	$82.000
Cadmium (per pound) delivered ton lots	$1.85000	$1.85000	$1.75000
(Per pound) small lots	$1.90000	$1.90000	$1.80000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.50000
Aluminum—			
99% grade ingot weighted average (per lb.)	22.500c	22.500c	24.000c
99% primary pig export	22.500c	22.500c	22.500c
**Nickel	79.000c	79.000c	81.250c
Bismuth (per pound)	$2.25	$2.25	$2.25
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Fourth Quarter:			
Net railway operating income	$295,390,933	$164,894,343	$218,933,520
Other income	107,022,963	79,351,139	103,373,468
Total income	402,413,896	244,245,482	322,306,988
Miscellaneous deductions from income	25,595,717	16,609,226	18,818,177
Income available for fixed charges	376,818,179	227,636,256	303,488,811
Total fixed charges	91,824,842	91,547,396	91,498,175
Income after fixed charges	284,993,337	136,088,860	211,990,636
Other deductions	10,365,896	10,751,882	11,522,781
Net income	274,627,441	125,336,978	200,467,855
Depreciation (way & structure & equipment)	171,942,239	162,070,764	160,007,106
Federal income taxes	Cr38,117,169	46,475,594	76,701,078
Dividend appropriations:			
On common stock	114,840,659	63,491,235	105,542,703
On preferred stock	6,609,373	3,026,904	6,728,238
Ratio of income to fixed charges	4.10	2.49	3.32

*Revised figure. ¶Domestic five tons or more but less than carload lots boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **Port Colburn, U. S. duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

Why Compulsory Auto Insurance Is a Failure

Cogent arguments in the case against compulsory automobile insurandce coverage that should be faced up to and answered are advanced by trade insurance group. Noted, for example, are the sharp rises in personal injury and property damage in the three states requiring such coverage; the loopholes negating coverage since there is no national, uniform compulsion; and the paper-work difficulties mitigating against record-keeping. The trade group proposes, instead, an "uninsured Motorist Coverage" said to be superior to the compulsory law in all ways including savings in costs, administration, and policing.

Compulsory automobile liability insurance, so attractive in theory, in actuality has proved to be a dismal failure, 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 unnecessary costs on state governments and automobile owners; (2) it does not protect the responsible citizen.

In the first place, says NAII, "compulsory" is a misnomer, because it simply cannot compel. In Massachusetts, for example, even after years of compulsory auto insurance, **many thousands of uninsured motorists still roam the state's highways.**

In New York State, during a recent 12-month period, there were at least 350,000 revocations of registrations because of lapsed insurance.

In North Carolina (Massachusetts, New York, and North Carolina are the only three states, so far, to have adopted a compulsory law) the State Insurance Commissioner estimated that 100,000 of the state's drivers were uninsured. There were more than 1,800 hit-and-run accidents in North Carolina in a recent year and nearly 2,500 accidents involving uninsured out-of-state motorists.

Tragic Irony

This highlights the tragic irony **of compulsory insurance: the false sense of security such a law gives law-abiding motorists who believe that everyone is insured.**

Why can't a compulsory automobile insurance law be enforced? Consider the following, says NAII:

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 insurance companies, or he changes his insurance coverage.

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

Result: The original two to five million pieces of paper have snowballed into a veritable blizzard of forms, notices, and changes. Matching up this conglomeration of papers and trying to determine who is insured and who is not is like trying to maintain order in a basket of eels.

And keeping the files current becomes a grim joke, with taxpayers or policyholders footing the bill—a prohibitive one.

Opposition Views

It is significant that compulsory insurance is under fire in the three states that have it (none of them has been able to achieve the law's purpose: total insuring of its motorists).

Says the Asheville, North Carolina, *Citizen:* "It sounded wonderful. It has turned out sour."

New York State Senator Ernest I. Hatfield has branded the law unworkable and too costly, and has called for a study aimed at repealing it.

Several top Massachusetts state officials have also called for repeal of their state's law, because: "It is not promoting highway safety. Too many people become negligent and take chances, and some become too claims conscious after the accident."

"It is actually increasing highway hazards."

Studies show that all three compulsory insurance states are having sharp rises in personal injury and property damage accidents.

North Carolina personal injury accidents increased 38% from 1957 to 1960, though car registrations rose only 11%. Personal injuries jumped 40% and property damage accidents 20%.

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

New York's claim frequency rose 23% in the first year under compulsory insurance. In North Carolina the increase was a startling 35% during the first two years its law was in effect. In Massachusetts the claim frequency overwhelmingly outdistanced the rest of the nation.

More accidents and more claims produce higher rates. Car owners in New York and Massachusetts pay the highest liability insurance premiums in the country—more than twice as much as the national average for non-compulsory states.

During the past four and one-half years North Carolina rates have risen 38%, with individual rises as drastic as $100 to $312. Massachusetts rates were increased again last year. Rates in New York were increased on an average of almost 10% last year.

Loopholes Against Coverage

Compulsory insurance, which is supposed to protect the responsible motorists, who have insurance, against the actions of the irresponsible ones who do not, offers no protection from the following drivers who are on highways in large numbers—and are involved in many accidents:

An uninsured out-of-state driver.

An unapprehended hit-and-run driver.

An uninsured driver of a stolen car.

An uninsured motorist who hits you when you are driving in another state.

An uninsured motorist who keeps on driving after his license has been suspended or who operates a vehicle despite cancelled registration or lapsed insurance.

A newly-arrived uninsured resident whose car is still registered in another state.

The "insurance dodger" who cancels his insurance or intentionally lets it lapse after obtaining registration.

Most states, particularly those with big tourist business, have hundreds of thousands or even millions of out-of-state vehicles on their highways every year—in some cases more than twice the number of cars registered in the state.

Compulsory insurance offers no protection against the visitors who are uninsured.

In every case where compulsory insurance is a failure, however, Uninsured Motorists Coverage offers positive, economical protection.

The insurance industry, after extensive research and consideration, has developed this form of insurance as a more effective answer to the problem. Not only does it do a better job than any compulsory law ever devised, it is also offered in every state in the union—at a cost of pennies a day.

Under Uninsured Motorist Coverage: the responsible motorist is protected, at a cost far below compulsory insurance; no state bureaucracy is required (in New York it takes 1,000 or more state employees to handle the compulsory program, and the Motor Vehicle Department spends $3,500,000 annually to administer the law); no policing is needed (in North Carolina the equivalent of 45 full-time highway patrolmen are assigned to tracking down drivers whose insurance has lapsed); and—finally, Uninsured Motorist Coverage is not compulsory: the automobile owner makes a free choice.

Sporn Loan Fund Established

Establishment of the "Philip and Sadie Sporn Loan Fund" at Indiana Institute of Technology, Fort Wayne, was announced jointly by Philip Sporn, Chairman of the System Development Committee of American Electric Power Company, New York, and Dr. Archie T. Keene, President of Indiana Tech. Mr. Sporn is also the retired President of AEP.

The $50,000 loan fund was made available by the Philip Sporn Educational Trust to deserving students at Indiana Tech, both present and future. The Trust had been created from initial gifts totaling $100,000 from almost 9,000 employes of the seven-state AEP System, and from AEP itself on the occasion of Sporn's retirement as President on December 1, 1961, and from subsequent gifts by Mr. Sporn and AEP.

The $50,000 fund is similar to funds established by the Philip Sporn Educational Trust last December at the engineering schools of Columbia University, Sporn's alma mater, and Cornell University.

BANK 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 with an overall increase of approximately 3%. It is expected that earnings for New York City banks for the full year will be approximately at this increment over 1962's earnings. This increase compares somewhat unfavorably with the anticipated increases for those banks in other sections of the country—most notably the institutions in the mid-West and West Coast. Even the banks in the Southeast are expected to show increases approximating 5-10%.

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 costly to earnings growth. West Coast banks have had high time deposit ratios for years and have had the experience of mortgage investment—which is a high return type of investment. Also, municipal investment has been familiar 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 in New York. In 1959 the legislature enacted the Omnibus Banking Act which permitted New York City banks to extend their branching into the two adjacent counties — Nassau and Westchester. Most attempts to establish banks in these adjacent counties through merger have been thwarted — the result being "de novo" 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 to the suburbs has kept the New York banks away from the consumer or retail banking business. This means not only fewer installment loans, but also fewer mortgage loans than West Coast banks. The full establishment of these departments is not only time consuming but costly.

The average price earnings ratio for the major banks listed is 17.3 times. This average has been exceeded in only one year since 1950. The average yield on these banks is 3.23% and has been lower at only one point since 1950.

	Current Market Price	Net Oper. Earnings 12 Mos. to 3-31-63	Price Times N. O. E.	Dividend	Yield %	Book Value 3-18-63	Premium Over Book %	1963 Range Bid Price High	1963 Range Bid Price Low
Bankers Trust Co.	$58¾	$3.45	17.0	$2.00	3.42	$36.67	59.5	63	54
Chase Manhattan Bank	84⅜	5.21	16.2	2.60	3.07	57.18	48.0	87	79
Chemical Bk. N. Y. Tr. Co.	86¾	5.26	16.5	2.80	3.22	54.84	58.6	93	83
First National City Bank	104¼	5.81	18.0	3.00	2.87	63.34	65.0	104¼	94
Irving Trust Co.	49⅛	2.98	16.6	1.60	3.24	29.26	68.7	52	46
Mfrs. Hanover Trust Co.	58¼	3.41	17.2	2.00	3.42	40.07	46.0	61	55
Morgan Guaranty Trust	117⅜	5.97	19.7	4.00	3.40	71.44	64.8	127	116
Average			17.3x		3.23				

	P/E Ratios NYC Banks	Yields NYC Banks		P/E Ratios NYC Banks	Yields NYC Banks
1950	14.7	4.49	1957	12.0	4.74
1951	14.3	4.68	1958	13.3	4.47
1952	13.1	4.40	1959	14.3	3.71
1953	12.9	4.46	1960	12.4	3.91
1954	13.4	4.49	1961	18.0	2.80
1955	14.9	4.04	1962	16.0	3.75
1956	13.1	4.34			

Pressman Casher Co. Forming in New York City

Effective May 16, Pressman Casher & Co., members of the New York Stock Exchange, will be formed with offices at 111 Broadway, New York City. General partners will be Leonard M. Braun, Stanton L. Pressman, Harold K. Frohlich, Richard A. Levine, and Richard S. Casher, who will acquire a membership in the New York Stock Exchange. Limited partners will be Edward I. Burns, Robert Burns, Leonard J. Ehrlich, Pearl Fried, Ruth Friedman, Allen Pressman, Ben J. Slutsky, Julius Slutsky, Manny Ziser and Perry Zousmer.

The State of TRADE and INDUSTRY

Continued from page 16

week's over-all total). This was an increase of 1,925 cars or 14.5% above the corresponding week of 1962 and 3,669 cars or 31.8% above the 1961 week.

Cumulative piggyback loadings for the first 16 weeks of 1963 totalled 233,242 cars for an increase of 28,623 cars or 14.0% above the corresponding period of 1962, and 64,781 cars or 38.5% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 58 one year ago and 58 in the corresponding week in 1961.

Inter-City Trucking Gains 0.1% Over Year-Ago

Intercity truck tonnage in the week ended April 27 showed a marginal gain of 0.1% over the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 2.3% ahead of the volume for the previous week of this year.

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

The terminal survey for last week showed increased tonnage from a year ago at 15 localities with 19 points reflecting decreases from the 1962 level. Truck terminals at three centers, Albuquerque, Boston, and Dallas-Ft. Worth, registered tonnage gains of 19.2, 18.8, and 10.0%, respectively, while trucking centers at four points reflected decreases of more than 10%.

Compared with the immediately preceding week, 24 metropolitan areas registered increased tonnage, while 10 areas showed decreases.

Lumber Production Rises 11.7% Over 1962 Week

Lumber production in the United States in the week ended April 27 totaled 261,294,000 board feet compared to 222,284,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output rose 11.7%; new orders dropped 10.3% and shipments fell by 15.1%.

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

	Apr. 27 1963	Apr. 20 1963	Apr. 28 1962
Shipments ---	214,738	227,353	253,195
Production ---	261,294	222,284	230,592
New. orders --	222,117	229,022	247,671

Electric Output Rises to 5.9% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 4, was estimated at 16,279,000,000 kwh., according to the Edison Electric Institute. Output was 216,000,000 kwh. less than the previous week's total of 16,495,000 kwh., and 910,000,000 kwh. above the total output of the comparable 1962 week, or an increase over the year ago week of 5.90%

Business Failures Ease Slightly

Commercial and industrial failures eased to 306 in the week ended May 2 from 312 in the preceding week, reported Dun & Bradstreet, Inc. This was only a slight change from the 314 casualties occurring in the comparable week last year but fell one-fourth below the 1961 level of 399. However, 9% more concerns succumbed than in 1939 when the pre-war toll stood at 281.

Liabilities of $100,000 or more were involved in 47 of the week's failures, rising from 42 in both the prior week and a year ago. All of the dip came from smaller casualties with losses under $100,000 which turned down to 259 from 270 last week and 272 in the similar week of 1962.

The toll among wholesalers dropped to 34 from 42 and among service concerns to 20 from 34. But these declines were almost offset by a climb among manufacturers to 65 from 45. Meanwhile, little change appeared in retailing, at 138 as against 141 or in construction, at 49 as against 50. Trends from year-earlier levels also were mixed, with manufacturing wholesaling and service mortality running above 1962 whereas retail and construction tolls dipped from last year.

Fewer businesses succumbed during the week in three geographic regions: the South Atlantic, off to 27 from 35, the Mountain States, down to 8 from 20, and the Pacific, down to 50 from 59. However, the Middle Atlantic toll took a contrasting upswing to 90 from 77 and mild increases from a week ago occurred in four other regions as well. Regional trends from comparable 1962 levels also lacked consistency, with five geographic districts suffering lighter tolls and four having heavier casualties than a year ago.

Canadian failures, although declining to 48 from 74 in the previous week, remained above the 42 reported in the similar week of 1962.

Wholesale Commodity Price Index Slightly Lower This Week

After pushing up last Friday to 270.07, the highest level since Jan. 4, the general wholesale commodity price index slipped fractionally this Monday, reported Dun & Bradstreet, Inc. Most of the downturn from a week ago occurred in the quotations at wholesale markets for wheat, rye, oats. However, these dips were nearly offset by price advances chalked up for several commodities, with the most sizable week-to-week gains in corn, lambs and tin. While the index remained above last month's comparable level, the long trend below last year's level continues unbroken.

On Monday, May 6, the Daily Wholesale Commodity Price Index dipped to 269.53 from 269.66 in the preceding week but stayed slightly above the 268.71 a month earlier. However, it remained appreciably lower than the 272.04 registered in the corresponding day of 1962.

Wholesale Food Price Index Unchanged for Third Straight Week

Holding at a 10-month low for the third week in a row, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., remained at $5.74. While it came close to the comparable year-ago level of $5.77, it continued to fall substantially below the 1961 level of $5.92 for the corresponding week.

Although the wholesale cost of sugar and cocoa climbed appreciably again this week and moderate increases occurred in corn, rye, cheese, cottonseed oil, hogs and lambs, these price rises were balanced by sizable declines for a number of foodstuffs. The items moving lower included wheat, hams, bellies, lard, eggs, potatoes and steers.

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

Little Zip in Retail Purchases

Consumer buying lacked the zip of the weather in the week ended Wednesday, May 1, as briskly cool temperatures, heavy rains, and even some snow squelched shopping enthusiasm. Only the continued surge in auto sales and fair activity in outdoor and home goods held over-all volume above the similar week a year ago when retail business was exceptionally strong for a post-Easter week. An appreciable sag developed in the demand for apparel, dry goods and linens, although some areas were saved by successful clearances.

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

Step-Up in Textile Markets

A step-up in the cotton gray goods market was apparent this week especially in print cloths and in industrial fabrics where car producers boosted demand particularly for coated cloth. In the cotton yarn market, knitters in Philadelphia, New York, Providence, and Charlotte reported improved orders. Wool sellers in the Boston top market and Philadelphia carpet mills noted increased momentum in sales following a recent lull. At the Knitting Arts Exhibit in Atlantic City, predictions were made that synthetic fibre double knits for men will create a strong impression on the market.

Fill-In Ordering at Jamestown And Atlanta Furniture Shows

The Jamestown Spring Market was characterized by fill-in orders with a large proportion of bookings garnered by promotional items such as rockers for Father's Day. Early American, French and Italian provincial furniture attracted substantial attention. The trend was toward better quality upholstery fabrics, especially in nylon and nylon blends. The Atlanta Show, an interim market where buyers place reorders to carry them through until the big July markets, lived up to modest expectations, with sales of silky, dressy flat-pile upholstery fabrics especially brisk. Case goods in Scandinavian, Early American, and French and Italian styling were popular. Lamp and decorative wall accessory business closed satisfactorily at the High Point Market with emphasis on quality. Although activity in domestics dawdled sluggishly, novelty printed crib sheets and blankets are moving rather briskly.

Active Week in Men's Wear

The Greater Midwest Men's and Boys' Apparel Market reported fall orders and registration up from last year, with the needs of teen-age boys stressed especially in slacks, striped dress shirts and ski look sweaters. At the regionally attended California Fall Market, the briskest business centered on high-styled numbers. Caution predominated at the New England apparel market, while at the St. Louis show good orders were placed for teen-age three-button wool sports coats. Sweaters took a stellar roll at the New Orleans market where orders and attendance topped last year. In women's wear, an influx of buyers converged on New York seeking merchandise appropriate for Mother's Day. Summer dresses are reported very scarce and coats for fall drew good bookings. Simplicity was the keynote of the Fall Jewelry Show with matinee-length beads and florentine metals leading in orders.

Nationwide Department Store Sales Drop 3% Below Last Year's Rate

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index declined 3% (adjusted) for the week ended April 27, compared with the like period in 1962. Until then there had been a successive weekly gain which was markedly above last year's comparable performance.

In the four-week period ended April 27, 1963, sales gained +4% adjusted over the corresponding period in 1962 for the country's leading department store centers.

According to the Federal Reserve System, department store sales in New York City for the week ended April 27 advanced +5% adjusted over the comparable year-ago week.

So far this year (Jan. 1 to April 27) the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago. A major part of the 114 days New York City and 129 days Cleveland, Ohio, newspaper strikes occurred during this period.

One can only speculate as to what department store sales might have been in the absence of the strike. The data merely show that the two cities performed significantly below all districts with the exception of the non-struck Philadelphia area.

Hayden, Stone Promotes Four

Ara A. Cambere

Robert Strauss

Eugene C. Travis

A. J. Coyle, President of Hayden, Stone & Co., Inc., 25 Broad St., New York City, investment bankers and members of principal security exchanges, has announced several important organizational changes.

Donald Arthur, Jr., was named Executive Vice-President-operations and Ara A. Cambere, Executive Vice-President-administration.

Robert Strauss, Vice-President, was elected a Director and assumes responsibility for the firm's nationwide over-the counter trading activities. He will continue to be based in the Chicago office, 141 West Jackson Boulevard.

Eugene C. Travis, Vice-President, will assume charge of the firm's Midwestern region with headquarters in the Chicago office and branches in Champaign and Kankakee, Ill. and Cedar Rapids, Iowa. He replaces Mr. Cambere who will now make his headquarters in the firm's home office in New York.

Mr. Arthur joined the firm in 1960 as a partner in the New York office, prior to which he had been managing partner of Shields & Co.

Mr. Cambere also joined the firm in 1960 as a partner, prior to which he held executive positions in Stewart Warner Corp. of Chicago and Oliver Iron & Steel Corp. of Pittsburgh.

Mr. Strauss has had a long career in New York and Chicago as an over-the-counter trader. He became associated with Hayden, Stone's Chicago office in 1960, when Daniel F. Rice & Co., with whom he was associated for 12 years was acquired.

Mr. Travis, joined the firm early in 1960 and was elected a Vice-President in 1962. He has been active on Chicago's La Salle St. since 1940 in various aspects of the securities business.

Elected Director

Brownlee O. Currey, Jr., Vice-President & director of Equitable Securities Corporation, has been elected to the board of directors of Denver Chemical Manufacturing Company which produces an extensive line of ethical and proprietary drugs. F. Eberstadt & Co. and Equitable Securities Corporation recently purchased a substantial block of Denver Chemical shares.

B. O. Currey, Jr.

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 estate assets, and the purchases of business by key employee or partners. It seems that such transactions are quite common in the Southwest. We have a staff composed of men with varied backgrounds, and we often execute management consulting 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 standby fee for this type of arrangement. We go to whatever lengths are prudent in financing small business. 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, that restriction no longer exists, and we can operate more freely in this area. Due to some unfortunate disagreements 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 unworkable, 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 will be advisable. I am certain that all well run SBICs administer their investments closely enough so that a company that has been connected with and working under such controls for number of years will present a much more attractive underwriting package as a result of cost reduction, proper accounting records, and adequate fiscal control. Statistics show that 47% of the business failures in the United States are due to the inexperience of management. In addition, 44% of business failures in the United States are due to management incompetence. I am thoroughly 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 business concerns 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 receive favorable 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.

*An address by Mr. Lord before the Texas Group of the IBA Annual Meeting, Dallas, Texas.

Brooks, Clark, Behrens & Corn

SAN FRANCISCO, Calif. — I. L. Brooks & Co., Incorporated, 333 Pine Street, members of the San Francisco Stock Exchange, have announced that Russell J. Clark, Thomas R. Behrens, and Thomas L. Corn have been admitted to the firm as voting stockholders, officers and directors, and the corporate name has been changed to Brooks, Clark, Behrens & Corn. Irving L. Brooks is president.

Mr. Clark who has recently been engaged in an investment counselling business, was formerly a trust officer of the Bank of America and prior thereto was an officer of the Marine National Exchange Bank of Milwaukee.

Mr. Behrens was formerly sales manager for the San Francisco office of Kidder Peabody & Co. and prior thereto was with A. G. Becker & Co., Incorporated in Chicago.

Mr. Corn was formerly with Kidder, Peabody & Co. in San Francisco and prior thereto with Courts & Co. in Atlanta.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

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

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

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

Alabama Power Co. (5/9)
April 12, 1963 filed 50,000 shares of cum. preferred (par $100). **Proceeds**—For repayment of bank loans, and construction. **Office**—600 North 18th St., Birmingham, Ala. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Equitable Securities Co. (jointly); Blyth & Co.; Morgan Stanley & Co.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler-Smith, Barney & Co. (jointly). **Bids**—May 9 (11 a.m. EDST) at 115 Broadway (Room 1510), New York. **Information Meeting** — May 6 (2:30 p.m. EDST) at 20 Pine St. (10th floor), New York.

Alabama Power Co. (5/9)
April 12, 1963 filed $16,000,000 of first mortgage bonds due 1993. **Proceeds**—For repayment of bank loans, and construction. **Office**—600 North 18th St., Birmingham. Ala. **Underwriters** — (Competitive). Probable bidders: Blyth & Co., Inc.-Kidder, Peabody & Co. (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids** — May 9 (11.45 a.m. EDST) at 115 Broadway (Room 1510), New York. **Information Meeting**—May 6 (2:30 p.m. EDST) at 20 Pine St. (10th fl.), N. Y.

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

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

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

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

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

American Biltrite Rubber Co., Inc. (5/27-31)
May 1, 1963 filed $5,000,000 of convertible subordinated debentures due May 1, 1983. **Price** — By amendment. **Business** — Company produces a variety of rubber and vinyl products. **Proceeds**—For prepayment of loans. **Office**—22 Willow St., Chelsea, Mass. **Underwriter**—Goldman, Sachs & Co., New York.

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

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

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

Associates Investment Co. (5/13-17)
April 24, 1963 filed $50,000,000 of debentures due May 1, 1984. **Price**—By amendment. **Business**—A sales finance company which also makes personal installment loans and provides the insurance incident to such financing. **Proceeds**—For general corporate purposes. **Address**—320 Associates Bldg., South Bend, Ind. **Underwriters**—Lehman Brothers and Salomon Brothers & Hutzler.

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

Automatique, Inc.
April 26, 1963 filed 254,975 common, of which 185,000 are to be sold by company and 69,975 by certain stockholders. **Price**—By amendment (max. $8.25). **Business**—Company, through subsidiaries and joint ventures, is engaged in the general vending and food service business. **Proceeds** — For acquisitions, debt repayment, and other corporate purposes. **Office** — 2540 West Pennway, Kansas City, Mo. **Underwriters**—Kidder, Peabody & Co., Inc., New York, and Barret, Fitch, North & Co., Inc., Kansas City. **Offering**—Expected in late May or early June.

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

● **Berns Air King Corp. (5/15)**
March 29, 1963 filed 100,000 class A common. **Price**—By amendment (max. $7.50). **Business**—Manufacture of ventilating range hoods, kitchen fans, dehumidifiers, and related products. **Proceeds**—For debt repayment, and working capital. **Office**—3050 North Rockwell St., Chicago. **Underwriters**—McCormick & Co., and H. M. Byllesby & Co., Chicago.

● **Big G Corp. (5/20-24)**
April 17, 1963 ("Reg. A") $100,000 of 7% convertible debentures due 1968, and 25,000 common shares to be offered in units of one $100 debenture and 25 shares. **Price**—$287.50 per unit. **Business**—Operation of licensed departments in department stores, selling clothing, records, pocketbooks, sporting goods, greeting cards, etc. **Proceeds**—For inventory, expansion and debt repayment. **Office** — 550 5th Ave., New York. **Underwriter** — A. J. Davis Co., Pittsburgh.

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

● **Canaveral Hills Enterprises, Inc. (6/3-7)**
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

Career-Ways Systems, Inc.
April 18, 1963 ("Reg. A") 100,000 capital shares. **Price**—$3. **Business**—Co. plans to keep an electronic filing system of skills for employment of members. **Proceeds**—For equipment, inventory, research and working capital. **Address**—Route 206 Center, Princeton, N. J. **Underwriter**—Chase Securities Corp., N. Y.

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

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

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

Central Illinois Public Service Co. (5/21)
April 22, 1963 filed $10,000,000 of first mortgage bonds, series I, due May 1, 1993. **Proceeds** — For construction. **Office**—607 E. Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; First Boston Corp.; Lehman Brothers-Bear, Stearns & Co. (jointly). **Bids**—May 21 (10:30 a.m. CDST) at 20 No. Wacker Dr. (21st floor), Chicago.

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

● **Chemair Corp. (5/27-31)**
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—221 N. La Salle St., Chicago. **Underwriter**—Price Investing Co., New York. **Note**—This company formerly was named Chemair Electronics Corp.

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

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

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

Clark Cable Corp.
April 25, 1963 filed 121,915 common. **Price**—By amendment (max. $6). **Business** — Manufacture and development of electronic, electrical, and mechanical systems and components; also wholesale distribution of electrical components. **Proceeds** — For selling stockholders.

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Office—3184 W. 32nd St., Cleveland. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

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

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

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

Community Health Associations, Inc.
April 12, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by Harry E. Wilson, President. **Price**—$15. **Business**—Sale of hospital and surgical insurance contracts. **Proceeds**—For investment, sales promotion, and other corporate purposes. **Office**—4000 Aurora Ave., Seattle, Wash. **Underwriter**—None.

● **Consolidated Leasing Corp. of America (5/15)**
April 11, 1963 refiled $2,500,000 of 6½% debentures due 1978 (with warrants); also 75,000 units, each consisting of two shares of 7% convertible preferred and one share of common. **Price**—By amendment. **Business**—Leasing of cars, trucks and equipment. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—1012 Baltimore Ave., Kansas City, Mo. **Underwriters**—A. C. Allyn & Co., Chicago and Walston & Co., New York.

● **Consolidated Oil & Gas, Inc.**
Feb. 28, 1963 filed $2,432,500 of 6% sinking fund debentures due 1975 (with warrants) to be offered for subscription by common stockholders on the basis of $500 of debentures for each 500 shares held of record May 8. Rights will expire about June 8. **Price**—At par. **Business**—Company is engaged in the acquisition of oil and gas leaseholds. **Proceeds**—For note repayment and working capital. **Address** — 4150 East Mexico Ave., Denver. **Underwriter**—None.

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

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

Consultant's Mutual Investment, Inc. (5/13-17)
Dec. 21, 1962 filed 500,000 common. **Price**—$10. (For an initial period the fund will also offer its shares in exchange for acceptable securities on the basis of one share for each $10 market value of securities). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—211 S. Broad St., Philadelphia. **Underwriter**—Gerstley, Sunstein & Co., Philadelphia.

Copenhagen (City of) (5/22)
April 24, 1963 filed $15,000,000 of sinking fund external loan bonds due May 15, 1978. **Price** — By amendment. **Proceeds**—For additions and improvement to the City's facilities. **Underwriters** — Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc., and Lazard Freres & Co., New York.

● **Cosmodyne Corp. (5/13-17)**
April 1, 1963 filed 150,000 common. **Price**—By amendment (max. $18). **Business**—Design, development and manufacture of equipment used for pumping, storing and transporting super cold liquids. **Proceeds**—For loan repayment, and working capital. **Office**—3232 W. El Segundo Blvd., Hawthorne, Calif. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

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

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

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NEW ISSUE CALENDAR

May 9 (Thursday)

Alabama Power Co. ______ Bonds
(Bids 11:45 a.m. EDST) $16,000,000

Alabama Power Co. ______ Preferred
(Bids 11 a.m. EDST) $5,000,000

May 13 (Monday)

Associates Investment Co. ______ Debentures
(Lehman Brothers and Salomon Brothers & Hutzler) $50,000,000

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

Cosmodyne Corp. ______ Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 150,000 shares

Ekco Products Co. ______ Common
(Lehman Brothers) 80,000 shares

Holiday Inns of America, Inc. ______ Common
(Equitable Securities Corp.) 420,047 shares

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

Louisville & Nashville RR. ______ Equip. Trust Ctfs.
(Bids noon EDST) $5,385,000

Mil National Corp. ______ Common
(Herbert Young & Co., Inc.) $376,000

National Fidelity Life Insurance Co. ______ Common
(E. F. Hutton & Co., Inc.) 72,455 shares

Nuveen Tax-Exempt Bond Fund, Series 4 ______ Units
(John Nuveen & Co.) $12,000,000

May 14 (Tuesday)

Globe Security Systems, Inc. ______ Common
(Drexel & Co.) 200,000 shares

Virginia Electric & Power Co. ______ Bonds
(Bids 11 a.m. EDST) $30,000,000

May 15 (Wednesday)

Berns Air King Corp. ______ Common
(McCormick & Co. and H. M. Byllesby & Co.) 100,000 shares

Chicago Union Station Co. ______ Bonds
(Bids 12 noon CDST) $29,000,000

Chicago Union Station Co. ______ "A" Debentures
(Bids 12 noon CDST) $10,000,000

Chicago Union Station Co. ______ "B" Debentures
(Bids 12 noon CDST) $10,000,000

Consolidated Leasing Corp. of America ______ Debens.
(A. C. Allyn & Co., and Walston & Co.) $2,500,000

Consolidated Leasing Corp. of America ______ Units
(A. C. Allyn & Co., and Walston & Co.) 75,000 units

Hunsaker (S. V.) & Sons ______ Units
(Bateman, Eichler & Co.) $1,500,000

Southeastern Mortgage Investors Tr. ______ Ben. Int.
(Fleetwood Securities Corp. of America) $10,000,000

May 16 (Thursday)

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

Sternco Industries, Inc. ______ Class A
(Oppenheimer & Co.) 25,000 shares

Sternco Industries, Inc. ______ Debentures
(Oppenheimer & Co.) $400,000

May 20 (Monday)

Big G Corp. ______ Units
(A. J. Davis Co.) 1,000 units

Florida Jai Alai, Inc. ______ Common
(Consolidated Securities Corp.) $1,500,000

Pall Corp. ______ Class A
(Offering to stockholders—underwritten by L. F. Rothschild & Co.) 61,584 shares

Peterson, Howell & Heather, Inc. ______ Common
(Alex. Brown & Sons) 33,383 shares

United Servomation Corp. ______ Common
(Hemphill, Noyes & Co.) 215,000 shares

Vend-Mart Inc. ______ Common
(M. G. Davis & Co., Inc.) $240,000

May 21 (Tuesday)

Central Illinois Public Service Co. ______ Bonds
(Bids 10:30 a.m. CDST) $10,000,000

Great Northern Ry. ______ Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,600,000

May 22 (Wednesday)

Copenhagen (City of) ______ Bonds
(Smith, Barney & Co., Inc.; Kuhn, Loeb & Co., Inc.; Harriman Ripley & Co., Inc., and Lazard Freres & Co.) $15,000,000

Interstate Power Co. ______ Bonds
(Bids 11 a.m. EDST) $6,000,000

Interstate Power Co. ______ Common
(Offering to stockholders—bids 11:30 a.m. EDST) 154,914 shares

Maradel Products, Inc. ______ Common
(Hornblower & Weeks) 150,000 shares

Missouri Fidelity Life Insurance Co. ______ Common
(A. C. Allyn & Co.) 300,000 shares

Southern California Edison Co. ______ Bonds
(Bids 8:30 a.m. PDST) $60,000,000

Southern Union Gas Co. ______ Debentures
(A. C. Allyn & Co.) $5,000,000

Southern Union Gas Co. ______ Preferred
(A. C. Allyn & Co.) 50,000 shares

May 23 (Thursday)

New York Central RR. ______ Equip. Trust Ctfs.
(Bids 12 noon EDST) $2,700,000

May 27 (Monday)

American Biltrite Rubber Co., Inc. ______ Debens.
(Goldman, Sachs & Co.) $5,000,000

Brown Engineering Co., Inc. ______ Common
(Goodbody & Co.) 110,000 shares

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

Edgerton, Germeshausen & Grier, Inc. ______ Common
(Kidder, Peabody & Co., Inc.) 235,000 shares

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

Holiday Mobile Home Resorts, Inc. ______ Debentures
(Boettcher & Co. and J. R. Williston & Beane) $1,700,000

Key Training Service, Inc. ______ Common
(Seymour Blauner Co. and Shelton Securities Co.) $308,750

Life Assurance Co. of Pennsylvania ______ Capital Stock
(Auchincloss, Parker & Redpath and Arthurs, Lestrange & Co.) 100,000 shares

Lunar Films, Inc. ______ Common
(Ingram, Lambert & Stephen, Inc.) $718,750

Orr (J. Herbert) Enterprises, Inc. ______ Common
(First Alabama Securities, Inc.) $1,050,000

Rona Lee Corp. ______ Common
(Reuben Rose & Co., Inc.) 50,000 shares

Rona Lee Corp. ______ Debentures
(Reuben Rose & Co., Inc.) $250,000

Safran Printing Co. ______ Common
(White, Weld & Co. and Watling, Lerchen & Co.) 225,720 shares

United Camera Exchange, Inc. ______ Common
(Ingram, Lambert & Stephen, Inc.) $300,000

May 28 (Tuesday)

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

Poulsen Insurance Co. of America ______ Common
(A. C. Allyn & Co.) 100,000 shares

May 30 (Thursday)

Lord Jim's Service Systems, Inc. ______ Common
(Keon & Co.) $100,000

June 3 (Monday)

Canaveral Hills Enterprises, Inc. ______ Common
(Willis E. Burnside & Co., Inc.) $500,000

Gem International, Inc. ______ Debentures
(Bosworth, Sullivan & Co., Inc.; Scherck, Richter & Co.; Dempsey-Tegeler & Co., Inc.) $3,750,000

Investors Trading Co. ______ Capital Stock
(Nemrava & Co.) 200,000 shares

Mountain States Telephone & Telegraph Co. ______ Cap.
(Offering to stockholders—no underwriting) 4,037,432 shares

Optech, Inc. ______ Common
(Stone, Ackerman & Co., Inc. and Heritage Equity Corp.) $420,000

Stephenson Finance Co., Inc. ______ Debentures
(Alester G. Furman & Co., Inc.) $1,000,000

June 4 (Tuesday)

Southern Pacific Co. ______ Equip. Trust Ctfs.
(Bids 12 noon EDST) $8,100,000

June 5 (Wednesday)

Missouri Pacific RR. ______ Equip. Trust Ctfs.
(Bids 12 noon CDST) $3,540,000

June 10 (Monday)

Enzyme Corp. of America ______ Common
(Bristol Securities Inc.) $240,000

June 11 (Tuesday)

Indiana Bell Telephone Co., Inc. ______ Debentures
(Bids 11 a.m. EDST) $20,000,000

St. Louis Shipbuilding-Federal Barge, Inc. ______ Com.
(Reinholdt & Gardner) 150,000 shares

June 12 (Wednesday)

Pacific Telephone & Telegraph Co. ______ Common
(Offering to stockholders—Shares of Pacific Northwest Bell Telephone Co.—No underwriting) 13,013,969 shares

Pennsylvania Power Co. ______ Bonds
(Bids 11 a.m. EDST) $9,000,000

June 17 (Monday)

Travelers Express Co., Inc. ______ Common
(Dean Witter & Co.) 267,740 shares

June 18 (Tuesday)

Public Service Electric & Gas Co. ______ Bonds
(Bids 11 a.m. EDST) $40,000,000

June 24 (Monday)

Norfolk & Western Ry. ______ Equip. Trust Ctfs.
(Bids 12 noon EDST) $4,300,000

June 25 (Tuesday)

Union Light, Heat & Power Co. ______ Bonds
(Bids 11 a.m. EDST) $6,500,000

June 26 (Wednesday)

Southern California Gas Co. ______ Bonds
(Bids to be received) $40,000,000

June 27 (Thursday)

Natural Gas & Oil Producing Co. ______ Common
(Peter Morgan & Co.) $900,000

July 9 (Tuesday)

Illinois Bell Telephone Co. ______ Bonds
(Bids to be received) $50,000,000

July 10 (Wednesday)

Northern Illinois Gas Co. ______ Bonds
(Bids to be received) $20,000,000

July 17 (Wednesday)

Sierra Pacific Power Co. ______ Common
(Offering to stockholders—no underwriting) 172,340 shares

Sierra Pacific Power Co. ______ Debentures
(Bids to be received) $8,000,000

August 6 (Tuesday)

Indiana & Michigan Electric Co. ______ Bonds
(Bids to be received) $45,000,000

October 3 (Thursday)

Columbia Gas System, Inc. ______ Debentures
(Bids to be received) $25,000,000

October 8 (Tuesday)

Wisconsin Public Service Corp. ______ Bonds
(Bids to be received) $15,000,000

November 7 (Thursday)

Georgia Power Co. ______ Bonds
(Bids to be received) $30,000,000

Georgia Power Co. ______ Preferred
(Bids to be received) $7,000,000

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

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

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

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

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

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

Dow Jones & Co., Inc. (5/28)
May 1, 1963 filed 110,000 common. **Price**—By amendment (max. $120). **Business**—Publishers of "The Wall Street Journal," "Barron's" and "The National Observer." Co. also operates the "Dow Jones News Service," and the "Canadian Dow Jones News Service." **Proceeds** — For selling stockholders. **Office**—44 Broad St., New York. **Underwriters**—White, Weld & Co., Inc.; Goldman, Sachs & Co., and Stone & Webster Securities Corp., New York.

Duro-Test Corp.
Dec 6, 1962 filed 150,000 common. **Price**—By amendment (max. $9). **Business** — Manufacture of various types of lights for industrial and commercial use. **Proceeds**—For the selling stockholder. **Office** — 2321 Hudson Blvd., North Bergen, N. J. **Underwriter**—Auchincloss Parker & Redpath, New York. **Offering** — Temporarily postponed.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1 **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Ekco Products Co. (5/13-17)
April 22, 1963 filed 80,000 common. **Price**—By amendment (max. $30). **Business**—Manufacture of housewares, commercial equipment, aluminum foil containers and baker pans. **Proceeds**—For selling stockholders. **Office**—1949 N. Cicero Ave., Chicago. **Underwriter** — Lehman Brothers, New York.

● Electronic Dispenser Corp.
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter** — L. D. Brown & Co., New York. **Offering**—Indefinite.

Enzyme Corp. of America (6/10-14)
Feb. 21, 1963, filed 120,000 common. **Price**—$2. **Business**—Company plans to market a new drug known as "Clinizyne" to be used for treatment of a variety of tumor related diseases. **Proceeds**—For equipment, sales promotion, research and development, and working capital. **Office**—727 Land Title Bldg., Philadelphia. **Underwriter**—Bristol Securities Inc., New York.

Equality Plastics, Inc.
April 4, 1963 ("Reg. A") 79,995 common. **Price**—$3.75. **Business** — Importing, manufacturing and distributing general merchandise "notions." **Proceeds**—For debt repayment, inventory and working capital. **Office**—286 Fifth Ave., New York. **Underwriter**—J. J. Krieger & Co., Inc., New York.

Equity Funding Corp. of America
March 29, 1962 filed 240,000 common. **Price**—By amendment (max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—Wisconsin-Continental, Inc., Milwaukee.

Farmers' Educational & Co-operative Union of America
April 1, 1963 filed $5,500,000 of 5½-6% serial debentures, series E and F, due 1974-83. **Price**—At par. **Business**—A non-profit organization of farmers devoted to the economic and educational betterment of its members. **Proceeds** — For debt repayment, working capital and advances to subsidiaries. **Office**—1575 Sherman St., Denver. **Underwriter**—None.

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W Pratt Ave., Chicago. **Underwriter**—None.

Fidelity Mining Investments Ltd.
Nov. 30, 1961 filed 800,000 common. **Price**—By amendment. **Business**—Exploration and testing of mining properties. **Proceeds**—For general corporate purposes. **Office**—62 Richmond St., Toronto. **Underwriter**—G. V. Kirby & Associates, Ltd., Toronto.

First American Israel Mutual Fund
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—By amendment (max. $10). **Business**—A mutual fund which plans to invest primarily in equity type securities of Israeli companies. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston. **Offering**—Expected in June.

Flori Investment Co.
March 27, 1963 filed 400,000 capital shares. **Price**—$1.50. **Business**—A real estate development company. **Proceeds**—For debt repayment, construction, purchase of property, and other corporate purposes. **Office** — 700 West Campbell Ave., Phoenix. **Underwriter**—None.

Florida Jai Alai, Inc. (5/20-24)
June 28, 1962 filed 300,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters building improvements, working capital **Office**—Fern Park, Fla. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla.

Forst (Alex) & Sons, Inc.
March 23, 1962 filed 125,000 common. **Price**—By amendment (max. $15). **Business**—Wholesale distribution of toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—McDonnell & Co., New York. **Offering**—Indefinite.

Freoplex, Inc. (5/27-31)
Jan. 2, 1963 ("Reg. A") $200,000 of 7% convertible subordinated debentures due March 1, 1975. **Price**—At par **Business**—Operation of retail meat supermarkets. **Proceeds**—For debt repayment and working capital. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., New York.

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Temporarily postponed.

Geigher Pipe Supply Inc.
Sept. 28, 1962 filed 60,000 class A common, of which 50,000 are to be offered by company and 10,000 by stockholders. **Price**—$9.50. **Business**—Sale of steel pipes valves and fittings. **Proceeds**—For inventory. **Office**—4124 N. Broadway, St. Louis. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo. **Offering**—Indefinite.

General Design Corp.
April 25, 1962 ("Reg. A") 65,000 common. **Price**—$3 **Business**—Design and development of new products for various industries. **Proceeds**—For debt repayment equipment and working capital. **Office**—1252 W. Peachtree St., N. W., Atlanta, Ga. **Underwriter** — Robert M Harris & Co., Inc., Philadelphia. **Note**—The SEC has issued an order temporarily suspending this issue

General Life Insurance Corp. of Wisconsin
March 6, 1963 filed 311,625 common being offered for subscription by stockholders on the basis of one new share for each four held of record April 10, 1963. Rights will expire May 10. **Price** — $3.25. **Business**—Writing of life and endowment policies. **Proceeds**—For general corporate purposes. **Address**—8500 W. Capital Dr., Milwaukee. **Underwriter** — Piper, Jaffray & Hopwood, Minneapolis.

Global Construction Devices, Inc.
June 29 1962 filed 100,000 common **Price**—$10. **Business**—Manufacture, sale and lease of steel supports and beams used in construction. **Proceeds**—For debt repayment, expansion, research, and inventory. **Office**—545 Cedar Lane, Teaneck, N. J. **Underwriters**—Winslow Cohu & Stetson and Laird, Bissell & Meeds, N. Y

● Globe Security Systems, Inc. (5/14)
April 17, 1963 filed 200,000 common. **Price**—By amendment (max. $13.75). **Business**—Furnishing of uniformed guards, plant protection and investigatory services. **Proceeds**—For selling stockholders. **Office**—2011 Walnut St., Philadelphia. **Underwriter**—Drexel & Co., Philadelphia.

● Gotham Educational Equipment Co. Inc.
Dec. 4, 1962 filed 75,000 common. **Price**—By amendment (max. $6). **Business**—Design, manufacture, and marketing of items used in educational institutions such as chalk boards, exhibit cases, etc. **Proceeds**—For general corporate purposes. **Office** — 91 Weyman Ave., New Rochelle, New York. **Underwriter**—To be named. **Note**—This registration was withdrawn.

Great Continental Real Estate Investment Trust
Aug. 3, 1961 filed 300,000 shares of beneficial interest. **Price**—$10. **Business**—Real estate. **Proceeds**—For investment. **Office**—530 St. Paul Pl., Baltimore. **Underwriter**—To be named. **Note**—This firm formerly was known as Continental Real Estate Investment Trust.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds** — For general corporate purposes. **Office**—811 duPont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

Greenman Bros., Inc.
April 25, 1962 filed 150,000 common, of which 50,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $7). **Business**—Wholesale and retail distribution of toys, hobby lines and sporting equipment. **Proceeds**—For debt repayment, inventory and working capital. **Office**—35 Engel St., Hicksville, N. Y. **Underwriter**—J. R. Williston & Beane, New York. **Offering**—Indefinite.

● Greenwich Gas Co.
March 29, 1963 filed 37,735 common, to be offered for subscription by stockholders on the basis of one new share for each 5.6 shares held. **Price**—$13.25. **Business**—Distribution of gas, and gas appliances in Greenwich. **Proceeds**—For loan repayment. **Office**—33 Greenwich Ave., Greenwich, Conn. **Underwriter**—F. L. Putnam & Co., Inc., Boston.

Hallandale Rock & Sand Co.
March 30, 1962 filed $250,000 of 8% subordinated debentures due 1977, 200,000 common and 6-year warrants to purchase 25,000 common at $1 per share to be offered in units consisting of a $10 debenture, 8 common shares and one warrant. **Price**—$18 per unit. **Business**—Extraction, processing and sale of rock and sand. **Proceeds**—For a new plant and other corporate purposes. **Address**—Hallandale, Fla. **Underwriter**—To be named.

● Halo Lighting, Inc.
April 15, 1963 filed 150,000 common, of which 65,000 will be sold for the company, and 85,000 for Robert S. Fremont, President. **Price** — By amendment (max. $10). **Business**—Manufacture of recessed incandescent lighting fixtures for residential, commercial and institutional buildings. **Proceeds**—For debt repayment, a new plant, and working capital. **Office** — 4201 West Grand Ave., Chicago. **Underwriter**—A. G. Becker & Co., Inc., Chicago. **Offering**—Imminent.

Hartford Gas Co.
April 5, 1963 filed 80,000 common to be offered for subscription by stockholders on the basis of one new share for each six common or preferred shares held. **Price**—By amendment (max. $30). **Business**—Company supplies natural and manufactured gas in Hartford County, Conn. **Proceeds**—For loan repayment, and construction. **Office**—233 Pearl St., Hartford. **Underwriter**—None.

Heck's Discount Centers, Inc.
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va **Underwriter**—Willard Securities, Inc., New York. **Note** — This registration will be withdrawn.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

Holiday Inns of America, Inc. (5/13-17)
April 10, 1963 refiled 420,047 common, of which 400,000 will be sold for the company and 20,047 for stockholders. **Price**—By amendment (max. $20). **Business**—Company owns or licenses a national system of Holiday Inn motels. **Proceeds**—For debt repayment and other corporate purposes. **Office**—3736 Lamar Ave., Memphis. **Underwriter**—Equitable Securities Corp., Nashville.

Holiday Mobile Home Resorts, Inc. (5/27)
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office** — 4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York.

Hollingsworth Solderless Terminal Co.
Feb. 27, 1962 ("Reg. A") 75,000 common. **Price** — $4 **Business**—Manufacture, sale and development of solderless terminals and other wire terminating products. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Address**—P. O. Box 430, Phoenixville, Pa. **Underwriter**—Harrison & Co., Philadelphia. **Offering**—Temporarily postponed.

Home Entertainment Co. of America (5/13-17)
Jan. 16, 1963 filed 300,000 common. **Price**—$10. **Business**—Company is engaged in the development and promotion of a pay television system in Santa Monica, Calif. **Proceeds**—For installation of a pay television system. **Address** — 19th and Broadway, Santa Monica, Calif. **Underwriter**—Bernard M. Kahn & Co., Inc., New York.

Homestead Packers, Inc.
March 13, 1963 filed 5,000 shares of 6% non-cumulative preferred stock, and 5,000 common, to be offered for sale in units of one common and one preferred share. **Price**—$150 per unit. **Business**—Company plans to construct and operate a beef and pork packing plant. **Proceeds**—For construction, equipment, and working capital. **Address**—Beatrice, Nebr. **Underwriter**—None.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

● **Hunsaker (S. V.) & Sons (5/15)**
April 19, 1963 refiled $1,500,000 of 6½% convertible subordinated debentures due May 1, 1978, and 150,000 common shares to be offered in units of one $50 debenture and five shares. **Price**—$50 per unit. **Business**—Construction of homes and apartment buildings on land which the company has acquired in Southern California. **Proceeds** — For debt repayment and other corporate purposes. **Office**—15855 Edna Pl., Irwindale, Calif. **Underwriter**—Bateman, Eichler & Co., Los Angeles.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest. **Price**—(max. $10). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—450 Seventh Ave., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

Interstate Power Co. (5/22)
March 21, 1963 filed 154,194 common to be offered for subscription by stockholders on the basis of one new share for each 26 held of record May 22, 1963. **Price**—By amendment (max. $24). **Proceeds**—For loan repayment and construction. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters** — (Competitive.) Probable bidders: Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Ladenburg, Thalmann & Co.; White, Weld & Co. **Bids**—May 22 (11:30 a.m. EDST) at One Chase Manhattan Plaza 23rd Floor), New York. **Information Meeting**—May 13 (3 p.m. EDST) at One Chase Manhattan Plaza (28th Floor), New York.

Interstate Power Co. (5/22)
March 21, 1963 filed $6,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment and construction. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters** — (Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; White, Weld & Co. **Bids**—May 22 (11 a.m. EDST) at One Chase Manhattan Plaza (23rd floor), New York. **Information Meeting**—May 13 (3 p.m. EDST) at One Chase Manhattan Plaza (28th floor), N. Y.

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

● **Investors Trading Co. (6/3-7)**
Jan. 17, 1963 filed 200,000 capital shares. **Price** — Net asset value (max. $5), plus 8% sales charge. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—460 Denver Club Building, Denver. **Distributor**—Nemrava & Co. (same address).

Israel American Diversified Fund, Inc.
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office** — 100 West Tenth St., Wilmington, Del. **Underwriter**—Israel Fund Distributors, Inc. (same address).

Jaap Penraat Associates, Inc.
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., New York. **Offering** — Indefinitely postponed.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

Jefferson (Thomas) Insurance Co.
March 29, 1963 ("Reg. A") 6,840 common. **Price**—By amendment. **Business** — Writing of marine, automobile and fire insurance. **Proceeds**—For selling stockholders. **Office**—457 Starks Bldg., Louisville. **Underwriter**—Stein Bros. & Boyce, Louisville.

Key Training Service, Inc. (5/27-31)
March 26, 1963 filed 47,500 common, of which 40,000 are to be offered by company and 7,500 by a stockholder. **Price**—$6.50. **Business** — Publishing of home study courses through franchised dealers. **Proceeds**—For working capital. **Office**—407 Lincoln Rd., Miami Beach. **Underwriters** — Seymour Blauner Co., and Shelton Securities Co., 663 Fifth Ave., New York.

Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares **Price** — $800 per unit. **Business** — Processing and distribution of sesame seed. **Proceeds**—For accounts receivable, inventories, plant expansion and working capital **Office** — 2301 N. Main St., Paris, Texas. **Underwriter**—John A. Dawson & Co., Chicago.

Kwik-Kold, Inc.
March 29, 1962 ("Reg. A") 100,000 common of which 65,000 will be sold for company and 35,000 for stockholders. **Price — $3. Business — Manufacture** of certain patented cooling packages. **Proceeds**—For debt repayment and working capital. **Office**—Jennings Bldg., P. O Box 638, Moberly, Mo. **Underwriter**—John W. Flynn & Co., Santa Barbara, Calif. **Note**—This letter will be withdrawn.

Laboratory Procedures Inc.
Feb. 26, 1963, filed 225,000 common. **Price**—$1. **Business**—Operation of six medical testing laboratories. **Proceeds**—For general corporate purposes. **Office**—3701 Stocker St., Los Angeles. **Underwriters** — Charles Plohn & Co., and B. W. Pizzini & Co., New York. **Offering**—Imminent.

Leeds Shoes, Inc.
March 29, 1963 filed 90,000 common. **Price**—$3.50. **Business**—Company operates 25 retail shoe stores in Florida. **Proceeds**—For debt repayment, working capital, and expansion. **Office**—1310 North 22nd St., Tampa, Florida. **Underwriter**—Strathmore Securities, Inc., Pittsburgh.

● **Liberty Fabrics of New York, Inc.**
March 28, 1963 filed 108,676 common being offered for subscription by stockholders on the basis of one new share for each 2½ held of record May 6. Rights will expire May 20. **Price** — $11.75. **Business** — Design and manufacture of woven and knitted laces and nettings. **Proceeds**—For a new plant, loan repayment, and working capital. **Office**—105 Madison Ave., New York. **Underwriter**—Blair & Co., Inc., New York.

Life Assurance Co. of Pennsylvania (5/27-31)
March 28, 1963 filed 100,000 capital shares. **Price**—By amendment (max. $33). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For investment, and expansion. **Office**—2204 Walnut St., Philadelphia. **Underwriters**—Auchincloss, Parker & Redpath, Philadelphia, and Arthurs, Lestrange & Co., Pittsburgh.

Livestock Financial Corp.
Feb. 23, 1962 filed 130,000 common. **Price**—$10. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds**—To form new subsidiaries. **Office**—26 Platt St., N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y. **Offering**—Indefinite.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc. (5/30)
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Lunar Films, Inc. (5/27-31)
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York.

Madway Main Line Homes Inc.
Feb. 19, 1963 filed 100,000 common. **Price**—By amendment (maximum $14). **Business**—Production, sale, erection and financing of manufactured homes. **Proceeds**—To finance future credit sales of homes. **Office**—315 E. Lancaster Ave., Wayne, Pa. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Postponed.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

● **Manchester Insurance Management & Investment Corp.**
Nov. 28, 1962 filed 272,941 common. **Price**—$3.50. **Business**—Writing of casualty insurance, adjustment of claims, financing of insurance premiums, and the making of investments. **Proceeds**—For expansion, loan repayment and other corporate purposes. **Office**—9929 Manchester Rd., St. Louis. **Underwriter**—Troster, Singer & Co., New York. **Offering**—Imminent.

Manhattan Drug Co., Inc.
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price**—$3.50. **Business**—Manufacture, packaging and sale of various proprietary drug products. **Proceeds**—For equipment, new products, debt repayment and working capital. **Office**—156 Tillary St., Brooklyn, N. Y. **Underwriter**—To be named. **Note**—This registration will be withdrawn. The company's assets have been sold to another firm.

● **Maradel Products, Inc. (5/22)**
April 1, 1963 filed 150,000 common. **Price**—By amendment (max. $25). **Business**—Manufacture and sale of cosmetics, pharmaceuticals and related products. **Proceeds**—For an acquisition and working capital. **Office**—516 Ave. of the Americas, N. Y. **Underwriter**—Hornblower & Weeks, N. Y.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

● **Medic Corp.**
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address). **Offering**—Expected in late May.

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed - end investment company which plans to become open - end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc., Denver.

Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office**—Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

Meridian Fund, Inc.
March 4, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 5%. **Business**—A new mutual fund to be offered initially to members of the medical profession. **Proceeds**—For investment. **Office** — 714 Boston Bldg., Denver. **Underwriter**—Centennial Management & Research Corp., (same address).

● **Met Food Corp.**
March 30, 1962 filed $1,000,000 of convertible subordinated debentures due Nov. 1, 1977. **Price** — By amendment. **Business**—Distribution of food and related products to supermarkets and other retail stores in the New York Metropolitan area. **Proceeds**—For general corporate purposes. **Office**—345 Underhill Blvd., Syosset, N. Y. **Underwriter**—Brand, Grumet & Siegel, Inc., N. Y. **Note**—This registration was withdrawn.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business** — A closed-end management investment company. **Proceeds** — For general corporate purposes. **Office** — 2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

Mil National Corp. (5/13-17)
Jan. 28, 1963 refiled 94,000 common. **Price**—$4. **Business**—Distribution of commercial dry cleaning and laundry equipment. **Proceeds**—For general corporate purposes. **Office**—1101 East Tremont Ave., Bronx, New York. **Underwriter**—Herbert Young & Co., Inc., New York.

● **Missouri Fidelity Life Insurance Co. (5/22)**
March 27, 1963 filed 300,000 common. **Price**—By amendment (max. $8.50). **Business**—A legal reserve life insurance company. **Proceeds**—For expansion. **Office**—2401 South Brentwood Blvd., St. Louis. **Underwriter**—A. C. Allyn & Co., Chicago.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile home parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

● **Mortgage Guaranty Insurance Corp. (5/16)**
March 11, 1963, 200,000 common. **Price**—By amendment (max. $27). **Business**—Company is engaged in the insuring of lenders from loss on residential loans. **Proceeds**—For investment. **Office**—600 Marine Plaza, Milwaukee. **Underwriters**—Hornblower & Weeks, Chicago, and Robert W. Baird & Co., Inc., Milwaukee.

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $15,000,000 (15,000 units) of interests. **Price** — To be supplied by amendment. **Business** — The fund will invest in tax-exempt bonds of states, counties, municipalities and territories of the U. S. **Proceeds**—For investment **Sponsor**—Ira Haupt & Co., 111 Broadway, New York. **Offering**—Indefinite

Music Royalty Corp.
July 27, 1962 filed 150,000 common. **Price**—$1. **Business**—Company acts as representative of artists, musicians, etc. and plans to engage in the music publishing business. **Proceeds**—For debt repayment, public relations, acquisition of musical properties, and working capital. **Office**—545 Fifth Ave., N. Y. **Underwriter**—Associated Securities Co., 545 Fifth Ave., N. Y.

National Central Life Insurance Co.
Dec. 7 filed 125,000 common. **Price** — By amendment (max. $15). **Business**—Writing of health and accident insurance. **Proceeds**—For general corporate purposes. **Address**—2632 McGee St., Kansas City, Mo. **Underwriter**—To be named

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

National Fence Manufacturing Co., Inc.
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ire-

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land, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co. Inc., New York. **Offering**— Indefinite.

National Fidelity Life Insurance Co. (5/13-17)
March 28, 1963 filed 72,455 common, of which 36,227 shares are to be offered by company and 36,228 shares by a stockholder. **Price**—By amendment (max. $35). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—1002 Walnut St., Kansas City. **Underwriter**—E. F. Hutton & Co., Inc., New York.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. Price—$1. Business—Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. Proceeds—For general corporate purposes. Office—13 S. Broadway, Red Lodge, Mont. Underwriter—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds**—For general corporate purposes. **Office**—113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

National Uni-Pac, Inc.
July 31, 1962 filed 85,000 common. **Price**—By amendment (max. $4). **Business**—Company plans to sell or lease coin operated vending machines. **Proceeds**—For debt repayment, equipment and working capital. **Office**—15 Peachtree St., Atlanta. **Underwriter**—None. **Note**—This registration will be withdrawn.

Natural Gas & Oil Producing Co. (6/27)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New Industry Capital Corp.
Feb. 25, 1963, filed 30,500 common. **Price**—$10. **Business**—A small business investment company. **Proceeds**—For investment, and working capital. **Office**—1228 Wantagh Ave., Wantagh, New York. **Underwriter**—None.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

North Central Airlines, Inc.
March 29, 1963 filed $1,500,000 of 5½% subordinated convertible debentures due 1978, to be offered to common stockholders of record April 15, 1963, without allocation or limitation. Unsubscribed debentures will be offered for public sale. **Price**—At par. **Business**—Operation of an airline in ten mid-western states and Ontario, Canada. **Proceeds**—For aircraft modification, and working capital. **Office**—6201 Thirty-fourth Ave., South, Minneapolis. **Underwriter**—None.

Northern States Life Insurance Corp.
March 26, 1963 filed 280,000 common to be offered for subscription by stockholders on the basis of one new share for each 1½ held. **Price**—By amendment (max. $2.50). **Business**—Writing of general life insurance. **Proceeds**—For expansion. **Office**—1840 North Farwell Ave., Milwaukee. **Underwriter**—None.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

● Nuveen Tax-Exempt Bond Fund, Series 4 (5/13)
Oct. 17, 1963 filed $12,000,000 of units representing fractional interests in the Fund. **Price**—By amendment. **Business**—The Fund will invest in interest-bearing obligations of states, counties, and municipalities of the U. S., and political subdivisions thereof which are believed to be exempted from Federal Income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

● Optech, Inc. (6/3-7)
March 28, 1963 filed 140,000 common. **Price**—$3. **Business**—Research and development of materials used in the "Laser" field, and in related areas of optical electronics. **Proceeds**—For general corporate purposes. **Office**—102 Grand St., Westbury, New York. **Underwriters**—Stone, Ackerman & Co., Inc., and Heritage Equity Corp., New York.

Orr (J. Herbert) Enterprises, Inc. (5/27-31)
May 1, 1962 filed 200,000 common. **Price**—$5.25. **Business**—The company and its subsidiaries manufacture and distribute cartridge type tape player recorders and programs therefor; sell at retail nationally known audio visual equipment; and manufacture men's and boy's dress trousers. **Proceeds** — For additional inventory, equipment, research, and working capital. **Address**—P. O. Box 27, Opelika, Ala. **Underwriter**—First Alabama Securities, Inc., Montgomery.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

PMA Insurance Fund Inc.
April 8, 1963 filed 200,000 common. **Price** — Net asset value plus 4%. **Business**—A new mutual fund specializing in insurance stocks. **Proceeds**—For investment. **Address** — Plankington Bldg., Milwaukee. **Underwriter**—Fund Management Inc, (same address).

● Pall Corp. (5/20-24)
April 4, 1963 filed 61,584 class A shares to be offered for subscription by stockholders on the basis of one new share for each nine class A and class B shares held. **Price**—By amendment (max. $34). **Business**—Company produces equipment for the dehumidification of compressed gases, control of flow and temperature, detection of gases, and the treatment and pumping of water. **Proceeds**—For loan repayment, equipment, advances to subsidiaries, and working capital. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., New York. **Underwriter**—L. F. Rothschild & Co., New York.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

Parkview Drugs, Inc.
April 29, 1963 filed 14,080 common. **Price**—By amendment (max. $20). **Business**—Company is engaged in the retail drug business. **Proceeds**—For selling stockholder. **Address**—6000 Manchester Trafficway Terrace, Kansas City. **Underwriter**—Scherck, Richter Co., St. Louis.

Parkway Laboratories, Inc.
Dec. 6, 1961 filed 160,000 common. **Price**—$5. **Business**—Manufacture of drugs and pharmaceuticals. **Proceeds**—For an acquisition, research and other corporate purposes. **Office** — 2301 Pennsylvania Ave., Philadelphia **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Pension Securities Fund, Inc.
April 24, 1963 filed 500,000 common. **Price**—$100 initially; thereafter, at net asset value. **Business**—A new mutual fund designed to provide an investment program for pension trusts. **Proceeds**—For investment. **Address**—20 Broad St., New York. **Underwriter**—None. **Adviser**—Smith, Barney & Co., New York.

Peterson, Howell & Heather, Inc. (5/20-24)
March 26, 1963 filed 33,383 class A common. **Price**—By amendment (max. $35). **Business**—Furnishing of Automobile fleet management service to firms in the U. S. and Canada. **Proceeds**—For selling stockholders. **Office**—2521 N. Charles St., Baltimore. **Underwriter** — Alex. Brown & Sons, Baltimore.

Pictronics, Inc.
Feb. 27, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Production of TV documentary films, and the processing of colored kodachrome film. **Proceeds**—For equipment, and working capital. **Office** — 56 Bennett Bldg., Wilkes-Barre, Pa. **Underwriter**—G. K. Shields & Co., New York.

● Polaris Corp.
April 1, 1963 filed 90,122 common to be offered for subscription by common stockholders on the basis of one new share for each seven held. **Price** — By amendment (max. $17). **Business** — Company, and subsidiaries are engaged in diverse activities including advertising, building construction, TV and radio, data processing, warehousing, equipment leasing, and river terminal operations. **Proceeds**—For working capital. **Office**—111 East Wisconsin Ave., Milwaukee. **Underwriter** — The Marshall Co. (same address). **Offering**—Expected in late May or early June.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest **Price**—By amendment (max. $5). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—880 Bonifant St., Silver Spring, Md. **Underwriter**—None.

● Poulsen Insurance Co. of America (5/28)
March 29, 1963 filed 100,000 common. **Price**—By amendment (max. $10). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For debt repayment, and other corporate purposes. **Address**—Executive Plaza, Park Ridge, Ill. **Underwriter**—A. C. Allyn & Co., Chicago.

Powell Petroleum, Inc.
Sept. 28, 1962 filed 100,000 common. Price—$5. Proceeds—To drill for and operate oil wells. Office—418 Market St., Shreveport, La. Underwriter—None.

Power Cam Corp.
Jan. 28, 1963, filed 200,000 capital shares. **Price**—$4.75. **Business**—Company plans to manufacture a new type of brake unit for heavy duty automotive vehicles. **Proceeds**—For equipment, and working capital. **Office** — 2604 Leith St., Flint, Mich. **Underwriter**—Farrell Securities Co., New York.

Prescott-Lancaster Corp.
March 30, 1962 filed 150,000 common. **Price**—$5. **Business**—Real estate. **Proceeds**—For purchase of mortgages, and working capital. **Office**—18 Lancaster Rd., Union, N. J. **Underwriter**—To be named.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. **Price**—$25. **Business**—Purchase and sale of real property, chiefly unimproved land. **Proceeds**—For debt repayment, and acquisition of additional properties. **Office**—195 Nassau St., Princeton, N. J. **Underwriter**—None.

Professional Men's Association, Inc.
Jan. 8, 1963 filed 40,000 common. **Price**—$5. **Business**—Company specializes in financial consulting, and servicing patients' accounts of member hospitals, physicians and dentists. **Proceeds**—For debt repayment and working capital. **Address**—100 W. Tenth St., Wilmington, Del. **Underwriter**—None.

● Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—316 North Fifth St., Bismarck, N. D. **Underwriter** — Provident Management Co. (same address).

Putnam Income Fund
April 3, 1963 filed 2,000,000 shares of beneficial interest. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking maximum income, and long term growth of principal. **Proceeds**—For investment. **Office**—60 Congress St., Boston. **Underwriter** — Putnam Fund Distributors, Inc. (same address).

Realty Equities Corp. of New York
April 3, 1963 filed 117,853 common to be offered for subscription by common stockholders on the basis of one new share for each three held. **Price**—By amendment (max. $7). **Business** — Company and subsidiaries are engaged in the purchase and sale, development, management, and holding of real estate properties. **Proceeds**—For purchase of additional properties and working capital. **Address**—Time & Life Bldg., New York. **Underwriter**—None.

Recreation Industries, Inc.
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — $2. **Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 W. 7th St., Los Angeles. **Underwriter** — Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Imminent.

● Red Kap, Inc.
April 23, 1963 filed 240,000 common, of which 100,000 are to be offered by company and 140,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Manufacture and distribution of industrial uniforms to industrial rental laundries. **Proceeds**—For debt repayment and working capital. **Address** — Sudekum Bldg., Nashville, Tenn. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York. **Offering**—In late May or early June.

Reliance Life Insurance Co. of Illinois.
March 29, 1963 filed 150,000 common. **Price**—By amendment (max. $4). **Business**—Writing of life insurance. **Proceeds**—For sales promotion, and investment. **Office**—15 South Northwest Highway, Park Ridge, Ill. **Underwriter**—None.

Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price** — $32 per unit. **Business** — Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter**—R. L. Warren Co., St. Louis. **Offering**—Indefinite.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business** — Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del.

Richard Gray & Co., Inc.
June 21, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business** — A securities broker-dealer. **Proceeds** — For working capital and other corporate purposes. **Office**—237 W. 51st St., N. Y. **Underwriter**—Richard Gray Co., New York. **Offering**—Indefinite.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. **Price**—$7. **Business**—A real estate investment company. **Proceeds**—For debt repayment and general corporate purposes. **Office**—220 K St., N. W., Washington, D. C. **Underwriter**—Hirschel & Co., Silver Spring, Md. **Offering**—Indefinite. **Note**—The SEC has challenged the accuracy and adequacy of this registration statement.

Rona Lee Corp. (5/27-31)
Sept. 26, 1962 filed $250,000 of 6¾% debentures and 50,000 common. **Price**—For debentures, by amendment; for stock, $4. **Business**—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. **Proceeds**—For debt repayment. **Office**—112 W. 34th St., New York. **Underwriter**—Reuben Rose & Co., Inc., New York.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital. **Office**—245 7th Ave., N. Y. **Underwriter** — Federman, Stonehill & Co., N. Y. **Note**—This registration will be withdrawn.

Russell Mills, Inc.
Sept. 28, 1962 filed 312,500 common. **Price**—By amendment (max. $12). **Business**—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. **Proceeds**—For bond retirement and plant expansion. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, N. Y. **Note** — This company

formerly was called Russell Manufacturing Co. **Offering**—Indefinite.

St. Louis Shipbuilding-Federal Barge, Inc. (6/11)
March 28, 1963 filed 150,000 common, of which 50,000 are to be offered by company and 100,000 by H. T. Pott, Chairman. **Price**—By amendment (max. $10). **Business**—Operation of a shipyard in St. Louis. Subsidiaries operate water carrier systems, a railroad, a vessel repair and barge construction yard, also dry docks and other related activities. **Proceeds**—For general corporate purposes. **Office**—611 East Marceau Street, St. Louis. **Underwriter**—Reinholdt & Gardner, St. Louis.

Sapawe Gold Mines Ltd.
April 16, 1963 filed 1,000,000 common. **Price**—By amendment (max. 30c). **Business**—Company is engaged in exploratory mining for gold. **Proceeds**—For a mill, equipment, loan repayment, and other corporate purposes. **Address**—Phoenix Bldg., Toronto, Ontario. **Underwriter**—None.

Safran Printing Co. (5/27-31)
April 29, 1963 filed 225,720 common. **Price**—By amendment (max. $18). **Business** — Company specializes in multi-color printing for publishers and commercial clients, and produces business forms for conventional use. **Proceeds**—For selling stockholders. **Office**—3939 Bellevue St., Detroit. **Underwriters**—White, Weld & Co., Inc., New York, and Watling, Lerchen & Co., Detroit.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public, $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds** — For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest **Price**—$15. **Business** — A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter** — McDonald & Co., Cleveland. **Offering** — Indefinite.

Signalite Inc.
Jan. 29, 1962 filed 126,000 common. **Price**—$4.50. **Business**—Manufacture, sale and development of glow lamps for use as indicators and circuit components. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1933 Heck Ave., Neptune, N. J. **Underwriter**—Milton D. Blauner & Co., New York. **Note**—This registration will be withdrawn.

Southeastern Mortgage Investors Trust (5/15)
Feb. 15, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 E. Morehead St., Charlotte, N. C. **Underwriter**—Fleetwood Securities Corp. of America, N. Y.

Southern California Edison Co. (5/22)
April 22, 1963 filed $60,000,000 of first and refunding mortgage bonds, series Q, due May 15, 1988. **Proceeds**—To refund $32,400,000 of outstanding 3% bonds due 1965, and for debt repayment. **Office**—601 West Fifth St., Los Angeles. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—May 22 (8:30 a.m. PDST) at above address.

● **Southern Union Gas Co. (5/22)**
April 22, 1963 filed $5,000,000 of sinking fund debentures due 1983, also 50,000 cumulative preferred shares (par $100). **Price**—By amendment. **Business**—A public utility rendering natural gas service in Texas, New Mexico, Arizona and Colorado. **Proceeds**—For debt repayment. **Address**—Fidelity Union Tower, Dallas. **Underwriter**—A. C. Allyn & Co., Chicago.

● **Stephenson Finance Co., Inc. (6/3-7)**
April 12, 1963 filed $1,000,000 of 6% sinking fund subord. debentures due Nov. 1, 1978. **Price**—At par and accrued interest. **Business**—A consumer finance company which is also engaged in the sale of automobile and life insurance. **Proceeds**—For debt repayment and other corporate purposes. **Office**—518 S. Irby St., Florence, S. C. **Underwriter**—Alester G. Furman Co., Inc., Greenville, South Carolina.

Sterling Copper Corp.
Aug. 2, 1962 filed 850,000 common. **Price**—$1. **Business**—Company plans to operate a non-ferrous rod and tube mill. **Proceeds**—For plant and equipment, working capital and other corporate purposes. **Office**—300 Horn Rd., Pinconning, Mich. **Underwriter**—None.

● **Sternco Industries, Inc. (5/16)**
March 28, 1963 filed $400,000 of 6% conv. subord. debentures due 1977, and 25,000 class A common. **Price**—For debentures, $1,000; for stock, by amendment (max. $12). **Business**—Distribution of tropical fish, goldfish, turtles, animals, and acquarium supplies. **Proceeds**—For additional equipment, inventories, and new product lines. **Office**—53 Cottage Place, Allendale, New Jersey. **Underwriter**—Oppenheimer & Co., New York.

Stone Mountain Scenic Railroad, Inc.
Jan. 22, 1963 filed 105,000 common to be offered for subscription by stockholders on the basis of one share for each three shares held. Unsubscribed shares will be sold to the public. **Price**—To stockholders, $5.50; to public, $6.50. **Business**—Operation of a scenic railroad. **Proceeds**—For construction, debt repayment and other corporate purposes. **Address**—Stone Mountain, Ga. **Underwriter**—None.

Superior Benefit Life Insurance Co.
March 27, 1963 filed 600,000 common. **Price**—$2.50. **Business**—Sale of life insurance. **Proceeds**—For general corporate purposes. **Office**—211 Anderson Bldg., Lincoln, Neb. **Underwriter**—Capital Investment Co., Lincoln, Neb.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd., Los Angeles. **Underwriter**—None.

Teaching Machines, Inc.
April 1, 1963 filed 165,000 common, of which 120,000 are to be offered by company, and 45,000 by stockholders. **Price**—By amendment (max. $9). **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For debt repayment and other corporate purposes. **Office**—221 San Pedro, N. E., Albuquerque. **Underwriter**—To be named.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc., (same address).

Ten-Tex, Inc.
Dec. 31, 1962 ("Reg. A") 3,000 units each consisting of one 6½% 10-year debenture, 25 common shares and purchase warrants for 100 common shares to be offered for subscription by stockholders of Ten-Tex Corp., parent, of record Feb. 1, 1963 on the basis of one unit for each 150 common shares held. **Price**—$100. **Business**—Sale and lease of machinery for production of tufted textile products. **Proceeds** — For debt repayment and working capital. **Office**—3814 Tennessee Ave., Chatsworth, Ga. **Underwriter**—Irving J. Rice & Co., Inc., St. Paul. **Offering**—Indefinite.

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—To be named. **Offering**—Indefinite.

Textile Distributors, Inc.
March 22, 1963 ("Reg. A") 60,000 class A common. **Price**—$5. **Business**—Operation of department stores. **Proceeds**—For inventory, debt repayment and expansion. **Office**—819 Broadway, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders **Price**—$5. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Philips, Appel & Walden, 115 Broadway, N. Y. **Offering**—Temporarily postponed.

Tourist Industry Development Corp., Ltd.
March 29, 1963 filed $5,000,000 of 7% senior debentures due 1983. **Price**—At par. **Business**—Financing of tourist enterprises in Israel. **Proceeds** — For general corporate purposes. **Address** — Jerusalem, Israel. **Undrewriter**—American-Israel Basic Economy Corp., New York. **Offering**—Expected in late June.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Tri-Nite Mining Co.
April 26, 1963 filed 800,000 common. **Price**—40c. **Business**—Company plans to engage in exploratory mining for zinc ore. **Proceeds**—For advance royalties, payment of balance due on a mill, and construction. **Address**—405 Fidelity Bldg., Spokane, Wash. **Underwriter** — Mutual Funds Co., Inc., Spokane.

Ultrasonic Laboratories, Inc.
Nov. 29, 1962 filed 67,200 common. **Price**—$3.50. **Business**—Design, engineering and manufacture of specialized products primarily in the field of contamination control. Company also acts as sales agents and distributors of allied equipment in the fields of contamination control and ultrasonics. **Proceeds**—For debt repayment, equipment, advertising and other corporate purposes. **Office**—1695 Elizabeth Ave., Rahway, N. J. **Underwriter**—None.

● **Underwriters National Assurance Co.**
Feb. 21, 1963, filed 50,000 common, of which 31,176 shares are to be offered by company and 18,824 by a selling stockholder. **Price**—$7.50. **Business** — Writing of health insurance. **Proceeds**—To increase capital and surplus and for expansion. **Office** — 1939 N. Meridian St., Indianapolis. **Underwriter** — K. J. Brown & Co., Inc., Muncie, Ind. **Offering**—Imminent.

United Camera Exchange, Inc. (5/27-31)
Nov. 29, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of retail stores selling and trading cameras, films and other photographic equipment. Company also sells radios, tape recorders, dictating and photocopying machines, and provides a film developing and printing service. **Proceeds**—For new stores and camera concessions. **Office**—25 W. 43rd St., N. Y. **Underwriter**—Ingram, Lambert & Stephen, Inc., 50 Broad St., New York.

United Saran & Plastic Corp. Ltd.
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. **Price** — $305 per unit. **Business** — Manufacture of light household and office furniture. **Proceeds** — For general corporate purposes. **Address**—Rehovoth, Israel. **Underwriter**—Brager & Co., New York. **Offering**—Indefinite.

● **United Servomation Corp. (5/20-24)**
April 19, 1963 filed 215,000 common. **Price**—By amendment (max. $22). **Business**—Sale of various food and tobacco products through automatic vending machines. **Proceeds**—Foro selling stockholders. **Office**—410 Park Ave., New York. **Underwriter**—Hemphill, Noyes & Co., New York.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo. **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo.

Universal Finance Corp.
March 29, 1963 filed $1,026,000 of 7% junior subordinated convertible capital notes (series A) due 1978; also 12,329 common to be sold for stockholders. **Price**—For debentures, at par; for stock, by amendment. **Business**—Company and 30 active subsidiaries are engaged in the consumer finance business. **Proceeds**—For debt repayment, and expansion. **Address** — 700 Gibraltar Bldg., Dallas. **Underwriters**—Midland Securities Co., Inc., Kansas City, and Texas National Corp., San Antonio.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital, leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas. **Underwriter** — First Nebraska Securities Corp., Lincoln, Neb. **Offering**—Temporarily postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Montana. **Underwriter**—To be named.

● **Vend-Mart Inc. (5/20-24)**
Jan. 22, 1963 filed 60,000 common. **Price**—$4. **Business**—Operation of coin-operated automatic ice cube vending machines and clothes washing and drying machines. **Proceeds** — For debt repayment, equipment, expansion and working capital. **Office**—565 Fifth Ave., New York. **Underwriter**—M. G. Davis & Co., Inc., New York.

Virginia Electric & Power Co. (5/14)
April 12, 1963 filed $30,000,000 of first and refunding mortgage bonds due 1993. **Proceeds**—For construction. **Address**—7th & Franklin Sts., Richmond. **Underwriters** — (Competitive). Probable bidder: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler-Goldman, Sachs & Co. (jointly). **Bids**—May 14 (11 a.m. EDST) at One Chase Manhattan Plaza, New York. **Information Meeting**—May 10 (11 a.m. EDST) at same address.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. **Price**—By amendment. **Business**—The carrying of liner-type cargoes. **Proceeds**—For the purchase of vessels, and working capital. **Office**—71 Saint Joseph St., Mobile, Ala. **Underwriter**—Shields & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Western Empire Real Estate Investments
Sept. 26, 1962 filed 600,000 shares of beneficial interest. **Price**—$4. **Business**—Company plans to quality as a real estate investment trust. **Proceeds**—For investment. **Office**—1755 Gilpin St., Denver, Colo. **Underwriter**—None.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. **Price** — $1. **Business**—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." **Proceeds**—For plant construction and general corporate purposes. **Address**—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. **Underwriter**—C. B. Hoke Agency, Cheyenne, Wyo. **Note**—The SEC has issued an order temporarily suspending this issue.

Western Union International, Inc.
March 29, 1963 filed $4,000,000 of 6¼% subordinated debentures due 1983, and 400,000 common. **Price**—For debentures, at par; for stock $3.50. **Business**—Company will take over and operate Western Union Telegraph's international telegraph operations. **Proceeds**—For selling stockholder, Western Union Telegraph Co., parent. **Office**—60 Hudson St., New York. **Underwriters**—American Securities Corp., and Glore, Forgan & Co., New York. **Offering**—Expected in late July.

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Widman (L. F.), Inc.
Oct. 27, 1961 filed 162,000 common, of which 102,000 are to be offered by the company and 60,000 by stockholders. **Price**—$3. **Business**—Operates a chain of retail drug stores. **Proceeds**—Expansion, equipment and working capital. **Office**—738 Bellefonte Ave., Lock Haven, Pa **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. **Price** — By amendment (max. $11). **Business**—Operation of a chain of shoe stores. **Proceeds**—For debt repayment, expansion and working capital. **Office** — 808 Dakin St., New Orleans **Underwriter** — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans. **Note**—This registration will be withdrawn.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with pari-mutual betting. **Proceeds** — For debt repayment and working capital. **Office**—3 Penn Center Plaza, Philadelphia. **Underwriter**—Stroud & Co., Inc., Philadelphia. **Offering**—Indefinite.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price—$4. Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—To be named.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. **Price**—$500 per unit. **Business**—Real estate. **Proceeds**—For debt repayment and realty acquisitions. **Office**—10 East 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th Street, New York **Note**—This registration will be withdrawn.

Woman's Life Insurance Co. of America, Inc.
March 28, 1963 filed 150,000 common. **Price**—$7.50. **Business**—Company writes life insurance for women. **Proceeds**—For investment, and expansion. **Office**—7940 Wisconsin Ave., Bethesda, Maryland. **Underwriter**—None.

Issues Filed With SEC This Week

★ **Atlantis International Corp.**
April 30, 1963 filed 100,000 common. **Price**—$4. **Business**—A real estate development company. **Proceeds**—For debt repayment, property improvement, and working capital. **Office**—700 Park Ave., Plainfield, N. J. **Underwriter**—S. Schramm & Co., Inc., New York.

★ **Brown Engineerng Co., Inc. (5/27-31)**
May 2, 1963 filed 110,000 common, of which 50,000 will be offered by company and 60,000 by stockholders. **Price**—By amendment (max. $28). **Business**—Company is engaged in engineering and manufacturing activities in support of the research and development phases of space vehicle programs. **Proceeds**—For working capital. **Office**—300 Sparkman Dr., N. W., Huntsville, Ala. **Underwriter**—Goodbody & Co., New York.

★ **Edgerton, Germeshausen & Grier, Inc. (5/27-31)**
May 2, 1963 filed 235,000 common. **Price**—By amendment (max. $18). **Business** — Company specializes in measuring, controlling and utilizing high speed electronic and nuclear phenomena. **Proceeds** — For selling stockholders. **Office**—160 Brookline Ave., Boston. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

★ **Forming Machine Co. of America, Inc.**
May 3, 1963 ("Reg. A") 20,000 common. **Price**—$5. **Business** — Company is engaged in the development of a machine used to make pulp and paper products, plastic laminates, and pipes and tubing made of synthetic resins. **Proceeds**—For patent fees, equipment, product development and working capital. **Address** — Bound Brook, N. J. **Underwriter**—None.

★ **Gem International, Inc. (6/3-7)**
May 1, 1963 filed $3,750,000 of subordinated convertible debentures due May 1, 1979. **Price**—At par. **Business**—Company operates a chain of 32 closed-door membership department stores. **Proceeds**—For loan repayment, expansion and working capital. **Office** — 10824 Page Blvd., St. Louis, Mo. **Underwriters**—Bosworth, Sullivan & Co., Inc., Denver; Scherck, Richter Co., and Dempsey-Tegeler & Co., Inc., St. Louis.

★ **Mountain States Telephone & Telegraph Co. (6/3)**
May 3, 1963 filed 4,037,431 common to be offered for subscription by stockholders of record on June 3, 1963 on the basis of one share for each 10 shares held. Rights will expire June 28. **Price**—By amendment. **Proceeds**—To repay advances from A. T. & T., parent, and for other corporate purposes. **Office**—931 Fourteenth St., Denver. **Underwriter**—None.

★ **Ozark Air Lines, Inc.**
May 3, 1963 filed $3,000,000 of conv. subord. debentures due 1978. **Price**— By amendment. **Business**—Operation of local air transportation between 54 mid-western cities. **Proceeds**—For debt repayment, equipment, property improvements and working capital. **Address**—Lambert-St. Louis Municipal Airport, St. Louis. **Underwriters**—Auchincloss, Parker & Redpath, N. Y., and Yates, Heitner & Woods, St. Louis.

★ **Paula Payne Products Co.**
April 24, 1963 ("Reg. A") 50,000 common. **Price**—$2. **Business** — Manufacture of supplies for beauty salons. **Proceeds**—For sales promotion, inventory, research and construction. **Office**—6607 Pineville Rd., Charlotte, N. C. **Underwriter**—None.

★ **Scully Recording Instruments Corp.**
Apr. 23, 1963 ("Reg. A") $240,000 of 8% subord. conv. debentures due 1973. **Price**—At par plus accrued interest. **Business**—Manufacture of a master disc recording machine. **Proceeds**—For debt repayment, sales promotion, working capital and other corporate purposes. **Office**—62 Walter St., Bridgeport, Conn. **Underwriter**—Moran & Co., Newark, N. J.

★ **Super Stores, Inc.**
April 23, 1963 ("Reg. A") 1,000 units to be offered for subscription by stockholders on the basis of one unit for each 34 shares held. Each unit consists of one $100, 6½% debenture due 1971 and warrants to purchase five common shares. **Price**—$125 per unit. **Business**—Operation of retail variety stores in Alabama, Mississippi and Florida. **Proceeds**—For prepayment of debt, and purchase of stock purchase warrants held by Growth Capital, Inc. **Office** — 950 Telegraph Rd., Prichard, Ala. **Underwriter**—None.

★ **Travelers Express Co., Inc. (6/17-21)**
May 3, 1963 filed 267,740 common, of which 70,000 are to be offered by company and 197,740 by stockholders. **Price**—By amendment (max. $15.50). **Business**—Sale of money orders on a nation-wide basis through retail merchants. **Proceeds**—For debt repayment, and working capital. **Address**—Northwestern Bank Bldg., Minneapolis. **Underwriter**—Dean Witter & Co., Chicago.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

American Telephone & Telegraph Co.
$250,000,000 of 4⅜% debentures due May 1, 1999 offered at 100.816% and accrued interest, to yield 4.33%, by Morgan Stanley & Co., New York.

Eazor Express, Inc.
125,000 common offered at $11.50 per share by W. E. Hutton & Co., 14 Wall St., New York (Issue was exempted from SEC registration).

Exchange Fund of Boston, Inc.
1,100,000 common shares being offered in exchange for certain acceptable securities on the basis of one share for each $27.50 of market value of deposited securities, less a sales charge of 4% down to 1½%. Vance, Sanders & Co., Inc., Boston, is dealer-manager for the exchange.

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 4⅜% first mortgage bonds, series O, due May 1, 1993 offered at 99.751% and accrued interest, to yield 4.39%, by Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., New York.

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

Liberty Fabrics of New York, Inc.
108,676 common offered for subscription by stockholders at $11.75 per share on the basis of one new share for each 2½ held of record May 6. Rights will expire May 20. Blair & Co., Inc., New York, is the principal underwriter.

Manhattan Life Insurance Co.
50,000 guaranteed capital shares offered at $110 per share by Kidder, Peabody & Co., Inc., New York.

Upper Peninsula Power Co.
34,000 common offered at $29 per share by Kidder, Peabody & Co.; Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp., New York.

Prospective Offerings

★ **Bank of Tokyo of California (San Francisco)**
May 6, 1963 it was reported that the bank is offering stockholders the right to subscribe for an additional 82,500 capital shares on the basis of one new share for each two held of record May 8. Rights will expire May 31. **Price**—$32. **Proceeds**—To increase capital and surplus. **Office**—64 Sutter St., San Francisco. **Underwriter**—None.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office** — 25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Chicago Union Station Co. (5/15)
April 29, 1963 this company, jointly owned by four major railroads, announced that it would accept separate bids for the sale of (a) $29,000,000 first mortgage sinking fund bonds due June 1, 1988, (b) $10,000,000 of serial debentures, series A, due June 1, 1964-68, (c) $10,000,000 of serial debentures, series B, due June 1, 1969-73. **Proceeds**—To repay bank loans, and refund outstanding first 3⅛% and first 2⅞% bonds maturing July 1, 1963. **Office**—210 S. Canal St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Blyth & Co. **Bids** — May 15 (12 noon CDST) in Room 870, 516 W. Jackson Blvd., Chicago.

● **Columbia Gas System, Inc.**
May 6, 1963 the company stated that it plans to sell $25,000,000 of debentures in October to raise money for construction. **Office** — 120 East 41st Street, New York. **Underwriters** — (Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Bids**—Expected Oct. 3.

Commonwealth Telephone Co.
April 24, 1963 the company announced plans to offer stockholders the right to subscribe for an additional 71,000 common shares on a 1-for-10 basis. **Proceeds**—For general corporate purposes. **Office** — 100 Lake St., Dallas, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Offering**—Expected in late May.

Communications Satellite Corp.
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named.

Community Public Service Co.
Jan. 16, 1963 it was reported that this company plans to sell $8,000,000 of first mortgage bonds in June 1963. **Office**—408 W. 7th Street, Fort Worth, Tex. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Stone & Webster Securities Corp.

Connecticut Light & Power Co.
Dec. 10, 1962 it was reported that the company is considering the issuance of about $22,500,000 of bonds in 1963 or 1964. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major under-

writer which wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

• Consolidated Edison Co. of New York, Inc.
Feb. 26, 1963 the company stated that it will have to raise approximately $690,000,000 through the sale of securities, to finance its five-year construction program. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co., Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

Consumers Power Co.
April 24, 1963 it was reported that the company plans to sell $20,000,000 of straight debentures in the second half of 1963. **Office**—212 W. Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Duke Power Co.
April 22, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

Eastern Freight Ways, Inc.
Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J. **Underwriter**—Allen & Co.. New York.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

Food Fair Properties, Inc.
May 11, 1962 stockholders authorized the company to issue 756,000 shares of a new convertible preferred stock which will be offered to stockholders through subscription rights on a 1-for-10 basis. **Price**—By amendment **Business**—Development and operation of shopping centers. **Proceeds**—To retire outstanding 6% preferred stock and purchase up to $6,000,000 convertible debentures of Major Realty Corp., an affiliate. **Office**—223 East Allegheny Ave., Philadelphia. **Underwriter**—To be named The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co. New York. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

Great Northern Ry. (5/21)
March 2, 1963 it was reported that the company plans to sell $6,600,000 of equipment trust certificates. **Office**—39 Broadway, New York. **Underwriters** — (Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected May 21 (12 noon EDST) at above address.

Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C. Langley & Co. (jointly); Lee Higginson Corp.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

Hawaiian Electric Co., Ltd.
March 5, 1963 it was reported that this company plans to sell about $14,000,000 of first mortgage bonds in the third quarter. **Office**—900 Richards St., Honolulu. **Underwriters** — Dillon, Read & Co. Inc., New York and Dean Witter & Co., San Francisco.

Hawaiian Telephone Co.
March 25, 1963, the company announced plans to sell about $9,000,000 of common stock late in the third quarter. Details have not been decided upon. However, it is expected that the common will be offered on a rights basis to stockholders. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

Hitachi, Ltd.
April 10, 1963 it was reported that this Japanese firm plans to raise between $10-$20,000,000 in the U. S. by the sale of A. D. R's in the third quarter of 1963. **Business**—Company is Japan's largest manufacturer of electrical equipment and appliances turning out over 10,000 different products ranging from locomotives to transistor radios. **Proceeds** — For expansion. **Address** — Tokyo, Japan. **Underwriter**—Dillon, Read & Co., Inc., New York.

Illinois Bell Telephone Co. (7/9)
April 30, 1963 it was reported that the company plans to offer $50,000,000 of first mortgage bonds due 2003. **Proceeds**—To repay advances from A. T. & T., parent. **Office**—212 W. Washington St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co.; Glore, Forgan & Co.-Eastman Dillon, Union Securities & Co.; Morgan Stanley & Co.; Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler. **Bids** — Expected July 9 at 195 Broadway, New York.

Indiana Bell Telephone Co., Inc. (6/11)
March 4, 1963 it was reported that this A. T. & T. subsidiary plans to sell $20,000,000 of debentures in June, marking its first sale of debt securities. **Office**—240 No. Meridian St., Indianapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—Expected June 11 (11 a.m. EDST) at 195 Broadway, New York. **Information Meeting**—June 6 (2:30 p.m. EDST) at same address.

Indiana & Michigan Electric Co. (8/6)
March 12, 1963 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $45,000,000 of first mortage bonds due 1993. **Office**—2101 Spy Run Ave., Fort Wayne, Ind. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Harriman Ripley & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler (jointly). **Bids**—Expected Aug. 6 at American Electric Power Co., 2 Broadway, New York.

Interstate Securities Co.
April 24, 1963 it was reported that this company plans to offer stockholders the right to subscribe for an additional 173,433 shares on a 1-for-4 basis. **Business**—Engaged in automobile and commercial financing, and the making of small loans. **Proceeds**—For general corporate purposes. **Office** — 3430 Broadway, Kansas City, Mo. **Underwriter**—A. G. Becker & Co., Inc., Chicago. **Offering**—Expected in early June.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in late 1963 or early 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

• Iowa Public Service Co.
May 6, 1963 it was reported that the company plans to offer $12,000,000 of first mortgage bonds in September. **Address**—Orpheum-Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. White, Weld & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

Japan Fund, Inc.
April 18, 1963 it was reported that directors of the Fund had authorized the officers to investigate the possibility of a rights offering of common stock to stockholders. **Business**—A closed-end diversified investment company seeking capital appreciation through investments primarily in common stocks of Japanese firms. **Office**—25 Broad St., New York. **Underwriters**—Bache & Co.; Paine, Webber, Jackson & Curtis, and The Nikko Securities Co., Ltd., New York.

Jersey Central Power & Light Co.
March 12, 1963 it was reported that this subsidiary of General Public Utilities Corp., plans to sell $10,000,000 of 30-year bonds and $9,000,000 of 25-year debentures in the fall. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder Peabody & Co.; Harriman Ripley & Co.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly).

Louisville & Nashville RR. (5/13)
April 30, 1963 it was reported that this road plans to sell $5,385,000 of equipment trust certificates due June 1, 1964-78. **Office**—220 E. 42nd St., N. Y. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—May 13 (12 noon EDST) at above address.

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly).

Mexico (Government of)
April 5, 1963 it was reported that the Mexican Congress had authorized the sale of $100,000,000 of bonds in other countries. It is expected that the majority of them would be sold in the U. S. Details as to terms, timing, etc., have not been decided upon. **Proceeds**—For economic development. **Underwriter**—Kuhn, Loeb & Co., New York.

Michigan Wisconsin Pipe Line Co.
March 12, 1963 the company stated that it is considering the issuance of about $25,000,000 of bonds in the third quarter, to refund a like amount of outstanding 6¼% first pipe line bonds due June 15, 1977. Action is contingent upon successful completion of its rate case now pending with the FPC. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co.

• Missouri Pacific RR. (6/5)
May 6, 1963 it was reported that this road plans the sale of $3,540,000 of equipment trust certificates in June. This will be the second installment of a total $9,000,000 issue. **Address**—Missouri Pacific Bldg., St. Louis 3, Mo. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—June 5 (12 noon CDST) at above address.

National Uni-Pac, Inc.
March 27, 1963 it was reported that the company plans to file a registration statement covering 150,000 common. **Price**—$4. **Business**—The sale or lease of coin operated vending machines. **Proceeds** — To redeem outstanding debentures, and for other corporate purposes. **Office**—15 Peachtree St., N. W. Atlanta, Ga. **Underwriter**—To be named.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $10,000,000 of first mortgage bonds in Sept. **Address**—Fourth and Stewart Avenue, Las Vegas. **Underwriters**—(Competitive): White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $4,000,000 of common stock in September. Transaction is subject to approval by State and Federal regulatory authorities. **Address** — Fourth and Stewart Ave.. Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co.
Jan. 16, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly);

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Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.

New York Central RR (5/23)
April 23, 1963 the company announced plans to sell $2,700,000 of equipment trust certificates in May. **Office**—466 Lexington Ave., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—May 23 (12 noon EDST) at above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Nippon Telegraph & Telephone Pubilc Corp.
April 16, 1963 it was reported that the company plans to sell $20,000,000 of bonds in the United States in the third quarter of 1963. **Business** — Nippon Telegraph, wholly-owned by the Japanese Government, furnishes domestic telephone and telegraph services, without competition, in Japan. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co.; First Boston Corp., and Smith, Barney & Co., New York.

Norfolk & Western Ry. (6/24)
April 8, 1963 it was reported that this road plans to sell about $4,300,000 of 1-15 year equipment trust certificates in June. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—June 24 (12 noon EDST).

Northern Illinois Gas Co. (7/10)
April 9, 1963 the company reported that it plans to sell $20,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-Equitable Securities Corp.; Glore, Forgan & Co. **Bids**—Expected July 10.

Northern Natural Gas Co.
Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 of debt securities sometime in 1963 or 1964. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—To be named. The last sale of debentures on Nov. 16, 1960 was handled on a negotiated basis by Blyth & Co., Inc., N. Y.

Northern States Power Co. (Minn.)
Jan. 11, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly).

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

Pacific Power & Light Co.
Nov. 28, 1962 it was reported that the company plans to issue $30,000,000 of first mortgage bonds in June 1963. **Proceeds**—To repay outstanding loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Lehman Brothers-Bear, Stearns & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly).

Pacific Telephone & Telegraph Co. (6/12)
April 23, 1963 the company announced that its preferred and common stockholders would be offered the right to subscribe for 13,013,969 common shares of Pacific Northwest Bell Telephone Co., a former division which became independent on June 30, 1961, on the basis of 7 Northwest common for each 8 Pacific preferred or one Northwest common for each 8 Pacific common shares held of record June 4. Rights will expire July 3. A prospectus and warrants covering the sale will be mailed to stockholders about June 12. A.T. & T., which owns about 90% of Pacific Telephone's stock will be the principal subscriber to the offering. **Office**—140 New Montgomery St., San Francisco. **Underwriter**—None.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Pennsylvania Power Co. (6/12)
April 9, 1963 it was reported that this utility plans to sell $9,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Office**—19 E. Washington St., New Castle, Pa. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co.,-White, Weld & Co.-Equitable Securities Corp.-Shields & Co. (jointly); Harriman Ripley & Co.; Lehman Brothers-Eastman Dillon, Union Securities & Co.-Ladenburg, Thalmann & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.-Blyth & Co. (jointly). **Bids**—Expected June 12 (11 a.m. EDST) at 300 Park Ave., New York. **Information Meeting**—June 10 (3:45 p.m. EDST) at 15 William St., New York.

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co. The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Public Service Electric & Gas Co. (6/18)
March 4, 1963 it was reported that this company plans to sell $40,000,000 of first mortgage bonds due 1993. **Proceeds** — For construction. **Office** — 80 Park Place, Newark, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.-Blyth & Co.-Goldman, Sachs & Co.-Harriman Ripley & Co. (jointly); Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids** — Expected June 18 (11 a.m. EDST) at above address. **Information Meeting**—June 13 (2 p.m. EDST) at One Chase Manhattan Plaza, New York.

★ Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Security National Bank of Long Island
April 16, 1963 it was reported that the bank plans to offer stockholders the right to subscribe for an additional 141,519 common shares on a 1-for-9 basis. The proposal will be voted on by stockholders in mid-June and the date of the meeting would also be the record date for the rights offering. **Address**—Huntington, N. Y. **Underwriter**—M. A. Schapiro & Co., New York.

★ Sierra Pacific Power Co. (7/17)
May 6, 1963 it was reported that this company plans to sell $8,000,000 of debentures. **Proceeds** — To refund $3,340,000 of outstanding 5⅝% debentures due July 1, 1985, and for construction. **Office**—220 South Virginia St., Reno, Nev. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-White, Weld & Co. (jointly); Stone & Webster Securities Corp.-Dean Witter & Co. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Expected July 17, 1963. **Information Meeting**—July 12 at 90 Broad St., (19th floor), New York.

★ Sierra Pacific Power Co. (7/17)
May 6, 1963 it was reported that the company plans to offer stockholders the right to subscribe for about 172,340 additional common shares on the basis of one new share for each 10 held. **Office**—220 South Virginia St., Reno, Nev. **Underwriter**—None.

Southern California Gas Co. (6/26)
April 22, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $40,000,000 of first mortgage bonds. **Proceeds**—To refund outstanding 5⅛% bonds due July 1, 1983, and for construction. **Office**—810 South Flower St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Eastman Dillon, Union Securities & Co.; Blyth & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected June 26.

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Pacific Co. (6/4)
April 24, 1963 it was reported that this company plans to sell $8,100,000 of equipment trust certificates. **Office**—165 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Solomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—June 4 (12 noon EDST) at above address.

Southern Railway Co.
Jan. 15, 1963 stockholders authorized the company to issue $50,000,000 of general mortgage bonds. **Proceeds**—To acquire stock of Central of Georgia Ry.; retire first mortgage 3¾% bonds of Atlanta & Charlotte Air Line RR.; reimburse the treasury for capital expenditures and provide for additional capital expenditures. **Offices**—14th and Canal St., Richmond, Va., and 70 Pine St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly).

★ Sumitomo Bank of California (San Francisco)
May 6, 1963 it was reported that the bank plans to offer stockholders the right to subscribe for an additional 77,500 shares on the basis of one new share for each two held of record May 10. Rights will expire June 21. **Price**—$32. **Proceeds**—To increase capital and surplus. **Office**—365 California St., San Francisco. **Underwriter**—None.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

● Transcontinental Gas Pipe Line Co.
May 6, 1963 it was reported that the company plans to issue $30,000,000 of debt securities in September. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

● Union Light, Heat & Power Co. (6/25)
April 30, 1963 it was reported that this subsidiary of Cincinnati Gas & Electric Co., plans to sell $6,500,000 of first mortgage bonds due 1993. **Office**—139 East Fourth St., Cincinnati. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Equitable Securities Corp.; White, Weld & Co.; Kidder, Peabody & Co. **Bids**—Expected June 25 11 a.m. EDST). **Information Meeting**—June 19 (11 a.m. EDST) at One Wall St. (47th floor), New York.

Washington Gas Light Co.
Aug. 1, 1962 it was reported that this company plans to sell $12,000,000 of 25-year bonds, in the second quarter of 1963. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters**—(Competitive): Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

Wavelabs, Inc.
April 16, 1963 it was reported that the company had withdrawn a "Reg. A" covering 100,000 capital shares in order to prepare a full filing covering a larger number of shares. It is expected that the registration statement will be filed within a month. **Business**—Manufacture of airborne and shipboard vibration monitoring devices and equipment. **Proceeds**—For debt repayment, advertising, research and working capital. **Office** — 4343 Twain St., San Diego. **Underwriter**—To be named.

Western Transmission Corp.
April 17, 1963 it was reported that this newly-formed natural gas pipeline company plans to file a registration statement covering an undetermined number of common shares to be offered initially to stockholders of U. S. Natural Gas Corp. **Address**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

Western Union Telegraph Co.
March 6, 1963 the company announced that it had arranged to borrow a total of $100,000,000 by sale of notes maturing serially, one-third at the end of each of the years 1964, 1965 and 1966. It plans to refinance the serial notes by issuance of long-term debt securities, but has not determined the terms or timing of the action. **Office**—60 Hudson St., New York. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York.

● Wisconsin Public Service Corp.
March 19, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co. **Bids**—Expected Oct. 8.

West Germany's Future Now That Boom Is Over

Continued from page 5

such and certainly not as a basis for a Paris-Bonn axis. The Federal Republic will not tolerate any disturbance of its strong ties with Europe and NATO as a result of the Paris treaty. This determination will be in a preamble 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. Nothing should be done which will make its entry into the Common Market more difficult.

That is why I went to London immediately after the collapse of 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 Brussels negotiations. 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 commanded our greatest respect. During my visit I assured him that we did not consider the decision as final and that we would do everything in our power to make Great Britain's membership, in spite of everything, a reality as rapidly as possible. Minister Heath welcomed my initiative. But he told me at the same time that the British Government would now expect a new offer from the six nations.

Atlantic Common Market Goal

I understand his position. The President of the Commission of the European Economic Community, Walter Hallstein, 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 once 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 t e basis of mutual interest—a market in which the flow of goods will no longer be hindered by customs barriers and protectionism. We consider the 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 sure that the Common Market will be liberal in its trade policies. This is EEC's decisive responsibility.

Sometimes I hear my American friends ask: would it not be possible for the Federal Republic to contribute more to the defense of the Free World or to foreign aid. 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 continually to the extent that we have 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 ordered abroad, particularly in the United States.

We are equally aware of our responsibilities and obligations in the field of foreign aid. After all we benefitted 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 met wholehearted support. Today Germany's foreign aid expenditures are close to the internationally 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 would mean if our economy, operating 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. Berg 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.

E. T. McCormick

Mr. McCormick, who served as President of American Stock Exchange from 1951 to 1961, was formerly Commissioner of the Securities and Exchange Commission. He joined the SEC in 1934 as a security analyst and rose through the ranks to the position of Commissioner in 1949. 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 Phi Beta Kappa, the national honorary scholastic society.

Thos. De La Rue, Inc., with executive officers at 20 Exchange Place, New York City, has printing and manufacturing plants at 130 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 powerhouse, housing two turbine generators. 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 115% of annual debt service requirements on these bonds.

The bonds maturing 1967 to 1986 are offered to yield from 2.25% to 3.25% for various coupons and the term bonds due 1996 carry a 3¼% 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 $108,000,000 remains in account.

The *Bankers Trust Co., Morgan Guaranty Trust Co.* group was high for $15,330,000 Cincinnati, Ohio various purpose, unlimited and limited tax bonds due 1964-1996 with an overall net interest cost of 2.8932%. Involved were ten separate issues but the award was made on an "all or none" basis. The second best bid for the bonds, offering a 2.9043% net interest cost, came from the syndicate led by the First Boston Corp.

Other major members of the winning group include Kidder, Peabody & Co., Kuhn, Loeb & Co., John Nuveen & Co. and Wertheim & Co.

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

One other sale this week is worthy of brief mention. The Indiana Area Joint School Authority, Pennsylvania sold $3,795,000 revenue refunding (1963-1982) bonds through negotiation to the syndicate managed jointly by *Ira Haupt & Co.* and *McKelvy & Co.* at a net interest cost of 3.1017%.

Other members of this syndicate include Kidder, Peabody & Co., Arthurs, Lestrange & Co., Blair & Co., Inc., Butcher & Sherrerd, Francis I. du Pont & Co., Hemphill, Noyes & Co., Hess, Grant & Remington, Moore, Leonard & Lynch, Rambo, Close & Kerner, Singer, Deane & Scribner and Warren W. York & Co.

Reoffered to yield from 1.50% to 3.20%, the syndicate reports wide investor response with all but $150,000 of the bonds sold.

Dollar Bonds Again Up

The dollar quoted toll road, toll bridge, public utility, various authority and other revenue issues did a little better again this week. Many of these issues were up ⅛ to ¼ of a point which moved the *Chronicle's* yield Index from the 3.421 average yield of a week ago to 3.413% as of May 8. The outstanding gainers in the course of the week were the Delaware and Maryland Turnpike 4⅛s. Both issues were up ½ of a point or more. Port of New York 3⅜s were also up a ½ point. The Pennsylvania Turnpike 3.10s rebounded ⅝ths of a point.

The Placer County Water Agency term 3½s and 3¾s, which were reoffered a week ago at 100 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.

Current News in the Field

These items are supplemental to similar notices appearing elsewhere in this issue.

NEW FIRMS

ANGLETON, Texas—**Jesse A. Armstrong,** 1223 East Highway 35.

BALTIMORE, Md.—**Barrett & Co., Inc.,** 114 West 21st Street. Officers are Benjamin Greenberg, President; Sylvia Greenberg and Marion Oletsky, Vice-President; Samuel Oletsky, Secretary and Treasurer. Mr. Greenberg and Mr. Oletsky were formery officers of Old Line Securities, Inc.

ATCHISON, Kans. — **Maryknoll Corp. Inc., Investment Securities Division,** 312 Commercial Street. Thos. A. Moorhead is a principal.

BEVERLY HILLS, Calif. — **Harry Roman Investment Co.,** 400 South Beverly Drive. The firm was formerly Harry Roman & Co., Inc.

BIRMINGHAM, Ala.—**Roland T. Short,** 2509 11th Avenue, South.

BOSTON, Mass.—**Gordon G. Coogan & Company,** 14 Newbury St. Gordon G. Coogan, proprietor of the firm, was formerly with H. C. Wainwright & Co. Reynolds & Co., and Godfrey, Hamilton, Taylor & Co.

BROOKLYN, N. Y.—**Ansley-Donald & Company, Inc.,** 379 Seventh Avenue. Officers are Joseph Anton, President; Martin H. Bernsley, Secretary; and Donald Rosenblatt, Treasurer.

DALLAS, Texas — **Professional Investment Management Company,** 4308 North Central Expressway. Lester I. Reeves is a principal of the firm.

DAVENPORT, Iowa—**George Norman & Co. Inc.,** Davenport Bank Building. Officers are George B. Norman, President and Treasurer; Barbara W. Norman, Vice-President, and Edward N. Wehr, Secretary.

DEERFIELD BEACH, Fla. — **Jefferson Securities,** 1633 S. E. Fourth Street. Roger G. Johnson is sole proprietor. He was formerly with Pistell, Inc., A. C. Allyn & Co. and was a partner in Johnson & Geisler.

ENGLEWOOD, N. J.—**Great Commonwealth Securities Corp.,** 8 East Palisades Avenue. Officers are Stanley H. Forster, President; Harold L. Dickerman, Executive Vice-President and Treasurer; Fred A. Solomon and Herman Sperling, Vice-Presidents; and Elliot Summer, Secretary. All were formerly with Nat Berger Associates.

FT. WORTH, Texas — **Leo A. Luebbehusen & Associates,** 108 Westchester House. Leo A. Luebbehusen is a principal.

GRAND JUNCTION, Colo. — **Roy H. Cassel,** 2325 Hall Avenue.

JAMAICA, N. Y. — **Bassuk Co.,** 168-15 Hillside Avenue. Richard Bassuk is a principal.

MINNEAPOLIS, Minn. — **TAP-serve Corporation,** Soo Line Bldg. The firm was formerly The American Plan Service Corp.

NEW BEDFORD, Mass.—**Frank L. Gallant & Co.,** 965 Ludlow Street. Frank L. Gallant is principal. He was formerly with Waddell & Reed, Inc.

NEW YORK CITY—**Aberdeen Management Corporation,** 15 William St., The firm was formerly David L. Babson Management Corporation .

NEW YORK CITY—**J. P. Cabot, Inc.,** 475 Fifth Avenue. Officers are Aaron W. Weingarten, President; Michael J. Klein, Vice-President and Treasurer, and Joel H. Weinberg, Secretary. Mr. Weingarten and Mr. Klein were formerly with B. C. Morton Co.

NEW YORK CITY—**Lawrence Kotkin Associates, Inc.,** 150 Broadway. Officers are Lawrence Kotkin, President and Treasurer; Samuel Shulman, Vice-President; and Catherine Shulman, Secretary. Mr. Kotkin was formerly with Daniel Filer, Inc. and Lerner & Co.

OGDEN, Utah—**Alpha Corporation,** 5919 South Woodland Drive. Officers are Joseph W. Bagley, President, and Grace Bagley, Secretary. Mr. Bagley was formerly with George R. Wright & Co. and Delger Corp.

OLD TAPPAN, N. J.—**Capital Investment Planning Corp.,** Bi-State Shopping Plaza. Officers are John A. Najarian, President; Hugo Papp, Vice-President and Secretary; and Anna Hagopian, Treasurer. Mr. Najarian was formerly with Diran, Norman & Co.

PORTLAND, Ore.—**Intermountain Investment Corporation,** 2755 N. E. Broadway. Officers are John M. Trippe, President; Edward E. Holschuh, and Wantland L. Sandel, Jr. The firm will handle sale of stock of Stockman's Life Insurance Co. exclusively.

ROUNDUP, Mont.—**James A. Liggett,** 107 Wall Block.

SAN ANTONIO, Texas—**Berk-Deist & Co.,** 1708 South Press Street. Louis R. Diest is proprietor.

SAN FRANCISCO, Calif.—**Gray, Amonette & Co.,** 519 California Street. Partners are Dandridge M. Gray and Clarence O. Amonette, Jr. Mr. Amonette was formerly with Stewart, Eubanks, Meyerson & York, Brush Slocumb & Co., and conducted his own investment business under the name of Amonette & Company.

SPRINGFIELD, Mass.—**Stuart, Hughes & Co., Inc.,** 1431 Main Street. Officers are Milton Schreiber, President and Treasurer, and A. Robert Draymore, Secretary. Mr. Schreiber was formerly manager of the mutual fund department of J. Clayton Flax & Co., Inc.

SPRINGFIELD, Ill.—**Great States Investment Brokers, Inc.,** 500 East Monroe Street. Fred Sueltman is a principal of the firm.

SPRINGFIELD, Ill.—**Funded Future, Inc.,** Myers Building. Fay Coffey is a principal.

TOPEKA, Kan. — **Baumgardner and Company,** 1700 West 33rd Street. Andrew S. Baumgardner is sole proprietor.

VALLEY STREAM, N. Y.—**Mutual Fund Information,** 448 West Sunrise Highway. Kenneth Brahms, formerly an individual dealer, is a principal.

WETHERSFIELD, Conn.—**Lennon Securities Corporation,** 1061 Silas Deane Highway. The firm was formerly Federated Management Corporation.

NEW BRANCHES

BETHLEHEM, Pa. — **Warren W. York & Co., Incorporated,** 6 West Broad Street. William R. Coyle, Jr. is resident Manager. He formerly served in a similar capacity with Thayer, Baker & Co.

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

GRAND ISLAND, Neb. — **First Nebraska Securities Inc.,** Yancey Hotel. Lawrence F. Dendinger is Manager.

HOUSTON, Texas — **Rauscher, Pierce & Co., Inc.,** Fannin State Bank Building, Eugene C. Hammons is Manager of this second Houston office.

LONG BEACH, N. Y. — **Purcell, Graham & Co.,** 84 East Park Ave. Aaron I. Canon, resident manager, formerly served in a similar capacity with Leavitt & Co.

LOS ANGELES, Calif.—**Hugh C. Watson Co., Inc.,** 609 South Grand Avenue. Doyle D. Miller is in charge.

LOS GATOS, Calif.—**R. J. Baker & Company,** 278 N. Santa Cruz. Eugene L. Turner is Manager.

MARTINSVILLE, Va. — **J. C. Wheat & Company,** 9 East Church Street. William M. Meredith is Manager.

MECHANICSBURG, Pa.—**Itterly-Walter, Inc.,** 7 East Main Street. Edward E. Stansfield is Manager.

METUCHEN, N. J.—**Turner & Co.,** Commonwealth Bank Building. John A. Turner will manage the new office.

NEW YORK CITY — **White & Company, Incorporated,** 50 Broadway. Miss Angela Deane is Manager.

NEW YORK CITY — **Reynolds & Co.,** 300 Park Avenue. George C. Schubert will be resident manager.

SAN FRANCISCO, Calif. — **Hugh C. Watson Co., Inc.,** 3106 Fillmore St. Thaer Benjamin is in charge.

SAN FRANCISCO, Calif. — **Birr, Wilson & Co., Inc.,** 51 Cambon Drive. James E. Ryon is in charge.

SAN JOSE, Calif.—**Sisson & Nair Incorporated,** Swenson Building, Z. Clyde Standard is manager.

SALT LAKE CITY, Utah—**South-west Estate Planning Corp.,** 661 East 4th St. South. William P. Hansen is manager.

SANTA CRUZ, Calif. — **Brush, Slocumb & Co., Inc.,** 1013 Pacific Avenue. Charles F. Kesterson is Manager.

SCOTTSDALE, Ariz. — **Dempsey-Tegeler & Co., Inc.,** 7000 East Camelback Road. Floyd Heinz is resident manager. He was formerly with A. G. Edwards & Sons in Phoenix and prior thereto with the Scottsdale office of William R. Staats & Co.

TAMPA, Fla.—**Peninsular Investments,** 4808 Grand Central. William E. Truitt is Manager.

YONKERS, N. Y.—**Wm. Glanzman & Co., Inc.,** 30 South Broadway.

PERSONNEL

ATLANTA, Ga.—Mary M. Brock and James F. Ruggles are now affiliated with **McNeel & Co., Inc.,** Candler Building, members of the Philadelphia-Baltimore-Washington Stock Exchange.

BOSTON, Mass — John W. Sears has been added to the staff of **Brown Brothers Harriman & Co.,** 10 Post Office Square.

BOSTON, Mass—Elmore C. Brewster has become affiliated with **Hornblower & Weeks,** 75 Federal Street.

BOSTON, Mass.—Francis D. Obert has become associated with **Melvin Gordon Co.,** 40 Court Street. Mr. Obert was formerly with David Lourie & Co.

CINCINNATI, Ohio—Victor B. Abdallah and Alfred S. Cohen are now connected with **Tessel, Patrick & Co.,** 45 East Fourth Street, members of the New York Stock Exchange.

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

COLUMBUS, Ohio—Theodore G. Mixer has been added to the staff of **Hayden, Miller & Co.,** Huntington Bank Building. He was formerly with Merrill Lynch, Pierce, Fenner & Smith Incorporated.

COLUMBUS, Ohio—Bernard F. Jones is now with **Merrill, Turben & Co. Inc.,** Huntington National Bank Building. He was formerly with Merrill Lynch, Pirece, Fenner & Smith Incorporated.

COLUMBUS, Ohio—Sam Moroff and Bernard J. Wyman have been added to the staff of **Hallmark Securities Co.,** 1395 Grandview Avenue. Both were formerly with Gallagher-Roach & Co., Inc.

DENVER, Colo. — William C. Peterson has joined the staff of **Quinn & Co.,** American National Bank Building.

LEWISTON, Maine—Hyman Merson is now associated with **Townsend, Dabney & Tyson,** 95 Park Street. He was formerly with Morton Hall & Rounds, Inc. and Schirmer, Atherton & Co.

MINNEAPOLIS, Minn.—John W. Baxter is now with **Pierre G. Verite & Associates,** 2410 Pillsbury Avenue. He was formerly with White Investment Co.

NEW YORK CITY—Bache & Co. has announced the appointment of Harold Greher as Assistant Manager of its 770 Lexington Avenue office, of which Arnold Green is manager.

OWL'S HEAD, Maine—Walter S. Glendenning has been added to the staff of **Lincoln E. McRae, Inc.,** Anchorage, North Shore Drive.

SPRINGFIELD, N. J. — David J. Manheim and Louis B. Meadows have become associated with **Stuart, Hughes & Co., Inc.,** 1431 Main St. Both were formerly with J. Clayton Flax & Co. Inc.

NSTA NOTES

BOSTON SECURITIES TRADERS ASSOCIATION

The Boston Securities Traders Association has announced that it will hold its 44th Annual Summer Outing at the Woodland 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.

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, Inc., 65 Broadway, New York City.

Mr. Zeller, who was recently admitted as a general partner of F. Eberstadt & Co., was for many years a partner of the law firm of Cahill, Gordon, Reindel & Ohl. He is active in the handling of the firm's investment banking operations and private investments.

Dealer-Broker Recommendations And Literature

Continued from page 8

Gould National—Memorandum—Sincere and Company, 208 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Stone Container Corp.**

W. R. Grace & Co.—Analysis—Stein Bros. & Boyce, 1 Charles Center, Baltimore 1, Md.

Greatamerica Corp.—Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Greyhound Corp.—Memorandum—Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Industrial Acceptance — Memorandum—Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto 1, Ont., Canada. Also available are memoranda on **Canadian Pacific, Hiram Walker** and **Great Lakes Power.**

Jacobsen Manufacturing Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Inland Steel.**

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

Johnson & Johnson—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also available is a survey of **Southern Railway.**

Kerr McGee Oil Industries—Comments — Bregman, Cummings & Co., 4 Albany Street, New York 6, N. Y. Also available are comments on **Vornado.**

Kratter—Memorandum—Sincere and Company, 208 South La Salle Street, Chicago 4, Ill.

Lily Tulip Cup—Memorandum—Steiner, Rouse & Co., 19 Rector Street, New York 6, N. Y. Also available is a memorandum on **General Steel Industries.**

McLouth Steel — Memorandum — May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Metromedia — Memorandum — Coggeshall & Hicks, 50 Broadway, New York 4, N. Y.

Midland-Ross — Memorandum — Ball, Burge & Kraus, Union Commerce Building, Cleveland 14, Ohio.

Midwestern Industrial Gas—Memorandum—Hector M. Chisholm & Co. Limited, 82 Richmond Street, West, Toronto 1, Ont., Canada.

Minerals & Chemicals Philipp — Review—Newburger & Company, 1401 Walnut Street, Philadelphia 2, Pa. Also available are reviews of **North Penn Gas, Pittston,**

Ridge Tool, Thomas & Betts, Warner Bros. Pictures and Convertible Securities.

Nease Chemical—Memorandum—Frank Ginberg & Co., Inc., 25 Broad Street, New York 4, N. Y.

Ohio Northern University Bonds—Bulletin—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Oxford Manufacturing — Memorandum — Robinson - Humphrey Company, Rhodes-Haverty Building, Atlanta 1, Ga.

Pacific Gas & Electric Co.—Annual report — Pacific Gas and Electric Company, K. C. Christensen, Vice-President-Finance, 245 Market St., San Francisco 6, Calif.

Pacific Southwest Airlines—Memorandum—E. F. Hutton & Company, Inc., 623 South Spring Street, Los Angeles 14, Calif.

Parke Davis — Memorandum — J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

J. C. Penney Company—Brochure—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Quebec Natural Gas Corporation—Analysis—Annett & Company Limited, 220 Bay Street, Toronto, Ont., Canada.

Radio Corporation of America—Memorandum — A. L. Stamm & Co., 120 Broadway, New York 5, New York.

Rayonier Incorporated—Analysis—Hemphill, Noyes & Co., 8 Hanover Street, New York 4, N. Y. Also available is an analysis of **Heublein Inc.**

Royal Dutch—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Seaboard Life Insurance Company of America — Analysis — Kleiner, Bell & Co., 315 South Beverly Drive, Beverly Hills, Calif.

Sealright Oswego Falls—Review—In monthly investment letter—Hayden, Stone & Co., Incorporated, 25 Broad Street, New York 4, N. Y. Also available are reports on **Buckingham Corp.** and **Swingline.**

Society Corp.—Memorandum—Prescott & Co., National City Bank Building, Cleveland 14, Ohio.

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

Stewart Warner Corporation—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Strawbridge & Clothier—Analysis—Butcher & Sherrerd, 1500 Walnut Street, Philadelphia 2, Pa.

Texas Gulf Sulphur—Memorandum—Spingarn, Heine & Co., 37 Wall Street, New York 5, N. Y.

Textron—Memorandum—Coburn & Middlebrook Incorporated, 49 Pearl Street, Hartford 3, Conn.

Timken Roller Bearing Co.—Bulletin—Purcell Graham & Co., 50 Broadway, New York 4, N. Y.

Transfer Tax Rates—Booklet on current Federal and State Stock Original issue and transfer tax rates—On request—Registrar and Transfer Company, 50 Church St., New York 7, N. Y.

Transwestern Pipeline Company—Analysis — Mitchum, Jones & Templeton, Incorporated, 650 South Spring Street, Los Angeles 14, Calif.

United Airlines, Inc.—Analysis—Currier & Carlsen Incorporated, 7911 Herschel Avenue, La Jolla, Calif.

United Scientific Laboratories—Report—Alessandrini & Co., Inc., 11 Broadway, New York 4, N. Y.

Van Raalte Company, Inc.—Analysis—Stanley Heller & Co., 44 Wall Street, New York 5, N. Y.

Waco - Porter — Memorandum — Craig-Hallum, Kinnard, Inc., 133 South Seventh Street, Minneapolis 2, Minn. Also available is a memorandum on **G. T. Schjeldahl.**

Walt Disney Productions—Report—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are comments on **Deere & Co., Olin Mathieson, Coleman Company, Standard Brands Paint, West Chemical Products, Borman Food Stores** and **Wesco Financial.**

Wayne Manufacturing Company—Analysis—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

White Motor—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are bulletins on **General Motors, Inspiration Copper, Copper Range, Ford Motor, E. W. Bliss** and **Continental Can.**

F. W. Woolworth Co.—Comments—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y. Also available are comments on **Borg Warner Corp.**

World Time Chart — Semi-annual edition indicating time differences in over 100 countries compared with N. Y. Daylight Saving Time; includes map of time zones in the United States — Manufacturers Hanover Trust Company, International Division, 44 Wall Street, New York 5, N. Y.

Automation Fears Challenged by Study

Chicago University professor says we should not ignore the number of jobs machines create when examining the displacement problem and points out, for example, that were it not for automation we would have more unemployment today than in the 1930's. The economist says the displacement rate could be minimized by a slower rise in employment cost and in a higher rate of savings and investment. A $20 billion investment per year is estimated as the amount needed to equip 1.3 million workers annually entering the labor force.

Fears that automation may reduce employment opportunities in America were sharply challenged in a study just made by Dr. Yale Brozen, professor of economics in the Graduate School of Business, University of Chicago.

Prof. Yale Brozen

Released by the American Enterprise Institute for Public Policy Research, 1012 14th St., N.W., Washington, 5, D. C., the study, available at $1 a copy, documents an actual increase in employment during recent years of technological change. It predicts that automation will spread at about the same rate as in recent years and that it will continue to produce more jobs than it destroys.

If not for automation, Dr. Brozen claims in his study, present unemployment would be greater than during the depression days of the 1930's.

Those who fear a great rise in unemployment, Dr. Brozen observed, think in terms of a given list of goods to be produced. If a man helped by an automatic machine can turn out twice as much per hour, then, presumably, only half as many hours of work will be available for each man, or only half as many jobs. The President of the United States has said "that approximately 1.8 million persons holding jobs are replaced every year by machines." Thus, presumably, 18 million persons lost their jobs in the 1950's because of machines; yet total employment rose. In fact, one could say that technological change has created more jobs than it has destroyed. The number of civilians at work in 1961 was seven million higher than 10 years before. While 13 million jobs were destroyed by various causes in the 1950's, more than 20 million were created as the result of technological change and the growth in our stock of capital.

Dr. Brozen feels, therefore, that automation should be welcomed rather than feared. If it were not for the technological advances of the past decade, he believes, unemployment, at present wage levels, would be above even the levels of the early 1930's. Alternatively, if real wage rates were at levels consistent with full employment under the same technology as that practiced in 1950, wage rates would be about $10 per week lower than they are now.

Minimizing Displacement Rate

While enumerating the benefits of automation, Dr. Brozen does not ignore its adverse effects. He admitted that automation results in job displacement, but, he points out, displacement can be minimized by a slower rise in employment costs and a higher rate of saving and investment. Over the longer run, he asserts, we must recognize 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 costs. In addition, greater skills are required for jobs in the manufacturing sector of our economy.

Professor Brozen stated that the rate of automation depends on the availability of capital and the rapidity in the rise in real wage rates. Twenty billion dollars per year is needed to equip sufficiently the 1.3 million workers who are entering the labor force annually so that they can be productive enough to be employable at current wage rates. He concluded that this new, and old, technology of automatic production is spreading very slowly and this pace is not likely to accelerate greatly.

Professor Brozen noted that automation makes it possible to do many things which otherwise could not and would not be done. It will, in the future, literally make it possible to travel to the moon. It has, through the aid i gives doctors, saved lives that otherwise would be lost. By controlling traffic signals in response to traffic flows and reducing traffic congestion, it has added hours to the free time of commuters every week. It has helped scientists, with the aid of high-speed computers, to develop new knowledge that would not have been available in our lifetimes. We are increasing the scale of educational activities because mechanization, automation, cybernation, or whatever we choose to call our new technology, makes it possible to do more than we could formerly. With the coming of automation, men are able to do more and have more.

The Brozen study was approved for publication by the AEI Advisory Board. The Board is composed of Chairman Paul W. McCracken, Professor, School of Business Administration, University of Michigan; Karl Brandt, Director, Food Research Institute, Stanford University; Milton Friedman, Professor of Economics, University of Chicago; Gottfried Haberler, Professor of Economics, Harvard University; Arthur Kemp, Professor of Money and Credit, Claremont Men's College; Felix Morley, Editor and Author; Stanley Parry, Professor of Political Science, University of Notre Dame; Roscoe Pound, Professor Emeritus, Harvard University; and E. Blythe Stason, Dean Emeritus, University of Michigan Law School.

Businessman's BOOKSHELF

Bank Tellers Do's and Dont's—Revised — An Instruction Booklet—American Bankers Association, 12 East 36th Street, New York City 16, N. Y. (paper).

California Taxes—1963 Guidebook—Russell S. Bock—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill., $4.00.

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

Dimensions of Soviet Economic Power—Hearings together with compilation of studies prepared for the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $2.75.

Electric Utility Industry — The answers to 30 questions frequently asked—Edison Electric Institute, 750 Third Avenue, New York 17, N. Y. (paper).

Fishing for Fun and to Wash Your Soul—Herbert Hoover—A mosaic of the joys and agonies of fishing taken from unpublished addresses and articles—Random House, 457 Madison Avenue, New York 22, N. Y. (cloth), $3.

Food Distribution Center Location: Technique and Procedure—Donald J. Bowersox—Bureau of Business and Economic Research, Graduate School of Business Administration, Michigan State University, East Lansing, Michigan. (paper), $1.

France and Petroleum; Merchant Marine; Europe; Southern and Antartic Lands; The Atom; Aide and Cooperation — A Series of Brochures in Special Binding—French Embassy, New York, N. Y.

Hours of Work—A Bibliography—Selected References, Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 40¢.

How and Where to Find the Facts—William Sunners—An encyclopedic guide for the researcher, discussing how to go about verifying facts, where to find hidden sources of information, how to go about collecting and classifying information; includes listings of all types of organizations, information bureaus, trade organizations, etc.—Arco Publishing Company, Inc., 480 Lexington Avenue, New York 17, N. Y. (cloth), $7.50.

How to Pay for Your Child's College Education—Sidney Margolius—Public Affairs Pamphlets, 22 East 38th Street, New York 16, N. Y. (paper), 25¢.

Human Resources and Economic Growth—An annotated bibliography—Stanford Research Institute, Menlo Park, Calif., $3.50.

Industrial Relations, 1962 — A bibliography — Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 40 cents.

Inter American Development Bank — Third Annual Report — Inter-American Development Bank, Washington 25, D. C.

Let's Consider Public Relations—An Occupational Guide — Public Relations Society of America, Inc., 375 Park Avenue, New York 22, N. Y. (paper).

Lower St. Lawrence and Gulf—A Region with a Future—Second edition of brochure of statistics and economic information—Lower St. Lawrence and Gulf Development Association, 1260 University Street, Montreal 2, Que., Canada (paper).

Public Relations: A Handbook for Business, Labor and Community Leaders—New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y.—One to five copies free to New York State residents; out of state orders and orders for six or more copies, 50 cents each.

Railroad Transportation — A Statistical Record, 1921-1961—Association of American Railroads, Bureau of Railway Economics, Washington 6, D. C. (paper).

Role of Money in a Dynamic Economy—Per Jacobsson—Graduate School of Business Administration, New York University, Washington Square, New York, New York.

Securities & Exchange Commission—1962 Annual Report—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 60¢.

Security Transactions—When to Sell Securities for Income Tax Saving — Commerce Clearing House, 307 North Michigan Avenue, Chicago 1, Ill.—Minimum order 2 copies, $1.

Shaping the World Economy: Suggestions for an International Economic Policy—Jan Tingergen—20th Century Fund, 41 East 70th Street, New York 21, N. Y. (cloth), $4.

State Associations of Privately Supported Colleges and Universities — A director—Independent College Funds of America, Inc., 2273 Sheraton-Atlantic Hotel, Broadway and 34th Street, New York 1, N. Y. (paper), on request.

WASHINGTON AND YOU

BEHIND-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, S. 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 additional criticism when he in effect threw himself on the "mercy of the court;" the court in this case being the House Banking Committee.

Mr. Saxon, 49, a native of Toledo, Ohio, under questioning presented a vigorous defense of his regulation policies of National Banks before the House Committee.

Confesses Error

He threw himself upon the Committee by acknowledging that he had used poor judgment in directing national bank examiners recently to contact National Banks and suggest that they might come to the aid of Mr. Saxon by writing letters to 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. Vanik, Democrat of Ohio, speaking directly to Mr. Saxon, said: "If you erred in any way, it was because you did your job. I think the office of comptroller has been vacant for all practical purposes for some time. Some segments of business like inertia. It is understandable they should growl at the giant steps you have given your office."

There was some speculation in the Capital that President Kennedy might publicly give Mr. Saxon a pat on the back without offending any member of Congress who might like to see Mr. Saxon go.

Several weeks ago, Saxon struck back sharply at his state banking critics who described their relations with his office at a very low level.

Favors Complete Competition

The comptroller described a poll of State banking supervisors as an attempt to stop the efforts of his office to broaden the services of National banks. He maintained that "far too many banks in this country do not extend to the public the type and quality of banking services to which the public is entitled."

Some bankers have been apprehensive of "overbanking" in some areas because new national bank charters might harm existing banks. Whereupon, Mr. Saxon said it is not a function of the Office of Comptroller to safeguard banks against competition "where the public interest" requires additional banking facilities.

No Banking Legislation Expected This Year

Meantime, the House Banking and Currency Committee has concluded its hearings on the conflicts of State and National banking laws. During the next few weeks the Committee will write its report.

As of now it appears unlikely there will be any new major banking legislation passed at the 1963 session of Congress. The testimony will be of great aid in connection with the drafting of any legislation.

The Kennedy Administration's No. 1 legislative interest at this time is the tax reduction and tax reform proposals which the President submitted to Congress earlier in the year.

Bankers Oppose Tax Program

The Bankers of this country are opposed to the President's tax reduction program by a ratio of 2½ to 1. C. Herschel Schooley, Manager of the Washington Office of the Independent Bankers Association recently submitted a breakdown of the vote by states on the tax proposal, and also on the proposals by Mr. Saxon to permit branching by National banks within 25 miles of the main office.

The questionnaire was dispatched to about 12,700 National, State, and a few private banking institutions. The poll asked for a "yes" or "no" on both the tax cut plan, and the expanded banking proposals.

The vote was 4,212 against the tax cut plan and 1,616 for the program. The lopsided vote against the Comptroller's plan was 5,479 to 514 for the plan out of about 6,000 votes received.

The ballots showed that of the total votes, 505 National banks voted for a tax cut, and 1,356 against the plan, while the branch banking proposal received 308 "yes" votes and 1,553 "no" votes.

"Unnecessary Conflict"

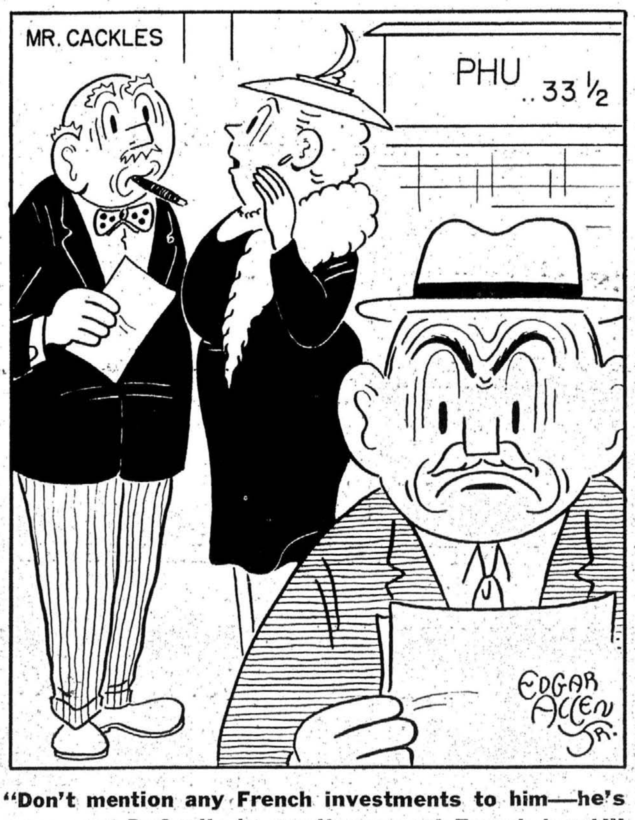
Horace R. Hansen of St. Paul, Minn., Counsel for the Independent Bankers Association, in testimony before the House Banking and Currency Committee, summed up the thoughts of many bankers in the country whether they are domiciled in New York, Wisconsin, Michigan or Kansas and whether they are connected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

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

"Unfortunately," said the Minnesotan, "the Comptroller has created a situation which appears to place each of the systems in separate partisan camps, 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 whims of one impulsive man."

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



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

COMING EVENTS

IN INVESTMENT FIELD

May 8-11, 1963 (White Sulphur Springs, W. Va.)
Investment Bankers Association Board of Governors Meeting at the Greenbrier.

May 12-15, 1963 (Chicago, Ill.)
Financial Analysts Federation annual convention at the Palmer House.

May 13-15, 1963 (Washington, D. C.)
National Association of Mutual Savings Banks 43rd annual conference at the Sheraton Park Hotel.

May 16-17, 1963 (Cincinnati, O.)
Municipal Bond Dealers Group of Cincinnati Annual Field Day—Reception and Dinner May 16 at the Queen City Club; Outing May 17 at the Losantiville Country Club.

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

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

May 17, 1963 (Philadelphia, Pa.)
Investment Association of Philadelphia annual outing at the Gulf Mills Golf Club, Gulph Mills, Pa.

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

May 23, 1963 (Omaha, Neb.)
Nebraska Investment Bankers Association annual field day at the Omaha Country Club (preceded May 22nd by cocktails and a dinner.)

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 29th Annual Field Day at Sleepy Hollow Country Club, Scarborough, N. Y.

CHRONICLE's Special Pictorial Section June 13.

June 7, 1963 (New York City.)
Municipal Bond Club of New York 30th Annual Field Day at the Westchester Country Club, Rye, N. Y.

June 14, 1963 (Philadelphia, Pa.)
Philadelphia Securities Association Annual Outing at the Aronomink Golf Club, Newtown Square, Pa.

June 19-21, 1963 (Chicago, Ill.)
Investment Bankers Association Municipal Conference at the Pick-Congress Hotel.

CHRONICLE's Special Pictorial Supplement July 11, 1963.

June 20-23, 1963 (Canada)
Investment Dealers Association of Canada Annual Meeting at Jasper Park Lodge.

June 21, 1963 (New York City)
Investment Association of New York Annual Outing at Sleepy Hollow Country Club.

June 21, 1963 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual summer outing and golf tournament at the Whitemarsh Country Club, Whitemarsh, Pa.

June 22-25, 1963 (Santa Barbara, Calif.)
California Group Investment Bankers Association 12th Annual Conference at the Santa Barbara Biltmore.

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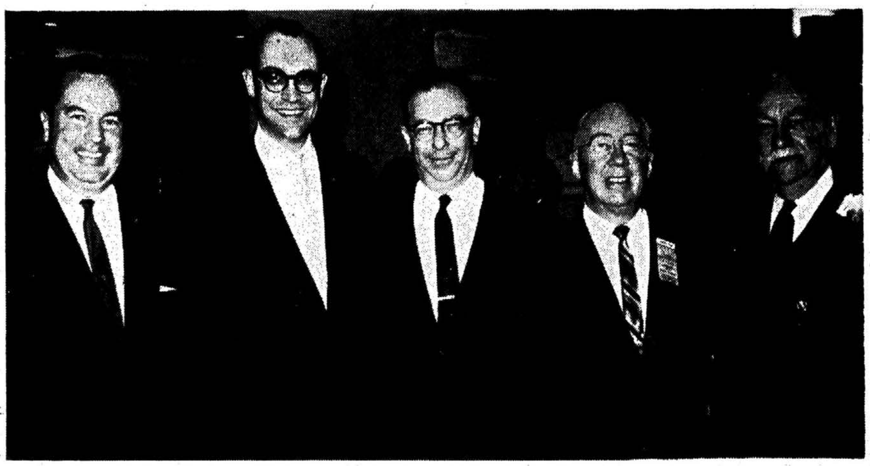

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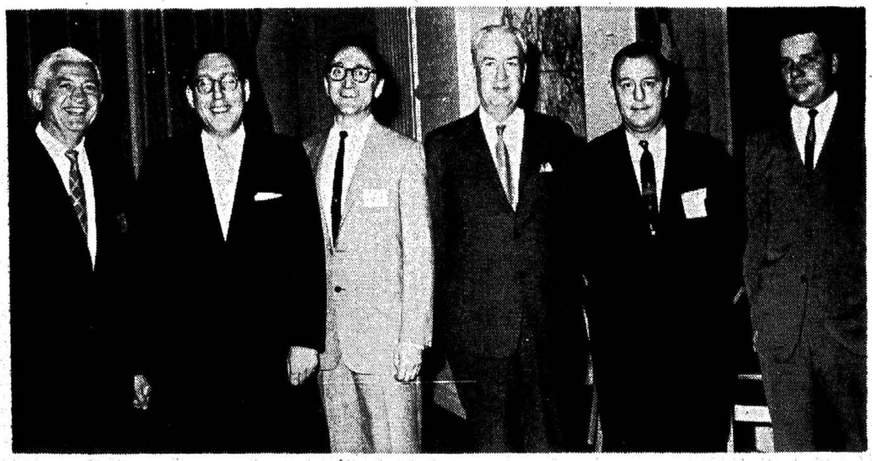

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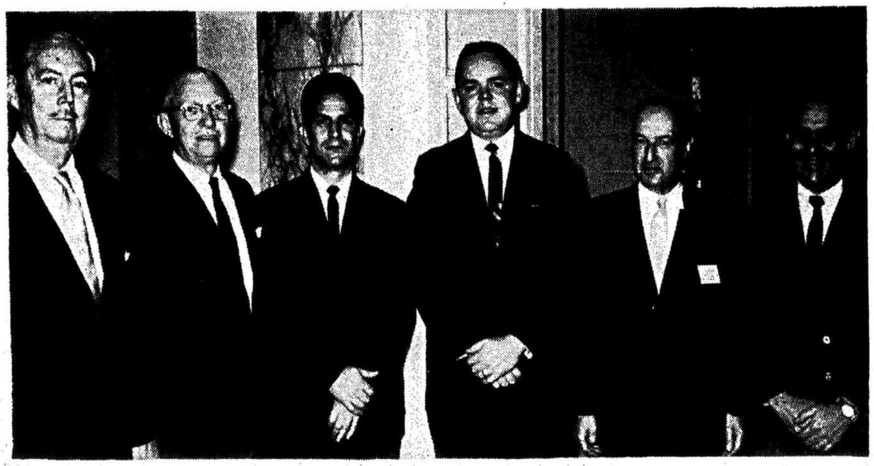

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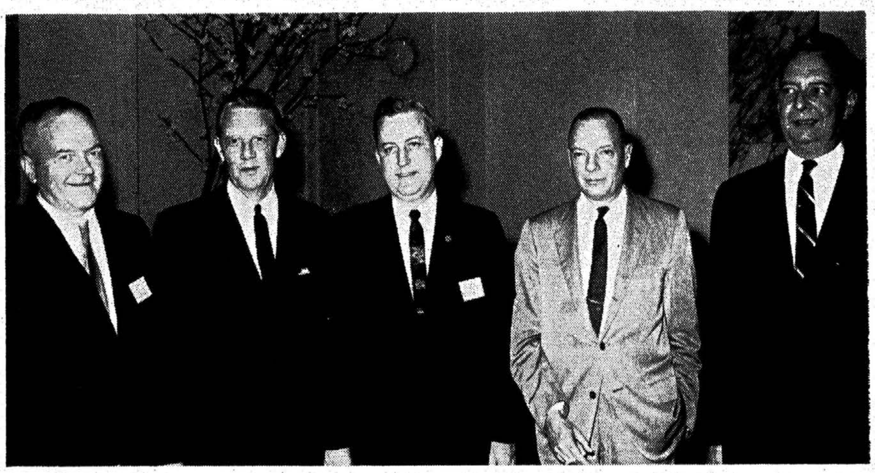

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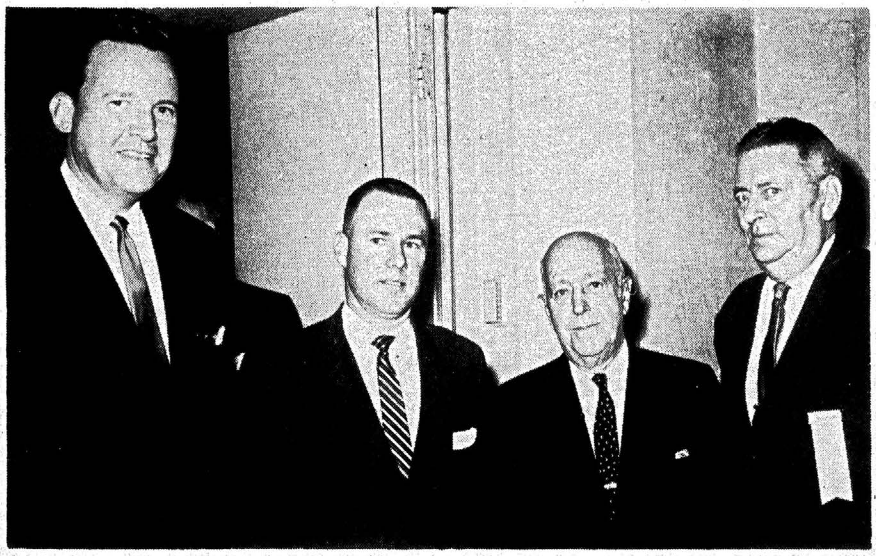

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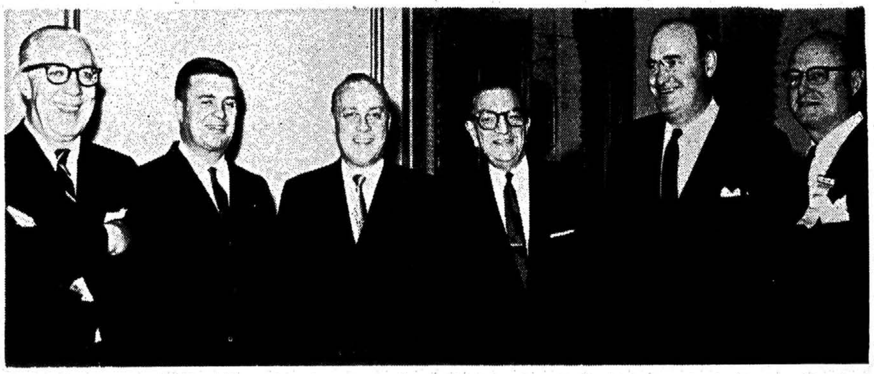

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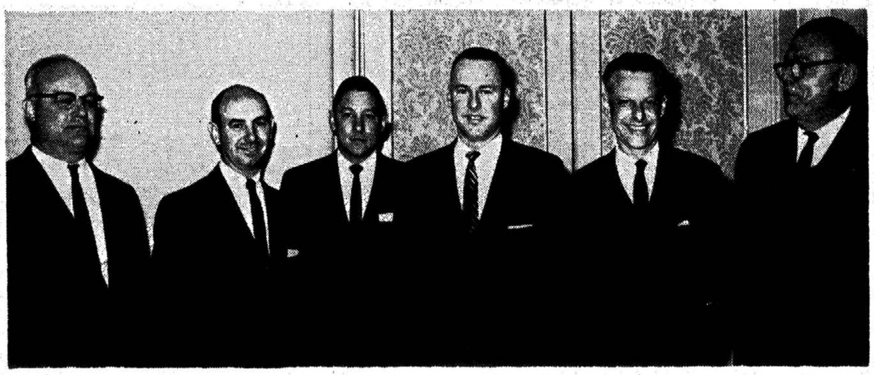

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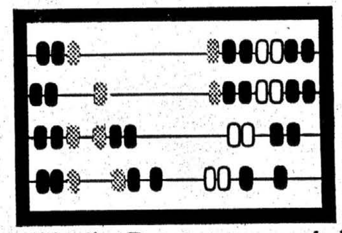

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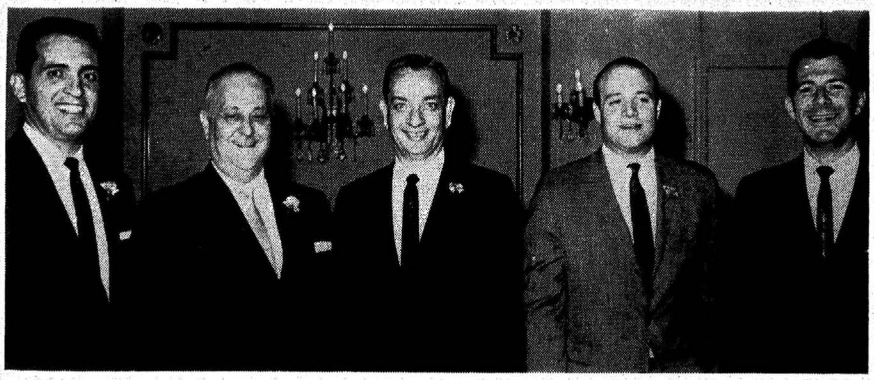

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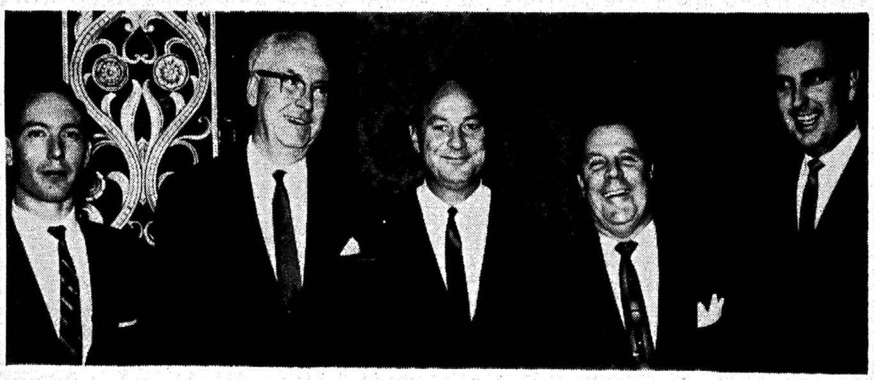

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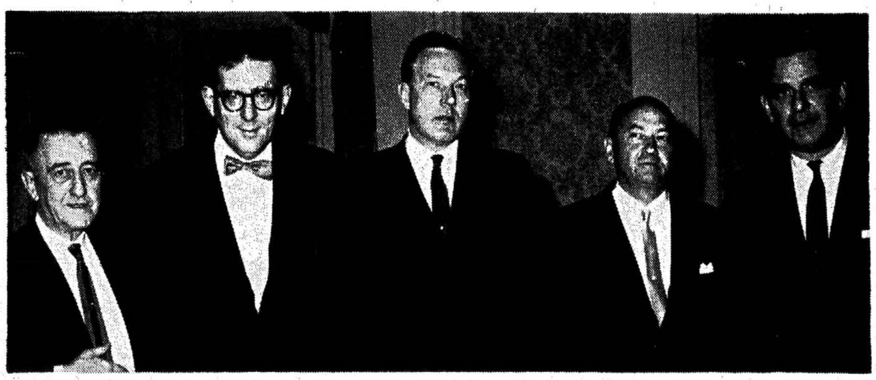

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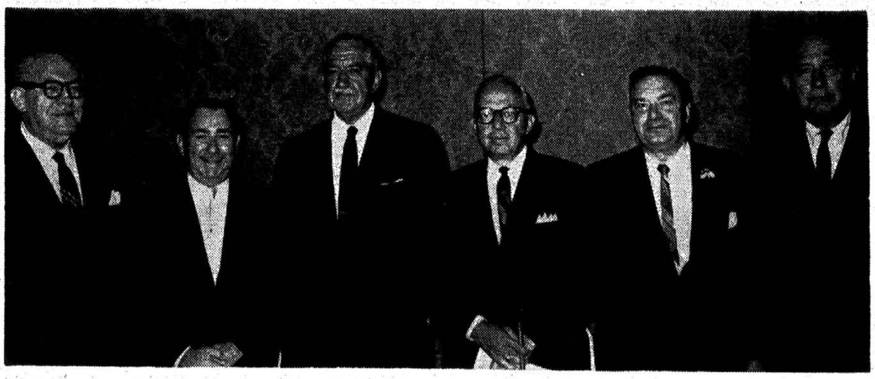

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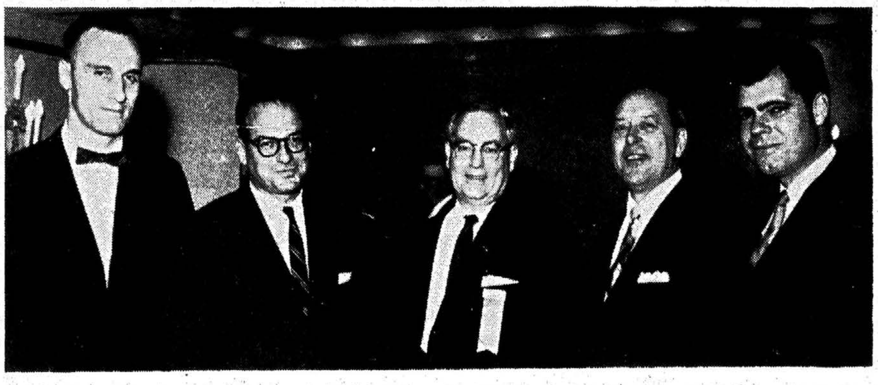

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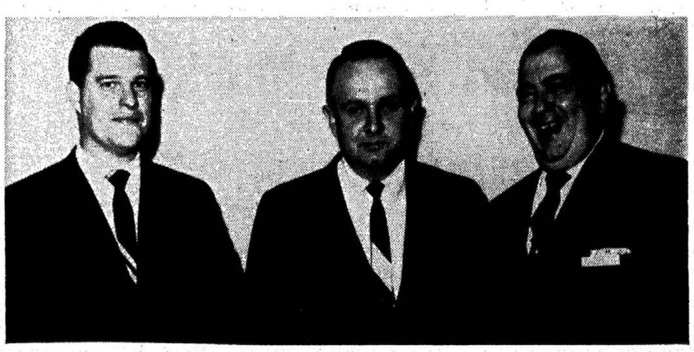

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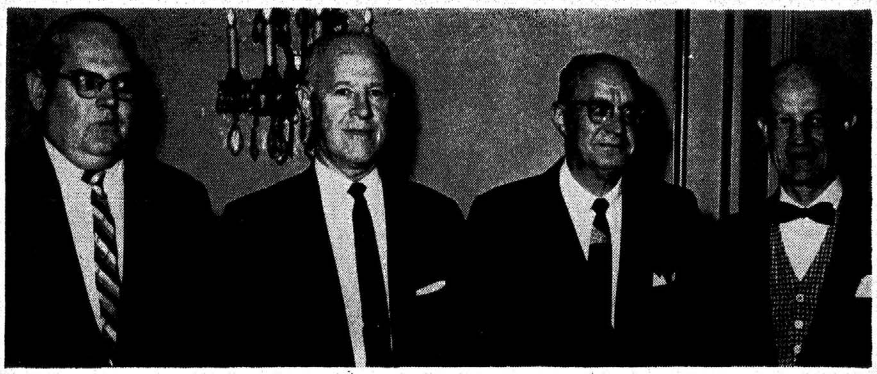

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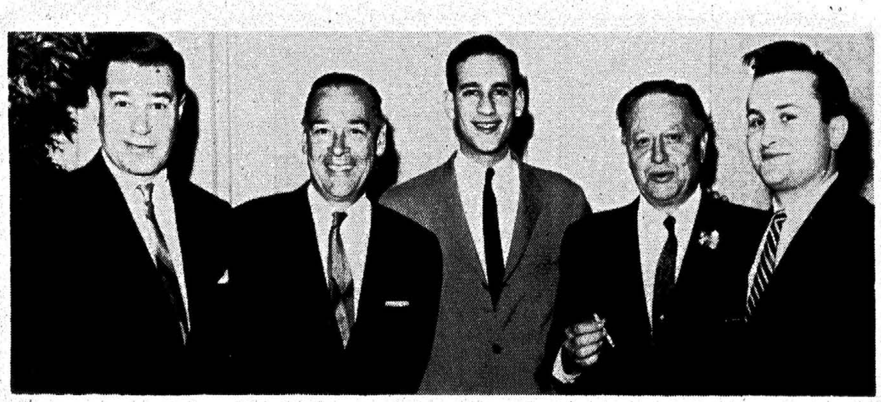

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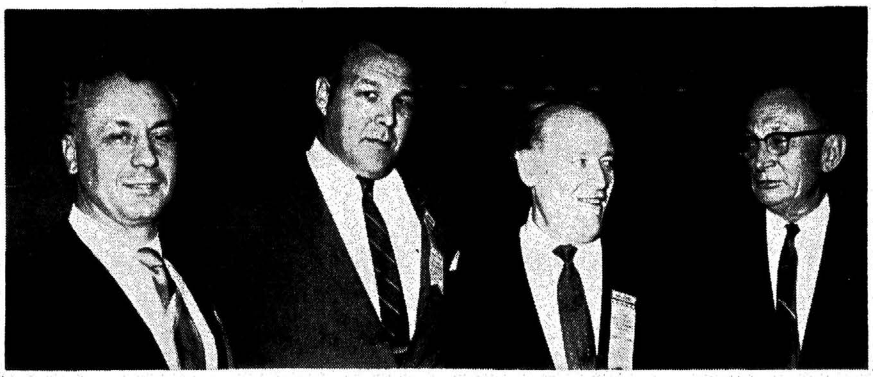
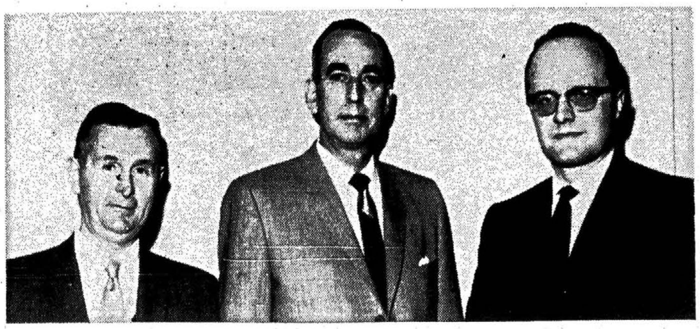


Sal Rappa, *Mergott, Rappa & Co., Inc.;* Jack Barker, *Lee Higginson Corporation;* Sid Jacobs, *Sidney Jacobs Co.;* Alonzo Lee, *Sterne, Agee & Leach* (Birmingham)

Robert Pilla, *Singer, Bean & Mackie, Inc.;* Jeffrey Winnick, *Singer, Bean & Mackie, Inc.;* Nathan Shapiro, *Singer, Bean & Mackie, Inc.;* Richard Bird, *Jones, Kreeger & Co.* (Washington, D. C.)

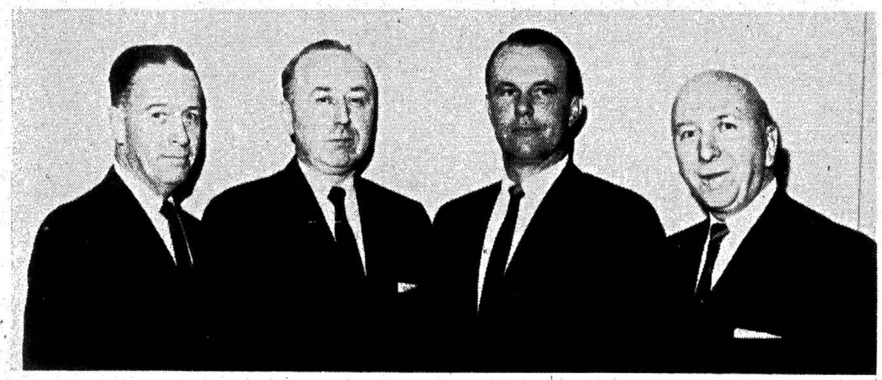
Peter Stapleton, *Mitchell, Hutchins & Co., Inc.;* Kevin Tarpey, *Singer, Bean & Mackie, Inc.;* Daniel Covello, *Hirsch & Co.;* Peter Graseck, *E. F. Hutton & Company, Inc.*



Harry Orloff, *Troster, Singer & Co.;* Charles Offerman, *Troster, Singer & Co.;* Richard Larson, *Richards, Merrill & Peterson, Inc.* (Spokane, Wash.)

Bill Sargent, *Kidder, Peabody & Co.;* Mark Stuart, Jr., *Kidder, Peabody & Co.;* Richard Wigton, *Kidder, Peabody & Co.;* William McLaren, *McDonald & Company* (Cleveland)

Milton Pauley, *Troster, Singer & Co.;* Bud Simons, *Murray Simons & Co.;* Larry Black, *Black & Co., Inc.* (Portland, Oreg.); Gene Burns, *Fusz-Schmelzle & Co., Inc.* (St. Louis)



E. P. Brown, *Boettcher and Company;* Ernest Lienhard, *Troster, Singer & Co.;* Herbert Beattie, *Troster, Singer & Co.* (Philadelphia); Samuel DeSocio, *L. H. Ingraham & Co.*

Edward Zinna, *Smith, Barney & Co.;* Bernard Clancy, *Bache & Co.;* Joseph Dorsey, *Bache & Co.;* Bob King, *Charles King & Co.*

Max Philipson, *Max Philipson & Co., Inc.* (Utica, N. Y.); Irving Issac, *Wood, Harmon & Co.*; George Leone, *Leone & Pollack*; Harry Peiser, *Ira Haupt & Co.*

Sal D'Angelo, *Lee Higginson Corporation*; Mike Heaney, *Michael J. Heaney & Co.*; Joe Smith, *Newburger & Co.* (Philadelphia); George Angelos, *Chas. W. Scranton & Co.* (New Haven, Conn.)

Dr. Jerome Jacobs, Guest; Hyman I. Cohen, Guest; Sidney Jacobs, *Sidney Jacobs Co.*; Irving S. Freeman, Guest

Joe Markman, *Newburger & Co.* (Philadelphia); Thomas Driscoll, *Brown Brothers Harriman & Co.* (Chicago); Nathan Krumholz, *Ogden, Wechsler & Krumholz, Inc.*; Roy Krumholz, *Burnham and Company*


Morton Weiss, *Singer, Bean & Mackie, Inc.;* Edward Jeske, *Gruntal & Co.;* Lawrence Eisele, *F. H. Sacken & Co.;* Leo J. Larkin, *Carl M. Loeb, Rhoades & Co.*

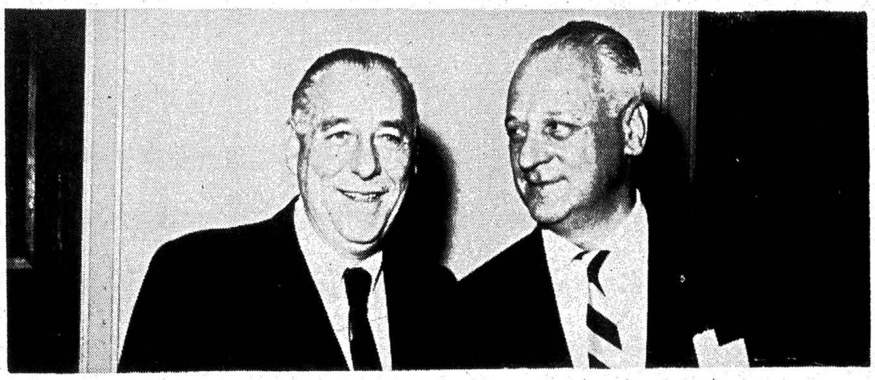

Clive Fazioli, *White, Weld & Co.* (Boston); Soren D. Nielsen, *William R. Hough & Co.* (St. Petersburg, Fla.); Allen Oliver, *Sanders & Company* (Dallas); Al Tisch, *Fitzgerald & Company*


Mike Levine, *Commercial Bank of North America;* Charles Scheuermann, *Commercial Bank of North America;* Louis E. Goldstein, *Commercial Bank of North America;* Nat Gordon, *Troster, Singer & Co.*

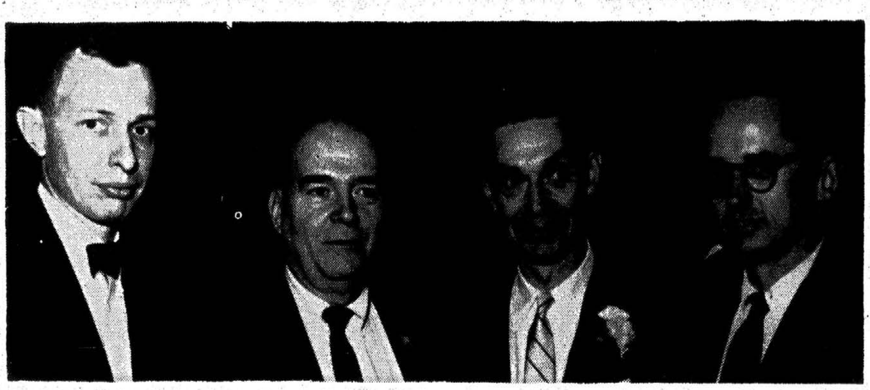

Michael J. Heaney, *Michael J. Heaney & Co.;* William J. Burke, Jr., *May & Gannon, Inc.* (Boston)

Sidney A. Siegel, *Sidney A. Siegel & Co., Inc.;* Woody Linde, *R. J. Henderson & Co., Inc.* (Los Angeles); Jim McMillen, *Sidney A. Siegel & Co., Inc.;* Don Hennrich, *Wm. M. Rosenbaum & Co.*

Joe Galaska, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Mel Lavitt, *C. E. Unterberg, Towbin Co.;* Graham Aitken, *Royal Bank of Canada* (Toronto); D. Gage Saunders, *Dominion Securities Corporation*



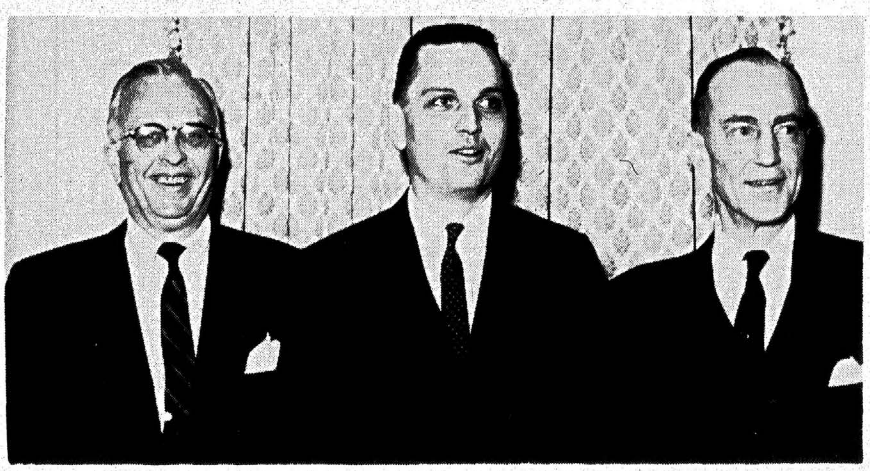
Herb Singer, *Singer, Bean & Mackie, Inc.;* Edward J. Opper, *J. B. Maguire & Co., Inc.* (Boston)



Hank Tiffany, Al Milloy, Howard Cox and P. K. Smith, all of *First Boston Corporation*

Chris Keller, *Bioren & Co.* (Philadelphia); Frank Fitzpatrick, *Gregory & Sons;* John Wallingford, *Bioren & Co.* (Philadelphia)

Joseph Billings, *Cowen & Co.;* Edward Horn, *Kuhn, Loeb & Co.;* Jerry Wilstead, *Hallgarten & Co.;* John J. Meyers, *John J. Meyers & Co.*



Al Hutchinson, *Kidder, Peabody & Co.* (Philadelphia); Gayle Williams, *Kidder, Peabody & Co.;* Michael Growney, *Gregory & Sons*

James Rau, Tom Houston and Joseph Sinchak, all of *Watling, Lerchen & Co.*