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EDITORIAL — As We See It

For some time past it has been reported that the Attorney General of the United States was deeply concerned about the possibility of "race riots" and the like. Others in places of responsibility have expressed the opinion that discontent among the negroes was as much a result of unemployment as of race antagonisms as such. Still more recently voices have been heard crying that unless "something is done" to make it easier for "teenagers" to find work the consequences in terms of disorder and even major violence may be the penalty. Last week we undertook to set forth what appeared to us to be a commonsense diagnosis of the situation created by racial antagonisms and measures suitable for correcting it. In a recent issue (May 9) we expressed some skepticism concerning the accuracy of the alleged facts about this unemployment situation in general and called attention to some of the underlying causes of such unemployment as actually exists—causes which do not leave public officials in a specially good position to complain about it.

Today we wish to remind ourselves of certain elementary facts about unemployment and its remedies, facts which appear all too often overlooked and which if overlooked could well leave the way open to costly errors in public policy. It should not be necessary to remind ourselves, but apparently it is, that industry and trade, or "the economy" as we now love to call them, does not exist for the purpose of giving employment. Its function is to provide goods and services desired by the public, and to do so at as low a cost as may be. An economy organized and operated primarily to give employment, or a set of laws intended to stimulate industry and trade to hire as many men and women as possible, either one, could easily result in an economy (Continued on page 26)

Stepping Up the Tempo of Electric Power Research and Development

By Joseph C. Swidler, Chairman, Federal Power Commission, Washington, D.C.*

Official responsible for the nation's power supply reproves the electric utility industry for failing to gear research and development to the non-nuclear requirements of $140 billion capital spending contemplated in next 20 years. He proposes creation of a broad-based committee including private and public representatives to stimulate research efforts. Praise for technological progress made to date is mingled with outline of unfulfilled R/D opportunities, a tabulation as to the industry's stand in R/D expenditures, and a warning that talent avoids the industry.

It has been many years since a member of the Federal Power Commission has addressed a convention of the Edison Electric Institute. I am therefore especially honored by the Institute's invitation. It seems to me to be important from the point of view both of the Commission and the industry that the two should be on speaking terms. The Commission is handicapped in making positive contributions to the progress of the electric power industry and the welfare of power consumers without full knowledge of the plans and problems of all segments of the industry. The industry, in turn, will benefit from an understanding of the objectives and program of the Commission. If we are to continue to make progress together, it will require a better knowledge on the part of each of us as to what the other thinks and how it functions.

Hon. J. C. Swidler

If I may say a personal word, let me confess that addressing an Edison Electric Institute convention seems a most unlikely thing for me to do after having spent most of my working life as an employee of the Tennessee Valley Authority. However, I understand the invitation was extended in full awareness of my background as well as of my present position, and I have accepted the invitation in the same spirit of adventure as it was tendered.

Praises Unifying National Power Survey

The revival of interest by the industry in the functioning of the FPC is, I believe, due not only to an invigoration of the Commission's traditional functions in hydro licensing and rate regulation, but also to its employment of the discretionary authority which Congress has granted to encourage joint action by the various segments of the industry to solve their own problems. The outstanding example is the National Power Survey in which the Commission in cooperation with all parts of the industry is attempting to help them to take full advantage of the technological possibilities in the generation and transmission of power to bring down power costs and power rates throughout the country in the years to come. Perhaps one of the most important benefits of the National Power Survey is that it has brought the various elements of the industry—the private companies, the Federal systems, the municipalities and the cooperatives—into closer relationship with the Commission and with each other. I believe for the first time the Commission has become a strong unifying force within the industry. Unfortunately, there are many centrifugal forces at work to separate the segments of the industry. They need to be offset by more of such unifying (Continued on page 32)

PUBLIC UTILITY INDUSTRY ISSUE

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

Old Republic Life Insurance Co.—Harold Blumenthal, Partner, Swift, Henke & Co., Chicago, Ill. (Page 2)

Times Mirror Co. — Lawrence N. Siegler, President, Edward N. Siegler & Co., Cleveland, Ohio. (Page 2)

HAROLD BLUMENTHAL

Partner, Swift, Henke & Co., Chicago, Illinois

Old Republic Life Insurance Company

There are several persuasive reasons which motivate my current selection of Old Republic Life Insurance Company common stock as "The Stock I Like Best." First, the company's management has clearly demonstrated a great depth of knowledge of the insurance industry and has skillfully employed this knowledge to create a valuable and growing enterprise which has already brought rich rewards to its shareholders. Second, Old Republic has maintained its leadership in the field of credit life insurance which has not only been the fastest growing division of the life insurance industry, but also in view of our expanding economy holds every promise of further dynamic growth. Third, the Company has broadened its operations into ordinary life and in four years has made considerable strides in building an agency force and developing ordinary life programs. This new growth phase in the company's affairs should become increasingly profitable.

The prospects for continued strong and prosperous development will, of course, be determined by quality of management, and Old Republic is in the hands of growth minded individuals who have proven to be competent and alert to all opportunities and who also have sincerely manifested their responsibilities to stockholders. From James H. Jarrell, president, down through the senior vice-presidents and departmental vice-presidents, Old Republic Life is run by an extremely capable and experienced group of men. After a brief look at its background, I will point out some of the recent moves by Old Republic's management which make this stock seem quite attractive at present price levels.

Incorporated on April 17, 1923, as Garfield Casualty, the company's name was soon changed to Old Republic Life Insurance Company. Bankers Credit Life Insurance Company of Birmingham, Alabama was merged with it in 1931.

Since 1931, Old Republic Life has specialized in credit life insurance — which gives financial protection to the families of installment buyers. It has worked closely with most of the country's best known commercial banks, finance companies and credit associations in planning consumer credit insurance programs and pioneered in developing many consumer credit plans and coverages which are now considered standard throughout the industry.

Well over half of the nation's installment debt is covered by this form of insurance. Economists project a rise in consumer spending from some $340 billion in 1962 to $385 billion by 1965 to $470 billion in 1970. With installment buying representing a proportionately greater amount of total consumer spending, this should have a decided impact on the sale of consumer credit insurance—and, of course, Old Republic Life's operating results.

Indicative of the company's forceful growth is the fact that assets have more than tripled in the past ten years, while both surplus and insurance in force more than doubled in the same period. Its premium volume in 1962 was more than three times larger than it was a decade ago. In 1963, earnings rose 30% to $1,163,991 from $893,495 a year earlier.

Last year, Old Republic Life initiated a cash-plus-stock dividend policy which not only provides increased dividend return for shareholders, but at the same time builds the equity value of its stock more rapidly. This is possible because cash payments are now only 10 cents quarterly versus 20 cents previously (the stock portion is 1% quarterly), thus providing additional cash for investment and growth purposes. The stock dividend allows for rounding out fractional shares to full shares and gives shareholders an excellent opportunity to build their stock ownership in the company with a minimum outlay of cash.

During the year, management also appointed an underwriting manager to head and develop a new accident department for Old Republic Life and its affiliates, Old Republic Insurance Company, Greensburg, Pennsylvania and Motorists Beneficial Insurance Company, Chicago. As a result, the Old Republic companies are participating in a complete line of accident policies and are represented by agents selling this line in 48 states.

Also in 1962, one of the oldest and most prominent insurance underwriters in Chicago with an established network of agencies was brought into the Old Republic group. Because of this company's association with savings and loan associations and its established network of agencies it should prove to be an important source of business for Old Republic Life.

Recognizing the fact that the life insurance industry itself is one of the fastest growing segments of our economy and Old Republic Life has one of the outstanding growth records among life insurance companies, this stock at its recent asked price of $33 in the Over-the-Counter Market certainly does not seem overpriced when viewed as a long-term investment. For the investor desiring capital appreciation, Old Republic Life Insurance Company is worthy of serious consideration.

LAWRENCE N. SIEGLER

President, Edward N. Siegler & Co., Cleveland, Ohio

Times Mirror Company

The most significant factor about the Times-Mirror Company is that this firm has been able, in roughly three years, to profitably diversify its activities within the publishing field. Diversification alone need not be a definite growth element. However, the Times-Mirror has steadily expanded in specialty book, map, and newspaper publishing.

The careful accumulation of integrated activities is already beginning to show positive results. Recently, the company revised its earnings estimate upwards to a range of $1.85 to $2.00 per share in 1963. This represents at least a 30% increase over 1962 earnings of $1.45 and 60% over 1960 earnings of $1.15 per share. Sale of station KTTV to Metromedia will add an additional 75 cents above the company estimate.

The Times-Mirror developed from the Los Angeles Times, founded in 1881 and The Mirror Weekly founded in 1873. Until 1962 the company operated two separate metropolitan newspapers. At that time both newspapers were consolidated into a single operation. The cost of the consolidation was absorbed in 1962. Newspaper publishing and related activities comprise over 60% of the Times-Mirror's operating revenues.

In 1948, the Times-Mirror obtained control of Publishers Paper Co., which now supplies the company with newsprint through its pulp and paper mill, timber mill and 70,000 acres of timber land. This subsidiary also produces grocery bags and paper specialties. Publishers Paper Co., now over 67% owned, has been a large contributor to the recent increased earnings performance on the Times-Mirror Company.

The Orange Coast Publishing subsidiary, purchased in 1962, publishes community newspapers in California. Circulation of suburban newspapers has increased in recent years. With Orange, Times-Mirror can participate in the shift in readership from metropolitan dailies to suburban publications. Furthermore, through its 50% control of Californian Rotogravure, Times - Mirror holds long term contracts to print the northern and southern editions of TV Guide, the Home Magazine, and several Sunday Supplement sections.

Times-Mirror Company has also purchased within the last three years, three firms which institutes a program of expansion into the book publishing field. The book publishing industry has been rapidly expanding. Yet in the last few years the pressure of increasing costs and the impact of the paper-back has caused a trend towards centralization and mergers. Times-Mirror acquisition of these subsidiaries marks the beginning of a strong publishing complex.

Cardoza Bookbinding subsidiary is the largest commercial bookbinder of textbooks west of the Mississippi. The Mathew Bender acquisition places Times-Mirror in the Legal and Tax specialty book business. Signet and Mentor books published by another subsidiary is the world's second largest publisher of paper-back books. This subsidiary has extensive operations abroad.

The Jeppesen & Co., a subsidiary purchased in 1961, designs and publishes aeronautical charts

Continued on page 47

(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.)

Solid Progress on Advanced Power Generation Methods

By H. A. Wagner,* *Assistant Vice-President, The Detroit Edison Company, and Chairman, EEI Task Force on Advanced Projects*

Taking exception to Federal Power Commissioner Swidler's blunt charge that the electric utility industry is faulting on research and development (see today's "Chronicle" cover page for full text of Mr. Swidler's indictment of the industry), Mr. Wagner reports here on encouraging progress being made and researched on advanced methods of power generation. Among the methods being investigated and developed by the industry and its ancillary parts discussed by the industry's spokesman on the subject are: thermoelectric generator, thermionic converter, magnetohydrodynamic generator, fuel cell, and fusion reactor. With the exception of the latter, they are expected to be commercially available for specific application within the next 20 years — barring unforeseen developments — and thermionic generators and MHD are expected to lend themselves best to bulk power production. Fuel cells are likely to be used in the next few years for described certain mobile situations and are now undergoing study by 60 individual and Government projects. The task force chairman unhesitatingly calls upon invester-owned companies for more cooperative support for furthering the free enterprise way of sparking better advanced generation methods and of attracting more technical employees to the industry.

Among the dynamic factors that make for progress in our economy, three are of significance to the electric power industry: one is the increasing use of energy in all forms, and particularly in the form of electric power; another factor concerns technological development, particularly as it relates to our business; and the third is competition in the supply of energy. Because each of these is important in our future planning, it would seem worthwhile to review and assess their long-term impact on our business, and to determine how to change to meet the challenge they present.

H. A. Wagner

Our companies have always engaged in system planning—to predict future load and generation requirements, the type, size and location of units, the design and characteristics of transmission and distribution, the opportunities for economy and greater security through interconnections, and the application of new ideas and methods to lower costs. Above all, we seek the comprehensive system plan which will produce the best and most economic results in the long run. Essential to any plan is the selection of generation with the lowest over-all cost, since this is the base to which all other costs are added.

In the 80 years' history of the electric power industry, there has been a continued improvement in the technology of generating, transmitting and distributing electric power. In the field of generation alone, the improvements in efficiency and subsequent reductions in cost have been instrumental in enabling our industry to provide a plentiful supply of electric power at low cost. We confidently look forward to further improvement in the conventional methods of power generation, although it appears that the gains will be increasingly more difficult to achieve.

Effective forward planning will require an intimate knowledge of new developments in the energy field. Recent developments in technology give promise that some of the advanced methods of power generation may in time provide a better way to produce power. Some may give our competitors in the energy business better tools with which to compete against us. There is a new element of surprise in scientific discovery and a speed of practical application that make direct contact with technological progress essential to our industry.

Traditionally, research and development in the field of power generation have been carried out largely by the equipment manufacturers with the cooperation and help of our industry. This procedure has served the industry remarkably well over the years. But there is good reason to believe that the tremendous amount of research that is being done today in all fields of technology, both through government and by private organizations, creates a new situation in which we must be actively engaged and intelligently informed.

Two years ago the EEI set up a Task Force on Advance Projects to keep management informed on new developments related to our industry, particularly with reference to advanced methods of power generation. Designated members of the Task Force, to-

Continued on page 27

CONTENTS

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Articles and News

Regular Features

*Column not available this week.

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OBSERVATIONS...

BY A. WILFRED MAY

UNLOCKING CAPITAL GAINS

Small wonder that Stock Exchange officialdom hails so heartily the tentative decisions by the House Ways and Means Committee regarding the taxation of securities capital gains. For their adoption would give a substantial boost to *liquidity*, the market community's Sacred Cow—the indispensable key to its profitable existence.

In denying the President's proposal to lengthen the initial holding period from six months to a year to qualify for the favorable maximum rate (proposed at 19½%), and in leaving the period at six months (with its 25% maximum rate), the Committee has removed the threat of a six-month additional lock-in period (i.e., one year versus six months' holding).

An affirmative stimulus to the *liquidity* goal would result from the Committee's proposal to provide a reduction of the gains tax ceiling to 19½% after a security has been held for *three years*. This has the advantage to the exchanges of embodying a differential in the ceiling that is too small (25%-19½%) to justify a 2½-year additional freeze; while paying a nominal investment "bonus."

Death's Tax Exemption Eliminated

A particularly strong other fillip to the removal of a major existing lock-in influence would ensue from the Committee's compromise decision to alter the tax treatment of accrued gains at the time of transfer at death.

At present a new cost basis, the current market value, is astablished at death—wiping out the tax on the entire capital appreciation which may have accrued during the decedent's lifetime. Irrespective of the merits of this existing rule, it has acted as a lock-in for the individual of 60 years or so, waiting for his death to relieve him of the tax bill on his paper profits.

The President proposed levying the gains tax at death, on the accrued uncashed appreciation (along with imposing the capital gains tax on gifts payable at the time they are made.

Committee Compromise

The House Committee's compromise envisages the "carry-over basis" rule, relating to the taxation of the accrued gains from the asset's cost, at the time they are subsequently cashed. An asset transferred at death, will, similar to the practice on gifts, have a cost basis to the heir equal to the original past purchase price paid by the decedent (mechanical difficulties come to mind as the inability of heirs many years after to ascertain the deceased one's cost price).

It is provided, however, that the cost basis shall not exceed the market value at the time of death; which reduces the cost basis to whichever is lower, the decedent's cost or the death-date value.

A proper offset is provided in that addition to the cost basis is permitted of any of the estate tax attributable to the asset. This provides alleviation, at least to some extent, of the incidence of double taxation.

Irrespective of the details, the elimination of the exemption of tax on pre-death accrued gains must importantly unlock such securities—included in effecting this being the living holder's predilection himself to direct the cashing of his gains.

* * *

PROBLEMS OF THE DOUBLE STANDARD

Helpful to understanding the basic problems involved in the agitation for "separate and equal" regulation of the increasingly vast unlisted market is realization of how the Exchange/Over-the-Counter double standard originally came about. Realizing that the Constitution as interpreted in the early thirties made Federal securities legislation dependent on activity that represented interstate commerce, the statute's draftsmen confined the invocation of the Securities Exchange Act's disclosure and other "corporate" provisions to issues enjoying the *interstate* locus of the Stock Exchanges—with the unlisted issues left to the much milder rules exercisable by self-regulation (largely via the N. A. S. D.).

But with those constitutional qualms dead for a long time, the Commission and the Congress can go ahead with uniform and central regulation (if with new built-in difficulties). In fact, Chairman Cary feels free to broach the proposal to eliminate the exemption from broker-dealer registration for those individuals whose business is "exclusively intra-state."

And it would seem feasible to close the void between listed and unlisted obligations by using the N. A. S. D. as the focal point of application, by prohibiting its members from doing business in the securities of companies who do not submit to the equivalent of the "listing" requirements. In other words, like the Stock Exchanges, the N. A. S. D. would be the focal point of regulation*

"Jurisdictional" Battling

Under the double-standard of regulation, the SEC has found that about 25% of Counter-located companies sampled do not issue annual reports of any kind to shareholders, with many pervaded with skimpiness. Similarly, 24% of the companies do not issue proxy solicitation statements.

As with the similarly aimed Fulbright Bill, which, riddled with exemptions, became permanently stalled in 1957, the currently proposed legislation is becoming greeted with inter-agency zealousness reminiscent of the labor union area.

In the case of the banks, sole jurisdiction is being claimed by another Federal agent, Controller of the Currency Saxon, with the full backing of Treasury Secretary Dillon.

While the Controller and the Reserve Board examiners, coupled with the ordered reporting procedures, assuredly do a constructive job in supervising the bank's condition and safety, the SEC's mission is to get financial information relevant to disclosure to the investor—not to the depositor. And no other regulatory body has been enforcing a semblance of adequate compliance with the other "corporate" provisions of the Securities Exchange Act relating to proxy routine and "insider" trading. All too often, do the banks' proxies consist of a mere post-card without important information.

Insurance interests likewise point out their supervision by State bodies; to which again the objection is that uniform as well as different financial and proxy information is due the investor.

If the existence of other supervisory bodies are a valid cause for SEC exemption, half or more of the Exchanges' listed issues (as the utilities, rails, airlines, etc.) would be similarly free of the SEC's compliance requirements.

Even the Commission's proposal to exempt all companies with less than a million dollars in assets or with equity securities held by less than 750 stockholders can be questioned. The investor in such companies needs information in small as well as large companies.

De-Gamorization?

Incidentally, one unfortunate "market" result of full asset and earnings disclosure might, as with the life insurance companies, result in price declines through their selling "ex" the glamor of "hidden" (i.e., understated) earnings. This deflationary process occurred after the market razzle-dazzles of the booming 'twenties; whereafter the thus inflated market prices of the bank stocks with their fantastically hidden assets were decimated when the real arithmetic became disclosed.

"Everything is an 'Explosion' these days; I can remember when one thought in terms of mere 'trends.' In any event, our educational system today truly is suffering from a knowledge, as well as a population, Explosion."—

JOHN W. GARDNER, President of the Carnegie Corporation at the Commencement Day luncheon of Columbia's Alumni Federation.

*Such proposed policy has been well spelled-out by Joseph L. Winer, former director of the SEC's Public Utilities Division, and adviser to the Special Study Group, in an address before the N. Y. Practicing Law Institute and published in the "Chronicle" Feb. 22, 1962.

Calif. IBA Conference

More than 100 California member firms will be represented at the June 22-25 meeting of the California Group Conference of the Investment Bankers Association of America, to be held at the Santa Barbara Biltmore. Top investment men from all sections of the country are planning to attend.

Wendell W. Witter

Wendell W. Witter, chairman of the California Group and a general partner of Dean Witter & Co., has announced that Amyas Ames, President of the Investment Bankers Association of America, partner, Kidder, Peabody & Co., New York, will be the principal speaker at the Tuesday morning session, June 25. He will give the gathering a briefing on recent developments concerning SEC reports, Legislation and Congressional hearings. He will be accompanied by Gordon L. Calvert, Municipal Director and Assistant General Counsel, and Erwin W. Boehmler, Educational Director, both headquartered in Washington, D. C.

Starting off the formal convention proceedings on Sunday afternoon at 2:30 p.m., will be the Muncipial Forum. Principal speaker will be Alan Post, Legislative Analyst for the State of California, who will discuss "Bond Credit for California State Government — a Reappraisal." Moderator at this session will be Allen B. Beaumont, William R. Staats & Co., Chairman Municipal Securities Committee.

Following dinner Sunday evening, William Thompson, Manager, Community Service, Union Oil Company of California, will address the delegates.

The first business session on Monday, June 24, will be presided over by Wendell Witter, California Group Chairman. First scheduled speaker is Henry Sargent, President, American & Foreign Power Company. The second speaker at Monday's session will be Dan A. Kimball, Chairman of the Board of Aerojet-General Corporation, who will discuss "Problems of Growth in the Aerospace Industry." Concluding Monday's speeches will be a discussion of "The Essence of Americanism" by Leonard E. Read, President, The Foundation for Economic Education.

Tuesday's meeting will be presided over by Francis S. McComb, vice chairman of the California Group. Lead-off speaker will be Amyas Ames, followed by Dr. P. A. Rinfret, Lionel D. Edie & Co., Inc., New York. Winding up the formal convention proceedings will be Dr. Kenneth McFarland, guest lecturer, General Motors Corporation. His subject will be "Let's Sell Success."

Benton, Corcoran, Leib Co. to Form

Effective June 25, Benton, Corcoran, Leib & Co., members of the New York Stock Exchange, will be formed with offices at 115 Broadway, New York City. Partners of the new firm will be Charles V. Benton, Clark Benton, Andrew J. Corcoran, Joseph A. Fitzpatrick, and Gordon B. Leib, all members of the Exchange. Mr. Leib has been active as an individual floor broker; other partners are partners in Carreau & Company which is being dissolved.

Utility Stocks for Steady Income and Capital Gain

By Dr. Ira U. Cobleigh, Economist

A review of some of the features of investor-owned and tax paying utility companies that cause their common stocks to be rated among the most dependable and desirable equities for long-term holding; together with notes on a few favorably regarded companies.

Forty years ago electric utilities had to fight their way for investor acceptance. First mortgage bonds of what are today among the choicest companies sold to yield 6% or more, and many utility common stocks, except such big city issues as Consolidated Edison, Boston Edison, Baltimore Gas & Electric, etc., were viewed as speculative and fraught with the unpredictable and profit-limiting specter of public regulation. Some companies, that had entered the business to supply current for trolley cars, were given negative ratings because so much of their earnings depended on "traction."

Endorsement and Growth

We have come a long way in these past 40 years, electrically. Today electric utility investments, both bonds and stocks, have long since replaced railroad serurities as the issues most favored by institutional investors; and the growth in utilities, far from being stifled by regulation has been impressive, and even remarkable.

Doubled Production in a Decade

In the decade 1952/61, production of electric energy increased from 370,673 to 791,975 million KW. This is a gain of 114% and compares with increases in the same period of only 59% in gross National Product, and 42% in U. S. industrial production. Total revenues of the industry in 1962 gained, over the previous year, for the 24th consecutive year.

The number of electric customers in the United States now is around 63 million and the greatest growth, numerically, in recent years has been in residential customers. Because of the dominant growth factor and its relative stability of revenues under all phases of the business cycle, residential load is the most important to the industry.

Dynamic Uptrend In Residential Demand

This continuous upsurge in residential demand is based on a number of fairly obvious factors — population gains, accelerated rate of household formations, rising levels of per capita income, migration to the suburbs, etc. But very important factors include increased use of household electric appliances and major advances in number of home units heated in winter, and air cooled in summer, electrically. In the past eleven years, average annual residential usage has increased from 2,021 KWH to over 4,300 KWH today.

There are now more than 1 million heated electrically. These "all electric" homes use somewhere between 20,000 and 25,000 KWH annually; and industry estimates indicate that there will be over 5 million electrically "climated" homes by 1970.

The amazing thing about this rise in domestic demand is that it has been served so economically. Since 1952 residential revenues per KWH sold have actually declined from 2.81c to 2.45c. This is a reduction of almost 15% and has been accompanied by increase in residential usage of over 100%.

Operating Economies

The fact that the price of electricity has gone down, in contrast with a rise in the price of almost every good or service is indeed a remarkable phenomenon. This outstanding performance of investor-owned utilities is due principally to major technological improvements in the generation, transmission and distribution of electricity. For example, Edison's first generating station could not transmit electricity beyond a mile. Today's modern inter-connection systems permit a customer to use electricity produced a thousand miles away. More than 90% of the nation's generating capacity is now inter-connected with other systems. This makes possible the swift transfer of surplus power from one area, to meet peak loads in another. Further, it reduces, by millions of dollars, capital expenditures otherwise required of constituent companies for expanded generating facilities.

Even allowing for these benefits of interconnection, electric utilities have found it necessary to greatly increase their capacities each year. In 1962 the expenditures of the utility industry for plant and equipment were about $4.5 billion, larger than the plant outlays of any other industry. Since 1956 electric generating capability has increased over 50%.

Nuclear Power

Important in our addition to power supplies is the research and development of nuclear power. Right now 125 companies are participating in 23 nuclear power projects throughout the country. The feasibility of power generation by nuclear fuels has been definitely established; and it is expected that, by 1970, costs of production by this method may be brought down to a level competitive with coal-fueled steam generating units.

While construction expenditures are expected to remain high, the equity ratio of the industry is excellent and internal generation of funds — retained earnings, depreciation and tax deferrals—currently amount to around 50% of capital outlays. This indicates that the demands for public financing may be somewhat less in the last half of this decade; moreover there are a number of companies which have already built up sufficient surplus plant capacity so that sale of additional stock (and corresponding dilution of equity) will be unnecessary for from 6 to 8 years at least.

Investor Contentment

Utility investors have fared exceedingly well in the past decade. Net earnings have advanced (with the single exception of 1951) in every post war year, and the general, industry-wide, average payment of 70% of net in cash dividends has meant that at least 3 dozen major companies have increased their dividend rates four times or more in the past decade. Further, due to depreciation accounting practices, many company dividends are partially tax exempt.

Thus it is that today utility shares, long respected for their income and defensive characteristics, have now advanced in investor opinion, to a point where many are esteemed for their aggressive growth potentials as well. In a group so considered we would include Florida Power and Light, Long Island Lighting, Texas Utilities, Arizona Public Service, El Paso Electric, and Nevada Power Company. Across the board no company is more respected than American Electric Power. Consolidated Edison is favored for its 90% electric business, and the massive growth of new demands from huge construction of new apartments and office buildings in Manhattan. Toledo Edison reported a sharp rise in net for 1962 and should improve earnings again this year. For a further "guideline" to current share selection these companies all reported 10 year (1952/61) averaged annual increases in earnings per share of 7% or more: American Electric Power, Central Illinois Public Service, Gulf States Utilities, Kansas Power and Light, Public Service Co. of Colorado and Union Electric.

We're sorry we lacked space for more details (price/earnings dividends, etc.), about individual issues but we do feel that shares of the companies we've mentioned, (and many others) offer most of the qualities of prudent and gainful investments—opportunity for growth in earnings, dividends, market value; and dependable trading markets. The long term growth in the use of electricity has averaged 7.2% a year compounded; doubling every decade. This is about 2½ times the growth rate of Gross National Product.

Richard E. Kohn To Admit Partner

Effective June 20, Michael Yadlow will acquire a membership in the New York Stock Exchange, and will be admitted to partnership in Richard E. Kohn & Co. The firm's headquarters are at 20 Clinton Street, Newark.

La Branche & Co. To Admit

La Branche & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on July 1 will admit Robert J. Fraiman, a member of the Exchange, to partnership.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

Dealers in state and municipal bonds appear to be more confident about the level of bond prices than they have been for the last several weeks. The motivation, however, derives from an improved Treasury bill and bond market as well as from improved conditions throughout the corporate bond market. This betterment was swift in response to the strategic prodding of certain Treasury issues early this week. The state and municipal bond market has been less directly effected in that there has been only sporadic evidence of sizeable transactions in the retail market during the last few days.

However, at least, a spirit of optimism has perfused the sphere of municipal bond activity as dealers are bidding for new issues again as though there were a lack of new issue offerings scheduled and as if there were not a secondary market supply approaching the dimensions of a glut.

Bucking the Odds

On the brighter side, the Treasury's attractive offering of 4s due 1970 has naturally met with an enthusiastic investor reception. Credit policies have been generally attuned to the $200,000,000 free reserve level and the 90-day bills have experienced some readjustment from just over 3% a week ago to just under 3% this week, indicating perhaps that money and credit for the time being are almost easy enough.

It is in this atmosphere that dealers are more strenuously trying to participate in some profitable transaction whether it be a new issue that may somehow catch on or whether it be a 10 bond retail sale. Municipal bond dealers have never seemingly tried harder to make a buck while the odds against the making of it have seldom appeared more formidable.

Advice From Abroad

While the atmosphere surrounding the bond market has been at least temporarily primed by the authorities, Europe's bankers almost coincidentally have released a report that seems at odds with the home front efforts. The annual report of The Bank for International Settlements—and it has received but scant notice—points out that our economy continues to be afflicted by both sizeable unemployment and a serious balance of payments deficit. Tax cuts and spending to enlarge the budget deficit are highly recommended as antidotes. Lest the resultant increased deficit compound the balance of payments deficit the bankers recommend higher interest rates, particularly of the long term category. Higher long-term rates would reduce capital outflow, it is averred, without diminishing domestic expansion.

Although much of the report reiterates policies considered generally as good sound common sense, some of it is presently at odds with U. S. domestic policies that inextricably tie in with important political objectives, not the least of which are an all pervading foreign policy with its consequent cost and a definite addiction to cheap money as a means to the broad end.

Market Tone Improved

During the past week the state and municipal bond market has moved off a little more, although the market tone as we near press time is appreciably better than it has been for a few weeks. The *Commercial and Financial Chronicle's* bond yield Index shows that the market's offered side for high grade 20-year general obligation bonds is down about ⅜ths of a point. Yields rose from 3.023% a week ago to 3.045% on an average. In late March this year's market made its high when the Index averaged at 2.888%.

With the market in high grades off 2¼ points in the interim, some market correction comes close to being over-due as we approach the strategic July 1st period. With the stimulus afforded by Federal operations, dealers seem justified in pushing a little for business at this juncture despite their generally uncomfortable inventory situation.

Business in Prospect

The forseeable volume of new issues now totals less than $700,000,000. Just out of sight there looms a probable $100,000,000 State of California issue for water supply purposes. This issue may be offered for competitive bids sometime in July.

The $108,679,000 New York State Housing Agency bond issue, originally slated for July 10, flotation has been moved up to June 26 for reasons of propitiousness, it is stated. This issue, negotiated by *Phelps, Fenn & Co.* and associates, will be dated July 1 and will mature serially from Nov. 1, 1966-Nov. 1, 2005. It represents the only large negotiated issue being readied for the summer market.

A Way of Life?

There is every evidence that dealer inventories continue to be higher than is comfortable or convenient. It would appear, however, that the heavier inventory carry is likely to be standard impedimenta for dealers as long as state and municipal bond prices dangle from the plateau of a high level long-term government bond market.

Blue List state and municipal bond offerings have been totaling on the high side of $500,000,000 for most of 1963. For the past month they have averaged well over $600,000,000. This is just the obvious part of it. The June 13 total was $645,701,772.

Light Financing Week

The new issue calendar slumped to a total of $94,422,000 various municipal bonds this week and the tax-exempt bond fraternity was pleased by this light calendar after a period of record breaking volume. It has been a rough six months for dealers and underwriters and many dealers took respite on the annual Port of New York Authority inspection trip last Thursday which was followed by the Municipal Bond Club of New York outing Friday, thus spending a few days away from the office. However, there were a half dozen issues in the course of the week which are worthy of brief mention.

Last Thursday two issues of importance sold at competitive bidding. The group headed by *Baxter & Co., Taylor & Co.* and *Goodbody & Co.* was the high bidder for $10,000,000 Sacramento Municipal Utility District, California Electric revenue (1964-1983) bonds at a net interest cost of 2.98%. The runner-up bid, a 3.00% net interest cost came from Blyth & Co. and associates. There were four other bids ranging in interest cost from 3.01% to 3.03% made for this popular issue.

The bonds were reoffered to yield from 2.80% in 1974 to 3.15% in 1983 and demand to date has been good, with the present balance in group $1,500,000. The $4,440,000 of bonds maturing 1966 to 1973 were sold pre-sale.

Also on Thursday the account managed jointly by the *Hartford National Bank and Trust Co.* and the *Childs Securities Corp.* was the successful bidder for $3,800,000 East Hartford, Conn. various purpose (1964-1983) bonds naming a net interest cost of 2.8862%. The second bid, a 2.936% net interest cost, was made by the Morgan Guaranty Trust Co. syndicate and there were 11

Continued on page 45

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.25%	3.15%
Connecticut, State	3¾%	1981-1982	3.15%	3.05%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
New York, State	3¼%	1981-1982	3.10%	2.95%
Pennsylvania, State	3⅜%	1974-1975	2.85%	2.75%
*Delaware, State	2.90%	1981-1982	3.10%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.25%	3.15%
Baltimore, Maryland	3¼%	1981	3.20%	3.10%
Cincinnati, Ohio (U.T.)	3½%	1981	3.15%	3.05%
Philadelphia, Pennsylvania	3½%	1981	3.30%	3.20%
*Chicago, Illinois	3¼%	1981	3.25%	3.15%
New York, State	3%	1980	3.12%	3.04%

June 12, 1963 Index=3.045%

*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.

June 13 (Thursday)			
Texarkana, Ark.	6,590,000	1973-1990	2:00 p.m.
June 17 (Monday)			
Aurora, Colo.	8,000,000	1973-2007	2:00 p.m.
Garland Indep. Sch. Dist., Texas	1,200,000	1964-1996	7:30 p.m.
Great Falls, Mont.	3,695,000	1964-1975	-------
Marquette, Mich.	3,775,000	1969-1987	2:00 p.m.
June 18 (Tuesday)			
Agric. & Mechanical Coll. of Tex.	4,743,000	1966-2003	10:00 a.m.
Charles County, Md.	2,000,000	1965-1983	Noon
Cudahy, Wis.	1,000,000	1964-1983	2:00 p.m.
Delray Beach, Fla.	2,600,000	1969-1996	2:00 p.m.
Everett, Wash.	4,200,000	1965-1993	11:30 a.m.
Greeley, Colo.	1,000,000	1964-1983	8:00 p.m.
Hillsborough County Special Tax School District No. 1, Fla.	1,000,000	1965-1981	2:00 p.m.
Huntsville, Ala.	1,300,000	1964-1973	11:00 a.m.
Nassau County, N. Y.	21,375,000	1964-1992	Noon
North St. Paul Maplewood Indep. School District No. 622, Minn.	1,000,000	1966-1990	8:00 p.m.
Ramsey Sch. Dist., N. J.	1,010,000	1964-1979	8:00 p.m.
St. Paul, Minn.	2,500,000	1966-1993	Noon
Stokes County School, N. J.	1,250,000	1964-1991	11:00 a.m.
Superior, Wis.	4,500,000	1964-1983	2:00 p.m.
Texas A & M College Bldg. Rev.	4,743,000	1966-2003	-------
Univ. of Ill. (Bldg. & Pkg. Rev.)	10,800,000	1969-1993	11:00 a.m.
Virginia Public Service Authority	15,000,000	1965-1984	11:00 a.m.
Wauwatosa, Wis.	3,100,000	1965-2003	2:00 p.m.
June 19 (Wednesday)			
Bergen County, N. J.	3,300,000	1964-1981	Noon
Malheur Co. S. D. No. 8-C, Ore.	1,126,000	1963-1982	8:00 a.m.
Marietta City Sch. Dist., Ohio	1,500,000	1964-1983	Noon
Ohio Bridge Revenue	1,550,000	1967-1989	11:00 a.m.
Ohio (Columbus)	1,550,000	1966-1989	11:00 a.m.
Orange County, Texas	1,500,000	1974-1993	2:00 p.m.
June 20 (Thursday)			
Huntington U. F. S. D. #13, N. Y.	5,650,000	1964-1978	11:00 a.m.
Jacksonville, Fla.	22,000,000	1964-1976	10:00 a.m.
Lea County Hobbs Municipal Sch. District No. 16, N. Mex.	1,500,000	1964-1968	2:00 p.m.
Oklahoma City, Okla.	1,065,000	1964-1988	2:00 p.m.
Trenton, N. J.	2,922,000	1964-1983	11:00 a.m.
Vicksburg Sch. Dist., Mich.	1,000,000	1965-1989	8:00 p.m.
June 24 (Monday)			
Brooklyn Center, Minn.	1,000,000	-------	-------
Las Virgenes Municipal Water Districts, Calif.	4,000,000	-------	-------
June 25 (Tuesday)			
Atlanta, Ga.	14,775,000	1967-1989	11:00 a.m.
Cleveland, Ohio	13,150,000	1964-1983	Noon
Eastern Kentucky State College	3,000,000	1964-1998	11:00 a.m.
Madison, Wis.	6,750,000	1964-1983	10:00 a.m.
Maine Highway G. O.	14,000,000	1964-1983	11:00 a.m.
Minnesota, State Building, Institute and Aeronautics	40,590,000	1965-1983	10:00 a.m.
Mobile County Board of School Commissioners, Ala.	4,000,000	-------	-------
Waldwick Sch. Dist., N. J.	2,725,000	1965-1984	8:00 p.m.
Wayne, Mich.	1,530,000	1968-1993	8:00 p.m.
Wicomico County, Md.	1,500,000	1966-1982	Noon
June 26 (Wednesday)			
Chicago Public Bldg., Comm., Ill.	87,000,000	1966-1984	10:00 a.m.
Fairfax County, Va.	10,000,000	1964-1994	Noon
Nevada Irrigation District, Calif.	57,200,000	1967-2005	11:00 a.m.
N.Y. State Housing Finance Agency	108,679,000	1966-2005	-------
(Syndicate headed by: Phelps, Fenn & Co., Lehman Brothers; Smith, Barney & Co., Inc., & W. H. Morton & Co., Inc.; as co-managers.)			
Pulaski County Special SD, Ark.	1,000,000	1964-1982	2:00 p.m.
Racine, Wis.	3,135,000	1964-1983	2:00 p.m.
St. Louis Co. Pky. Cons. SD, Mo.	1,150,000	1964-1983	8:00 p.m.
Tallahassee, Fla.	3,500,000	1966-1990	Noon
Terre Haute Sanitary Dist., Ind.	4,400,000	1964-2004	10:00 a.m.
Troy, N. Y.	7,000,000	1964-2002	-------
June 27 (Thursday)			
Franklin Township S. D., N. J.	1,995,000	1964-1983	8:00 p.m.
Kettering, Ohio	3,000,000	1964-1983	Noon
Mississippi State Univ. of Agriculture and Applied Science	2,288,000	1964-2001	10:00 a.m.
St. Paul Park-Newport Indep. School District No. 833, Minn.	2,000,000	-------	-------
Wash. State Univ., Bd of Regents	4,580,000	1964-1993	10:30 a.m.
July 1 (Monday)			
Aurora, Colo.	8,000,000	-------	-------
Fla. State Bd. of Education, Fla.	8,735,000	-------	10:00 a.m.
South Co. Jt. Jr. Coll. Dist., Calif.	8,200,000	-------	-------
Yorktown, Somers, etc., Central Sch. Dist. No. 1, N. Y.	4,082,000	-------	-------
July 2 (Tuesday)			
Allegheny County, Pa.	8,210,000	1964-1993	11:00 a.m.
Kent University, Ohio	3,500,000	1963-2000	11:00 a.m.
Torrance Unified Sch. Dist., Calif.	1,500,000	1964-1983	9:00 a.m.

Outlook for Investments in Plant and Equipment

By John J. Balles,* *Vice-President and Economist, Mellon National Bank and Trust Company, Pittsburgh, Pa.*

Searching assessment of all the principal barometers of business investment by Mr. Balles reveals plant and equipment outlays will be gradual and that no strong upsurge is yet on the horizon. Turning to that which makes capital spending realizable, the banker-economist expects internal sources of corporate funds to exceed plant equipment expenditures by an even greater gap than had been the case in 1961 and 1962. Looking ahead beyond this year on the probable impact of a tax-cut, the writer would like to see greater reduction than that proposed for the corporate tax rate and reasonable restraint on Federal spending which he believes would enhance the prospects for resurgent capital spending and economic growth rate.

In assessing the outlook for plant and equipment expenditures, I will first cover the highlights of recent surveys showing capital spending anticipated by business, and also make some comments on the reliability of such surveys. Next, I will examine some other advance indicators of future trends in capital expenditures. The availability of funds to finance plant and equipment outlays, both from internal and external sources, will then be analyzed. And finally, the important implications for future capital outlays of the proposed reduction in Federal taxes will be noted.

John J. Balles

Capital Spending Anticipated By Business

Last year, business expenditures for new plant and equipment finally exceeded, by a small margin, the previous peak reached in 1957. Expectations of a continued business upswing this year have been encouraged by the results of two recent surveys, both showing further gains in prospect for business capital spending. The Commerce Department-SEC survey in late February and early March indicated that business expected to raise 1963 capital expenditures by 5% over 1962, to a level of $39.1 billion. The McGraw-Hill survey, conducted about one month later, indicated an even greater rise—up 7% over 1962, to a level of $40.1 billion.

It should be noted, however, that if adjustments were made for changes in the price level, the expected volume of plant and equipment expenditures in 1963 would still be lower in real terms than in 1956-57. Thus, even though rising, the level of capital spending is still well below that necessary to generate vigorous economic growth.

Industry Trends

The trend of capital outlays within major industry groups adds an important perspective to the outlook. As to changes in capital spending anticipated by business for 1963 as a whole, the Commerce-SEC survey showed gains over 1962 in 13 industries, no change in one, and declines in six. The latter include manufacturers of electrical machinery and equipment, non-electrical machinery, petroleum and coal, and rubber, along with the mining industry and transportation firms other than railroads. Business anticipations as measured in the McGraw-Hill survey, however, were more optimistic for nearly all industry groups: capital spending anticipated for 1963 was up from 1962 in 15 industries, unchanged in two, and down in only two (petroleum and coal, and miscellaneous manufacturing).

As to changes in capital spending anticipated by business in the balance of this year, seasonally-adjusted data available from the Commerce-SEC survey for 16 industry groups show a decidedly mixed picture. Compared to levels expected for the current quarter, capital outlays in the second half of 1963 show increases for only six industries, declines for eight, and two unchanged.

Business Anticipations—How Good?

Generally speaking, both the Commerce-SEC and McGraw-Hill surveys of capital spending anticipated by business have given good predictions of year-to-year changes. Based on experience over the past 10 years, the dominant tendency has been for increases in plant and equipment spending to be underestimated in the Commerce-SEC survey and to be overestimated in the McGraw-Hill survey. Both sruveys have tended to underestimate year-to-year declines in capital spending when they have occurred.

With regard to the prospective 1963 gain over 1962 in total capital spending, therefore, the fact that the McGraw-Hill survey of April revealed a larger gain (+7%) than the Commerce-SEC survey the previous month (+5%) does not necessarily prove that business capital spending gained in strength during the interval. The size of the 1963 gain probably lies in the 5-7% range given by the two surveys. If so, the result would have to be characterized as a moderate pick-up in capital spending and certainly no capital-goods boom. The mixed trends within the various industry groups for the second half of 1963 also point to the same conclusion. Finally, it should be noted that, based on 1963 expectations as measured in the Commerce-SEC survey, very few industry groups will exceed earlier peaks. In manufacturing, only the textile industry will reach a new peak in 1963, while two other industries will match old peaks. All other manufacturing industries will show a lower level of capital spending than in some earlier year—usually 1957. Among non-manufacturing industries, 1963 capital spending by the "commercial and other" group will reach a new high, but all others will still be

Continued on page 34

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aerospace Industry—Comments—Walston & Co., Inc., 74 Wall St., New York 5, N. Y. Also available are comments on **American Viscose** and **J. Ray McDermott.**

Bank Stocks—Bulletin—Evans & Co., Incorporated, 300 Park Ave., New York 22, N. Y.

Bond Market—Review—Salomon Brothers & Hutzler, 60 Wall St., New York 5, N. Y.

Canadian Market—Bulletin—Annett & Company Limited, 220 Bay Street, Toronto 1, Ont., Canada.

Canadian Market—Review—Equitable Securities Canada Limited, 60 Yonge Street, Toronto 1, Ont., Canada.

Cement Industry — Review with particular reference to **Lehigh Portland Cement, Lone Star Cement** and **Penn Dixie Cement**—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **Ford, Ferro, Westinghouse Electric, Pullman, Reynolds Metals, Canadian Pacific, United Air Lines and St. Joseph Light & Power.**

Cigarette Manufacturers—Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reviews of **Texas Instruments** and **J. C. Penney.**

Construction Machinery—Bulletin—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Von's Grocery Co.** and a review of the **Municipal Market.**

Electronics — Analysis with particular reference to **Beckman Instruments, Varian Associates** and **Loral Electronics Corp.**—Reuben Rose & Co., Inc., 115 Broadway, New York 6, N. Y.

Japanese Economy — Analysis—Sanwa Bank Ltd., Osaka, Japan, (New York agency: 1 Chase Manhattan Plaza, New York 5, 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 — Monthly review—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. In the same issue are reports on **Atsugi Nylon, Oji Paper, Bridgestone Tire, Noritake, Kubota Iron, Matsushita Electric, Canon Camera,** and **Daimaru** and comments on **Ebara, Kajima Construction, Kiren Brewery, Minolta Camera** and **Nippon Musical Instruments.**

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

Japanese Natural and Synthetic Rubber Industry — Review with particular reference to **Bridgestone Tire** — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available is a review of **Komatsu Manufacturing Co.** and preliminary earnings reports of major **Japanese Banks.**

Nuclear Power — Discussion in June issue of "Investornews"—Francis I. duPont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are reports on **American Machine & Foundry, General Telephone & Electronics, Abbott Laboratories** and **Square D.**

Oil Industry—Review—David L. Babson and Company Inc., 89 Broad Street, Boston 10, Mass.

Oil Stocks—Report—D. H. Blair & Company, 5 Hanover Square, New York 4, N. Y. Also available is a memorandum on **Great Western Financial.**

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.

Rate and Accounting Treatment of Liberalized Depreciation and Accelerated Amortization — Revised study—Stone & Webster, Incorporated, 90 Broad Street, New York 4, N. Y.

Steel Stocks — Bulletin — McDonnell & Co., Incorporated, 120 Broadway, New York 5, N. Y.

Tax Exempt Bond Market—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Tax Favored Pension for the Self Employed—Study—Kalb, Voorhis & Co., 27 William Street, New York 5, N. Y.

Tax Free Bonds—Yielding 5.40%—Street, sewer and land reclamation general obligation bonds from the San Francisco Bay Area—Information—Grande & Co., Incorporated, Hoge Building, Seattle 4, Washington.

Wall Street Transcript — Reprints of full texts of brokers' reports, cross indexed — Issued weekly — available on subscription—Sample copy on request — Wall Street Transcript, 54 Wall St., New York 5, New York.

* * *

Air Control Products Inc.—Analysis—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y. Also available is an analysis of **King Seeley Thermos Company.**

American Export Lines—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are comments on **Continental Baking Co., De Soto Chemical Coatings, Houdaille Industries, Sunbeam Corp.,** and **Witco Chemical Co.**

American Optical Company—Analysis—Bell & Farrell, Inc., 119 Monona Avenue, Madison 3, Wis. Also available are reports on **Cincinnati Milling Machine Company,** and **Continental Oil Co.**

Ampex Corporation—Discussion—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available is a review of **Worthington Corp.**

Amsted Industries — Comments—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are comments on **De Vilbiss, M. A. Hanna, Airlines, Borman Food Stores, National Can, ABC Vending, General Motors, Halliburton, Youngstown Sheet & Tube, Goodrich, Santa Fe, Maytag, A. O. Smith** and **Ferro Corp.**

Associated Transport — Memorandum — Frank Ginberg & Co., Inc., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Norwalk Truck Lines.**

Blaw Knox Co.—Report—Purcell, Graham & Co., 50 Broadway, New York 4, N. Y. Also available are discussions of **Ingersoll Rand Co.** and **Link Belt Co.,** an analysis of **Avco Corp.** and bulletins on **Harris Intertype Corp.** and **Cutter Laboratories.**

Bobbie Brooks—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available are reviews of **Dun & Bradstreet, Frito Lay, Maryland Cup,** and **Swingline.**

Bowmar Instrument Corporation—Analysis — Arthur Schmidt & Associates, Inc., 342 Madison Ave., New York 17, N. Y.

Calgary Power Ltd. — Analysis—Royal Securities Corporation Ltd., 244 St. James St., West, Montreal, Que., Canada. Also available are analyses of **Dominion Foundries and Steel Ltd., International Nickel Company of Canada,** and **Steel Company of Canada.**

Canadian Javelin Ltd.—Bulletin—Winslow, Cohu & Stetson, Incorporated, 26 Broadway, New York 4, N. Y.

Celanese Corp. of America—Comments in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. Also in the same issue are comments on **Great Atlantic & Pacific Tea Co., Cowles Magazines & Broadcasting Inc., Dial Finance Company, Divco Wayne Corp., Ferro Corporation, Allied Chemical Corp., Mosler Safe Company, Norton Company.**

Central Louisiana Electric Co.—Memorandum — Rauscher, Pierce & Co., Inc., Mercantile Dallas Building, Dallas 1, Texas. Also available is a memorandum on **Electro Science Investors.**

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

Cutler Hammer—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also available are surveys of **Minneapolis Honeywell Regulator Co.** and **Suburban Propane Gas Corp.**

Dunham Bush—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Southern Natural Gas Co.**

Electric Utility Stocks — Annual compendium of extensive data on 95 companies — Ready early in July—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, New York.

Fairchild Camera & Instrument Corp. — Report — Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

Glens Falls Insurance — Memorandum—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Great Southwest — Memorandum—G. C. Haas & Co., 65 Broadway, New York 6, N. Y.

Hammond Organ Company — Analysis — Mitchum, Jones & Templeton, Inc., 650 South Spring Street, Los Angeles 14, Calif. Also available is a study of **Times Mirror Company.**

Hartford Electric Light Co.—Annual report — Hartford Electric Light Co., Secretary's office, Box 2370, Hartford 1, Conn.

International Silver — Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Johns Manville — Review — H. Hentz & Co., 72 Wall Street,

Continued on page 45

Japan Secs. Dealers Elect C. Fukuda

Chisato Fukuda, Chairman of The Daiwa Securities Co., Ltd., has been elected President of the Japan Federation of Securities Dealers' Association, it was reported today by the New York office of Daiwa Securities.

Chisato Fukuda

The Federation, which is modeled on the NASD in the U. S., is made up of nine associations in Tokyo, Osaka and other major cities in Japan.

"Japan now has a total of 5,500,000 stockholders, second only to the 17,000,000 in the United States," Mr. Fukuda announced upon taking office. "This is a measure of the vigorous activity with which Japan is reaching toward people's capitalism."

The main objectives of the Federation during the coming 12 months will be to meet all responsibilities to Japan's growing body of stockholders and to draw closer ties between Japan's securities industry and the world investment field, Mr. Fukuda said.

He will serve as President until June 1964.

N.Y. Housing Body Advances Sale Date to June 26

The New York State Housing Finance Agency's $108,679,000 bond sale originally scheduled for July 10 has been advanced to June 26, it was announced June 12 by James Wm. Gaynor, the Agency's Chairman. The date of the negotiated sale was moved up when it became apparent to the Agency's fiscal advisors that the earleir date would be more propitious, Mr. Gaynor said.

The issue, designated as 1963 Series B, will be offered by a syndicate of underwriters headed by Phelps Fenn and Co. and including Lehman Brothers; Smith, Barney and Co., Inc.; and W. H. Morton and Co., Inc. as co-managers. The bonds will be in denominations of $1,000. They will be dated July 1, 1963, and will mature serially from Nov. 1, 1966 to Nov. 1, 2005. Bonds maturing on or after Nov. 1, 1984 will be callable on or after Nov. 1, 1983.

U. S. Will Be Leader in Competitive Atomic Power

By Sherman R. Knapp, President, The Connecticut Light & Power Company, and Chairman, EEI Committee on Atomic Power*

Incongruous as it may seem, in view of our superior electric power capacity and favorable fossil fuel supply, the first country to demonstrate competitive atomic power will be the United States and not the U.S.S.R. or Western Europe. Elsewhere in his progress report, the industry's atomic energy spokesman forecasts steady and later quite rapid build-up in the rate of commercial atomic power plant construction. He points out that the AEC will confine itself to R/D more and more leaving it to the industry to take the lead in cost reduction and to allow competition between competing alternate means of power generation to set the tempo of power plant construction. Note is taken of the recently federally sponsored energy study and of the atomic power policy debate shaping up — of no inconsequence to the investor-owned power industry. Mr. Knapp presents a table of the atomic power projects underway and planned, and observes that several 500,000 kw plants are on order and an application for a one-million kw unit has been filed.

Atomic power is so familiar a subject today we sometimes forget how young an art it is. The first power reactor ever built began operation just ten years ago, and it was a prototype submarine propulsion unit.[1] The first reactor designed for electric power generation began operation less than seven years ago.[2] Today, some 800,000 kilowatts of atomic power capacity are in operation in the United States, and over twice this amount is under construction or on the drawing board. Our commercial operating experience, nonexistent only a short time back, is already measured in billion of kwh.

Sherman R. Knapp

Ten years ago it was against the law for industry to own reactors. Power reactor technology was then highly classified and confined to a small fraternity of experts. Today we can buy atomic power plants for a fixed price with performance warranties. Today you find even utility presidents arguing the merits of this or that reactor concept.

Less than ten years ago, when we talked about a "full scale" atomic power plant we meant 100,000 kilowatts. Today, as you know, several 500,000-kwh. atomic plants are on order, and an application has been filed to build a 1-million-kwh. unit.

In these few years, atomic power costs have been halved and halved again. Plants on order today are expected to be competitive with modern oil or coal-fired stations in California and New England.

I think you will agree that atomic power has come a long way in a short time. Anyone who heard the fine summation given by my predecessor, Bill Clapp, at last year's convention will be well aware of the extent of our industry's program of atomic power development and construction. And since two-thirds of the member companies of EEI are taking part in this work, for me to review what you are doing would be like "carrying uranium ore to Colorado."

What I would like to do is concentrate not on where we are but on where we are going.

Yesterday's Motivations

If we are to plan wisely for the future we must be realistic about the past. It should, therefore, be recognized that our work in this field has been carried forward on an accelerated basis. We as a nation have pressed atomic power development more rapidly—with greater "vigor," you might say—than would have been the case if we had been motivated solely by our own needs. And, the utilities industry has made heavy capital outlays at an earlier stage in the development of the technology than could be considered usual. It is also important that we recognize the causes.

As to the national policy of accelerating the development of atomic power, I think it is clear that there were several underlying causes:

(1) Analyzing national motivation is a little out of my line. But I believe—and others have said this before me—that our approach to atomic power has been conditioned in an important way by the fact that we, a country dedicated to peace, originated the atomic bomb. There is no action without reaction, and ever since Hiroshima we have had a strong will to take the lead in developing atomic power and other peaceful uses of atomic energy.

(2) There were international incentives at the time the policy of acceleration was born. Western Europe appeared to be facing serious fuel shortages. Many thought atomic power would permit the so-called "underdeveloped" areas of the world to leapfrog over their energy problems. There were signs the Soviet Union was planning an intensive atomic power program. These considerations raised obvious questions. If the United States did not establish leadership in this field, our prestige would suffer. And, if the Soviet Union beat us to the draw in developing atomic power, they might have an important advantage in the struggle to influence the economic and political orientation of emerging nations.

(3) Finally, let us remember within the ranks of U. S. industry there was considerable optimism about the immediacy of the market for atomic power, which made many interests very receptive to the idea of a strong atomic power effort.

It does not matter today which of these was the prime cause; suffice it that the effect was the decision, as a matter of national policy, to proceed with the development of atomic power on a priority basis. I have not reviewed all the records, but I believe the first public expression of this policy was made in 1953 at the time plans were announced for our first "large-scale" civilian atomic power project, the Shippingport Atomic Power Station.

As to the timing of utility investment in atomic power, I think it is fair to say that this has reflected a compromise:

(1) Being in the energy business, we have always appreciated the two-fold potential of atomic power, seeing it first as a stabilizing factor in our energy economy in sections where the cost of fossil fuel is high, and ultimately as an essential long-term energy resource, country-wide. But we have a responsibility to our customers and shareholders, and part of that responsibility is to make the most effective use possible of our developmental outlays. And in recent years we have had a hungry family of new technology to feed. We have seen opportunities in such spheres as plant automation, energy conversion and high- voltage transmission, as well as in atomic power. A judgment reached strictly within this context would doubtless have resulted in a much more gradual rate of investment in atomic power than our industry has in fact made.

(2) But once it had been decided to press forward with atomic power as a matter of national policy, it was clear our industry had to respond. We considered it our responsibility to do so. And there was the virtual certainty that if we did not build developmental atomic power plants the Government would. At the same time, it was equally clear that it would be in no one's interest for us to go along with those who, taking what I would call a hollow view of national prestige, would have had us compete in a mythical kilowatt race.

We can, I believe, take pride in the mature way our industry has acted to meet its responsibilities under these circumstances. Cooperatively and individually, investor-owned utilities have to date invested or committed about $1 billion in the atomic power field. Much of this investment has been strictly developmental in character, and until such time as competitive performance has actually been demonstrated—as we believe will happen before the close of this decade—all of it is properly classed as developmenta.

Today's Motivations

So much for yesterday's motivation. What, then, are today's motivations? When we examine this question we find that the bases of our national atomic power policy have changed.

What has happened is that most of the artificial stimuli have now vanished. The hypothesized fuels crisis in Western Europe has not materialized. The role of atomic power in underdeveloped nations is now, on the whole, seen in proper perspective. The Soviet Union has abandoned the idea of a crash atomic power program. No longer is there concern about our national prestige in this field. Partly this may be due to the current national preoccupation with space technology. But mainly, I think, it reflects the solid accomplishment that has taken place in our country in atomic power development. A measure of this accomplishment is that, despite the fact that our conventional power technology is perhaps the most sophisticated in the world and despite our relatively favorable supply of fossil fuels, it appears probable that competitive atomic power will first be demonstrated not in the Soviet Union, not in Western Europe, but right here in the United States.

In short, the need for an accelerated program of atomic power development has waned. Now we find a different and, in my view, much firmer basis for national planning in this field. If I may paraphrase the Atomic Energy Commission's recent special report to the President on civilian atomic power policy,[3] the arguments today go something like this:

(1) As regards short-term objectives, now that competitive atomic performance seems imminent in high-cost fuel areas of the United States, the AEC can and should leave the initiative to industry.

(2) As regards long-term objectives, the central problem is to ensure that our resources of atomic fuels are efficiently used. This translates to a need to develop, on an orderly timetable, practical "breeder reactors"—i.e., reactors which operate with a net gain of fissionable material and thereby make possible the full exploitation of our atomic fuel resources. (More on this in a moment.) The technical problems are exceedingly difficult and a heavy sustained research and development effort is indicated. It is in the national interest for the AEC to lend major direction and support to such an effort.

(3) There is also an intermediate objective—namely, to improve the efficiency of fuel utilization in the kinds of power reactors we will need to use until such time as the atomic power industry can operate on a breeder basis. This translates to a need to develop, on a fairly expeditious timetable, what are called "advanced converters" — i.e., reactors which,

1 The Submarine Thermal Reactor (STR) at the National Reactor Testing Station in Idaho. STR first went critical in March, 1953, and first operated at power on May 31, 1953.

2 The Experimental Boiling Water Reactor (EBWR) at Argonne National Laboratory. EBWR began operation in December, 1956.

3 "Civilian Atomic Power . . . a report to the President—1962," U. S. AEC, November, 1962.

through improved neutron utilization and higher operating temperatures, achieve appreciably higher power output per net pound of fissionable material consumed than is the case at present. Here also it is in the national interest for the AEC to take an active role.

What this boils down to is that the Atomic Energy Commission now proposes to concentrate on R&D which has as its main objective the conservation of energy resources, leaving it to industry to take the lead in R&D aimed mainly at reducing power generating costs. Relatedly, apart from prototype and demonstration projects, the Commission appears to favor letting the tempo of atomic power plant construction be determined by the natural forces of competition between alternative means of power generation.

With this I think most members of EEI can and do agree. Also, a recent survey by the Atomic Industrial Forum shows that 90% of the broadly based membership of that organization are in agreement.[4] And judging by hearings conducted this spring, the Joint Congressional Committee on Atomic Energy is also generally in agreement. And so, perhaps for the first time in the young history of this field, the Commission, the Joint Committee, and the atomic industry appear to be essentially of one mind on the broad design of the U. S. atomic power program—and this, I submit, is a fine accomplishment of itself.

A New Kind of Policy Debate

But for us to conclude from this that our present program is unchallenged would be like the farmer believing the voice that called out, "There's nobody here but us chickens." And indeed there are clear signs that a new form of atomic power policy debate is getting underway. It is new in the sense that it is largely "external." In other words it primarily involves questions of policy raised by outside interests.

One example is that there is now being conducted within the Government an "interdepartmental" study of the overall U. S. energy situation. This study, ordered by the President on Feb. 15 this year is being carried out by a task force comprised of the Secretaries of Commerce and Interior; the Chairman of the Atomic Energy Commission, the Council of Economic Advisers, and the Federal Power Commission; and the Directors of the Bureau of the Budget, the National Science Foundation, the Office of Science and Technology, and the Office of Energy Planning. The stated purpose is to determine whether our present pattern of energy technology development and energy resource utilization is balanced or unbalanced. In view of the fact that atomic power now receives the lion's share of the money earmarked by the Federal Government for energy R&D, I assume someone must be questioning the wisdom of this. I do not mean to imply criticism of the study, and I certainly don't want to prejudge the results. Ours after all is a competitive society, and atomic power must stand on its own two feet and be judged on its intrinsic merit. At the same time we must be alert to the implications of such a study. For it represents, as I have suggested, an example of a new form of atomic power policy debate.

"Nuclear TVA"

If I may digress for a moment, this study brings to mind a proposal that originated informally at one of the National Laboratories and is now receiving a certain amount of attention in high Government circles. Perhaps you have heard of it. The central idea is that we should capitalize—and I mean **really** capitalize — on the well-known principle of "economy of scale" by building one or more giant atomic power plants. And, further, we should optimize the operation of such plants by using them to desalinate sea water as well as to generate electricity. This turns out to mean one or more dual-purpose plants with an electrical capacity of some five million kilowatts and a sea-water conversion capacity of something like a billion gallons a day. The proponents of this scheme liken it to a "nuclear TVA" which can only be made to pay off by using the familiar crutches of government financing and tax exemption. They do not contend that such plants could be built today, but they do urge a major development effort in this direction.

Now I submit to you that, insofar as atomic power development is concerned, this proposal is something of a "red herring." And, regarding the water part of the scheme, I have the impression from articles I have read that we have a greater need in this country for a sweet water conservation program than for an all-out salt water conversion effort. The President's directive of Feb. 15 is designed to see how we can best extend the end use of all our energy resources. By the same reasoning, a review of our fresh water utilization policies could readily develop ways and means of greatly extending our supplies of both potable and non-potable water. The result of such a review might well be a realignment of R&D effort which would permit a postponement of the "astronautical" investment required by a major desalination program.

Controverts David E. Lilienthal

A second example of the new form of atomic power policy debate is the position recently taken by David E. Lilienthal, former Chairman of the Tennessee Valley Authority, first Chairman of the Atomic Energy Commission, and now Chairman of the Development and Resources Corporation, a private organization. Earlier this year Mr. Lilienthal delivered a lecture at Princeton University on the subject, "Whatever Happened to the Peaceful Atom?" In this lecture he ad-

Continued on page 18

[4] cf. "A Summary of Forum Members Views on the AEC Report, Civilian Nuclear Power—a Report to the President—1962," AIF, April, 1963.

Industry's Role in Assuring Nation's Power Needs

By Elmer L. Lindseth,* *Chairman of the Board, The Cleveland Electric Illuminating Company, and Chairman, EEI Policy Committee on Power Capacity and Pooling*

Documentation as to why we have the world's most advanced power system concentrates on industry pooling and interconnections, thermal generating units, nuclear power and pumped storage. Not neglected, either, is the continuously improving operating and planning techniques. The naturally evolving regional pooling concept is expected in the near future to result in the attainment of a single, nationwide interconnected, interregional grid. All this has been done in spite of, and will assist, the vast majority of 3,300 distributors of electricity in this country which are non-investor-owned systems. Only one-ninth are investor-owned but they provide 76% of the nation's electric power. Mr. Lindseth has high praise for the constant cost reduction progress and for the EHV research and development programs cooperatively undertaken by the utility industry and equipment manufacturers.

A feature of increasing interest is the degree to which the nation's electric power resources are pooled for efficient operation. Companion to this are the engineering and contractual characteristics of the system interconnections that make such coordinated operation possible. Hence, it seems appropriate that we discuss the extent of our nation's electric utility system interconnection and pooling arrangements as they now exist, and in so doing, focus our attention both on how we got where we are as well as the future course on which we are embarked.

Elmer L. Lindseth

Progress in these important fields has resulted in no small measure from our industry's concern for the national interest. I know of no other industry in America that has been—and is—more affected by or more concerned with this interest than the investor-owned electric utility industry. No other industry is closer to the public in its day-to-day operation.

Our concern with the national interest is reflected in our responsibility and ability to serve our customers whenever they command and wherever they are. Our industry not only is called on to meet the power needs of the nation, but also contributes to its economic stability with extremely large annual capital expenditures. On the average, investor-owned electric utility companies have been making expenditures for new plant and equipment greater than any other segment of U. S. business. We are strongly regulated by many agencies and have competition on a host of fronts — including the competition of co-operatives and governmental power agencies. Our customers through their electric bills always have made and now are making substantial contributions to the support of government. Presently investor-owned electric utility companies pay more than $2½ billion in taxes annually to government, an amount greater than any other industry in the nation. By many other standards that might be considered, the contribution of our industry to the national economy and the national interest may be measured and appraised as of the highest order.

It seems self-evident, then, that the future planning of the investor-owned electric utilities is an important factor in our nation's welfare. Because of this electric companies have, in the public interest, made their plans public. The Edison Electric Institute periodically has published transmission line maps showing the extent of interconnections throughout the United States. More recently, the interconnection and generation planning of our industry for the decade ahead has been detailed in the reports of the EEI Policy Committee on Power Capacity and Pooling. I comment here as Chairman of that committee.

The plans of the electric utility companies have another special significance because they represent the largest segment of the total electric utility industry. While there are about 3,300 distributors of electricity in this country, this single statistic without clarification does not portray the electric utility industry accurately. The investor-owned segment of the industry represents only one-ninth of this total number of distributors, yet it provides 76% of the nation's electric power requirements. Actually, 40 investor-owned systems furnish approximately 60% of the total energy requirements of the country and serve about 65% of our total population. In addition, the vast majority of small electric power systems buy most if not all of their power from large investor-owned or Federal power systems, thus as customers of the larger systems, benefiting from their planning and large-scale operations.

So much for the significance of our planning. Of even greater importance is the planning itself. Let us consider briefly some recent planning announcements.

Recent Planning Announcements

On the first of November last year, seven transmission ties were closed in Pennsylvania, thus putting into operation the largest interconnected electric utility grid in the world. Closing these interconnections permitted the so-called Interconnected Systems Group which extends from Canada to the Gulf and from the Rockies to the Atlantic Seaboard, the Pennsylvania-New Jersey-Maryland Interconnection, a highly integrated group of 12 investor-owned systems, and the Canada-United States-Eastern Interconnection, as its name implies, an international utility group, to operate continuously in parallel.

In 1962 the U. S. portion of these groups, operating in all or a portion of 39 states over a 1.5 million square mile area, had a generating capability of 146 million kilowatts. This is 1¾ times Russia's entire electric power capability of 82 million kilowatts and about three times the capability of the largest interconnected system in Russia.

One portion of this massive grid, the Interconnected Systems Group, had by itself, theretofore, been the world's largest interconnected grid. In fact, so large has it been and so numerous its members that as a matter of practical experience it has operated as four subgroups. In addition to almost 100 investor-owned systems, the Interconnected Systems Group includes TVA, three Federal power marketing agencies, and a number of municipal, G&T cooperatives, and state power systems for a total of about 120 systems in the group itself. But the number of municipal and REA cooperative systems operating interconnected with the group members exceeds 1,800. Thus, these smaller systems are assured of frequency stability, supply during normal and emergency situations, and other interconnection benefits. They rely on the larger systems to assist them in meeting their reserve requirements. And where they purchase energy they receive the benefit of the larger efficient units and flexible transmission systems of the larger power systems. In short, they share in the benefits of America's interconnected and pooled power systems.

In December, shortly after the huge grid of which I have spoken was put into operation, a $350 million coordinated EHV transmission line and power plant construction program was announced by the companies of the PJM Interconnection, the Allegheny Power System and Consolidated Edison Co. of New York. This plan, which is but the initial phase of more to come, involves more than 600 miles of 500-kv transmission lines, one 500,000-kw generating unit on the Allegheny Power System at its new Fort Martin station in West Virginia and two 800,000-kw generating units to be built at the new Keystone station in western Pennsylvania. The large load centers of Philadelphia and New York City which will be served in part by this new project are some 225 to 300 miles distant from these sources of generation.

Last year the Virginia Electric and Power Co. announced plans for a 500-kv, 350-mile loop designed to carry large blocks of power to its service area from two new 500,000-kw, mine-mouth generating units at Mount Storm in the coal fields of West Virginia. This project already is in the initial stages of construction.

This month the first section of the Texas EHV grid goes into operation at 345 kv. Within a year this 345-kv system will extend from Houston to Dallas and by 1970 to the western extremes of Texas. A 400,000-kw units went into operation May 1 and a recently ordered 500,000-kw unit will be the first of a number of large-size units supplying this EHV system.

In January, the four major investor-owned electric utility companies in California announced a willingness to construct EHV transmission lines between their systems and the Pacific Northwest, thus saving the Federal Government the expense of building interties in California and, additionally, making available virtually the entire California market for surplus energy produced at Federal hydro installations in the Northwest. The companies' initial 500-kv line, from the Oregon border to Los Angeles, would cost an estimated $100 million.

Also in January, plans for a new overlying Midwest EHV grid were announced. Backbone of the system will be two huge transmission line loops connecting major load centers in nine midwestern states. This system will embrace a network of over 3,300 circuit-miles of lines to be built by 1980 at a cost of over $200 million. Most of the lines are planned for 345-kv operation. This grid system will in effect make one giant pool of several existing pools. Twenty-two investor-owned systems, seven G&T cooperatives and a state government power district are involved in these networks.

In February, a diversity exchange agreement was completed by eleven companies of the Southwest Power Pool known as the "South Central Electric Companies" and TVA. This arrangement provides for the ultimate exchange of 1,500,000 kw of seasonal capacity. To effect the interchange SCEC will build 1,000 miles of EHV transmission lines, part at 500kv and part at 345 kv. TVA will build two 500-kv lines to interconnect with SCEC. This will bring the total number of interconnections which ten investor-owned companies have with TVA to 24.

Unprecedented Thermal Generating Units

Made possible in part by these EHV transmission projects together with existing transmission lines are numerous construction projects of large thermal generating units. At present 15 units of 500,000 kw or larger are under construction or on order. These massive units aggregate some 9.3 million kw and represent about 25% of all the thermal generating capability on order. Three 500,000-kw units already are in operation. No other nation in the

Continued on page 22

Significance of the Dollar—Pound Swap Arrangement

By Paul Einzig

Dr. Einzig explains, and endorses, recent step enlarging the U. K.-U. S. A. reciprocal currency lending arrangement from $50 to $500 million (from about 18 million to about 180 million pounds). The swap arrangement enlarges the facilities for dealing with temporary and reversible flow of funds between the world's two largest finance centers when, as often the case, the two currencies in question are not attacked at the same time. Sterling's technical role as an intermediary currency used for speculating against the dollar is said to necessitate this arrangement. Otherwise, when neither currency hppens to be weak, technical causes arising from the buying or selling "forward" dollars are capable of leading to a speculative attack and/or a loss of gold even though there was no justification for the appreciation or depreciation of the forward dollar against the forward sterling.

LONDON, Eng.—The increase of the reciprocal swap facilities arranged some time ago between the American and British monetary authorities from its originally modest amount of $50 million to the impressive figure of $500 million has been welcomed in the British Press as an important move in the right direction. It is particularly welcomed as an indication of closer monetary cooperation between London and Washington, and as a gesture indicating recognition of the solidarity between sterling and the dollar. The fact that the amount of the swap arrangement made by the United States with Britain is much larger than those of swap arrangements made with other countries — even though some of them have a larger gold and dollar reserve than Britain—is looked upon as evidence that the two reserve currencies are now linked in a united front for mutual defense.

Some commentators point out the obvious fact that the arrangement would be of little use in face of a sweeping attack against both sterling and the dollar, such as actually occurred in 1961. But in a number of recent instances the two currencies were not attacked at the same time. Earlier this year, for instance, sterling was subject to pressure as a result of the breakdown of the Common Market talks and the revival of devaluation talks, and the bulk of the funds that left London went to New York. On other occasions the disturbing flow of funds was in the opposite sense. If the swap arrangement is useful for such occasions it is certainly worth having.

Other commentators, well versed in the art of stating the obvious, point out that the swap arrangement does not by itself solve the problem of inadequate international liquidity nor the problem of fundamental disequilibrium that is liable to arise between the two currencies. Even so, within its limited scope it does strengthen the international monetary system.

Explains Need for Such a Swap Arrangement

What none of the commentators seems to have realized that some such arrangement has been necessary owing to the special sterling-dollar relationship arising from London's position as intermediary between the dollar and the Western European currencies. London is easily the best market for dollars, so that any buying pressure or selling pressure in dollars from the continent results in heavy selling or buying of spot dollars or forward dollars against sterling in the London market.

As I explained in detail in my *Dynamic Theory of Forward Exchange* recently published by St. Martin's Press, N. Y. and Macmillan and Co., London and Toronto (Chapter 20—"Dynamic Effect of Triangular Forward Operations") if such operations assume the form of forward buying or selling of dollars in London they are liable to affect forward sterling considerably.

If French speculators buy spot dollars in London it does not materially affect sterling because in order to be able to buy spot dollars they must first buy spot sterling. On the other hand, if their speculative operations assume the form of buying forward dollars in London then they can do so without first having to buy sterling, spot or forward. The result is a net selling pressure on forward sterling which depreciates in relation to the dollar. It then becomes profitable to transfer from London to New York for interest arbitrage. This transfers selling pressure from forward sterling to spot sterling and necessitates official support causing loss of gold. Even though there is no justification for the weakness of sterling since the pressure is due to purely technical causes, the evidence of a pressure and of loss of gold might easily trigger off a speculative attack on sterling.

Conversely, if French speculators sell forward dollars in London on a large scale the result is an unwarranted appreciation of forward sterling causing an influx of arbitrage funds and an increase of the gold reserve. The resulting decline of the American gold reserve, if on a large scale, gives rise to pessimistic views on the dollar and accentuates selling pressure on it.

Quite evidently in either of the two instances quoted above there is no justification whatsoever for the appreciation or depreciation of the forward dollar against the forward sterling. The tendency develops purely as a result of sterling's technical role as an intermediary currency used for speculating in dollars. Yet even though originally the movement resulting from it may be unjustified it is liable to create its own subsequent justification.

Justifies Need for Swap Hike

The case in favor of some arrangement under which such unwarranted technical trends could be offset is therefore unanswerable. The reciprocal swap arrangement that has been concluded seems to be imminently suitable to serve that purpose. The special requirements arising from sterling's unique position as an intermediary currency may explain, and it certainly does justify, the exceptionally large size of the swap arrangements with Britain. No other currency is used extensively as an intermediary by speculators in third countries to speculate for or against the dollar. If the American-British swap arrangement does nothing more than deal with that particular situation, it will amply justify its existence.

Power and Progress in The Electric Industry

By W. W. Lynch, President, Edison Electric Institute and President, Texas Power & Light Company*

Electric industry's spokesman reviews accomplishments of the past year and foresees these changes in 1963 over 1962: plant and equipment expenditures rising from $3.2 billion to $3.5 billion, 7% gain in electric energy output, and 6.6% rise in generating capacity. Mr. Lynch gratifyingly finds that we are expanding our lead over the U. S. S. R. and expects that our present lead of 133,300,000 kw will widen by 3,400,000 kw this year. Among problems and unfinished goals besetting the industry, the utility head reported on what has been, and remains to be, done in apprising the public of electricity's advantages, and Congress with essential facts as to unfair direct and indirect Government competition. In commenting on atomic energy, Mr. Lynch said that by 1970 few electric companies would add any substantial new capacity without taking into consideration the possibilities of nuclear power.

We meet once again after a year marked by many accomplishments and developments. It was a year of particular interest for me, because I was privileged so frequently to travel to many parts of the nation and to observe how well the companies of this industry are continuing to advance their remarkable record in power supply.

W. W. Lynch

There was brought home to me again a remarkable characteristic of this industry. Here we have companies attentive to the needs of a great variety of communities, areas, and regions—working diligently to carry out their responsibility for power and progress. Yet out of this diversity, there has come a remarkable unity — a recognition of broad responsibility to the nation and to the industry which has resulted in power supply achievements unmatched elsewhere on earth.

Our acceptance of our responsibilities and our ability to meet those of the future have been indicated by the landmarks we have reached. Let me review some of these briefly.

1962's Accomplishments

The generating capability of the entire electric utility industry in the United States, including all plants contributing to the public supply, reached 199.2 million kilowatts, 5.1% over 1961. In 1963, we expect an increase of about 6.6% with the total reaching 212 million kilowatts.

The investor-owned companies' expenditures on new plant and equipment totaled about $3.2 billion in 1962, and are expected to be about $3.5 billion in 1963. We crossed the $50 billion mark in plant and equipment investment last year, with a total of $51 billion. We expect this to be more than $54 billion by the end of 1963.

The nation's electric energy output, including all plants contributing to the public supply, plus industrial self-generation and net imports, amounted to 947.3 billion kilowatt-hours in 1962. This is an increase of 7.1% over 1961. We expect another 7% increase this year.

Now as a point of comparison, where do we stand with the Soviet Union? Taking into account all power-generating facilities in the U. S. as a whole, we estimate our lead is further increasing. Our lead is now around 133.3 million kilowatts. The 1962 year-end capability for the U. S. was about 215.5 million and the estimate for the Soviet Union is about 82.2 million kilowatts. We expect this gap to continue to widen — probably by about 3.4 million kilowatts in 1963.

You will recall, I am sure, forecasts to 1980 which the Institute made four years ago. Each year since the studies were developed, they have been carefully reviewed to see if changes should be made. So far there has appeared no reason to do so. These forecasts are not goals. They represent, however, our best thinking on the way the industry is actually growing.

Briefly, we still predict that by 1980 the investor-owned electric utilities in the U. S. will have a total capability of some 493 million kilowatts, or more than 3½ times the 1960 total. The annual output will have reached approximately 2.3 trillion kilowatt-hours, or nearly four times the 1960 figure.

Factors in Continued Progress

There are many reasons why we have confidence in the future. But I would like to mention some specific areas in which our recent progress has been particularly outstanding.

First, let's consider interconnection and pooling. A number of developments of great interest have taken place in the last 12 months. The planning and building of 500,000-volt transmission lines are under way in several areas.

Today transmission lines cover the entire nation, but there continue to be great strides in expanding and strengthening the nation's interconnected grid systems. Some of the facilities now being planned and built by electric utilities will make it possible for all major systems in the country to operate in parallel by 1966.

In atomic power, the program of the investor-owned electric utilities has grown until it now involves about $1,000,000,000 and some 4,000,000 kilowatts of commitments by these companies. By 1970, few electric utility companies anywhere in the U. S. will add substantial new capacity without considering the possibilities of nuclear power.

Pumped storage as a way of storing electricity generated by steam plants received considerable impetus during the year. A number of companies announced plans to build pumped-storage projects. With larger generating plants being built to meet larger demands, high-head, pumped-storage facilities have become increasingly attractive. Off-peak, big, efficient thermal units generate electricity to operate units which pump water up into a reservoir. Then at peak periods, the water runs back down through these reversible units to generate electricity. Pumped-storage facilities help keep large new plants working at a high load factor, and significantly aid in leveling off the peaks and valleys in the load curve.

Today, the electric companies have either under construction or in the planning stage pumped-storage projects totalling well over 5 million kilowatts.

Through the National Power Survey of the Federal Power Commission, many phases of future electric energy supply are now under study. A number of industry leaders are cooperating in the development of the survey. We have reason to hope that it may be a constructive study, based on facts rather than on ideology.

Research and Development

Progress in any field depends on research and development, and this year we have a good indication of the breadth of research and development activities.

For the first time, these have been treated in a single document, a report which was prepared under the direction of the EEI Research Division Executive Committee. I won't attempt to review the entire 64-page study, but I would call your attention to several major points.

The report disclosed about $76,000,000 is being spent each year by the five largest equipment manufacturers on activities specifically identified with electric utility equipment research and development. These manufacturers are Allis-Chalmers Manufacturing Company; Babcock and Wilcox Company; Combustion Engineering, Inc.; General Electric Company; and Westinghouse Electric Corporation. It should be noted that no effort was made to collect and summarize the work of the many other fine manufacturers active in the electric equipment field.

Quite properly, the Report emphasizes that the $76,000,000 "is in a sense an 'iceberg' figure, representing only the visible portion of a great mass of research and development expenditures" by the equipment manufacturers and utility companies. This figure does not include the costs of government-supported projects, of general-purpose research, and of research in nonutility fields from which by-product benefits may be available to our industry. Nor does it include the expenditures for research and development associated with electric appliances or other utilization equipment. Nor does it include the research expenditures by the electric utility companies themselves.

The Report does list 856 research projects under way and recently completed by the investor-owned electric utilities. This total does not include atomic power projects. In order to determine the dollars being devoted to research by the utility companies, EEI is engaged in a project for the collection of this information for 1963.

Sales

Although the research report does not include the expenditures being made on new methods of making use of electricity in the home and elsewhere, it points out that "such expenditures are, of course, extremely important to the five equipment manufacturers, the utility industry generally, and the economy as a whole."

Development of new uses of electricity is vital, but we should not lose sight of the tremendous opportunity which exists in applications already available. We need greater appliance saturations and even higher levels of customer acceptance of total electric living. There is growing evidence that companies realize the need for stepping up their sales programs. Our national effort has been stepped up, too. This year, the budget of the Live Better Electrically Program was substantially increased. It is now running about $3 million annually, and is giving emphasis of "the joy of total electric living" in its schedule of national advertising.

There is good potential as well in the promotion of electric space heating and greater saturation of the 166 electric appliances that are the keys to the joy of total electric living in the Total Electric Gold Medallion Home.

Giving the Facts to the Public

In this brief discussion of a year's achievement, I have indi-

Continued on page 24

Reflections on the Special Study of Securities Markets

By Milton H. Cohen,* Director of the Special Study Securities and Exchange Commission, Washington, D. C.

Head of SEC's mammoth "Special Study" of the securities industry and markets disputes Wall Street's terming of the findings published so far as "mild." Cognizant that a sigh of relief followed disclosure that dealers were not going to be separated from brokers and that the principle of self-regulation was not going to be replaced, Mr. Cohen points out there are, nevertheless, serious, complex faults which must be rectified. Reform, he adds, is no less urgent merely because it was suggested to use a scalpel in 100 separate places rather than a meat axe in three or four. Mr. Cohen points out in his commentary how the Report was put together, what its functions and future are. In so doing, he states that in total scope the Report is neither drastic nor mild, and that the legislative recommendations are but a fraction of the total since much that has to be done requires action outside the legislative area.

Conducting the Report of the Special Study has taught me many things, some of which may not be found very readily on the face of the Report. Just as I learne. from the advance release on the New York Stock Exchange's study of the market break that a certain percentage of public individuals having transactions on the Exchange are males, another percentage are females, and a substantial percentage are "other," so I was interested to find from various of our studies that 85% of all widows purchasing mutual funds are women, that the big New York banks have a relatively small share of loans to farmers as compared to country banks, that companies going bankrupt usually have had poor records of earnings, and that most people investing for the first time are younger than people who have been investing for a longer time.

I have learned something, too—and this more laboriously—about how to conduct a Special Study of Securities Markets. I suppose that I am right now one of the greatest living authorities on this subject, but unfortunately this is one of the most useless kinds of knowledge that anyone could have. By the time one accumulates the knowledge it is too late to use it for a current study and it is too early for anyone to be interested in it for purposes of the next one. Nevertheless, I would like to discuss a few of the important things that I have learned by experience in the past year and a half, because they have bearing on what the Report is and should mean.

First of all, what subjects do you cover in a broad study of the securities markets? The enabling statute and its legislative history said in effect: "Investigate anything and everything about the securities markets and report your conclusions and recommendations by Jan. 3, 1963"—later extended to April 3, 1963. I suppose that I started with at least an average lawyer's acquaintance with the workings of the securities markets, and I had enough sense to know that with a staff of 65—not yet assembled—it was impossible to study everything. The early days of the Study were spent in considering what we could and should cover and in rejecting many perfectly sensible suggestions of what it would be worthwhile to cover. I was not wise enough, however, to see how difficult it would be to draw sharp lines around the areas selected for study, because I did not perceive how closely the various subjects were interwoven in an endless web.

Five Surprising Facts

Let me just mention five facts about the securities markets that, in combination, are of great significance, and some of which may come as a surprise to many in the field. First, the major regional exchanges do most of their business in New York Stock Exchange listed stocks. Second, New York Stock Exchange member firms are the dominant members of the major regional exchanges. Third, the New York Stock Exchange firms also do more than half of the dollar volume of all over-the-counter business in stocks, even though they are numerically in the minority. Fourth, an over-the-counter business of growing proportions is conducted by non-New York Stock Exchange members in New York Stock Exchange listed stocks. And fifth, the institutional share of the market has been increasing even though the number of individual public stockholders has also been increasing.

If you consider the implications of just these facts, and also bear in mind that we were to study the adequacy of rules of the exchanges and that the New York Stock Exchange undertakes to regulate its members in all of their activities you will see how difficult it is to draw sharp boundary lines. If you attempt to say "We will study this subject but not that subject," you may quickly find that the first inevitably draws you into the second. This is just one of the reasons why it is much easier to know at the conclusion of the Study just how the Study should have been planned than it was when we were planning it. If anyone plans to conduct a comprhensive market study in the near future. I shall be glad to point out some of the pitfalls and booby traps.

A wholly different kind of example of the intermeshing of many different subjects may be seen in our discussion of the unhappy USAMCO incident in Chapter III.B. of our Report. This one incident exemplifies, among others, the following practices and problems: distribution of a small new issue of a glamour stock—this one happened to be vending machines—in a period of hot issues; the concept of suitability in retail selling; advisory and sales activities in a branch office in relation to research activities in a main office; bullish corporate publicity in sharp contrast to bearish inside information; representation on a corporate board of directors and its significance in retail selling and in marketmaking; retail selling in relation to personal transactions by members and salesmen of the broker-dealer firm; and problems of supervision in a multi-branch firm and of surveillance and discipline by self-regulatory agencies. If one is studying rules and practices of the securities markets and the adequacy of regulatory and self-regulatory measures, one could hardly deal with a single facet of this situation without also dealing with all or most of its other facets.

Report's Major Theme

More broadly, the incident is a good illustration of what I consider to be one of the major themes of our Report—the importance of continuous, reliable corporate disclosure in relation to a good many other specific practices and problems discussed in the Report. Chapter IX of the Report is our presentation on this subject of corporate disclosure, but in many senses the rest of the Report is supporting material for our basic recommendations in Chapter IX. Having reliable and regular corporate disclosures is obviously relevant to the subject of responsible and irresponsible corporate publicity. It is obviously also relevant to the question of research, advisory and selling activities by broker-dealers and others. Less obviously, perhaps, an adequate disclosure program for over-the-counter securities is relevant to some questions of mechanics and costs in the over-the-counter markets as compared with exchange markets. It is also relevant, in an unfortunate way, to decisions of corporate managements as to whether or not to seek listing on an exchange. Again, it is relevant to the question of credit and margin provisions for over-the-counter securities as compared with listed securities. I mention these interrelated subjects not merely to show how difficult it is to draw boundary lines around pre-selected subjects for study but also to emphasize why the Special Study has considered the recommendations of Chapter IX to be among the most fundamental.

Because we did not know all the answers when we started, we have undoubtedly made some mistakes in planning the depth and scope of our coverage. We might wish now that we had de-

Continued on page 34

The State of TRADE and INDUSTRY

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

Businessmen expect plant and equipment expenditures to rise steadily during 1963, after seasonal adjustment, with anticipated outlays at a record $39.2 billion for the year, 5% above 1962 expenditures, according to the latest quarterly survey conducted by the Department of Commerce and the Securities and Exchange Commission. The expected increases in capital expenditures during the current quarter and the remainder of this year follow a moderate decline in the first quarter.

Expect Encouraging 8½% Investment Gain

Business investment in the first quarter of 1963 was at a seasonally adjusted annual rate of $37 billion compared with $38 billion in the fourth quarter of 1962. It is now expected that the planned rise in spending during 1963 will result in capital outlays at the rate of $38½ billion in the second quarter, $40 billion in the third quarter and $41⅓ billion in the fourth quarter of this year. This would bring the final quarter of 1963 to a rate 8½% above the corresponding quarter of 1962.

Manufacturing firms are currently estimating 1963 plant and equipment purchases at $15½ billion, 6% above 1962, with durable goods firms accounting for most of the increase. Railroads expect equipment purchases to be substantially higher during 1963 with total spending for the year more than one-fourth higher than last year; commercial firms have programmed outlays 7% above 1962. Public utilities project this year's capital spending at 2% above last year. Mining and nonrail transportation companies expect plant and equipment expenditures in 1963 to be somewhat lower than last year.

Capital expenditures, as now projected for 1963, are only slightly higher than anticipated in the survey three months ago. Although first quarter spending was lower than had been projected, upward revisions have been made in programs for the remainder of the year. Within the manufacturing industry, iron and steel producers and electrical machinery firms reported an upward revision in planned spending for 1963 since the March survey. In the nonmanufacturing group, railroads, other transportation and commercial companies now expect higher outlays than were projected earlier.

Most major industries are participating in the expansion in total capital outlays during 1963. Plant and equipment expenditures for commercial and communications companies combined, which totaled $13.2 billion in the first quarter at seasonally adjusted annual rates, are expected to rise to a rate of $15¼ billion by the final quarter of 1963. The comparable figures for manufacturing are $14.8 billion and $16.2 billion. Railroads also anticipate sharply rising capital outlays throughout the year.

Higher Electric Utility Expenditures Seen

Public utilities plan to increase their annual rate of spending from $5¼ billion in the first quarter to about $5¾ billion in the third and fourth quarters of 1963. Although gas companies anticipate some decline in capital outlays near the end of the year, it is expected that this will be offset by higher electric utility expenditures. Nonrail transportation firms also have programmed expenditures somewhat higher in the second half of the year. The acquisition of short-range jet aircraft by major airlines will contribute to a higher rate of spending in that industry. Mining companies expect little change in their rate of spending in the second half of 1963.

Among the manufacturing industries, the pattern is more mixed. Iron and steel producers project a one-fourth rise in spending for the second half of the year over the first half, after seasonal adjustment. Significant increases are also planned by paper, textile, and chemical companies. Most other industry groups expect little or no increase during the year in their rate of outlays; electrical machinery firms anticipate a moderate decline over the year.

Bank Clearings 7.4% 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, June 8, clearings for all cities of the United States for which it is possible to obtain weekly clearings were 7.4% above those of the corresponding week last year. Our preliminary totals stand at $32,717,494,354 against $30,467,260,910 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Jun. 8—	(000s omitted) 1963	1962	%
New York	$18,250,109	$16,879,397	+ 8.1
Chicago	1,625,311	1,402,572	+15.9
Philadelphia	1,213,000	1,167,000	+ 3.9
Boston	925,148	876,451	+ 5.6
Kansas City	513,771	516,020	— 0.4

Steel Drop of 3.6% Marks Second Weekly Decline in a Row, but Stays at Three-Year High and 59.1% Over Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended June 8 was 2,513,000 tons (*134.9%) as against 2,608,000 tons (*140.0%) in the week ending June 1. The week to week output fell 3.6% marking the second weekly decline in a row for the year's sharpest drop. The year's weekly high was 2,626,000 net tons achieved May 25-ending week and last week's output fell back just below April 20 level of 2,521,000 net tons and above April 13 level of 2,464,000 net tons. Prior to then, the week's output was last previously equaled in the first week of April, 1960. The June 8-ending week's output exceeded last year's week by 59.1%.

Out of the 23 weeks of this year's steel output, production declined in four of those weeks and rose for 13 consecutive weeks from the week ending Feb. 2 through April 27 out of 16 weekly periods of steel output advances in 1963. During those 13 weeks of consecutive weekly increases, output advanced 36.8% (1,863,000 to 2,548,000 net tons). Not since the fall of 1954 has the industry experienced such a long sustained sequence of consecutive weekly rises. In the autumn of 1954 beginning with Sept. 5 until Dec. 6, steel output rose to 30.4% (1,502,000 to 1,958,000 net tons).

Last week's sharp decline in U. S. output reflects, actually, the culmination of a declining rate of increase which began mid-May. Output in the five weeks until the week ending June 8 had stayed within a three-point range —strongly suggesting the onset of the expected summer leveling-off of output—barring an adverse turn in labor negotiation news. Should the current labor contract discussions end amicably, steel output will return to its normal position of derived demand reflecting changes in market consumption of steel products.

A strike threat, of course, will increase the demand for steel. The last two previous strikes occurred in the month of July. The last one commenced July 15, 1959 and lasted 113 weeks until Nov. 5, 1959 which was settled under the aegis of, then, Vice-President and Presidential candidate Nixon. The previous strike of 36 days took place July 1-Aug. 5, 1956. If the steel union were to strike, it must give 90 days' notice. Thus, a repetition of the July pattern is now foregone. Three months should provide ample opportunity for major hedge buying.

For the second week in a row this year, the cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 52,198,000 net tons (*121.8%) which is 4.9% above the Jan. 1-June 9, 1962 production of 49,761,000 net tons (*116.1%).

District—	*Index of Ingot Production for Week Ending June 8	June 1
North East Coast	126	127
Buffalo	129	132
Pittsburgh	130	135
Youngstown	137	142
Cleveland	149	164
Detroit	158	165
Chicago	136	144
Cincinnati	138	141
St. Louis	134	139
Southern	130	137
Western	138	139
Total Industry	134.9	140.0

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

Steel Labor Peace Will Not Break Market

Settlement of steel labor negotiations will trigger some order adjustments, but it won't precipitate a market collapse, *Steel* magazine said today.

That's certain for two reasons:

(1) Users haven't gone overboard on inventory building. Since the first of the year, they have increased their stocks by no more than 2.5 million tons. Their buildup prior to last year's labor settlement was nearly twice that size.

(2) They are consuming steel at a near-record rate: About 6.7 million tons per month. Automotive demand is second only to that of 1955, and requirements of other industries — construction, appliance manufacturing, machinery, farm equipment, freight car building, and canmaking — have seldom been higher.

Steel Demand Above Average

Market conditions are anything but depressed. Despite a sharp

Continued on page 46

Puerto Rican Growth Forum

Representative of more than 100 banks, mutual funds and insurance companies will assemble at the Bankers' Club in New York on June 19 to attend a forum on "Growth Opportunities in Puerto Rico" to be sponsored by the New York Stock Exchange firm of Jesup & Lamont, 26 Broadway, New York City, under the direction of John J. Dunphy.


John J. Dunphy


J. Diaz-Hernandez


Harold Toppel


Sam H. Casey


Edward Powell

Participants will include J. Diaz, Executive Director of the Puerto Rico Economic Development Administration's Continental Operations Branch; Harold Toppel, President of Pueblo Supermarkets, Puerto Rico's largest volume supermarket; Sam Casey, President of Commonwealth Oil Refining, which accounts for 75% of the Island's petroleum refining capacity; and Edward Powell, Vice-President of Puerto Rico Telephone, an affiliate of International Telephone & Telegraph. Mr. Diaz will discuss the Puerto Rican economy, Mr. Toppel consumer industries, Mr. Casey the outook for heavy industry, and Mr. Powell the environment for regulated industry in Puerto Rico.

Commenting on the forum which is believed to be the first of its kind to be held in the United States, William Burnett, a Jesup & Lamont partner stated, "Puerto Rico's explosive economic progress of the past decade has been paralleled by growing investor interest in equities and commercial paper of Commonwealth corporations, which is continuing to accelerate. Our organization is of the opinion that the number of favorable investment opportunities in Puerto Rico will increase manyfold over the next several years. Accordingly, we believe the time has come for the financial community to focus greater attention on Puerto Rico's current investment status and future economic prospects."

"In addition to providing American business with many opportunities," Mr. Burnett added, "the Puerto Rican economy also represents a responsibility, for only through a continued influx of U. S. capital and other resources can Commonwealth production and income maintain its impressive growth of the past to the mutual benefit of both Puerto Rico and the United States."

The Puerto Rican economy has been undergoing a rapid change. Since World War II its base has shifted from an agricultural to a manufacturing one under the impetus of the Government-sponsored "Fomento" Program. Within the past 12 years Fomento has promoted over 1,000 new plants which are generating an estimated 60% of the Island's total manufacturing net income.

During the past five years the Commonwealth's economy as measured by GNP has increased 56%, or at a 9.5% compounded annual rate. Per capita income has expanded five-fold since 1940 and more than 80% during the past decade, or at a more rapid pace than almost any other area in the world.

Plan $100 Million Financing for Delaware Agency

The Delaware River and Bay Authority announced that Alex. Brown & Sons; B. J. Van Ingen & Co. Inc., and Lehman Brothers will manage the underwriting of securities that will finance a new bridge across the Delaware River and a new ferry service to be established between Cape May, N. J. and Lewes, Del.

Financing of the combined projects is planned for late this year by the issuance of revenue bonds of the authority in the approximate amount of $100,000,000.

The new bridge will be constructed adjacent to and just north of the existing Delaware River Memorial Bridge which connects Wilmington and Southern New Jersey.

The Market . . . And You

BY WALLACE STREETE

Irregularity kept the stock market hobbled this week, with profit-taking still apparent in the issues that had paced the way on the upturn since last fall. There was also some quick-profit-taking on issues that, for one reason or another, showed superior strength at odd moments.

A correction was not only overdue but widely expected. The industrial average has recovered nearly 200 points in a shade less than a year from the low of 1962. The recovery spanned more than 160 points from late last October alone without anything of any size in the way of a reaction.

"Peak Expectations Stilled"

What the recent action did do, however, was to still, at least temporarily, the talk of the industrial average going on to better its all-time peak. At its best hourly posting in recent days it came within several points of the high-water mark, but so far any approach into that vicinity served mostly as a cue for selling.

Rails had been pushing to levels not seen in several years when the industrial average found the going easy. But with the reactionary turn they, too, decided on a respite. So for the major sections of the list it was a time to take it easy for awhile.

To some of the market spectators, the lead new highs had been holding over the daily new lows as a bit disturbing. Through most of April and May the normal pattern was for the new highs to run past a hundred against a handful of new lows.

This week a score of only 39 highs against 22 lows was posted which was the slimmest lead the highs have shown since the basis of computation was narrowed to this year alone. For the first couple of months of the year, as usual, the highs represented peaks for 1962-63.

The narrowed margin isn't too surprising at a time when the list takes a rest. And, considering the big strides made by much of the list this year, there isn't any immediate likelihood that the lows will take over any commanding lead to reverse the pattern. So as a disturbing note, the new pattern is strictly minor so far.

New Favorites

Interest was spreading out to some new favorites and some were able to make progress even in the face of generally reactionary markets. They were the ones that helped importantly to keep the ratio of highs over lows respectable, if below former standards.

Such issues as American Hardware, Texas Gulf Producing, Ritter, General Cable, De Vilbiss, Deere and Montgomery Ward were able, when selling was prevalent, to buck the tide successfully to make the highs lists. They were the successors in this role to the better-known corporate giants and blue chips that had dominated the scene earlier in the year.

One giant that hasn't been noteworthy in the long runup is Great Atlantic & Pacific Tea Co., the nation's largest grocery chain. So far this year the shares have held in a mundane, 10-point range.

The food chains generally haven't been popular in investment circles because of the cutthroat and expanding competition that posed some difficult problems for many of them. The expansion of non-food items, with better profit margins, is one of the principal ways the food chains have been improving their fortunes. A. & P. has not been remiss in this area, and has been testing even more hard goods lines such as appliances, as well as investigating the coin operated laundry field and even one general merchandise operation that has nothing to do with food.

A. & P. is strong financially, has been busy lopping off small, less profitable units, and showing steady advances in sales and profit margins. The dividend payout in the last several years has doubled and for the last four years has been bolstered with small stock dividends — all the earmarks of a thriving operation.

Auto Prosperity

The leaders of American business that are enjoying one of the best booms in years are the large auto firms. Chrysler, coming from far behind, is generally regarded as the best-acting issue of the year so far.

General Motors, however, is a company that has long since proven its ability to compete successfully, and make handsome profits thereby. As analysts are fond of pointing out, the company accounts for around 5% of the total corporate profit earned by the nation's businesses. It and American Telephone stand out far ahead of the rest of the corporate line up as the firms able to report billion-dollar profits and G.M. last year was able to take over from the telephone colossus the title for the largest single year profit ever shown by an operation.

Where high price-times-earnings ratios have come to be regarded as normal for top grade shares, those of G.M. have been hovering at around only 14-times the indicated profit to be reported this year. There is even a school that regards the company as a candidate for dividend improvement.

G.M. has not ignored its stockholders. Over a five-year period, its dividend payout has been 68% of earnings, which is an above-average figure. If, as expected, the earnings for this year reach a new record comfortably above $5, the indicated $3 payout would be well under the five-year standard. To come close to reaching the "normal" payout the dividend would have to be improved to $3.50 at which level the indicated yield would approach 5%.

The big question revolving around the auto industry is whether the high level of activities at the moment is the long-predicted start of a new era for auto sales, or merely an independent boom of rather large proportions that will die down. The numbers of autos in use has been rising steadily, and two-car families are growing. In addition, the cars poured out in the last high-production period that topped out in 1955 are considered ready for scrapping to bolster replacement needs. So the norm now for new car sales could be higher.

Good Profit-Maker

Another proven profit-maker is less well known—Swingline. The company is relatively simple when compared with the intricate industrial complex that is General Motors. It has made a handsome career out of staplers. Now there is hope that its revitalized Wilson-Jones subsidiary, commercial stationery and business records producer, can start to contribute importantly to its continued growth.

Swingline over the last five years has been able to show a 10% compounded annual growth in sales, with profits doing even better with a 26% improvement rate. The record for Wilson-Jones was drab. The acquisition of the company, started in 1959, was completed early this year. For the last fiscal year the unit was able to show record profit for it, but still with a narrow profit-margin. If, as indicated, this was a valid turn in its fortunes, it could start to make important contributions to the parent company's results to keep going the impressive growth pattern that Swingline itself has managed.

[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.]

Clayton Secs. Corp. To Be N. Y. Stock Exchange Member

BOSTON, Mass.—Calvin W. Clayton wlil acquire a membership in the New York Stock Exchange, and Clayton Securities Corporation, 147 Milk Street, will become an exchange member firm as of June 20. The firm is a member of the Boston and Midwest Stock Exchanges.

Officers are Calvin W. Clayton, President and Treasurer; Edward E. Rosenberg, Vice-President; and Kathryn V. McGoldrick, Vice-President and Secretary.

Dewar, Robertson Adds Benners

DALLAS, Tex. — The association of William H. Benners III with the New York Stock Exchange firm of Dewar, Robertson and Pancoast has been announced by Robert L. Dewar, manager of the company's Dallas office, Praetorian Building.

A native of Dallas, Mr. Benners practiced law there for several years. Prior to joining Dewar, Robertson and Pancoast he was associated for five years with Scudder, Stevens and Clark, a national firm of investment counsel. He also serves as a director of Shippers Warehouse Company, Dallas, and Traders Compress Co., Fort Worth.

A 1951 graduate of the University of Texas School of Law, Mr. Benners is a member of Phi Delta Phi, national honorary legal fraternity, as well as a member of the Texas Bar Association and the American Bar Association.

He is also a graduate of Harvard College where he received a degree in economics in 1944, and of the Highland Park Schools in Dallas.

U. S. Will Be Leader in Competitive Atomic Power

Continued from page 11

vanced the following general line of argument:

(1) Instead of having a revolutionary impact on our country's energy economy, as was anticipated at the time the original U. S. Atomic Energy Act was drafted, power from the atom has turned out to be something which at best promises to be only "just as good as" power from other energy sources.

(2) For atomic power to be only "just as good as" power from other sources is not good enough in light of the special safety problems associated with it.

(3) Our supply of fossil fuels is such that there is no need for the Government to "force-feed" atomic power development. When atomic power is needed, industry can be counted upon to develop and produce it without Governmental prodding or special favors.

Mr. Lilienthal covered much more ground than this, but I think I have fairly summarized his main points on atomic power policy.

It is not my purpose to rebut Mr. Lilienthal, but I think I should at least comment on the questions he raises:

(1) I, for one, see no lack of importance in having atomic power plants that are "just as good as" conventional plants. At the very least, this adds to the stability of our power economy; and, more than this, it provides a strong thrust for future cost reductions in one or the other, or both, competing means of power generation.

(2) The argument that "just as good" atomic plants are not good enough because they present special safety problems simply does not hold water. Anyone familiar with this subject—indeed anyone who has ever visited a commercial atomic power plant—is aware of the fact that atomic power is being engineered on an ultra-conservative basis with safety the over-riding consideration.

(3) As to the lack of any need, from an energy resources standpoint, to proceed with atomic power now, it seems to me that we have passed the point where the question might have been relevant. Now that atomic power is emerging as a competitive force in our power economy it **will** be used. It will be used where and to the extent it makes economic sense to do so. The current trend of progress indicates, that on a straight competitive basis, we can anticipate at first a steady and later a quite rapid build-up in the rate of commercial atomic power plant construction.

(4) We all concur that there is no need at this time for the Government to "force-feed" or "prod" atomic power, but it does not follow from this that the Government should withdraw its support of R&D activities in this field.

Paradoxical Situation

In this latter connection, let me comment further by stressing the fact that we are in a rather paradoxical situation. The need to press ahead today with a fairly vigorous R&D program in the atomic power field stems **not** from concern about the rate of depletion of our conventional fuel resources, but from a growing awareness of the limitations of our **atomic** fuel resources if they continue to be used inefficiently. The paradox is that these same atomic fuel resources, once we learn to use them **efficiently**, promise to support our energy economy long after we have exhausted other fuel supplies.

It might be asked: "Why, then, don't we hold up on the construction of commercial atomic power plants until we have perfected the breeder reactors or at least the advanced converters of which I spoke earlier?" That, I suppose, would be a possible course of action. But, since the construction of full-scale facilities and their operation in a power grid are vital phases of atomic power development, this course of action would mean losing the technological momentum we have gained. Further, it would amount to dismantling much of our present atomic power industry, which we would then have to rebuild later. And, most important of all, it would deprive high-cost fuel sections of the very real benefits they are beginning to derive from having a competitive power source available to them. In short, to follow this course of action would be worse than standing still — and that, these days, is bad enough.

Conclusions

In the light of what I have said, we investor-owned utilities find ourselves in a good situation. We do not have to re-tool our basic thinking on atomic power. We have precisely the same motivations today for working in this field as we had yesterday. And, if we continue to meet our responsibilities, all should go well.

What, then, are our responsibilities in this field in the years immediately ahead? I can only give you my personal views, which are as follows:

(1) **Plant construction:** Let me address myself first to the construction of atomic power plants of proven types. The way things look now, the normal machinery of economic evaluation should yield frequent enough construction starts to assure a healthy rate of technical progress. If not, it is to be hoped that utilities will sponsor projects on a developmental basis.

How are we to judge whether the frequency of construction starts is adequate or inadequate? I think a continuing review of technical advances offered by reactor manufacturers, plus the use of an ordinary desk calendar, will give us the answer. In the latter connection, it has been five years since an atomic plant with a capacity greater than 100,000 kilowatts has been placed in construction.[5] That, most assuredly, is too long a gap. Fortunately, four major projects are scheduled to start in construction almost immediately,[6] so the gap should not increase. We of EEI should make it our business to see that it does not recur.

(2) **Reactor development:** Second, let me speak to the subject of reactor development and, in particular, to the need to develop advanced converters and breeders. We have already seen considerable utility initiative in this area. Examples are the work sponsored by Atomic Power Development Associates and Power Reactor Development Company on fast breeders; the work sponsored by Southwest Atomic Energy Associates on epithermal thorium and more recently the fast ceramic reactors; the work sponsored by High Temperature Reactor Development Associates on high-temperature gas-cooled reactors; and the work sponsored by Empire State Atomic Development Associates on nuclear superheat, sodium-graphite, and high-temperature gas-cooled reactors. In all of this the utility-sponsored work has dovetailed with work sponsored by the Atomic Energy Commission—and that, I believe, is as it should be in advanced fields of technology.

Now what has motivated the utility programs is the simple fact that improved fuel utilization means reduced fuel costs. Conservation of our atomic fuel resources has been a secondary consideration — of the nature of "icing on the cake." But, if the signs we read today are true, conservation considerations may one day become governing — not tomorrow, not even in the next decade or two, but in the foreseeable future. This will not necessarily lead us into new technical avenues, since, with few exceptions, all of the roads we are following lead to Rome. But it may well affect the timing and pattern of our R&D outlays.

Our responsibility in this connection, as I see it, is simply to be responsible. By this I mean that we should not allow our understandable interest in short-term gains to cause us to lose sight of our long-term needs. Obviously, if we were to do so, the situation would be self-correcting in that we would begin to experience rising raw fuel prices which would force us into line. But let us avoid this, and let us also avoid getting into a situation where we might find the Government calling our signals for us.

(3) **Safety Testing:** Next I want to comment on the subject of safety. Those of us who have sponsored the construction of atomic power plants have complete confidence in their many safety features. We are rapidly accumulating operating experience in support of our belief. But it will be many years before we will have accumulated "actuarial experience" in the usual sense of that term. This means to me that it is important that we obtain, through research and test programs, the kind of experimental data and empirical evidence that will be universally accepted as a substitute for actuarial experience.

The Atomic Energy Commission is sponsoring a sizeable reactor safety research and test program. Much of the work is concerned with the basic mechanisms of reactor accidents. But an important part of it is concerned with testing the safety features, both inherent and "built-in", which become operative in the event of an accident—for example, vapor containment systems.

Our industry has already sponsored work of this latter kind, an

5 Yankee Atomic Electric Plant, which began construction in the spring of 1958, was the most recent.

6 Projects of Pacific Gas & Electric (Bodega Bay), Southern California Edison, Connecticut Yankee Atomic Power Co., and City of Los Angeles.

ATOMIC POWER PROJECTS—4,000 KW (ELECTRIC) AND LARGER

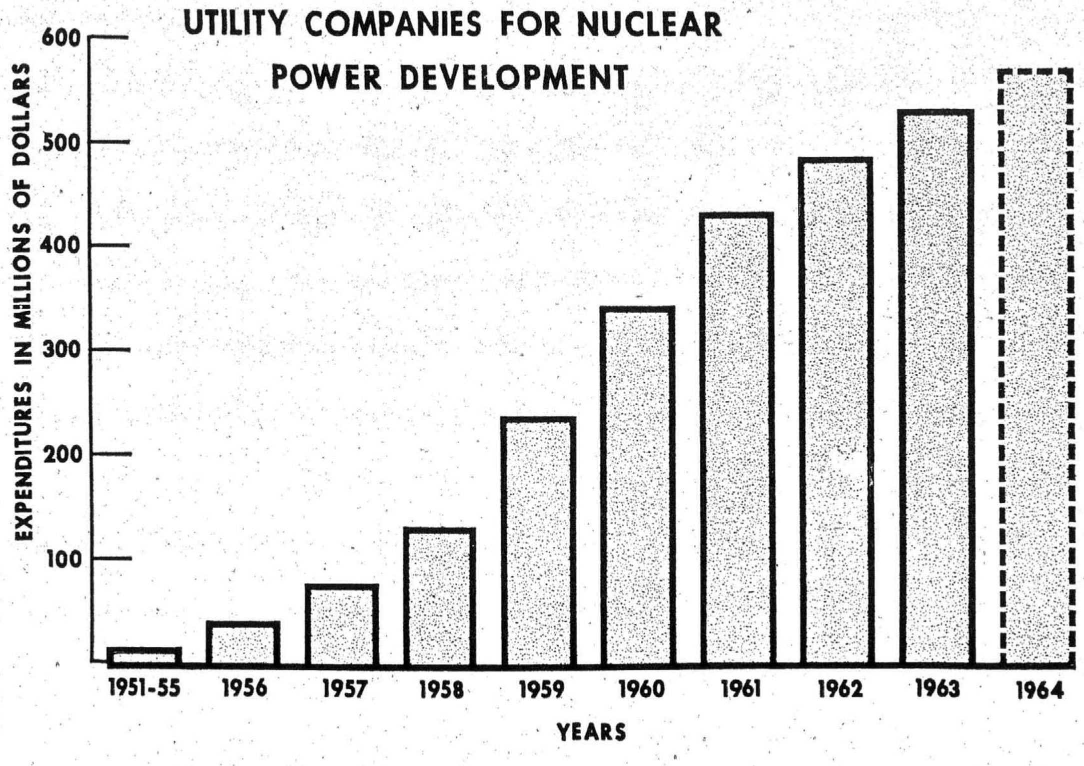
In Operation, Under Construction, Design or Contract, or Planned

(Status as of May 1963)

*Name of System or Sponsor	Name or Location	Normal Rating of Project Kw (Electric)	Date in Operation or Scheduled for Operation
	IN OPERATION		
Atomic Energy Commission (EBWR)	Argonne Nat'l Laboratory, Lemont, Ill.	4,500	1956
Duquesne Light Company	Shippingport	60,000	1957
Pacific Gas & Electric Company	Vallecitos	5,000	1957
Southern California Edison Company	Santa Susana	7,500	1957
Commonwealth Edison Company	Dresden	200,000	1960
Yankee Atomic Electric Company	Rowe, Massachusetts	170,000	1961
Consolidated Edison Company of N. Y., Inc.	Indian Point	275,000	1962
Consumers Power Company	Big Rock Point, Michigan	50,000	1962
Consumers Public Power District	Hallam, Nebraska	75,000	1962
Saxton Nuclear Experimental Corp.	Saxton, Pennsylvania	4,000	1962
Rural Cooperative Power Association	Elk River, Minnesota	20,000	1962
Carolinas-Virginia Nuclear Power Associates	Parr, South Carolina	17,000	1963
Pacific Gas & Electric Company	Humboldt Bay	60,000	1963
	UNDER CONSTRUCTION OR DESIGN		
Atomic Energy Commission (EBR-II)	National Testing Station, Idaho	16,500	1963
Piqua, Ohio	Piqua, Ohio	11,400	1963
Puerto Rico Water Resources Authority	Ponta Higuera, Puerto Rico	16,300	1963
Atomic Energy Commission (EGCR)	Oak Ridge National Laboratory	21,900	1964
The Detroit Edison Company	Enrico Fermi	100,000	1964
Northern States Power Company	Pathfinder	66,000	1964
Philadelphia Electric Company	Peach Bottom, Pennsylvania	40,000	1964
Dairyland Power Cooperative	Genoa, Wisconsin	50,000	1965
†Washington Public Power Supply System	Hanford, Washington	800,000	1965
Pacific Gas & Electric Company	Bodega Bay, California	325,000	1966
	UNDER CONTRACT NEGOTIATIONS OR PLANNED		
Southern California Edison Company and San Diego Gas & Electric Company	California	395,000	1966
Connecticut Yankee Atomic Company	Haddam, Connecticut	500,000	1967
City of Los Angeles, California	Corral Canyon, California	490,000	1967
New England Electric System	New England	500,000	1968-69
Jersey Central Power & Light Co.	Oyster Creek, New Jersey	500,000	1969
Consolidated Edison Company of N. Y., Inc.	Ravenswood, New York	1,000,000	1970

*Only the names of the systems owning the generating facilities or the project sponsor are listed.
†Dual purpose plutonium production reactor (NPR). Total cost of reactor included.

CUMULATIVE TOTAL OF EXPENDITURES BY INVESTOR OWNED ELECTRIC UTILITY COMPANIES FOR NUCLEAR POWER DEVELOPMENT



excellent example being the advance testing of the vapor suppression method of containment used in Pacific Gas & Electric's Humboldt Bay plant. My suggestion is that this line of work is one in which our industry could perhaps do more than we are doing. I have no specific proposal to make. My point is only that where we encounter public concern about the safety of atomic power, it would be very helpful to be able to present specific experimental evidence that we have developed in support of our case that our designs are safe.

(4) **Public Understanding:** Finally, I want to comment on the problem of public understanding. This problem takes two principal forms. One is the attitude of the public at large toward atomic power development and the role of the utilities therein. The other is the attitude of specific communities toward having an atomic power plant in their vicinity. In general, we have been more successful in communicating with specific communities than with the public at large. I say this because of repeated indications that there is little general public awareness of what we utilities are doing in the atomic power field.

To me the key to public understanding is public interest. Unless we can raise the public interest to some threshold level, we cannot expect to achieve any durable understanding or make any lasting impression. This is of course easier to do when there is something tangible at hand, like a proposal to build a plant in a certain locality, then it is when we deal in generalities.

But do we in fact have to deal in generalities? I suspect that the average citizen might be interested in hearing in greater depth about some of the problems and progress in the work we are doing.

Similarly, the whole history of public communication tells us that we should "humanize" our subject. Our approach here has mainly been trying to get across to our reader or listener the benefits atomic power brings to him as an individual; but, since atomic electricity is the same as other kinds of electricity it is hard to generate much interest this way. What we are not doing enough of, in my opinion, is humanizing the people who are working in the atomic power field. We have no astronauts but if we can focus some public attention on the scientists, engineers, and others who are working in the field—not necessarily on who they are as personalities, but on what they are doing as individuals—I believe we can stimulate greater public interest in atomic power.

The content of our public information program is just as important as our general approach. Here let me just mention in passing an activity that started recently and can, I believe, be helpful to us all. I refer to a program of the Atomic Industrial Forum, one of the goals of which is to prepare carefully authenticated background material on the technical and economic aspects of atomic power and other atomic energy applications.

This brings me to the end of my remarks on "The Up and Coming Atom". Perhaps I can now revert to a short-hand title and conclude by saying:

"Up and Atom!"

*An address by Mr. Knapp before the 31st Annual Convention of the Edison Electric Institute, Denver, Colo., June 4, 1963.

Coastal States Gas Producing Bonds Offered

Public offering of $50,000,000 Coastal States Gas Producing Co. 5% first mortgage bonds, series A, due 1983 is being made by an underwriting group headed by Kuhn, Loeb & Co. Inc., The First Boston Corp., and Paine, Webber, Jackson & Curtis, New York. The bonds are priced at 100% plus accrued interest.

Headquartered in Corpus Christi, Texas, Coastal States and its subsidiaries are primarily engaged in gas gathering operations in southern Texas, involving the purchase of gas from numerous producers, the extraction of liquid hydrocarbon by-products from the gas gathered, and the ultimate sale of such gas to large pipeline companies and industrial customers. Other activities include the production and sale of natural gas, crude oil and condensate, and the gathering, transportation, storage and refining of crude oil and condensate.

Substantially all of the net proceeds from the financing will be applied to the retirement of bank loans and other debt of the company and its subsidiaries.

The bonds will be secured by a mortgage on various gas gathering and gas processing facilities, together with gas sales contracts, gas transportation contracts, gas processing contracts, and gas purchase contracts of the company and certain subsidiaries.

The issue will be redeemable through mandatory semi-annual sinking fund payments, beginning Dec. 15, 1965, sufficient to retire 90% of the issue one year prior to maturity, or earlier if the sinking fund is accelerated as required under certain circumstances. For the sinking fund the bonds will be redeemable at the principal amount plus accrued interest.

They also are optionally redeemable at prices ranging from 105% to 100% plus accrued interest, except that prior to June 15, 1970 they may not be redeemed out of funds borrowed at an interest cost of 5% per annum or less.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

The Gas Utilities

The gas utility industry is now rated as the sixth largest industry, with some 1,500 transmission and distribution companies. However, many of these are quite small and about 250 companies serve over 96% of the nation's gas customers. Perhaps 100 or more of these companies are publicly owned with their securities listed on the stock exchanges or quoted in the over-the-counter market. In addition to the regular industry, there is the "LP" gas business—liquefied petroleum gas, used in outlying areas where it would not be profitable to build gas mains to distribute regular gas.

The industry has shown consistent growth at a rate of slightly less than that of the electric utility business. Some growth factors have been (1) the conversion from oil to gas heating in many areas (especially the mid-west), as supplies of gas became available; (2) increased use of gas appliances; (3) extension of gas to new areas, through extension of service mains; and (4) the development of new industrial uses for gas.

In 1962 the industry sold nearly 100 billion therms of natural gas and new records were also established for construction expenditures, revenues and the amount of gas reserves. Gas utilities, including pipe line companies, spent $1.7 billion on construction, pushing gross plant investment to $24.5 billion. About 850,000 new customers were added for a total of nearly 35 million. Revenues topped $6.4 billion and gas reserves climbed to a new peak of 268 trillion cubic feet. Following is the record of industry gains in 1962:

	Customers	Sales	Revs.
Residential	2.5%	5.7%	5.7%
Commercial	2.4	10.7	10.4
Industrial	4.6	5.9	9.1
Total	2.5%	6.1%	7.1%

While some sections of the country, such as California, are approaching 100% saturation for gas househeating, there is still room for considerable growth in a large portion of the country. Northern Illinois Gas, one of the leading growth utilities, has made rapid gains in sales and earnings in recent years largely because of its strong promotional program in the residential heating field. Several months ago the company published the following comparison for the annual costs of househeating in northern Illinois:

Gas	$130
Coal—Hand-fired	187
Stoker	135
Oil	185
Propane	251
Electricity (Resistance)	468

Last year the company increased the number of househeating customers about 10% and average usage of gas by residential customer 5%. In new single-family homes it obtained 99% of space heating, 95% of water heating, and 80% of the range business.

The industry continues its active research and development work through the American Gas Association. Markets were opened and old markets expanded with the introduction of new commercial clothes dryers, baseboard heaters, an outdoor type incinerator, a quick-connect-disconnect unit, etc. The last item is said to open a vast range of opportunity, making possible portable gas appliances. An interesting development was the creation of a new subsidiary by Pacific Lighting to build, maintain, own and operate central gas plants to be installed on a customer's premises which will provide air-conditioning, space-heating, hot or chilled water, on-site generated electric power, etc.

The industry again increased its total gas reserves, maintaining the steady post-war growth. Last year there was a net increase of 6 trillion cf compared with gains of 4 trillion in 1961 and 1 trillion in 1960. Present proven reserves of 274 trillion cf afford about 20 years' output at the current rate of usage. Canada has estimated reserves of 35 trillion cf and there are also large additional indicated reserves which have not yet been proven.

While the industry was able to give a good account of itself last year, with sales and earnings aided by cold weather, regulatory changes at Washington had a severe impact on some of the pipe lines, with lesser effects elsewhere in the industry. The FPC finally aggressively tackled the huge backlog of pipe-line rate increase cases which had been accumulating for some five years, and pushed through a number of important retroactive rate reductions last year and early this year. This had the effect of reducing current earnings for some companies, as well as forcing large refunds for amounts collected in former years under these proposed rate increases (which had gone into effect automatically when the FPC did not rule on them earlier). The Commission also has tackled the big accumulation of producers' rate increases and proposes to expedite settling them by a new method of setting up "area prices" which would serve as yardsticks for deciding individual producers' rates. There was some doubt regarding the legality of this method of regulation, but this has now been eliminated by a recent 5-to-4 Supreme Court decision.

As of March 31 this year the FPC had reduced the number of pipe line rate cases to 34 compared with 90 a year earlier and 41 on Dec. 31. Also 9 of the 34 pending cases had been disposed of except for subsidiary issues still remaining for decision. Chairman Swidler also reported a decrease of more than 300 in the gas producer cases, although 3,206 still remained.

Clearing up of many accumulated Federal rate cases by the "shock treatment" methods adopted by Washington has helped to check the rise in the price of gas, possibly improving the position of the local gas distributors. The refunds made by the pipe lines, which may aggregate several hundred million dollars, are in most cases being passed on to the ultimate consumers who are thus obtaining an unexpected dividend. The distributors should gain good will and be able to compete more effectively. However, some fears have been expressed that the producers will be less interested in drilling for new gas reserves if there are no further increases in field prices; it is too early to obtain any light on this question.

Hayden, Miller To Absorb Wm. J. Mericka

CLEVELAND, Ohio—Hayden, Miller & Co., Cleveland's oldest investment securities firm, will become one of its largest under terms of a consolidation agreement announced by Hayden, Miller and Wm. J. Mericka & Co., Inc.

The agreement will be effective later this month (June, 1963). It calls for consolidation of Mericka's personnel and facilities with the Hayden, Miller organization. To effect the consolidation, Hayden, Miller & Co., which has operated as a partnership since its founding in 1903, will become a corporation bearing the same name.

The two senior Hayden, Miller partners, Harrison C. Frost and Russell J. Olderman, will be Chairman and President respectively of the new corporation. William J. Mericka, founder and President of Mericka & Co., will be Executive Vice-President.

Wider geographical distribution, an expanded sales force, and broader investment services were cited by the three executives as advantages to result from the consolidation.

In addition, Hayden, Miller & Co. will benefit from Mericka's substantial institutional volume, its municipal bond business and its trading department which is recognized as one of the most active over-the-counter trading organizations in Ohio.

To provide space for the new organization, the combined firms will move into enlarged quarters in the Union Commerce Building. In other cities where both companies have offices, they will be combined. Operations will include offices at University Circle and Westgate in Cleveland, and in Canton, Columbus, Dayton, Delaware, Toledo, Warren and Youngstown, Ohio; Erie, Pa., and Winter Haven, Fla.

Other officers of the corporation will be: Senior Vice-President, Keith C. Russell; Vice-President and Secretary, Theodore A. Gaskell; Vice-Presidents, Frederick M. Asbeck, Elton R. Barber, Norman E. Burden, Carl H. Doerge, Charles S. Gardiner, Jr., James R. Halls, Thomas H. Hubbard, James E. Jones, Raymond T. Kelsey, Jr., James R. Mericka, Edward D. Newton, Karl R. Schuele and Richard T. Swanson; Assistant Vice-Presidents, Arthur W. DeGarmo, Gary Galdun and Richard A. Parker; Treasurer, Stuart W. MacLaurin; Assistant Treasurer, Stephen E. Hlivak.

Hayden, Miller & Co.'s 60 years of continuous operation make it the oldest investment securities company in Cleveland and one of the oldest in the midwest. Established by the late partners, Warren Hayden and Otto Miller, the firm has held a leading position in underwriting and sales of new securities issues, both corporate and municipal, as well as general brokerage.

Mericka & Co. was established in 1930 as a trading company, or "dealer's dealer," creating markets for thousands of unlisted securities in Ohio and across the nation. Its booklet of quotations of Ohio unlisted stocks is used by other investment firms, banks and insurance companies as a source of price information about stocks which are not actively traded. Since its founding, Mericka has expanded its activities to include a wide range of investment services.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Obtain Your Client's Cooperation

My earliest recollections of some of the best salesmen I have known in the investment business are always associated with their ability to obtain the cooperation of their clients. Although they initiated suggestions which they placed before their customers, they never used the "hard sell" so often associated with the average layman's conception of salesmanship. Their success was a direct result of proper account management, plus their ability to help their clients understand their objectives and joint responsibilities.

I remember one man who had more substantial individual accounts than any person I have known in the securities business. He rarely left his office except for a luncheon date, or when he made appointments with other investment men with whom he exchanged ideas and information. Practically all his business was transacted over the telephone except for the necessary original interviews that were conducted with his clients. When I asked him how he developed so many large accounts, he modestly replied, "I rely on a good research department and I follow their suggestions."

The First Interview at His Office

He then told me that eventually he began to obtain considerable business through the referrals of satisfied clients. He usually met prospective new accounts at his office. He conducted a fact finding interview, and before he accepted an account, he not only outlined his responsibility to the customer, but he explained that unless decisions could be resolved over the telephone, he could not properly service the account. He made only one promise and that was; he would use all the facilities of his firm to make profitable recommendations, but he also made it clear that if any items in the portfolio should be sold even if it was his original recommendation, he would not hesitate to bring the matter to the client's attention as promptly as possible. This eliminated one of the most frequent reasons for capital depreciation that can take place in the management of an investment account. The reluctance of many security salesmen to admit a mistake is a direct invitation to future losses. This can be damaging to the "image" of confidence that must be maintained, if a client and his advisor are to work in harmony together.

The Files Are Complete

When you are analyzing large accounts, the financial information and personal history that is required by a capable research department, can be divided into four major classifications. One of the most concise, yet informative questionaires, was developed by this salesman's firm. Here is a listing of the information that is required when he requests an account analysis.

(1) **What are the client's investment objectives:** If a combination of the following, indicate the order of importance. Relatively stable securities with outstanding records of earnings and dividend payments; stocks that pay generous dividends; high quality stocks with a promising growth potential over the longer term; attractive speculations; tax-exempt securities.

(2) **Personal information:** Age, marital status, single, married or widowed. The occupation or profession and the number and age of dependents.

(3) **Financial information:** Approximate annual income from sources other than securities; cash reserves, amount of life insurance, approximate tax bracket, other assets, such as real estate, pension and profit sharing plans, or income from trusts and estates. Also, the amount of fixed liabilities — such as loans, mortgages and other long-term commitments.

(4) **Present Portfolio:** A complete list of all securities owned, including dates of purchase, amount, and acquisition cost per unit.

The Follow Up Interview

When the completed analysis of the portfolio and recommendations are ready for presentation to a prospective client, a clarification of his investment objectvies is once more thoroughly examined. The specific suggestions of the research department are reviewed and evaluated in respect to their suitability regarding the long range program that will be followed in the future. When an investor understands the reasons for recommendations of the sale, purchase, or retention of a security he then becomes an informed participant in the management of his account. This encourages a client to become more cooperative and improved investment results can be achieved when research is combined with a supervised program that has been soundly conceived and initiated.

Although not every registered representative, or security salesman can specialize in very large accounts, even the medium size account will often become more cooperative, if he sees the overall status of his investments in relation to the objectives that are realistic and suitable to his personal requirements..

Several months ago another salesman told me he opened a medium size account, and at first this customer was reluctant to sell certain stocks that had depreciated about $30,000 in market value. Only after he obtained a complete analysis of his entire portfolio, and his objectives investment-wise were clarified, did the customer see the true situation. These losses were in certain severely depressed glamour stocks that offered very little possibility of recovery in market value. But there were unrealized profits in other stocks which he owned that more than offset these losses. A switch to more promising better grade stocks was recommended and he finally agreed to sell the depressed items and establish a tax-loss that could be valuable in the future. Meanwhile, the quality of the portfolio was improved considerably.

Customer cooperation is an important factor in successful account supervision and management. No salesman can expect to establish this preferred relationship with his investor clients, unless he reaches an agreement with them that is based upon a realistic appraisal of their overall family and financial situation. The larger account and the medium size account is seeking this service today . . . and many investment firms are expanding their research departments because they are aware of the growing market for this type of service.

IBA Conference To Study Problems Of Bond Industry

The real and vital problems confronting the municipal bond industry will be the foundation for the Second Muncipial Conference of the Investment Bankers Association of America to be held in Chicago on Thursday, June 20 and Friday, June 21, at the Pick-Congress Hotel. George Wendt, Vice-President of the First National Bank of Chicago and Chairman of the Municipal Securities Committee of the IBA, stated that the growing maturity of the municipal bond industry is evident by this Second Municipal Conference, which will help provide answers to many perplexing problems.

George B. Wendt

Many notables in the field of finance, both private and government, will participate in the program. Amyas Ames, President of the Investment Bankers Association; James J. Saxon, Comptroller of the Currency; and Walter Trohan, Chief, Washington Bureau, The Chicago Tribune Press Service, Inc., will make major addresses. Top professionals within the financial community have been assembled to inform and stimulate open discussion of the vital issues facing the municipal bond industry.

The first session of the Conference will be devoted to Problems Relating to Origination and Issuance of Municipal Securities. Subtopics will deal with Legal Aspects, General Obligations, Revenue Bonds, and Bond Ratings. The subject matter of the second session will focus on Internal Organization, Distribution and Secondary Markets including Firm Policy, Automation of Paying Agencies, Sales Techniques, Employment, Compensation and Training, Dealer Function, and Broker Function. Current Developments in Municipal Financing will be the subject of the Friday session. Topics to be discussed include Federal Financing of Municipalities, Registered vs. Coupon Bonds, and Managers' and Members' Responsibilities.

Named Officer

Walter Oechsle has been elected an Assistant Vice-President of Arnhold & S. Bleichroeder, Inc., 30 Broad Street, New York City.

Carreau, Smith, McDowell, Dimond

Effective June 25, Carreau, Smith, McDowell, Dimond, Inc., members of the New York Stock Exchange, will be formed with offices at 115 Broadway, New York City, and Hospital Trust Building, Providence, R. I. Officers will be Gordon Y. Billard, J. Irving McDowell, and F. Reginald Dimond, Senior Vice-Presidents; Charles L. Hassell, Allen U. Catlow, Benjamin M. Falk, Stuart T. Parson, Joseph S. Carreau, and John Nesbett, Vice-Presidents.

Mr. McDowell and Mr. Dimond are partners in McDowell, Dimond & Company, of Providence, members of the Boston Stock Exchange. Mr. Billard, Mr. Carreau, Mr. Hassell and Mr. Parsons have been partners in Carreau & Co., which is being dissolved.

Industry's Role in Assuring Nation's Power Needs

Continued from page 12

world has as many units of this size in operation.

26 Nuclear Power Projects

Nuclear power also is playing its role in this continuing evolution of America's giant power system. At present 126 electric utility companies are participating in one or more of 26 nuclear power projects. Included in these projects are six very large-size nuclear power plants. The total capacity of these six plants alone is about 3.2 million kilowatts. Their total estimated construction cost is over $500 million.

Pumped storage likewise is rapidly expanding in utility company plans for the near-term future. This is, of course, no new in our country. The first of the country's five operative pumped-storage installations went into operation on the Rocky River in Connecticut 35 years ago. But recent changes in system load characteristics, the development of the reversible pump-turbine and the continual increase in thansmission interconnections and generating capacity have brought this method of carrying peak loads into a prominent position. Today, utility companies have either under construction or in the planning stage ten pumped-storage installations with an aggregate capability of well over five million kw.

Such then are some of the significant developments that are taking place throughout the U. S. today. In every section of the country new larger generating units are being installed and interconnections and pooling of facilities are being strengthened to serve the needs of the electric power consumer at constantly increasing efficiency.

This, is, of course, but an extension of the evolutionary process of the past 80 years. As a consequence of this evolutionary development, the U. S. continues to have the world's most advanced electric power system.

I am sure I need not document this assertion of excellance. Notwithstanding the constantly shifting tides in population and load centers, this continually evolving and growing power system of America, the largest by far in the world, has been able to operate with high efficiency of generation, and at low cost despite generally rising prices of labor and materials.

To do this, it has had to develop the largest thermal generating units in the world, operate at the lowest over-all heat rate, build the largest and most extensive transmission grid in the world and adapt the best of technology to the particular needs of the U. S. A.—which in many cases are different from other nations.

More Facts on Pooling and Interconnections

Although I repeat that I need not document this assertion of excellence, I think a few more facts about the extent and planning of interconnections and pooling nevertheless are in order. Several significant current developments already have been cited. A more complete picture of industry pooling and coordination is given in the recently released EEI Report on Interconnections and Pooling which presents the picture as it is today and details plans of our industry to 1970. This report, as did its predecessor, shows how through the programs of the past fifty or more years, virtually all the major electric power systems in the country have become members of one of several major regional groups operating in parallel on a regional basis. These groups supply collectively about 97% of the country's electrical energy requirements.

Within these groups, systems have pooled their operations and facilities with their neighbors for mutual benefit. In many of these groups, investor-owned, Federal, state and municipal and cooperative systems operate interconnected in parallel and derive corresponding benefits. These groups have over the years developed joint operating agreements embracing various approaches to pooling and other forms of coordinated operation for economy interchange, emergency assistance, coordinated maintenance, sharing reserve and staggered capacity installations. These arrangements have in most cases been tailor-made to the needs of the group considering such factors as load density, distance between systems, size of systems, proximity of fuel sources and integration with hydro generation.

The over-all result has been a continual evolution of interconnected grids throughout most of the country. The process is dynamic and continuous as load centers shift and grow, and sources of supply do likewise.

As the EEI report shows, by 1970 additional transmission lines will further blanket the country. Before then, in 1966, all of the nation's major operating groups will be capable of operating interconnected as a nationwide interregional grid realizing possible further benefits from both the regional pools and coordinated regional operating agreements.

Single Nationwide Grid

The attainment of a single, nationwide interconnected, interregional grid will be a significant achievement. But it remains to be demonstrated whether it will be desirable or economical to operate America's electric power system on a single nationally integrated basis of some sort. Whatever the mode of future operation is, we can be certain that continued reliance on the naturally evolving regional pool concept with regional planning, operation, contractual arrangements and communications will bring us ever-increasing benefits as these pools grow and develop.

Now just how was this present status of regional pools and coordinated operations achieved? How was this nationwide system planned and built and by whom? Furthermore, and importantly, what lessons can we learn about its development that will be useful for the future?

Traces Development

The history of the development of the electric power industry is fairly familiar to most of us. At the beginning isolated plants were built to serve only the needs of immediate areas. Even plants owned by the same interest often were not interconnected. Transmission as we know it today just didn't exist; only local distribution to nearby loads. But, with the advent of larger, more efficient units, transmission to load centers and intra-company interconnections of both plants and load centers became a reality. There also were corporate consolidations and mergers to achieve more economical operation and to obtain necessary capital for growth. With intra-company system development reaching an advanced stage, systems began to be interconnected with one another first on a company-to-company basis, later on a regional basis and finally the stage now under way —grid development on an interregional basis.

Certain conclusions can be drawn from the history of this development and the results attained.

First, we note that the development process has been an evolutionary one, which will no doubt continue as far into the future as we can foresee. While at times seem to be in the advanced stages of development, changes occur that make it impossible to say that the process will ever stop — or should ever stop.

Secondly, we note that this evolutionary process takes into account the very important considerations of changing local or area requirements and yet has been expanded in scope as necessary in accordance with technological advancements and economic factors. With this approach the judgment and experience of many system planners who are acquainted with local factors and patterns are utilized.

Third, we note that planning throughout the history of the industry has of necessity had to be flexible, ever changing with changing conditions. A single overnight change in railroad freight rates can change the optimum location of prospective power plants by hundreds of miles. Statutory or zoning prohibition of a transmission line can completely alter a route or even affect the very existence of a transmission link. Thus, there can be no rigid, long-range plan for the future nor even very rigid components for such a plan.

Fourth, we have learned that the farther ahead we fix our plans, the less fixed they will prove to be. The EEI Committee on Power Capacity and Pooling has twice published industry plans for the decade of the sixties. One reflects plans as of January, 1960; the second just published reflects plans as of a date aproximately three years later. The numerous changes and additions in these three short years in the industry's plans for its 1970 system point up vividly the vital need for flexibility and its counterpart, the need to avoid rigidity. The farther into the future we project our plans, the less is the likelihood that they will prove valid because of today's rapidly changing technology, load demands, fuel sources and transportation economics.

And the *fifth* and last point I should like to make is this: we have learned that under this coordinated planning approach, investor-owned electric utility systems increasingly have interconnected both with each other and with non-investor-owned systems, thereby adding correspondingly to the potential of the power pools and grids.

Offers a Few Examples

Examples are legion. One is the diversity exchange agreement between 11 investor-owned companies in the Southwest and TVA that I have already mentioned. Another is the coordinated operation of diversely owned hydroelectric plants in the Northwest. A third is the offer of the major California electric utility companies to provide a market for surplus energy from a Federal marketing agency. Yet another is the coordinated plan of investor-owned companies, cooperatives and a state power system to build an overlying transmission grid in the Midwest. In another instance, Vermont Electric Power Co. has for years acted as agent for the State of Vermont in transmitting power purchased by Vermont from the Power Authority of the State of New York to electric power systems in Vermont.

These few examples barely do justice to the degree of coordinated operation with non-investor-owned segments of the industry. Perhaps the most conclusive way of documenting this point is to repeat that the vast majority of the small non-investor-owned systems receive all or a substantial portion of their energy requirements from the interconnected systems, thereby sharing in the pooling benefits of the larger investor-owned systems.

Thus it may be seen that our progress in interconnections and pooling has been significant both from the point of view of the techniques employed and the degree of cooperation throughout the industry. The technical progress, I am sure you realize, has been based in large part on successful research and development which has permitted the size and adequacy of interconnections between load centers and sources of supply and between systems to keep pace with our exploitation of economies of scale in generation.

Public Service Co. of Colorado provides an excellent example of the part investor-owned electric companies have played and are continuing to play in transmission R&D. In 1957 this company and Westinghouse Electric Corporation initiated a 500-kv, high-altitude test program at Leadville, Colo., the site of historic developmental work in high-altitude transmission performed as long ago as 1909.

Cooperation With Manufacturers

Numerous other EHV research and development projects have been carried out with similar cooperative approaches between investor-owned companies and equipment manufacturers. General Electric Co. has a four-mile, $8 million EHV transmission laboratory capable of operating at 750kv on the system of Western Massachusetts Electric Co. Measuring devices on this line provide over 10 million measurements each year to aid in perfecting EHV technology. Westinghouse Electric Corp. and American Electric Power Service Corp. are conducting tests in the same 750-kv range with three experimental lines along the Ohio River near Apple Grove, W. Va. Prior to this, the same team conducted field testing on EHV concepts and equipment in the so-called Tidd 500-kv Project. As a result of this research and development, the first 345-kv line in the United States was placed in service on the AEP system in 1953. Edison Electric Institute is co-sponsor of the EHV Cable Project being carried out at Cornell University to develop cable and accessories for EHV operation. Pennsylvania Electric Co. has participated in several EHV developmental testing projects with its 460-kv line.

These and other R&D projects and approaches have been helpful in keeping pace with the demands of interconnected operations. The industry's R&D programs are oriented to new problems of radio interference, corona loss, and transformer insulation, to effects of lighting and switching surges and to requirements for high-speed switchgear operation. All of these have been intensified with the increasing voltages of transmission lines. In addition, equipment manufacturers are continuing basic research on insulation properties, dielectric phenomena, mechanism of arc breakdown, arc interruption, corona formation and other fundamentals.

Planning and Operating Techniques

Parallel to these R&D efforts and accomplishments in the equipment field has been the development of improved operating and planning techniques by electric companies. No amount of equipment could bring us the efficient regional pools we have today without refinements in frequency control and energy accountability developed jointly among utility system operators, or the development in planning techniques that permits coordinate capacity planning, maintenance scheduling and arrangements for efficient pooling of facilities under diverse ownership.

The expanding technology brought about by this cooperative approach to R&D certainly will bring further opportunities to our industry and the nation. But it will also bring new challenges which will require our special attention. As interconnections and pools expand in both members and capacity, so will the complexities of regulation and contractual agreements. But we must strive not to let legal, accounting and regulatory requirements hinder our joint efforts nor hamstring individual managements in the flexibility they need to serve their customers. And, above all, among such individual managements, we must avoid provincialism.

Progress will bring on other problems as well. Securing adequate transmission rights-of-way and obtaining plant sites are already serious problems for our industry. But the massive generating units, nuclear power plants and huge transmission lines of the future will intensify these problems. Public understanding is essential in this area and it is questionable that our present efforts in this field are at all adequate.

Lastly, we must realize how the growing complexity of power system operations and the growing problem of providing necessary control and communications equipment will affect the size of the area or system which can or should be directed from a central location as a single system.

Summary

In view of the growing need for vastly greater public understanding and knowledge of our industry and its progress in pooling and interconnecting utility resources for efficient and reliable operation, we must make better understood these points:

(1) America's interconnected power pools have been developed through an evolutionary process which is still continuing and which will know no end or status which can ever be envisioned as "final."

(2) The coordinated approach inherent in this process has brought America the most advanced electric power grid in the world.

(3) The growing number of examples of pooling among investor-owned and non-investor-owned systems indicates how the coordinated approach continues to develop regional pools to meet America's constantly shifting power needs.

(4) Even though 70% of the U. S. capacity currently is capable of operating continuously in parallel — and shortly virtually the entire U. S. will — the key to achieving efficient use of facilities is the regional power pool. In a country as vast as ours a nationwide grid will probably always be an aggregate of local pools interconnected one with the other.

(5) Cooperation in research and development has been and will continue to be paramount. Research and development work by utilities and equipment manufacturers has accelerated electric power technology to bring to America the most advanced electric power system in the world.

(6) Notwithstanding the truly remarkable progress of the past which has brought us to the position of preeminence, the rate of development today and plans for the future is the most rapid in our history. The result will not be perfect—but we can confidently say that it will continue to be the "best there is."

*An address by Mr. Lindseth at the 31st Annual Convention of the Edison Electric Institute, Denver, Colorado, June 4, 1963.

B. C. Davis Jr. To Retire

B. Colwell Davis, Jr., Executive Vice-President of the New York Chamber of Commerce, will retire after 35 years with the Chamber on July 1, 1963.

B. Colwell Davis, Jr.

Mr. Davis, 65, has been the chief staff officer of the Chamber for the past 20 years. He joined the business-civic group in 1928 as assistant to the Executive Vice-President, and in 1937 was advanced to Secretary. He was elected Executive Secretary, then the Chamber's highest staff office, in 1943. In 1953 he received his present title.

A luncheon in his honor was held at the Bankers Club, on Monday, June 10, attended by present and past officers of the Chamber and close associates of Mr. Davis. George Champion, President of the Chamber and Board Chairman of the Chase Manhattan Bank, served as host.

Mr. Davis has served as President of the New York State Chamber of Commerce Executives organization, President of the Civic Executives Conference of Metropolitan New York and as a director of the American Chamber of Commerce Executives organization.

In 1957, Alfred University awarded him an honorary degree of Doctor of Laws in recognition of his contributions to the Chamber of Commerce movement in the United States. He presently is Chairman of the board of trustees of Alfred, from which he graduated as a Bachelor of Science in 1921.

Royal Bank of Canada Creates New Post

The Royal Bank of Canada has announced that it has created a new post of European adviser because of the increased business activity in Europe, the growing complexity of the Common Market, and the bank's greater interest in that trade area.

The new post will be filled on July 1, by B. Strath, manager of the bank's London branch since 1949. Mr. Strath will be succeeded by J. F. Smith, former agent in New York. Mr. Smith has occupied several other senior posts in the bank's international division, including managership of the branch at Port of Spain, Trinidad, and Far Eastern representative in Hong Kong.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The decline in excess reserves of the banking system, in the opinions of many financial experts, is signifying a modest tightening in money market conditions and this along with the more vigorous economy is having a retarding influence on the thinking of those who are buyers of fixed income obligations. They are inclined to feel that an increase in short-term interest rates will be the results of these developments. In addition, the balance of payments problem would be aided by higher interest rates, and not so easy credit conditions.

The capital market is still in a more or less cautious vein even though there is available a very large amount of money which can be put to work in time in fixed income bearing obligations. This watchful attitude of buyers of long-term bonds has been a fruitful one as far as purchases of these securities are concerned. It has enabled them to buy new issues at more attractive prices.

Higher Interest Deemed Necessary

The level of interest rates in both the money and capital markets is the subject of considerable discussion these days. It is evident that the uptrend of the economy and the balance of payments problem are among the powerful forces that are bringing out the opinions that there should be an increase in the cost of borrowing. It is stated by many financial experts that the need for funds in an expanding business pattern will of itself cause the cost of making loans rise somewhat and the monetary authorities, under such conditions, are not going to be inclined to make money any easier, although there will not be any impediments put in the way of the economy's recovery in the form of high interest rates unless the business incline should bloom out into a boom.

The feeling appears to be fairly general that short-term rates should rise modestly in order that there will be little if any danger that the readily transferable funds will be inclined to go from here to other free world money centers because of more attractive rates of return. Such a development would tend to further aggravate our balance of payments problem.

U. S. Rates Competitive

Up to now, it appears as though the monetary authorities and the Treasury have been able to do a pretty good job of keeping short-term rates in this country competitive with those in the rest of the free world money centers so that the gold transfer trouble in our balance of payments problem has been avoided to a very considerable extent. If higher near-term rates should be needed to further insulate us against an outflow of funds which would have adverse effects on the dollar and our gold holdings, it should not have too much of an influence on the business pattern because a rising economy should be able to absorb such a development pretty much in stride. In addition, a modest increase in short-term rates might be so small that it could be almost unnoticed.

The level of short-term interest rates in the other free world money markets has been stable to a bit lower of late. And there are not a few financial experts who hold the opinion that near-term rates in areas outside of the United States will slowly trend lower with the passage of time. This would not be an unfavorable thing to have happen as far as this country is concerned.

Government Issues Favored

Short-term Government securities should continue to be the most desirable investment for those who are interested in putting funds into the most liquid obligations available, irrespective of the level of interest rates in the money market. This broad and active market will still be the bellwether of what is going to be the course of near-term interest rates.

The short-term interest rate, if high enough, will in time tend to have some influence on the long-term money market or the capital market, but the expected to develop conditions are not likely to result in such a happening in the foreseeable future. A boom is not looked for which is good for the economy as well as the money and capital markets.

New 4s of 1970 Attractive

The Treasury on Tuesday took advantage of the higher debt limit and the large supply of investment funds to raise new money through the usual channels by the sale of a 4% bond due Aug. 15, 1970. A very successful operation is indicated and the Government may get the $1,400,000,000 to $1,500,000,000 instead of the $1,250,000,000 which is considered to be the lower limit.

Pressman Casher Admit

As of June 20, Lillian S. Regenbogen and Ronald L. Hersh will become limited partners in Pressman Casher & Co., 111 Broadway, New York City, members of the New York Stock Exchange.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

EMPLOYERS' GROUP ASSOCIATES—

Employers' Group Associates is a Massachusetts voluntary trust which was organized in 1928 and is managed by nine trustees under a Declaration of Trust. It owns all of the common stock of American Employers' Insurance Co. and The Employers' Fire Insurance Co. It also holds 51% of the equity of Employers' Life Insurance Co. which was incorporated in May, 1958. Other affiliates are the U. S. Branch of Employers' Liability Assurance Corp., Ltd., which holds the minority stock interest in the Group's life company, The Northern Assurance Co. of America and The Employers' Surplus Lines Insurance Co. Total consolidated premium income in 1962 amounted to $84.2 million.

Employers Group has established an outstanding record of growth and profitability within the fire and casualty insurance industry over the past decade. Over that period, premiums written have risen 110%, net investment income has climbed in each year and underwriting has been profitable in every year with the exception of the 1957-1959 period, when the industry as a whole operated at an underwriting loss. The company's average underwriting profit margin for the past ten years is 2.2%.

The past year was an excellent one for the Group. Premium income arising from fire and casualty operations rose 6%, new life insurance sales jumped 37%, and net investment income climbed 11%, with a resulting increase in total income of 19%.

Overall, 1962's underwriting profit margin of 4.7% was one of the best among the major companies in the industry. The improvement in results over the previous year was due entirely to the casualty lines where the average cost as well as the number of claims decreased from 1961 levels. None of the property coverages—fire and allied lines, marine or multiple peril—were on a profitable basis.

The value of new life insurance sold by the life affiliated totaled $51.4 million, bringing life insurance in force to $100 million by year end. Due to the initial costs involved in writing a large volume of life insurance, the unconsolidated life subsidiary operated at a loss. This was anticipated because of the nature of life insurance accounting. Through the addition of a number of large agency connections throughout the year, an increase in the amount of new life business written is expected in 1963.

At year-end 1962, the Group's total investments of $142.4 million were divided as follows: bonds $97.7 million (69%) and stocks $44.7 million (31%). During the year approximately 65% of net new investments were represented by tax-exempt bonds. These provided a tax free yield of 3.04% at an average maturity of 15 years. Purchases of U. S. Government bonds amounted to 12.9%, while common stocks accounted for the remaining 21.4% of newly invested funds.

For the present year it is anticipated that underwriting results in the casualty lines will remain at a satisfactorily profitable level. However, property lines are likely to remain in the red. Overall, a small gain in total net income is anticipated primarily through an increase in net investment income. For the first quarter, fire and casualty premiums written rose 11% to $26.3 million. The combined loss and expense ratio of 91.2%, virtually the same as a year ago, was outstanding as most insurors incurred heavy losses. Net investment income continued its steady upward trend with a gain of 8%.

In view of the recent past record and the current outlook, the Trustees declared a quarterly dividend of 40 cents effective with the April payment, thereby increasing the annual rate from $1.40 to $1.60 per share. There are presently 1.2 million shares outstanding following the payment of a 25% stock dividend in 1962.

The common stock of Employers' Group Associates is traded in the Over-the-Counter Market. The price of the stock is currently selling at $79, its high for the year as well as being an all-time high. At that price the stock is selling at a premium of 22% over year-end liquidating value and provides a yield of 2%.

Selected Statistics

	Admitted Assets (millions)	Premiums Written (millions)	Policyhlds' Surplus (millions)	Loss Ratio	Expense Ratio	Profit Margin
1958	$118.2	$58.8	$41.9	62.4%	39.2%	—1.6%
1959	131.9	65.5	46.9	39.9	37.0	3.1
1960	145.3	74.1	50.0	62.7	35.7	1.6
1961	167.1	79.4	60.5	62.7	34.7	2.6
1962	169.9	84.2	57.0	59.4	35.9	4.7

Per Share Data

	Adjusted Underwriting*	Net Investment Income	Total Earnings (After Tax)	Dividends Paid	Liquidating Value	Price Range
1958	—.43	$2.41	$1.55	$.96	$44.69	$32-27
1959	1.61	2.69	3.71	.96	46.36	32-25
1960	.55	2.92	3.08	1.08	53.45	36-27
1961	1.63	3.22	3.70	1.12	63.47	54-31
1962	2.88	3.57	4.22	1.33	64.43	61-38

*Adjusted for increase in unearned premium reserve.

Power and Progress in The Electric Industry

Continued from page 14

cated highlights, well known to us—but which large segments of the public do not know about. It has been truly said that no man's judgment is any better than his information. Our industry through a wide range of activities has been working for some two decades now to provide information which will help the American people form sound judgments about the electric utility companies and their role in the nation's power and progress.

Just yesterday, the results of the 11th biennial survey made by Opinion Research Corporation for the Electric Companies Advertising Program were released. We will hear more about this very significant study shortly, but I should like to mention just two aspects.

As you know, sentiment in favor of investor ownership of electric companies has been holding at a level of about 46% since 1955. This is no mean achievement in a climate which has been moving to the left. This year, however, the percentage has moved up to 48% —the highest mark since measurements were begun two decades ago.

On a specific point of information, the question of awareness of companies working on interconnection and pooling, there has been marked improvement. The 1961 survey showed that only 17% of the public had any idea of the companies' work in this field. The 1963 survey shows an increase to 24%.

This increase did not just happen. It is the result of the nationwide activity on the announcements of our transmission line program to 1970, which took place late in 1961. It is the result of advertisements by ECAP, and of publicity efforts by PIP. More than anything, it is the result of the countless articles appearing in your local media regarding your own announcements of transmission line planning and building, and from your use of many other methods to inform your employees, opinion leaders, shareowners and customers.

Both of these measurements are heartening. They show that the job can be done—and that we are using the right methods to do it. But in these and other areas of public information and attitude we have a long way to go. These are but steps in a long-term endeavor—and they should spur us to renewed efforts.

To help companies develop more effective programs in public relations, a group of people from EEI and our other industry organizations participated in 10 regional conferences around the country, indicating the gaps in public knowledge, and making suggestions on how the facts can be presented. Many of you here attended at least one of these meetings, and I know personally of your enthusiasm for developing activities to meet these public relations problems.

The industry organizations have been working with the companies to support and augment these information efforts. For example, only last month, the EEI booklet "Networks of Electric Power" was published, indicating the evolution of transmission systems across the nation and plans for their expansion to 1970. Many companies conducted local press activities. ECAP gave advertising support on this transmission story. PIP provided important assistance in publicity.

A spectacular means of informing the public is our exhibit at the New York World's Fair, opening next April. I strongly recommend that you spend a few minutes observing the slide display of our industry's exhibit. We are enthusiastic about the show, which is not only educational but also entertaining, and should attract its share of the millions of people who will go to the Fair next year.

With the Fair exhibit as a platform, we can tell our story to many millions of additional people throughout the nation—to people who may never get near the exhibit itself. A strong program of national publicity support is planned; but to get full advantage in your company area, you will want to make plans now to make use of the materials which will be available, not only to identify the company as a sponsor, but also to build knowledge among your customers regarding the facts which the Fair exhibit dramatizes.

Now let us turn from the World's Fair, which will draw international attention, to a highly significant area which, unfortunately, draws much less notice from the general public. This involves testimony before Congress on subjects of utmost importance to our industry and to the whole nation.

Getting the Facts to Congress

We have been expanding our efforts in carrying important facts to Congress, and quite properly so. It is the expressed desire of many within and outside government to cut taxes, to undertake tax reform, and to hold down budget deficits. Yet vast sums are needed for national defense, space exploration, and sound conservation and development of our water resources.

I firmly believe we have a responsibility, not only to our industry but also the nation, to present those facts which we feel may be helpful in determining sound courses of action to achieve these goals.

Basic to our position is the view that the proven abilities of the free market can be used to finance all the facilities required for America's future power needs. Further, we feel that a start should be made to correct the discrimination in taxes now existing between Federal power operations and the companies.

Investor-owned utilities serve about 80% of all electric customers, while government-owned or financed power operations serve about 20%. The 80% of the American people are paying taxes to the Federal Government alone equivalent to about 13½% of their electric bills, while preference customers included in the remaining 20% are getting off scot-free. Here is a place where the tax base can and should be broadened, removing unnecessary special privileges and providing more nearly equal treatment of taxpayers.

I testified to this effect for the Institute before the House Ways and Means Committee in March, and made the recommendation that the Federal corporation income tax be made applicable to Federal Government power agencies in the same manner as it is applied to investor-owned companies. Further, I pointed out that if Federal power projects were required to pay taxes proportionate to those paid by the investor-owned electric utility companies, an estimated $135 million annually could be gained by the Federal Treasury.

Another area of concern is, of course, the generation and transmission loan program of the REA. Walter Bouldin, as EEI Vice-President, testified for the Institute in April. He pointed out to the Agriculture Subcommittee of the Senate Appropriations Committee that loans are being made to build unnecessary generating plants, and that an ample supply of power is available to the co-ops from investor-owned, taxpaying utilities. In opposing the appropriation of $275 million for G & T loans, he emphasized that:

"These G & T loans, if the costs are properly computed, are not making electricity available at lower cost.

"Every G & T loan granted involves not only an interest loss to the Federal Government, but results also in serious impairment of state and Federal tax revenues.

"These G & T loans are being made in secret proceedings, which violate fundamental Constitutional principles."

An investigation of each of the generating and transmission loans approved by the Administrator of the Rural Electrification Administration during the past 18 months reveals that in every case but one, the generating capacity is to be used to supply cooperative lines already supplied by central station service from investor-owned, taxpaying utilities. This is a disregard of the wording and intent of the REA Act, which authorizes loans by the Administrator only for the "furnishing of electric energy to persons in rural areas who are not receiving central station service."

G & T loans are being made with an interest rate of 2% over 30 to 35 years and yields on long-term United States bonds are almost 4%. This situation needs to be remedied and, in that connection, it's worth noting the recent report of the President's Committee on Federal Credit Programs. The Report includes the following recommendation:

"To facilitate evaluation of the effects on use and allocation of resources and on the cost of Federal credit programs involving a subsidy, the Committee recommends that the subsidy element be explicitly recognized. The first step should be to compare the interest rate paid by the borrower on direct Federal loans to the sum of (a) the prevailing market yield on Government securities of comparable maturities, (b) an allowance for administrative costs, and (c) an allowance for expected losses."

Tax losses are as real as interest losses, because every G & T loan supplants investor-owned facilities which have been or would be built by investor-owned utilities to supply the electric load. The costs which are being borne by the public in this G & T program are so great that when they are taken into account it is easy to see that the cost of electricity from G & T systems is far greater than the cost would be if the energy were furnished by investor-owned generation and transmission facilities.

An analysis of the operations of 23 G & T co-ops shows that if those co-ops paid taxes on a comparable basis with the investor-owned utilities and paid interest on their long-term debt at the Federal Government's tax-supported average of only 3.449%, the co-op group would have had to increase their revenues—and therefore their rates—29% to meet their costs. The cost per kilowatt-hour of energy sold from these plants would then have ranged from a low of 9.3 mills per kilowatt-hour to a high of 25.8 mills per kwh. These true costs are, of course, far in excess of the cost of energy available to the distributing co-ops from investor-owned utilities.

The REA situation constitutes one of many important challenges we face. The speakers you will hear at this Convention will outline a number of these in more detail. As the industry with the largest capital investment, the largest average annual construction expenditure, and the largest tax bill, of any industry in this nation, it is understandable that we have problems and opportunities of appropriate size. But we also have determination and ability of great magnitude, and we have shown in the past the ability to surmount obstacles and to continue to supply the American people an abundance of electricity with the world's finest power supply system.

I believe we have in our industry today a greater determination and a greater unity than ever before. I have confidence we shall continue to move forward, making our past accomplishments seem small by comparison with what we shall do. It is my firm belief as well that we shall do this in an atmosphere of American free enterprise, and that we must view its protection, therefore, as a fundamental responsibility.

We have truly a great inheritance. This is the only continent where there has never been a general famine. There is more laughter and song in these United States than anywhere else on earth. It is only in America that ordinary citizens, again and again, have poured their substance and wealth over the rest of the world to relieve suffering and distress in such remote places as Armenia, Japan, China and Russia.

It is within the power of our citizens to make this nation exactly what they want it to be. I think their wisdom and judgment will be adequate for the task in the changing winds and in the ebb and flow of tomorrow's ideas and challenges.

I should like to close with this poem:

One ship drives east, and
another west
With the self-same winds that
blow;
'Tis the set of the sails
And not the gales,
Which decides the way to go.
Like the winds of the sea are
the ways of fate;
As we voyage along through
life;
'Tis the will of the soul
That decides the goal,
And not the calm or the strife.

*From an address by Mr. Lynch before the 31st Annual Convention of the Edison Electric Institute, Denver, Colo., June 3, 1963.

City of Oslo, Norway Bonds Offered

Public offering of $10,000,000 City of Oslo (Kingdom of Norway) 5¼% sinking fund external loan bonds due June 15, 1978 is being made by an underwriting group managed by Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc.; Lazard Freres & Co.; and Smith, Barney & Co., Inc., New York. The bonds are priced at 97¾% plus accrued interest, to yield 5.47%.

Principal and interest on the bonds will be paid in New York City in U. S. dollars. The bonds are direct, unconditional and general obligtaions of the City of Oslo, which is the capital of Norway and its economic, financial and shipping center.

The bonds are not redeemable prior to June 15, 1973, except through operation of the sinking fund which commences in 1968. Annual sinking fund payments of $900,000 in the years 1968-1977, together with a payment of $1,000,000 on June 15, 1978, will retire 100% of the issue by maturity. For the sinking fund the bonds will be redeemable at 100% plus accrued interest. They will also be redeemable at the option of the City beginning June 15, 1973 at prices ranging from 100½% to 100%, plus accrued interest.

The Norwegian kroner equivalent of the net proceeds received by the City of Oslo from the sale of the bonds will be advanced by the City's Loan Fund to the Oslo Electricity Works, the Oslo Harbor Authority, and the municipal tramway companies for capital expenditures to be undertaken by these municipal enterprises.

Application will be made to list the bonds on the New York Stock Exchange.

Estabrook & Co. To Admit Partners

Effective June 30, Estabrook & Co., members of the New York Stock Exchange, will admit to partnership Edward H. Junkins, Jr., Marsom B. Pratt, Richard C. Egbert, and Franklin A. Steele. Mr. Junkins and Mr. Pratt make their headquarters in the Boston office, 15 State Street; Mr. Egbert and Mr. Steele are in the New York office at 80 Pine Street.

NY Bond Club Elects Officers

Blancke Noyes of Hemphill, Noyes & Co., has been elected President of the Bond Club of New York to succeed H. Lawrence Bogert, Jr., of Eastman Dillon, Union Securities & Co.


Blancke Noyes


Walter W. Wilson


John L. Weinberg

The election was one of the main events of the Bond Club's annual Field Day at the Sleepy Hollow Country Club.

Elected to succeed Mr. Noyes as Vice-President was Walter W. Wilson of Morgan Stanley & Co. Other new officers chosen were 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 were named for three-year terms: Harold D. Barnard, Jr. of Dean Witter & Co., Howard E. Buhse of Hornblower & Weeks and Craig Severance of New York Securities Co.

Offer Market Forecast Course

Registration is now open for an eight-session course in "Understanding Technical Forces in Forecasting Stock Movements," designed for the businessman as well as the Wall Street professional, offered this summer by the New School for Social Research, 66 West 12th Street, Manhattan.

Classes begin June 18 and will meet on Tuesdays and Thursdays, from 6 p.m. to 8 p.m. The instructor is John Gruber Miller, a technicial market analyst and broker with Evans & Co. and a member of the New York Society of Junior Investment Analysts.

Registration in person only at The New School will be held from June 17 to June 25, weekdays except Friday. Registration will be open from 10 a.m. to 8:30 p.m.

Mr. Miller will emphasize the line charting approach in the development of investment selectivity and the philosophy, description and limitations of the technical versus the fundamental or economic approach.

Also scheduled for discussion are: mechanics of drawing line charts with correlation of Elliott Count, Moving Average, Relative Strength and Group Charts; determination of the longer term trend—using cycles, Elliott Waves, and Dow Theory; determination of the shorter term public psychological cycle; analysis of selling as well as buying areas; and related topics.

Dividends as % of Cash Flow Virtually Static

Although dividends have been increasing steadily over the years, industrial corporations have consistently paid out about the same percentage of their total cash flow (earnings plus depreciation, depletion and certain other charges) that they did a decade ago, reports Moody's Stock Survey. Dividends as a percentage of reported earnings, however, have shown sharp fluctuations and a gradual rise over the decade. These conclusions stem from a special computer-based study of Moody's 125 Industrial Stocks average and 15 key industry groups.

That cash flow is the basis upon which long range corporate financial plans are made is indicated by the fact that even industries with highly cyclical earnings, such as automobiles and textiles, have paid out reasonably stable percentages of their cash flow over the years.

The Stock Survey notes: "A high level of cash flow can result in a high percentage payout of earnings (electric power) unless the need to retain cash is unusually great (electronics and office equipment) or the debt level argues against it (aluminum)."

Nonetheless, adds Moody's, "It should be understood that neither cash flow or earnings can stand directly alone as a determinant of the dividend level; while the psychological effect of reported earnings can be important, the amount of cash flow does much to decide just how large a proportion of those earnings will go to stockholders."

As We See It

Continued from page 1

which fails by a deplorable margin to perform its basic functions acceptably—and in the end would increase rather than reduce unemployment.

Reckless subsidization, extravagant or weak-kneed provision for the "unemployed" out of the public pocket book or "madework" to "take the unfortunates off the streets," however humane they may appear, can produce and of late have often been producing similar effects. We strongly suspect—with ordinary observation rather than formal statistical series to support our suspicion—that measures such as these and the continuous shedding of crocodile tears about alleged lack of opportunity to work has had its greatest effect upon the youth. It is with deep regret that we make the observation, but candor compels the assertion that we have the definite impression that the youngsters entering "the labor force" fresh from secondary schools throughout the country all too often come with a feeling that the public or someone in it owes them a livelihood to be acquired much as they prefer—that is without undue labor and without the performance of tasks that are distasteful to them. We must question whether many of these youngsters want to work or are prepared to work in the way that someone must work if goods and services are to be provided in adequate quantities. Otherwise, it is not easy to explain the complaint from all sides of the difficulty of "getting anybody to do anything."

A deeply hazardous notion is that of "spreading the work." The politically powerful labor unions are the main exponents of this idea. Now if it is really true—and there is no particular evidence that it is true — that taking advantage of all the advances in technology and the like it is now feasible for all men working fewer hours to produce an abundance of goods and services and to establish an acceptable balance between work and leisure — if this is true the shortening of the hours of labor generally as rapidly as feasible would obviously be in the public interest. But that is not what is being demanded by the unions or by any of the others, so far as we know, who are eternally demanding shorter work weeks. What the unions demand is that their members work fewer hours but get at least as much pay as they ever got from the longer work week. Presumably, any additional men and women hired to keep the working force adequate would get the same higher pay. Hence a very serious rise in costs, so serious that some producers could not continue to hire anybody and those who could manage to continue would have to raise prices. The end result would, obviously, be highly inflationary—much more being paid out to the public in the form of wages but no more goods produced to satisfy the greater demand.

False Notion

The basic difficulty is, we suspect, that beginning even before the New Deal, but tremendously nourished and promoted during the Roosevelt regimes, an essentially false notion of how business operates and what nourishes it has grown wildly in this country. It had a strong foothold in some other countries long before its development here, but wherever and whenever it originates, it has led us step after step, indeed mile after mile, into the economic wilderness. Not very much headway can be expected unless and until we once more come to a realizing sense that we, each of us, must stand responsible for our own welfare, that there are no funds in government to relieve us of that responsibility.

Another serious and deeply damaging fallacy of somewhat the same origin is the notion that, while monopoly by or among employers is both harmful and wrong, an even more powerful and relentless monopoly among wage earners is not only without venom but actually beneficial. Nothing could be farther from the truth as the events of the past few years amply demonstrate. The exactions of these monopolies, or "trusts" as they would be derisively called were they found among business organizations, are almost past belief. Not only are they so strong that many an employer is practically helpless when they come to grips with them, but they have become so potent a political factor that few in public life dare antagonize them. Just how soon they will be able successfully to take the initiative in the political field and obtain a large part of the very harmful legislation that they now advocate repeatedly is anybody's guess.

Our Good Fortune

It is fortunate that the scientists and the engineers, working with practical business executives, have been able to keep an adequate flow of goods moving from our factories and farms despite harmful public policies and false prophets. It is unfortunate that these same constructive events have made it possible for public officials and false leaders in private life to demand and get so much more in the form of harmful legislation than they otherwise could—and so much that in the end must be paid for by the rank and file. Unemployment about which so much is heard these days is one of the excrescences of this poor statesmanship of which we have for a long time been the victim. The beginning of wisdom — and the beginning of relief — consists of a general understanding of this fact.

Bankers Trade Ass'n Appoints

PHILADELPHIA, Pa. — Erwin Weber, Vice-President of the International Division of Provident Tradesmens Bank and Trust Co., has been elected a Director of Bankers Association for Foreign Trade, according to Edwin T. Johnson, Secretary of the Bankers Association for Foreign Trade.

Mr. Weber, who is a graduate of several European Universities, joined the bank in 1955 in the International Division. His entire experience with International Marketing and Foreign Commerce has been built around a broad background in the Banking Industry here and abroad.

Mr. Weber is a member of the Foreign Traders Association of Philadelphia, Inc. He is a director of Conrecor S. A., Panama, and Corrosion Reaction Consultants, Inc., Philadelphia. His other memberships include the Bankers Association for Foreign Trade, the National Foreign Trade Council, Inc., New York, and the International Forex Club of America, International Economic Council, Drexel Institute of Technology.

So. Calif. Edison Head Opposes Government Power Projects

Jack K. Horton, President of Southern California Edison Co., on June 11 opposed proposals for the Federal Government to spend $146 million in building electric transmission lines to link the Pacific Northwest and Southwest.

Jack K. Horton

Appearing before the House Appropriations Subcommittee on Public Works, Mr. Horton lashed out at budget requests which would pay for the start of construction of extra-high-voltage lines by the Government.

"We oppose expenditure of Federal taxpayers' money for any Federal Government line, direct current or alternating current, within the State of California because investor-owned companies are ready, willing and able to provide adequate transmission service in California at no cost to Federal taxpayers," he declared.

Mr. Horton said this is in line with President Kennedy's recent remarks before the Committee for Economic Development in which he stated that if a private company can develop a site or provide a service more satisfactorily than the Federal Government, then the private company should go ahead, and that the burden of proof should be on the Federal Government to show that the job will not be adequately done otherwise.

The California Power Pool, comprised of the four major investor-owned electric companies in the State, submitted a proposal to the Bonneville Power Administration in January providing for construction by the pool companies of not only one EHV alternating current line but also offering to build, if and when required, additional transmission facilities, Mr. Horton said.

He reported that the Edison Co. has also announced plans to build an EHV high-capacity interconnection between California and Arizona.

"This interconnection, which we contemplate will be completed in time to coordinate with deliveries of power from the Northwest to Southern California, may be mutually advantageous to the Bonneville Power Administration and the Arizona-Nevada area," he said.

The direct current line proposed by the Federal Government would not only compete with the alternating current line proposals from the Northwest to Southern California, but also would compete with this AC interconnection between Southern California and Arizona, the Edison president pointed out.

He said that the pool companies recognize the Government's desire to go forward with direct current transmission but this should be done only after extensive research proving its feasibility has been completed.

Solid Progress on Advanced Power Generation Methods

Continued from page 3

gether with members of each regional group, are responsible for keeping abreast of developments in each of five regions across the nation. They visit manufacturers, research laboratories, universities and other places where work of an advanced nature is being done. The manufacturers and others have been most cooperative in presenting information to the Task Force. Two progress reports have been submitted by the Task Force, and a third report will be issued soon.

It is my purpose to review the advanced methods of power generation which appear to have promise in order to (1) provide a brief discussion of the basic principles of the several concepts, (2) give an understanding of present problems and what is required to make these new methods economically and commercially feasible, and (3) present some predictions as to size, cost, time and nature of commercial applications. My remarks, and particularly the predictions, are based on information obtained from our regional groups on advanced projects, from manufacturers and others who are informed on progress in these areas.

Incentives

Before doing so, perhaps it would be worthwhile to consider what can be gained by these new methods. The incentive for seeking more efficient methods of power generation is, of course, to reduce our costs. The investor-owned companies at the present time spend about $1.6 billion a year on fuel and this will increase substantially in the years ahead.

It can be shown that for each saving in efficiency of 1% in the thermal cycle, assuming the present cycle efficiency at 40%, approximately $6 to $12 million per year can be saved annually in fuel costs. This is based on present-day fuel prices, and any escalation would add to these savings.

For an improvement in efficiency of 15%, for instance, a fuel saving of almost $200 million per year would be effected by the year 1980. This is technically possible by several of the new methods of power generation.

While nuclear plants provide only a small part of today's generation, they promise to assume a significant part of the new capacity installed in the 1970s and an even greater part by 1980. Nuclear reactors, even with the present design, are now economic in areas of high fuel cost and within the next decade should be competitive in all but the lowest cost fuel areas. At least two of the advanced methods of power generation can be used to good advantage with a high-temperature nuclear reactor. Such a combination will offer an important improvement in cycle efficiency.

Among the new generation methods being investigated and developed, five appear to have significance as power generators of the future. They are (1) the thermoelectric generator, (2) the thermionic converter, (3) the magnetohydrodynamic generator, (4) the fuel cell, and (5) the fusion reactor. The present state of development ranges from a laboratory experimentation to operating prototypes. In general, all methods are in the early state of development for application to bulk power generation. Consequently, it should be recognized that the predictions contained herein, particularly as to costs and time of commercial application, are indeed speculative.

Thermoelectric Generation

Thermoelectric generation uses a principle established more than 100 years ago—that when heat is applied to the junction of two dissimilar conductors joined together, an electric potential is produced. The thermocouple is a well-known example. Recent advances in solid-state physics have made possible the development of semiconductors which are much more effective than ordinary metallic junctions. To obtain usable amounts of power, a large number of junctions must be coupled together, producing a low-voltage direct current.

A most interesting feature in the thermoelectric effect is that a junction is heated when current flows through in one direction—and cooled when the current flows in the opposite direction. The thermoelectric heating-cooling panels may provide office building and residential year-round air conditioning in the future, but it will be necessary to achieve better efficiency and lower cost than now seem possible.

Small thermoelectric power generators have been built and operated, and a gas-fired home heating unit with a thermoelectric generator is available at a price. Those operating on hydrocarbon fuels are used primarily where low-wattage, continuous, trouble-free operation is needed in remote areas, such as for navigation buoys and for the cathodic protection of pipelines. Fueled with radioactive isotopes, they are being used for military and space applications. Capacities range from a few watts obtained from the decay heat of radioisotopes up to five kilowatts with the use of hydrocarbon fuels. Future development will be aimed at producing better efficiency, improved heat transfer, and longer life of thermoelectric materials.

Economic studies would seem to indicate that thermoelectric generators will be limited in size, probably not to exceed 200 kilowatts by 1980, and will be useful only in special applications. Capital costs by that time may be in the range of $200 to $600 per kilowatt of capacity, although present costs are considerably in excess of these values.

Thermionic Generation

Thermionic generation will be of greater importance to our industry in the foreseeable future. The basic principle of operation of thermionic devices was first established in 1878 by Thomas Edison. The principle is based on the phenomenon of electron emission from metals at high temperatures, which is known as the "Edison Effect." The conventional vacuum tube is one application of thermionic emission.

A thermionic converter contains an electron emitter or cathode which is heated, causing electrons to boil off. They have enough kinetic energy to move through an intervening space to a cooled electron collector, known as the anode. The potential thus created causes a current to flow in an external load. The output is usually low-voltage direct current.

Bulk power applications of thermionic generators do not appear practical prior to the 1970s, waiting upon the development of satisfactory emitter materials and their economic fabrication into units. The most attractive application of the thermionic converter may be as an in-pile device for a nuclear reactor. Because the required emitter temperature is of the order of 3,000 F and uranium carbide or a modification of it has desirable properties for such service, it seems most practical to combine the thermionic device as a part of a nuclear reactor.

The development of an emitter operating at 2,000 F would make a hydro-carbon-fueled converter possible, but its efficiency would be limited to perhaps half of that obtainable under nuclear heat conditions.

In situations where the rejected heat could be used for other purposes, efficiency would be less important than capital cost involved in securing useful quantities of electric power. This also applies to thermoelectric devices.

A large research and development effort is being sponsored by the Atomic Energy Commission and other government agencies to develop thermionic generators for space applications. The Rocky Mountain - Pacific Nuclear Research Group, together with the San Diego Gas & Electric Company, are sponsoring work at the General Atomic Division of General Dynamics on the application of thermionics for central station reactor power plants.

It is predicted that, by 1970 or before, devices in sizes up to 100 kilowatts will be developed, and that by 1975 even larger demonstration units will be available. By 1980, 100,000-kilowatts, in-pile reactor units may be in use as topping devices in nuclear plants. Since the efficiency of thermionic converters may ultimately reach 30 to 40%, a thermal cycle in which such devices are superimposed on a conventional system cycle may increase plant efficiencies by as much as 15%.

It is probable that by 1970 costs will still be $1,000 per kilowatt of capacity or more, but that by 1980 costs might be reduced to the order of $200 per kilowatt. This assumes that research and development expenditures will continue to be heavy and that substantial work will be done by industry to modify, if necessary, the results achieved for space applications to make them suitable and economic for power stations.

Magnetohydrodynamic Generation

The generation of power by magnetohydrodynamics, more conveniently referred to as MHD, is based on the principle established over a hundred years ago by Faraday, and it is the same principle that governs power generation in a conventional generator. Instead of a solid conductor moving through a magnetic field, in MHD a jet of high-temperature and high-velocity ionized gas is forced through a magnetic field. By placing electrodes in this hot gas stream, direct current at relatively high voltage — 2,000 volts or more—can be obtained.

Sizable amounts of electric power have been achieved in a number of laboratories, but the demonstrations have shown that the required temperatures of 4,000 F and higher pose serious materials problems for electrodes and duct liners.

A combined MHD and steam cycle may prove in time to be economically feasible. Gas from the MHD generators would be discharged to a steam-generator-turbine-generator system. As this would involve an open-cycle, coal-fired MHD unit, problems are likely to be encountered with the molten coal ash, the strongly oxidizing gases in the duct and the alkali seed material added for ionization purposes, both in the MHD system and in the exit gas steam generator. Since the seed material is expensive, it would have to be almost fully recovered as well. Consequently, closed-cycle systems, using so-called "non - equilibrium ionization" methods which permit somewhat lower temperature operation, are receiving increased attention.

Much experimental and development work is being done in this country, and overseas as well. The Avco Corporation and a group of 11 electric power companies have been engaged in a joint research effort on MHD for several years. Agencies of the government and manufacturers also have supported extensive development work in several laboratories, either on MHD or space research where high-temperature plasmas are considered for propulsion units. Considerable work on the fundamental behavior of electrodes and plasma has been done in Europe, and C A Parsons, Ltd., has built a closed-cycle MHD test loop for experimental purposes.

The MHD generator is best suited to large-size units and, when combined with a conventional steam plant, would appear to be feasible in sizes ranging from 300,000 to a million kilowatts or larger. It should be possible to build a 100,000-kilowatt MHD plant by 1970 and, with continued progress, to see the MHD combined plant established as a bulk power producer by 1980, in unit sizes up to one million kilowatts.

The net plant efficiencies of a combined open-cycle MHD steam system are expected to range from 50 to 55%. Studies of a closed-cycle system show possible net plant efficiencies as high as 68%. By 1980, the prediction is that it should be possible to build a complete MHD plant in large sizes for $120 to $150 per kilowatt, based on today's costs. MHD is moving ahead!

Fuel Cells

Fuel cells, known since 1834, are electrochemical devices in which chemical energy of conventional fuels is converted

Continued on page 28

Solid Progress on Advanced Power Generation Methods

Continued from page 27

directly into low-voltage direct current. Fuel cells have the basic elements of a battery, positive and negative poles, and an electrolyte, but, unlike batteries, do not store the energy to be converted in the cell. In any type of fuel cell, it is necessary to combine the fuel, such as hydrogen, with the oxidant, either commercial oxygen or air. The driving force that keeps the fuel cell operating is the free energy of the reaction.

At present, more than 60 industrial and governmental fuel cell projects requiring many millions of dollars are known to be under way. Among others, the three major electrical equipment manufacturers — Allis-Chalmers, General Electric, and Westinghouse—have substantial programs under way. The Office of Coal Research of the U. S. Department of the Interior recently awarded to Westinghouse a million-dollar contract for the development of a coal-burning, solid-electrolyte fuel cell.

Low - temperature fuel cells operating on pure hydrogen and oxygen are now being used in a few limited applications, mostly military. At the present time they are not available commercially in large sizes, nor are they economic in operation.

Much effort is going into the development of a fuel cell which can utilize hydrocarbons directly, and some favorable results have been reported recently by General Electric. Although the problems do not seem to have been solved yet, one possible solution is the reforming of light hydrocarbons and feeding the products to the cell. Solid-electrolyte fuel cells, both of the low- and high-temperature variety, are being developed, with the type operating at 2,000 F showing considerable promise in its ability to use a variety of fuels.

Commercial application of fuel cells as mobile power sources could be realized within the next few years. Possible industrial application might be in the electrochemical industries where direct-current power is required. Overall efficiencies approach 60% and, since size does not appreciably affect efficiency, many applications can be visualized in our own industry. For example, fuel cells may be well suited for dispersion on a power system, which would have an impact in the design of transmission and subtransmission systems.

Fuel cells in sizes up to 100 kilowatts may be commercially available by 1975 at costs of about $200 per kilowatt. By 1980, costs should be reduced to about $100 per kilowatt in sizes up to a thousand kilowatts.

Present economic studies indicate, however, that at best the net energy costs for a hydrocarbon fuel cell will only approach those for conventional central station operation. Although the isolated fuel cell power plant for the small power user does not seem practical at present, this aspect of fuel cell application will be watched closely.

It is probable that by 1980 the fuel cell will account for only a small part of power generation, although it may serve as a dispersed power source on electric systems, particularly for special applications such as peaking service where cost of operation is not the determining factor for economic use.

Fusion Reactor

Temperatures required for thermonuclear fusion range from 40 to 100 million degrees Kelvin. Since no known materials could contain such temperatures, fusion experiments involve the containment of the plasma in a magnetic field. It appears possible that energy released during the fusion of light atoms into heavier elements may be removed directly as electric energy, or it may be removed as heat.

Much research has been under way in both government and private laboratories. For instance, the Texas Atomic Energy Research Foundation has sponsored a project at the General Atomic Division of General Dynamics for several years. However, economic power from the fusion reaction still appears far away, almost certainly not before 1980, since net energy output from a controlled fusion reaction has not yet been achieved.

Nevertheless, the effect of rapidly expanding technologies on the development of future power sources is very difficult to predict. The production of strong magnetic fields through the use of superconducting materials at low temperatures may make possible a more rapid development of both fusion reactors and MHD generators.

TABLE I

Predicted Generator Size — Kw

Year	Thermo-Electric	Thermionic	MHD	Fuel Cell
1970	5	50-100	100,000	10
1975	100	1,000	500,000	100
1980	200	100,000	750,000	1,000

TABLE II

Predicted Power Generation Efficiency — %

Year	Thermo-Electric	Thermionic	MHD	Fuel Cell
1970	5	10	----	50
1975	10	25	50	60
1980	10	30-40	55-60	60+

TABLE III

Predicted Capital Costs — $/Kw Net*

Year	Thermo-Electric	Thermionic	MHD	Fuel Cell
1970	1,000-2,000	----	------	200-300
1975	500-1,000	1,000+	150-350	100-200
1980	200-500	200	120-150	50-100

* These do not include costs of converting DC to AC.

D-C to A-C Conversion

All of the advanced concepts discussed have one common characteristic — they produce direct-current power. Therefore, as presently conceived, d-c to a-c conversion equipment will be needed to make the power usable in most present-day applications. Today this costs about $40 per kilowatt, which would be an economic handicap. However, manufacturers believe that the advances in d-c—a-c conversion technology will keep pace with direct-conversion progress so that by the time the advanced methods are ready for application, d-c—a-c conversion will not be a major technical or economic handicap in use of direct-conversion devices. Where d-c can be used directly, such as in the electrochemical business, the problem does not exist even now.

Cryogenics and Superconductivity

Two recently developed fields of physical research — cryogenics and superconductivity — deserve our attention, particularly since considerable progress has been made recently.

Cryogenics involves the investigation of matter at temperatures near absolute zero, which is 460 degrees below zero Fahrenheit. As we approach this temperature, electrical resistance in some conductors is reduced to the vanishing point. In such a circuit, current flows with almost no losses. This is termed superconductvity.

Of more immediate practical value is the fact that cryogenic electromagnets can produce extremely high magnetic fields, of the order of 50-100 kilogauss, or more. These can be very useful in the development of MHD and fusion power and may lead to a more rapid development in their technology than is presently predicted. Large-size cryogenic magnets are now being built.

Cryogenics and superconductivity may also have an effect on the more conventional methods of power generation and transmission should the economics prove attractive, and if the technical problems are solved. Losses in generators, transformers and cables could be greatly reduced or completely eliminated. This would make possible large increases in capacity without increases in physical size.

Lasers

Perhaps, as an illustration of the rapidity with which new developments may be made, a brief mention should be made of lasers. Much publicity has attended the introduction of lasers, which are devices capable of many uses involving the delivery of energy of very high intensities. The name stands for the phrase, "light amplification by the stimulated emission of radiation."

Lasers operate by a kind of fluorescence, that is, the re-emission of absorbed radiation at the same or another frequency. Light of high intensity is fed into the laser, which may be a mirrored cylinder containing a gas such as neon and helium, or a solid rod made of synthetic ruby containing chromium as the impurity element. Many other types have been constructed since the first laser was announced about three years ago. When the entering light excites atoms, energy is absorbed and then re-emitted. The emitted light is of a single frequency and completely in phase. This produces a beam having practically no divergence—a third of an inch per mile—and having very high power density.

The laser can be used for spot welding, cutting and drilling in the metal industries. It can be useful in medicine as a microsurgical tool. It has a number of possible military applications.

It does not appear at present that lasers would provide a means of transmitting energy for electric power companies. At the present stage they are of interest to our industry mainly as a new use for electric power in specialized applications.

Progress Overseas

Although all of the new methods of power generation are receiving attention overseas, emphasis seems to be centered on fuel cells and MHD. Considerable effort is being expended by Electricite de France on both, whereas the Central Electricity Generating Board of England appears to be concentrating on MHD. Other laboratories on the continent, such as Battelle Institute in Geneva, are engaged in research in these areas also. Manufacturers appear to be doing a limited amount of work in selected fields. For instance, Brown-Boveri has work under way on development of a fuel cell to utilize hydrocarbons. Viewpoints vary from enthusiastic support to a position of cautious optimism for long-range development.

Summary

Research and experimental work on these new methods of power generation has not progressed to the point where it is possible to predict with any degree of certainty the extent to which any of these will have practical and commercial application within the next 10 or 20 years. However, assuming a continuation of research and development activity at present levels, it would appear that all of these methods, with the exception of fusion, will be commercially available for specific applications within the next 20 years. Problems of operation, maintenance and integration into existing systems will have to be faced as developments proceed toward the point of commercial application.

While it is not anticipated that any of these new methods of power generation will have a strong economic impact on the power industry within the next 10 years or so, it is always possible as has been demonstrated many times in the past, that unforeseen developments may alter the present forecasts greatly. Progress may be slowed down by new problems or by old problems harder to solve than expected. Progress may be hastened by new achievements in complementary fields. It is unlikely that some unforeseen breakthrough will suddenly make our present generation methods obsolete overnight. Progress will be achieved through hard work and by solving one problem after another.

The electric power industry will be particularly concerned with the development of the two methods which appear to be best adapted to bulk power production —thermionic generators and MHD.

Development of thermionic generators coupled with nuclear reactors could produce a significant gain in efficiency for centrally generated power. Progress may be faster than presently anticipated if research for space applications continues at its present level of support.

An equally important, and possibly concurrent, gain may be utilized through the development of MHD bulk power generators in large unit sizes in central power plants. Progress over the past few years has been notable.

Thermoelectric generators in small sizes are already being used for special applications, mostly for defense and space requirements where the elimination of moving parts, weight advantage, unattended operation, and other characteristics offset the unfavorably high capital costs.

Fuel cells are likely to be used within the next few years for mobile vehicles, such as lift trucks, and perhaps for space or military applications, where again the favorable operating characteristics outweigh high capital and high operating costs. While the ultimate development of a fuel cell capable of using hydrocarbons directly may provide strong competition for the electric power industry, it is possible that such a cell also may be used to advantage on power systems to reduce transmission costs. The development of thermal cycles having higher efficiencies than presently attainable using one or more of the new methods, utilization of every economic interconnection possible, and development of new ideas for subtransmission and distribution systems to reduce the cost and increase the reliability will make it increasingly difficult for the isolated individual power plant to compete successfully with centrally generated power.

Fusion is not likely to contribute as a power producer in the next 20 years.

Further developments in complementary technologies, such as superconductivity, conversion of direct current to alternating current, more efficient and lower-cost nuclear reactors, also will contribute to the economic generation and transmission of power from central plants.

Table 1 gives a summary of the predictions of size of unit for each of the new methods, except fusion. Table 2 gives predicted power generation efficiency and Table 3 the capital costs. These were developed by a subcommittee functioning in connection with the FPC National Power Survey[1] and represent the best estimates of manufacturers and others knowledgeable in these advance methods of power generation.

Conclusions

By way of conclusion, I would like to consider where the electric power industry fits into the research and development that must be done.

The importance of research to our industry and the tremendous potential of advanced methods of power generation emphasize the need for continual appraisal of our position in relation to technical developments. The Institute's Research Division has a key role in carrying out this responsibility with its Task Force on Advance Projects constantly evaluating development in the United States and in other parts of the world to determine the right approach for our industry. As in the past, both utilities and manufacturers will certainly engage in research, in many cases separately, and jointly on other projects. The Task Force on Advance Projects and other technical groups will continue to study

1 See FPC Advisory Report No. 8.

ways in which new knowledge and new ideas can be applied to our business. This will provide guidance on how new concepts are to be best utilized and will lead to recommendations of areas in which our industry can provide support for their development. In this manner, we can continue to be assured that progress in advancing these new methods of power generation is proceeding as rapidly as possible and in the directions best suited to meet our objectives.

Under our present effective program of keeping thoroughly informed on technical developments in this area, we may find that the investor-owned electric utility industry's best interests will be served by cooperatively supporting more programs directed toward achieving results in new fields. Our competitive enterprise system encourages breadth of scope of such undertakings, and we have the financial resources to endeavor, within reason, to accomplish programs that have maximum long-range value to the industry. As our direct support of advanced generation concepts increases, we will find that the scientists and engineers involved in these porgrams will contribute to our ability to recruit technical employees whom our industry surely will need in the future. This will also encourage broader training of those we now have.

I believe that our industry should continue its program of alert and constant study of these new technologies in order that we will be in a position to contribute our full share to tomorrow's achievements. In doing so, we will help to bring forth an electrical future that will strengthen our nation, and the world at large.

*An address by Mr. Wagner at the 31st Annual Convention of the Edison Electric Institute, Denver, Colo., June 5, 1963.

Stanley Heller Co. Marks 36th Year

Stanley Heller & Co., 44 Wall St., New York City, members of the New York Stock Exchange and American Stock Exchange, is observing its 36th year in the securities business.

The firm began as brokers for brokers in 1927 with a membership in the old New York Curb Exchange, and several years later it became a member firm of the New York Stock Exchange and engaged in a general commission business.

COMMENTARY...

BY M. R. LEFKOE

This week's showdown between the State of Alabama and the Federal Government over the issue of school integration dramatically illustrates the disastrous consequences of government interference in the field of education.

By creating an educational system supported by tax funds, the government—both state and Federal—has placed itself in an impossible dilemma. While those who discriminate against others on the basis of color, religion, or nationality are deserving of nothing but contempt, an individual's personal beliefs are not ordinarily, in themselves, cause for state or Federal Government intervention. If force or fraud are absent, discrimination by one person in his dealing with another is strictly a private matter. However, when tax funds are used in building or supporting institutions of learning (or any other public facilities), then the government is required to intervene: It has a duty to make sure that no taxpayer is discriminated against and denied the use of facilities which he has paid for.

Public Schools vs. Private Schools

Thus, the critical situation in Alabama today is not solely the result of an irrational insistence by some Southerners upon segregation in their schools—it is the very nature of tax-supported schools which creates crises such as the nation is witnessing in the South. The real alternative, therefore, is not integrated schools versus segregated schools, but public schools versus private schools.

The argument usually presented when a tax-supported school system is challenged is as follows: Because America is engaged in a life-and-death struggle with the communist nations of the world, our national survival requires highly educated citizens able to cope with the problems of the Cold War. And, because many promising children might not be able to attend school due to a shortage of funds, a free educational system must be provided by the government.

Such an argument fails to justify a tax-supported educational system—public elementary schools and secondary schools, and state colleges—on several grounds. To begin with, one must first question the assumption that the government has the right to take money by force from its citizens against their will, regardless of how desirable the project for which the money is to be spent. Remember, the government is not politely requesting voluntary donations; it is saying: either pay your taxes or go to jail

If an individual were to stick a gun in your back and take your money by force—all the while avowing that he was stealing your money for a worthy cause—a court of law would consider his motives irrelevant and he would be sent to prison for theft. Does the substitution of the government for an individual change the principle involved?

Thus, when one advocates a "free" educational system, one should be aware that he is really referring to schools supported by tax money taken from individual citizens. There is no such thing as a "free" school. Parents will have to pay for their children's education one way or another: the choice is only to pay voluntarily and directly, or under coercion and via taxation—with all the latter necessitates. If the tax disastrous consequences that the money currently being spent by the government on the public school system were not collected in the first place, parents would, in most cases, have enough money to send their children to private schools.

The question is then asked: What about those parents who couldn't afford private school tuition even if taxes were reduced?

Funds Are Available

The amount of money available today in the form of private scholarships and grants has reached such tremendous proportions that I would defy anyone to show me a single instance of an intelligent youngster who desired to attend college and couldn't—*solely* due to a lack of funds.

Last year a document entitled "How to Obtain Scholarships, Fellowships and Grants" offered the following information to students seeking financial assistance: "Today a large and growing percentage of college students finances its education partly or entirely by summer jobs, part-time work, loans, awards, prizes, and scholarships and fellowships . . . Scholarships are available to nearly all students who are promising and in need of funds . . . [In fact,] many more schoarships are available than are actually awarded each year." While such funds are currently reserved primarily for college students, similar funds would become available for elementary and secondary school students if those schools were all to become privately financed.

Finally, the objection is heard: What about those students not brilliant enough to receive scholarships or grants?

Students Can Work

Well, what about them? In addition to the loan funds available, there is always—if you'll pardon the expression—the possibility of working. Students who have reached high school can work after school, weekends, and during summer vacations to earn the required tuition. Elementary school children too young to work could make use of loan funds just as college students do today, with repayment made after graduation from high school or college. To the extent that parents have any money available at all, some of the borrowed money could be repayed while their children are still in school.

In the last analysis, the very argument which is advanced to justify a tax-supported school system contains a crucial contradiction. If the United States—which is based upon freedom and individual rights—is engaged in a battle with collectivism—which is based upon slavery and the destruction of individual rights, then we cannot hope to triumph if, in the process of arming ourselves, we destroy the essence of our own system.

Clarence Sample Retires

DALLAS, Texas — Clarence E. Sample, formerly Vice-President and Trust Officer of the Mercantile National Bank at Dallas, has retired after 39 years with the bank. Mr. Sample will devote himself to travel and his private business affairs.

Proposes Change In Mgmt. Fee

CHICAGO, ILL. — Supervised Investors Services, Inc., 120 South La Salle Street, formerly Television Shares Management Corp., has announced a proposed reduction in its fees for investment and other management services it provides Television - Electronics Fund, Inc.

John Hawkinson, President of Supervised Investors, said the boards of directors of both the management company and the fund, have agreed on a new investment advisory contract which provides for a significant reduction in the fee for portfolio advisory and management services.

The proposed new agreement, subject to approval and ratification of Fund shareholders, provides a free schedule of one-half of one percent on the first $215 million of fund assets, three-eighths of one percent on assets between $215 million and $550 million, three-tenths of one percent on assets between $550 and $800 million, and one-fourth of one percent on the amount of fund assets managed in excess of $800 million.

Mr. Hawkinson explained that the new schedule will result in an annual saving to fund shareholders of $205,000, based on the audited assets of the fund on April 30, 1963.

"Subject to sharehloder approval, we are confident that the new agreements will dispose of all litigation involving the management firm's contracts with the fund," Mr. Hawkinson declared. He referred to a suit filed in 1960 in the Delaware Chancery Court which challenged the legality of the investment advisory and underwriting contracts.

The new schedule of management fees will compare favorably with those of larger mutual funds, Mr. Hawkinson added.

NEWS ABOUT BANKS AND BANKERS

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

Patrick K. Healey, Assistant Vice-President of the **Chase Manhattan Bank, New York,** has been appointed head of the Bank's Beirut branch. He succeeds Julius J. Thomson, who is retiring.

* * *

H. Harold Whitman, a Vice-President of the **First National City Bank, New York,** in charge of overseas business development before his retirement last September, died June 8 at the age of 65.

* * *

Edward Livingston Hunt Jr. died on June 7 at the age of 58.

Mr. Hunt was a Vice-President of the **First National City Trust Co., New York.**

* * *

Manufacturers Hanover Trust Co., New York, elected Edward E. Bremner and Donald F. Bush Vice-Presidents in the personal trust division.

Mr. Bremner is engaged in personal trust administration and Mr. Bush in personal trust investments.

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The Manufacturers Hanover Trust Company, New York, has applied to the State Banking Board and the Federal Reserve Board for authority to establish an office at Rockville Centre in Nassau County.

* * *

The New York State Banking Department on June 4 gave approval to the **Chemical Bank New York Trust Company, New York,** for the assumption of all fiduciary relationships of **Bank of Rockville Centre Trust Company** by Chemical Bank New York Trust Company, effective on June 4.

The Bank also received approval for:

(1) Issuance of 84,000 shares of capital stock having a par value of $12 each thereby increasing the total of issued and outstanding capital stock from $101,719,080, consisting of 8,476,590 shares of the par value of $12 each, to $102,727,080, consisting of 8,560,590 shares of the par value of $12 each.

(2) Total authorized capital stock is to remain, as heretofore, at $106,800,000, consisting of 8,900,000 shares of the par value of $12 each.

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William H. Moore Chairman of **Bankers Trust Company, New York,** has announced the election of John S. Bliven and William H. Morris as Vice-Presidents assigned to the National Banking Department and International Banking Department, respectively.

John S. Bien and William H. Morris were also elected Vice-Presidents.

Mr. Moore also announced the appointment of a number of other new officers. William J. Wilkie was named an Assistant Trust Officer in the Personal Division. John J. Coyne, Clifford E. Slater, Jr., and James H. Williams were named Assistant Treasurers in the 1107 Broadway Office, the Western Division and the Installment Loan Section, respectively.

* * *

Albert C. Simmonds, Jr., Chairman, announced June 11 that **The Bank of New York,** upon approval by stockholders and regulatory authorities, plans a stock split of 2½ for 1, by changing its capital stock from 270,000 shares of $100 par value to 675,000 shares of $40 par value. The Bank also plans a stock dividend of 75,000 shares in the ratio of one share for each nine shares of the $40 par value stock. These changes will be accomplished by distributing approximately 1.77 additional shares for each present share outstanding.

The board of trustees has fixed July 11, as the date when stockholders will meet to vote on the changes.

Upon approval of these changes the Bank will have a capital of $30,000,000; surplus of $30,000,000; and undivided profits of approximately $5,000,000.

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Frederick A. O. Schwarz has been elected a Trustee of the **United States Trust Company of New York,** it was announced June 7.

* * *

The election of Grinnell Morris as President of **Empire Trust Co., New York,** was announced June 12. Formerly Executive Vice-President, Mr. Morris succeeds Henry C. Brunie, who becomes Chairman and will continue as Chief Executive Officer. Dean Mathey continues as Chairman of the Executive Committee.

Associated with Empire Trust Co. since May, 1961, Mr. Morris had previously been with The Hanover Bank since 1934 and was a Senior Vice-President of that bank when he resigned to join Empire Trust.

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Robert B. Vaughan has been made Comptroller of the **Emigrant Industrial Savings Bank, N. Y.**

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Harry L. Brown President of The **Bank of Smithtown, Smithtown, N. Y.** has announced that the Directors of that Bank have voted to recommend favorably to the Bank's stockholders that the Bank affiliate with The Marine Midland Bank Holding Company System and that its shareholders exchange their shares for Marine Midland Corp. common stock.

The Marine Midland Corp. disclosed that the offer to exchange 153,125 Marine Midland shares for the 43,750 Bank of Smithtown capital shares has been authorized by Marine Midland's Board of Directors. The basis of exchange is 3½ shares of the Marine Midland stock for each Bank of Smithtown share.

The proposal will be submitted to the Bank stockholders for their acceptance as soon as a registration statement for the additional Marine Midland Stock becomes effective, and is subject to the approval of State and Federal regulatory banking authorities.

The Bank of Smithtown has deposits of approximately $25,700,000 and total resources in excess of $27,900,000.

In addition to its main office in Smithtown it has an office in Commack and an office in Hauppauge.

If Marine Midland Corp. acquires the stock of the Bank, the Bank will continue to operate with a separate local board of Directors and Officers who will be responsible for its policies, loans, personnel, and branches. However, through The Marine Midland relationship the Bank will have available the valuable contacts of 11 other Marine Midland Banks.

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Vernon F. McClellan, Chairman of the **First National Bank, Mount Vernon, N. Y.,** died June 2 at the age of 72.

* * *

The Central Trust Co., Rochester, N. Y. received approval to increase its capital stock from $3,845,180 consisting of 192,259 shares of the par value of $20 each, to $4,037,440 consisting of 201,872 shares of the same par value.

* * *

The Banking Department of the State of New York on May 27 gave approval to the **Peter Depuy State Bank, Nunda, New York** to Certificate of Amendment of Certificate of Incorporation providing for a change in the number and par value of previously authorized shares of capital stock from $75,000 consisting of 750 shares of the par value of $100 each to $75,000 consisting of 3,000 shares of the par value of $25 each.

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The Merchants National Bank, Bangor, Me. elected Robert N. Haskell, President.

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The board of Directors of **Commonwealth Bank and Trust Co., Pittsburgh, Pa.,** on June 7 transferred $1,000,000.00 to the bank's surplus account to bring the total capital and surplus to $12,000,000.00.

* * *

The Comptroller of the Currency James J. Saxon on June 3 approved the application to merge The **National Bank and Trust Co. at Charlottesville, Charlottesville, Virginia,** and The **State Bank of Madison, Inc., Madison, Virginia,** effective on or after June 8.

* * *

The **Bank of Glen Ellyn, Illinois** elected Ferrin E. Wilson President.

* * *

The Comptroller of the Currency James J. Saxon on June 3 announced that he has given preliminary approval to organize a National Bank in St. Petersburg, Florida.

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

* * *

The Comptroller of the Currency James J. Saxon on June 4 announced that he has given preliminary approval to organize a National Bank in Miami Beach, Florida.

Initial capitalization of the new bank will amount to $1,000,000, and it will be operated under the title **Security National Bank of Miami Beach.**

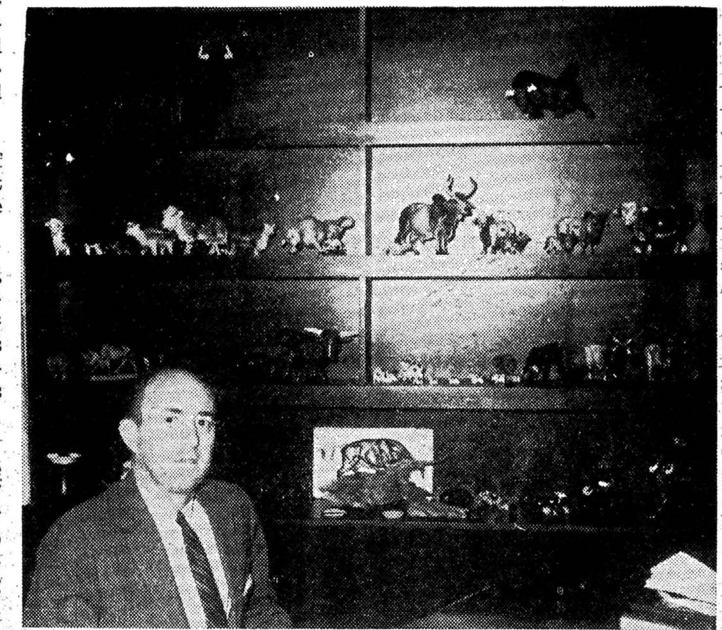
* * *

The Comptroller of the Currency James J. Saxon on June 3 approved the conversion of **First State Bank of Libby, Libby, Montana,** into a National Banking Association. The bank will be operated by its present management under the title **First National Bank in Libby.**

* * *

The **Bank of America, San Francisco, Calif.,** promotions to Assistant Vice-Presidents were announced by Frank E. Young, Vice-President and personnel relations officer.

Outlook is Bullish



Bernard B. Ramsey, Vice-President of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York City, with a part of his extensive collection of Ferdinands both wild and mild.

Mr. Ramsey, who is in charge of opening branch offices for Merrill-Lynch all over the world, has gathered his collection over the years from all the different countries in which the firm maintains branches.

Advancing to Assistant Vice-President and Senior area relations officer in the Latin American division at the San Francisco head office is Walter J. Moser. Moving into a senior lending position at the Oakland main office is James E. Goggin, formerly Assistant Manager at Vacaville.

Mr. Moser's promotion places him in charge of relations with Mexican government agencies and Mexican corporations and financial institutions under the direction of Henry W. Drath, Latin American Vice-President.

* * *

Thomas B. Perry, Vice-President and Senior personnel officer of **Security First National Bank, Los Angeles, Calif.** is observing his 30th anniversary with the Bank this month.

Perry, who started in banking as a messenger, has spent his entire business career with Security and has been a Bank officer for more than 17 years.

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Security First National Bank, Los Angeles, Calif. opened on June 5 the Tustin & Collins branch at 810 North Tustin St., Orange.

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The **First National Bank of Oakland, Oakland, Calif.** elected Albert D. Chirardelli Vice-President and General Manager.

Mr. Chirardelli was formerly a branch manager with Bank of America.

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C. Ron Johnsone, Vice-President and Manager of the International Banking department of the **Seattle-First National Bank, Seattle, Wash.,** died June 4 at the age of 56.

Mr. Johnsone organized the **Harbor National Bank, Aberdeen, S. D.** in 1951 and was executive Vice-President when it became the Aberdeen Branch of Seattle-First National Bank in 1955. Since that time, Mr. Johnsone has been a Vice-President.

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At the annual stockholders' meeting in Tokyo on May 30, **Fuji Bank** shareholders elected Yoshizane Iwasa Chairman of the Board and President. Mr. Iwasa, was previously Deputy Chairman. Toshi Kaneko was named Honorary Chairman and Kunihiko Sasaki advanced from Vice-Chairman to Deputy Chairman.

Bache to Resume Silver Trading

With President Kennedy's signing the repeal of the Silver Purchase Acts, the New York Stock Exchange firm of Bache & Co., 36 Wall Street, New York City, has announced that its Metal Department has resumed trading in Silver Futures contracts.

Trading began on Wednesday, June 12, on the Commodity Exchange, Inc., New York. The last silver trading on any exchange in the United States took place on the Commodity Exchange on Aug. 9, 1934. The reason for the cessation of trading was that a silver transfer tax of 50% of the trading profits was levied while the balance of profit was still taxed as income.

Silver is utilized in photography, silver brazing alloys, sterling silver and silver batteries, etc. The Treasury Department will now retire silver certificates. The silver against which these certificates were issued will be used by the Treasury for coinage purposes. One-third of the world use of silver goes into coinage; however, because of the increased use of vending machines, the demand for coins is at an all-time high.

E. R. Weiss With Andresen Co.

Emil R. Weiss has become associated as Vice-President with Andresen & Co., Incorporated, the corporate affiliate of Andresen & Co., 30 Broad Street, New York City, members of the New York Stock Exchange. Mr. Weiss was formerly Manager of the institutional research department of Bache & Co.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Money Managers

The fallout from the marketplace explosion that occurred early last year reached across the country, and, indeed, was felt far beyond our shores. Hence it is not to be wondered at that the fund-management companies, caught in the target area, should have been among the most painfully wounded.

To recount the terrible experience, there is the expert testimony of Maxwell Ohlman & Co., the brokerage firm that specializes in this field, and National Securities Series, a topflight investment manager and sponsor.

Listen to Maxwell Ohlman:

"The 1962 decline in mutual fund-management stocks from a high of 102.95 on our index to a low of 43.93, in about nine months' time, made the group one of the worst market performers. During this period, management-company stocks not only had to contend with the decline in the market as a whole, but also adverse publicity and the Wharton report, which added to the liquidation normally expected in a generally unsettled market."

The witness goes on to say that fund sales were reaching record highs in the first quarter of last year and then declined rather sharply, "from the record month of January, 1962, when sales totaled $351.8 million, to the low point reached in October, when only $156.7 million in sales were chalked up. Since then, sales have been turning upward, but are still far short of year-earlier levels."

National Securities Series, which is approaching a quarter of a century in the business, is out with its annual report for the year ended April 30. Nowhere in its 34 pages are there lamentations about the havoc wrought immediately following the end of the preceding fiscal year. The company, for the most part, lets the figures tell the story of what happened to each of its seven funds. Showing share value at the close of the preceding fiscal year (April 30, 1962) and charting the slide to Oct. 31, 1962 (end of the first half of the year), it is able to boast that by the end of the latest year (April 30, 1963) share value was ahead of the preceding periods, adjusting for capital gains.

National Stock Series declined from $7.92 at the end of April, 1962, to $6.70 by Oct. 31 and then moved up to $8.23 at the finish of the latest fiscal year. Growth Stocks dropped from $8.13 to $6.72 and rebounded to $8.25 over the same period. Income Series fell from $5.78 to $5.13 and then worked its way up to $6.06. Dividend Series went from $3.70 to $3.27 and then up to $4.09. Preferred Stock eased from $7.16 to $6.65 and got up finally to $7.18. Balanced Series dipped from $10.97 to $10.30 and then rose to $11.78. Bond Series was off from $5.69 to $5.32 and hopped to $6.09 by April 30, 1963.

Indicative of the success of National Securities Series is the unbroken year-to-year rise in number of accounts, going back to its founding. At 211,390 on April 30, 1963, it was another all-time year-end peak, although only by the smallest of margins from the 211,060 stockholder accounts recorded a year earlier. Total trust net assets also set a new top at $547 million.

Fund folks in every department would do well to study the annual report and the industry review published by Maxwell Ohlman. The latter has undertaken to study 15 management companies. It makes a point that may be lost to those who do not scan it: results for 1962, when compared to the prior year, tell only part of the story. Thus, nonrecurring items in the case of at least two companies account for unusually poor showings. Maxwell Ohlman adds: "It is necessary to dig deeper in attempting to evaluate the varying degrees of earnings stability of the various companies."

The study deals with ratio of management fees to total revenues, anticipated management fees from future contractual-plan payments, composition of portfolios managed and redemptions as a percentage of assets supervised.

Managing other people's money may seem, to folks far removed from the scene, like a choice profession. While the rewards may be handsome, they are not undeserved, considering the pitfalls and perils. There are easier ways to make a living.

The Funds Report

Axe - Houghton Fund B reports that at the close of the six-month period on April 30 total net assets amounted to $192,467,215, or $8.84 a share. At the start of the year on Nov. 1 the value per share was $7.52.

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Bullock Fund, Ltd. reports that on April 30, total net assets were $80,200,369, or $13.41 per share. On Jan. 31 assets amounted to $75,317,975, equal to $12.70 a share.

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Canadian Fund, Inc. announces that at April 30, total net assets were $35,386,114, equal to $17.40 per share, compared with assets of $35,283,343, or $16.89 a share, on Jan. 31.

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Chase Fund of Boston reports that on April 30 net assets totaled $30,372,512, equal to $6.28 per share, compared with assets of $28,005,060, or $5.52 a share, on Oct. 31, 1962.

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Colonial Fund reports that at April 30 net assets were $107,092,882, equal to $11.51 per share. Value per share was $11.27 a year earlier and $9.58 on Oct. 31, 1962.

* * *

Electronics Investment Corp. reports that at the end of the fiscal year on April 30 total net assets were $30,753,018, against $32,053,166 at the end of the previous quarter and $34,807,166 at the end of the previous fiscal year. Net asset value per share at the end of the latest year was $5.90, compared with $7 a year earlier.

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Energy Fund states total net assets at May 31 were $32,080,260, or $22.45 per share, compared with assets of $24,010,982, equal to $18.80 a share, a year earlier.

* * *

Guardian Mutual Fund reports that at May 31 net assets amounted to $20,157,018, or $22.47 per share, compared with $14,845,036 of assets and $18.16 per share at Oct. 31, 1962, end of the fiscal year. Value per share at April 30, 1963, marking the first half of the current year, was $21.95.

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Keystone Growth Common Stock Fund reports major portfolio additions include American Re-Insurance, Atlantic Coast Line, Clark Equipment, Kayser-Roth, Radio Corp. of America and S. D. Warren Co. During the period (Nov. 1, 1962 to April 30) it eliminated American Airlines, American Potash & Chemical, American Viscose, Boeing, Cerro Corp., First Charter Financial Corp., Eli Lilly & Co., "B," Lincoln National Life Insurance, Marquette Cement, Revere Copper & Brass, U. S. Rubber and U. S. Steel.

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Revere Fund reports that at April 30 total net resources amounted to $2,802,175, or $10.38 a share. A year earlier assets were $3,483,603, or $12.29 a share. On Oct. 31, 1962, close of the fiscal year, assets amounted to $2,439,520, equal to $8.87 a share.

Power Receives Heart Award

Donad C. Power, Board Chairman and Chief Executive Officer of General Telephone & Electronics Corporation, has received the "Heart and Torch" Award of the American Heart Association for outstanding leadership and distinguished service to the Heart Fund.

Donald C. Power

The award, a bronze plaque of the Association's Heart and Torch symbol, was presented to Mr. Power by Dr. James V. Warren, President. The presentation was made at a meeting of the Association's Board of Directors at the Hotel Summit.

Mr. Power, a director of several other major business and financial enterprises, served as National Chairman of the February Heart Fund campaigns in 1961 and 1962. His leadership was of decisive importance in ensuring the success of both drives, according to the citation which accompanied the award.

Richmond Named To Commission

Frederick W. Richmond, businessman, investor, civic leader and philanthropist, and President of the Urban League of Greater New York, has been sworn in by Mayor Robert F. Wagner as a member of the Commission on Human Rights.

Mr. Richmond, President of F. W. Richmond & Co., Inc., a privately held investment firm is also Chairman of the Board of the Carnegie Hall Corporation. In 1962 he received the Stephen Wise Award for "exemplifying individual achievement" and in 1955 he was named the Outstanding Young Man of New York by the Young Men's Board of Trade.

Mr. Richmond is a director of the New York World's Fair 1964 Corp., and a member of three other groups created by Mayor Wagner—the Reception Committee, the Advisory Council, and the Committee on Scholastic Achievement, of which he is co-Chairman.

NY Hanseatic Officers

New York Hanseatic Corporation, 60 Broad Street, New York City, has elected Frank R. Bingham Assistant Secretary and Peter K. Grunebaum Assistant Treasurer.

Stepping Up Electric Research and Development

Continued from page 1

ventures as the National Power Survey.

I shall not comment any further about the National Power Survey. I have discussed it on a number of occasions. In fact, my friends have said that if there is a lull in any conversation I am likely to seize the opportunity to bring up the National Power Survey. This is a gross exaggeration as well as being unfair to the natural gas industry, because frequently, instead of the National Power Survey, I bring up the subject of the Commission's Area Rate Proceedings to fix producer prices for natural gas. As you can see, therefore, I am a man of broad conversational interests. I could try to prove my point by a discussion of the Commission's program to regulate gas producers and of the many reductions the Commission has ordered in the prices charged by your natural gas competitors, but I shall forego the temptation.

Criticizes Industry for Lack of Research

Those who follow the work of the National Power Survey closely enough to read the published minutes of the committee sessions will have noticed that the subject of power industry research is a recurrent theme at the meetings of the Executive Advisory Committee. No other subject has proved to be as intriguing and provocative. I believe the reason is the general recognition within the industry that there is large room for improvement in the research effort applied to the problems of the power industry, coupled with an awareness that the structure of the industry makes it difficult to achieve that improvement.

The electric power industry was born as a result of an intensive research effort by Thomas Edison in one of the first industrial laboratories in the country; and technological pioneering has been the lifeblood of the industry throughout the eight decades of its existence. Research is likely to be even more important to the industry in the next 80 years if its phenomenal rate of growth and record of steadily decreasing costs is to be maintained. It is fair to say that the share of the nation's energy market which the electric power industry will supply in the future decades hinges largely on the success of its present research efforts.

The scale of research and development expenditures by the electric power industry and the allocation of these funds must be considered in the context of the enormous investments that the industry will make in the coming decades. The industry will be investing in the neighborhood of $140 billion in the next 20 years, and most of this money will go into equipment of more advanced design than anything that has yet been built. Steam power plants already started have been planned for an ultimate capacity that will represent investments of over a half-billion dollars at a single site. With such vast expenditures, and such concentration of resources in new equipment, ordinary prudence compels us to ask if we are learning as much as we possibly can about the probable performance of the equipment we are purchasing, and about the materials out of which the equipment is manufactured. Adequate research and development is the best means of ensuring that the industry and its consumers will get their money's worth from the vast sums which the industry will invest in the next two decades.

Seems Incongruous

It may seem incongruous to speak of the need for improvement in the research organization of the electric power industry in the light of the record of achievement of the industry. The United States with only 6% of the world's population has 34% of the world's power capacity; three times as much as any other country. This nation's per capita use of electricity is exceeded only by three countries — Canada, Sweden, and Norway—which are all especially rich in low-cost hydro resources. The EEI's recent report on current research and development in the electric utility industry points out its enormous technological progress, especially in developing the economies of scale in steam plant generation and transmission.

The maximum size of generating units in service has tripled since the end of World War II, and units of a million kilowatts are under construction. The average efficiency of heat utilization has improved by 30% during the same period. There is also mounting momentum in developing EHV transmission grids. Thousands of miles of 345-kv lines are in service and several 500-kv lines are now being built. More are under active consideration. A great deal of work is also under way to develop new methods for energy conversion.

The five principal equipment manufacturers for the electric industry recently estimated that their total research and development costs for the industry amount to approximately $76 million a year. To this must be added many millions more spent on research and development by other manufacturers and by the utility industry itself.

Both in achievement and in the scale of effort, the research and development activities of the industry are truly impressive. The question is not whether the industry's record is good or whether it is making rapid technological progress. To both these questions the answer is "Yes." The question I raise, rather, is whether we are doing as well as we should, that is whether we are taking the fullest possible advantage of our research opportunities and thus assuring the industry that it will continue and even accelerate the present pace of technological improvement.

Current Research Structure

Let us start by taking a look at the present research structure of the industry other than for research in nuclear generation, which is a story in itself. The principal industry reliance is upon the equipment manufacturers who carry on almost all their research as a part of product development and charge the cost to the purchasers of the equipment as a part of the purchase price. Most of the large utility companies, public and private, carry on comparatively modest research programs of their own, related primarily to everyday operating and construction problems. In addition, *ad hoc* groups of utilities, usually all in the same segment of the industry, sponsor particular research projects which are carried out in research institutions or by the manufacturers. The research in magnetohydrodynamics carried on by AVCO, the Apple Grove EHV test facility of Westinghouse, and the EHV Cable Project at Cornell, are a few examples of these industry efforts.

A source of research effort for the electric power industry which promises to be of large importance is the so-called "fallout" from the many research projects which are being carried on as a part of the programs to achieve national supremacy in the missile and space fields. However, I know of no systematic effort by the industry to ensure that it utilizes all of the fallout value for civilian power purposes.

To my knowledge there is little basic research conducted by the industry, and apparently it depends almost entirely on others to support research for the purpose of advancing general scientific knowledge which is the foundation for improving the technology in every field of endeavor, including the electric power industry.

Contrasts Atomic Energy Research

There is no direct Federal participation in research in conventional power technology other than amounts spent by various Federal power systems on a scale comparable with those of the private utility companies which have research programs.

On the nuclear side the situation is entirely different. The Atomic Energy Act was intended to provide a vehicle for capturing the peace-time values of the nation's nuclear programs by massive Federal expenditures, direct and indirect, for research and development in nuclear reactors. The rapid improvement of nuclear technology springs from the organized Federal support amounting to approximately $1.1 billion for research and development in this field to date; and the expenditures continue at the rate of $200 million annually. The equipment manufacturers thus far have spent approximately $250 million on nuclear R&D and they are now spending about $100 million annually. The utility industry itself has spent approximately $300 million which can be attributed to nuclear R&D and it now spends perhaps $50 million a year. Incidentally, in 1962 the Class A and B privately owned electric companies reported to FPC in the account for general research a total of $26 million for nuclear power research expenses, as contrasted to less than $4 million spent for all other experiments and general research. This is for the Nation's largest industry in terms of investment. Even if we assume that some research expenses were included in other accounts, the showing is not impressive.

The total annual expenditures of approximately $150 million by the utility industry and its manufacturers for nuclear research and development alone exceeds substantially the amount they spend for all other research and development. If we consider the total of all research and development expenditures in the electric power field over two-thirds of all the money spent is devoted to nuclear technology alone. Indeed, the enormous share of total research in power technology which is being devoted to the nuclear side poses the question whether the Nation and the industry are making a wise allocation of our scientific and research resources.

Provocative Contrast

I do not question the desirability of nuclear R&D, but even on optimistic assumptions as to the growth in nuclear generating capacity in the years ahead, less than 10% of the industry's total generating capacity by 1980 will be in nuclear plants and the nuclear equipment and associated fuel will at most consist of 2 or 3% of the industry's total investment in generation, transmission and distribution. The 70% of industry R&D money now being devoted to nuclear technology stands out in provocative contrast.

While the emphasis on nuclear R&D is striking, I cannot say from my own competence that the present allocation of research effort in the electric power field necessarily represents a poor use of research resources. The point, rather, is that the allocation of research effort as between nuclear and non-nuclear activities does not represent a considered judgment as to the best way to invest research effort and money, but results largely from the fact that research in nuclear reactors is Federally sponsored while other industry research is not. The research effort in both the nuclear and non-nuclear power research are aimed at the same goal—to reduce the cost of power to the nation's consumers—but different scales are used in appraising research expenditures for nuclear and non-nuclear projects.

My position is not that the nuclear research program should be reduced. What I do believe is that both the industry and the government should consider their expenditures in relation to the need for accelerated R&D in all phases of electric generation, transmission and distribution, and that we need to take a fresh look both at the industry's scale of research activity, and at the possibility of Federal participation in some phases of non-nuclear research.

I am frank to say that I favor a stronger research effort in power technology. I hope for greater emphasis on research in conventional technology, and in unconventional areas other than nuclear, not at the expense of nuclear research, but as the result of a greater total research effort in the power field.

Presidential Ordered Study

The President has recognized the importance to the future of our economy of the allocation of Federal research and development expenditures in the various areas of the energy field. On February 15 of this year he directed that an Inter-departmental Energy Study be carried out under the Chairmanship of the Director of the Office of Science and Technology and with the Chairman of the Council of Economic Advisors as Vice Chairman. In his memorandum to the various participating agencies — including the Federal Power Commission—the President said: "The amount and allocation of Federal research and development in the energy field will affect the efficiency of various components of our energy system, and, consequently, the rate and pattern of our national economic growth." He directed "that a comprehensive study be undertaken of the development and utilization of our total energy resources to aid in determining the most effective allocation of our research and development resources."

The study ordered by the President is currently under way. It has great potential importance for the future of the electric power industry. But improved government organization for research in the electric power and over-all energy field is not enough. I believe the industry, too, needs some way to identify and appraise research opportunities and to organize and support research projects of potential long-term importance to the industry and its consumers.

The well-springs of research are incentive and freedom. The research function can easily be over-coordinated and there is great value, which must not be lost, in the freedom of the various organizations engaged in research to follow their own ways of approaching a research objective. Competition is one of the best of incentives, and in research it makes possible a diversity of approaches to the solution of research problems, and draws upon the talents and inspiration of many rather than a few. Moreover, sometimes it is impossible to separate research from design and application, and to separate applied research from product development might mean foregoing practical use for the solutions to research problems. The interrelated nature of R&D may make it difficult for one organization to use the results achieved by others without going through the process of making the results one's own.

Having said all this, however, it still remains that there is a consensus in the industry, and I include the manufacturers, that more is needed, certainly by way of increasing the level on non-nuclear research effort in the industry, and probably also by way of rationalizing the distribution of the available research resources.

R/D Expenditures Rated Low

It is a commentary on the state of research in the electric power industry that the Edison Electric Institute is now for the first time conducting a comprehensive survey to inventory the research work which is being carried on. As lately as a month or two ago EEI reported that "no data are now available with respect to the amount of utility company expenditures on research and development."

A comparison of the industry's R&D effort with those of other industries is instructive. The chemical industry spends 6% of its sales revenues on research. The oil and gas industry spends 3%, while the railroad industry spends only a fifteenth as much as oil and gas, or 0.2%. The electric power industry is near the lower end of this spectrum, with 1% of revenues expended for R&D, including nuclear.

The research problem of the industry is not all of a piece. Research with respect to equipment for which there is an existing market or which can be expected to develop an early market—what might be called research in contemporary hardware — is now being carried on, I believe very creditably, by the manufacturers. Where there is adequate commercial incentive I see no reason for intervention either by the industry as a whole or by the Federal government. In fact, such intervention might well be mischievous. By relieving the manufacturers of their research responsibilities and complicating the problem of proprietary protection for product development, the industry's over-all research effort might well be hampered.

Areas to Be Studied

The essence of the problem is that there is much that needs to be done in the interests of the industry and the nation in non-nuclear research for which there is no adequate commercial incentive. Some of these opportunities are in the technology which will be required in periods yet too remote to warrant large expenditures by manufacturers. For example, 500-kv and 750-kv transmission would be much further off were it not for projects sponsored by individual utility companies or groups of companies. Little is being done on 1,000 kv AC or on DC transmission although either could prove to be of great future importance.

Even more conspicuous examples of failure on an adequate scale to take advantage of important research opportunities are in the fields of energy conversion, such as magnetohydrodynamics, thermionics and fuel cells. There is much good work being done in these fields, but the effort is hardly commensurate with the large improvements in efficiency which some day will undoubtedly be achieved by one or more of these new methods of generation.

Basic research in metallurgy is another field in which the industry is far from having kept abreast of present day requirements for containment of heat, pressure and corrosion, much less the requirements that we can already foresee in the decades ahead. Metal failures appear to be a basic cause for many of the unscheduled outages of the new high-pressure and high-temperature generating units. If such outages of generating equipment could be cut in half this would have a value of hundreds of millions of dollars to the electric industry and its consumers. Neither the producers nor fabricators of the metal have the same financial stake as the industry itself in research which will enable the metal members to withstand the duties imposed upon them.

From Batteries to Air Pollution

From the industry's virtual neglect of research in the battery field one would little suspect that improvements in the weight, life and cost of batteries would open up a whole new vista of electric power growth. The potential of the market is suggested by the fact that supplying the automotive needs in this country with electricity would roughly double the industry's output. Battery operated automobiles have existed almost from the birth of the industry, but the industry has shown little interest in their development and today batteries are basically the same as those which were made a half-century ago. Despite this fact battery operated vehicles are common today for specialty uses. These uses could be multiplied many-fold by battery improvements which do not seem out of reach of the attainable by an intensive research program. The public interest in helping to free our cities from fumes which contribute to air pollution is another consideration which should be a large incentive for research efforts in this field.

Improvements in battery design and costs would make possible a tremendous multiplication of battery-operated appliances ranging from lawn mowers to snow plows and tractors. Batteries can be recharged in off-peak hours, and offer loads which are ideal for improving system load factors.

The power forecasts for 1980 assume more than a tripling of present power loads. A very large share of the increase is expected to come from space heating. Indeed, the industry is striving for a 15 or 20 fold increase in space-heating installations in this country by 1980. We know that in order to become a major factor in space heating, a field in which the industry is relatively a newcomer, it must overcome increasingly stiff competition from natural gas and oil. Yet the EEI Survey reveals no major research work being carried on to aid the industry's efforts to capture this market upon which it is counting so heavily. The scale of industry research as to how this market can best be served by electricity bears no relation to the stakes involved.

Unseen Commercial Opportunities

Many R&D opportunities which have vast potential but lack early commercial importance will readily come to mind. The revolution in urban transportation which is now beginning and which will accelerate with mounting urban populations provides a unique opportunity to the industry to help relieve traffic congestion and air pollution with newly engineered electrified rapid transit systems. Railroad electrification is by no means a lost cause if the industry brings to this problem the benefits of its own cost reductions coupled with intensive research in new equipment. We are beginning to find in this country as has already become apparent in England and elsewhere that we must give more consideration to aesthetic and amenity considerations in designing and building power plants, transmission lines and substations. Underground transmission and distribution is only one application in which greater research efforts should be explored.

In mentioning these possible areas of greater research opportunity I do not mean to imply that they are necessarily the best or the most urgent. They are only illustrative of the scores and hundreds of opportunities for research and development which should be evaluated on their merits for their future promise to the progress of the industry and the welfare of the American people.

Losing Out to New Industries

The lack of industry emphasis on R&D affects the quality of the professional employees attracted to the industry. The electric power industry is fortunate that its present top management were drawn into the industry at a time when it represented one of the most attractive fields for able, imaginative and ambitious young men. Now it is the electronics, missiles, space and atomic energy fields to which the top graduates of our technical schools are attracted. The heart of the appeal in these new fields is their research orientation, and opportunity.

The electric power industry has as much to offer to the new generation of American scientists and engineers as it did to past generations. It is the greatest growth industry of all time and more than any other the foundation of a modern society. It will become more rather than less important with the passage of time. Today about 20% of the energy consumed by the American economy is in the form of electric energy. By the year 2000, if the industry can continue its technological progress, 40% of all energy is likely to be utilized as electricity. What is lacking to draw the best of our young people into this industry is the appeal of an active and strongly supported research and development program, the excitement of the discoveries and breakthroughs which no longer come almost unbidden but must now be purchased by highly organized and expensive research programs. One of the greatest hidden costs of the industry's present approach to R&D is that it deflects the best technical talent to other industries.

The fact that the electric power industry sells only one product fails to disclose the broad range of the industry's interest and concern in this nation's economic growth and its general welfare, and conversely of the stake of the American economy in the progress of our industry. The electric power industry can grow only if the American standard of living and resulting demand for electricity grows; but the industry can stimulate that growth by reducing its own costs. Any investment which holds promise of reducing substantially the cost of electric power will pay large dividends to all Americans.

Too Small and Too Haphazard

I am convinced, and many industry leaders to whom I have talked share the conviction, that the scale of research in the electric power field is too small and that the allocation of research effort is too haphazard. The electric power industry is too great and important, and its potentials are far too vast, for its research strength to depend either upon the initiative and the particular interests of individual electric industry executives who are harried with operating responsibilities, or upon the "fallout" from research programs directed at altogether different objectives. The Nation's No. 1 industry can afford a research program scaled to its needs and opportunities. It cannot afford the risk of lost opportunities and delayed progress which is inherent in the present lack of system or direction in research.

I have no prescription for curing the research problem of the industry but I should like to propose a small step which could lead to some improvement. As the agency with over-all national responsibility in the power supply field, the FPC could appropriately call together a group of knowledgeable people representing the private, public and cooperative sectors of the industry, the manufacturers, and the research community, to consider how the industry — acting as a whole — could best serve its own interests and the interests of the nation by stimulating more intensive research efforts in areas where such intensification is likely to be rewarding. Such a group would be fully aware of the risks of overcentralization and of the need, with respect to product research, for integrating the research effort with development and production.

Specifically, such a committee would be asked to make recommendations with respect to the establishment of a permanent industry-wide organization, including its composition, responsibilities, and administrative structure. I suggest that such an interim committee should have in mind that the permanent organization could discharge a great variety of functions for the industry including the following:

Appraise research opportunities and determine areas in which research is lagging, measured by research expenditures in other areas and the pace that would be warranted by prospective benefits;

(2) Serve as the instrument of the industry in sponsoring research projects of general importance;

(3) Provide liaison with the Federal Government on problems of allocation of Federal research efforts and of interrelation of private and public research efforts;

(4) Serve as a research clearing house for the entire industry, including scrutiny of defense and other research which might have application to the technology of the industry; and

(5) Keep abreast of research developments in other countries and make arrangements to take advantage of technological improvements adaptable to American circumstances.

The FPC seeks no role in such an organization. Our only interest is that the industry itself—all of the elements of the industry — shall create and maintain an organization which will assure the utmost technological advancement which can be brought about by research and development activities on a scale commensurate with the opportunities and promise of rewards. Here, indeed, is a goal on which all of the forces of the industry can unite to advance.

*An address by Mr. Swidler before the 31st Annual Convention of the Edison Electric Institute, Denver, Colo., June 4, 1963.

Burns To Be V.-P. Of First Albany

SYRACUSE, N. Y.—John W. Burns, resident manager firm, First Albany Corporation State Tower Building, will become a Vice-President of the New York Stock Exchange member firm as of June 20.

Rafkind Co. To Admit

On June 25, Rafkind & Co., 5 Hanover Square, New York City, members of the New York Stock Exchange, will admit George J. Rafkind, Karl A. Rafkind and Murray Dorfman to general partnership, and Sadie Rafkind to limited partnership.

E. Grow Promoted By Jas. Talcott

The appointment of Daniel E. Grow as manager of the New York Equipment Financing office of James Talcott, Inc., has been announced by Harvey M. Kelsey, Jr., Senior Vice-President in charge of Talcott's Equipment Financing Division.

Daniel E. Grow

Mr. Grow joined Talcott in 1959 with a background in industrial financing. He was elected an Assistant Vice-President in November, 1962, and had been sales manager of the Equipment Financing Division prior to his recent appointment.

Issue Wall Street Transcript

The Wall Street Transcript, a new weekly, reprinting current broker reports on publicly traded companies has begun publication effective June 10, it has been announced by Richard A. Holman, President of the Wall Street Transcript Corporation, 54 Wall Street, New York City, publishers of the new weekly.

The Transcript will organize, cross-index and reprint the full original text of available current stock analyses on publicly traded companies for delivery every Monday morning. Issues will be numbered consecutively and each issue will contain a complete cumulative index for reference to the full, original text of any brokers report published in the periodical.

According to the Transcript publisher, regular annual subscription rate for the new weekly will be $150.

The new financial weekly will carry corporate and financial advertising, Mr. Holman said. Wiley-Kiernan, Inc., 73-year-old financial advertising agency, has been appointed to handle advertising for the new publishing venture.

Charles Plohn To Admit

Charles Plohn & Co., 200 Park Avenue, New York City, members of the New York Stock Exchange, on June 20 will admit Elston J. Tribble to limited partnership.

Outlook for Investments in Plant and Equipment

Continued from page 7

below the levels reached earlier (usually 1957)—mining, railroads, other transportation firms, and public utilities.

Other Barometers of Business Investment

In addition to surveys of business spending intentions, there are other advance indicators of trends in plant and equipment expenditures that serve as a useful check. The most encouraging of these at present is the sharp rise which has occurred in the capital appropriations of manufacturing companies. Changes in such appropriations, as measured in surveys by the National Industrial Conference Board, tend to precede changes in capital expenditures by 6-9 months. Particularly since the gain in capital appropriations was concentrated among durable-goods industries, most of which are still below earlier peaks in capital spending, there is good promise of sustained strength in the moderate uptrend now underway in plant and equipment outlays for manufacturing as a whole.

Three other barometers of business investment are not showing much strength at present, however—and in some cases, at least temporary weakness: new orders for machinery and equipment, commercial and industrial construction contracts (F. W. Dodge), and buying policy with regard to capital expenditures — i.e., the percent of purchasing agents reporting commitments of six months or longer. As a minimum, the above three barometers suggest that the uptrend underway in plant and equipment outlays will be gradual and that no strong upsurge is yet on the horizon.

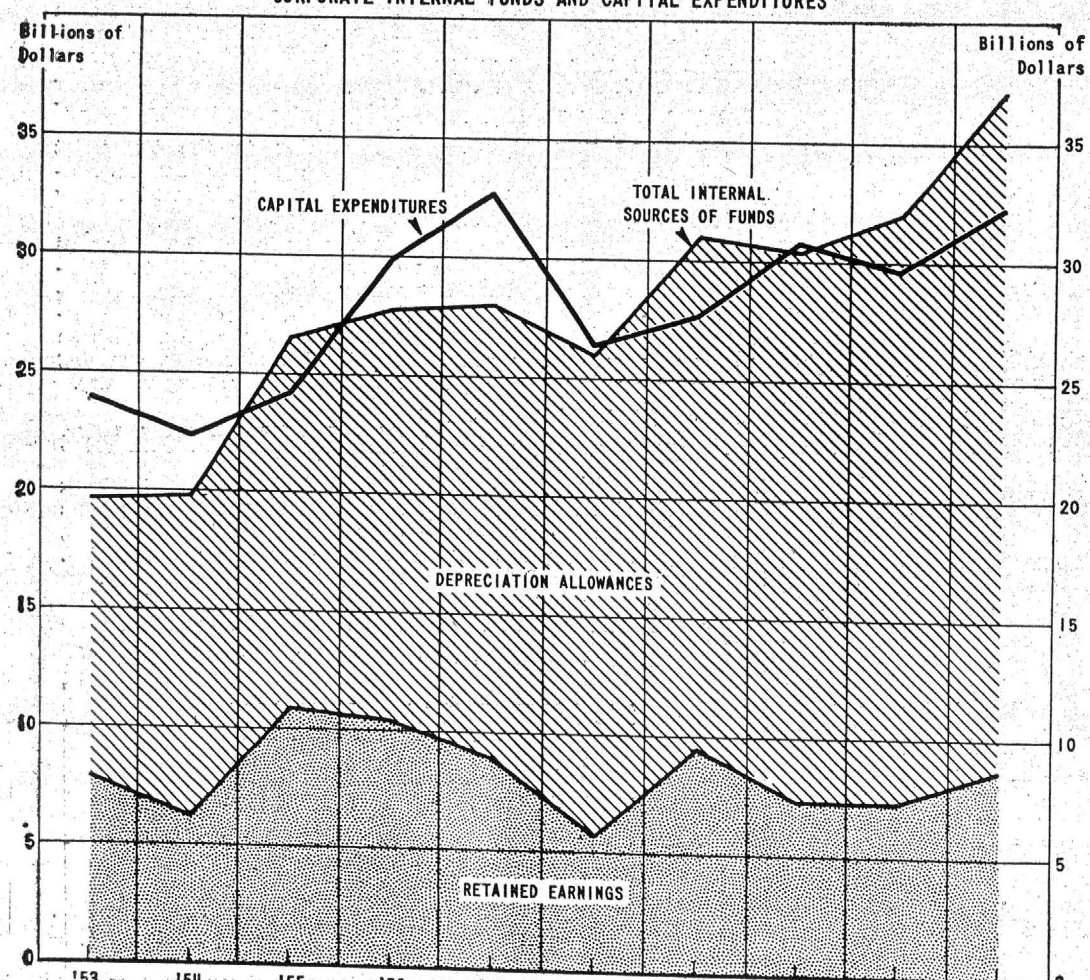
Anticipated Expenditures for New Plant and Equipment, 1963, By Industry Groups

(Dollar Figures in Billions)

	1962 Actual	—1963 Estimates— Commerce SEC*	McGraw-Hill†	—% Change, 1962-63— Commerce-SEC	McGraw-Hill
Manufacturing	$14.68	$15.69	$16.08	+ 6.9	+ 9.5
Mining	1.08	1.01	1.12	— 6.5	+ 3.7
Public utilities	5.48	5.66	5.84	+ 3.3	+ 6.6
Railroads	.85	.96	1.00	+12.9	+17.6
Commercial, non-rail transportation, Communication & other‡	15.22	15.78	16.03	+ 3.7	+ 5.3
Total	$37.31	$39.10	$40.07	+ 4.8	+ 7.4

*Based on survey in late February, 1963.
†Based on survey in March and early April, 1963.
‡Due to differences in industry classifications, comparison between the Commerce-SEC and McGraw-Hill data can be made only for this group as a whole.

CORPORATE INTERNAL FUNDS AND CAPITAL EXPENDITURES



Annual totals
Source: U.S. Dept. of Commerce; 1962 estimated

Economics Office, Mellon Bank

Sources of Funds

Turning briefly to the sources of internal and external funds available to finance capital expenditures, the climate is generally favorable. Both depreciation allowances and retained earnings of business are expected to show further gains this year. Taken together, such internal sources of funds of corporations exceeded corporate expenditures for plant and equipment both in 1961 and 1962, and the gap seems likely to be even wider in 1963. Although uses of funds other than for plant and equipment may generate about the same need for external financing by corporations in 1963 as in 1962, the credit and capital markets remain favorable to such financing both in terms of availability and cost.

Tax-Cut Impact

Looking beyond 1963, the effect of proposed reductions in Federal tax rates will have a most important bearing on the trend of plant and equipment expenditures. Generally speaking, the relatively sluggish growth of the U. S. economy for the last six years has stemmed mainly from a slow-down in the rate of capital expenditures by business. By the same token, the relatively more favorable growth of other major countries over the interval has stemmed largely from a vigorous expansion in capital formation. In addition to more favorable labor costs, such countries have also had the benefit of a tax structure more conducive to savings and to investment in new plant and equipment.

It is gratifying that the urgent need to reduce the excessive tax burden in the U. S. has now been widely recognized—even though a great debate is now underway on the most appropriate kinds of tax reduction to stimulate economic growth. To many observers, the Administration's tax proposals rely too heavily on tax reduction for low income groups, with an apparent hope that rising consumption will stimualte capital investment indirectly. More weight needs to be given to stimulating such investment directly by improving the after-tax return —i.e., through a greater reduction in the corporate tax rate than proposed by the Administration. For it is in job-creating and growth-producing capital investment by business that we have the best hope of improving the performance of the U. S. economy.

If a properly-structured tax reduction is forthcoming, and is accompanied by appropriate restraint in government spending, the prospects will be excellent for generating a much stronger trend in capital spending and a higher economic growth rate than we have had in recent years.

*From a talk by Mr. Balles at the 47th Annual Meeting of the National Industrial Conference Board, Session F: "The Twelve Months Business Outlook," New York City.

Reflections on the Special Study of Securities Markets

Continued from page 15

voted a little more attention to some subjects and a little less to others. We might wish that our questionnaires had followed through a little better on some subjects so that we could have rounded out our discussions of these matters more fully in our Report.

At the same time, the very breadth of our coverage, while it may have limited the depth of probing of some individual subjects, has provided the enormous advantage of permitting us to see things in relation to each other. While I would be the first to agree that we have not explored some matters to the depth that they may need exploring, I would also assert that we have gained insights into each subject that would not have been possible without our broad coverage. If the seamless web has led us to extend ourselves broadly, the breadth of our study has enabled us, I believe, to understand and describe some of the components of that seamless web in better perspective.

The full scope of the Study and Report was indicated in our transmittal letter of April 3, covering Chapters I, II, III, IV and IX. Since many may not have seen our listing of chapters at that time and may even share a widespread impression that what we have already issued is the full Report, I will briefly enumerate the chapters here:

Reviews Chapters

Chapter I, after describing briefly the purposes and methods of study and the general nature of recommendations arrived at, sets forth general data highlighting the growth of the securities industry in the post-war period, which was an important reason for the Study and provides the background for many of the subjects explored. Chapters II and III are concerned with the broad range of persons and business entities engaged in the securities business — broker-dealers, salesmen, salesmen's supervisors, and persons engaged in giving investment advice. The first of this pair of chapters examines the standards and controls relating to their entry into and removal from the business, and the second their activities and responsibllities in the course of that business and the related controls. Chapter IV deals with primary and secondary distributions of securities to the public, with particular emphasis on new issues and briefer review of other specific areas.

Chapters V, VI, VII and VIII extensively explore the functions, structures and problems of markets in which securities are traded after their distribution. Chapter V is a general introduction to this group of chapters. Chapter VI covers the exchange markets, with special attention to the most important of these, the New York Stock Exchange. The chapter reviews the functions and activities of various specialized categories of members, particularly specialists, odd-lot brokers and dealers, and floor traders, and also deals with the subjects of short selling and commission rate structures. Chapter VII discusses the over-the-counter markets, their wholesale and retail components, the quotations systems, and present controls over all of them. Chapter VIII then examines various interrelationships among trading markets, including patterns of distribution of securities among exchange and over-the-counter trading in listed securities, and the regional exchanges as "dual" and primary markets. I might say parenthetically that a story in the *New York Times* of May 6 criticizes us for failing to deal with the institutional role, but I think that at least a good deal of what the story finds lacking on this score will be supplied in Chapter VIII and perhaps other chapters still to come.

Chapter IX reviews the legal requirements and standards in respect of reporting, proxy solicitation and "insider" trading which are applicable to issuers of securities in public hands, contrasting those relating to securities listed on exchanges with those relating to over-the-counter securities and emphasizing the need for legislation in the latter area. It also considers problems in the dissemination of corporate publicity by issuers of both kinds of securities. Chapter X deals with the purposes, effects, and enforcement of securities credit and margin regulations and some inconsistencies and anomalies of the present regulatory pattern. Chapter XI is concerned with certain aspects of open-end investment companies. It contains the results of an investor survey and also specifically treats with selling practices, contractual plans, and certain problems in connection with fund portfolio transactions. Chapter XII deals with the self-regulatory pattern which is largely unique to the securities industry. It evaluates the regulatory functioning of the New York Stock Exchange, the American Stock Exchange, the principal regional exchanges, the National Association of Securities Dealers, Inc. and certain quasi-regulatory agencies, notes the absence of self-regulatory organizations in certain areas, and assesses the role of the Commission in relation to all of them.

The market break of May 1962 was thought to merit separate examination as a major market phenomenon, and also afforded an opportunity to study certain aspects of the securities markets, already studied under more normal conditions, in the circumstances of a precipitous decline. The results of this study are set forth in Chapter XIII, although other chapters dealing with particular topics also reflect the findings of this special inquiry. Chapter XIV, still tentative in nature, is reserved for a few general topics that may fit neither within the scope of any of the previous chapters nor within the limits of a further transmittal letter.

Public Hearings Less Than Expected

Let me now turn from the subjects of study to the means of study—both the personnel and the procedures. I should first point out that, in planning a study, the latter questions are intimately related with the choice of subjects. Depending on your subject matters you may need to put greater or lesser reliance on questionnaires, field investigations, interviews and conferences, or public hearings. Depending on both subject matters and techniques, you may need more or fewer lawyers, economists, statisticians, analysts, investigators and so on. And depending on the experience and capacity of your personnel, both subject matters and procedures must be accordingly adjusted.

Actually the study has been conducted with much more reliance on questionnaries and private inquiries and much less use of public hearings than most people expected or than I would have preferred. Of course, questionnaires and private inquiries certainly would have predominated anyhow, but I firmly believe that it is an important function of this kind of study to reach an audience of public investors, not merely members of the industry or students of the industry, and this can best be accomplished by hearings. I have frequently been asked whether we curtailed our public hearing plans because of feared market impact. The answer is that the actual and only reason for not carrying out our original, more ambitious plans for public hearings was that they simply proved to be too ambitious. We very reluctantly concluded that within the limits of time and personnel under which we were working, we could not afford the great additional burden on our time and manpower that further public hearings would have entailed.

Staffing From Outside

As to the staff of the Special Study, the great majority of the professional members, including myself, were recruited from outside and only a minority were transferred from the Commission's regular staff. In selecting those who would take leading parts in the Study, the Commission presumably sought people whose general outlook would not be too far out of line with the Commission's own. I came from private law practice in Chicago, following a long tenure with the Commission devoted mostly to the Holding Company Act. Our Associate Director, Ralph Saul, had been with the Commission for several years, under Republicans and Democrats. Our Chief Counsel, Richard Paul, came from a major law firm in New York, and our Assistant Director, Herbert Schick, from an important law firm in Philadelphia, after an earlier experience on the Commission's staff. Our Chief Economist, Dr. Sidney Robbins, is from the Graduate School of Business of Columbia University. This group was responsible for selection of the balance of the professional staff, which came from university faculties, law offices, brokerage offices, other governmental departments and elsewhere.

That the staff was selected largely from outside had important reasons and important consequences; indeed I think it is an important aspect of the Study and Report that has been widely overlooked and I would like to dwell on it for a few moments.

The enabling law focuses on the rules of self-regulatory bodies and their disciplinary procedures, but it is obviously impossible to go very far with this subject without meeting the question "What was or should be the Commission's role?" Moreover, even leaving out the Commission itself, the same individuals who had been regularly engaged in day-to-day administration of the law and surveillance of the self-regulatory mechanisms could not possibly be in as advantageous position as newcomers or outsiders to take a fresh look at these very matters.

Commission Not Involved

Related to the outside selection of a staff, but also stemming from quite independent considerations, was the decision that the actual text of the full Report including its specific conclusions and recommendations should be those of the Special Study as distinguished from the Commission itself. One of these considerations was simply the practical one that the Commission is an extremely busy group of administrators even when no Special Study is going on. It was inconceivable that they could just add to their other workload the job of personally digging deeply into the facts, analyzing the voluminous data of all kinds that were compiled, and coming to agreement on the exact wording of every specific recommendation to be made on a large variety of subjects. If the Commission members themselves were to have gone as deeply into each of these processes as the Special Study has done, either the scope of the Study would have had to be narrower, or the time longer, or the recommendations very much less specific.

Moreover, you must remember that the five members of the Commission itself, having the ultimate responsibility for action taken by the Commission pursuant to a Special Study or otherwise, could not be put in the position of making final decisions on most important types of matters — including substantive changes in its own rules or in rules of self-regulatory agencies —except after opportunity for hearing by parties affected. We have pointed out in Chapter I that, although many subjects have been explored in hearings, interviews and conferences, the ultimate conclusions and recommendations of the Study have not been presented for comment or hearing by members of the industry prior to our expressing them. This we could do but the Commission could not. The Commission could satisfy itself that the people chosen to conduct the Study and express recommendations were responsible people within the Commission's sights and it could and did indicate its broad agreement with the tenor of our recommendations, but it necessarily had to avoid saying the final word at this time on specific matters that it could pass upon only after opportunity for hearing.

Before I was asked to head the Study, I have been a practicing lawyer in Chicago and for a period I was the lawyer for the Chicago White Sox. My fiftieth birthday came along at this time and it was heralded in lights on the famous and spectacular score board, with the result that when I was appointed to my present job one of the newspapers headed its story "From Score Board to Big Board." I will pick up that theme now in relation to what I consider the function of the Study and Report—from Score Board to Big Board to Spring Board, because I think that the real purpose and function of a Study and Report such as we have been working on is to serve as a springboard. The Special Study could not hope to produce all the answers, and we ourselves certainly cannot go on to produce all the needed results, but I believe that we have provided a springboard for action by the Congress, by the Commission, by the self-regulatory bodies and by members of the industry.

Disputes Street's Reaction

A springboard should have some spring, and from this point of view the only adjective applied to our Report so far that bothers me somewhat is "mild." It bothers me because it may imply that we did not have much to say and hence that there is not much to do. I firmly believe that there are many things that need doing—important things that in the long run will mean the difference between a securities business and securities markets deserving and enjoying public confidence or viewed with distrust or cynicism.

Why has the Report been called mild? I believe it is because we have not sought simple and drastic solutions for complex and subtle problems. It had been widely predicted that we would recommend segregation of functions of brokers and dealers and when we did not do so there was a sigh of relief and the Report was deemed mild. This does not mean that combinations of functions do not present many problems — they certainly do; but rather that the problems are of many different kinds and degrees and should be examined and dealt with in light of specifics. Likewise, it was apparently thought in some quarters that we would find fault with the concept of self-regulation and would suggest drastically curtailing its role. Instead, our Report points out many respects in which self-regulation has not fulfilled its potential and where its role ought to be enlarged, subject always to necessary residual powers of government. This, too, is mild as compared with the far more drastic alternative of turning away from the concept of self-regulation.

These are some of the more obvious places where the quick answer to a problem, but not necessarily the sound one, might be the simple and drastic one—"cut it off" or "chop it up" or "put it away." It is as if one were to look at some of the problems besetting our cities today—housing, schools, water, traffic, smog, and so on—and come up with the answer "Let the people go back to the farms." There are also many problems in the securities markets today and, singly or collectively, they are important and serious, but most of them are not simple. Our total Report will contain not three or four drastic remedies but 100 or more separate recommendations adding up to a major program of reform. In my opinion, the reform is needed no less because we suggest applying a scalpel in 100 separate places rather than a meat axe in three or four.

I do not mean to say, on the other hand, that we have necessarily come up with exactly the right answer to everything so that any departure from what we have said will mean that we have studied and reported in vain. On the contrary, even though we are confident of the essential soundness of our conclusions and recommendations, it would be no less than a miracle if the Report were received in all quarters with a unanimous chorus of agreement on everything. We are covering a great deal of ground and dealing with many complicated and controversial subjects. We have applied all of the knowledge and judgment that we could muster to suggest proper answers, in some places quite sweeping or far-reaching and in others quite specific and limited. In total scope the Report is neither drastic nor mild; it is merely our judgment of the most suitable remedies for a variety of disclosed weaknesses and problems of various degrees of seriousness.

In its transmittal letter to Congress dated April 3 the Commission addressed itself largely to the legislative recommendations of the Report. These have, quite naturally, received most attention in the press coverage and industry comments to date. Those who have had occasion to look at the Report itself will know that the legislative recommendations are but a fraction of the total. On subject after subject, including some of the most important, implementation of the Report calls for action quite outside the legislative area. Thus, apart from the legislative program that is receiving the earliest attention, the Report provides a large and urgent agenda for the Commission and the industry in the months immediately ahead, and it also opens up many areas for discussion and planning for the longer future. I cannot hope that everyone will be in complete accord with everything we say, but I hope that the Commission will have constructive assistance in facing the many questions that need to be faced.

*From a talk by Mr. Cohen at the Practicing Law Institute, New York City.

Aubrey Lanston Elects Officers

The Board of Directors of Aubrey G. Lanston & Co. Inc., 20 Broard Street, New York City, dealers in U. S. Government securities have

C. Richard Youngdahl Leonard M. Horton

announced the election of Leonard H. Horton as Chairman of the board, and C. Richard Youngdahl as President.

Mr. Horton, President of Aubrey G. Lanston from 1959 to date, was formerly Vice-President and Treasurer of the firm since its formation in 1949. Prior to that, he was Vice-President of Chemical Bank & Trust Co., New York City. Mr. Horton is also a corporate trustee of Lehigh University.

Mr. Youngdahl was Executive Vice-President and Director of Lanston since 1959, and has been associated with the company since 1954. Before that, he was Assistant Director of Research, The Federal Reserve Board, in Washington, D. C. Mr. Youngdahl is a Director of James Talcott, Inc.

Form New Advisory Firm

Richard C. Larson and Donald W. Bourne, both men recently connected with Scudder, Stevens & Clark, have announced the formation of a corporation to provide specialized investment counsel for individuals and institutions.

The new company is called Independent Advisors to Investors and maintains offices at 36 West 44th Street, New York City.

Mr. Larson, who serves as President of the new firm, said the organization is designed to function as an over-all securities management service on a retainer. The company will not engage in brokerage or underwriting activities.

Mr. Bourne is Vice-President and Secretary-Treasurer of the new company.

Mr. Larson was formerly a Vice-President of Scudder Fund Distributors, Inc., N. Y., having joined Scudder, Stevens & Clark, Inc., N. Y. in 1952 as an investment counselor. He began his business career in 1950 as an economics writer at Prentice-Hall, Inc., N. Y., later moving to the Bankers Trust Company, as an investment manager, then to Scudder, Stevens & Clark, Inc.

Mr. Bourne began his business career with Merrill Lynch, Pierce Fenner & Smith Inc., as a junior executive trainee. Merrill Lynch, later moved him to its Newark, N. J. offices where Mr. Bourne successively became a registered representative, an administrative assistant in the legal department, then ultimately placed in charge of institutional sales in the firm's Columbus, Ohio offices.

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.

● Acme Visible Records, Inc. (6/24-28)
May 21, 1963 filed 150,000 common, of which 57,445 will be sold for company and 92,555 for certain stockholders. **Price**—By amendment (max. $20). **Business**—Manufacture of office filing equipment, and business forms. **Proceeds** — To repurchase outstanding warrants, for construction and other corporate purposes. **Address**—Crozet, Va. **Underwriter**—Smith, Barney & Co., Inc., New York.

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

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

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.

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. **Offering**—Expected in July.

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. (6/17-21)
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.

● Bank "Adanim" Mortgages & Loans, Ltd. (6/17-21)
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.

● Bard (C. R.) Inc. (6/24-28)
May 21, 1963 filed 204,095 capital shares. **Price** — By amendment (max. $17). **Business**—Design, packaging and sale of hospital and surgical supplies. **Proceeds** — For selling stockholders. **Office**—731 Central Ave., Murray Hill, N. J. **Underwriters**—Kidder, Peabody & Co., Inc., New York and Blunt Ellis & Simmons, Chicago.

● Bay State Exchange Fund, Inc.
May 29, 1963 filed 10,000 $1 par capital shares to be offered in exchange for certain acceptable securities on the basis of one share for each $25 of deposited securities. Exchange is believed by counsel for the Fund to be tax-free for Federal income tax purposes. **Business**—A closed-end investment company seeking long-term growth of capital and income. **Proceeds** — For investment. **Office**—35 Congress St., Boston. **Underwriter**—Kidder, Peabody & Co., New York. **Note**—The exchange will not be consummated unless $25,000,000 of securities are deposited and accepted. This means that the Fund expects to issue a minimum of 1,000,000 capital shares. **Offering**—Expected in late July.

● Big G Corp.
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. **Note**—This letter was withdrawn.

● Brentwood Financial Corp. (6/24-28)
May 17, 1963 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Company owns all of the outstanding stock of Brentwood Savings & Loan Association. It also conducts an escrow business; an insurance agency, and acts as trustee under trust deed securing loans made by the association. **Proceeds** — For selling stockholders. **Office**—12001 San Vincente Blvd., Los Angeles. **Underwriter**—Hayden, Stone & Co., Inc., New York.

Canaveral Hills Enterprises, Inc. (6/24-28)
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.

● Capital Cities Broadcasting Corp.
May 9, 1963 filed 250,000 common. **Price**—By amendment (max. $23.37). **Business**—Company owns and operates four TV stations and six radio stations; it also owns a 40% interest in Subways Advertising Co., Inc., which sells advertising space in the New York City subways. **Proceeds**—For selling stockholders. **Office**—24 East 51st St., New York. **Underwriter**—White, Weld & Co., New York. **Offering**—Imminent.

● 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. **Offering**—Indefinite.

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.

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.
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. **Offering**—Indefinite.

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 (6/24-28)
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.

● City Gas Co. of Florida (7/8-12)
May 29, 1963 filed 84,000 common. **Price**—By amendment (max. $25). **Business**—Company and subsidiaries distribute natural gas and liquefied petroleum gas to three counties in Florida. **Proceeds**—For loan repayment and construction. **Office**—955 East 25th St., Hialeah, Fla. **Underwriters**—Kidder, Peabody & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● Clark Cable Corp. (6/24-28)
April 25, 1963 filed 121,915 common. **Price**—By amendment (max. $6). **Business** — Manufacture and development of electronic, electrical, and mechanical systems and components; also wholesale distribution of electrical components. **Proceeds** — For selling stockholders. **Office**—3184 W. 32nd St., Cleveland. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

● Coburn Credit Co., Inc. (6/19)
May 20, 1963 filed $4,000,000 of convertible subordinated debentures due 1978 to be offered for subscription by common stockholders. **Price**—At par. **Business**—A consumer finance company. **Proceeds**—For debt repayment, working capital, acquisition of instalment contracts, and other corporate purposes. **Office**—53 N. Park Ave., Rockville Centre, N. Y. **Underwriter**—New York Hanseatic Corp., New York.

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**—Indefinite.

Commonwealth Telephone Co.
May 8, 1963 filed 71,460 common being offered for subscription by common stockholders on the basis of one new share for each 10 held of record June 3, 1963. Rights will expire June 18, 1963. **Price**—$24. **Business**—An independent telephone company serving portions of eastern Pennsylvania. **Proceeds**—For loan repayment. **Office**—100 Lake St., Dallas, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., Philadelphia and New York.

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 Oil & Gas, Inc.
Feb. 28, 1963 filed $2,432,500 of 6% sinking fund debentures due 1975 (with warrants) being offered for subscription by common stockholders on the basis of $500 of debentures for each 500 shares held of record May 24. Rights will expire June 28. **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.

Continental Reserve Corp.
May 13, 1963 filed 45,000 class B common. **Price** — $40. **Business** — Company plans to acquire, organize, and manage life, accident and health insurance concerns. **Proceeds** — For investment in subsidiaries. **Office**—114 East 40th St., New York. **Underwriter**—None.

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

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held one unit 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.

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.

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.

● Edgerton, Germeshausen & Grier, Inc.
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. **Offering**—Imminent.

Eberstadt Income Fund, Inc.
May 31, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking current income. **Proceeds**—For investment. **Office**—65 Broadway, New York. **Distributor**—F. Eberstadt & Co., Managers & Distributors, Inc., New York.

● Electronic Dispenser Corp. (8/5-9)
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter** — L. D. Brown & Co., New York.

● Enzyme Corp. of America (6/24-28)
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.

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. **Offering**—Indefinite.

Evans, Inc. (6/24-28)
May 20, 1963 filed 200,000 common, of which 20,000 are to be offered by company and 180,000 by certain stockholders. **Price**—By amendment (max. $13). **Business**—

Continued on page 38

NEW ISSUE CALENDAR

June 17 (Monday)
Automatique, Inc.______Common
(Kidder, Peabody & Co., Inc. and Barret, Fitch, North & Co., Inc.) 254,975 shares
Bank "Adanim" Mortgages & Loans, Ltd.____Pref.
(Sakier & Co., Inc.) $280,729
Family Life Insurance Co.______Common
(Pacific Northwest Co.) $194,400
Family Life Insurance Co.______Preferred
(Pacific Northwest Co.) $105,300
Missouri Fidelity Life Insurance Co.______Common
(A. C. Allyn & Co.) 300,000 shares
Ozark Air Lines, Inc.______Debentures
(Auchincloss, Parker & Redpath and Yates, Heitner & Woods) $3,000,000
Paddington Corp.______Class A
(Lee Higginson Corp) 100,000 shares
Poulsen Insurance Co. of America______Common
(A. C. Allyn & Co.) 100,000 shares
Rona Lee Corp.______Common
(Reuben Rose & Co., Inc.) 50,000 shares
Rona Lee Corp.______Debentures
(Reuben Rose & Co., Inc.) $250,000
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
State Loan & Finance Corp.______Debentures
(Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co.) $30,000,000
Tennessee Gas Transmission Co.______Debentures
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $45,000,000

June 19 (Wednesday)
Coburn Credit Co., Inc.______Debentures
(Offering to stockholders—underwritten by New York Hanseatic Corp.) $4,000,000
Texas & Pacific Ry.______Equip. Trust Ctfs.
(Bids 12 noon CST) $3,000,000

June 20 (Thursday)
Firestone Tire & Rubber Co.______Debentures
(Harriman Ripley & Co., Inc.) $75,000,000

June 24 (Monday)
Acme Visible Records, Inc.______Common
(Smith, Barney & Co., Inc.) 150,000 shares
Bard (C. R.) Inc.______Capital Shares
(Kidder, Peabody & Co., Inc. and Blunt Ellis & Simmons) 204,095 shares
Brentwood Financial Corp.______Common
(Hayden, Stone & Co., Inc.) 100,000 shares
Canaveral Hills Enterprises, Inc.______Common
(Willis E. Burnside & Co., Inc.) $500,000
Citadel Life Insurance Co. of N. Y.__Capital Stock
(Offering to stockholders—underwritten by Alex. Brown & Sons) 40,000 shares
Clark Cable Corp.______Common
(Fulton, Reid & Co., Inc.) 121,915 shares
Enzyme Corp. of America______Common
(Bristol Securities Inc.) $240,000
Evans, Inc.______Common
(Walston & Co., Inc.) 200,000 shares
General Super Markets, Inc.______Common
(Hemphill, Noyes & Co.) 175,000 shares
Holiday Mobile Home Resorts, Inc.______Debentures
(Boettcher & Co. and J. R. Williston & Beane) $1,700,000
Investors Trading Co.______Capital Stock
(Nemrava & Co.) 200,000 shares
Leeds Shoes, Inc.______Common
(Strathmore Securities, Inc.) $315,000
Mil National Corp.______Common
(Herbert Young & Co., Inc.) $376,000
Northwestern National Life Insur. Co.____Common
(Lehman Brothers) 604,867 shares
Pargas, Inc.______Common
(Kidder, Peabody & Co., Inc.) 225,000 shares
Polaris Corp.______Common
(Offering to stockholders—underwriting by The Marshall Co.) 90,122 shares
Recreation Industries, Inc.______Common
(Costello, Russotto & Co.) $150,000
XTRA, Inc.______Preferred
(Putnam & Co.) 80,000 shares
Zausner Foods Corp.______Common
(Reynolds & Co., Inc., Auchincloss, Parker & Redpath) 100,000 shares

June 25 (Tuesday)
Lord Jim's Service Systems, Inc.______Common
(Keon & Co.) $100,000
Norfolk & Western Ry.______Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,750,000
Southern California Gas Co.______Bonds
(Bids 8:30 a.m. PDST) $40,000,000

June 26 (Wednesday)
Lightcraft-General______Common
(William R. Staats & Co.) 125,000 shares
Texas Eastern Transmission Corp.______Bonds
(Dillon, Read & Co., Inc.) $50,000,000
Union Light, Heat & Power Co.______Bonds
(Bids 11 a.m. EDST) $6,500,000

June 27 (Thursday)
Chicago Burlington & Quincy RR.__Equip. Tr. Ctfs.
(Bids 12 noon CDST) $5,250,000
Natural Gas & Oil Producing Co.______Common
(Peter Morgan & Co.) $900,000

July 1 (Monday)
Financial General Corp.______Units
(Eastman Dillon, Union Securities & Co. and Johnston, Lemon & Co.) 7,500 units
Japan Fund, Inc.______Common
(Offering to stockholders—underwritten by Bache & Co.; Paine, Webber, Jackson & Curtis and Nikko Securities Co.) 625,000 shares
Kelly & Cohen, Inc.______Common
(Amsbary, Allen & Morton, Inc.) $247,500
Livestock Financial Corp.______Common
(Charles Plohn & Co.) $1,000,000
Medic Corp.______Common
(Lincoln Securities Corp.) $1,250,000
Stephenson Finance Co., Inc.______Debentures
(Alester G. Furman & Co., Inc.) $1,000,000
Top Dollar Stores, Inc.______Common
(Van Alstyne, Noel & Co.) $1,200,000

July 8 (Monday)
City Gas Co. of Florida______Common
(Kidder, Peabody & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc.) 84,000 shares
Inter-County Telephone & Telegraph Co.__Common
(Dean Witter & Co.) 50,000 shares
Inter-County Telephone & Telegraph Co.____Debs.
(Dean Witter & Co.) $2,000,000

July 9 (Tuesday)
Illinois Bell Telephone Co.______Bonds
(Bids to be received) $50,000,000

July 10 (Wednesday)
Hitachi, Ltd.______A. D. S.
(Dillon, Read & Co., Inc. and Yamaichi Securities Co.) 937,500 shares
Middlesex Water Co.______Common
(Kidder, Peabody & Co., Inc.) 35,000 shares
Milan (City of)______Bonds
(Dillon, Read & Co., Inc.) $20,000,000

July 11 (Thursday)
Sierra Pacific Power Co.______Common
(Offering to stockholders—no underwriting) 172,341 shares

July 15 (Monday)
Eastern Investors, Inc.______Class A
(Paul C. Kimball & Co.) $400,000

July 16 (Tuesday)
Michigan Wisconsin Pipe Line Co.______Bonds
(Bids to be received) $30,000,000

July 17 (Wednesday)
Sierra Pacific Power Co.______Debentures
(Bids 11 a.m. EDST) $8,000,000

July 23 (Tuesday)
Community Public Service Co.______Bonds
(Bids 11 a.m. EDST) $13,000,000
Northern Illinois Gas Co.______Bonds
(Bids 10:30 a.m. CDST) $20,000,000

July 30 (Tuesday)
Pacific Power & Light Co.______Bonds
(Bids 11 a.m. EDST) $30,000,000
Pacific Power & Light Co.______Preferred
(Bids 12 noon EDST) 100,000 shares

August 5 (Monday)
Electronic Dispenser Corp.______Common
(L. D. Brown & Co.) $100,000

August 6 (Tuesday)
Indiana & Michigan Electric Co.______Bonds
(Bids 11 a.m. EDST) $45,000,000

August 8 (Thursday)
Gulf, Mobile & Ohio RR.______Equip. Trust Ctfs.
(Bids 12 noon CDST) $3,900,000

September 5 (Thursday)
Iowa Public Service Co.______Bonds
(Bids to be received) $12,000,000

September 24 (Tuesday)
Northern States Power Co. (Minn.)______Bonds
(Bids 11 a.m. EDST) $15,000,000

October 1 (Tuesday)
Chicago Burlington & Quincy RR.__Equip. Tr. Ctfs.
(Bids 12 noon CDST) $5,000,000
Jersey Central Power & Light Co.______Bonds
(Bids 11 a.m. EDST) $10,000,000

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

October 15 (Tuesday)
Jersey Central Power & Light Co.______Debentures
(Bids 11 a.m. EDST) $9,000,000

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

Continued from page 37

Retail sale of fur apparel, cloth coats, suits, dresses and related items. **Proceeds**—For expansion and remodeling of Chicago store. **Office**—36 South State St., Chicago. **Underwriter**—Walston & Co., Inc., Chicago.

● Family Life Insurance Co. (6/17-21)
May 8, 1963 ("Reg. A") 810 $8 dividend preferred to be sold by stockholders; also 486 class A common. **Price**—For preferred, $130; for common, $400. **Business**—Sale of mortgage cancellation, life, accident and sickness insurance. **Proceeds**—For paid-in capital stock account, and working capital. **Address**—Republic Bldg., Seattle. **Underwriter**—Pacific Northwest Co., Seattle.

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.

● Financial General Corp. (7/1-5)
May 28, 1963 filed $7,500,000 subordinated sinking fund debentures due June 15, 1978, with warrants to purchase 187,500 common shares, to be offered in units of one $1,000 debenture and 25 warrants. **Price**—By amendment. **Business**—Company through its subsidiaries is engaged in banking, insurance and other activities. **Proceeds**—For general corporate purposes. **Office** — 1701 Pennsylvania Ave., N. W., Washington, D. C. **Underwriters**—Eastman Dillon, Union Securities & Co., New York, and Johnston, Lemon & Co., Washington, D. C.

● First American Israel Mutual Fund
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—$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 early July.

Florida Jai Alai, Inc.
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. **Offering**—Indefinite.

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.

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.

General Super Markets, Inc. (6/24-28)
May 22, 1963 filed 175,000 common, of which 125,000 will be sold by company and 50,000 by stockholders. **Price**—By amendment (max. $15). **Business**—Company and subsidiaries are engaged in the retail sale of groceries, meat and produce through a chain of 10 supermarkets in northern New Jersey. **Proceeds**—For expansion, debt repayment and other corporate purposes. **Office**—116 Main Ave., Passaic, N. J. **Underwriter**—Hemphill, Noyes & Co., New York.

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.

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.

● Greenwich Gas Co.
March 29, 1963 filed 37,735 common, being offered for subscription by stockholders on the basis of one new share for each 5.6 shares held of record June 3. Rights will expire June 20. **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.

Hartford Gas Co.
April 5, 1963 filed 80,000 common being offered for subscription by stockholders on the basis of one new share for each six common or preferred shares held of record May 15. Rights will expire June 17. **Price**—$30. **Business**—Company supplies natural and manufactured gas in Hartford County, Conn. **Proceeds**—For loan repayment, and construction. **Office**—233 Pearl St., Hartford. **Underwriter**—None.

Heck's Discount Centers, Inc.
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities Inc., New York. **Note** — This registration will be withdrawn.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

● Holiday Mobile Home Resorts, Inc. (6/24-28)
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.

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).

● Independent Shoe Discounters Association, Inc.
May 8, 1963 filed 325,000 common. **Price**—$1. **Business**—Company plans to distribute shoes and related items to franchised discount shoe stores. **Proceeds**—For working capital. **Office**—519 West California Ave., Oklahoma City. **Underwriter**—Parker, Bishop & Hart, Inc., Oklahoma City. **Offering**—Expected in early July.

Inter-County Telephone & Telegraph Co. (7/8-12)
June 3, 1963 filed $2,000,000 of convertible subordinated debentures due 1978; also 50,000 common shares. **Price**—By amendment (max. $42.50 per share). **Business**—Operation of telephone facilities in southern Florida. **Proceeds**—For loan repayment and construction. **Office**—1520 Lee St., Fort Myers, Fla. **Underwriter** — Dean Witter & Co., Chicago.

● International Seaway Trading Corp.
May 24, 1963 filed $750,000 of convertible subordinated debentures due 1975; also 140,000 common, of which 25,000 are to be offered by the company and 115,000 by stockholders. **Price** — By amendment (max. $11.50). **Business**—Importing and distributing of rubber, fabric, vinyl and leather footwear. **Proceeds**—For loan repayment. **Office**—1393 W. 9th St., Cleveland. **Underwriter**—Hayden, Miller & Co., Cleveland. **Offering**—Expected ing early July.

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 Securities Co.
May 13, 1963 filed 173,433 common to be offered for subscription by common stockholders on the basis of one new share for each four held. **Price**—By amendment. **Business**—Company is engaged in consumer and commercial financing; writing credit life, health and accident insurance, and automobile physical damage insurance. **Proceeds**—For loan repayment, advances to subsidiaries, and working capital. **Office**—3430 Broadway, Kansas City, Mo. **Underwriter**—A. G. Becker & Co., Inc., Chicago. **Offering**—Indefinite.

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. (6/24-28)
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**—54 Wall St., New York. **Distributor**—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).

Juniper Spur Ranch, Inc.
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

● Kelly & Cohen, Inc. (7/1-5)
May 17, 1963 ("Reg. A") 90,000 common. **Price**—$2.75. **Business**—Retail sale of major household appliances at discount prices. **Proceeds**—For working capital, expansion and debt repayment. **Office** — 3772 William Penn Highway, Monroeville, Pa. **Underwriter** — Amsbary, Allen & Morton, Inc., Pittsburgh.

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.

Leeds Shoes, Inc. (6/24-28)
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.

Life Assurance Co. of Pennsylvania
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. **Offering**—Indefinitely postponed.

● Lightcraft-General (6/26)
May 20, 1963 filed 125,000 common. **Price**—By amendment (max. $12). **Business**—Design and manufacture of incandescent lighting fixtures and lamps. **Proceeds**—For selling stockholders. **Office** — 1600 West Slauson Ave., Los Angeles. **Underwriter**—William R. Staats & Co., Los Angeles.

● Livestock Financial Corp. (7/1-5)
May 14, 1963 refiled 200,000 common. **Price**—$5. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds** — To form new subsidiaries. **Office**—26 Platt St., New York. **Underwriter**—Charles Plohn & Co., New York.

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. (6/25)
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.
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. **Offering**—Indefinite.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

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.

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. (7/1-5)
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).

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).

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. (6/24-28)**
Jan. 28, 1963 refiled 100,000 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. (6/17-21)
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.

● **Mountain States Telephone & Telegraph Co.**
May 3, 1963 filed 4,037,431 common being 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**—$25. **Proceeds**—To repay advances from A. T. & T., parent, and for other corporate purposes. **Office**—931 Fourteenth St., Denver. **Underwriter**—None.

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**—Cantor, Fitzgerald & Co., Inc., Beverly Hills, Calif. **Offering**—Indefinite.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

● **National Fence Manufacturing Co., Inc.**
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., Inc., New York. **Offering**—Expected in July.

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 conv. debens. due June 1, 1978 being offered to common stockholders of record April 15, 1963, without allocation or limitation. Rights will expire June 28. Unsubscribed debentures will be offered for public sale. **Price**—At par. **Business**—Operation of an airline in 10 midwestern 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.

Northwestern National Life Insurance Co. (6/24-28)
May 28, 1963 filed 604,867 common. **Price**—By amendment (max. $38). **Business**—Writing of individual life, term and endowment policies. **Proceeds** — For selling stockholders. **Office**—430 Oak Grove St., Minneapolis. **Underwriter**—Lehman Brothers, Chicago.

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.

● **Optech, Inc.**
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. **Offering**—Indefinitely postponed.

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.

Ozark Air Lines, Inc. (6/17-21)
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.

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).

● **Pacific Northwest Bell Telephone Co.**
May 8, 1963 filed 13,013,969 common being offered for subscription by preferred and common stockholders of Pacific Telephone & Telegraph Co., former parent, on the basis of 7 Northwest common for each 8 P. T. & T. preferred or one Northwest common for each 8 P. T. & T. common held of record June 4, 1963. Rights will expire July 3, 1963. **Price** — $16. **Proceeds**—For selling stockholders, P. T. & T. **Office**—1200 Third Ave., Seattle, Wash. **Underwriter**—None.

Paddington Corp. (6/17-21)
May 24, 1963 filed 100,000 class A com. **Price**—By amendment (max. $70). **Business**—Sale of alcoholic beverages under the brand name of Justerini & Brooks, Ltd. **Proceeds**—For selling stockholders. **Office**—630 Fifth Ave., New York. **Underwriter**—Lee Higginson Corp., N. Y.

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.

● **Pargas, Inc. (6/24-28)**
May 17, 1963 filed 225,000 common, of which 125,000 are to be offered by company and 100,000 by certain stockholders. **Price**—By amendment (max. $20). **Business**—Retail and wholesale distribution of liquefied petroleum gas. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Address**—P. O. Box 67, Waldorf, Md. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

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. **Offering**—Indefinite.

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. **Offering**—Indefinite.

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. **Offering**—Imminent.

● **Polaris Corp. (6/24-28)**
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).

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 (6/17-21)**
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.

Continued on page 40

Continued from page 39

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).

Public Service Electric & Gas Co. (6/18)
May 23, 1963 filed $40,000,000 of first and refunding 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**—June 18 (11 a.m. EDST) at above address. **Information Meeting**—June 13 (2 p.m. EDST) at One Chase Manhattan Plaza, New York.

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).

● **Recreation Industries, Inc. (6/24-28)**
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 West 7th St., Los Angeles. **Underwriter**—Costello, Russotto & Co., Beverly Hills, Calif.

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. **Offering**—Expected in early July.

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. (6/17-21)
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.

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.

Southern California Gas Co. (6/25)
May 27, 1963 filed $40,000,000 of first mortgage bonds due July 1, 1988. **Proceeds**—To redeem outstanding 5⅛% first mortgage bonds due 1983 (series C), to repay advances from parent, Pacific Lighting Corp. 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. (jointly); Blyth & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—June 25 (8:30 a.m. PDST) at above address. **Information Meeting**—June 20 (available 9 a.m.-3 p.m.) at 16 Wall St. (Conference Room No. 1), New York.

State Loan & Finance Corp. (6/18)
May 24, 1963 filed $15,000,000 of s. f. debens., and $15,000,000 of capital debentures both due June 1, 1983. **Price** — By amendment. **Business** — A consumer finance company. **Proceeds**—For debt repayment. **Office**—1200—18th St., N. W., Washington, D. C. **Underwriters**—Johnston, Lemon & Co., Washington, D. C. and Eastman Dillon, Union Securities & Co., New York.

Stephenson Finance Co., Inc. (7/1-5)
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.

Stone Mountain Scenic Railroad, Inc.
Jan. 22, 1963 filed 84,091 common being offered for subscription by stockholders on the basis of one share for each three shares held of record Feb. 1. Rights will expire June 25. **Price**—$5.50. **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).

Tennessee Gas Transmission Co. (6/18)
May 24, 1963 filed $45,000,000 of debentures due June 1, 1983. **Price**—By amendment. **Business** — Company and subsidiaries are engaged in the transmission and sale of natural gas; and the production, refining and marketing of petroleum products. **Proceeds**—For construction. **Address**—Tennessee Bldg., Houston, Tex. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co., New York; Halsey, Stuart & Co. Inc., Chicago.

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.

● **Top Dollar Stores, Inc. (7/1-5)**
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$6. **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**—Van Alstyne, Noel & Co., New York.

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. **Underwriter**—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.

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.

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.

Union Light, Heat & Power Co. (6/26)
May 10, 1963 filed $6,500,000 of first mortgage bonds due 1993. **Proceeds**—For construction and other corporate purposes. **Address**—Fourth & Main Sts., 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. **Bids**—June 26 (11 a.m. EDST) at One Wall Street (47th floor), New York. **Information Meeting**—June 19 (11 a.m. EDST) at same address.

United Saran & Plastic Corp. Ltd.
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. **Price** — $305 per unit. **Business** — Manufacture of light household and office furniture. **Proceeds** — For general corporate purposes. **Address**—Rehovoth, Israel. **Underwriter**—Brager & Co., New York. **Offering**—Indefinite.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo. **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo.

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.
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. **Offering**—Indefinite.

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 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.

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.

Wyomont Petroleum Co.
May 10, 1963 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Production and sale of petroleum products. **Proceeds**—For debt repayment, construction and working capital. **Address**—P. O. Box 670, Thermopolis, Wyo. **Underwriter**—Northwest Investors Service, Inc. Billings, Montana.

● **XTRA, Inc. (6/24-28)**
May 16, 1963 filed 80,000 shares of convertible preferred (par $25). **Price**—By amendment (max. $27.50). **Business**—Rental of truck trailers to railroads or others in connection with "piggyback" operations, and the leasing of transportable, reusable containers to railroads, steamship companies and others. **Proceeds**—For debt repayment, and equipment. **Office**—150 Causeway St., Boston. **Underwriter**—Putnam & Co., Hartford.

Zausner Foods Corp. (6/24-28)
May 21, 1963 filed 100,000 class A common, of which 40,000 are to be offered by the company and 60,000 by stockholders. **Price**—By amendment (max. $10). **Business**—Processing, distributing and selling milk products. **Proceeds**—For general corporate purposes. **Address**—New Holland, Pa. **Underwriters**—Reynolds & Co., Inc., N. Y., and Auchincloss, Parker & Redpath, Washington, D. C.

Issues Filed With SEC This Week

★ **Coastal Acceptance Corp.**
June 3, 1963 ("Reg. A") $250,000 of 6¾% subordinated notes due 1973. **Price**—At par. **Business**—A small loan company. **Proceeds**—For debt repayment. **Office** — 36 Lowell St., Manchester, N. H. **Underwriter**—Shontell & Varick, Manchester, N. H.

★ **Dri-Zit Corp.**
May 29, 1963 ("Reg. A") 115,056 common. **Price**—$2.50. **Business**—Manufacturer of dri-zit (a home product used to absorb odors and moisture); a cleaner for oven and barbeque grills; and a diaper garment for infants. **Proceeds** — For expansion, inventory and debt repayment. **Office**—2 Ryland St., Reno, Nev. **Underwriter** — First Nevada Securities Corp., Reno, Nev.

★ **Eastern Investors, Inc. (7/15-19)**
June 4, 1963 filed 100,000 class A shares. **Price**—$4. **Business**—A small loan company. **Proceeds** — For expansion and working capital. **Office** — 147 Northeast Main St., Rocky Mount, N. C. **Underwriter**—Paul C. Kimball & Co., Chicago.

★ **Electro Optical Systems Inc.**
June 11, 1963 filed 443,000 common, of which 140,000 are to be offered by company and 263,000 shares by stockholders. **Price**—By amendment (max. $10). **Business**—Design and manufacture of optical systems for the Defense Department and for private industry. **Proceeds**—For debt repayment and working capital. **Office**—300 N. Halstead St., Pasadena, Calif. **Underwriters** — White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc., N. Y.

★ **Firestone Tire & Rubber Co. (6/20)**
June 6, 1963 filed $75,000,000 of debentures due July 1, 1988. **Price**—By amendment. **Business**—A leading manufacturer of rubber and metal products, plastics, synthetics, textiles and chemicals. **Proceeds**—For loan repayment, and working capital. **Office**—1200 Firestone Parkway, Akron, O. **Underwriter**—Harriman Ripley & Co., Inc., New York.

★ **Founders Life Assurance Co. of Florida**
June 11, 1963 filed 800,000 common. **Price**—By amendment (max. $3). **Business**—Company plans to engage in the writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—Marine Bank Bldg. Plaza, Tampa. **Underwriter** — Pierce, Wulbern, Murphey Inc., Jacksonville.

★ **Halex, Inc.**
May 29, 1963 ("Reg. A") $50,000 of 5% debentures due Dec. 31, 1965. **Price**—At par. **Business**—Manufacture, research and development of electronic components. **Proceeds**—For debt repayment. **Office** — 139 Maryland St., El Segundo, Calif. **Underwriter**—None.

★ **Hallmark Life Assurance Co.**
May 29, 1963 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Company plans to engage in the life insurance business in New Mexico. **Proceeds**—For general corporate purposes. **Office**—1400 First National Bank Bldg., East, Albuquerque, N. M. **Underwriter**—None.

★ **Hitachi, Ltd. (7/10)**
June 7, 1963 filed 937,500 American Depositary Shares (representing 75,000,000 common, par 50 yen). **Price**—By amendment (max. $24 per A. D. S.) **Business**—Manufacture of a wide variety of electrical equipment and industrial machinery. **Proceeds** — For construction, and other corporate purposes. **Address**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co. Inc., and Yamaichi Securities Co., New York.

★ **Japan Fund, Inc. (7/1-5)**
June 7, 1963 filed 625,000 common to be offered for subscription by stockholders on the basis of one new share for each two held. **Price**—By amendment (max. $14). **Business**—A closed-end investment company seeking capital appreciation through investments primarily in Japanese common stocks. **Office**—25 Broad St., New York. **Underwriters**—Bache & Co.; Paine, Webber, Jackson & Curtis and Nikko Securities Co., New York.

★ **Key Finance Corp.**
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriters** — Morris Cohon & Co., and Street & Co., Inc., New York.

★ **Middlesex Water Co. (7/10)**
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds** — For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

★ **Milan (City of) (7/10)**
June 11, 1963 filed $20,000,000 of 5½% external loan bonds due July 1, 1978. **Price**—By amendment. **Proceeds**—For capital improvement program, including schools, sewerage systems, streets, etc. **Underwriter** — Dillon, Read & Co., Inc., New York.

★ **National Cleaning Contractors, Inc.**
May 29, 1963 ("Reg. A") 18,000 common. **Price**—At-the-market. **Business**—Cleaning and maintenance of buildings. **Proceeds** — For selling stockholders. **Office**—60 Madison Ave., New York. **Underwriter**—Bear, Stearns & Co., New York.

★ **Peoples Insurance Co.**
June 10, 1963 filed 100,000 common. **Price**—$10. **Business**—Company plans to write general liability and automobile insurance. **Proceeds**—For general corporate purposes. **Office**—307 Lenox Ave., New York. **Underwriter**—None.

★ **Philippine Oil Development Co., Inc.**
June 11, 1963 filed 325,000,000 capital shares to be offered for subscription by U. S. resident stockholders on the basis of one new share for each two held. **Price**—By amendment (max. 1 cent). **Business**—Exploration for oil and gas in the Philippines. **Proceeds**—For debt repayment, and operating expenses. **Address** — Manila, The Philippines. **Underwriter**—None.

★ **Sierra Pacific Power Co. (7/11)**
June 7, 1963 filed 172,341 common to be offered for subscription by stockholders on the basis of one new share for each 10 common shares held of record July 9. Rights will expire July 29. **Price**—By amendment (max. $36). **Proceeds**—To repay bank loans. **Office**—220 South Virginia St., Reno, Nev. **Underwriter**—None.

★ **Sierra Pacific Power Co. (7/17)**
June 7, 1963 filed $8,000,000 of debentures due July 1, 1988. **Price**—By amendment. **Proceeds**—To refund outstanding 5⅝% debentures due 1985, and repay bank loans. **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**—July 17 (11 a.m. EDST) at 49 Federal St., Boston. **Information Meeting** — July 12 (11 a.m. EDST) at 90 Broad St. (19th floor), New York.

★ **Sig: Laboratories, Inc.**
May 27, 1963 ("Reg. A") 2,100 common. **Price**—$10. **Business**—Manufacture and distribution of drugs. **Proceeds**—For general corporate purposes. **Office**—201 N. Michigan Ave., Marshall, Ill. **Underwriter**—None.

★ **Texas Eastern Transmission Corp. (6/26)**
June 6, 1963 filed $50,000,000 of first mortgage pipe line bonds due July 1, 1983. **Price**—By amendment. **Business**—Transmission of natural gas, the transportation of petroleum products, and the production of oil and gas. **Proceeds**—For loan repayment, and construction. **Address**—Texas Eastern Bldg., Houston, Tex. **Underwriter**—Dillon, Read & Co., Inc., New York.

★ **Wausau Paper Mills Co.**
May 27, 1963 ("Reg. A") 2,000 common. **Price**—$10. **Business**—Production of writing paper, envelopes and text papers. **Proceeds**—For a selling stockholder. **Address**—Brokaw, Wis. **Underwriter**—None.

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."

Coastal States Gas Producing Co.
$50,000,000 of 5% first mortgage bonds, series A, due 1983, offered at par plus accrued interest by Kuhn, Loeb & Co., Inc., First Boston Corp., and Paine, Webber, Jackson & Curtis, New York.

Flori Investment Co.
400,000 capital shares offered by the company at $1.50 per share without underwriting.

Indiana Bell Telephone Co., Inc.
$20,000,000 of 4⅜% debentures due June 1, 2003 offered at 102% plus accrued interest, to yield 4.27%, by Halsey, Stuart & Co. Inc., Chicago.

Mountain States Telephone & Telegraph Co.
4,037,431 common being offered for subscription by stockholders at $25 per share on the basis of one new share for each 10 held of record June 3, 1963. Rights will expire June 28. No underwriting is involved.

North Central Airlines, Inc.
$1,500,000 of 5½% subordinated convertible debentures due 1978 being offered at par to common stockholders of record April 15, 1963, without allocation or limitation. Rights will expire June 28. Unsubscribed debentures will be offered for public sale. No underwriting is involved.

Oslo (City of), Norway
$10,000,000 of 5¼% sinking fund external loan bonds due June 15, 1978 offered at 97¾% plus accrued interest, to yield 5.47% by Kuhn, Loeb & Co., Inc., Harriman Ripley & Co., Inc., Lazard Freres & Co., and Smith, Barney & Co., Inc., New York.

Pacific Northwest Bell Telephone Co.
13,013,969 common being offered by Pacific Telephone & Telegraph Co., former parent, for subscription by P. T. & T. common and preferred stockholders at $16 per share, on the basis of 7 Northwest common for each 8 P. T. & T. preferred or one Northwest common for each 8 P. T. & T. common held of record June 4, 1963. Rights will expire July 3, 1963. No underwriting is involved.

Pennsylvania Power Co.
$9,000,000 of 4⅜% first mortgage bonds due 1993 offered at 101% plus accrued interest, to yield 4.32% by Lehman Brothers, Eastman Dillon, Union Securities & Co., Ladenburg, Thalmann & Co., and Salomon Brothers & Hutzler, New York.

St. Louis Shipbuilding-Federal Barge, Inc.
150,000 common offered at $8.50 per share by Reinholdt & Gardner, St. Louis.

Safran Printing Co.
225,720 common offered at $16.25 per share by White, Weld & Co., Inc., New York and Watling, Lerchen & Co., Detroit.

Southeastern Mortgage Investors Trust
1,000,000 shares of beneficial interest offered at $10 per share by Fleetwood Securities Corp. of America, New York.

Southern Union Gas Co.
$5,000,000 of 4.40% sinking fund debentures due April 1, 1983 offered at par plus accrued interest, by A. C. Allyn & Co., Chicago.

Southern Union Gas Co.
50,000 shares of 4.55% cumulative preferred stock offered at $100 per share plus accrued dividends from June 15, 1963, by A. C. Allyn & Co., Chicago.

Continued on page 42

Continued from page 41

Prospective Offerings

Bank of the Commonwealth (Detroit)
May 29, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 30,000 shares on the basis of one new share for each 18 held of record May 28. Rights will expire July 1. **Price**—$50. **Proceeds**—To increase capital funds. **Address**—Fort and Griswold, Detroit. **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 Burlington & Quincy RR (6/27)
May 20, 1963 the company announced tentative plans to sell $5,250,000 of equipment trust certificates in June. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected June 27 (12 noon CDST) at above address.

Chicago Burlington & Quincy RR. (10/1)
May 20, 1963 the company announced tentative plans to sell $5,000,000 of equipment trust certificates in October. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Expected October 1 (12 noon CDST) at above address.

Columbia Gas System, Inc. (10/3)
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.

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. (7/23)
May 16, 1963 it was reported that this company plans to sell $13,000,000 of first mortgage bonds due 1993. **Office**—408 W. 7th Street, Fort Worth, Tex. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Stone & Webster Securities Corp. **Bids** — July 23 (11 a.m. EDST) at 90 Broad St., New York. **Information Meeting** — July 18 (11 a.m.) at same address.

Connecticut Light & Power Co.
June 4, 1963 it was reported that the company is considering the issuance of about $25,000,000 of bonds in late 1963. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who 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.
May 22, 1963 the company stated that it will have to raise approximately $800,000,000 through the sale of securities, to finance its five-year construction program. In addition, it will have to refinance $52,000,000 of maturing bonds in the period ending 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last public 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 3rd quarter 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.

First National Bank of Toms River, N. J.
May 28, 1963 it was reported that the bank plans to offer stockholders the right to subscribe for an additional 24,000 common shares on the basis of one new share for each 19½ held of record June 26. Rights will expire Aug. 26. **Price**—$24. **Proceeds**—To increase capital funds. **Address**—Toms River, N. J. **Underwriter**—None.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

Food Fair Properties, Inc.
May 11, 1962 stockholders authorized the company to issue 756,000 shares of a new convertible preferred stock which will be offered to stockholders through subscription rights on a 1-for-10 basis. **Price**—By amendment **Business**—Development and operation of shopping centers. **Proceeds**—To retire outstanding 6% preferred stock and purchase up to $6,000,000 convertible debentures of Major Realty Corp., an affiliate. **Office**—223 East Alleghany Ave., Philadelphia. **Underwriter**—To be named The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co. New York. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

★ **Gulf, Mobile & Ohio RR. (8/8)**
June 12, 1963 it was reported that this road plans to sell $3,900,000 of equipment trust certificates. **Office**—104 St. Francis St., Mobile, Ala. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Aug. 8 (12 noon CDST) at the company's Chicago office.

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.
June 2, 1963 it was reported that the company plans to offer stockholders in October the right to subscribe for an additional $8,000,000 of common stock. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., 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 & 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** — Aug. 6 (11 a.m. EDST) at 2 Broadway, New York. **Information Meeting**—Aug. 1 (3 p.m. EDST) same address.

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. (9/5)
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. **Bids**—Expected Sept. 5.

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.

★ **Jersey Central Power & Light Co. (10/1)**
June 12, 1963 the company announced plans to sell $10,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **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. **Bids**—Expected Oct. 1 (11 a.m. EDST) at 80 Pine St., New York.

★ **Jersey Central Power & Light Co. (10/15)**
June 12, 1963 company announced plans to sell $9,000,000 of debentures due 1988. **Proceeds**—For construction. **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. **Bids**—Expected Oct. 15 (11 a.m. EDST) at 80 Pine St., New York.

★ **Lewis Business Forms, Inc.**
June 12, 1963 it was reported that the company is considering the issuance of $1,250,000 of 15-year convertible subordinated debentures. **Business**—Manufacture of specialized business forms and other business printing products. **Proceeds**—For expansion. **Office**—2432 Swan St., Jacksonville, Fla. **Underwriter**—To be named. The last public sale of securities in February 1960 was handled by C. E. Unterberg, Towbin Co., New York.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly).

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—

441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly)

Mexico (Government of)
April 5, 1963 it was reported that the Mexican Congress had authorized the sale of $100,000,000 of bonds in other countries. It is expected that the majority of them would be sold in the U. S. Details as to terms, timing, etc., have not been decided upon. **Proceeds**—For economic development. **Underwriter**—Kuhn, Loeb & Co., New York.

● Michigan Wisconsin Pipe Line Co. (7/16)
June 12, 1963 it was reported that this company plans to sell $30,000,000 of first mortgage bonds in July. **Office**—500 Griswold St., Detroit. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. **Bids**—Expected July 16.

National Uni-Pac, Inc.
March 27, 1963 it was reported that the company plans to file a registration statement covering 150,000 common. **Price**—$4. **Business**—The sale or lease of coin operated vending machines. **Proceeds** — To redeem outstanding debentures, and for other corporate purposes. **Office**—15 Peachtree St., N. W. Atlanta, Ga. **Underwriter**—To be named.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $10,000,000 of first mortgage bonds in Sept. **Address**—Fourth and Stewart Avenue, Las Vegas. **Underwriters**—(Competitive): White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $4,000,000 of common stock in September. Transaction is subject to approval by State and Federal regulatory authorities. **Address** — Fourth and Stewart Ave., Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co.
Jan. 16, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly) Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.

New York 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. (6/25)
June 11, 1963 the company stated that it will sell $6,750,000 of 1-15 year equipment trust certificates in June. A second instalment of $6,900,000 is tentatively scheduled for late August. **Office** — 8 North Jefferson St., Roanoke, Va. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—June 25 (12 noon EDST) at the company's office in Philadelphia.

Northern Illinois Gas Co. (7/23)
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 23 (10:30 a.m. CDST).

Northern Natural Gas Co.
May 16, 1963 it was reported that this company plans to sell $30,000,000 of debentures in the third quarter of 1963. **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.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Northern States Power Co. (Minn.) (9/24)
May 14, 1963, it was reported that this company plans to sell $15,000,000 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). **Bids**—Expected Sept. 24 (11 a.m. EDST).

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. (7/30)
May 20, 1963 it was reported that the company plans to issue $30,000,000 of first mortgage bonds due 1993. **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). **Bids**—July 30 (11 a.m. EDST) at Ebasco Services, Inc., 2 Rector St., New York.

Pacific Power & Light Co. (7/30)
May 20, 1963 it was reported that this company plans to sell 100,000 shares of preferred (par $100). **Proceeds**—To redeem outstanding 6.16% preferred, repay bank loans and construct additional facilities. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Blyth & Co., Inc.-Smith, Barney & Co.-White, Weld & Co. (jointly); Kidder, Peabody & Co.-Eastman Dillon, Union Securities & Co. (jointly). **Bids**—July 30 (12 noon EDST) at Ebasco Services, Inc., 2 Rector St., New York.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967 **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Potomac Edison Co.
May 14, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to raise $12,000,000 in 1964, but has not determined the type of security to be sold. **Office**—200 East Patrick St., Frederick, Md. **Underwriter**—To be named. The last sale of bonds on May 8, 1957 was to a group headed by W. C. Langley & Co., and First Boston Corp. Other bidders were: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly).

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

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 June 18 and the date of the meeting will also be the record date for the rights offering. **Office**—350 Main St., Huntington, N. Y. **Underwriter**—M. A. Schapiro & Co., N. Y.

Southern California Edison Co.
May 22, 1963, following the sale of $60,000,000 of first and refunding mortgage bonds due May 15, 1988, the company stated that it will need about $66,000,000 of new money to finance its 1963-64 construction program. A spokesman said that the company is considering the sale of a minimum of $50,000,000 of debt securities in the fall. **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).

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.

Sumitomo Bank of California (San Francisco)
May 15, 1963 it was reported that the bank is offering 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.

Texas Bank & Trust Co.
June 5, 1963 it was reported that the company is offering its stockholders the right to subscribe for an additional 122,500 common shares, on the basis of one new share for each three held of record June 5. Rights will expire June 19. **Price**—$28.25. **Proceeds**—To increase capital funds. **Address**—Main & Lamar Sts., Dallas. **Underwriters** — Rauscher, Pierce & Co., Inc., and First Southwest Co., Dallas.

● Texas & Pacific Ry. (6/19)
May 20, 1963 it was reported that this road plans to sell $3,000,000 of 1-15 year equipment trust certificates. **Address** — 916 Fidelity Union Tower, Dallas. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—June 19 (12 noon CST) at above address.

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.

Ultronic Systems Corp.
May 28, 1963 it was reported that a registration will be filed shortly covering the first public sale of this firm's common stock. While the size of the offering has not been determined, it is said to be a relatively small deal, involving over 50,000 shares. **Business** — Manufacture, rental and service of the "Ultronic Stockmaster," a desk unit used to provide stock brokers with instantaneous information on stock and commodity market action of selected issues. **Proceeds**—For working capital. **Address**—Pennsauken, N. J. **Underwriter**—Bache & Co., N. Y.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

U. S. National Bank (San Diego, Calif.)
May 29, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 40,000 capital shares on the basis of one new share for each 13½ held of record May 17. Rights will expire June 17. **Price**—$45. **Proceeds**—To increase capital funds. **Address**—San Diego, Calif. **Underwriter**—Dean Witter & Co., San Francisco.

Wisconsin Public Service Corp. (10/8)
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.

Yale Express System, Inc.
May 14, 1963, Gerald W. Eskow, President, told the annual meeting of stockholders that, "preliminary discussions have been held with investment bankers" in regard to arranging for long-term financing. **Business**—A holding company for subsidiaries engaged in motor vehicle freight transportation, nationwide freight forwarding, truck leasing, etc. **Office**—460 12th Ave., New York. **Underwriter**—To be named.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	June 8	2,513,000	2,608,000	2,548,000	1,580,000
Index of production based on average weekly production for 1957-1959	June 8	134.9	140.0	136.8	84.8
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	June 8	0.82	0.85	0.83	54.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 31	7,453,260	7,491,660	7,460,360	7,255,910
Crude runs to stills—daily average (bbls.)	May 31	8,536,000	8,531,000	8,147,000	8,614,000
Gasoline output (bbls.)	May 31	30,214,000	29,724,000	28,555,000	30,477,000
Kerosene output (bbls.)	May 31	2,763,000	2,727,000	2,965,000	2,497,000
Distillate fuel oil output (bbls.)	May 31	13,348,000	13,834,000	12,656,000	13,420,000
Residual fuel oil output (bbls.)	May 31	4,987,000	5,209,000	4,741,000	5,103,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	May 31	196,414,000	*196,417,000	202,684,000	191,736,000
Kerosene (bbls.) at	May 31	28,301,000	28,045,000	26,542,000	26,883,000
Distillate fuel oil (bbls.) at	May 31	99,824,000	95,008,000	88,099,000	102,959,000
Residual fuel oil (bbls.) at	May 31	45,851,000	46,114,000	43,778,000	41,662,000
Unfinished oils (bbls.) at	May 31	88,769,000	89,341,000	84,706,000	85,662,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 1	548,021	598,419	590,981	529,285
Revenue freight received from connections (no. of cars)	June 1	505,709	528,955	532,415	475,334
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 1	8,595,000	*9,275,000	8,985,000	7,507,000
Pennsylvania anthracite (tons)	June 1	313,000	405,000	365,000	263,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	June 6	$339,800	$504,800	$428,900	$261,800
Private	June 6	247,900	390,600	302,000	194,500
Public	June 6	91,900	114,200	126,900	67,300
State and Municipal	June 6	91,400	109,000	117,500	66,500
Federal	June 6	500	5,200	9,400	800
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	June 1	100	107	113	99
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 8	17,368,000	16,105,000	16,529,000	15,876,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 6	303	235	322	306
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 3	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	June 3	$63.33	$63.33	$63.33	$63.44
Scrap steel (per gross ton)	June 3	$26.83	$28.17	$28.83	$24.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 7	30.600c	30.600c	30.600c	30.600c
Export refinery at	June 7	28.400c	28.375c	28.425c	28.600c
Lead (New York) at	June 7	10.750c	10.500c	10.500c	9.500c
Lead (St. Louis) at	June 7	10.550c	10.300c	10.300c	9.300c
‡Zinc (delivered at)	June 7	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	June 7	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	June 7	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	June 7	120.625c	117.000c	116.625c	113.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 11	89.53	89.42	89.82	89.52
Average corporate	June 11	89.23	89.23	89.23	87.72
Aaa	June 11	92.50	92.64	92.93	91.77
Aa	June 11	90.77	90.77	90.77	89.92
A	June 11	89.51	89.51	89.37	87.32
Baa	June 11	84.43	84.30	84.04	82.27
Railroad Group	June 11	87.32	87.18	87.05	84.17
Public Utilities Group	June 11	90.34	90.34	90.34	89.37
Industrials Group	June 11	90.20	90.20	90.20	89.78
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 11	3.85	3.86	3.80	3.73
Average corporate	June 11	4.47	4.47	4.47	4.58
Aaa	June 11	4.24	4.23	4.21	4.29
Aa	June 11	4.36	4.36	4.36	4.42
A	June 11	4.45	4.45	4.46	4.61
Baa	June 11	4.83	4.84	4.86	5.00
Railroad Group	June 11	4.61	4.62	4.63	4.85
Public Utilities Group	June 11	4.39	4.39	4.39	4.46
Industrials Group	June 11	4.40	4.40	4.40	4.43
MOODY'S COMMODITY INDEX	June 11	376.8	377.8	383.8	364.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 1	335,274	368,566	396,753	337,569
Production (tons)	June 1	358,205	368,276	358,223	335,045
Percentage of activity	June 1	93	96	93	91
Unfilled orders (tons) at end of period	June 1	470,503	488,944	528,098	460,264
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	June 7	112.12	111.93	111.96	111.92
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 17	3,070,540	3,028,860	3,342,140	3,015,140
Short sales	May 17	713,590	618,380	896,670	796,100
Other sales	May 17	2,321,080	2,442,770	2,496,410	2,637,870
Total sales	May 17	3,034,670	3,061,150	3,393,080	3,433,970
Other transactions initiated off the floor—					
Total purchases	May 17	636,240	626,100	750,460	334,670
Short sales	May 17	73,400	80,200	89,300	79,300
Other sales	May 17	604,140	580,380	669,720	323,930
Total sales	May 17	677,540	660,580	759,020	403,230
Other transactions initiated on the floor—					
Total purchases	May 17	1,224,685	1,219,930	1,326,672	828,859
Short sales	May 17	208,040	196,880	168,820	191,920
Other sales	May 17	1,279,232	1,278,657	1,187,220	871,209
Total sales	May 17	1,487,272	1,475,537	1,356,040	1,063,129
Total round-lot transactions for account of members—					
Total purchases	May 17	4,931,465	4,874,900	5,419,272	4,178,669
Short sales	May 17	995,030	895,460	1,154,790	1,067,320
Other sales	May 17	4,204,452	4,301,807	4,353,350	3,833,009
Total sales	May 17	5,199,482	5,197,267	5,508,140	4,900,329
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	May 17	1,637,408	1,652,215	1,840,540	2,264,698
Dollar value	May 17	$79,096,134	$80,354,490	$89,641,931	$127,561,320
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	May 17	2,040,599	2,038,579	2,268,811	1,721,165
Customers' short sales	May 17	12,915	14,489	12,903	60,162
Customers' other sales	May 17	2,027,684	2,024,090	2,255,908	1,661,003
Dollar value	May 17	$91,829,943	$97,281,135	$104,853,701	$95,481,176
Round-lot sales by dealers—					
Number of shares—Total sales	May 17	832,350	793,460	868,100	424,155
Short sales	May 17	------	------	------	------
Other sales	May 17	832,350	793,460	868,100	424,155
Round-lot purchases by dealers—Number of shares	May 17	371,570	383,020	445,430	927,380
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	May 17	1,203,020	1,182,400	1,384,250	1,467,370
Other sales	May 17	24,610,800	23,529,250	25,475,700	18,725,000
Total sales	May 17	25,813,820	24,711,650	26,859,950	20,192,370
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	June 4	100.0	100.1	99.8	100.1
Farm products	June 4	95.3	95.5	94.7	95.3
Processed foods	June 4	100.6	101.0	99.7	99.7
Meats	June 4	92.0	89.7	87.8	94.3
All commodities other than farm and foods	June 4	100.5	100.5	100.5	100.7

*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
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of April	181,329	181,590	173,659
Stocks of aluminum (stort tons) end of Apr.	101,660	119,554	154,529
AMERICAN GAS ASSOCIATION— For month of March:			
Total gas sales (M therms)	11,478,100	12,626,900	11,075,700
Natural gas sales (M therms)	308,500	357,500	307,600
Manufact'd & mixed gas sales (M therms)	11,169,600	12,269,000	10,768,100
AMERICAN IRON AND STEEL INSTITUTE—			
Steel ingots and steel for castings produced (net tons) Month of April	10,698,000	10,080,014	9,235,881
Shipments of steel products (net tons)—Month of April	7,308,091	6,691,000	7,698,811
AMERICAN ZINC INSTITUTE, INC.—Month of May:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	81,123	76,334	83,026
Shipments (tons of 2,000 pounds)	95,378	89,774	82,286
Stocks at end of period (tons)	126,463	140,718	145,340
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of April:			
New England	$50,295,866	$61,364,028	$37,782,132
Middle Atlantic	113,848,707	93,617,315	100,898,561
South Atlantic	71,769,368	47,887,781	57,194,660
East Central	170,255,782	116,253,832	108,960,258
South Central	135,685,480	150,714,872	115,231,302
West Central	68,791,687	48,214,739	55,137,934
Mountain	42,938,133	42,474,696	36,498,090
Pacific	162,276,719	144,157,421	135,050,041
Total United States	$815,861,742	$704,684,684	$646,752,879
New York City	60,928,898	40,893,631	52,158,010
Total outside New York City	$754,932,844	$663,791,053	$594,594,869
CIVIL ENGINEERING ADVANCE PLANNING, NEW SERIES—ENGINEERING NEWS RECORD — Month of May (000's omitted):			
Total U. S. construction	$2,328,200	$2,036,700	$2,054,700
Private construction	1,558,000	1,383,400	1,381,900
Public construction	770,200	653,300	672,800
State and municipal	718,900	557,500	633,400
Federal	51,300	95,800	39,400
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of April 30:			
Total consumer credit	$63,267	$62,276	$57,314
Instalment credit	48,873	48,190	43,837
Automobile	20,121	19,720	17,671
Other consumer credit	12,455	12,396	11,498
Repairs and modernization loans	3,229	3,210	3,128
Personal loans	13,068	12,864	11,540
Noninstalment credit	14,394	14,086	13,477
Single payment loans	5,596	5,593	5,241
Charge accounts	4,567	4,340	4,319
Service credit	4,231	4,153	3,917
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1957-59 Average=100— Month of May:			
Adjusted for seasonal variation	116	*115	115
Without seasonal adjustment	111	*112	110
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of March (000's omitted)	67,713,348	68,458,934	63,950,960
Revenue from ultimate customers—Month of March	$1,114,106	$1,144,659	$1,066,329
Number of ultimate customers at March 31	61,554,689	61,371,559	60,238,163
METAL OUTPUT (BUREAU OF MINES)— Month of March:			
Mine production of recoverable metals in the United States—			
Gold (in fine ounces)	115,037	*102,751	122,994
Silver (in fine ounces)	2,762,328	*2,697,749	3,366,186
Copper (in short tons)	101,951	*94,429	109,730
Lead (in short tons)	13,537	*13,240	23,522
Zinc (in short tons)	42,649	*42,649	42,608
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of May:			
Industrials (125)	3.15	3.12	3.49
Railroads (25)	4.21	4.39	5.86
Utilities (not incl. Amer. Tel. & Tel.) (24)	3.04	3.07	3.42
Banks (15)	3.14	3.15	3.56
Insurance (10)	2.50	2.42	2.59
Average (200)	3.13	3.11	3.48
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. AUTOMOBILE MANUFACTURERS' ASSN.—Month of May:			
Total number of vehicles	846,793	819,206	788,993
Number of passenger cars	715,772	691,838	673,817
Number of trucks and motor coaches	131,021	127,368	115,176
U. S. GOVT. STATUTORY DEBT LIMITATION As of May 31 (000's omitted):			
Total face amount that may be outstanding at any time	$307,000,000	$305,000,000	$300,000,000
Outstanding—			
Total gross public debt	305,203,811	303,165,743	299,173,940
Guaranteed obligations not owned by the Treasury	576,987	562,377	430,077
Total gross public debt & guaranteed obligations	$305,780,799	$303,728,121	$299,604,017
Deduct—Other outstanding public debt obligations not subject to debt limitation	368,242	368,740	434,028
Grand total outstanding	$305,412,557	$303,359,381	$299,169,989
Balance face amount of obligations issuable under above authority	1,587,443	1,640,618	830,010
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of May 31	$305,780,799	$303,728,121	$299,604,017
General funds balance	7,557,798	6,579,356	8,140,542
Net debt	$298,223,001	$297,148,765	$291,463,475
Computed annual average	3.345%	3.338%	3.236%

*Revised figure.

Mark New Bond Offering

Federal Housing Commissioner Philip N. Brownstein (left) and J. Stanley Baughman, President of the Federal National Mortgage Association (right) look over a framed sample copy of an unusual residential bond and prospectus used in the FHA-insured financing of a Home for the Elderly in Seattle, Wash. Center are two officials: K. G. Marsden, Senior Vice-President, and Delbert J. Kenny, President of the B. C. Ziegler & Co., West Bend, Wisc., of the firm which underwrote the bonds, who presented the framings to the Federal Housing officials in Washington. F. N. M. A. worked with F. H. A. and the Ziegler firm to devise financing arrangements — through traditional type corporate bonds, secured by an F. H. A.-insured first mortgage within a 96-page trust indenture — and for a commitment for F. N. M. A. to participate in the financing if the bonds were less than half subscribed by the public. The issue was substantially oversubscribed.

TAX-EXEMPT BOND MARKET

Continued from page 6

additional accounts which bid for this loan.

Scaled to yield from 1.65% to 3.10% for a 3% coupon, initial demand has been disappointing, with the present balance in account $2,340,000.

Friday (June 7) was worthy of brief note only to inform our readers that there was not a single sale of bonds over $500,000 on the calendar. Monday of the present week was also quiet, with only one issue sold at public bidding. The syndicate headed by *Merrill Lynch, Pierce, Fenner & Smith Inc.* and *Equitable Securities Corp.* and composed of *Stifel, Nicolaus & Co.* and *W. E. Hutton & Co.* was the successful bidder for the $1,200,000 Montgomery County, Kentucky School Building revenue (1964-1983) bonds at a 3.4717% net interest cost. The runner-up bid, a 3.5379% net interest cost, came from a group of Kentucky dealers headed by J. J. B. Hilliard & Son and Almstedt & Co.

Reoffered to yield from 2.60% in 1968 to 3.60% in 1983, the present balance in syndicate is $385,000. The bonds due 1964 to 1967 were sold pre-sale.

Active Tuesday

Tuesday was a busy day with four important issues on the schedule. The group led by the *First Boston Corp.* and *Shields & Co.* submitted the best bid for $17,000,000 St. Petersburg, Fla., Utility Tax revenue (1964-1983) bonds, a 3.259% interest cost. This bid compared very favorably with the runner-up bid, a 3.26% net interest cost made by the account managed jointly by Halsey, Stuart & Co., Inc., Smith, Barney & Co. and B. J. Van Ingen & Co.

Other major members of the winning group include C. J. Devine & Co., R. W. Pressprich & Co., Paine, Webber, Jackson & Curtis, Dominick & Dominick, Hayden, Stone & Co., American Securities Corp., Baxter & Co., Lee Higginson & Co., E. F. Hutton & Co., King, Quirk & Co. and Walston & Co.

The obligations are reoffered to yield from 1.80% in 1964 to 3.40% in 1982 and first day orders have amounted to $11,000,000. As we go to press, a balance of $4,000,000 remains in group. The 1983 maturity carried a one-tenth of 1% coupon and was sold at a 4.40% yield.

Also on Tuesday a total of $15,050,000 Oklahoma City, Oklahoma issues due (1965-1988) came to market for competitive bidding. The syndicate headed by the *Bankers Trust Co.* and associates submitted the best bid for ten component issues totaling $13,850,000. The bids by the Bankers Trust syndicate set a 3.15% average annual net interest cost.

Other major members of this account include Goldman, Sachs & Co., Blyth & Co., Drexel & Co., Blair & Co., Inc., White, Weld & Co., R. W. Pressprich & Co., B. J. Van Ingen & Co., Dick & Merle-Smith, Alex. Brown & Sons, American Securities Corp., First of Michigan Corp., Baxter & Co., Bache & Co. and Fidelity-Philadelphia Trust Co.

The bonds were scaled to yield from 2.00% to 3.30% for various coupons and the syndicate reports an unsold balance of $4,978,000.

The account headed jointly by *Halsey, Stuart & Co., Inc., Lehman Brothers* and *Glore, Forgan & Co.* was the successful bidder for one of the Oklahoma City issues totaling $1,200,000 at a net interest cost of 2.686%. This was a shorter loan, maturing from 1965 to 1974, and no reoffering scale was released. The bonds were reported sold pre-sale.

Norfolk Issue Well Taken

The group headed by *Morgan Guaranty Trust Co., Kuhn, Loeb & Co.* and *Glore, Forgan & Co.* submitted the best bid, a 3.029% net interest cost, for $7,000,000 Norfolk, Virginia Public Improvement (1964-1988) bonds. The runner-up bid, a 3.032% net interest cost, came from Blyth & Co. and associates.

Other major members of the winning group include Carl M. Loeb, Rhoades & Co., Wertheim & Co., Ira Haupt & Co., Clark, Dodge & Co., Kaufman Brothers Co., G. H. Walker & Co., Wood, Struthers & Co. and Federation Bank and Trust Co., New York. The securities are offered to yield from 2.40% in 1969 to 3.20% in 1986 and the present balance in group totals $900,000.

The bonds due 1964 to 1968 were sold pre-sale as were the one-tenth of 1% coupon bonds maturing 1987 and 1988.

This week's final sale of importance was $3,613,000 Town of Hempstead, New York various purpose (1964-1992) bonds. The account headed by *C. J. Devine & Co.* was the successful bidder at 100.6199 for a 3¼% coupon. The runner-up bid, 100.322 also for a 3¼% coupon, came from Lehman Brothers and associates.

Associated with C. J. Devine & Co. as major underwriters in this issue are Continental Illinois National Bank and Trust Co., Dick & Merle-Smith, W. E. Hutton & Co., Barr Brothers & Co., J. R. Williston & Beane, Shelby Cullum Davis & Co., Herbert J. Sims & Co., Penington, Colket & Co. and M. B. Vick & Co. The bonds were offered to yield from 1.70% to 3.40% and today's balance is $1,403,000.

Revenue Bonds Stable

The toll road, toll bridge, public utility and various authority long term issues show a slight loss for the week. The *Commercial and Financial Chronicle's* revenue bond Index which is averaged from 23 of the more active issues at the market's offered side stands at 3.458% as of June 12. The Index was 3.446% a week ago. In dollars the average sell off was about ¼ of a point. Most of these issues were off less than ½ of a point in the course of the week and about half of them were unchanged. The steady and narrow markets for most of these long-term revenue issues has been a favorable feature in the recent tax-exempt market sell off.

Looking Ahead

It was announced yesterday morning that the Delaware River and Bay Authority, a bi-state agency (Delaware-New Jersey) has appointed *Alex. Brown & Sons, B. J. Van Ingen & Co.* and *Lehman Bros.* to negotiate the approximately $110,000,000 of bond financing expected late this year. This is in connection with another Delaware River crossing in the area of the Delaware Memorial bridge.

Taxpayer Revolt?

One of this week's news items indicated that there are many citizens apprehensive concerning the rate of governmental expenditures. The voters of Harris County, Texas (Houston) rejected 8 bond proposals totaling $85,800,000. Moreover, all of the issues involved were defeated by margins of more than 3 to 1. In this day of intolerably crowded urban highways, a proposal providing $73,800,000 for county road construction was one of the proposals defeated. Issues totaling $12,000,000 for prison farm and courthouse additions were also defeated.

Should this public attitude prevail or at least become more prevalent in the months ahead, it could mean that the current record breaking volume of new state and municipal issues could be at its high point for a while at least.

Director of Wellington Fund

Jackson D. Breaks has been named a Director of Wellington Fund and Wellington Equity Fund, it has been announced by Walter L. Morgan, President of both funds.

Jackson D. Breaks

Mr. Breaks is President of the Chase Manhattan Capital Corp., a small business investment company which is wholly owned by The Chase Manhattan Bank. He joined The Chase Manhattan Bank in 1950, and was named a Vice-President in 1951, a post he held until elected to his present position in 1962.

Dealer-Broker Recommendations

Continued from page 8

New York 5, N. Y. Also available are reviews of **Great Atlantic & Pacific Tea Co., Kimberly Clark, Jones & Laughlin, Lane Bryant, Lockheed Aircraft** and a report on **Western Railroad Mergers.**

King Seeley Thermos — Memorandum — Sincere and Company, 208 South La Salle Street, Chicago 4, Ill. Also available are memoranda on **Kratter** and **S. H. Kress.**

Lincoln Liberty Life Insurance Company — Analysis — Sanford & Company, 233 Sansome Street, San Francisco 4, Calif.

Marine Petroleum Trust — Report —Brown, Allen & Co., Inc., Texas Bank Building, Dallas 2, Texas.

Micromatic Hone Corporation—Report—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Oklahoma Gas & Electric Co.—Annual report—Oklahoma Gas & Electric Co., Don H. Anderson, Manager Industrial Development Dept., Oklahoma City, Okla.

Parker Pen Company—Report—Robert W. Baird & Co., 731 North Water Street, Milwaukee 1, Wis. Also available are reports on **Manpower Inc., Wisconsin Public Service,** and **National Steel Corp.**

Philip Morris — Memorandum — Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Public Service Co. of Indiana — Annual report — Public Service Co. of Indiana, Plainfield, Ind.

Purity Stores, Inc. — Analysis — A. G. Becker & Co., Incorporated, 60 Broad Street, New York 4, N. Y.

Jos. Schlitz Brewing Co.—Analysis—Glore, Forgan & Co., 45 Wall Street, New York 5, N. Y. Also available are analyses of **Smith Kline & French Laboratories** and **Ridge Tool Co.**

Shop Rite Foods—Report—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Simplicity Manufacturing Company** and **Hoerner Boxes, Inc.**

Tax Free Bonds—Yielding 5.40% —Street, sewer and land reclamation general obligation bonds from the San Francisco Bay Area—Information—Grande & Co., Incorporated, Hoge Building, Seattle 4, Washington.

Treasure Chest in the Growing West—Brochure describing industrial opportunities of the area served—Utah Power & Light Co., D. H. White, Manager Sales & Marketing Dept., Dept. C5, Utah Power & Light Co., Salt Lake City 10, Utah.

U. S. Steel—Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y. Also available are a memoranda on **General Precision Equipment** and **Anaconda.**

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

Virginia Electric and Power Co.—Annual report—Virginia Electric & Power Co., Secretary's Office, Seventh & Franklin Sts., Richmond, Va.

Walt Disney Productions—Analysis—Courts & Co., 11 Marietta St., N. W. Atlanta 1, Ga.

Witco Chemical Company—Report —Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of the **Sugar Industry, Beatrice Foods, Inspiration Consolidated Copper Co.** and **United Aircraft Corp.**

STATE of TRADE and INDUSTRY

Continued from page 16

drop in order entry attributable to the slowdown in inventory building, demand is well above average for the season.

Orders for bars, beams, hot rolled strip, and coated sheets are declining, but there's not much deferment or cancellation of tonnage on the books. Cold rolled sheets, wide plates, and semi-finished products are holding their own.

Rails, reinforcing bars, and tubular items are on the upswing. Most mills are sold out through mid-August on galvanized sheets, through July on wide plates and cold rolled sheets, and through June on hot rolled items.

Long leadtimes quoted by mills —and occasional late deliveries— are encouraging users to buy from service centers. Major distributors say their May shipments were 10% higher than April's. They are predicting a similar improvement this month.

Since orders have passed their peak, empasis has been on mill shipments. Customers are pushing as hard as ever for quick delivery—a clear indication that they have not overbuilt their inventories.

May shipments topped April's by 6 to 8% but should have been higher. They were held down to some extent by shortages of trucks and freight cars.

Steelmakers expect June shipments to exceed last month's by 5%. They figure "carryovers" from May will offset any deferments of tonnage from June to July.

Scrap prices tumbled last week. *Steel's* price composite on No. 1 heavy melting steel dropped $2 a gross ton to $25.83, lowest since the week ended Dec. 5.

Aluminum Headed Toward Record Year

Consumers have been using aluminum faster than even the more optimistic forecasts anticipated at the beginning of the year, *Steel* reported.

Idle capacity has been reactivated at almost a frenzied clip over the last two months. By the end of this month, *Steel* estimated the industry will be producing at an annual rate of 2,380,000 tons— 95.6% of capacity

Predicts Steel Agreement Without A Reopener

Steel labor negotiators will reach an agreement without formal reopening of the labor contract, *Iron Age* magazine reported yesterday.

New terms will include an extended vacation plan proportionate to that reached last year by the United Steelworkers of America and the can manufacturers. However, the steel industry's program is expected to be more costly to the industry.

(In the can companies agreement, the workers were granted 13 weeks vacation every five years to workers with 15 years seniority.)

But *Iron Age* said the highly publicized human relations committee approach may be abandoned after this year's settlement, or at the least highly modified. The human relations approach is being blamed in varying degrees —and by both sides—for inability to come to an agreement earlier.

Complaint That Human Relations Bargaining Model Delays Agreement

Negotiators had been close to agreement for possibly six weeks. Confusion on the status of talks stems from the fact that bargaining is taking place under human relations committee ground rules. This means all proposals, positions, and concessions are completely tentative.

Negotiators complain of constant backtracking to points that one side may have considered settled as concessions in one area are demanded for concessions in other areas.

According to sources within the bargaining groups, when talks reached the negotiation stage they continued to be conducted under rules designed for study and exploration, not final settlement. This prevented points from being firmly resolved, with no orderly progression from point to point, *Iron Age* said.

Because of this machinery, there had been no attempt to fill in the fine print of the extended vacation plan or any other section. Until the whole framework is assembled, no portion is considered settled or firm.

This became a source of frustration for both sides. Negotiators said the human relations approach will probably survive current talks, but unless changes are made, it may be doomed as a vehicle for negotiation.

Another source of difficulty has been the lengthy chain of approval set up by the companies. Bargainers reported to representatives of the companies, who, in turn, had to submit points to be checked by legal and operating people and finally by the chief executives.

Despite the friction and frustration, a reopener is unlikely. The union, in particular, pioneered the human relations approach and, after months of steady talk, there is too much at stake to abandon the approach at this late date.

Foresees Strong 1964 Business Year

Iron Age magazine said recently that despite some "if's" in the business picture, a high rate of industrial activity is assured through the second half of 1963.

Further, there are continued signs of a strong 1964 business year.

The national metalworking weekly made these predictions based on a staff report of business sentiment combined with its own survey of capital appropriations of the metalworking industry.

The survey, based on capital appropriations in the first quarter of this year, noted a substantial drop from record-setting setasides in the fourth quarter of 1962.

Metalworking capital appropriations did fall from $1.63 billion in the fourth quarter of last year to $1.02 billion in the first quarter, *Iron Age* noted. But this was from a record high, and an average of the two quarters is a better-than-respectable $1.325 billion.

Further, the magazine said, there are signs that the fourth quarter splurge was not a one-shot affair. And, since actual expenditures follow appropriations by from six to nine months, a lot of spending will carry over into the third quarter. By the end of the year, there is evidence more big programs will be launched.

The magazine points to both the auto industry and the steel industry as major factors in a continued high rate of capital spending.

For years the talk was of over capacity. Now, automakers are taxing their efficient capacity. With big plans for 1965, which may be one of the greatest years in new model introductions and innovations, automakers will be accelerating their tooling outlays.

Anticipates New Capital Spending Surge by Steel

The steel industry has made more production and product innovations in recent years than at any time in modern history, *Iron Age* said. But major outlays for oxygen steelmaking, continuous casting, and other projects are still to be made. This could mean a major surge in capital spending by steelmakers and there are signs that a new wave of commitments is due to break, the magazine said.

Some business uncertainty is noted in the report. Probably because the first half boom was largely unexpected, metalworking executives today are looking over their shoulders for signs of trouble. They won't find many, *Iron Age* stated.

Doubts Bases of Concern

Iron Age noted these points of concern:

One is the sharp drop in capital appropriations by metalworking— down 37% from the fourth quarter of 1962 to the first quarter of this year.

Another is the buildup of steel inventories as a strike hedge. Periods of liquidation, such as seems likely in the second half, have often triggered business declines.

A third factor is the booming auto industry. Traditionally, automakers have found it nearly impossible to have two great years back-to-back. Now, can a third good year in a row follow the 1962 and 1963 model years?

These are valid points to raise, the magazine conceded. But generally with the exception of steel, they do not stand up as second half deterrents.

Noting the decline in capital setasides, the magazine said there was a quarterly drop—but the entire picture still shows real strength in metalworking's capital investment plans.

Also, seven-million car years may now be considered "normal," if predictions of top auto executives are correct.

On steel, *Iron Age* noted that a lot of the current strength of the market is admittedly artificial and inventory liquidation is inevitable. But because of strong rates of consumption, the liquidation is not likely to be as severe as in previous steel labor years.

Output of Autos Hits Record Weekly High

Ward's Automotive Reports said that auto assembly in U. S. plants during June will proceed at the highest daily rate in industry history.

The statistical agency forecast average daily output of passenger cars would reach 35,000 units for the 20 regular work days of the month. In May, during which month 715,095 cars were made, the average was 32,500 units for 22 days.

Ward's said the previous high came in March of 1955, when six primary auto makers averaged 34,500 units. Manufacture is now confined to five producers.

Output two weeks ago was fixed by *Ward's* at 169,831 units, or 24.8% above 136,292 in the Memorial Day week. Last week's car count also was estimated to be the highest for any corresponding week in any year, and 13.2% above 150,077 cars made in the same 1962 period.

On Monday, June 3, the industry built its 4,000,000 vehicle (including trucks) since Jan. 1, and on Wednesday, June 5, the 6,000,000 car of the current model year was assembled. Several makes of cars have already established new production records individually, and the entire industry is racing toward an all-time model-year high of some 7.3 million units.

Of output last week, GM Corp. was expected to account for 52.4%; Ford 28.0%; Chrysler Corp., 12.6%; American Motors, 6.0% and Studebaker Corp., 1.0%.

Rail Freight Loadings Outpace 1962's Rate Five Weeks in a Row

Loading of revenue freight in the week ended June 1, which included the Memorial Day Holiday totaled 548,021 cars, the Association of American Railroads announced. This was a decrease of 50,398 cars or 8.4% below the preceding week.

The loadings represented an increase of 18,736 cars or 3.5% above the corresponding week in 1962, and an increase of 16,316 cars or 3.1% above the corresponding week in 1961.

It has been a long time since rail loadings over the comparable year-ago week rose for five consecutive weeks. Loadings over the year-ago week were up 0.6% in the May 4-ending week, up 2.5% on May 11, up 2.4% on May 18, up 3.1% in the week ending May 25, and up 3.5% in the latest week as noted above.

Ton Miles Exceed 1962

Ton-miles generated by carloadings in the week ended June 1, 1963, are estimated at approximately 11.7 billion, an increase of 8.7% over the corresponding week of 1962 and 12.6% over 1961.

There were 15,734 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended May 25, 1963 (which were included in that week's over-all total). This was an increase of 1,791 cars or 12.8% above the corresponding week of 1962 and 3,903 cars or 33.0% above the 1961 week.

Cumulative piggyback loadings for the first 21 weeks of 1963 totaled 311,986 cars for an increase of 38,262 cars or 14.0% above the corresponding period of 1962, and 84,328 cars or 37.0% 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 59 one year ago and 58 in the corresponding week in 1961.

Weekly Truck Tonnage

Intercity truck tonnage in the week ended June 1 was 0.8% below the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 10.1% behind the volume for the previous week of this year. This decrease is largely attributable to the Memorial Day holiday which fell on Thursday of the latest week reported.

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 16 localities, with 17 points reflecting decreases from the 1962 level. One terminal city, Philadelphia, showed no change from the previous year. Truck terminals at three centers, San Francisco, Detroit, and Albuquerque, showed tonnage gains of 21.5, 12.7, and 10.5%, respectively. Terminals at Omaha reflected a decrease of 20.9%, while Kansas City terminals were down 17.2%.

Compared with the immediately preceding week, 31 metropolitan areas registered decreased tonnage, while only three areas, San Francisco, New Orleans, and Houston, showed increases. The magnitude of the week-to-week decreases is consistent with that experienced during similar Memorial Day weeks in previous years.

Lumber Production Rises 6.5% Above 1962 Week

Lumber production in the United States in the week ended June 1 totaled 231,435,000 board feet compared to 216,320,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output increased 6.5%; new orders dropped 6% and shipments fell by 7.1%.

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

	June 1 1963	May 25 1963	June 2 1962
Shipments	215,716	223,093	232,442
Production	231,435	233,696	216,320
New orders	219,638	224,987	233,798

Six plywood manufacturers have shut down their operations in the Pacific Northwest, commencing June 6 when two were struck on June 5. The struck plants were St. Regis Paper Co. and the United States Plywood Corp. in Washington and Oregon, and the companies that shut down were Crown Zellerbach Corp., International Paper Co., Weyerhaeuser Corp. and Rayonier Corp.

Electric Output Surges 9.4% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 8, was estimated at 17,368,000,000 kwh., according to the Edison Electric Institute. Output was 1,263,000,000 kwh. greater than the previous week's total of 16,105,000 kwh., and 1,492,000,000 kwh., above the total output of the comparable 1962 week, or an increase over the year ago week of 9.4%.

Upswing in Business Failures From Holiday Lull

Rebounding from the holiday downturn, commercial and industrial failures rose to 303 in the week ended June 6 from 235 in the preceding week, reported Dun & Bradstreet, Inc. With this upswing, casualties pulled almost even with the 306 occurring in the similar week last year although they remained below the 349 in 1961. Some 8% more businesses succumbed than in 1939 when the pre-war toll stood at 279 for the comparable week.

Failures involving liabilities of $100,000 or more slipped to 36 from 40 a week ago but were even with the 1962 toll for this size group. The week's rebound was concentrated among casualties with losses under $100,000 which climbed to 267 from 195 in the prior week and almost matched their last year's level of 270.

More concerns failed than in the previous week in all industry and trade groups, with the steepest increases in retailing, up to 158 from 121, in construction, up to 40 from 30, and in commercial services, up to 28 from 21. The toll among manufacturers edged to 48 from 39 and among wholesalers to 29 from 24. Mortality equalled or exceeded year-ago levels in all lines except construction where casualties fell a third short of their 1962 toll.

Most of the week's rise occurred in four regions: the East North Central where failures surged to 73 from 42, the West South Central with 22 as against 9, the Mountain with 18 as against 3, and the Pacific, with 67 as against 54. In four areas, tolls held about steady, including the Middle Atlantic where 65 casualties occurred, while only one region, the New England, reported a decline from the prior week. Year-to-year trends were mixed with failures running above 1962 levels in five regions and falling below in four.

Canadian failures jumped to 54 from 30 in the preceding week and exceeded the 35 recorded in the similar week last year.

Wholesale Commodity Price Index Drops Lowest in Month

Substantial declines in the cost at wholesale of wheat and steel scrap pushed the general wholesale commodity price level down this Monday to 270.99, the lowest since the first week of May, reports Dun & Bradstreet, Inc. For the first time in many weeks, the index fell below its comparable month-earlier level, dipping under the 271.36 chalked up on the similar day in May, although it continued to hold a margin over last year.

On Monday, June 10, the Daily Wholesale Commodity Price Index dropped to 270.99 from 272.85 in the preceding week but held above the 269.72 registered on the corresponding day of 1962.

Wholesale Food Price Index Slips From 4-Month Peak This Week

Breaking the uptrend in effect for four successive weeks, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., slipped to $5.86 on June 11. Although off 0.5% from the four-month peak of $5.89 registered in the preceding week, the index remained 0.9% above the comparable year-ago level of $5.81.

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.

Good Weekend Spurs Buying at Retail

After a lacklustre performance before Memorial Day, a good weekend following the holiday helped to lift retail purchases in the week ended this Wednesday to a level moderately above a year earlier. Consumer interest picked up appreciably in women's sportswear and dresses, but activity in men's clothing continued to lapse. Home goods buying followed an uneven course, with gains in some areas barely edging out the declines in others. Resorts and roadside restaurants enjoyed flourishing business over the holiday.

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

Nationwide Department Store Sales Hover 1% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 1% (adjusted) for the second week in a row ending June 1, compared with the like period in 1962. Two weeks ago sales declined 2% over the 1962 week but the May 11 week had been up 5%. Until last May 4-ending week's decline of 3% there had been successive weekly gains (adjusted) which were markedly above last year's comparable performance.

In the four-week period ended June 1, 1963, sales gained 1% over last year's level for the comparable period for the country's 12 leading department store districts.

According to the Federal Reserve System, department store sales in New York City for the week ended June 1 gained 3% over the comparable year-ago week's figure.

New York City's department store sales were up 5%, however, for the four week-period ending June 1. A *flash figure* for New York City's sales for the June 8-ending week revealed a plus 4% increase notwithstanding the sales tax increase from 3% to 4% effective June 1. The four-week N. Y. C. flash figure was a plus 1% over a year-ago.

So far this year (Jan. 1 to June 1) the 12 department store districts' retail dollar volume increased 3% (adjusted) over that rung up for corresponding period a year ago.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, uncovered a much better year-to-year performance than department stores did for the latest statement week ending June 1. Total retail sales were up 5% from the comparable week last year. The year-to-year contrast for the four-week period ending June 1 showed a gain of 3%—or two percentage points more than department store sales for the same period.

Haupt Br. in Denver

DENVER, Colo.—Ira Haupt & Co., members of the New York Stock Exchange, have opened a branch office at 1515 Cleveland Place. Associated with the new office are Richard C. Campbell III, Robert W. Elmer, Harold J. Meyers, Joseph S. Miles and Strate C. Yeanos. All were formerly with Walston & Co., Inc.

The Security I Like Best

Continued from page 2

and flight information in this country and Europe. Jeppesen has added significantly in the recent earnings growth of the firm. Another wholly-owned subsidiary designs and publishes road maps for the Western Hemisphere. These two divisions can easily continue to be a growth factor for the Times-Mirror.

Times-Mirror represents an investment in a growing and profitable area. Further acquisitions in related publishing activities, such as Bibles and dictionaries, is a strong possibility. Earnings have consistently increased since 1960. During that period six wholly-owned subsidiaries were acquired and two of its newspapers were consolidated. Expenses for this expansion were written off currently.

Dividends have been paid since 1928. In 1962 the company paid 50 cents plus stock. This year a 2% stock dividend was paid. The all-time high for the common stock was 55. This year the range has been 30-38. There are over 4 million shares outstanding and no preferred. Last year the company obtained a 7-year $20 million loan from a group of banks, of which $3 million was for additional working capital and the balance used to eliminate all short- and long-term debt of the parent company and reduction of long-term debt of subsidiaries. A strong financial position and a very capable management are a basis for a most favorable prognosis. The stock is traded in the Over-the-Counter Market.

Kellehers Join McDougal-Condon

CHICAGO, Ill. — McDougal & Condon, Inc., 208 South La Salle St., state and municipal bond dealer, has announced that Walter M. Kelleher and Walter M. Kelleher, Jr., principals of Walter M. Kelleher & Co. have joined the firm and will manage a newly formed institutional department, underwriting and distributing church, hospital and school securities.

Mr. Kelleher Sr. has been a specialist in municipal and institutional bonds for more than 35 years and founded his own firm in 1933. His son joined him in the business in 1947. McDougal & Condon was founded in 1937.

Zelomek Will Discourse on Economic Trend

A. W. Zelomek, well-known analyst of economic trends and President of the International Statistical Bureau, will address a luncheon of the Factors and Finance Division of the United Jewish Appeal to be held on June 18, at the Hotel Plaza. This was announced by Jacob J. Schulder, Gibraltor Factors Corp., and Sidney A. Stein, Stein Factors Corp., UJA chairmen.

A. W. Zelomek

The luncheon will honor George B. Moran, Senior Vice-President, The Manufacturers Hanover Trust Company, for his humanitarian endeavors. Mr. Moran, Director of the Hat Corporation of America, Seggerman Slocum Corporation, Great Eastern Manufacturing Corporation, Originals, Inc., and the Fifth Avenue Association, is devoted to a number of philanthropic causes and has for many years been an active sympathizer of UJA's life-saving effort in 28 countries.

Leading figures in the New York factoring and finance field are expected to attend the luncheon in tribute to Mr. Moran, Messrs. Schulder and Stein predict. The event, they say, marks the high point of the industry's 25th anniversary campaign on behalf of UJA's rescue and rehabilitation program overseas.

Pace Honors William Moore

The honorary degree of *Doctor of Laws* was conferred upon William H. Moore, Chairman of the Board of Bankers Trust Company, New York, by Pace College, New York City, at its 55th Commencement Exercises.

His citation read in part: "Into the pattern of a full and rewarding career he has woven many attributes that Pace College would be happy to have its students emulate. His life has been enriched through a happy combination of family, business and community relationships.

"Mr. Moore assumed his current position of responsibility at the age of 42, a short span of 20 years following his graduation from Yale. His entire career, except for four wartime years in the Navy, has been with the Bankers Trust Company which he joined as an executive trainee. . . .

"A keen sense of duty to society has led him to give generously of his time to such activities as the Greater New York Fund, the New York World's Fair Corporation, and the American Red Cross—New York Chapter."

DIVIDEND NOTICES

DIVIDEND NOTICE

Gulf States Utilities Company

Beaumont, Texas

The Board of Directors has declared the following quarterly dividends, each payable June 15, 1963 to Shareholders of record May 20, 1963.

Class of Stock	Dividend Per Share
PREFERRED:	
$4.20 Dividend	$1.05
$4.40 Dividend	$1.10
$4.40 Dividend, 1949 Series	$1.10
$4.44 Dividend	$1.11
$4.50 Dividend	$1.12½
$5.00 Dividend	$1.25
$5.08 Dividend	$1.27
COMMON	$0.28

W. H. GIESEKE,
Vice Pres. & Secretary

COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY

Dividend on Common Shares

The Board of Directors of Columbus and Southern Ohio Electric Company, on May 29, 1963, declared a dividend of fifty-five cents (55¢) per share on the outstanding Common Shares of the Corporation, payable July 10, 1963, to shareholders of record at the close of business on June 25, 1963.

G. C. SHAFER, *Secretary*

the ELECTRIC Co.
COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY

DIVIDEND NOTICE

PACIFIC POWER & LIGHT COMPANY

Dividend Notice

Quarterly dividends of $1.25 per share on the 5% preferred stock, $1.13 per share on the 4.52% serial preferred stock, $1.54 per share on the 6.16% serial preferred stock, $1.41 per share on the 5.64% serial preferred stock, $1.75 per share on the 7.00% serial preferred stock, $1.50 per share on the 6.00% serial preferred stock, $1.25 per share on the 5.00% serial preferred stock, $1.35 per share on the 5.40% serial preferred stock, and 25 cents per share on the common stock of Pacific Power & Light Company have been declared for payment July 10, 1963, to stockholders of record at the close of business June 25, 1963.

PORTLAND, OREGON
June 4, 1963

H. W. Millay, *Secretary*

Canada Dry Corporation

DIVIDEND NOTICE

The following dividends have been declared by the Board of Directors:

Preferred Stock—A regular quarterly dividend of $1.0625 per share on the $4.25 Cumulative Preferred Stock, payable July 1, 1963, to stockholders of record at the close of business on June 14, 1963.

Common Stock—A quarterly dividend of $0.25 per share on the Common Stock, payable July 1, 1963, to stockholders of record at the close of business on June 14, 1963.

Transfer books will not be closed. Checks will be mailed.

J. W. REILLY, *Vice Pres. & Secy.*

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—There will be no major banking legislation passed at the 1963 session of Congress such as increasing the insurance of depositors from $10,000 to $20,000.

However, some interesting and important hearings affecting the banking business have already been held and others are shaping up.

The new Chairman of the House Banking and Currency Committee, Representative Wright Patman of Texas, is one of the busiest Chairmen in Congress. The recent Committee report on bank holding companies brought out some highly pertinent and interesting facts to the banking industry.

The hearings disclosed registered bank holding companies now control 434 banks doing business in 31 states with aggregate deposits of more than $19,000,000,000. This amount represents 8% of the total deposits of all commercial banks in the United States.

The report is one of a series of preliminary investigations of chain and branch banking company operations which Chairman Patman and his colleagues propose to issue during the 88th Congress.

Pertinent Findings

Some of the pertinent facts brought out by the study which was printed in a 131-page report included:

Of the 40 registered bank holding companies, the largest four control 199 banks, with deposits of $11.6 billion, or nearly 60% of the total deposits controlled by registered bank holding companies.

Among the 300 largest commercial banks in the nation, 36 are controlled by registered bank holding companies.

The Pacific Coast and the Midwest account for nearly 60% of the total deposits controlled by registered bank holding companies. Although the largest number of registered bank holding companies control banks in only one state, one holding company operates in 11 states, another in seven states, a third in five states, and nine others in more than one state.

In 18 states registered bank holding companies, as of June 30, 1962, controlled from 10% up to more than 70% of all commercial bank deposits.

The report traces instances where stockholders of a bank holding company appear among the stockholders of more than one bank holding company.

"In particular," said Chairman Patman, "the report points up the need for further study of the coverage and weakness of the Bank Holding Company Act of 1956. It also indicates a need for further study of the significance of the many instances where the same bank nominees appear as leading stockholders of record in a number of bank holding companies."

Stock Ownership.

The ownership characteristics of registered bank holding companies are similar in many ways to those of the 200 largest member banks. Directors and leading officers are usually not dominant stockholders. Diffusion of ownership is the predominant situation in the larger bank holding companies. On the other hand in some of the smaller bank holding companies fairly concentrated ownership is found.

Most of the report is devoted to tables. The hearings disclosed that bank nominees are the second most important stock holding group after individuals, personal and family holding companies, trusts and estates.

The Patman Committee said the bank nominee is generally a partnership set up in the trust department of a bank to act as owner of record for stocks held for trustee accounts or for others whom the bank is acting. The nominee's function is to lend its name for the purpose of stock registration and transfer, "and the bank of course is not the beneficial owner of the stock," the House Committee on Banking and Currency report stated. A bank may use more than one nominee because of the volume of holdings.

The basic purpose of registering stocks in a nominee's name is to avoid delays in transfer of stock when it is sold, according to the House Committee report.

"Nominee holdings, of course, obscure the real owners of the stock and thus make difficult interpretations of the significance of stockholder data," it stated. "An interesting example is provided by stock ownership relating to a large California bank.

Actual Owners

"In the Chain Banking survey . . . the First National Trust & Savings Bank of San Diego listed among its 20 largest stockholders of record eight bank nominees. One of these, the third largest stockholding, was in the name of Hulten & Company, nominee of United California Bank. This holding of 27,783 shares represents 2.63% of the outstanding shares. The identity of the beneficial owners of these nominee holdings was not disclosed.

"In connection with the present study of bank holding companies, data supplied by the Federal Reserve . . . show that Western Bancorporation holds 27,783 shares, representing 2.63% of the outstanding stock of the First National Trust & Savings Bank of San Diego. Thus, the stock in the name of Hulten & Company, a nominee of United California Bank, a subsidiary of Western Bancorporation, is held in behalf of Western Bancorporation."

The House Banking and Currency Committee study showed a number of multiple stockholdings are found among the larger holding companies. Holdings of nominee banks of the major financial centers of New York, Philadelphia and Chicago plus those of Pittsburgh, Wilmington, Del., and Kansas City, Mo., banks are spread throughout the larger holding companies.

Substantial common stockholdings through nominees are found between two of the largest bank holding companies in the country, both with headquarters at Minneapolis. Three Milwaukee bank holding companies similarly have nominee stockholders in common, said the Committee.

Branching by Indirection

Boston savings banks, Boston commercial banks, and Massachusetts bank holding companies are interrelated through stockholdings. A nominee of a large Chicago bank holds a major stock in a Florida bank holding company.

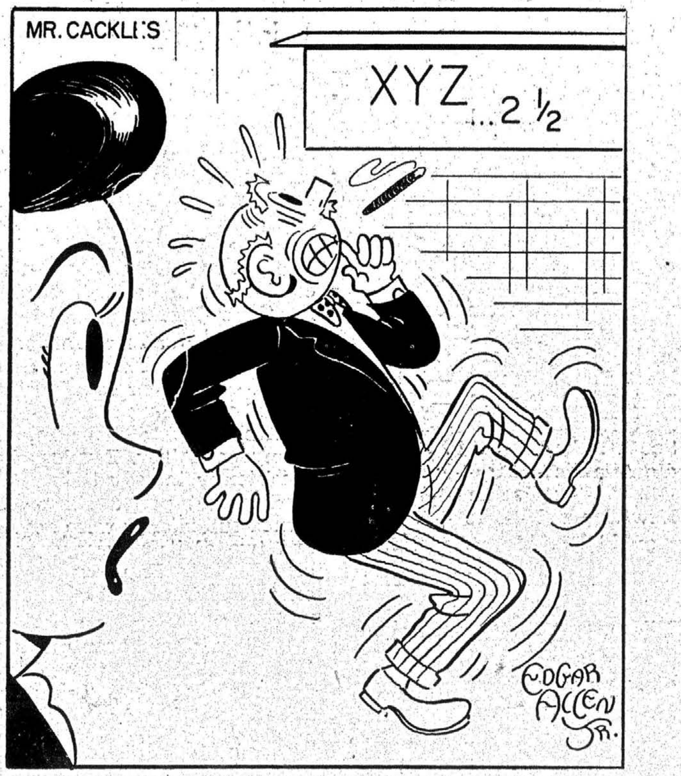
The report brought out that in New York State, holding companies control 5.6% of the total deposits of all commercial banks. The percentages are 25.7 in Rochester and 22.3 in Syracuse. In Ohio, bank holding companies account for 6.1%, but in Columbus, the Capital City, it is 52.3%.

Nevada is at the top of the list among the states. A total of 72.8% of all commercial bank deposits are banking-holding-company controlled. In Minnesota 61.1% and in Montana 52.3% of all similar deposits are controlled.

"It is often assumed," said the Congressional Committee, "that bank holding companies have developed primarily in areas where branch banking is restricted by State laws.

"A corollary to this assumption is that bank holding companies are designed to achieve branching by other means."

[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.]



"I didn't know you could do the Bossa Nova, Mr. Cackles!"

COMING EVENTS

IN INVESTMENT FIELD

June 13, 1963 (Minneapolis-St. Paul, Minn.)
Twin City Bond Club 42nd Annual Outing at the White Bear Yacht Club, White Bear Lake, Minn.

June 13, 1963 (Boston, Mass.)
Boston Investment Club 12th Annual Summer Outing at Salem Country Club, Salem, Mass.

June 13-14, 1963 (Kansas City, Mo.)
Kansas City Security Traders Association Annual Summer Party—June 13 at Hilton Inn; June 14 at Meadowbrook County Club.

June 14, 1963 (Detroit, Mich.)
Bond Club of Detroit Annual Summer Outing at the Essex Golf and County Club, Essex, Ont., Canada.

June 14, 1963 (Pittsburgh, Pa.)
Bond Club of Pittsburgh Annual Spring Outing at the Pittsburgh Field Club.

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.

June 27, 1963 (Des Moines, Iowa)
Iowa Investment Bankers Association 28th Annual Field Day at the Wakonda Club.

June 27-28, 1963 (Denver, Colo.)
Bond Club of Denver Annual Summer Carnival at Rolling Hills Country Club.

Sept. 11-13, 1963 (Pebble Beach, Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 27, 1963 (Philadelphia, Pa.)
Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City)
Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.)
National Association of Bank Women 41st annual convention at the Americana Hotel.