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EDITORIAL

As We See It

It is often said in popular parlance that history repeats itself. Whatever meaning may be assigned to this common saying, it is clearly true that basic qualities of human nature and their manifestation in collective and individual action remain about the same, and if one is careful to look beneath the surface it is quite possible to discern in current events their counterparts in past ages—and often find if we look for them—good grounds for the choice of proper policies, which in recent years have certainly been at variance with what has historically been regarded as sound and desirable. One trouble is the propensity of human beings to give new names to old things, and to reason about them in highly sophisticated terminology which all too often confuses even those who are using it—and not infrequently makes the worse appear the better reason.

Many of us suppose that our so-called farm problem and the means that we have selected to solve it are both new, or at least not more than a very few decades old. The fact is that broadly similar problems have often existed in the past—and basically similar programs devised to solve them. As a matter of fact, the father of what used to be called modern economic theory felt it necessary to make some observations about them in his world famous "Wealth of Nations" published in the year when we declared our independence. Convert the following sentences into the ordinary language of today, and there before our eyes will lie the beginning of wisdom in dealing with our present day farm problem. Certainly the ways and means we have chosen for the solution of it will be shown quite plainly to be both futile and dangerous. Says Adam Smith: "Those systems, therefore, which, preferring agri- (Continued on page 22)

Why Long-Term Rates Will Not Pace Sharp Business Rise Due in 1964

By Gordon W. McKinley,* *Vice-President, McGraw-Hill Publishing Company, Inc., New York, N. Y.*

Long-term interest rates are unlikely to rise appreciably even though GNP can be expected to advance sharply from present $580 billion to $630 billion annual rate by 1964's end. In predicting an interest rate increase in 1964 not far from the current level despite a sharp business upturn following temporary difficulties in the next few months, Dr. McKinley holds this will not apply to money market rates. Discusses rediscount rate hike's possibility in early 1964 and unemployment situation's restraint upon long-term rates.

Anyone who is faced with the job of guessing what is likely to happen to interest rates in the coming year must inevitably look backward nostalgically to the decade 1951-61 when the rules of the game were simpler and more straightforward.

Gordon W. McKinley

During those years corporate financial officers did not have to be experts on the balance of international payments, nor did they have to concern themselves with such matters as economic growth rates and the unemployment problem. They could go happily about their tasks secure in the knowledge that in order to forecast interest rates, one had simply to forecast business activity.

I don't mean to imply that forecasting business activity has ever been easy, but at least the relationship between business activity and interest rates in that earlier decade seemed fixed and unalterable. When business activity rose, interest rates rose; when business activity leveled off or declined, interest rates fell. There was of course nothing very mysterious about this relationship. Naturally, as business activity rose, the demand for loanable funds rose, not only because of greater business needs for money but because consumer borrowing and mortgage borrowing also increased. Conversely, as business activity subsided, the demand for funds declined and interest rates weakened.

To make matters even more predictable during the years 1951-61, the natural correlation of changes in interest rates with changes in business activity was made even more pronounced by the policy of the Federal Reserve. Early in 1951 the Federal Reserve discontinued its policy of pegging the price of government securities and thereafter adopted a flexible policy which can best be summarized in Mr. Martin's famous phrase "leaning against the wind."

Under this flexible policy, the goal of the Federal Reserve was to achieve as stable a price level as possible consistent with stable growth in the volume of business activity. In pursuit of this goal, the Fed tightened credit during periods of business boom, particularly if prices were rising rapidly, and eased credit during business recessions. The effect as far as interest rates were concerned was to intensify the natural fluctuation of rates over the business cycle. For example, three month Treasury bill rates fell in the recession of 1954 from about 2.3% in mid-1953 to 0.6% in mid-1954. During the subsequent business recovery, bill rates rose very rapidly to more than 3.5% in late 1957. Then, in the recession of 1958, the bill rate once again plunged to 0.6% and in the subsequent business (Continued on page 24)

PICTURES IN THIS ISSUE—Candid photos taken at the recent outings of the Municipal Bond Club of New York and the Bond Club of New York appear in today's 8-page PICTORIAL SECTION.

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

H. M. Harper Company—Eugene F. Gerwe, Research Dept., Quail & Co., Inc., Davenport, Iowa. (Page 2)

Trans-Canada Pipe Lines Ltd.—G. D. Sutton, Director of Research, Nesbitt, Thomson and Co., Ltd., Montreal, Quebec. (Page 2)

EUGENE F. GERWE
Research Dept., Quail & Co., Inc., Davenport, Iowa

H. M. Harper Company

I believe the H. M. Harper Company has entered a period where rapid growth in both sales and earnings can be foreseen for at least the next several years. The risk of price decline in the stock from present levels seems quite small due to the moderate price-earnings ratio and the company's long record of consistent profitability. On the other hand, the potential price appreciation appears very substantial. Consequently, the stock appears unusually attractive for accounts seeking long term capital gain without undue risk exposure.

The H. M. Harper Company is a leading supplier of corrosion resistant fasteners for industrial users. Several years ago the company formed a Metals Division to supply the alloy rod and wire used by the Fastener Division. The Metals Division has also developed a substantial and rapidly growing business in the fabrication of stainless steel, high alloy steel, and "space age" metals by an extrusion process. In many cases this process is the only economic way to form these metals. It is in this area that I believe the company's growth potential lies.

Extrusion is basically the best way of producing almost unlimited variety of component parts used by industry. While the technique of extruding materials is commonplace, metals of extreme hardness, such as stainless steel, had never been successfully extruded prior to the development of the Ugine-Sejournet patented extrusion process. This process involves the use of molten glass as a lubricant between the metal and the extrusion die. Harper is one of only a few companies in the U. S. licensed to use this process. Furthermore, the company has spent 11 years developing production techniques to go with this process. Harper now appears to be a world leader in the technology of alloy steel extrusion.

The ability of Harper to produce, by extruding, stainless and alloy steel shapes that are otherwise available only after extensive machining, grinding, or welding provides the company with a broad and profitable market. Extruded profiles and shapes, besides being cheaper to produce in small production quantities, have a better finish and can be produced to closer tolerances than similar hot or cold rolled products. In the market for stainless steel shapes in small production quantities, ranging from a few hundred to several thousnad pounds, Harper has little competition.

Harper's production capability in extrusions has been thoroughly proven. For example, in 1960-1961 the company was called upon, on relatively short notice, to produce some of the structural members for the B70 experimental Bomber program. Because of the difficulty of fabricating the alloy metals involved, very few of the other suppliers were able to complete their contracts, and Harper ended up producing, in roughly four months, over two-thirds of the structural requirements of the program. The future of the B70 has now become questionable but the incident served to demonstrate that Harper can produce, in production quantities, extrusions in metals economically unworkable by other processes. Incidentally, the company now has some important production orders for extruded structural members of titanium alloy going into a space program.

Commercial extrusion sales are only now becoming significant in terms of the Company's total sales and net income. In 1962, these products accounted for approximately 10% of Harper's total sales. But company's ability to (1) form in any quantity complicated or unusual shapes incapable of being processed on a rolling mill and (2) profitably handle productions quantities too small to be done on a rolling mill because of the relatively high cost of tooling, should enable Harper to gather a much larger share of the market than is presently the case.

Since Harper's overall sales base is relatively small, and with profit margins in extrusions significantly larger than in the Fastener Division, further growth in extrusion sales should have an important effect on overall earnings. From the start in 1959, commercial extrusion sales have increased at an average compound rate of 50% per year. It appears that this impressive growth rate can be maintained for at least the next several years. Current bookings are actually running at a substantially higher rate of increase. Maintenance of a 50% rate of growth could increase overall profits approximately 70% by 1965, assuming no change in Fastener Division profits.

Compared to the "glamour" of Harper's extrusion business, the other operations of the company which provide the bulk of current earnings, might appear rather dull and prosaic. This is not the case. Actually, Harper stands in marked contrast to all others in the fastener industry. Profit margins of the Fastener Division are, on the average, considerably higher than those of other companies in the industry. Since 1927 the Division has earned a profit in every year except one (1932) and in that case the loss was negligible. Fastener sales and earnings, though somewhat cyclical, have shown good increases over the years.

The factors behind the Fastener Division's superior performance are: (1) The company makes no carbon steel or iron fasteners, an area where price competition and overcapacity are serious problems. Harper produces only fasteners in a wide variety of corrosive-resistant metals. These products fill high specialized needs where corrosion, metal fatigue, magnetism, termperature or conductivity are a problem. Metallurgical characteristics become very important. Because only a few companies have the technological capability required, competition is comparatively limited. (2) No competitor is so favorably situated as to raw materials. Harper's Metals Division produces over 80% of the raw material requirements of the Fastener Division. All other companies in the industry are dependent upon outside sources. Not only does this give Harper better quality control but it eliminates the difficulties the others often face in obtaining raw material requirements. (3) Because of the corrosion factor, replacement demand is important. This helps sustain volume in recessionary periods and is the major reason Harper's operations remained profitable during most of the depression years.

Continued moderate long-term growth in the Fastener Division appears likely. An extensive warehouse system has been set up, speeding customer deliveries of "off the shelf" items. Harper is on the verge of establishing manufacturing facilities in Europe, an area where many of their products are not generally available.

Harper's overall results in the past five years have been excellent. Sales and net income have increased every year, with sales showing an average annual increase of 15.3% and net income an average annual increase of 24.8%.

Financial condition appears to be excellent and adequate to finance the expected growth outlined above without dilution of present stockholders' equity. The current 40¢ annual dividend rate, supplemented by an annual 2% stock dividend, appears to be the minimum expectation and provides an adequate current return. I feel confident that anyone checking further into the statistical data involved, will come to the same conclusion as I—that the common stock of H. M. Harper Company, currently around 12½ in the Over-The-Counter Market, is selling reasonably close to its basic investment value as a fastener manufacturer and very little premium is being paid for the potential growth in extrusion sales. Consequently, the stock appears to be an attractive speculation on the expected rapid development of this market.

G. D. SUTTON
Director of Research, Nesbitt, Thomson and Company, Ltd., Montreal, Quebec

Trans-Canada Pipe Lines Limited

It may be regarded by the industry as an unkind pun, but it is no exaggeration to say that during the past five years natural gas in Canada has developed with explosive force. In 1950 it accounted for only 3.1% of total Canadian energy requirements. By 1960 this proportion had risen to 12.7% and it is expected that by 1970 it will rise to approximately 20%.

Much of the growth so far has occurred during the last four years, following the completion of

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

Economic Framework For Long-Term Growth

By Andrew P. Ferretti, Economist, Keystone Custodian Funds, Inc., Boston, Mass.*

Investors are posted on the significance of our ability to prevent major business downturns, and of the prospect for economic growth at the rate of 4% per year compounded in the next 20 years. Stock prices are seen mirroring this long term growth outlook, and inflation is singled out as the principal investment risk with the exception of short periods when capital-preservation becomes the important goal. Paper notes that we were ripe for a major contraction in 1957 but that it did not occur because of business and government mastering of the techniques of a depression-less economy, and sees prospects bright for significant developments in tax reduction and national policy aimed at accelerating growth offsetting near-term worries of balance of payments situation and building industry's trend.

The theme of this paper is economic growth. During the course of these comments we will examine the nature of economic growth, the prospects for the years ahead, and what they mean to investment policy over the next five to ten years.

Andrew P. Ferretti

Most economists will agree that there are four major economic factors which provide the basis for progress—and these apply to *any* nation. They are: (1) The size of a nation's stock of people of working age; (2) How many hours they put in; (3) How efficiently they work; and (4) How much productive machinery they have to work with.

There have been several studies made on how these factors work. We will cite one. In 1960, the highly competent economists on the staff of the Joint Economic Committee of Congress published a study entitled "Potential Economic Growth in the United States." This was a thorough effort. It involved extensive use of electronic computers, into which were fed these key statistics. After examining history, the staff evolved an econometric formula, then tested it against the record of the half century ending in 1959. The idea was to compare the level of potential economic activity as measured by this formula with the level of operations which was actually realized year by year. The results are apparent in chart I.

Joint Committee Projected 4% Average Growth

The dotted line shows how the economic potential of the U. S. grew between 1909 and 1959. The solid line portrays graphically to what extent the nation's potential was realized. (It should be noted that the analysts did not allow for the effect of changing price levels during these years.) I think most everyone will agree that under the free market system and with the help of the institutions deeply ingrained in the nation's economic structure, the record shows that over the longer term the United States has been able to realize its full economic potential.

The Committee's staff took a bead on the future. They employed new estimates for the man and machine components, but used the same formula that did so well in reflecting changes in economic potential during the past half century. The result was a conservative estimate that for the next 20 years our economic potential will grow at a rate of 4% per year compounded annually. The underlying well grounded assumptions behind this forecast are that:

(1) The working population will grow at a faster rate than has been the case during the past 20 years;

(2) The number of hours worked by each employed person will decline because of a combination of factors—gradually shortened work week, longer vacations, more paid holidays, longer lunch hours, and extended coffee breaks;

(3) Productive efficiency of the population will continue to increase by virtue of a higher level of education, training and a research effort which has attained the highest level known to man;

(4) Ample funds for investment in plant and equipment will be available. The great growth in systematic savings through financial institutions which has been witnessed in recent years and which is continuing gives comfortable assurance.

Actual progress will match the potential—with the one emphatically underlined proviso that a major business contraction be avoided. This is particularly important to the investor. Prices drop sharply during such periods, dividends contract and principal shrinks as was seen during the decade of the 1930's. Let's turn now to an examination of this particular question. Can a serious depression such as developed between 1930 and 1940, resulting in a woefully inadequate utilization

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OBSERVATIONS...

BY A. WILFRED MAY

OUR UNBEATABLE EXPORT

Difficulties we may have in competing in some export lines; but steadfast we remain in beating out all competition in our exports of *Aid*.

Typical of our outstripping of all "competitors" in this group are the newly consummated borrowings arranged by the government of Liberia.

Our "soft" (but not softest) Loan Window A. I. D. (Agency for International Development,) which took over the lending routine of D. L. F. (our Development Loan Fund), has just obliged the Government of Liberia with a $24.3 million loan with a maturity of 40 years, the annual amortizations beginning after a 10-year grace period, and with a *¾ of 1%* annual "service credit charge" in lieu of any interest whatever.

Typically also, our generosity here has substantially surpassed major competition. This revealed by $12½ million loan concurrently secured by the same Liberian Government from the Federal Republic of Germany. For under its terms the maturity is only 20 years off, with a 5-year grace period on amortization; and a real interest charge of 3½% is applicable throughout the term.

A Preferred Risk?

The differential in the German terms would have been even greater had the borrower received his aid from I. D. A. (International Development Association, the World Bank's real Soft Loan Window), where credits are obtained without any repayment or interest obligations over their entire 50-year maturity. Liberia's Treasury Secretary, Charles Dunbar Sherman, disclosed that he was told his country's condition was not bad enough to qualify for I. D. A. help.

Other A. I. D. "Exports"

In others of its "competitive" lending operations our A. I. D. is providing funds — midst our balance-of-payments problem — for training teachers in rural Bolivia; for facilitating a "welcome home" program for Communist defectors in Viet Nam; providing 713 tons of cheddar cheese and 227 tons of butter to school children in Costa Rica; lending $3.6 million to the Somali Republic, the initial par value of whose shilling has just been established with the International Monetary Fund; financing increased water, power and port facilities; and contributing funds for the initiating of Lima, Peru's first graduate school of business.

Quite stiff aid competition we are establishing!

* * *

POLITICAL TAX PROGRAMMING

Press reports to the contrary notwithstanding, nothing has been done or even discussed regarding the proposed 52-47% reduction in the corporate tax rate, by the House Ways and Means Committee. Moreover, action thereon will continue stalled — probably until the week of July 8—by the Committee's need to take into account the result of its non-rate Reform writing.

In any event, surely, this corporate segment of the Tax Program will continue, as it has been, involved in economics - politics conflict.

Basically, as constituting only a fourth or fifth of the over-all reduction in the taxpayer bill, corporate revision represents a mere first step toward the professed motive of the Program, to stimulate capital investment and employment. As such, it underlines the proposed program's over-all reliance on the economic (if not political) advantage of increased consumer spending.

Even the full reduction in the corporate tax rate from 52% to 47% would still leave it well above the pre-Korea level from which it was "temporarily" raised to 52%—to which it still gets its annual Congressional boost.

Then there is the important question of timing. Coupled with the cut, is the President's proposal to speed corporate tax payments, so that a full five years would elapse before corporate tax payments are reduced by the suggested 5-point amount.

Thus politics in Committee and Congress; has and will govern the fate of the effort in the corporate area to conform to the Administration's representation to "remove the barrier to investment!"

* * *

WHAT "THE MARKET?"

The major basic fiction of assuming a uniformly behaving stock market is once more confirmed by this year's first-half performance.

Showing this most realistically is the "Picture of the Market" compiled by Harold Clayton of Hemphill, Noyes & Co. (a member firm); for he uses the movements of all listed issues as his points of departure.

In terms of market *points* during the January-May interval, the gain was 4,679 or *13.24%*. In *dollars*, the gain was $40.5 billion—or 11.58% (the Dow-Jones Industrial Average during this period was "on the beam" with an advance of 12½%).

On the Down-Side

During this period of "advance," 157 issues showed a net decline, ranging to 37%. Such "good companies" with their individual percentages of decline included: Anderson-Clayton, 21%; U. S. Industries, 23%; Gamble Skogmo, 27%; and J. J. Newberry, 15%.

Likewise were there numerous excesses on the better-than-average up-side: American Agricultural Chemical rose by 96%; Pan American, 91%; Chrysler, 83%; Pittsburgh Steel, 79%; Bullard, 63%; and Reynolds Metals 54%; etc.

Group Divergence

Similarly divergent was the performance by industry groups. Aluminums gained 30%; motors, 26%; business machines and electronics, 21%.

On the other hand, at the back of the line of industry gainers, were chemicals with 6.7%; Telephone & Telegraph, 5.7%; and cigarettes, 2.3%.

However bromidic the market's characterization as *selective* may be, it assuredly is unceasingly valid!

* * *

QUOTE-OF-THE-WEEK

"Can you, for example," he asked, "imagine any possibility of negotiating a union wage contract which called for less than straight-time pay for overtime work? Yet this is exactly the situation created by progressive taxation."

—ROBERT C. TYSON, Chairman of U. S. Steel Finance Committee, before the Financial Executives Institute, Spring Lake, N. J., June 14.

Reynolds & Co. Name in Chicago

CHICAGO, Ill.—Reynolds & Co., New York Stock Exchange firm with offices at 111 West Jackson Blvd., announced the appointment


John B. Nutt   Thomas G. Meers

of John B. Nutt as resident manager and Thomas G. Meers as sales manager and syndicate manager in their Chicago office.

Mr. Nutt has been associated with Reynolds & Co. for the past six years. He is a member of the education committee, Central States Group of the Investment Bankers Association.

Mr. Meers has been in the investment field since 1946 and associated with Reynolds & Co. for the past 10 years.

Appointment of the following account executives was announced at the same time: Bruce R. Berlow, Frank A. Connolly, Mrs. Marion B. Cronin, Joe Jacobs, and Roy B. Sundell.

Verace, Morse, Bergman Forming

As of June 27 the firm name of Morse, Bergman & Co., Inc., 26 Broadway, New York City, members of the New York Stock Exchange, will be changed to Verace, Morse, Bergman, Inc. Victor Verace will become President and Alexander Benisatto and Louis W. Parillo Vice-Presidents. All were formerly partners in Verace & Co.

Coping With Implications Of Today's Unemployment

By Roger W. Babson

A lot that should be said about our unemployment problem — its causes, solution and implications for the economy — is said by Mr. Babson in relatively few words. Finding jobs for the numerous newcomers to the labor force can make or break the economy, he warns, and quickly adds that the unwillingness to go all out in seeking education needed for today's technology—from semi-skilled on up—is as contributory to the unemployment plight as many other popularly attributable causes bandied about today.

This is the time of year when young people graduating from high school and college face the big task of finding a job. Not just any job to secure spending money, but one which can lead to a useful career. For many, this looms as the biggest hurdle of their adult life. Success can mean a rewarding life, but failure may take away enthusiasm and initiative. Hence, I feel that this is an appropriate time to devote a column to some fundamental population trends which may determine future employment patterns and opportunities.

The Current Employment Treadmill

One of the Kennedy Administration's biggest headaches is the problem of reducing unemployment. Since the current upward phase of the business cycle began in 1961, personal income from salaries and wages has risen by $35 billion to a new record rate, up 12½%. Industrial production has advanced 18%. Despite these impressive gains, employment has been able to post only a 3% rise and unemployment shows little real improvement.

Automation is often blamed for our unemployment difficulties. The real truth is, however, that work crews have had to be trimmed down to efficient proportion because of such factors as the shrinkage of profit margins, costs of higher wage and fringe benefits, and soaring taxes which employers must pay for their workers.

The Changing Population Structure

Another factor which has kept unemployment at an uncomfortably high level is the rising tide of young people entering the labor force. What we are contending with now is only the frontal wave of the upturn in the birth rate of the late 'thirties. A more sizable increase in job seekers still lies ahead when the baby boom of the 'forties makes itself felt on the labor scene.

This mushrooming of the reservoir of manpower is the primary reason for the sticky state of unemployment. That the economy is now barely able to absorb the influx of new workers into the labor force is a symptom of poor economic health, considering the fact that business has been enjoying two years of high activity.

The Vulnerable Group

Projections of population trends indicate that between now and 1970, especially after 1965, two age groups should show the largest increase. These are the 15-19-year-olds and the 20-24 bracket. This means that in the second half of this decade, the economy will face a big task in finding jobs for these newcomers.

These statistics seem to me to be advising students to take their education seriously. Unskilled and uneducated workers are finding it progressively more difficult to find jobs. And the odds will be mounting against them in the years ahead. Since the new-worker group lacks high skills and experience, we have the makings of a chronic sore spot which could cause serious economic and sociological headaches later on.

What Population and Employment Figures Say

These young adults may, however, hold the key to further prosperity. Not only do they constitute a mighty potential for lifting demand and consumption, but they could "beef up" the productive portion of the population. However, this potential can be realized only if these young adults can find suitable employment. I am certain that there will be opportunities, and attractive ones at that, for those prepared for careers in science, engineering, medicine, commerce, and education.

Those lacking the aptitude or funds to attend college need not get discouraged. There is a trend toward scarcity of skilled and semi-skilled technical help. This mechanical and scientific age is opening up many opportunities for "blue collar" workers. Those who are willing to pursue the proper training can earn a good week's pay, but only after they have acquired that training. This means postponing marriage to a later date. I am optimistic about young people. They are our nation's best asset. My plea is that they be told of the conditions ahead and reminded that employment is a "two-way street."

Silverman, Fowler Firm Formed

NEW ORLEANS, La.—Silverman, Fowler & Boudousquie, Inc. has been formed with offices in the Richards Building to engage in a securities business. Officers are Daniel N. Silverman, Jr., President; Paul C. Boudousquie, Jr., Vice-President, and H. Waller Fower, Jr., Secretary-Treasurer. All were formerly associated with Dorsey & Co. and prior thereto with T. J. Feibleman & Co. In the past Mr. Silverman conducted his own investment firm in New Orleans.

Averell Heads Holding Co.

NORTH BERGEN, N. J.—Alfred B. Averell II has been appointed President of Ray-Dine, Incorporated, 7520 Bergenline Avenue, a diversified holding company. Mr. Averell was formerly with Bache & Co.

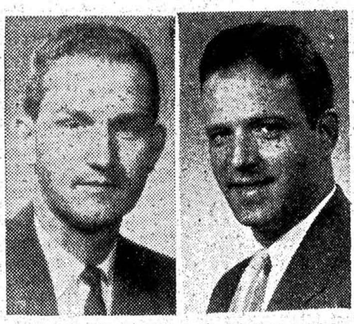
Restatement and Projection Of Yield on Common Stocks

By Edgar P. Hickman and Robert M. Soldofsky, *Faculty Members, College of Business Administration, State University of Iowa, Iowa City, Iowa*

Pioneering study raises serious questions as to the adequacy of customary (historical) methods of measuring dividend, and earnings, yields of shares. The authors advance, in place of current dividend yield, as a preferable yardstick their concept of growth dividend yield (GDY) and growth earnings yield (GEY) which employs past and projected dividend and earnings streams. Data, and charts provided, contrast the differing dividend and bond yields, and earnings yield comparisons obtained from both methods, and a forecast is supplied for estimated DJIA earnings and price, for 1963-73; wherein three ranges — high, medium and low estimates — are given for the DJIA. The authors note that their approach to yield-computation shows that the GDY has not fallen behind bond yields. Moreover, they forecast DJ utilities' dividends growing at 4.5% per year compared to 4% for DJIA dividends, and earnings 5% or about 1.5% above DJIA earnings, for the coming decade.

I. Introduction

Both the past and *projected* performance of the stock market is a subject of endless concern and fascination to the man on the



Edgar P. Hickman Robert M. Soldofsky

street, the economists, the policy maker, and the professional security analyst. Whether ones interest is founded on public or private concern, the interpretation of past market performance is a major factor in determining his outlook for the future. Thus, while the major objective of this analysis is to project the probable yield from industrial shares for the next decade, consideration must first be given to historical yield. More specifically, price, dividends and earnings for the Dow-Jones Industrial Average (DJIA) are projected to 1972. But as a preliminary a review of these figures since World War II is necessary.

The historical yield is almost always presented as the dividends/price ratio or as the earnings/price ratio. These current dividend yield (CDY), and current earnings yield (CEY), series for the DJIA are very familiar to security analysts and financial economists. It is the contention of these remarks that CDY and CEY are not good measures of past yields on shares.

A more adequate measurement of yield is computed by relating the dividends (or earnings) stream beginning with a particular given year to the average market price for that year. Such measurements will be referred to as *Growth Dividends Yield* (GDY) and *Growth Earnings Yield* (GEY). Specifically, the GDY and GEY for the DJIA series from 1946 through 1962 will be presented and discussed.

II. Dividend Yields

As measured by customary dividends/price ratio (current dividend yield), the return on the DJIA since 1946 has varied from 3.3 to 7.5%. Furthermore, since September, 1958, the current dividend yield on the DJIA has remained below the yield on bonds and presently stands about 0.8% below corporate bond yields. Such a state of affairs appears to be odd indeed as it implies that on the average the public is willing to accept a lower return on stock rather than take a more certain, higher return on their investment. Of course, the attraction of capital gains cannot be overlooked. However, those persons concerned with the continuing flow of income from investments must also be concerned with the relation between dividends and price. We contend that the current dividends/price ratio is not a good measure of the yield on shares. The current dividend yield is simply the current dividend divided by the market price. Thus, if the investor receives or expects to receive a rising stream of dividends his return will be higher than that indicated by original current dividends/price ratio. Dividends on the DJ Industrials and other shares have risen in past decades and are expected to continue to rise. The relevant question is: What have the dividends and earnings yields been, considering the increases in both of these income flows that have been experienced?

In a mathematical sense the CDY concept is generally taken to imply that dividends will continue indefinitely into the future at their current level. Once the CDY yield concept is abandoned, and the decision is made to use past dividend streams and projected dividend streams, the question of the length of the period of rising dividends must be faced. If dividends are generally rising as they have been, the longer the growth period (the period for which income is projected as rising) the higher the growth yield will be. The growth yield will be higher for longer growth periods simply because a higher discount rate is necessary to equate the present value of the higher dividend amounts that are either realized or expected with the market price for the base date of the growth period.

In the calculations being presented a 10 year growth period was selected for several reasons. A longer period could be used for historical data up to 1963, but the longer the period for the projected, rising income stream, the more hesitant security analysts and others would be in accepting the projection. In order to achieve consistent measurements between the projected and historical yields the same length growth period must be used in both cases. Ten years was used rather than a shorter period such as eight or nine years because the basic Growth Yield Tables used to facilitate our computations are prepared for five year intervals for growth periods. A 10 year period adequately illustrates the difference betwen the CDY and GDY concepts and measurements. If a 15 year projected growth period had been used together with the same growth rate the GDY would have been approximately 0.5% higher.

Chart I presents both the CDY and the GDY on the DJIA since 1946, and also bond yields for comparative purposes. The CDY is very widely used for such time series but the less familiar GDY merits some further comment or explanation. For example, the dividends on the DJ Industrials grew from $7.50 in 1946 to $21.58 in 1955. An investor buying a DJI portfolio in 1946 received a rising cash flow, not a level cash flow as implied by the CDY of 4.0% for 1946. The GDY for the 1946 period is 9.5% if the actual dividend stream for the 10 years through 1955 is carefully discounted back to the purchase price for 1946. As a part of the discounting process the dividends are considered level or fixed after the growth period which is 10 years in this instance. The GDY for 1947-56 was 10.7% as shown on Chart I. The GDY is plotted in Chart I in the base year of each of the 10 year periods beginning with the period 1946-1955. To illustrate the reading or interpretation of Chart I the CDY of 5.3% for 1947 understates by 5.4% the dividend yield of 10.7%, actually achieved by "purchasers" of the DJI portfolio made in 1947 and held for a decade.

For the base years 1954 through 1962, the GDY computation involves successively more reliance upon dividend projections. For example, the 1954 GDY requires a projection of dividends for 1963 only. The GDY for 1954-1963 will be only slightly affected by the 1963 projection. The 1958-1967 GDY depends upon the actual DJIA for 1958, the actual dividends each year from 1958 through 1962, and the projected dividends each year for 1963-1967.

Dividends and earnings did not grow smoothly and regularly so a statistical method of fitting a growth trend to the data was used to obtain an average for the growth rate. For example, the dividends for the DJIA grew from $7.50 for 1946 to $21.58 for 1955 but the statistically determined growth rate was only 5.4%. After reviewing the dividend growth rates for successive 10-year periods and considering other economic and financial data, dividends on the DJIA were projected as rising at 4.0% per year, starting from 1962. On the basis of the DJIA for each year from 1946 through 1962 and the actual and projected dividends, the GDY's shown in Chart 1 were computed using Growth Yield Tables.[1]

For the ten year growth periods based in 1948 and 1949, the GDY reached highs at 11.2 and 11.3 respectively. For the 1947 base period, the GDY was double the CDY. The rate of dividend growth based upon successive ten year periods fell steadily from almost 9% for 1948-1955. The gap between the two dividend yield series narrows steadily to as little as 0.4 for 1955 as the GDY reflects the slower growth in dividends. The growth of dividends falls below 2% for 1953-1962, 1954, 1963, and 1955-1964. After that, the growth of dividends rises reflecting the assumed 4.0% rate of growth after 1962. If the dividends would stop growing and would remain at their present level, there would be no reason to distinguish between a growth yield and a current yield; they would be identical.

The 5.1% GDY for 1962-1971 means that if the DJI portfolio were purchased at the 1962 aver-

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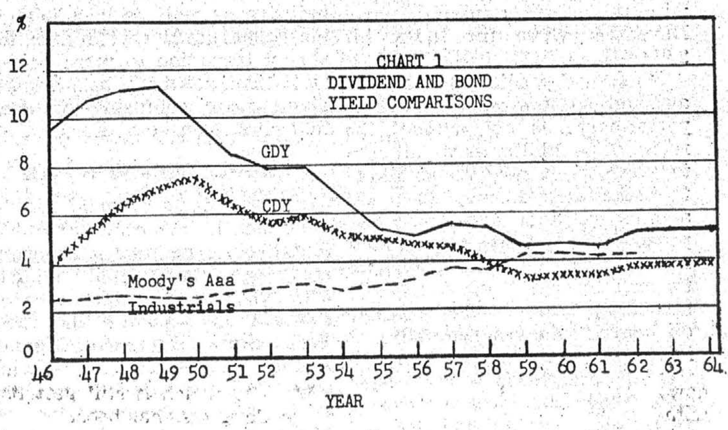
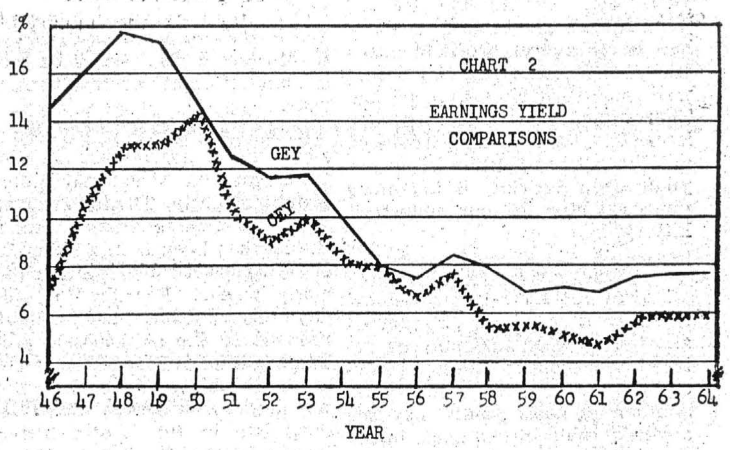
1 Growth Yield Tables have been described and illustrated by Soldofsky in a previous article, published by the *Commercial and Financial Chronicle*, April 28, 1960, entitled, "Improving the Evaluation of Stock and Bond Yields." A complete volume of Growth Yield Tables containing some 20,000 items will become available about July 1. This reference work is Robert M. Soldofsky, *Growth Yields on Common Stock—Theory and Tables* (Bureau of Business and Economic Research, State University of Iowa: Iowa City, Iowa) 1963.





Tax-Exempt Bond Market

BY DONALD D. MACKEY

Athough substantial sales have been reported during the past week by new issue accounts, the state and municipal bond market has been by and large a rather quiet affair for many bond dealers. The level of prices continued to back away from the highs established in late March. With the exception of a brief respite in early May, prices have gradually but steadily declined over a three month period.

Will History Repeat?

The *Commercial and Financial Chronicle's* 20-year high grade general obligation bond yield Index averaged out at 3.06% on June 19. Last week it was a 3.045% Index; thus the market has lost another ¼ point on the average. It is interesting to note that the market was approximately at this same level a year ago. Prices gradually receded during late June and July and by early August our Index averaged at a 3.123% yield. The market then proceeded to strengthen with no interruption until early November when the Index hit 2.903%.

We are not predicting a parallel, although an approximation of this performance is not without the realm of possibility as we attempt to view it. It now seems likely that the market may drop off another point or two as we approach a fairly heavy pre-summer new issue schedule and in view of the relative glut obtaining in the secondary market and reclining on dealers' shelves generally. It is known that dealers approach this summer period in less auspicious shape than was the case a year back. Profits had accrued plentifully early in 1962 as there had been several profitable revenue bond issues negotiated and well placed during that period. There have been but few such issues in 1963 and the prevalence of little but competitive issues has piled up a backlog of inventory unprecedented in our industry's history.

Broader Market Envisaged

However, the market seems now to have at long last approached an area of yield that may be attracting a broader investor interest. Another few weeks and another 10 basis points may see a considerable inroad made in the volume of secondary offerings being shopped vicariously and otherwise from coast to coast.

As intimated, the market situation as between now and a year ago is at variance not so much because of technical factors but largely because of the prevalence of strictly competitive new issue volume this year. Since the overall volume for each 5 months period is about comparable, it seems fair to generalize that last year's well placed total of negotiated issues is approximately the equivalent of this year's poorly placed volume of competitively bid issues otherwise distinguishable as dealer inventory. The comparative *Blue Lists* tell part of the tale. The dealer balance sheets serve as the footnotes.

New Sale Pattern

The pattern of state and municipal financing has been altered quite considerably within the last two years. At present it would seem that more than ever state, municipal, authority and other local government financing will be accomplished through competitive, rather than negotiated, financing. Should it develop that the competitive method is ultimately in the public good, no doubt the methods of the dealers and the dealer banks will be gradually adjusted to handle the total volume in a manner generally profitable to the underwriting industry as well as beneficial to the issuers involved. To date, the abrupt transition to more or less "total competition" has brought about some confusing problems that must soon be overcome.

Pending Business Normal

The new issue calendar for the next month including scheduled, tentatively scheduled and negotiated issues totals approximately $650,000,000. Of this amount, $108,679,000 involves the New York State Housing Finance Agency (1966-2005) issue being negotiated for offering on June 26 by the syndicate headed by *Phelps, Fenn & Co., Lehman Bros., Smith, Barney & Co., Inc.* and *W. H. Morton & Co., Inc.* This total is about normal for this time of year.

If the *Blue List* total is taken as a criterion, the inventory situation throughout the Street may be improving slightly. The total of state and municipal bonds offered in the list has been in the $650,000,000-$700,000,000 area for the past many weeks. For the last few days this total has been gradually reduced to the $600,000,000 area. Today's total is $619,638,000. This is a favorable tendency and with no large new issues scheduled until late in June, some further inroad in the float seems likely to be made.

The Week in Review

This past week, the tax exempt bond underwriting field has been less active than in previous weeks with but $120,654,000 of long-term bonds having been offered for public sale. Competition among banks and dealers to buy these issues has been very close. However, price levels were more relaxed than a month or even a week ago.

Initial investor reaction to the reofferings was mixed, with some issues off to a flying start and some loans barely attracting attention.

Controversial Issue

The City of Texarkana, Arkansas was the only borrower to come to market on Thursday (June 13). The Area Redevelopment Administration was the successful and only bidder for $6,475,000 Second Lien Industrial Development Revenue bonds as 4s at 100. No sooner had this issue been awarded, and apparently as a coincidence, than a bill to deny Federal tax immunity to Industrial Revenue bonds issues by States or Municipalities, where tax exempt benefits would accrue to private industries or business firms, was introduced in the Congress. This bill will be long argued with the focus on "state's rights" vs the Federal Government.

Friday was a dull day with no issues of note up for public bidding. Friday for all practical purposes has gradually become a glorified luncheon day for the bond fraternity.

Current Week's Activities

Monday of the present week was an interesting day with two issues of importance offered at public bidding. The syndicate managed jointly by *Phelps, Fenn & Co.* and *Glore, Forgan & Co.* purchased, through negotiation, $5,000,000 Dallas, Texas Airport revenue (1964-1993) bonds.

Other major members of this syndicate include Shearson, Hammill & Co., A. G. Becker & Co., Fahnestock & Co., Wood, Gundy & Co., Inc., Rotan, Mosle & Co., Dittmar & Co., Eddleman, Pollok & Fosdick, Inc. and Goodbody & Co.

The bonds were reoffered to yield from 1.90% in 1964 to 3.75% in 1991 and upon reoffering about 60% of the bonds were sold. The 1992 and 1993 maturities were sold pre-sale. Latest balance is $1,570,000.

Marquette, Michigan awarded, at competitive sale, $3,775,000 Electric Utility Revenue (1969-1987) bonds to *Wertheim & Co.* on a 3.370% net interest cost bid. This bid compared favorably with the second bid, a 3.38% net interest cost, which was made by the Goldman, Sachs & Co. account.

Associated with Wertheim & Co. as major underwriters are L. F. Rothschild & Co., Hemphill, Noyes & Co., Ira Haupt & Co., J. C. Bradford & Co., Barr Bros. & Co., Rand & Co. and E. F. Hutton & Co.

Reoffered to yield from 2.60% to 3.50% for various coupons, balance at press-time was $2,080,000.

A Banner Day

Tuesday was a banner day with five issues of importance sold at competitive bidding. The largest loan of the week, $21,375,000 Nassau County, New York various purpose (1964-1992) bonds, attracted four bidding groups with the syndicate headed by the *Chase Manhattan Bank*, the successful bidder at a 3.1253% net interest cost. The runner-up bid, a 3.126% net interest cost, came from the group managed jointly by Morgan Guaranty Trust Co. and Drexel & Co.

Other major members of the winning syndicate include Bank-

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.25%	3.15%
Connecticut, State	3¾%	1981-1982	3.20%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
New York, State	3¼%	1981-1982	3.10%	3.00%
Pennsylvania, State	3⅜%	1974-1975	2.85%	2.75%
*Delaware, State	2.90%	1981-1982	3.15%	3.05%
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	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.30%	3.20%
*Chicago, Illinois	3¼%	1981	3.25%	3.15%
New York, State	3%	1980	3.08%	3.02%

June 19, 1963 Index=3.060%

*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 20 (Thursday)

Albany, N. Y.	3,321,000	1964-1973	12:30 p.m.
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	1964-1993	11:00 a.m.
Vicksburg Sch. Dist., Mich.	1,000,000	1965-1989	8:00 p.m.

June 21 (Friday)

Agric. & Mech. College of Texas	2,500,000	1965-1983	10:00 a.m.

June 24 (Monday)

Brooklyn Center, Minn.	1,000,000	1966-1993	8:00 p.m.
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	11:00 a.m.
Eastern Kentucky State College	3,000,000	1964-1998	11:00 a.m.
Florida State Board of Education	8,735,000	1966-1982	10:00 a.m.
Jackson County, Miss.	5,000,000	1967-1997	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.	2,500,000	1964-1933	11:00 a.m.
Okla. Co. Ind. S. D. No. 89, Okla.	2,000,000	1965-1978	10:00 a.m.
Pottstown Borough Authority, Pa.	5,500,000	'64-93 & 2000	8:00 p.m.
Waldwick Sch. Dist., N. J.	2,725,000	1965-1984	8:00 p.m.
Wayne, Mich.	1,530,000	1963-1993	8:00 p.m.
White Plains, N. Y.	2,250,000	1964-1983	11:00 a.m.
Wicomico County, Md.	1,500,000	1966-1982	Noon

June 26 (Wednesday)

Charlotte, Etc., UHSD #15, Vt.	1,305,000	1965-1983	Noon
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.)			
Oakland County, Pontiac-Clinton River Drainage Dist. #1, Mich.	2,450,000	1964-1992	10:00 a.m.
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.
Richfield Indep. SD No. 280, Minn.	1,875,000	1966-1983	7:30 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.

June 27 (Thursday)

Babylon Union Free SD #7, N. Y.	2,178,000	1964-1993	1:00 p.m.
Franklin Township S. D., N. J.	1,995,000	1964-1983	8:00 p.m.
Greene, Etc. Central SD #1, N. Y.	1,400,000	1964-1993	3:00 p.m.
Kettering, Ohio	3,000,000	1964-1983	Noon
Mississippi State Univ. of Agriculture and Applied Science	2,283,000	1964-2001	10:00 a.m.
St. Paul Park-Newport Indep. School District No. 833, Minn.	2,000,000	1966-1993	4:00 p.m.
Shelby County, Ala.	2,100,000	--------	10:00 a.m.
Troy, N. Y.	7,000,000	1964-2002	2:00 p.m.
Wash. State Univ., Bd of Regents	4,580,000	1964-1993	10:30 a.m.

July 1 (Monday)

Aurora, Colo.	8,000,000	--------	--------
Elyria, Ohio	2,000,000	1964-1983	1:00 p.m.
Fla. State Bd. of Education, Fla.	8,735,000	--------	10:00 a.m.
Lamar, Colo.	1,250,000	1965-1979	7:30 p.m.
Mound, Minn.	1,460,000	--------	8:00 p.m.
Roseville, Minn.	1,052,000	--------	7:30 p.m.
Royal Oak Sch. Dist., Mich.	2,000,000	1964-1988	7:45 p.m.
Waukegan Pub. Library Bldg., Ill.	1,250,000	1964-1982	2:00 p.m.
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.
Garrard Co. Sch. Bldg. Rev., Ky.	1,700,000	1964-1993	1:30 p.m.
Kent University, Ohio	3,500,000	1963-2000	11:00 a.m.
New York State Dormitory Auth.	22,500,000	1965-1995	11:30 a.m.
Torrance Unified Sch. Dist., Calif.	1,500,000	1964-1983	9:00 a.m.
University of Arizona	1,500,000	1966-2003	10:00 a.m.

July 6 (Saturday)

Gretna, La.	1,250,000	1964-1988	7:00 p.m.

July 8 (Monday)

Las Virgenes Mun. Water D., Cal.	7,120,000	--------	--------

July 9 (Tuesday)

Columbus & Franklin Co. Metro. Park District, Ohio	3,250,000	1964-1970	1:00 p.m.
Memphis, Tenn.	10,000,000	1964-1988	2:30 p.m.
Pennsylvania General State Auth.	50,000,000	1966-1990	Noon
Washoe County, Co. S. D., Nev.	5,883,000	1964-1981	8:00 p.m.

New Horizons for an Old Oil Company

By Dr. Ira U. Cobleigh, *Economist*

Outlining the aggressive plans of South Penn Oil Co. to expand its drilling operations, under energetic new leadership.

The cradle of the oil industry in America is in Pennsylvania, and one of the country's oldest oil corporations, South Penn Oil Co., was founded in that state in 1889. It still has a home office in the Drake Building in Oil City, Pa., although within the past year, its executive headquarters have been moved to new offices in Pittsburgh.

History

South Penn Oil Co., was part of the original Standard Oil Trust and became an independent company when that massive monopoly was broken up in 1911. While other units — Standards of New Jersey, California, Indiana and New York have expanded vastly and grown to be billion dollar companies, South Penn has over the years, stuck principally to its original production terrain in Pennsylvania and West Virginia. South Penn is the largest producer and an important purchaser and processor, of Pennsylvania Grade crude oil, a large gas producer, a major refiner, manufacturer of natural gasoline and operator of pipe lines. Its Pennzoil motor oil is a high quality product known wherever cars are driven.

But the company has had one major problem—its oil production has been declining for years. In 1962 South Penn production averaged 8,231 B/D against 12,026 B/D 10 years earlier. Company wells, at 12-31-62, totaled 15,884 against 18,819 a year before. To correct this steady decline in production the company has taken a number of steps which may break the company out of an operating level that has remained practically static for a decade.

Steps to Expand Production

In 1958 South Penn entered into joint exploration agreements with Intex Oil Company and Zapata Petroleum for western drilling operations, and, in 1961, purchased 50% of the capital stock of Zapata Canadian Corp., with leaseholds covering around 185,000 acres in Alberta of partially developed oil and gas lands. In March of this year, a merger of Zapata Petroleum and Stetco Petroleum, Texas based producers, into South Penn was agreed on with one share of South Penn to be exchanged for each 4 shares of Zapata and each 7 shares of Stetco. Zapata and Stetco together produced 1,400 B/D in the first 3 months of 1963 and their output is rising.

This merger will change South Penn from a regional Appalachian producer to a company positioned to derive production from most of the oil bearing areas in the United States and Canada.

Energetic Young Leadership

Most of this new aggression in oil questing stems from the energy and ability of Mr. J. Hugh Liedke who became President of South Penn last September. Mr. Liedke is a young man (41) notably successful in striking oil.

He organized the Zapata Petroleum Corp. in 1953 with Mr. George Bush. A little later they formed Zapata Offshore Co. to drill in the Mexican Gulf. Selling the drilling enterprise in 1959 they formed Zapata Canadian Corporation. With Zapata Petroleum and Stetco (also controlled by Liedke and associates) becoming a part of South Penn, the company will be probing for oil over most of North America. Also, the company with an expanded geological staff is going over old records of some 20,000 of its old wells to evalute prospects for shallow and deep well developments in the Appalachian area, and has some 120 offset sites ready to drill. In this familiar region South Penn is participating in a joint venture with Tidewater Oil Company covering about 400,000 acres.

From the foregoing plans for enlarged crude production, and recent acquisition of a majority interest in Wolf's Head Oil Refining Co., South Penn appears to be entering an expansion phase. Since 1952, sales of the company have varied between a low of $52.6 million (1954) and a high of $61.5 million (1962) and net earnings also have remained in quite a static zone, averaging about $2.20 a share for the past five years.

Possible Uptrends

Accordingly, although dividends have been paid on South Penn Oil for 38 years in a row, no great market interest has animated the common stock, and it has seemed to have been on almost a corporate dead center. Per share net last year was $2.47 providing fair coverage for the $2 dividend. Policy has been to pay out around 90% of net in cash, and in both 1956 and 1957, the Company was able to pay a $2.75 dividend. In the past decade the stock has traded, on the American Stock Exchange, (Symbol SP) between a low of 26¾ and a high of 40½. Book value at the 1962 year end was $32.96 per share on the 1,589,750 shares outstanding. (Tidewater Oil owns about 11%).

From the foregoing, it is apparent that current market interest in SP shares stresses confidence in the new management, and belief that the company, by adding significantly to daily production and proven reserves, can motivate a rising trend in net earnings and a substantially larger cash flow. At the end of last year, proven reserves, excluding Western ventures, were estimated at about 39 million barrels and gas reserves at about 40 million MCF.

On the marketing side, sale of Pennzoil lubricating oils is expected to benefit from 7 million car annual production rate, last year and this, and from the high quality acceptance and customer rating of Pennzoil products. Company owned and leased service stations totalled 242 at the 1962 year end.

The company has in progress an intensive cost reduction program. It has closed certain high cost wells and improved refining efficiency. Because of expected outlays for drilling, net earnings for 1963 may run about the same as 1962—around $2.50 a share. This should continue to support the $2 dividend, providing a current yield of above 5% on the present price of 38½.

We have seen in the market a strong tone in the oils for some months, with accent on those companies offering prospects for rising future production. On that basis, considering the long and honorable corporate record of South Penn, and its legitimate hopes for expanding its business under youthful and competent management, a fairly good case may be made for SP common at this time. If growth here takes time, there would seem to be some solace for patience in the 5% current yield.

Tessel, Paturick To Admit Partner

CINCINNATI, Ohio—On July 1 Justin S. Klein will become a partner in Tessel, Paturick & Co., 45 East Fourth Street, members of the New York and American Stock Exchanges.

Firm Name to Be Golkin, Bomback

Announcement has been made that Harold S. Divine and Seymour Fishman having retired as officers, directors and stockholders of Golkin, Divine & Fishman, Inc., the firm name will be changed to Golkin, Bomback & Co., Inc.

Main Office of the firm, which is a member of the New York Stock Exchange and other principal exchanges, is located at 67 Broad St., New York City. A branch office is located at 134 South La Salle St., Chicago.

Study Issued on the "World's Richest Market"

The Niagara Mohawk Power Corp., of which Earle J. Machold is President, has prepared for distribution a publication bearing the title "The World's Richest Market." Herein are set forth the economic and other reasons why the upstate New York area is "the best bet for your next plant site." Copies of the detailed study may be obtained by writing to Richard F. Torrey, Director of Area Development, Niagara Mohawk Power Corp., 300 Erie Blvd. West, Syracuse 2, New York.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Air Transport Lines—Bulletin—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a bulletin of **Railroad Highlights.**

Canadian Food Stocks—Analysis—Doherty Roadhouse & McCuaig Bros., 335 Bay Street, Toronto, Ont., Canada. Also available are comments on **B. C. Forest Products.**

Canadian Oil & Gas Industry—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **Commonwealth Edison Company** and **National Steel.**

Canadian Stocks — Memorandum Draper Dobie & Company Limited, 25 Adelaide Street, West, Toronto, Ont., Canada.

Cleveland and Northeast Ohio Economic Data Book — Brochure containing latest economic and business information on Ohio and 41 counties in the bank's trading area—Central National Bank of Cleveland, 123 West Prospect Avenue, Cleveland 15, Ohio.

Federal Reserve Bank Portfolio Changes—Study—Salomon Brothers & Hutzler, 60 Wall Street, NewYork 5, N. Y.

Funk & Scott Index of Corporations & Industries — Index of articles on corporations, industries, and general business subjects taken from over 200 financial publications, 350 broker's reports, and speeches before analysts societies — 1962 Annual Cumulative Volume $30. Further information on the weekly or monthly issues available on request—Funk & Scott Publishing Co., 206 F Colonnade Bldg., Cleveland 6, Ohio.

Japanese Market — Review — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is an analysis of **Sanwa Bank Limited.**

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.**

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Fafnir Bearing Co.—Analysis—Weingarten & Company, 551 Fifth Avenue, New York 17, N. Y.

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Financial Corp. of Arizona—Memorandum—Mitchum, Jones & Templeton, Incorporated, 650 South Spring Street, Los Angeles 14, Calif.

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Greyhound Corp. — Analysis — Schwabacher & Co., 100 Montgomery St., San Francisco 4, Calif.

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Ingersoll Rand—Memorandum—Halle & Steiglitz, 52 Wall Street, New York 5, N. Y. Also available are memoranda on **Chicago Pneumatic Tool** and **Worthington Corp.**

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Continued on page 35

Will Dear Money in the U.S.A. Help the Dollar?

by Paul Einzig

Neither cheap money in the United States nor the opposite policy in Britain solved the basic economic problems with which they were supposed to cope. Dr. Einzig puts his finger, so to speak, on what has rendered interest rates ineffective after first calling attention to our imperceptible abandonment of cheap money. The noted economics writer finds it is quite impossible to make the public in his country understand trade unions' culpabiltiy in thwarting economic progress and he quotes a high labor official's encouragement of unofficial strikes.

LONDON, Eng.—The rise in interest rates in the United States has been so gradual that until quite recently hardly any notice was taken of it on this side of the Atlantic. But now that it has come to be realized over here it is felt that the change of policy it implies is none the less important for being applied in an undramatic and unspectacular way. Evidently the era of cheap money in the United States is drawing near to its conclusion if it has not been actually concluded already. It was indeed anomalous that even during periods of acute withdrawals of money from the United States to West Germany, for instance, interest rates in the United States should be kept distinctly below those of West Germany. The reason why this was feasible is partly that Euro-dollar rates were well above interest rates in New York and partly that the forward dollar rate was artificially bolstered up through cooperation with the monetary authorities of the United States and various Western European countries, at a level at which outward arbitrage from the United States was not unduly profitable.

Cheap money was maintained in the United States for the sake of reducing unemployment and stimulating business revival. In spite of progress achieved in both directions the objective is still very far from having been attained, especially as far as unemployment is concerned. One of the reasons why cheap money policy is now abandoned is presumably that the United States authorities have realized that it does not solve the problem of unemployment.

Quite recently the British authorities came to the conclusion that the opposite policy, that of dear money, was incapable of solving Britain's balance of payments problem. So it seems that the Anglo-American school of thought, which had developed and sought to maintain the idea that everything could be achieved in the economic sphere with the aid of regulating interest rates, has for the time being, come under a cloud.

What Makes Interest Rates Ineffective?

The truth of the matter is that the level of interest rates is unable to solve the basic economic problem either in the United States or in Britain so long as its solution is handicapped by trade unionist "fools' Paradise economics." In Britain, wages continued to rise even while profits were declining sharply and, what was much worse, the output was prevented by restrictive practices from keeping pace with rising wages. The fact that consumer demand in Britain is in most lines still very inadequate is due to the rise in retail prices resulting from higher wages.

In the United States, too, it is the attitude of trade unions that prevents producers from stimulating consumer demand by cutting costs. Above all, as far as I can judge from the distance of thousands of miles, it is the attitude of American trade unions that prevents American industries from producing at sufficiently low costs to achieve a large enough visible export surplus to pay for the deficit of invisible items.

Judging by the British experience, higher interest rates are not likely to solve the problem in the United States any more than they did in Britain. Even though American trade unions are not quite so short-sighted in their greed as British trade unions, they are sufficiently so to maintain pressure on higher wages even if the progress of business recovery should be slowed down by higher interest rates. In face of trade unionist attitude, the refinements of monetary policy are in fact wasted. It is useless for monetary experts to think out new devices or new application of the existing devices, since their efforts are doomed to be frustrated by stone-walling on the part of trade unions which is inevitably encountered. Nothing that human brain could possibly devise would be of any use against trade unionist policies aiming at preventing an expansion of the output and enforcing at the same time a non-stop rise in money wages.

What the Britisher Can't be Made To Understand

In Britain it seems to be impossible to make public opinion realize the full extent to which trade unions are responsible for preventing economic growth and a rise in the standard of living. As for the trade unions themselves, it is quite useless for them to employ officials trained at the London School of Economics, for the moment they enter Transport House or the other headquarters of trade unions they forget everything they had learned. They work themselves into believing firmly that all is needed for the everlasting happiness of their members is to enforce higher pay and shorter hours, in total disregard of the effect on output and prices.

Mr. George Woodcock, secretary-general of the Trades Unions Council, who enjoys the reputation of being the most moderate and statesmanlike trade union leader, is reliably reported as having remarked some months ago at a meeting of the Lombard Association:—"The Trades Unions Council has no powers to stop unofficial strikes. But even if it had such powers it would not make use of them. For, if members of the union are able to enforce more favorable terms than the official negotiating bodies, so much the better." If even so-called "moderate" and "statesmanlike" trade unionist fails to realize the economic consequences of unofficial strikes, with their effect on costs, output, delivery dates, industrial discipline etc., there is indeed very little hope for persuading the average trade unionist that his prosperity depends on that of his business firm, his industry and his country.

IBA Study of Municipal Yields

WASHINGTON, D. C.—An analysis of the relationship between Regulation Q and municipal bond yields has just been published by the Research Department of the Investment Bankers Association of America in its Occasional Paper No. 4 (May 1963). The study compares the yield difference between U. S. Government and high-grade municipal securities during 1961 and 1962 for maturities ranging from one to thirty years. Since the change in Regulation Q (which allowed commercial banks to pay up to 4% interest on time and savings deposits) became effective on Jan. 1, 1962, this allowed comparison of the full year preceding the change with the year following it.

The Study concludes that, insofar as high-grade municipal bond yields are concerned, Regulation Q's impact was limited to the month of January, 1962, and then only on the long-end—10 years and over. Any further tendency for the yield spread to widen during the remainder of the first half of 1962 because of increased bank purchases probably was offset by the sharply increased volume of new municipal bonds.

In the second half of 1962, a sharp drop in volume of new municipal issues did not markedly affect the yield differential. This may be the most significant occurrence of the whole period, since it could indicate a new yield relationship between high-grade municipals and government bonds.

S. Minsky Joins Garvin, Bantel

Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange and American Stock Exchange, have announced that Sam Minsky is now associated with the firm. A former partner in the Stock Exchange firm of Hardy & Co., Mr. Sam Minsky is a past president of the Cashiers Association of Wall Street, Inc., a member of Security Traders Association of New York, and Association of Customers Brokers, Cashiers Division, of which he is Chairman of the Publicity and Presentation Committee.

Sam Minsky

NY Hanseatic Officer

James Allen Harmon has become an Assistant Treasurer of New York Hanseatic Corporation, 60 Broad Street, New York City.

Commercial Banks' Savings Pace—A Rose With Thorns

By C. Canby Balderston, *Vice Chairman, Board of Governors of the Federal Reserve System, Washington, D. C.*

Central banker's warning to commercial bankers to look into the shift of their investment portfolios into longer terms is prompted by his voluntarily confessed philosophy—the time to fix the roof is when the sun is shining. Data are provided on the impact of the year-and-a-half competitive rise in Reg. Q on commercial bank deposits, and on changes in earnings-sources.

Commercial banks have been on the move competitively. This competitive spirit is manifested in various ways, ranging from the well-advertised urge to merge and branch to the many new services provided to attract and keep valued corporate accounts.

C. Canby Balderston

But the aspect of competition I wish to discuss is the dramatic drive by banks to acquire savings and other time deposits. This drive has been especially notable since the beginning of last year, when Regulation Q restrictions were altered to permit maximum rates on time deposits of as much as 3½% for ordinary accounts and 4% for one-year money. The speed with which the newly permissible higher rates were adopted indicates that many banks felt that the protective cloak of Regulation Q had been detrimental to their competitive welfare.

Once free to pay the higher rates of interest, banks found themselves the recipients of a vastly enlarged flow of savings funds. Whereas their savings and time deposits had been growing at an average annual rate of about 9% over the previous decade, the increase last year amounted to 19%. And for District of Columbia banks, the 1962 expansion in such deposits was even larger—21%.

Rise in Savings and Time Deposit Rates

The response of savers to the higher rates must have been gratifying to bankers; it reflects the fact that, over the years, banks have given their savings customers an increasingly better deal. Interest rates, which were typically 1% or 1½% not so many years ago, have been raised successively to the point where the majority of depositors are now eligible to receive 3½% or 4%. Currently, 45% of the Federal Reserve's member banks pay these rates on savings accounts, and these banks hold more than three-fourths of such deposits. On other time deposits, 73% of the member banks pay a maximum rate of either 3½% or 4%. The bases for interest computation have been liberalized also; where interest used to be computed semi-annually on minimum balances during the period, it has become common now to compound quarterly on daily-average balances. Furthermore, a wider variety of savings instruments is being offered by banks to meet customer needs. Time deposits, as contrasted with pass-book savings accounts, have become increasingly important; and since early 1961, more than $6 billion of negotiable time certificates of deposit have been issued by the nation's leading banks. This is essentially a new type of money-market instrument, competing directly with other negotiable securities such as Treasury bills and commercial paper.

Impact on Commercial Bank Deposits

The impact of all of these changes on bank deposits may be measured in two ways. In terms of dollars, time and savings balances at commercial banks rose more than $25 billion in 1961 and 1962. This was more than in the previous five years combined. In terms of their share of the savings-account market, such banks accounted for 51% of the 1961-62 growth of the three major kinds of deposit-type savings institutions, as compared with 37% in the preceding five-year period. Meanwhile, demand deposits rose only $4.2 billion in 1961 and $1.4 billion in 1962, partly reflecting the pull of higher savings rates on idle demand balances. Despite this internal competition, however, it seems apparent that the ability of banks to attract savings funds was considerably enhanced.

Now that a year and a half of higher interest rates on savings has passed, it is time to take stock not only of the gains to the nation's economy but of the risks to the banks. In my view, it is appropriate for the officers of every bank to recheck its individual position and its direction of movement. But they should be warned as to my bias in these matters: I tend to the philosophy that the time to fix the roof is when the sun is shining. A banker does not knowingly make bad loans or investments—they just become bad afterward.

Roses and Thorns of Deposit Growth

Looking back at the decision of the Board of Governors through the knot-hole of June 1963, I view the change in Regulation Q as one of the most important monetary actions that the Board has taken in recent times. Not only has it freed banks to compete, but it has also brought important shifts in the investment markets. It should be observed that some of these were not anticipated because the rush of banks to avail themselves of their new liberty was quicker and greater than had been foreseen. One important corollary result was to divert corporate demand away from Treasury bills and, by helping to maintain bill rates, to discourage the outflow of short-term funds to other countries. Another was to encourage the banks to seek longer-term loans and investments, bringing downward pressure on interest rates both bonds and mortgages, with whatever spinning action this movement may have imparted to the economic wheel.

So much for the roses that have bloomed on the new deposit growth. I turn now to the thorns that need to be guarded against, some of which may be hidden. The most obvious of the thorns is that the interest expense of the banks has soared. Just since 1956, the interest costs of member banks have almost quadrupled as both time-deposit balances and average interest rates paid have about doubled. The latter rose from 1.6% to 3.25%. The increase last year was especially dramatic, reflecting the widespread boost in advertised rates, and amounted to $630 million or 37%.

Despite these soaring costs, member bank managements were able to maintain net current earnings before taxes at about $3.1 billion in 1962. But this was accomplished, as is well known, by a pronounced shift in the mix of earning assets toward longer-term higher yielding investments. Herein rests the possible hidden thorn, since the price of exposure to greater risk and less liquidity is yet to be assessed, but suggests attention to the adequacy of capital and reserves.

I shall not mention last year's increase in the business and consumer loans extended by banks, except to remark that this was perhaps more a reflection of cyclical economic expansion than of any deliberate new effort to increase market penetration.

Changed Investments

To get mortgages, though, banks really stepped up their competitive activity; last year, their mortgage holdings expanded by a record $4 billion. Naturally these credits were essentially long-term in nature, and professional worriers may hope that overly optimistic appraisals will be counteracted by steady amortization. In any case, those interested in construction and in financing existing properties have had the boon of falling mortgage rates.

Another greatly enlarged form of investment by banks has been that in municipal bonds. Last year, banks took $4.4 billion or 80% of the expansion in State and local debt. Indications also are that they were important buyers of relatively larger maturities as well as of the short and intermediate ones. Mainly as a result of this heavy bank demand, the composite tax-exempt yield dropped from 3.63% to 3.22%. Clearly, cities and other local units of government gained as a result. One old enough to remember the 1930's may wonder whether banks would find a ready market for some of these issues, especially the small ones, if many holders were to decide simultaneously that they wished to sell them. Far from predicting such trouble, I would counsel its prevention through attention, in each bank, to balance and proportion.

Shift Into Longer Terms

Finally, I turn to the only major category of earning assets in bank portfolios that did not increase last year—securities of the Federal Government. The drop of $400 million followed an increase in holdings of $5.6 billion the year before. More noteworthy still was the marked extension, last year, of maturities held. Doubtless this reflected the advance refundings by the Treasury, but the important point for this discussion is the impact upon bank liquidity. Last year, bank holdings of maturities three years and under fell by more than $10 billion; those from 3 to 10 years, rose almost $12 billion. And so bank officers clearly have shifted their portfolio distribution in the direction of longer-term securities with potentially more volatile market prices.

The response of District of Columbia banks to increased inflows of funds last year was similar to, though less pronounced than, the national pattern. Unlike the national performance, holdings of U. S. Government securities by District banks rose moderately in 1962, as they had in 1961. But holdings of short-term Governments were reduced, while intermediate-term ones were increased; yet both of these changes were less marked than those in the national figures. Holdings of mortgages rose 19%, as against 13% nationally, and, from a relatively small base, those of State and local securities jumped 29%. Thus, District banks, too, have made important portfolio adjustments that have lengthened the average maturities of loans and investments.

Inferences

My purpose is not to question the wisdom of bank management decisions as reflected in these investment portfolio shifts. I merely suggest that the time has now come for bank officers to assess their positions. How stable are the new time deposits, many of which were attracted by an interest rate appeal during a period of relatively low market yields? Are liquidity reserves ample to take care of certificate of deposit maturities that are bunched on tax dates? What has happened to loan quality in the rush to put additional amounts of higher yielding assets on the books? Has sufficient provision been made to meet the probable credit needs of customers in the period ahead? Have investment acquisitions unduly shifted portfolio balance in relation to long-term objectives?

These are not questions appropriately answered by a central banker; rather they are the responsibility of the investment committee of every commercial bank. Investment actions have reduced liquidity substantially, and further movement in this direction could jeopardize future banking operations. The problem, of course, is to achieve the optimal balance between aggressive service and prudent liquidity;

TABLE I

Net Increase in Time and Savings Deposits, 1957-62

	Three Major Institutions*	Commercial Banks: Net Gain	Commercial Banks: Percentage Increase	Commercial Banks: Percentage of Market
	—(billions of dollars)—			
1957	12.0	5.6	11	46
1958	15.4	7.0	13	45
1959	9.9	2.0	3	20
1960	14.4	5.5	8	38
1961	20.0	9.2	13	46
1962	28.1	15.5	19	55

* Commercial banks, mutual savings banks and savings and loan associations.

TABLE II

Expense Factors of Member Banks, 1956-62

	Total Expenses	Interest on Time Deposits	Average Rate on Time Deposits (per cent)	Total Time Deposits (End of Year) (billions of $)
	—(millions of dollars)—			
1956	3,680	650	1.58	42.2
1957	4,222	927	2.10	46.5
1958	4,617	1,123	2.24	53.3
1959	5,140	1,280	2.36	54.2
1960	5,655	1,434	2.61	58.9
1961	6,074	1,720	2.73	67.5
1962	7,041	2,358	3.23	80.1

TABLE III

Net Increase in State and Local Government Securities, 1957-62

	Total	Commercial Bank Holdings: Amount	Commercial Bank Holdings: Per Cent Increase	Commercial Bank Holdings: Per Cent of Market
	—(billions of dollars)—			
1957	4.6	1.0	8	22
1958	5.6	2.6	19	47
1959	4.7	0.4	3	9
1960	3.7	0.6	4	16
1961	5.1	2.8	16	54
1962	5.5	4.4	22	81

TABLE IV

State and Local Security Yields

	December 1961	December 1962	Change (basis points)
Moody's Composite	3.63%	3.22%	—41
New Aa issues (IBA):			
1 year	1.60	1.60	0
5 year	2.40	2.05	—35
10 year	2.90	2.50	—40
15 year	3.25	2.75	—50
20 year	3.45	3.00	—45
30 year	*3.60	3.33	—27

*Estimated.

TABLE V

Net Increase in Mortgage Debt

	Total (Billions of $)	Commercial Bank Holdings: Amount (Billions of $)	Commercial Bank Holdings: % Increase	Commercial Bank Holdings: % of Market	FHA Secondary Market Yields (December %)
1957	12.1	0.6	3	5	5.61
1958	15.3	2.2	9	14	5.60
1959	19.0	2.5	10	13	6.23
1960	16.2	0.7	2	4	6.04
1961	18.4	1.6	6	9	5.71
1962	24.6	4.0	13	16	5.53

TABLE VI

Net Increase in Commercial Bank Holdings

	Instalment Credit: Amount (Billions of $)	Instalment Credit: Per Cent	Business Loans: Amount (Billions of $)	Business Loans: Per Cent
1960	1.4	9	2.9	7
1961	0.3	2	2.1	5
1962	1.9	11	3.9	9

TABLE VII

Net Changes in Bank Holdings of U. S. Government Securities

	1961	1962
	—(Billions of Dollars)—	
Under one year	+7.1	—2.4
One to three years	+1.0	—8.0
Three to five years	—1.9	+4.7
Five to 10 years	—0.5	+7.0
Over 10 years	—0.2	—1.7
Total	+5.6	—0.4

between the costs of additional deposit funds and the yield on them from suitable loans and investments. But to state the problem is not to solve it. That must be left to the experience, logic and good sense of each bank management.

[ED. NOTE: The tables accompanying Mr. Balderston's article were prepared by Messrs. J. Charles Partee and Richard C. Pickering of the FRB's staff.]

The Security I Like Best

Continued from page 2

the Trans-Canada Pipe Lines' system which brought natural gas from the fields of Alberta to the major markets in Eastern Canada. From 1958 to 1962 consumption of natural gas in Canada more than doubled to reach 420 billion cubic feet. It is expected to double again by 1970.

Trans-Canada operates an all-Canadian pipeline 2,340 miles long, running from a point approximately one mile west of the Alberta-Saskatchewan border and ending at the island of Montreal in the Province of Quebec. The line varies in diameter from 34 inches on the first leg to Winnipeg down to 20 inches on the last stretch from Toronto to Montreal. Extensions to the line connect with systems of Mid-Western Gas Transmission Company at Emerson, Manitoba and Tennessee Gas Transmission Company at Niagara Falls.

The salient features of Trans-Canada's operations may be summarized as follows:

Gas Supply. The company has entered into contracts with gas producers in the Province of Alberta at varied rates for 25-year periods. The weighted average price for all gas purchased in 1962 was close to 13 cents per m.c.f., and the average price is expected to escalate by one-quarter cent per m.c.f. per annum. Approximately 95% of the gas supply is under contracts that provide for price re-determination on Jan. 1, 1968 and at the end of each five-year period thereafter. An important factor in this respect is that if the company earns a rate of return in excess of 7½%, then the price for the gas must be increased. On the present rate base, a 7½% return would probably result in earnings of about $1.90 per share assuming full conversion of convertible securities and using the modified rate of depreciation.

The natural gas is gathered and transmitted within the Province of Alberta by the Alberta Gas Trunk Line Company Limited, to which Trans-Canada makes a payment which will provide a rate of return to Alberta Gas Trunk of 7½% on its rate base of facilities built for Trans-Canada's requirements.

Gas Sales. Over 90% of the company's sales are made to six major companies under contracts extending for periods of at least 20 years from the date of commencement of delivery. Five of these are Canadian firms whose daily contracted demands rise from 450 million cubic feet per day in 1962 to 628 million c.f. in 1965 with further increases thereafter. The sixth major customer is Mid-Western Gas Transmission Company which has contracted for 204 million cubic feet per day with 75% of this amount being on a take or pay basis for the first three years to 1964 and 95% thereafter.

Regulation. Regulation is by the National Energy Board of Canada, which has the power to regulate the construction and operation of inter-provincial gas lines and the export or import of gas.

In addition, the Oil and Gas Conservation Board of Alberta regulates the production of gas in the Province and grants permits for removal of gas. The proved reserves dedicated to Trans-Canada are estimated at 7.2 trillion cubic feet, equivalent to 27 years' requirements under present contracts. Additional gas reserves are being developed in the Canadian West which should be available to meet additional domestic or export requirements as the case may be.

Other Operations. Apart from the transmission of gas the only other major factor in the operations of Trans-Canada Pipe Lines is an agreement with Pacific Petroleums Limited whereby the latter company will extract natural gas liquids from Trans-Canada's gas stream, in return for which Pacific will pay Trans-Canada $2 million in each of the years 1963 and 1964, after which specified monthly payments will be made until Pacific has recovered its investment in the project. Thereafter, Trans-Canada will receive full cost of the natural gas liquids extracted by Pacific and in addition 50% of the net profits of the project before depreciation and income taxes.

The company's capitalization is diverse and somewhat complicated as shown in the following table:

(In millions of dollars)

First mortgage bonds	$255
Subordinated debentures	75
5% conv. sub. income debs.	25
5½% conv. sub. income notes	22
Common share equity*	50
	$427

*5,861,183 shares.

Moreover, the company's accounting is somewhat complicated by the covenant in the trust deed of the first mortgage bonds to the effect that interest on the notes can be paid only out of income after providing for depreciation at the rate of 3% on the pipeline. On this basis, the company has not yet earned a profit. For reporting purposes, however, the company charges depreciation on the pipeline at 2% straight line and on this basis a profit of $4.5 million was recorded for 1962, although, of course, no interest was paid on the convertible notes.

This state of affairs is confusing so far as the common share investor is concerned but the problem is not likely to continue for very long. Operations in 1963 are expected to show a significant profit even after calculating depreciation at 3% on pipeline and 4% on compressor equipment, and after payment of interest on the convertible securities. Our own estimate is that reported earnings are likely to be in the neighborhood of $1.50 per share. With sales expected to grow in the domestic market by close to 15% per year for the rest of this decade, there is every indication that net profit should continue to grow at a satisfactory rate.

For capital gain purposes there are three main investment media:

(1) Common Shares. There are 5.9 million common shares outstanding and the possibility of issuance of an additional 2.4 million through conversion of notes and on the common and under the first debentures. No dividends are paid mortgage trust deed and the indenture securing subordinated debentures there are restrictions which will likely prevent any payment for the next year at least. The shares are currently quoted at $29½ Canadian and are traded on both the Toronto and Montreal stock exchanges. In 1958 they traded at a high of $38⅝ and in 1960 at a low of $16.

(2) 5½% Subordinated Convertible Income Notes due January 1, 1987. These are redeemable in whole or in part after July 1, 1964 at a premium of 5%. Interest is payable out of earnings only a calculated under the terms of the trust deed governing the first mortgage bonds, and as yet none has been paid although it is expected that full payment will be made May 1, 1964 for the year 1963. The notes are convertible into common shares after July 1. 1964 and until Jan. 1, 1987 at $15 per share.

(3) 5% Convertible Subordinated Debentures due June 1, 1988. Interest will be paid on these debentures until April 1, 1966 but thereafter only if consolidated net income is adequate. They are convertible until June 1, 1973 at $26 per share. They are callable only if the market price of the common shares is at least 130% of the conversion price or if the company's underwriters undertake to purchase the debentures and convert them into common shares.

At the present time the common is quoted at $29½, the 5½% convertible debentures at 196 and the 5% convertible notes at 124. The latter two work out to equivalent prices on the common shares of $29.40 and $32.40, respectively, while the yields on these two securities, assuming full interest paid, works out to 2.80% and 4.00%. In effect, therefore, one is paying a 10% premium for the 5% convertible debentures in return for 1.2% higher yield. Whether or not this is attractive depends on the tax position of the individual investor, but in any event we consider either of the two convertible securities to be preferable to the common shares in view of the income that will be received ahead of the common.

Peru Honors Grace & Shea

The Government of Peru has conferred its highest decoration on J. Peter Grace, President of W. R. Grace & Co., and Andrew B. Shea, President of Panagra.

J. Peter Grace

The Order of the Sun in the rank of Grand Officer was presented to the two American executives by Ambassador Fernando Berckemeyer at a reception in their honor in the Peruvian Embassy.

Both were cited for the important contribution their companies have made to the economic, industrial, financial and cultural development of that nation and in fostering closer relations between Peru and the United States.

The Order of the Sun is the oldest decoration awarded by Peru and was founded by General Jose de San Martin, the Liberator of that country.

Economic Impact of the Adverse Wheat Control Vote

By Dr. Herman H. Browne, Member of the New York Produce Exchange, New York City

Commodity expert active in international grain trade details untold ramifications of the wheat farmers' recent surprising rejection of stricter controls transcending domestic repercussions in view of our international wheat treaty obligation. He foresees the latter keeping the government in the wheat buying business—an opposite result intended by the "freedom" farmers—at a savings to taxpayers; wheat plunging to $1.10 to $1.00 per bushel, displacing today's non-wheat animal feeds without lowering the price of bread ot consumers; and mass migration of small farmers to the city—barring legislative changes for 1964 when, otherwise, these changes probably would occur.

On May 21 of this year, American farmers in a secret ballot referendum rejected the government's plan of stricter production control of wheat beginning with the crop harvested in 1964. Five hundred and ninety-six thousand, nine hundred and forty-three farmers voted against the proposed legislation, 547,151 voted in favor of it. While a two-thirds majority was required for acceptance of the proposal, an unexpectedly large percentage—52%—voted against it. In 12 previous referenda the required two-thirds majority of farmers had accepted the acreage restrictions although the number of farmers voting against it increased over the years. This year, the government not only proposed acreage allotments but also set marketing quotas in order to restrict farmers from producing more and more on the reduced acreage.

Dr. H. H. Browne

Undoubtedly, the steadily increasing number of farmers voting in previous referenda against "government in agriculture" indicated their dissatisfaction with regimentation. Now they were asked to accept even stricter controls. They were willing to make a great sacrifice by giving up the protection of the high support price of $2 a bushel in order to gain their economic freedom. Not in a single big wheat-growing state was the two-thirds majority reached. In Kansas, the largest wheat-growing state with predominantly large commercial farms, only 48% voted for the plan.

Of great importance for the outcome of the referendum was the fact that for the first time small farmers of 15 acres or less were permitted to vote. Small farmers use a large part of their production for food and for the feeding of cattle, hogs, poultry and are, therefore, less interested in the cash price of the wheat. A newspaper in the Middlewest (*The Daily Pantagraph* of Bloomington, Ill.) recommending the rejection of the referendum wrote:

"There would be casualties in such a program. But there will be greater casualties under an agriculture managed from Washington. The small farmer is likely to get caught in a squeeze either way. He stands a better chance of survival under a system which permits him to expand if he has the necessary management skill."

The influential Farm Bureau Federation advised farmers to reject the proposed program and held out the hope that a more favorable program would be worked out by Congress if the present plan for tight acreage and production controls was voted down.

Wheat takes the second largest acreage among all cereals—about one-sixth of all the cropland in the United States. While the acreage was in previous years reduced in accordance with the government's production control accepted by farmers, the average yield per acre increased from 14.5 bushels in 1949 to 25.1 bushels in 1962. Better farming methods, more machinery, better crop varieties, more fertilizers achieved this result. And the surplus going into government stocks grew significantly over the years. Thanks to the high minmum price guaranteed by the government, the farmer made more money on the reduced acreage than at any time before. The courage of the majority of farmers who voted against the proposed government controls proclaims their desire for independence and their trust in economic freedom.

Support Price May Fall to $1.25 or Less Per Bushel

For the 1964 crop, the support price for wheat will plunge to 50% of parity, about $1.25 a bushel. However, only farmers keeping their acreage to the same allotment as in 1963 will be permitted to claim this support price. This is fixed in a law of 1938, still on the books. The large commercial farms will probably be able to produce profitably even at this or a somewhat lower price. They will expand their acreage and will try to improve further the yield per acre in order to compensate for the low price.

Nine percent of all of the nation's farms produce as much as all the other 91%. Those big commercial farms are in a position to invest more capital and to organize production efficiently. Assuming normal weather, a crop of 1.6-1.7 billion bushels — 500,000,000 to 600,000,000 bushels over last year's crop—is a distinct possibility.

It is predicted that in this case the market price of the wheat harvested in 1964 might slip to $1.10 or $1 per bushel (indeed, some even predict a price below $1). The low price will force many small farmers to leave the farm, accelerating the move from the farm to the city. In the last 20 years, 15,000,000 farmers migrated to the city from rural areas.

Will Make Wheat Cheaper Animal Feed

A wheat price of about $1 would make animal feeding of wheat more economical than feeding of corn or other feed grains still under government support price and might bring about a drop of the prices of those grains. In that event, more corn, barley and grain sorghum, instead of wheat, will go to the government at the support prices and fill the warehouses.

During the last decade, wheat provided a large part—for many farmers, the main part—of their income. It is calculated that the total income from wheat might drop by $700,000,000 from about $2,300,000,000. In addition to their personal and housing needs, farmers are substantial buyers of machinery, oil, gas, electricity, fertilizers, etc. The drop in purchasing power will undoubtedly be felt in the industrial section of the entire economy. President Kennedy said at the White House Conference of Business Editors and Publishers on Sept. 26, 1962:

". . . It has been felt that the withdrawal of government support would precipitate a decline in prices which would be of such an extraordinary range that it would bring an economic collapse in the Middle West which would adversely affect the entire economy . . ."

Consumer Will Not Benefit

Will the consumer profit from the collapse of the wheat price? Wheat cereals might get cheaper but bread will hardly benefit. The value of the wheat in a 21 cent loaf of bread was last year about 2.5 cents. The same loaf of bread sold in the late forties at about 13.5 cents when the value of the wheat in it was hardly lower. The price increase went to millers, bakers, wholesalers, retailers to cover higher labor and distribution costs. At best, the reduction of the wheat price might merely stop the increase of the bread price.

There doesn't seem to be a chance to get rid of a large wheat surplus at a better price on the world market. The increase in production in U. S. A. would come at a time when importing countries also strive to expand domestic production and to reduce imports. This is true not only of the European Common Market but also, for instance, of India, the biggest importer of wheat from the U. S. A. (sold under the Foreign Aid Program in Indian currency). India hopes to reduce imports in the next few years by 50% and to be self sufficient by 1970 (most probably an unobtainable goal in view of the rapid population increase and the slow progress of agricultural methods).

International Ramifications

The U. S. A. has been a party to the International Wheat Agreement (IWA) since its inception. IWA as agreed upon last year stipulates a minimum price of $1.62½ and a maximum price of $2.02½ within which range the wheat has to be sold by member exporting countries to member importing countries. To allay fears of other wheat exporting countries, such as Canada or Australia, President Kennedy declared immediately after the rejection of the referendum that the United States will honor the provisions of the IWA. In order to prevent dumping of the surplus wheat on the world market, he issued an executive order giving the Secretary of Agriculture power "to prohibit or restrict the importation or exportation of wheat or wheat flour and issue such regulations as we may deem necessary in the implementation of the IWA." Secretary of Agriculture Freeman stated:

"The United States will work with the International Wheat Council and with its member countries and with the wheat trade and wheat producers to preserve the stability of world wheat markets and world wheat prices which we have sought so long together. Sales for export will be handled in normal channels of trade to the maximum extent possible consistent with the fulfillment of our international obligations. There will be no dumping of U. S. wheat in world markets."

In this statement, the measures to achieve the goals are implied. Export taxes are prohibited in the Constitution. Government could institute export controls by licensing exports at a minimum price in accordance with IWA. Alternatively, government might prohibit export by the trade and become the sole supplier of wheat for export. In this case, government may have to buy wheat in the free domestic market and/or use the large stocks in their hands. Either way, government would be back in the wheat business and would have a most difficult job on its hands. The result would be a situation very far away, indeed, from the freedom farmers were hoping for in rejecting the referendum.

Farm Bureau Wants New Legislation

The Farm Bureau Federation which had strongly urged rejection of the referendum now presses Congress for new legislation to protect the farmers (the crop of 1963 is not affected by the rejection of the referendum). Several bills have already been introduced to this end in the House. Congressmen disagree whether Congress should consider new legislation. Congress will give more consideration to the ideas and interests of the urban taxpayers who resent the heavy financial burden of the farm programs. If there is no new legislation enacted providing higher support prices — proposed bills recommend support prices of $1.62 up to $1.82—wheat which cannot be sold on the free market at a better price will be sold to government at the support price of $1.25 by farmers complying with the acreage control.

According to the Department of Agriculture the range of the IWA prices is equivalent to $1.15 to $1.55 for U. S. Hard Red Winter wheat on the farm, the main variety sold for export. At the average of these prices, government would lose little money by exporting the wheat it might have to buy. Government will save the high export subsidies it has to pay currently in order to make the wheat supported at $2 competitive on the world market. The resulting substantial savings might improve the chances for a tax reduction.

President Kennedy said farmers have made their decision and "we accept their judgment." Further "I think it will be difficult to get a bill by the Congress." Farmers will vote again in 1964 in a referendum. The outcome of this referendum will indicate whether they are satisfied with their choice of more economic freedom or their wish to return to stricter control and support.

Channing Financial Executives

The election of Leicester W. Fisher as a Director, Samuel R. Campbell, Jr. as Administrative Vice-President, G. Sealy Newell as Treasurer, and Enno W. Ercklentz, Jr. to the post of Secretary has been announced by Kenneth S. Van Strum, Chairman of the Board of Channing Financial Corporation, 85 Broad Street, New York City.

Leicester W. Fisher

S. R. Campbell, Jr.

G. Sealy Newell

Mr. Fisher, a member of the New York Society of Security analysts, is President of Managed Funds Incorporated, Institutional Shares, Ltd., and Institutional Income Fund, Inc. He is also a Vice-President of Van Strum & Towne, Inc., the investment counsel subsidiary of Channing Financial.

Mr. Campbell, Jr., in his capacity as Administrative Vice-President of Channing Financial, will supervise administration of the New York-based operations of the firm and its component companies.

Mr. Newell succeeds Robert G. Horr as Treasurer of Channing Financial. Mr. Horr continues as President of the Agricultural Insurance Company — which is majority held by Channing Financial—and as Vice-President and Director of Channing Financial.

Mr. Ercklentz, an officer of several of Channing Financial's subsidiaries, has served for the past two years as Counsel to Channing Corporation.

Channing Financial is a holding company whose subsidiaries are engaged in the managing and marketing of mutual funds and all lines of insurance. The company commenced operations earlier this year following consummation of an Exchange Offer to stockholders of Channing Corporation, Agricultural Insurance Co., Federal Life & Casualty Co., Secured Insurance Co., and the Wolverine Insurance Company.

Current News in the Field

These items are supplemental to similar notices appearing elsewhere in this issue.

NEW FIRMS

ASHEBORO, N. C. — **American Mutual Securities,** formerly American Mutual Funds, 339 Holly Street.

ATLANTA, Ga.—**Lion G. Mason & Co.,** Fulton Federal Building. Partners are Lion G. Mason and Jean F. Mason. Mr. Mason was formerly in business as an individual dealer.

BOSTON, Mass.—**McNamara and Company,** 250 Boylston Street. John J. McNamara, Jr. is proprietor.

CHICAGO, Ill.—**Graham, Graham & Ewell, Inc.,** 166 West Washington Street. Officers are Eric E. Graham, President; Rupert F. Graham, Secretary and Treasurer and Raymond W. Ewell, Vice-President. Eric Graham was formerly with Smythe, Bowers & Hilliard, Inc.

CLEAR LAKE, Iowa—**B. J. Peterson & Company,** Route 2. Billy J. Peterson is sole proprietor.

GRAND JUNCTION, Colo.—George B. Humphries, 163 Bluegill Drive.

MIAMI, Fla.—**Thomas W. Shipton & Co.,** 2721 Southwest 22nd Ave. Officers are Thomas W. Shipton, President; Thomas H. Shipton, Vice-President, and Josephine G. Shipton, Secretary and Treasurer. Thomas W. Shipton formerly conducted his own investment business under the firm name of Planned Futures.

MIAMI, Fla.—**Technical Securities, Inc.,** 100 Biscayne Boulevard, South. Officers are Ivan Pouschine, President and Treasurer, and Robert F. O'Malley, Secretary. Mr. Pouschine was formerly a partner in Winslow, Cohu & Stetson.

MILLBURN, N. J.—**The Belber Agency,** 241 Millburn Avenue. Charles G. Belber and George W. Belber are partners.

NASHVILLE, Tenn.—**Gayden Investment Corporation,** formerly Massey and Company, Inc., 315 Union Street.

NEW YORK CITY — **Greenman, Radler & Company,** 79 Wall St. Partners are Brian M. Greenman, and Louis Radler, general partners, and Albert J. Weban, Irwin Friedman and Samuel Friedman, limited partners. Mr. Greenman was formerly proprietor of Greenman Co., with which Mr. Radler was associated.

NEW YORK CITY — **Mayflower Securities Company,** 101 Park Avenue. Michael R. Verrilli is proprietor. He was formerly with Godfrey, Hamilton, Taylor & Co.

MASON CITY, Iowa — **Harry I. Nadler & Company,** 835 Fifth St., Southeast. Harry I. Nadler, sole proprietor, was formerly with M. Wittenstein Co.

NEW YORK, N. Y. — **Seymour Geller & Co.,** 555 Madison Ave., continuing the investment business of Seymour Geller.

PHOENIX, Ariz.—**Maricopa Mortgage Syndications, Inc.,** 8910 North Central Avenue. Officers are Julian J. Blum, President; Richard D. Curtis, Executive Vice-President; J. F. Hess, Secretary-Treasurer; and Jimmy Jay, Assistant Secretary.

ROSEDALE, N. Y. — **Valley Investors Plannning Co.,** 257-33 149th Road. Max Bluestein is a principal.

SALT LAKE CITY, Utah—**Parker-Jackson-Mann and Associates, Incorporated,** 2166 Westminster Ave. Richard L. Parker is a principal of the firm.

SHREVEFORT, La.—**Katy Investment Corporation,** 297 Pennsylvania. Officers are Barbara B. Whitten, President and Treasurer; and James B. Whitten, Vice-President and Secretary.

SOUTH BEND, Ind. — **Wallace Investments, Inc.,** 51591 U. S. No. 31. Officers are Lester Wallace, President; Everett M. Hardman, Treasurer; and Gertrude van de Walle, Secretary. All were formerly with King Merritt & Co., Inc.

NEW BRANCHES

ALICE, Texas—**Eppler, Guerin & Turner, Inc.,** Alice National Bank Building. James C. Dunn is registered representative in charge.

McALLEN, Texas — **Eppler, Guerin & Turner, Inc.,** 215 South Broadway. James W. Southwell is registered representative in charge.

AMES, Iowa—**First of Iowa Corporation,** 817 Ridgewood Avenue. Dale D. Welch is local manager.

EUREKA, Calif.—**R. J. Baker and Company,** 1459 Myrtle Avenue. Glen B. Hale is resident manager.

GENEVA, Switzerland—**Salomon Brothers & Hutzler,** 18 Avenue de Bude. Wendell M. Hastings is foreign representative in charge.

MONROE, Mich.—**Frank Watts & Associates,** 325 North Monroe. Frank W. Watts will direct the operation of the new office.

PAMPA, Tex.—**Schneider, Bernet & Hickman, Inc.,** Hughes Bldg. Griffin Dollarhide, Jr. is manager.

ST. LOUIS, Mo.—**Walston & Co., Inc.,** 422 Locust Street. Michael C. Bastunas will act as temporary manager.

PERSONNEL

BAYONNE, N. J. — Morton N. Stein is now sole proprietor of Stein & Hoffman, 1137 Avenue C. He was formerly a partner in the firm.

BOSTON, Mass.—Robert F. Croce has been added to the staff of **Kidder, Peabody & Co.,** 75 Federal Street.

CINCINNATI, Ohio—Justin S. Klein has become associated with **Tessel, Paturick & Co.,** 45 East Fourth Street, members of the New York Stock Exchange. He was formerly with Bache & Co.

CLEVELAND, Ohio — Marvin G. Cohen has been added to the staff of **Goodbody & Co.,** National City East Sixth Building.

CLEVELAND, Ohio — Ralph D. Canfield is now connected with **Hayden, Miller & Co.,** Union Commerce Building, members of the Midwest Stock Exchange. He was previously with First Cleveland Corporation.

DENVER, Colo.—Charles Baker has joined the staff of **Wittow & Company,** 1645 Court Place. He was formerly with Peters, Writer & Christensen, Inc.

NEW YORK CITY—Richard Brown has become associated with **Carl M. Loeb, Rhoades & Co.,** 375 Park Avenue.

NEW YORK CITY—Dale S. Coenen, Anson M. Beard, Jr., Crosby R. Smith and James D. Whelpley are now associated with the New York office of **Laird & Company, Corporation,** 61 Broadway.

Lehman Corp. Elects Officers

At a meeting of the Board of Directors of The Lehman Corporation Alvin W. Pearson, formerly Executive Vice-President of the Corporation, was elected President. Robert Lehman, heretofore President of the Corporation, was elected Chairman of the Board of

Monroe C. Gutman

Alvin W. Pearson

Robert Lehman

Directors and continues as Chief Executive Officer; and Monroe C. Gutman, Chairman of the Executive Committee, was elected Vice Chairman of the Board of Directors.

Mr. Pearson became associated with Lehman Brothers in 1924 following his graduation from Harvard University Graduate School of Business Administration. He joined The Lehman Corporation on its formation in 1929 as an analyst in the Research Department and became successively Assistant Vice-President, Vice-President, Director and Executive Vice-President. He is a Trustee of Reed College, Portland, Oregon, from which he received a Bachelor of Arts Degree.

Wool Associates Elect Officers

Charles R. Rudd of Wool Handlers, Inc., Lawrence, Mass., was elected President of the Wool Associates of the New York Cotton Exchange, Inc. at the Annual Election. Elected 1st Vice-President was Robert E. Fields of New York City. Re-elected 2nd Vice-President was Elliot W. Brown of the National Wool Marketing Corp., Boston, Mass. Frank Knell of New York City was re-elected Treasurer.

Those elected to the Board of Governers are: Stanley I. Assael of New York City; James J. Caires of Boston; Georges A. Florin of Prouvost Lefevre of Rhode Island, Inc.; Eugene M. Grummer of New York City; E. Bradford Keith of The Top Company, Inc., Boston; W. Gordon McCabe, Jr. of J. P. Stevens & Co., Inc., Greenville, S. C.; William Reid of Bache & Co.; W. Brewster Southworth of Nichols & Co., Boston; George H. Thurmond of Thurmond & Co., Boston; Irving Weis of Irving Weis & Co., and John M. Williams of New York City.

With the exception of Mr. Assael, all were members of the retiring Board who were re-elected.

SECURITY SALESMAN'S CORNER

BY *JOHN DUTTON*

Build for Tomorrow!

There are millions of investors in our country today who are seeking competent investment advice. Despite the general rise in common stock prices that began 14 years ago, only a small minority of investors are now managing their own investment accounts. Most people rely upon their broker, their security salesman, their investment counsel, or the trust department of a banking institution, and they hope the advice they receive will be profitable. This great need for investment guidance is also one of the reasons for the rapid growth of the mutual fund industry during the past 15 years.

With more than 17 million stockholders now seeking investment suggestions and advice in our country, what lies ahead for the individual security salesman when he takes an objective and serious look at his profession? In the past, the man who had a pleasant personality, and who knew how to develop new sources of business had the advantage of a generally rising stock market, which assisted him in making sufficient profits for his clients. If he made some mistakes, there were also many other opportunities when profits were accumulated, and the law of averages was working in his favor. But a different set of circumstances has now developed. During the next five to ten years intense competition and highly selective markets appear to lie ahead. The demand for superior investment advice will intensify. The need for top quality investment counselling is greater than ever before and the stakes are too high for guesswork.

Are There Any Solutions?

Investors who receive competent investment advice are going to continue to do business with the firm that produces results for them. They will send their friends and relatives to the salesman who makes profits for them. But they will take their account elsewhere if they are not receiving the best possible advice. From here on salesmanship, personality, and even friendship will not suffice. The next few years are going to be competitive and only the men who can produce will hold and build their clientele.

Are there any guidelines that a security salesman can establish that will be helpful to him? Are there some basic rules that he can follow that will help him to produce better long-term results for his customers? Here are a few suggestions, possibly you can add others that should also be made a part of your general philosophy of work, and the methods you should use to achieve your goals.

First, a salesman must have access to information that will be specific and helpful to him in making recommendations to his clients. The choice of the firm with whom he is associated is very important. He may fare well with a large organization that has a competent and versatile research staff. He may also do just as well with a smaller firm that specializes in fewer situations but knows how to evaluate the quality of management, new products, and capacity for growth among the companies it is investigating as suitable investment vehicles for its clients. Very often the quality of the research information available to an experienced investment salesman is much more important than the quantity that is passed on to him.

In addition, a salesman must learn to discriminate between superficial reports and opinions, and the material that qualifies as valuable information. Often large firms will offer technical trading opinions concerning individual stocks that can become a trap for investors if fundamentals are not also taken into consideration. Recently a salesman who has had long experience in the security business was given an order by a client to purchase a stock because a well known market technician for a large investment firm suggested that it was attractively priced and appeared to have possibilities for a major upward move. But the salesman happened to be aware of certain information regarding the internal problems of this company that the analyst who only looked at his charts did not know. He told his customer that this company was having difficulties, he gave him the source of his information, and then he told him that if he still wanted to place the order to buy the stock he would gladly do so. Shortly thereafter the dividend was reduced, the stock had a sinking spell, and from all indications there will be a long period of difficulty that must be overcome if the stockholders in this particular company can look forward to growth and progress.

No investment should be entered into without a thorough knowledge of all the pertinent facts that are available. Hasty decisions only create losses. It is the responsibility of the salesman to control his emotions, and to help his customers to make informed decisions.

Since the marketing of new issues and secondaries is also a prominent activity among investment firms, a salesman should be with a firm that makes it possible for him to offer only those investments that are suitable to the investment requirements of his customers. He should have ample opportunity to study these offerings before they are ready for distribution. Those which are too speculative, or that appear to be over-priced should never be sold to any client.

No firm can use its customers as an outlet for securities that it has acquired or they will eventually incur losses through this process. This is not the way to build a business . . . it is a destructive process and no salesman who continues to place his immediate profits in any transaction ahead of his client's welfare can expect to prosper in the next few years of intense conmpetition in the security business.

Summary

Obtain factual, reliable information. Combine fundamentals with technical timing assistance whenever possible. Never over-promise or make predictions that may not be fulfilled. Refrain from making quick judgments and hasty decisions. Make your client your partner by informing him that his success is important to you. Make it clear to him that there may be times when it is best to accept small losses as part of the price of profitable account management over the longer-term. Never allow your immediate profit to be the prime motivating factor in any recommendation you make to your clients.

This is not being unmercenary. It is the most self-seeking attitude that any security salesman, investment advisor, or broker can put into practice. The salesman who has satisfied clients will automatically build his business through referrals and the continuing commissions that accrue to him. Performance will be the test of success in the coming years . . . just as this has been true in the past.

Hutton Directors To Meet in L. A.

The Board of Directors of E. F. Hutton & Company, Inc., members of New York Stock Exchange, will hold their first meeting in Los Angeles, July 4 and 5, it has been announced by Sylvan C. Coleman, Chairman of the Board at his New York City, One Chase Manhattan Plaza, office.

In addition to Mr. Coleman, attending the meeting will be: Gerald M. Loeb, Vice-Chairman (N. Y.); W. Allen Taylor, President (N. Y.); Murray Ward, Senior Vice-President (L. A.); Franklin G. Clement, Senior Vice-President (Chicago); Gordon B. Crary, Jr., Vice-President (L. A.); Maurice F. Summers, Vice-President (N. Y.); W. Robert Wigley, Jr., Vice-President (Dallas); Garner H. Tullis, Vice-President (New Orleans), and Keith S. Wellin, Vice-President (Chicago).

Other Hutton officers who are expected to meet with the Board of Directors are: Alec R. Jack (L. A.); Frank E. Naley (L. A.); Robert M. Fomom (L. A.); William F. Groszkruger (L. A.); Charles E. Crary (Tucson); Robert M. Bacon (San Francisco); Douglas B. Lewis (San Franicsco), and William D. Kilduff (San Franicsco), all Hutton Vice-Presidents.

Corp. Bond Traders Elect Officers

J. Andrew Hachtmann of Wood, Struthers & Winthrop was elected President of the Corporation Bond Traders Club of New York at the annual meeting of the club, held Friday, June 14, 1963, at the Nassau County Club here. He succeeded Thomas Feeley of Goodbody & Co.

Joseph E. Smyth of Salomon Brothers & Hutzler was elected Vice-President, Paul Bruehl of Shields & Company Secretary and Charles A. Wiegel of W. E. Hutton & Co. Treasurer.

To Form Ehrhard Co.

Effective June 27, Ehrhard & Co., members of the New York Stock Exchange, will be formed with offices at 72 Wall Street, New York City, to engaged in the securities business. Partners will be Louis E. Erhard, Jr., who will acquire an Exchange membership, general partner, and Joseph de F. Junkin, limited partner.

Connecticut Brevities

Per capita personal income of Connecticut residents amounted to $3,095 in 1962, according to figures recently published by the U. S. Department of Commerce. This represented a 6.9% gain over the 1961 level of $2,895 and was 31% above the $2,357 national average. In 1962 Connecticut residents' total personal income exceeded $8 billion, an increase of nearly $500 million over the 1961 total.

* * *

Manson Laboratories, Inc. plans to begin construction later this year of a new 100,000 sq. ft. plant in Wilton. Manson, a subsidiary of Hallicrafters Co., does research, development and production work for the government. At present some 300 employees occupy leased space in Stamford.

* * *

The Stanley Works, New Britain, a leading manufacturer of builders' hardware, hand and power tools, and The Titan Manufacturing Co. Pty. Ltd., wholly-owned subsidiary of The Broken Hill Proprietary Co. Ltd., Melbourne, Australia, have agreed to form a joint venture company to be known as Stanley-Titan Pty. Ltd. The newly formed company will acquire the Titan hand tool facilities and organization at Hobart, Tasmania. The Hobart factory is currently producing a range of hand tools, which will be expanded by adding a variety of Stanley hand tools to be produced and marketed in Australia.

* * *

The **Fafnir Bearing Co.** of New Britain and Industriewerk Schaeffler, West Germany, are planning a new company to manufacture and sell needle roller bearings in the United States. Majority ownership of the Fafnir-INA Roller Bearing Co. will belong to Fafnir. Details of sales and manufacturing facilities are to be made public later. Fafnir is a major U. S. producer of ball bearings and Schaeffler makes a complete line of needle roller bearings under the trade name INA. The two companies are joint owners of Fafnir Waelzlanger, West Germany, which began sale of Fafnir ball bearings in December, 1962.

* * *

The **Gerber Scientific Instrument Co.** of South Windsor expects to arrange for construction of a new 40,000 square foot plant, probably under a lease arrangement. Plans call for all of the company's operations to be consolidated in the new building. Gerber presently occupies 22,000 square feet in its four South Windsor buildings. The company hopes construction of the new plant can begin this year.

* * *

The **Arrow-Hart & Hegeman Electric Co.,** Hartford, has announced purchase of Allied Control Company's line of subminiature switches. Production will be transferred to Hartford from Allied's New York City headquarters. The subminiature switch line consists of pushbutton and toggle types used primarily in electronic circuits, test equipment, geophysical equipment, telephone switchboards and computers. The subminiature line will complement the Arrow-Hart Specialty Switch Division's product line and will be sold by that division. Production is expected to start in July.

The Connecticut Development Commission's "Report on the Progress of Urban Renewal in Connecticut" states that four million square feet of new industrial and commercial floor space have already resulted from urban redevelopment. Remarking on accomplishments as of year-end 1962, the report states "The value on completion of current construction in Connecticut's urban renewal areas now totals $100 million. New buildings valued in excess of $3 million have been erected in four of Connecticut's seven completed projects. Buildings valued at nearly $97 million are under construction or have been completed in 11 projects still in execution."

Charles Plohn To Admit Partner

Charles Plohn & Co., 200 Park Avenue, New York City, members of the New York Stock Exchange, on June 25 will admit Harold Eliasberg, a member of the Exchange, to partnership.

C. B. Richard Co. To Admit to Firm

C. B. Richard & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on July 1 will admit John Christenson to partnership.

Coast Exch. Member

LOS ANGELES, Calif.—Wedbush & Company, 4034 Buckingham Road, have become members of the Pacific Coast Stock Exchange.

The firm has been active in the investment securities business since 1955. Partners include Edward W. Wedbush, Julius Feldhorn, and William Paullin.

A Scientific Approach To World Trade Expansion

By Eugene Van Cleef, *Professor Emeritus, Department of Geography, The Ohio State University, Columbus, Ohio*

Advice to American business on applying a scientific approach to entering and expanding their exports is grounded on considerable first hand experience. (See, for example, author's "Chronicle" articles: "Why Small Firms Should Enter The Export Field", Feb. 15, 1962, p. 4, and "No Reason To Panic Over The Common Market," Aug. 30, 1962, p. 9). In this article, Prof. Van Cleef criticizes the reluctance, or the lack of understanding, to bring the same concentrated effort to foreign trade as to domestic sales and the naive belief that what may apply at home or to one developed foreign country may be equally true of another underdeveloped market. The writer submits a marketing survey checklist, and urges American firms to take advantage of the untold opportunities opening up in today's new international trade era.

Manufacturers spend vast sums of money upon ways and means to improve their product and to develop new ones but, with some exceptions, all too many apply instinct, hunches, emotions or so-called business sense to their world trade activities. The national regime, through its Department of Commerce and other divisions, has waxed and waned through the years in its efforts to stimulate the American businessman to increase his export efforts. The Department of Commerce approach has not always been scientific perhaps because of the lack of adequate funds. Too much of our world trade activity has been of the "crisis" order, as it seems to be at the moment. It is high time that our leaders recognize export trade as a permanent and integral part of our total trade activities and that our scientific abilities be applied to a long term international trade program.

Dr. E. Van Cleef

Whether commodities are made for monetary gain or for charitable purposes (foreign aid), a careful analysis of what is involved is always in order. Business enterprise, to be sure, must sell from day to day and can not survive on the basis of theory alone. On the other hand, if industry is to sustain itself and to grow also, its best hope lies in a scientific approach to the discovery and development of potential business world markets. Oddly enough, the business world has not protested against the action of the national government, or of state governments, in engaging in scientific research to aid farmers. Yet it has not been particularly aggressive in urging governmental scientific procedures in behalf of international trade expansion. In the days of former President Hoover when the Department of Commerce underwent reorganization, and commercial attaches were established in various countries, not a few businessmen complained arguing that this program discriminated against the businessman who confined his efforts to domestic trade. Happily, there is less of this type of protest heard today.

Slightly more than two decades ago the U. S. Department of Commerce sought to engage in effective research in cooperating with Bureaus of Business Research in leading universities. It called for proposals from the bureaus. When, however, one was made which it was felt would help to open new markets in Latin America in the course of ten or twenty years, it was rejected on the grounds that the businessman will not favor any plan that does not give promise of immediate dollar returns. Had the proposal, which concerned market prospects in Brazil been adopted, today's Alliance for Progress might have been unnecessary.

Applying Research to Our World Trade Potential

The fear that theory is impractical is slowly but surely being dispelled. We are now recognizing that theory combined with practice are essential components of progress. American industry spends, annually, nearly $300 million for basic research. This sum is shared by several thousands of laboratories. It would seem high time that substantial sums be spent in out-door laboratories as it were, that is, in research concerned with world trade potentials.

Some businessmen are convinced that certain things can not be done. This is their theory based upon what they call personal experience. In contrast with this behavior is that of firms like Firestone, General Motors and a few others who like to assign laboratory problems to technicians who do not "know" that the problems can not be solved. The latter, having no preconceived negative attitudes, proceeds to solve the presumably "unsolvable." Highly successful salesmen usually are of much the same order. They do not recognize the existence of "insurmountable" competition. They apply sales ability to supposedly impossible situations and sell.

For nearly a half century the National Foreign Trade Council and some trade journals have sought to point out to American manufacturers not only the desirability of international trade but its necessity in the interest of the national welfare. Progress has now been made and yet it is nothing short of amazing how many businessmen still continue to foster a "Buy American" philosophy.

Not All Foreign Investments Succeed

There are some persons who believe that because the Marshall Plan worked reasonably well, all give-away procedures will prove successful. Because foreign capital invested in the United States during its formative years contributed to its economic development, it does not follow that investments in all underdeveloped regions will yield equally effective returns. Both Marshall Plan and early United States financial transactions involved advanced peoples. They had a high order of intelligence, inventive genius, and the physical energy and determination to transform their localities into productive areas. In both instances, abundant readily accessible natural resources were available and in the case of early United States, an advanced people, namely western Europeans, accompanied capital investments. In many underdeveloped countries today the masses are not prepared to take full advantage of funds placed in their hands.

Someone may argue that the form and strength of governments are critical. We would not rule out the value of stable and tolerant governments. Man, inherently, covets independence even though socially he is gregarious. If this philosophy be doubted we need only to observe the current collapse of colonialism and a drift away from the "One World" concept to the creation of upwards of thirty or more independent, though not always stable states since 1956. Given freedom of action, details of the form of government become less critical elements in the potentialities of trade. In addition to a stable government, there must be natural wealth available under such circumstances as will make their conversion into useful products possible.

Need for Market Sales Surveys

The weighing of the considerations noted thus far as influences, *pro* or *con*, in international trade expansion suggest the desirability of a scientific frame of mind. Careful market surveys which can be joined by industry and government are in order. A comment made recently by a business consultant to the effect that the mere act of trying to sell will supply most of the needed market information, is hardly sound. Yet it is not an uncommon belief. Oddly enough, the same source believes it is necessary to decide somehow or other that one has a product which can be sold. The trial and error method can be invoked as indicated, but the cost is needlessly high. Again, one can hardly determine whether or not his product can be sold without surveying the market.

Suggested Selling Checklist

The "formula" for successful selling in one market is not necessarily the right one for all others. So it is that we urge a careful survey patterned after the guide offered here. Obviously, different kinds of products may call for modification, in detail, of the outline. We present a generalized checklist which we believe will aid

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FDIC Observes 30th Anniversary

The Federal Deposit Insurance Corporation on June 16 observed its thirtieth anniversary with a formal dedication of its new seven-story building at 550 Seventeenth Street, N. W., Washington, D. C.

The ceremonies, presided over by Erle Cocke, Sr., Chairman of the Corporation, marked the first time the Corporation has had its own official home. Previously, since its formation in 1933, the FDIC had occupied space in the National Press Building.

Among the dignitaries present for the ceremonies was the Honorable Wright Patman, Chairman of the House of Representatives Committee on Banking and Currency, who cut the ribbon and delivered a short address.

Guests also heard from the Honorable Leo Crowley, Chairman of the Corporation from 1934 to 1945, who spoke on "The FDIC."

Mr. Cocke presented other past and present directors of the Corporation, including the Honorable James J. Saxon, Comptroller of the Currency and ex-officio member of the FDIC Board, and the Honorable Jesse P. Wolcott, former Chairman and present Director of the Corporation.

The State of TRADE and INDUSTRY

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

A recently completed study of the sales prospects for the electrical, textile and chemical industries is quite bullish about next quarter's prospects.

Furthermore, the Federal Reserve's mid-month summary of business revealed the past month of May experienced a rise in total production (adj.) of 5% over the year-ago month, a 4% gain since the beginning of this year, and an 0.8% advance over the previous month which the System depicted as a 1.0% gain (indexes: 124 for May vs. 123 for April). Employment continued to expand in May—substantially further in durable goods manufacturing and advanced in most nonmanufacturing activities. The unusually large entry of teenagers into the labor force, however, caused the unemployment rate to mount to 5.9% from 5.7% in April.

The Federal Reserve reported new construction increased 4% in May from the moderately reduced level of the preceding three months with residential building regaining the peak of last June, other private construction changing little, and public construction advancing in May, marking a recovery from the downward dip (revised) in April.

The money supply was unchanged while time and savings deposits at commercial banks expanded, although less sharply than early in the year. Between mid-May and mid-June most interest rates increased somewhat..

Chemical Manufacturers Look at Third Quarter 1963

A study just completed by the Industry Studies Department, Dun & Bradstreet, reported the sales outlook for the chemical manufacturing industry for the 3rd Quarter in 1963 as compared with the 3rd Quarter of 1962 is buoyant. A total of 69% of chemical manufacturing executives interviewed in the nationwide Businessmen's Expectations Survey expect a sales gain, while only 1% expect a decline.

Of 1,538 manufacturers, wholesalers and retailers polled, manufacturers are the most optimistic in pre-judging the 3rd Quarter, but surprisingly the optimism expressed is below the level for the same period in 1962. These businessmen are apparently unimpressed with the present economic growth rate and are wondering whether it will continue at the level recorded to date in 1963.

Chemical manufacturers are among the most optimistic of all manufacturers about sales levels for the third quarter. Even though problems surrounding a slower growth rate and rising imports persist, the industry has been able to continue its favorable growth rate, which from 1947 through 1961 rose at an annual compounded rate of 6.7%. However, since the mid 50's a slower rate of 5.7% has prevailed. Nonetheless, this is substantially higher than the 4.1% sales growth for all manufacturers combined.

Profit hopes for the third quarter on the part of chemical manufacturers do not come up to the anticipated sales growth, although third quarter profits are seen increasing by 49% of the chemical manufacturers interviewed — just 1% below the level for all manufacturers. The role of new product development and product improvement is being stressed in sales gains, and the industry continues to expand its plant and equipment, having spent $1.58 billion in 1962 compared to $1.62 billion in 1961.

Chemical manufacturers are least optimistic of all manufacturers about a rise in selling prices in the third quarter. The industry continues to foster strong price competition. To support the anticipated sales gain, 27% of all chemical manufacturers polled expect inventory levels to rise, with only 5% foreseeing a decline.

New order levels may rise according to 56% of the Chemical Manufacturers contacted — compared with the 53% of all manufacturers expecting such a rise. However, this rate is well below the 68% recorded by all manufacturers for the same period in 1962. Despite the sharp expectations for sales gains, the number of chemical manufacturers anticipating increasing their work force is only 13%, which is below the level of all manufacturers. At the same time, 5% of the Chemical Manufacturers expect a decrease in employees—a fact reflecting technological gains.

Electrical Machinery Manufacturers Analyze the Third Quarter

The Dun & Bradstreet report of the 1963 third quarter outlook, as seen by electrical machinery manufacturers, is optimistic as compared with the third quarter of 1962. Of executives interviewed in this Businessmen's Expectations Survey in the electrical field, 64% expect a sales gain. This is 1% above the expectations for all manufacturers. Only 36% feel sales will continue at present levels.

To handle this upswing in business, 23% of the electrical manufacturers expect to add employees. This contrasts markedly with all manufacturers of whom only 15% expect an increase in the number of employees and 4% expect a decline.

Of 1,538 manufacturers, wholesalers and retailers questioned, manufacturers were the most optimistic. But, surprisingly, the optimism expressed is below the level for the same period in 1962. Businessmen apparently are not impressed with the present growth rate and are doubtful whether it will continue at the level recorded so far in 1963.

The ability of the electrical machinery manufacturers to translate sales increases into increased profits appears in doubt. Only 43% expressed expectations of gains in net profits for the third quarter while 54% felt there would be no change. This is substantially below the expectations of all manufacturers.

Contributing to this uncertain profit situation is the indication that only 9% of electrical machinery executives expect an increase in selling prices. This contrasts sharply with the hopes of 14% of all manufacturers for price increases. Of the electrical machinery manufacturers 29% expect a gain in inventory levels while only 4% foresee a decline. Manufacturers, collectively, expect a much lower rate of inventory accumulation.

Businessmen generally indicate that new orders may dip slightly in the third quarter of 1963 as compared to the same period in 1962. But electrical machinery manufacturers appear more confident about new orders than do all manufacturers.

Textile Manufacturers View Third Quarter 1963

Textile manufacturers interviewed in a nationwide Businessmen's Expectations Survey are optimistic about sales gains for the third quarter of 1963. Sixty percent, according to Dun & Bradstreet, were optimistic. Of the balance, 36% feel volume will remain unchanged, while 4% foresee a decline.

Of 1,538 manufacturers, wholesalers and retailers questioned, manufacturers are the most optimistic, but surprisingly the favorable opinion expressed is below the level for the same period in 1962. Businessmen are apparently not impressed with the present growth rate and doubtful whether it will continue at the level recorded to date in 1963.

Textile manufacturers are among the least optimistic about sales gains for the third quarter. Yet, 51% of them expect to increase third quarter net profits, which is just above the 50% of all manufacturing industries. In keeping with more sales, 19% of textile manufacturers anticipate an increase in the number of their employees with major production seasons coming up. Manufacturers antiicpate little change in selling prices, the majority seeing a general firmness.

On new orders, manufacturers as a group are hopeful, with 53% voicing expectations for increases. Of textile manufacturers, 51% expressed optimism while 4% projected a decrease. With many retail customers continuing to expand their stores and lines handled, this appears reasonable.

Among manufacturers expecting profit increases in the third quarter, new product development and the improvement of other products are stressed as the central programs in obtaining sales gains. Improved advertising techniques and expansion of sales plans are anticipated to accelerate sales efforts, according to Dun & Bradstreet's Industry Studies Department.

Bank Clearings 5.7% Above 1962 Week's Volume

Bank clearings in the latest statement forged ahead of a year

Continued on page 38

Role of Professional Group In the Securities Business

By Frank Dunne, Jr., of White, Weld & Co., New York City; and President of the Association of Customers' Brokers*

Newly elected head of Customers' Brokers Association emphasizes the values to analysts accruing from membership in the organization and their great responsibility, not only to clients but also to their employers.

A question frequently asked of me—as I am sure it is of others—is "Why should I join the Association of Customers' Brokers and what can I get out of it? A few years ago I first became a member of our association the answer sometimes eluded me. I thought I knew the reason why I had joined. I believed it was important to be associated with a group of men who were interested in improving the standards of their chosen profession. For some reason I did not feel that this in itself was sufficient to persuade others to become members. Consequently, I would tell them that they would be invited to parties at which they would meet other customers' brokers who might give them ideas on good stocks to buy, and so forth. It wasn't really surprising that many members weren't recruited this way. Gradually it dawned on me that if I explained my own real reasons for joining others would be just as enthusiastic. This has proved to be true.

Frank Dunne, Jr.

Thus, the real question is not "What can I get out of joining a professional association?" — but "What can I contribute to it?" Certainly if lawyers and doctors feel a need to join together to advance their professions, analysts could and should be well advised to do the same. It was Theodore Roosevelt, a man who was not reluctant to express himself on matters that were of concern to him, who said: "Every man owes some of his time to the upbuilding of the profession to which he belongs." Certainly, the presence on this occasion of many important people from our industry attests to the wisdom of this statement. Their sacrifice in both time and effort should be an example to all of us.

True, the Association of Customers' Brokers holds social functions and we also exchange investment ideas. But more importantly, we are striving to continually improve the standards of our business and our members' knowledge of it. The Code of Ethics and Principles of Business Conduct that guide us are outlined here in tonight's dinner program. Our educational committee is very active in presenting worthwhile programs, and with a larger and more active membership on which to draw, I am sure these can be considerably expanded and improved. We work closely with the Exchanges and various regulatory bodies concerning problems of mutual interest. It is also our responsibility to make our views known where they may be at variance with those of these authorities. We will also continue to express our opinion on legislation affecting our clients' interests. As an example, the recently proposed elimination of the dividend tax credit and the proposed extension of the long-term capital gains holding period were opposed by the Association both in letters to Congressmen and by personal visits to Washington.

It all boils down to this: We are men engaged in a serious business that places upon us a great burden of responsibility. A responsibility not only to our clients, but also to our firms. In addition, our business is a dynamic one—one in which changes are taking place every day. We must be aware of these changes, changes not only in regulatory attitudes but of equal imporatnce, changes in market sentiments. I propose that one way to help us recognize our responsibilities and keep abreast of change, is through membership in a professional association. I think that for those of us engaged in the buying and selling of securities, a high degree of professional competence can be maintained by joining and contributing to the Association of Customers' Brokers.

***Remarks of Mr. Dunne at the recent Annual Dinner of the Association of Customers' Brokers, New York City.**

Security Analysts Elect Officers

Heading the New York Society of Junior Security Analysts as President in its coming year will be Peter F. Way, from the investment counseling firm of Lionel D. Edie & Company. Other officers include Victor J. Melone of Riter & Company, Vice-President and Program Committee Chairman; Andrew P. Tothy, Neuberger & Berman, Treasurer; and Stuart M. Ensinger, Jr. of Harris, Upham & Company, Secretary.

The New York Society of Junior Security Analysts, founded in 1960, is a professional association of some 500 of the newer investment analysts in the New York financial community. Although a completely separate organization from the well-known New York Society of Security Analysts, each society extends to the other many of the privileges of its own membership. Typically the society's members enter the older group after achieving its age and experience requirements.

A continuing program of regular afternoon meetings provides the means for achieving the Junior Society's objectives of improving analytical techniques, encouraging a high standard of professional ethics, promoting a proper public understanding of financial analysis and the securities business, and providing opportunities for the interchange of ideas and information among its members.

The Market . . . And You

BY WALLACE STREETE

Does the stock market have to cool off with the approach of hot summer weather?

A lot of brokers studying the drooping volume figures these days are pondering this question. And when daily turnover sagged to the lowest point in two and a half months one day this week, the oft-repeated observation that the little fellow was coming back into the market sounded out of place.

New Top Ahead?

While a 3.5 million share day doesn't spell calamity, neither does it add up to widespread public interest. Yet the slow turnover is encouraging some segments to make new predictions of a new advance in the making. Most of the professional seers look for a new historic top sometime this summer.

Despite a lot of recent sideways motion, the all-important Dow Industrial Index holds within 20 points of the all-time peak. The current market also gives few signs that it is likely to move far out of its narrow closing range of 715-725.

It is also likely that the play in secondary and lower-priced issues will continue to dominate market action for the near future.

When we see stocks like Sperry Rand, General Steel Industries, Lionel, and even Chock Full O'Nuts crowding the blue chips off the most active list, a major change in market direction would prove a real surprise. The search for bargains in the more neglected sectors shows few signs of abating.

And this is also fairly substantial evidence that the traders, rather than the little investors (or speculators), are providing the rather limited push for today's market action.

The real entry of the little fellow must apparently wait for a new high. Or as it is said, nothing succeeds like success, and the once-burned, twice-shy market follower of last year, needs a strong incentive to get back into the numbers game.

Meanwhile, the professional trader is looking into the somewhat overlooked areas such as textiles and rails. Although rails have risen over 50% on the average since their lows of last fall, an optimistic minority feels they will continue to outperform the market.

Rails Benefitted

The rails have benefitted enormously from the new depreciation guidelines and the potential savings of further labor cutbacks.

They are also reacting vigorously to President Kennedy's move to stall off a rail strike until July 10 at the earliest. Congressional intervention also looks like a strong possibility in the event an agreement is not worked out.

Although rail averages have receded several points from their high-water mark of late May, most of the carriers are far from a bargain status. The more attractive situations include the merger candidates of Pennsylvania and New York Central. Both hit the most active list earlier this week amid heightened optimism that their consolidation is more likely.

Pennsy is also the secondary beneficiary of a possible new chief executive. If Pennsy does effect a tie-in with the pending merger of Norfolk & Western and Nickel Plate, as recommended by an Interstate Commerce Commissioner economist, the change in its profit picture could be enormous.

Central's Problems

The New York Central presents a picture of many opposites. It is currently getting both buy and sell recommendations from advisory services, but its real hope of pulling out of the financial doldrums lies in its chances of splitting up the available traffic with other large Eastern rails.

The major question for Central and other hard-pressed rails is whether help will arrive in time rather than when. Central, like Pennsy, has shown poor earnings for several years. If the merger is denied (and it is most unlikely it will be approved in the near future) Central will certainly have to curtail services to avoid bankruptcy.

The resultant drop in revenues will probably do little to help profits, or to be more accurate, make much of a dent in the currently sizable deficit.

Elsewhere, especially in the west, the rail picture is much brighter from the investor's viewpoint. Southern Pacific, Union Pacific and Santa Fe have slowed their market price advance but are still behaving well. A merger in the west is also a major factor.

Possible Consolidation

The pending consolidation of Santa Fe and Missouri Pacific should result in an important network west of Chicago, providing that the ICC approves it. Santa Fe is also battling Southern Pacific for control of Western Pacific. While Missouri Pacific and Illinois Central are wrangling over control of Chicago & Eastern Illinois.

The rails, according to close followers, present a pattern much like that of many industrial companies. The more marginal members will probably show the greatest percentage increases in profits, but the more established ones will attract the most attention from institutional and professional investors.

Rail Equipments Getting More Attention

Rail equipment makers are also coming in for more investor investigation. Although the group has risen less than the rails, prices of many stocks are said to have already discounted the expectations of better earnings this year.

A prominent advisory service feels there is still some upside potential left in ACF Industries, General American Transportation, and General Signal, although the latter is slowing.

Alco, American Brake Shoe, Amsted, Pullman, Westinghouse Air Brake and Baldwin-Lima-Hamilton are described as fully priced and unlikely to move much in the foreseeable future. Pullman failed to advance early this week despite news of a large ($19 million) order from Chicago Transit for 180 subway cars, and an order from Atlantic Coast Line.

[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.]

New York OTC Committee Announced

The regional OTC Education Committee for the New York area 1963-64 program has been announced by Sidney Jacobs, President of the Security Traders Association of New York. The national education program sponsored by the National Security Traders Association and leading firms in the securities industry will start its third year on July 1.

Sidney Jacobs

Morton Weiss

Morton Weiss of Singer, Bean & Mackie, Inc. is chairman of the local committee, which includes Herbert B. Abelow, Mitchell & Company; John S. Barker, Lee Higginson Corp., former STANY President; Raymond J. Kiernan, Merrill Lynch, Pierce, Fenner & Smith Inc.; Thomas A. Larkin, Goodbody & Co.; Laurence Lyons, Allen & Co.; Henry E. Robson, Eastman Dillon, Union Securities & Co.; Arthur Salomon, Salomon Brothers & Hutzler; Jack Wertheim, Wertheim & Co.; Donald E. Williams, Hayden, Stone & Co.

Chairman of subcommittees are Mr. Wertheim for Speaker's Bureau and Mr. Williams for OTC motion picture distribution.

The local committee will cooperate with NSTA officers and members of the national OTC Education Committee in connection with program projects in the New York area.

Form Douglas Secs. in Chicago

CHICAGO, Ill.—Change of firm name from Stewart, Miller & Co., Inc., to Douglas Securities, Inc. and formation of a municipal bond department were announced by William C. Douglas, president of the investment firm whose offices are located at 209 South LaSalle Street.

Election of Alfred L. McDougal, Jr., as vice-president in charge of the new municipal bond department "marks an important addition to the firm's business" Mr. Douglas said.

Mr. McDougal is well known in Chicago financial circles, having formed McDougal & Condon, Inc., investment firm, in 1938, and later McDougal & Company, a partnership, in 1949. He is a member and former president of the Municipal Bond Club of Chicago.

Veit and Baker At Kugel, Stone

Peter R. Veit and Albert W. Baker has joined Kugel, Stone & Co., Inc., 30 Broad Street, New York City, as Vice-Presidents in charge of the newly created municipal bond department. Both were formerly officers of Lyons, Hannahs & Lee, Inc. Kugel, Stone & Co., Inc. deals in bank stocks and maintains its head office in New York City and a branch office in Stamford, Conn.

Paddington Corp. Class A Offered

Lee Higginson Corp., New York, as head of an underwriting group, has announced a secondary offering of 100,000 shares of class A common stock of the Paddington Corp. The stock is priced at $60.25 per share.

The stock is being sold for the account of Charles Guttman, President of the company and a Guttman family foundation. None of the proceeds will go to the company. After this sale, Mr. Guttman will own class B and class A shares constituting .17% of the outstanding voting securities of the corporation.

The corporation, of 630 Fifth Avenue, New York, sells alcoholic beverages under the brand name of Justerini & Brooks, Ltd., an English firm established in 1749. The company has the sole right to import J & B products for resale in the United States.

Daniel Reeves To Admit McEvers

BEVERLY HILLS, Calif.—On July 1 Milton S. McEvers will be admitted to partnership in Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Pacific Coast Stock Exchanges. Mr. McEvers has been with the firm for some time.

Reynolds & Co. To Admit Six

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on July 1 will admit Frank W. Conlin, Milton E. Lawrence (a member of the Exchange), Houston A. Cox, Jr., Glen E. Givens and Fred H. Williams to partnership.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Long on Service

Fund chiefs and the clients they serve are in general agreement that diversification and professional management are major benefits of this form of investment. Over the years, of course, the funds have done more than furnish their shareholders with an investment: they have developed numerous services unheard of in the early days.

These services not only make investment in funds more attractive, they are an aid to planning long-range personal financial programs. And—no small consideration for the individual with numerous other interests—they have simplified record-keeping. It might well be said that share accumulation account programs, dividend reinvestment programs, withdrawal accounts, statements of intention and kindred services have become the "fringe benefits" of investing through mutual funds.

Among the service-minded fund sponsors is Elizabeth, N. J.'s Hugh W. Long & Co., national distributor for Fundamental Investors, Diversified Investment Fund and Diversified Growth Stock Fund. This year the Long people have embarked on a program designed to make services to investment dealers and to shareholders of the Long funds second to none in the trade, according to Milton Fox-Martin, President.

A unique new service was instituted early in 1963 when share accumulation account holders of Fundamental Investors and Diversified Growth Stock Fund were provided with transcripts of every transaction in their accounts for the preceding year. These complete annual account tabulations not only provide concise and complete permanent records, but are also helpful to shareholders in preparing tax returns. Recently all accumulation accounts in Diversified Investment Fund were converted to the system and, beginning next January, accumulation account holders of that fund also will get annual transcripts.

Long Company came up with major improvements in its "statement of intention" early this spring. Before the improvements, substantial investors had been able to spread their purchases of $10,000 or more of any one of the Long Group of mutual funds over a 13-month period under the statement and pay the reduced sales charge normally applicable to a single purchase of the total amount invested. Now, purchases of one or any combination of the Long Group of funds may be totaled to qualify for the applicable sales charge reductions. And, whenever purchases exceed the amount declared by the investor in the statement of intention and reach another sales charge reduction point, the lower sales charge becomes applicable to that purchase and to subsequent purchases during the 13-month period. In addition, income dividends now may be automatically reinvested in shares at the reduced sales charge applicable to cash purchases under the statement.

In another area, Long has provided an important benefit to tax-exempt organizations as described in Sections 401 and 501 of the Internal Revenue Code of 1954. Such groups include charitable foundations, educational institutions, employee trusts, labor unions, pension and profit-sharing plans and religious organizations. Such organizations often are substantial investors and frequently invest regularly over long periods of time.

With these thoughts in mind, Long initiated a price agreement for tax-exempt organizations offering "lifetime" cumulative sales charge discounts on purchases of shares of Fundamental Investors, Diversified Investment Fund and Diversified Growth Stock Fund.

Under the agreement, the reduced sales charge applicable to each additional investment by a qualified organization is determined by adding to the new investment the purchase price of shares in all three funds bought by the organization after April 1, 1963, and still held at the time of the new investment.

The most recent improvement in services available to investors in the Long group of funds is the new systematic cash withdrawal account, which provides complete services without any charge to the shareholder. Arrangements have been made to permit investors holding shares under the variable withdrawal account previously available to transfer into the new program to eliminate the charge of $1 for each monthly or quarterly withdrawal and all other fees for special withdrawal account services.

Mr. Fox-Martin says that modern electronic data processing equipment at the First National Bank of Jersey City, custodian for the funds, will be employed in maintaining the new systematic cash withdrawal accounts. The equipment has made it possible, he notes, to furnish account holders with improved statements of transactions in their accounts and summary year-end statements to make it easier for them to keep track of current share balances, maintain records and prepare income tax returns.

"Services is an important part of our business," says Mr. Fox-Martin. "We believe that the new services introduced so far this year are second to none in the industry. Our aim is to keep them that way by constantly re-evaluating our programs and improving them whenever opportunities to do so arise."

The Funds Report

The B. C. Morton Organization reports a 45.5% sales gain for the first five months of 1963, compared to the last five months of 1962. Combining volume in mutual funds, insured savings association placements, realty and insurance, sales through May 31 totaled $53,168,400. Business written during the five months ended Dec. 31, 1962, amounted $36,533,300.

* * *

Supervised Investors Services, Inc. is considering a plan to sponsor one or more additional mutual funds, it announced. It already is management and investment advisory firm serving Television-Electronics Fund.

* * *

Texas Fund's net asset value per share increased from $10.28 to $12.04 in the year ended May 31, 1963, a gain of 19.4% after adjustment for the 49¢ capital gain distribution in September. Total net assets of the Fund increased by 32.7% to a record high of $57,805,298, from $43,561,140 a year earlier.

In his report to shareholders, President Clive Runnells, Jr., stated as follows:

"The general market advance which began in October of 1962 continued through the quarter covered by this report. We are pleased to note that the present price levels are supported by a considerable higher earnings base than were their 1962 counterparts. Judging from the available economic indices, we anticipate a continuation of the present earnings trends."

* * *

Washington Mutual Investors Fund reports that at the end of the fiscal year on April 30 total net assets amounted to $43,668,250 and value per share was $10.47. At the end of the preceding year the comparative figures were $32,318,741 and $9.98 a share.

Hartzmark Co. Expands Staff

CLEVELAND, Ohio—Hartzmark & Co., Inc., East Ohio Building, members of the New York Stock Exchange, has announced that the firm will be Cleveland correspondent for Eastman Dillon, Union Securities & Co., and will have direct wire and phone connections with the New York firm.

Richard K. Friedman, formerly with Eastman Dillon, Union Securities & Co., has joined Hartzmark as Vice-President in charge of sales. P. T. Pope will be Manager of the mutual fund department, with which James R. Hermann and John N. Dimlich are associated. Jerome R. Siegan, formerly with Goodbody & Co., has also joined Hartzmark & Co.

Kamen & Co. To Admit Two

Maxwell Kirschner and Benjamin Wein on June 27 will become partners in Kamen & Company, 50 Broadway, New York City, members of the New York Stock Exchange. Mr. Wein is Executive Vice-President and Mr. Kirschner Secretary of Morse, Bergman & Co., Inc.

NEWS ABOUT BANKS AND BANKERS

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

Francis L. Mason and William S. Ogden have been promoted to Vice-Presidents of the **Chase Manhattan Bank, New York.** Both are in the Latin American division of the international department.

* * *

Directors of the **First National City Bank, New York,** elected Robert S. Oelman, a Director.

* * *

Leod Gross, officer in charge of the Tokyo branch of **Manufacturers Hanover Trust, New York,** returns to the bank's international division.

* * *

Manufacturers Hanover Trust Company, New York, has announced the opening of a representative office in Sao Paulo, Brazil, with George O. Gross, representative in charge.

The office is located at Rua Direita No. 250.

* * *

Elie Delville, retired Vice-President and General Manager of the Brussels, Belgium, office of **Morgan Guaranty Trust Company of New York,** died June 17 in Brussels. He was 68 years of age.

Mr. Delville was employed in the Brussels office of **Guaranty Trust Company of New York,** a predecessor of Morgan Guaranty, in 1919, the year the office was opened. He was elected an Assistant Secretary of the bank in 1928.

Mr. Delville was named Manager of the Brussels office in 1949, and became a Vice-President of the bank in 1958. The following year he was elected Vice-President and General Manager of the Brussels office.

Mr. Delville retired in September, 1960.

* * *

The Irving Trust Company, New York, opened on June 17, its Rockefeller Center office in the Sperry Rand Building at 1290 Avenue of the Americas. The office previously had been at 25 West 51st Street.

* * *

F. Abbot Goodhue, retired President of the **Bank of the Manhattan Manhattan Company,** died June 9. He would have been 80 years old on June 14.

Mr. Goodhue was President and Director of the bank until 1948, when he retired. He continued as a Director until 1955, when the bank was merged with **Chase National.** After the merger Mr. Goodhue became a member of the bank's trust advisory board, a position he held until his death.

* * *

The Dry Dock Savings Bank, New York, elected to its Board of Trustees James H. Evans. Mr. Evans was formerly with the **Harris Trust and Savings Bank, Chicago, Ill.**

* * *

Arthur Miles, an Assistant Vice-President of **The Dime Savings Bank of Brooklyn, N. Y.** on June 15 observed his 25th anniversary as an employee of the bank where he began his career as a page boy in 1938.

* * *

James Sweeney was elected a Trustee of **Hamburg Savings Bank, Queens, N. Y.**

* * *

The Long Island Trust Company, Garden City, N. Y., received approval to open an office in Syosset from the Board of Governors of the Federal Reserve System, confirming earlier approval by the New York State Banking Department.

The new office will be located in a building to be constructed on the southeast corner of Jericho Turnpike and Woodland Gate.

* * *

At a meeting of its Board of Directors the **Meadow Brook National Bank, West Hempstead, N. Y.,** declared a 2% stock dividend as previously approved by the stockholders at the bank's annual meeting held in January.

The stock dividend will be payable as of Aug. 15 to the stockholders of record as of the close of business on July 30.

* * *

At a special meeting of shareholders of **Security National Bank of Long Island, Huntington, N. Y.,** held on June 18, it was voted to issue an additional 141,519 shares of common stock for purchase by stockholders, subject to final approval by the Comptroller of the Currency.

Stockholders of record on the meeting date were given the right to subscribe to one additional share for each nine held. Warrants will expire on July 8.

Subscription price, fixed by the Board of Directors prior to the meeting, is $28. The underwriting arrangements were negotiated with an investment group headed by M. A. Schapiro & Co., Inc. The number of shares now outstanding is 1,273,677.

* * *

William J. Bogardus was elected a Vice-President of the **National Bank of Westchester, White Plains, N. Y.**

* * *

The Marine Midland Trust Company of Southern New York, elected George L. Ingalls a member of the Binghamton offices' Advisory Board.

* * *

Robert S. Putnam was elected Assistant Trust Investment Officer at a Board of Directors meeting on June 11 at **Worcester County National Bank, Worcester, Mass.** He joined the Investment Department at the 446 Main Street office on June 17.

* * *

Raymond H. Blair, Executive Vice-President of the **Elizabethport Banking Company, Elizabeth, N. J.** died on June 15 at the age of 54.

Mr. Blair was formerly Executive Vice-President of the **Union Center National, Union, N J.**

* * *

The Provident Tradesmens Bank and Trust Company, Philadelphia, Pa., announced the promotion of Percy H. Clark, Jr., to Vice-President and Secretary.

* * *

The Ohio Citizens Trust Company, Toledo, Ohio, has appointed Reed R. Sell Credit Manager and Geoffrey R. Bennett, Jr., has been assigned to the Commercial Loan Department.

He joined **Spitzer-Rorick Trust and Savings Bank** in January, 1958, and entered Ohio Citizens Credit Department at the time of the merger in 1959.

* * *

In a letter being mailed to shareholders, **Continental Illinois National Bank and Trust Company, Chicago, Ill.,** is announcing proposals for a four-for-one stock split and for stock options to be granted to key personnel. Both proposals are subject to shareholder approval of an amendment to the articles of association.

The proposals are being submitted to the Comptroller of the Currency for approval prior to preparation of a formal proxy statement. Shareholder approval would be requested at a special meeting on Aug. 5.

The four-for-one stock split would be accomplished by converting existing $33\frac{1}{3}$ par value common stock to $10 par value common stock, which, including a 20% stock dividend, increases the number of outstanding shares from 3,472,500 to 13,890,000. Outstanding capital is increased from $115,750,000 to $138,900,000. The $23,150,000 increase in capital would come from transfers from the surplus and undivided profits accounts.

* * *

Mr. Homer J. Livingston, Chairman, announced that the Directors of **The First National Bank of Chicago, Ill.,** authorized the transfer of $5,000,000 from Undivided Profits to Surplus. As a result of this action, The First National Bank will have a Surplus of $170,000,000 and Capital of $105,000,000, a total of $320,000,000.

* * *

Arthur J. O'Hara, 62, a Vice-President of **The Northern Trust Company, Chicago, Ill.,** died June 11.

As Vice-President, Corporate Financial Planning and Investments, Mr. O'Hara played an important role in the management of securities and other trust assets administered by The Northern Trust Company. He also served on the investment committees of a number of Chicago-area civic and charitable organizations, including the Catholic Charities of the Archdiocese of Chicago, of which he was Vice-President and a Director, and the Highland Park Hospital. He was a founder and Past President of the Investment Analysts Society of Chicago.

Mr. O'Hara was a director of the Chicago Association of Commerce and Industry, serving as Chairman of its Mass Transportation Committee.

* * *

Major changes in the senior management of **Harris Trust and Savings Bank, Chicago, Ill.,** were announced following the June meeting of the bank's Board of Directors.

Stanley G. Harris will retire as Chairman of the Board June 30, completing 51 years of service with the **Harris Trust and Savings Bank, Chicago, Ill.** Effective July 1 Kenneth V. Zwiener, President since 1955, becomes Chairman of the Board and will continue as Chief Executive Officer.

William A. Heath, who has been Senior Vice-President in charge of the trust department, will become Vice-Chairman. A. Newell Rumpf will become President, also effective July 1. At a special meeting of the bank's stockholders held June 12 Mr. Heath and Mr. Rumpf were elected as members of the Board of Directors.

* * *

Albert H. Vondenbosch, Assistant Vice-President, **Harris Trust and Savings Bank, Chicago, Ill.,** recently celebrated his 35th anniversary with the bank. He worked in the investment and bookkeeping departments before becoming a member of the trust department in 1932, where now serves in the trust investment division.

* * *

The **Live Stock National Bank of Chicago, Ill.** elected Robert E. Hamilton nad Joseph E. Lisek, Directors.

* * *

The Comptroller of the Currency James J. Saxon on June 13 announced that he has given preliminary approval to organize a National Bank in Mora, Minn.

Initial capitalization of the new bank will amount to $250,000 and it will be operated under the title **Peoples National Bank of Mora.**

* * *

The Comptroller of the Currency James J. Saxon on June 11 announced that he has given preliminary approval to organize a National Bank in St. Robert, Mo.

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

* * *

The Comptroller of the Currency James J. Saxon on June 10 announced that he has given preliminary approval to organize a National Bank in Miami, Fla.

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

* * *

The Comptroller of the Currency James J. Saxon on June 10 announced that he has given preliminary approval to organize a National Bank in Hollywood, Fla.

Initial capitalization of the new bank will amount to $660,000, and it will be operated under the title **Citizens National Bank of Hollywood.**

* * *

Election of William O. Stevens, General Vice-President of the **Republic National Bank of Dallas, Texas,** to the position of Executive Vice-President in charge of Administration, was announced on June 12.

Mr. Stevens will fill the position in Republic's organizational structure vacated by Mr. Lewellyn A. Jennings, who recently was elected Chairman of the Board of **Riggs National Bank, Washington, D. C.**

Mr. Stevens gained early banking experience with the **Citizens National Bank, Lubbock, Texas.** His other banking affiliations prior to his association with Republic were with the **First National Bank, Post, Texas;** and with the **Liberty State Bank of Dallas.**

* * *

The **First National Bank in Dallas, Texas,** elected William L. Lindholm to the board to replace Richard A. Goodson.

Advanced to Senior Vice-Presidents were: Chester Albritton, in charge of the correspondent banking division; Gene H. Bishop and John M. Gray, commercial loan officers: A. J. (Jack) Kutner, national accounts officer in the business development division; and Herman van Maanen, in charge of the real estate construction-mortgage loan department.

* * *

Clarence E. Sample, Vice-President and Trust Officer of the **Mercantile National Bank at Dallas, Texas,** was honored by J. D. Francis, President, and other bank officers, June 12, on the occasion of his retirement after 39 years of service.

Mr. Sample joined the bank in 1924 as special Assistant to the President. Since 1933 Mr. Sample has served in the corporate trust department which he has headed since 1943.

* * *

The **Austin National Bank, Austin, Texas,** elected R. Leon Stone President, succeeding E. C. Bartholomew, who retired.

* * *

The Board of the Directors of **The Bank of California, N. A., San Francisco, Calif.,** meeting at the bank's Portland, Ore. office, on June 11 made the following Head Office executive appointments:

Advanced to Vice-Presidents were John L. Stanley, Wadsworth Croft, Robert L. Cox, and Jay Gibson, Jr.

Named Assistant Vice-Presidents were Richard B. Leimbach and Martin L. Wyneken.

Ronald G. Alberts was appointed an Assistant Secretary in the Trust Department.

* * *

On June 14, **The Bank of California, N. A., San Francisco, Calif.,** opened its new Monterey office at 496 Alvarado Street.

The new office is under the management of Howard H. Hughson. Andrew Griffin is Assistant Manager and Dale M. Lyon, Assistant Cashier.

* * *

Charles B. Neuman, Jr., has been appointed a Senior Vice-President of **Crocker-Anglo National Bank, San Francisco, Calif.**

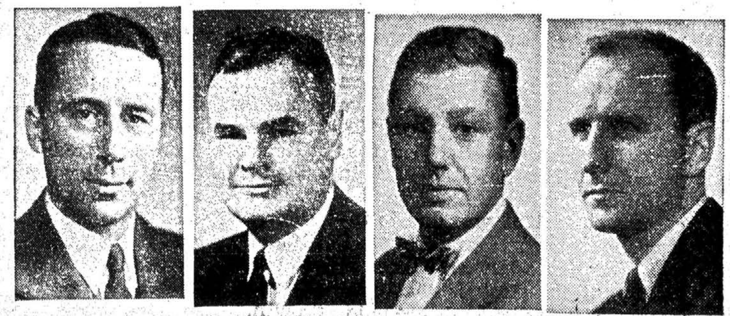
* * *

The Comptroller of the Currency James J. Saxon on June 10 announced that he has given preliminary approval to organize a National Bank in Petaluma, Calif.

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

Harriman Ripley & Co., Inc. To Rearrange Capital Structure

The shareholders of Harriman Ripley & Co., Inc., 63 Wall Street, New York City, have entered into an agreement under the terms of which the capital structure of the corporation is to be rearranged. The plan is contingent only upon receipt of rulings from the Internal Revenue Service.



Harold J. Berry **F. T. McClintock** **W. Scott Cluett** **Edward J. Morehouse**

Under the plan officers and key members of the staff will substantially increase their interest in the firm by purchase of shares from Philip Hill Investment Trust. The share holdings of Joseph P. Ripley, now the firm's largest shareholder, will be reduced by more than one-half. Philip Hill Investment Trust, now the second largest shareholder, will hold non-voting shares for the major portion of its remaining capital interest. Officers and key members of the staff, other than Mr. Ripley, will own shares entitled to elect all but two of the firm's directors.

Harold J. Berry has been elected President and Chief Executive Officer to take office on or before Sept. 1. Franklin T. McClintock has been elected Chairman of the Executive Committee and Chief Administrative Officer, W. Scott Cluett and Edward J. Morehouse have been elected Senior Vice-Presidents. Mr. Ripley will remain as Chairman of the Board of Directors.

Mr. Berry has been with Harriman Ripley since his graduation from the University of Pennsylvania in 1935. He served in the U. S. Navy during World War II, attaining the rank of Lieutenant Commander. He has been a director of the company since 1954 and Executive Vice-President since 1959. Mr. Berry is also a director of American Enka Corporation, R. R. Donnelley & Sons Company and United Aircraft Corporation.

Mr. McClintock was employed by Brown Brothers Harriman & Co. after his graduation from Princeton in 1925. He has served with Harriman Ripley in various capacities since its organization in 1934. He was elected a Vice-President in 1943 and a director in 1947.

Mr. Cluett has been with Harriman Ripley since his graduation from Williams College in 1935. He served in the U. S. Air Force during World War II, attaining the rank of Major. He has been a Vice-President since 1955 and a director since 1957. Mr. Cluett was President of the Bond Club of New York for 1961-62.

Mr. Morehouse, a 1941 graduate of the University of California, has been with Harriman Ripley since 1946. He served in the U. S. Navy during World War II, attaining the rank of Lieutenant. He has been a Vice-President of the company since 1959 and a director since 1961. Mr. Morehouse is also a director of Russell Stover Candies Inc., and Taft Broadcasting Company.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

New Jersey Natural Gas Company

New Jersey Natural Gas Company has had an interesting record, revenues having grown from $8 million in 1953 to $22 million currently. Earnings per share have increased in each year since 1953, from 24 cents (adjusted) in that year to $1.07 in 1957 and $1.65 in 1962. However, some of the increases since 1956 was due to inclusion of tax savings from accelerated depreciation. A special feature of the stock is that both cash and stock dividends are paid, 2% in stock having been paid annually for seven years.

The company supplies natural gas to 106 communities in New Jersey with a population of 664,000. The area served is mainly along the coast (with a separate section in the northern part of the state) in the Counties of Cape May, Middlesex, Monmouth, Morris and Ocean. These areas include residential commuting areas, resorts, prosperous farm areas, military establishments and industrial research laboratories, as well as some light manufacturing.

The company buys all its gas, principally from Texas Eastern Transmission, but also in smaller amount from South Jersey Gas and Algonquin Gas Transmission. Gas purchase costs average about 50 cents per mcf at 73% load factor with an average selling price around $1.63. The company recently announced that it was joining with South Jersey Gas of Atlantic City and Anchor Gas of Pittsburgh, in leasing several thousand acres for a joint exploration and development project. President Otto stated that the purpose of the project "is to explore the possibility that the geological formations in Southern New Jersey might lend themselves to the development of oil and/or natural gas wells and to determine if there is a suitable geological formation in the area for the underground storage of natural gas."

The initial exploratory well is expected to be drilled to at least 9,000 feet before reaching granite or "bottom." Preliminary surveys through shallow test wells over the past 10 years indicated an underlying marine fossil formation which is a prerequisite for gas or oil; and seismic surveys are also favorable. Hence, it was decided that preliminary results would justify drilling a deep well particularly with a view to developing storage. At present the company is served by underground storage fields in Pennsylvania owned by the pipeline companies. The cost of bringing the gas from Texas and Louisiana, storing it underground to help meet peak demand, and then transporting it to New Jersey during the heating season is considered excessive — hence the advantage that will accrue if local underground storage can be developed.

The company has added at least 6,000 heating customers a year for the past five years and Mr. Otto expects the past rate of growth to be maintained. The steady rise in use of gas for heating has resulted in a bigger differential between winter and summer usage, which explains the need for greater storage facilities. It is possible, of course, that the company might discover some gas—which might be even more rewarding than the discovery of storage facilities.

Revenues for the fiscal year ended Sept. 30, 1962 were derived as follows: heating and other residential sales 80%, commercial 16% and industrial 4%. Heating saturation was about 43%, allowing room for considerable future growth.

The company last year earned 7.3% on year-end net plant account, down from 7.9% in 1960, but comparing with only 5.2% in 1953. Rates are correlated with the cost of gas which has helped to prevent irregularities in earnings. The company was authorized by the Board of Public Utility Commissioners last July to adjust some of its retail rate schedules to improve the competitive position; the rate cut will amount to about $300,000 per annum, or 14 cents a share. However, nearly half of this amount was probably absorbed in 1962 earnings.

Construction expenditures in 1962 were unusually large amounting to $6.6 million, and only about $4.6 million is estimated for 1963. The 1962 amount included $1.8 million as the company's share of a new 24-mile transmission main, built jointly with Texas Eastern, to double the capacity of the Central Division. Moreover, the company extended its franchise area and distribution facilities in the northern division to serve additional communities or newly-developed areas.

Growth in the area continues, more new customers being added in 1962 than in any previous year. New construction of large-scale developments, as well as individually designed homes, continued at a rapid rate. The first section of the 1,300-home development by Levitt and Sons at Matawan was occupied, and work is continuing on the remainder.

Many communities in the area have approved the expenditure of millions of dollars for urban renewal projects. A study prepared for the Regional Plan Association, Inc., by the Harvard Graduate School forecasts that the population of Monmouth and Morris Counties, where the company does over half its business, will be tripled by 1985 (with an increase of at least 65% by 1970).

New Jersey Natural Gas at the end of last fiscal year had capital structure as follows: long-term debt 59%, preferred stock 5% and common stock equity 36%. A 2-for-1 split in the common stock is expected to be approved within a few weeks. The convertible debentures ($1,094,000 outstanding recently) have been called for redemption July 1, with the right to convert into common at $22 expiring June 28.

Earnings for the 12months ended March 31 were $1.95 per share, a substantial gain over the $1.65 reported for the fiscal year ended last September. But these are calculated on the weighted or average number of shares outstanding. Earnings for the fiscal year ending next September are estimated at about the same amount ($1.95) by Standard & Poor's, which will allow for some additional shares being issued for current conversion of debentures. It is reported that directors may consider an increase in the $1.00 dividend rate (on present shares) in September, with the possibility of the usual 2% in stock also.

At the recent over-the-counter price around 41½, the stock yields 2.4% and sells at about 21 times current earnings.

Tennessee Gas Transmission Debs. Offered

Stone & Webster Securities Corp., White, Weld & Co., New York, and Halsey, Stuart & Co. Inc., Chicago, as joint managers of an underwriting group, have announced the offering to the public of a new issue of $45,000,000 Tennessee Gas Transmission Co. 5% debentures due 1983, priced at 100% and accrued interest.

Proceeds from the sale, with other company funds, will be used in connection with the expansion of the natural gas pipeline systems of the company and subsidiaries and domestic and foreign oil and gas development.

The debentures are not refundable prior to June 1, 1968 with borrowed funds costing less than 5%. A sinking fund, commencing June 1, 1964, provides for semi-annual payments sufficient to retire approximately 94% of the issue prior to maturity. The sinking fund redemption price is 100%. Optional redemption prices scale from 105% to the principal amount.

Headquartered in Houston, Tex. the company and two of its subsidiaries own and operate pipe line systems and other subsidiaries are engaged in the production, refining and marketing of petroleum and petroleum products and in certain other non-utility businesses.

The company's multiple-line natural gas transmission system extends from the gas producing areas of Texas and Louisiana to outlets in the northeastern section of the United States. A subsidiary has filed an application with the Federal Power Commission for authority to construct a 1,545-mile natural gas pipe line system to extend from Texas into the Los Angeles metropolitan area. The proposed project will cost an estimated $314,000,000.

Lee Higginson Appoints

MINNEAPOLIS, Minn.—Lee Higginson Corp., well-known New York based investment securities firm, announced the appointment of Albert H. Hedding, Jr., as Manager of its Minneapolis office in the Cargill Building.

Mr. Hedding joined Lee Higginson Corp. as a registered representative in November, 1961. Prior to his association with the firm, he served as Assistant Vice-President in the securities division of Lutheran Brotherhood Life Insurance Co. and as a registered representative of another investment firm in their Cleveland, New York and Minneapolis offices.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

BANK STOCK PRICES—

Bank stocks have been performing very well in recent weeks, with New York City banks showing the best results. The most obvious reason for this rise is the anticipation of higher interest rates. In any such interest rate move New York City banks or the money center banks are the first to benefit. In addition to higher interest rates, the general upsurge in the stock market has helped bank stock prices. Also, in any prolonged bull market bank stocks tend to follow those listed market favorites. This does not imply that a downturn is anticipated in the Dow-Jones 30 Industrial stocks index. If any such move does occur, however, bank stocks will follow the general market.

It has been pointed out in past columns that New York City banks are expected to show earnings increases in the 3-5% vicinity for the year 1963. Also, New York City banks are now selling at their highest price-earnings ratios and lowest yields in this post World War II period except for late 1961. So-called growth banks are close to their highest price-earnings and lowest yield levels but still have some way to go to reach that point attained in 1961. At the same time, earnings increases will approximate 10% for most of these banks.

Comparing New York City banks price/earnings ratios with the West Coast banks one may usually note a discrepancy. At the present time Morgan Guaranty Trust Company is selling at close to 20 times earnings. In late 1961 when it was selling at this level such West Coast banks as Security First National Bank (Los Angeles) and Crocker-Anglo National Bank were selling at close to 23 times current earnings. At the present time the ratios between New York City bank stocks and the two West Coast banks is the same, based on estimates for the year. If bank stock prices rise further, one would expect the growth banks to have the greatest appreciation. Conversely, if stock prices fall the most vulnerable area should be New York banks.

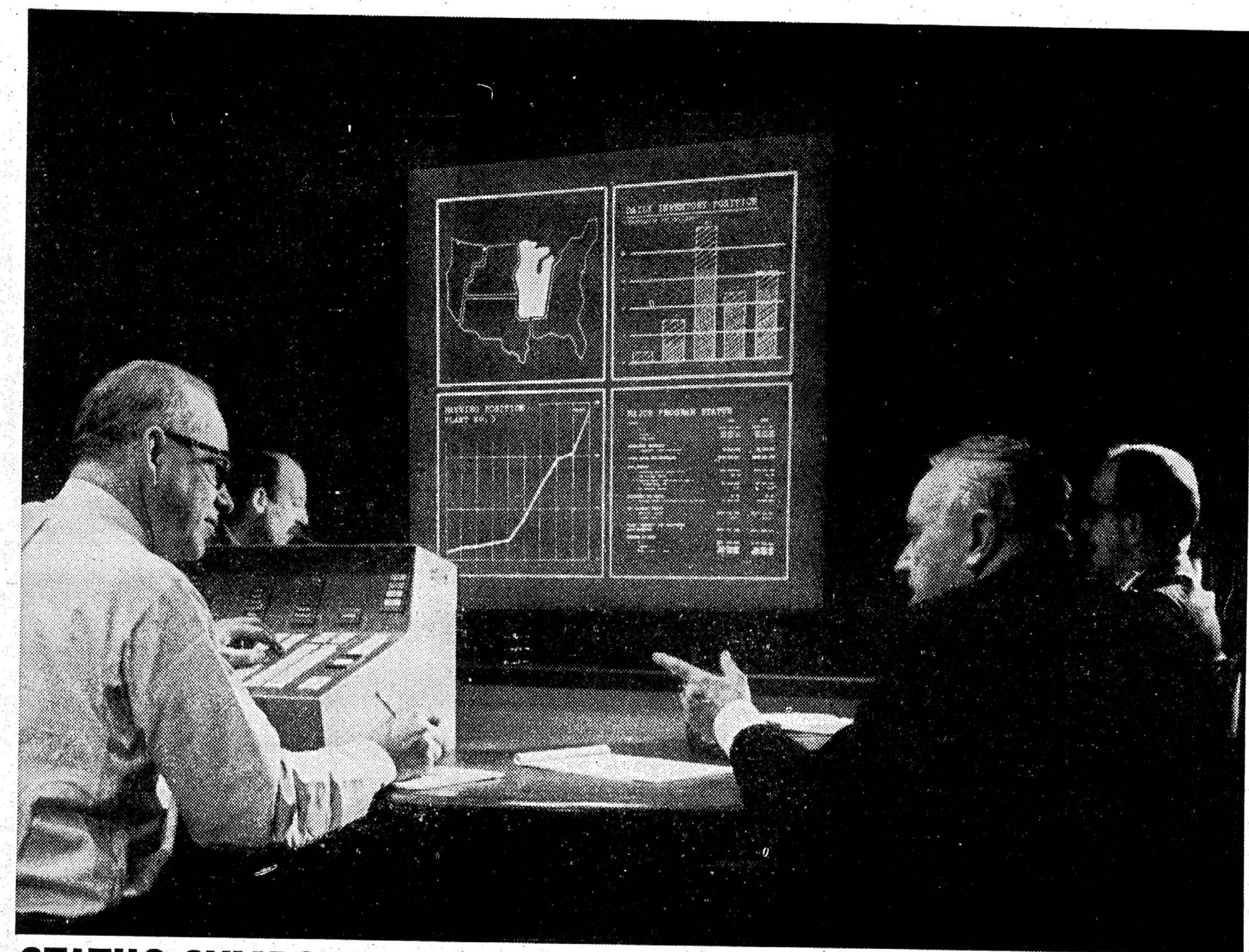
Looking at price performance, compiled by Moodys Investor Service, from May 31, 1962 to May 31, 1963 New York banks showed a price appreciation of 17.4% while banks away from New York (an average of several bank stocks) showed an appreciation of 29.6%. This occurred in spite of the fact that for the year 1962 New York banks fared better in regards to earnings.

In the past the long-term earnings trend of banks has been discussed with emphasis on the favorable performance relative to the earnings performance of the Dow-Jones 30 Industrial Stocks. Also discussed was the earnings of banks relative to those of utility companies. Although banks on the average have fared better than the average of industrial companies they have approximated those of utility companies. Looking at the price performance of these stocks versus various industrial groups it is immediately obvious that the increase has not been as great from 1950 to the present. Also, prices of New York City banks from the year 1961 to the year 1962 did not show the same decline as did the industrials. Banks away from New York generally fared better than each.

Market Averages

Year	N.Y.C. Banks†	Other Banks‡	125 Ind's†	DJIA
1950	55.7	27.0	57.8	216
1951	56.4	28.1	70.7	258
1952	60.3	30.9	75.6	274
1953	63.6	33.1	76.1	274
1954	67.7	39.4	95.8	342
1955	78.9	44.3	130.7	438
1956	78.1	43.5	149.4	492
1957	76.1	40.5	143.7	471
1958	84.4	44.9	149.8	510
1959	103.0	55.2	186.3	627
1960	101.4	56.6	173.2	626
1961	132.3	55.0	199.90	671.00
1962	129.9	67.9	189.95	652.10
1963 Current	140.0	72.0*	230.00	726.00
% Increase	160.0	160.0	230.00	224.00

*Estimated †Moody's ‡Standard & Poor's



Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Treasury moved into the new issue market recently and obtained $1,900,000,000 of new money through the sale of a short-bond which had great attraction for those investors who are not interested in making purchases of long-term Government bonds. The Treasury took advantage of a demand that is sizeable while, at the same time, investors in fixed income bearing obligations were able to get an attractive rate of return.

Even though most of the talk is about higher interest rates—and especially higher short-term rates—the Treasury did not use the money market in this new money raising venture to push near-term rates up further. Evidently the Treasury through its future borrowings will be able to keep short-term interest rates at levels which will continue to be helpful to our balance of payments problem.

New 4s Filled a Void

The Treasury, helped by a higher debt limit, lost no time in raising new money through the sale of $1,900,000,000 of a 4% bond due Aug. 15, 1970. Allotments were very small, only 5%. This seven-year two-month obligation fits very well into an area in the Government bond market that is not crowded with maturities, while at the same time this security well meets the needs of those investors who are not interested in making commitments in an obligation with a real long-term maturity date.

For maturity distribution, this 1970 Government bond gives investors the highest quality obligation that is available on a yield basis which is very satisfactory for income purposes. A short bond, such at this one, has been needed in the capital market and the Treasury took advantage of this situation to get needed new money.

This is the first operation in a new fund raising schedule that the Treasury has announced and which indicates that between $11 billion and $13 billion will be borrowed during the remainder of the year when revenues of the Government are usually at a low ebb. It is expected that the Government will borrow between 1.5 billion and $2 billion near the end of July with this to be followed by another $2 billion in the latter part of August. Following this the Treasury will be in the market for new funds in the amount of about $3 billion in October and another $3 billion will most likely be obtained in November.

Although the new money borrowings of the Government will be heavy, the balance of the year refundings will be on the moderate side with only about $6.5 billion to be taken care of, with the next one coming in August to be followed later on in the year with the November refinancings.

Non-Inflationary Borrowing

The Treasury in making this offer of a medium-term bond through its own subscription basis which was available to all investors has, for the time being at least, given the competitive bid method for selling Government bonds for new money raising purposes a breather. In addition, by using this short bond with an attractive rate of return the Government was able to obtain a very sizeable amount of this needed new money from sources that are not inflationary in character. By selling this bond to the ultimate investor there is only a transfer in deposits, not the creation of new ones, which add to the money supply and also adds to the purchasing power when Government securities are sold to the deposit banks.

Savings Money Tapped

The savings deposit type of money, according to advices, was very much attracted to the 4% of Aug. 15, 1970 and, since there is a very large supply of this kind of funds around, the Treasury was able to tap this available source without having any appreciable effect on the capital funds that are necessary to finance the needs of business and industry in general.

Evidently the use of a 4% bond with a seven year and two months maturity namely Aug. 15, 1970 might have been a purposeful one, since one of the Government savings bonds, the Series "E" issue, has a fairly comparable maturity schedule of seven years and nine months, although the due date can be extended by the owner of this savings bond. For some savers this new 4% bond was another savings bond but with an attractive coupon on it and readily marketable.

Charles Bodie With W. E. Hutton & Co.

BALTIMORE, Md. — Charles A. Bodie has become associated with W. E. Hutton & Co., members of the New York Stock Exchange, as Manager of their regional trading department with headquarters in the Baltimore office, First National Bank Building.

Charles A. Bodie

Mr. Bodie was formerly a partner and manager of the trading department of Stein Bros. & Boyce, with which he had been associated for many years. Mr. Bodie served as President of the National Security Traders Association in 1962, and is presently a member of the Association's Executive Council.

Firestone Tire & Rubber Company Debens. Offered

Harriman Ripley & Co., Inc., New York, as manager of an underwriting group, has announced the offering for public sale of $75,000,000 4¼% debentures of the Firestone Tire & Rubber Co. The debentures are priced at 99¼% and accrued interest to yield approximately 4.30% to maturity in 1988.

Proceeds from the sale will be used by the company to repay domestic bank loans, which amounted to $41,400,000 on May 31, 1963, and to provide additional working capital.

This marks Firestone's first sale of securities to the public since 1952, when an issue of debentures of like amount was sold. The debentures in the present offering will be delivered initially in fully registered form unless coupon debentures are requested. Debentures in either form will be interchangeable without charge. It is the first major corporate issue involving delivery of registered bonds.

A sinking fund is provided for the new debentures commencing July 1, 1970 sufficient to retire approximately 93% of the issue prior to maturity. The initial sinking fund redemption price is 104¼%. The company may pay into the sinking fund each year an additional sum up to the amount of the mandatory sinking fund payment for the year.

Optional redemption prices range from 104¼% to the principal amount. The debentures will not be redeemable before July 1, 1968 out of borrowed funds having an interest cost of less than 4¼%.

Firestone, founded in 1900, is a leading manufacturer and marketer throughout the free world of rubber products, metal products, plastics, synthetics, textiles and chemicals, with 83 plants located in 24 countries. Based on reported dollar sales in 1962, the company ranked as the second largest in the tire and rubber products industry.

McMahon, Lichtenfeld To Admit

On July 1 Albert Badler will become a partner in McMahon, Lichtenfeld & Co., 111 Broadway, New York City, members of the New York Stock Exchange.

As We See It

Continued from page 1

culture to all other employments, in order to promote it, impose restraints upon manufactures and foreign trade, act contrary to the very end which they propose, and indirectly discourage that very species of industry which they mean to promote. They are so far, perhaps, more inconsistent than even the mercantile system. That system, by encouraging manufactures and foreign trade more than agriculture, turns a certain portion of capital of the society from supporting a more advantageous, to support a less advantageous species of industry. But still it really and in the end encourages that species of industry which it means to promote. Those agricultural systems, on the contrary, really and in the end discourage their own favorite species of industry."

Incidentally, but vitally, these same limitations apply when broadly similar efforts favor any other branch, a lesson we badly need to learn. Says the "Wealth Of Nations":

"It is thus that every system which endeavors, either by extraordinary encouragements to draw to a particular species a greater share of the capital of society than what would naturally go to it, or, by extraordinary restraints, force from a particular species of industry some share of the capital that would go to it, or, by extraordinary restraints, force from a particular species of industry some share of the capital which would otherwise be employed in it, is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labor."

"Tax Relief"

There is also a good deal of talk about "tax relief" as a means of stimulating more rapid growth in industry and trade. At one time it was being advocated as a means of warding off a recession and sharp increase in unemployment. Since the threat of an early recession seems of late to have receded into the background, the need for faster growth has taken over the rostrum wherever two or three are gathered together in the name of super-modern economic statesmanship. At the same time they cry for tax reform—which was never as loud and insistent as we should have liked to have it—has seemed to give way to demand for simple tax reduction. Now, so far we can see the need for a rewriting of our tax laws in terms of their incidence and particularly as respects their progressive rates really in the longer and larger sense far transcends the need for tax reduction. It is, therefore, in our view deeply to be regretted that so little attention is currently being given to the matter of bringing our tax laws into conformity with sound economic principles.

In New Deal, Fair Deal and New Frontier thinking that old and well known principle pronounced by this same Adam Smith in this same "Wealth of Nations" about the burden of taxation being laid in proportion to the ability of the individual to pay seems to monopolize, or very nearly monopolize, attention. It is all very well to say heed to this broad, sound principle when tax systems are being organized or repaired. At the same time it is deeply to be regretted that the other maxims of the same authority are so consistently neglected or forgotten. The fact is that one must conclude that very few are familiar with these other and equally important qualifications of any sound system of taxation. We beg leave therefore to repeat once more a quotation from one or two of them:

"The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, and quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. . . . The certainty of what each individual ought to pay is, in taxation, a matter of so great importance that a considerable degree of inequality, it appears, I believe, from the experience of all nations, is not near so great an evil as a very small degree of uncertainty.

* * *

No Wasteful Tax Collection

"Every tax ought to be so contrived as to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it thus obliges the people to pay, it may diminish, perhaps destroy, some of the funds which would enable them more easily to do so. . . . Fourthly, by subjecting the people to the frequent visits and odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation and oppression; and though vexation is not strictly speaking speaking expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it."

Nippon Express Co. Private Financing

Nippon Express Co., Ltd., reports that it has sold privately $15,000,000 of 6½% convertible debentures due Sept. 30, 1978. Merrill Lynch, Pierce, Fenner & Smith Inc., and Nikko Securities Co., Ltd., New York, assisted in arranging the financing.

Headquartered in Tokyo, Nippon Express is a large Japanese freight transport concern. Proceeds will be used to increase capital funds.

York & Co. Names 7

SAN FRANCISCO, Cal.—York & Co. has appointed seven new registered representatives in the Bay Area, Palmer York, Jr., senior partner in the Northern California securities investment firm has announced.

Fred A. Bellero and Jackson S. Perry will work out of the firm's San Francisco headquarters in the Russ Building.

The other newly appointed representatives are: George E. Croke and Avery McClurg, San Rafael office; Howard D. Kraft, Redwood City office; George J. Planz, Walnut Creek office; and E. C. Cunningham, Oroville office.

York & Co., members of the Pacific Coast Stock Exchange, was founded in 1955. The new appointments bring to 35 the total number of representatives in the firm's six offices.

Ira Haupt To Admit

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on June 27 will admit Audrey Lees to limited partnership.

State Loan & Finance Corp. Debs. Offered

An underwriting group jointly managed by Johnston, Lemon & Co., Washington, D. C., and Eastman Dillon, Union Securities & Co., New York, is publicly offering $15,000,000 of State Loan & Finance Corp. 4⅝% sinking fund debentures due June 1, 1983, and $15,000,000 of 5¼% capital debentures (subordinated) also due June 1, 1983.

The sinking fund debentures, which constitute superior indebtedness of the company are priced at 99 and accrued interest, to yield 4.70%. The capital debentures are priced at 99% and accrued interest, to yield 5.325%.

Net proceeds from the sale of both debenture issues, estimated at $29,362,500, will be placed in the company's general funds and used initially to reduce outstanding short-term loans.

Both classes of debentures are subject to redemption in whole or in part but not before June 1, 1971, except under certain conditions of declining receivables. The sinking fund debentures are redeemable at regular redemption prices beginning at 102¾% in 1971 and ranging to 100% in 1982; and at special redemption prices receding from 102½% in 1963 to 100% in 1982, plus accrued interest in each case. The capital debentures are redeemable at regular redemption prices ranging from 103% in 1971 down to 100% in 1982, and at special redemption prices receding from 102¾% in 1963, and 100% in 1982, plus accrued interest in each case.

The debentures and capital debentures are entitled to the benefit of a sinking fund and they may be redeemed through the sinking funds beginning June 1, 1969, at 100% of the principal amount together with interest to date fixed for redemption.

State Loan is one of the five largest organizations engaged in the consumer finance business and has its principal offices in Washington, D. C. It is a holding company and through subsidiaries operates 524 loan offices located in 29 states and the Province of Ontario, Canada.

Operating income in 1962 amounted to $48,670,695 and consolidated net income was $6,669,522.

Stone & Webster Officer

Stone & Webster Securities Corporation, 90 Broad Street, New York City, has named Henry A. Gorder an Assistant Vice-President.

Why Long Rates Will Not Pace Sharp Business Uptrend

Continued from page 1

recovery soared to 4.7% at the end of 1959. Other short-term rates moved similarly, with commercial paper going over 5.0% at the end of 1959.

In 1961, however, this uncomplicated period in the affairs of the money and capital markets came to an abrupt end. In the recession early in 1961, Treasury bill rates did not fall to 0.6% as they had in the recessions of 1954 and 1958, but instead remained above 2.0% throughout the recession. In the business recovery beginning in the last half of 1961 and continuing to the present, long-term rates have not moved up with business activity as they did in earlier years but for some types of security are actually lower today than they were two years ago.

The very different performance of interest rates since 1961 does not mean that the economic principles which once governed the financial markets have been repealed. It is still true that the most important single factor affecting the price of money is the strength or weakness of business activity. And the goal of Federal Reserve policy is still primarily the achievement of as rapid and as steady growth in the volume of business activity as is consistent with reasonable price stability.

Balance of Payment Influences

But today there are a number of new influences bearing on Federal Reserve policy which temporarily may obscure these basic principles and which certainly make a forecast of interest rates more complicated than in the past. The most obvious, though not necessarily the most important, of these new forces is the deficit in the U. S. balance of International payments. The United States ran a small deficit in its balance of payments as early as 1950, but it was not until 1958 that the deficit reached large enough proportions and became persistent enough to constitute a problem. In 1958, the deficit was $3.5 billion; in 1959, $3.7 billion; and in 1960, $3.9 billion. This meant that foreigners acquired net dollar claims in these amounts and as these claims rose so did the fear that a conversion of the claims to gold for withdrawal abroad would endanger the dollar. In 1958 and again in 1960 there were in fact heavy gold withdrawals and fear rose that speculative transactions on top of the normal deficit would force a change in the price of gold or other drastic action.

In 1961 and 1962, however, the deficit was not quite so large and this fact, along with recent international arrangements designed to lessen the likelihood of a run on a particular currency, have averted for the time being the danger of a dollar crisis. But the basic problem has not by any means been eliminated. Despite our best efforts, both private and government, to move toward a balance in international payments, we are still running a sizable deficit which for all of 1963 is likely to be as large, or perhaps even larger, than the deficits of 1961 and 1962.

Because of this continuing deficit in our international accounts, the Federal Reserve has been unable in recent years to determine its policies on the basis of domestic considerations alone. Even though credit policy as a whole has been designed to promote monetary ease ever since 1960, the Fed has cooperated with the Treasury in keeping short-term rates at fairly high levels in order to lessen the outflow of short-term capital from the United States. During 1962, the Treasury did an unusually large proportion of its financing in the short end of the market, increasing the volume of outstanding bills by $5 billion. The Federal Reserve confined its open market purchases so far as possible to intermediate and long-term governments, reducing bill holdings by $750 million. The result has been that Treasury bill rates remained above 2% in the recession of 1961 and more recently have been pushed up to 3% at the same time that credit policy as a whole has been easy and bond and mortgage yields have drifted downward.

Inflation's Abatement

A second new factor bearing on Federal Reserve policy (and therefore on interest rates) in recent years has been the abatement of an inflationary psychology in this country. Beginning about 1953, prices in the United States rose much less rapidly than in the early postwar period. Despite this slowing down in the price rise, there was for a time no slowing down in inflation psychology. As late as 1959 it was still the dominant opinion that prices would continue to rise rapidly for the foreseeable future, and Federal Reserve credit policy was perforce strongly restrictive in order to combat this inflationary psychology. Since 1959, however, prices have been remarkably stable, and public opinion has shifted to the view that at least moderate stability is likely in the future. This change in the price situation is one of the principal reasons why Federal Reserve policy has continued easy for so long a period, from 1960 up to the present.

Lack of Capacity Output

The third new factor bearing on Federal Reserve policy and interest rates in recent years has been the inability of the economy to achieve capacity operation even during prosperous periods. Since 1957, unemployment in the United States has averaged 6%, compared to an average of 4% in the preceding decade. During the past six years, the nation's plant has operated far below potential, recoveries following recessions have not been sufficiently long-lived to restore full prosperity, and our real economic growth rate has been considerably below that which we have achieved in the past. The persistence of this unsatisfactory level of economic performance has naturally exerted a profound influence on Federal Reserve policy. In earlier years when the economy operated closer to potential, it was appropriate to permit interest rates to rise with business activity, thus holding the advance within the economy's capacity and warding off an inflationary and speculative boom. More recently, with unemployment as high as 6% and plant in many industries operating considerably below capacity, the case for tighter credit as business advances is not so clear. Even with business advancing quite rapidly today, it is still true that we are a long way from capacity operation so that it no longer follows automatically that Federal Reserve policy must shift to restriction as soon as business shows signs of strength.

In thinking about what is likely to happen to interest rates during 1963 and 1964 we must therefore recognize that the forces bearing on credit policy today are more complicated than in the past. It is still true that the basic force determining the future direction of interest rates is the strength or weakness of the business situation. In addition, however, the deficit in the balance of payments calls for high short-term rates regardless of the business situation, and the existence of unemployed resources of labor and capital suggest that credit must remain much more plentiful than was the case when we were operating close to capacity and inflation was a constant threat.

In attempting to unravel these sometimes conflicting influences, let's begin with the most basic force — the outlook for business activity during the remainder of 1963 and into 1964.

Optimistic Outlook

I believe that the United States stands today on the threshold of a new period of unusually rapid economic change and growth, a period when business activity throughout the nation will rise at a rate rivaling anything we have seen in our most prosperous past. The full dimensions of this new advance will not begin to take shape until 1964, but the beginnings of the recovery are already underway.

National output in the first quarter of this year did much better than most people expected, rising by over $8 billion to reach an annual rate of $572 billion. In the second quarter, business activity has achieved another advance of about the same size as in the opening months, pushing the annual rate of national output for this quarter to about $580 billion.

Temporary Difficulty

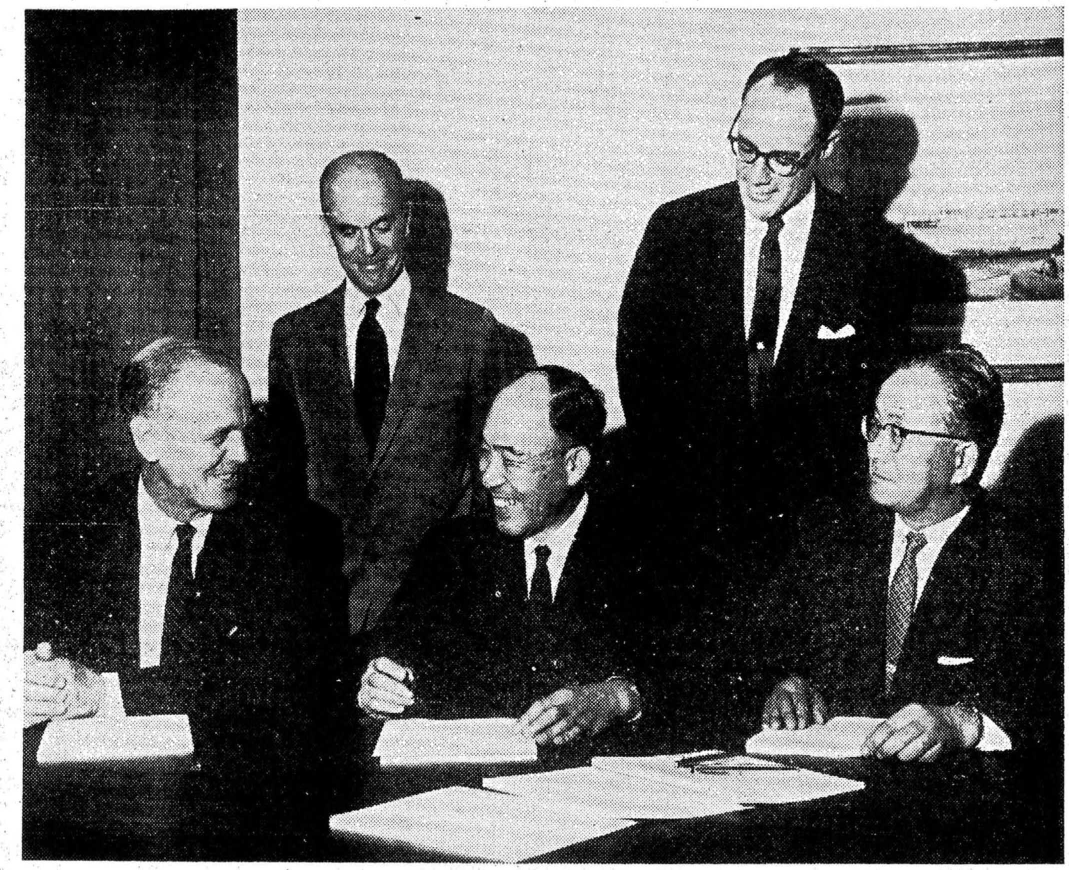
Sometime within the next few months the recovery is likely to run into a temporary difficulty. We are all aware of the fact that a part of the advance thus far this year ras been the result of steel inventory building in anticipation of a possible strike. One-half of the total increase in national output in the second quarter has stemmed directly from a step-up in orders for business inventories. In most lines, inventory-sales ratios are low so that a moderate increase in stocks on hand is undoubtedly justified. But the situation in the steel industry is quite different. Orders and production of steel have been substantially above consumption and until the recent leveling in orders, the steel situation seemed to be taking on many of the same aspects which have proved so disruptive to the entire economy time after time during the past 15 years.

I have no idea what the outcome of the negotiations in steel will be. If I were to guess it would be that an agreement will be reached without a strike. But in either event, the end result must be a period during which the economy will be subjected to strong downward pressure. If there is a strike, the pressure will come from the loss in steel output and the accompanying fall in employment, incomes, and profits. If there is not a strike, the pressure will come from the cutback in production as steel inventories are brought back into line. The conditions have thus already been established which will lead to a substantial depressive influence on business activity sometime during the last half of this year.

Capital Spending Momentum

Fortunately, however, there is good reason to believe that we will surmount this hurdle in the path of the recovery, and that as 1964 opens, business activity will turn sharply upward. The first reason for this confidence is the capital goods boom which now appears to be gathering momentum. During all the years since 1957 business expenditures on plant and equipment in the United States have accounted for a relatively low, and declining, proportion of national output. There is at present growing evidence, however, that for the first time in six years a new surge in capital investment is getting underway. New orders for machine tools have recently jumped upward dramatically. New orders for machinery are rising month after month. Appropriations for capital expenditures at the end of 1962 rose to the highest level since 1957. F. W. Dodge Corp. reports that construction contracts for manufacturing buildings have moved sharply upward thus far this year. And businessmen themselves, in response to the latest

Mitsubishi Electric Corp. Raises New Capital



One of Japan's leading manufacturers of electrical and electronic equipment, Mitsubishi Electric Corporation has sold an issue of $13,500,000 of 6½% convertible debentures, due 1978, to American institutional investors. Kidder, Peabody & Co. Incorporated, 20 Broad Street, New York; negotiated the placement, the first long-term financing by Mitsubishi outside of Japan. Shown above at the signing of the financing agreement are, from left to right, seated, Amyas Ames, Vice-President, Kidder, Peabody & Co. Incorporated; Ryosai Yamaguchi, Executive Vice-President of Mitsubishi Electric, and H. Ichihara, Manager, accounting department, of Mitsubishi Electric. Looking on are Joseph C. Fox, left and William G. Kirkland, Vice-Presidents of Kidder, Peabody & Co. Incorporated.

survey by McGraw-Hill Publishing Company, state that they expect to spend a record amount on plant and equipment in 1963, topping the 1962 volume by 7%. The rate of capital expenditures in the current quarter has risen above the $38 billion first quarter level and as the year progresses, it is probable that the gain will accelerate to reach a rate of almost $43 billion in the fourth quarter.

Tax-Cut Impact

The second reason for confidence in our ability to weather the steel adjustment and move ahead in 1964 brings us to what is unquestionably the most important economic issue of 1963—both because of its effect on the short-term business outlook and because of its implications for the years beyond. That issue is the proposed tax cut.

A discussion of the pros and cons of a tax cut would take me beyond the confines of the subject assigned me. Without arguing the case, let me say simply that I believe that high taxes have been the principal reason why the U. S. economy during the past six years has grown at one of the slowest rates in its history, that today more and more businessmen and economists and politicians are coming to realize the serious injury that excessive taxation has done the economy, and that the prospects are now good not only for a tax cut later this year but for further tax reductions in the years to come.

The impact of tax reductions will be stronger than most people expect. The prospect of a tax cut has already been an important influence in encouraging business investment, and the actual passage of the bill will contribute to a further acceleration of plant and equipment expenditures in the closing months of the year and the first half of 1964. The full impact on consumer buying will not come until withholding rates are actually reduced—perhaps at the beginning of 1964—but there is little question that the increase in take-home pay will be spent as soon as it is available. Despite our high standard of living, the wants of the American consumer are far from satiated. Given the money to spend, he will be in the market.

Surging GNP Rise in 1964

In the last half of this year, despite the depressing influence of the steel adjustment, business activity is likely to move ahead at a satisfactory rate with national output probably reaching a $590 billion annual rate by the closing quarter. In 1964, with the steel adjustment completed and the stimulating effect of the tax cut coming into play, growth will accelerate to about $10 billion a quarter. By mid-1964 the economy will probably be producing goods and services at a $615 billion rate and output is likely to exceed a $630 billion rate at the end of 1964.

Long-Term Interest Rates

With a business advance of these proportions, the demand for loanable funds will, of course, rise substantially. Despite the step-up in demand, there are a number of reasons why interest rates—particularly long-term rates—are not likely to rise appreciably. First, internally generated corporate funds will be growing rapidly, partly because of the new depreciation schedules and partly because of the reduction in the corporate tax rate. Second, the huge volume of existing amortized debt is providing a tremendous flow of investible funds as debt is repaid. There are individual life insurance companies in the United States which have each year a billion dollars of investible funds arising from repayments alone.

Third, prices during the next year and a half are unlikely to rise appreciably so that there will be no reason to employ credit restraint as an anti-inflationary force.

Finally, and I think that this is most important, we will not achieve reasonably full employment of our resources even with as rapid a business expansion as that which I have pictured for 1963 and 1964. Unemployment in the United States during the first five months of 1963 has averaged 5.8% of the labor force, a rate slightly higher than in the first five months of 1962, and almost double the rate a decade earlier. By the end of 1963 it is probable that the unemployment rate will still be about where it is today, because the growth in the labor force and improving productivity will offset the effect of gains in output.

Persistent Unemployment Problem

In 1964, if business activity advances at the rapid pace I have predicted there will be a small improvement in the unemployment rate, which may by the end of next year be reduced to about 5%. But even if the business advance continues into 1965, as I believe it has a good chance of doing, the unemployment rate will begin to rise again because of the tremendous number of youngsters who will be entering the labor force. In 1965, the number of young people reaching age 18 will jump almost one million *above* the number reaching that age in 1963. The fact is, therefore, that despite the good outlook for business we are unlikely to generate a sufficiently rapid advance in output during the next few years to absorb the unusually large additions to the labor force.

This fact is significant for Federal Reserve policy and for interest rates. With an unemployment rate holding above 5% and with prices remaining fairly stable, there would seem to be little justification for an appreciable tightening in long-term credit. Even though a portion of our unemployment problem is structural, no one can doubt that there is a good deal of unutilized slack both in our labor and our capital goods resources. As long as we continue to operate well below potential, a restrictive monetary policy will be neither economically defensible nor politically feasible.

For these reasons, long-term interest rates during the next two years are unlikely to rise rapidly with business activity as was the case during the business recoveries of the decade 1951-61. Some very moderate increase in rates may occur during 1964 as the economy's advance accelerates but stability of rates within a fairly narrow range is likely to be the most realistic description.

Moving to the short-term market, however, the logical and practical case for higher interest rates becomes stronger. Little progress has been made in solving the balance of payments problem and each year that goes by sees a further decline in our gold stock and a further rise in foreign-held dollar claims. The attraction of short-term capital to this country through higher short-term rates is of course not a permanent solution to the balance of payments deficit, but the longer a real solution is delayed the more imperative it becomes to adopt temporary holding measures such as the attraction of foreign short-term funds.

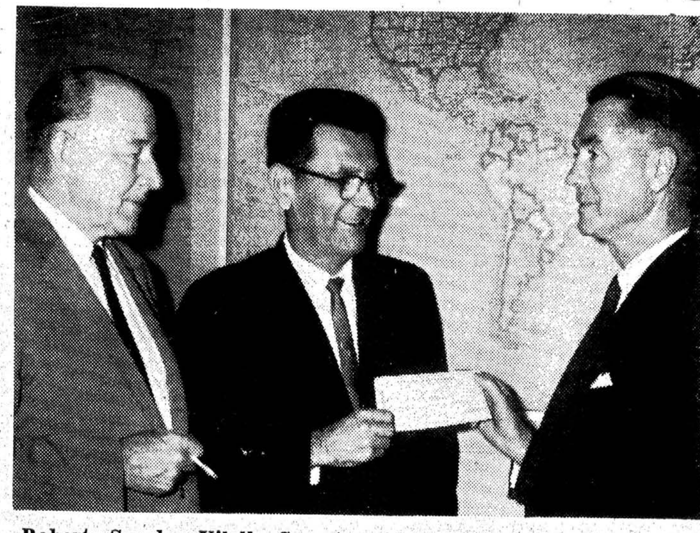
One difficulty in a further rise in short-term rates is the fact that the rate on three-month Treasury bills is already up to the Federal Reserve discount rate so that a further rise in the bill rate would open the possibility of commercial bank use of Federal funds to hold bills. In other words, if the bill rate is to be pushed above its present level for any period of time, the Federal Reserve would feel compelled to raise the discount rate. On the other hand, a rise in the discount rate would probably be interpreted as a major restrictive move by the Fed and would in fact probably have a much more widespread tightening effect than the monetary authorities desired, as well as provoking political controversy.

For these reasons, a rise in the discount rate may be deferred for the immediate future, but it would seem inevitable by early 1964. The Treasury is likely to resume its practice of increasing the volume of bills outstanding and the weight of these larger offerings coupled with Federal Reserve open market operations make a further rise in short-term rates both likely and desirable.

My conclusion is, therefore, that interest rates in 1963 and 1964 will not rise as rapidly with business activity as was the case in earlier years when the economy was operating closer to capacity and when inflation psychology was widespread. Long-term rates are likely to remain within a range not far distant from present levels. Short-term rates, however, are likely to be pushed up in order to give us more time to wrestle with our international payments difficulties.

*An address by Dr. McKinley at the Eastern Area Conference of the Financial Executives Institute, Spring Lake, N. J., June 14, 1963.

Complete Puerto Rico Bond Offering



Roberto Sanchez Vilella, Secretary of State of the Commonwealth of Puerto Rico, accepts check June 18 from George E. Barnett, Jr., Vice-President, First National City Bank, on behalf of a banking group headed by First National City Bank, Chemical Bank New York Trust Company and the First Boston Corporation, and including Banco Popular de Puerto Rico which marketed $30 million General Purpose Bonds of the Commonwealth of Puerto Rico last month. Shown (left to right) are: Francis Bowen, Senior Vice-President of the Government Development Bank for Puerto Rico; Mr. Sanchez Vilella and Mr. Barnett.

Brimberg & Co. To Admit Partner

Brimberg & Co., 60 Broad Street, New York City, members of the New York Stock Exchange, on June 27 will admit Michael A. Raymond to partnership. Mr. Raymond will acquire a membership in the New York Stock Exchange.

Draper, Sears To Admit Partner

BOSTON, Mass.—Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges, on July 1 will admit Donald Lincoln Willis to partnership.

Eastman Dillion To Admit Two

Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange and other leading Exchanges, on July 1 will admit Fred J. Plimpton, Jr. and John D. Cronin to partnership.

Security Nat. Bk. Of Long Island Rights Offering To Stockholders

Security National Bank of Long Island is offering its common stockholders the right to subscribe to 141,519 additional shares at the rate of one new share for each nine shares held of record June 18. The subscription price on the new stock is $28 a share.

All unsubscribed shares of the new stock will be purchased by an underwriting group managed by M. A. Schapiro & Co., Inc., New York.

Rights to subscribe, evidenced by transferable subscription warrants, will expire July 8, 1963.

Of the net proceeds to the bank, $707,595 will be credited to capital account and the balance to surplus. As a result of the increase in capital accounts, the bank's limit on loans to any one borrower, fixed by law at 10% of capital and surplus, will rise from $1,507,036 as of April 30, 1963, to more than $1,850,000.

Directors have recommended and shareholders approved at a special meeting on June 18, an increase in the bank's capital from $6,368,385 to $7,075,980 and in common stock from 1,273,677 to 1,415,196 shares. The capital increase has received preliminary approval by the Comptroller of the Currency but is subject to his final approval after the bank has received full payment for the new stock.

Security National Bank of Long Island was organized under the laws of the United States in 1902 and opened for business in 1903 as First National Bank of Huntington. Its present name was adopted in 1958. The bank conducts a general banking business through its main office, located in Huntington, and 33 additional offices in Suffolk and adjoining Nassau County. It has more Suffolk County offices than any other bank and is the third largest commercial bank headquartered on Long Island. As of April 30, 1963, the bank's total assets were $276,396,000, its total deposits were $252,825,000, and its capital accounts aggregated $16,559,000.

Operating income for the four months ended April 30, 1963, totaled $5,063,000 and net income was $489,000.

Elmer Myers With Sullivan & Co.

Elmer E. Myers, one of the veteran traders in the "Street" and a former Vice-President of the Security Traders Association of New York, has joined the firm of Sullivan & Co., 63 Wall Street, New York City, members of The New York Stock Exchange and other exchanges, as Manager of their Trading Department.

Elmer E. Myers

Mr. Myers has managed trading departments, in the capacity of an officer for large investment firms, has a countrywide acquaintance with security dealers and is familiar with all types of securities. He has traveled extensively both abroad and in this country surveying industrial conditions for private groups and has also performed duties of a highly confidential nature for government agencies during World War II.

Mr. Myers served in England and France during World War I with the Tank Corps and again in Africa in World War II regulating troop movements. He is also a past commander of both the Veterans of Foreign Wars and of the American Legion.

With Bacon, Whipple

George H. Oates has become associated with Bacon, Whipple & Co., 1 Chase Manhattan Plaza, New York City, as manager of the insurance stock department.

Economic Framework For Long-Term Growth

Continued from page 3

of productive potential, be avoided?

Can We Avoid a Serious Recession?

Since the beginning of the Civil War there have been 19 business contractions in all, varying in severity and in length of time. They fall into broad groups. One group consists of 13 minor recessions, averaging less than one year in length with production declines averaging 15%. Inventory adjustment was the principal characteristic of these minor recessions. The other six business contractions were of major proportion. Declines averaged 33% and subsequent periods of depression ran on for two to five years. During these times wages and prices dropped and money market conditions were highly unsettled.

The American economy has been spared such trying times for 25 years. We have had four recessions since 1938 which have all been of minor degree. As a matter of fact they have been more "minor" than those experienced before 1929. Industrial production has fallen 10% instead of 15%, although the average duration has been the same (10 months). Does a quarter century of freedom from serious business contractions mean that our economy has been strengthened so that it is more resistant to declines? Or are we simply nearer than ever to a major adjustment? There is much evidence to support the position that our economy has been strengthened so that it is more resistant to declines.

Anti-Depression Safeguards

The most commonly cited new inhibitors of major depressions are the so-called built-in stabilizers—social insurance programs, national fiscal policies which automatically become contra-cyclical through the operation of the progressive income tax structure, and the greater weight of the more stable government expenditure account in our total national output. But there have been some less commonly recognized changes which perhaps deserve greater credit.

(1) Business management techniques are much more sophisticated. Businessmen are armed with a greater volume and a more readily available array of critical business statistics, so they are in a better position to exercise sound judgment in business planning.

(2) Speedier transportation results in quicker deliveries. More efficient warehousing, quick communications, shorter time in distribution and the ability to adjust production schedules on a week-to-week and in some cases a day-to-day basis make it possible to keep inventory imbalances to a minimum.

(3) With wage levels in most of manufacturing and a good many other industries fixed under union contracts lasting up to three years, management's latitude to cut wages during a short business recession has been sharply curtailed. In the old days manufacturers were able to engage in cut throat competition by reducing costs through wage cuts. The 1929-1932 depression saw a cycle of price cuts followed by wage cuts which contracted hourly wages by some 20%. Within today's wage structure there is much less likelihood of a similar sequence developing in the future.

(4) The structure of employment has changed. People have moved out of the unstable farm income position. A much higher proportion of our population is employed in non-manufacturing, non-farm industries.

(5) Banking institutions are stronger and our monetary policies more efficiently administered.

(6) For the first time in history there is on our books a statute which states that a primary aim of national policy is to maintain a sustainable level of growth.

Why 1957 Depression Did Not Develop

We may have under-estimated the strength of these institutional changes. By hindsight we can build a pretty good case that by 1957 we were ripe for a major business contraction. We had come to the end of the period characterized by a need to satisfy pent up demand. Following this, there came:

(1) an excessive easing of installment credit in 1955 and a huge build up in production of automobiles from which (until recently) the industry has suffered;

(2) the installation of too much capacity through a boom in plant and equipment expenditures extending through 1956;

(3) the creation of a bubble on the boom through the short-lived Suez crisis;

(4) a rapid increase in competition from imports as major industrial nations rebuilt production facilities devastated by war.

(5) continuing decline in the number of new households formed as the reduced birth rate of the depression 1930s was felt;

(6) and a sharp reduction in our defense expenditures as the Eisenhower Administration made a strong effort to turn the post-Korean tide.

Surely here were the makings of a serious business decline. Instead we experienced nothing more than a slow down in our rate of growth. Elections have been won and lost because our growth has declined to a 2.6% annual rate instead of the pre-1957 3¾% annual rate. In actual fact, continued growth even at a slower rate represents a remarkable accomplishment in view of the confluence of adverse factors which took place during that period. The record gives strong basis for hope that the strengthened institutions which have been built into our economy over the years greatly improve the chances of avoiding a major and extensive business contraction. Now let's turn to what all this means to investors.

Near-Term Depressants and Their Offsets

The principal current contributions to worry about the possibility of a major business contraction are centered in the balance of payments and in the future of the building industry. The balance of payments situation is serious and its solution will require skill and patience. More particularly a continuing high degree of cooperation between central banking authorities is needed, together with harmonization of international trade and monetary policies. No one yet has come up with a prediction of the eventual outcome. But the world's central bankers have been through this before. They are well schooled in the consequences of ill-advised measures, and together have brought a considerable measure of stability into the international monetary structure. This situation, while worrisome, is not without hope.

During the postwar recessions the building industry has furnished a strong contra-cyclical force. The pent up demand for housing kept activity high, hindered only at times when mortgage money was not available. Thus in periods of general business decline, easier money stimulated construction with consequent benefits to the economy as a whole. This picture has now changed. There is plenty of mortgage financing available, so in the future this industry is likely to be more sensitive to general business conditions as was the case pre-war.

There are some factors which should be weighed against these near term worries. First and most obvious is the likelihood that taxes will be cut both for corporations and individuals. The exact timing and the nature of changes in the tax laws is not certain, but it appears likely that it will become effective some time within the next year. A well balanced and skillfully managed tax cut would afford a significant stimulus to savings, investment, and consumption, thus making a strong contribution in the battle against a major business contraction.

Of perhaps greater significance to the long-term investor is the change in national attitude toward capital investment. Last year a bill popularly known as the tax incentive bill passed Congress. The bill encouraged investment through contingent tax reduction. At the same time the inadequate depreciation allowances permitted under the Internal Revenue Service's tax schedules were revised, officially recognizing the need for greater depreciation allowances in view of higher replacement costs and faster obsolescence. This too effects a tax saving and encourages investment through more adequate internally generated funds. As further evidence of a change in national attitude, there is the rather unusual spectacle of an Administration recommending a substantial cut in corporate profit taxes with no popular outcry in the press. Apparently the electorate is accepting the fact, shown in many analyses of the economics of growth, that the annual rate of growth is directly related to the vigor of investment.

These two significant developments—tax reduction and a national policy aimed at accelerating growth—offset some if not all of the worry about the balance of payments. In a world which is becoming one big market characterized by shortages of income, savings, and investment, surely the prospect of avoiding a major business contraction looks bright.

Significance to Investors

If now we make the assumption that there will be no serious de-

CHART I

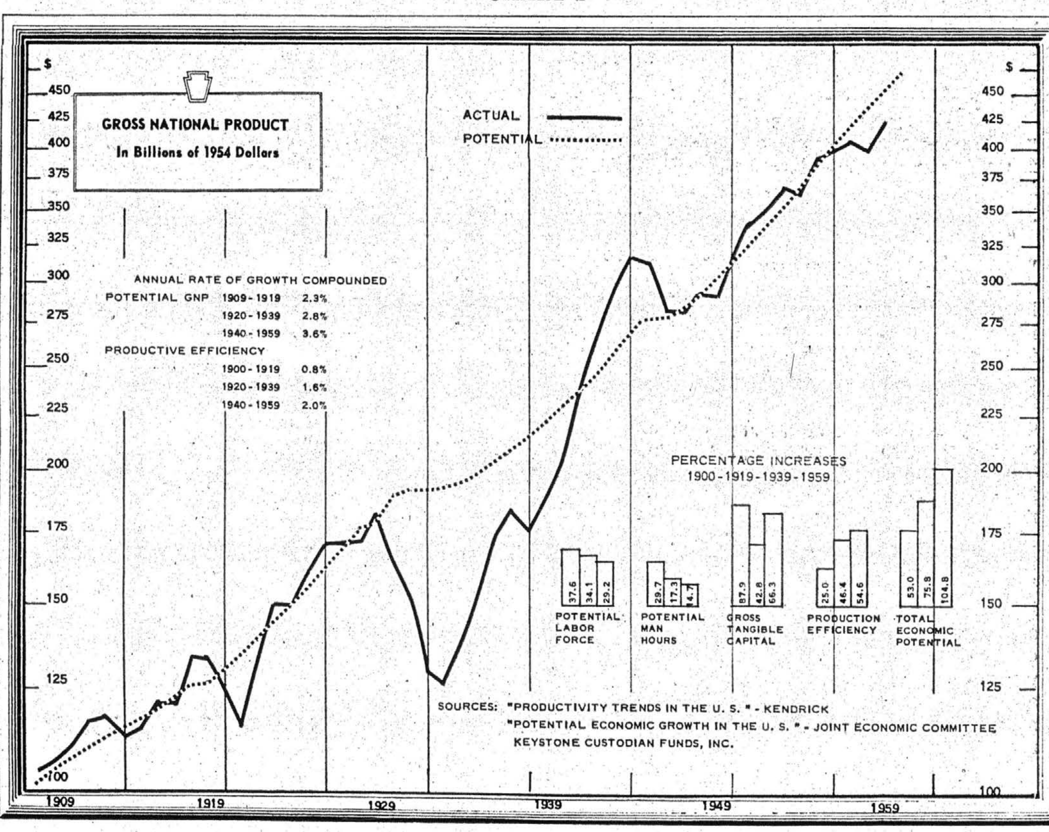
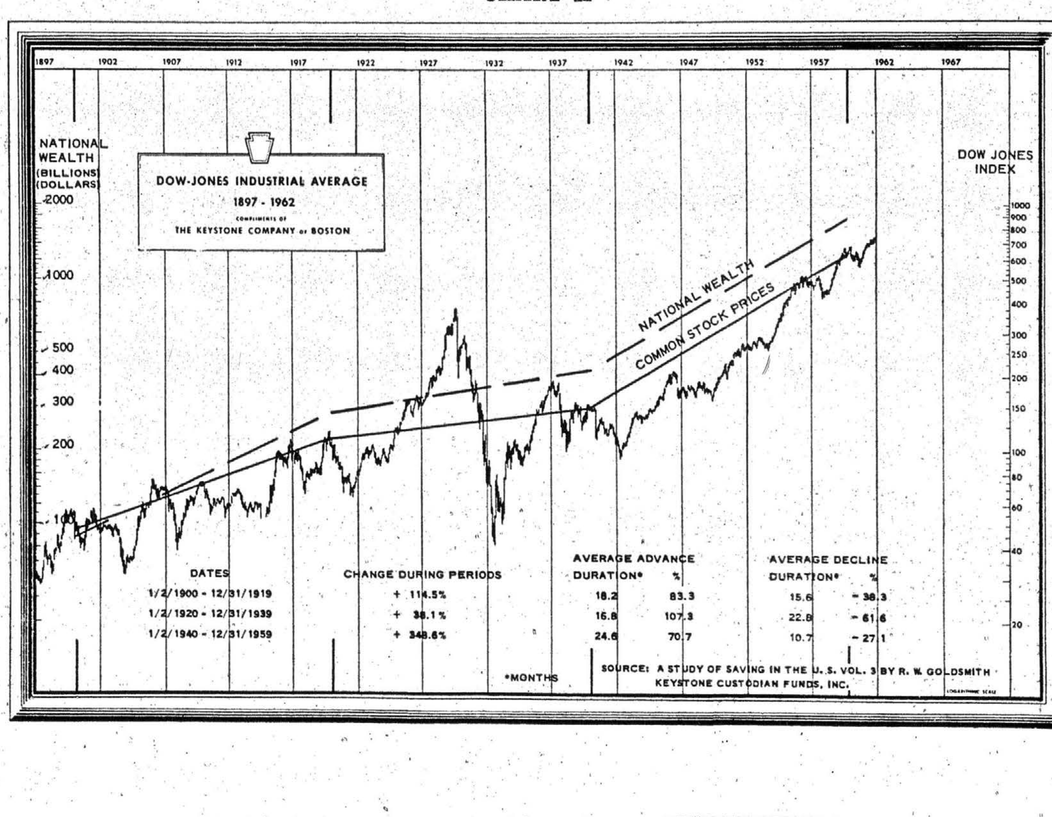


CHART II



pression, what does all this mean to the investor? Take a look at this picture.

The broken line in Chart II portrays the course of national wealth measured by connecting the terminal points of 20-year periods. The solid line shows the course of common stock prices, treated in the same way. Unlike Chart I, this one includes the effect of price changes on our economic growth. This accounts for the slow-down during the period 1920-1940, when prices dropped 30%. Earlier we explored some institutional changes in our economy which will militate against this happening again. On the record, although there have been recurrent advances averaging 18-20 months and declines averaging about one year, there has been a significant long-term consistency in the direction and extent of changes in economic growth and stock prices.

With this record of prices let's take a look ahead. Based on the Joint Economic Committee's staff paper, we can anticipate economic growth (without price inflation) at the rate of 4% per year compounded over the next 20 years (shown in the heavy black line in Chart III). Keeping this in mind let's examine the paths that stock prices might take in the future.

Line A shows the rate at which market values have been growing during this century. If continued it will carry the average to 950 by 1970, to 1,400 by 1979.

The line marked "4% growth rate" makes no allowance for price inflation. It crosses 1,000 in 1970 and it crosses 1,500 in 1979. This, as you see, is remarkably close to the projected record of the past 60 years shown in line A.

Line B shows the rate at which the market has been growing in the last 30 years. Projected ahead, it would cross 1,200 in 1970, and pass 2,100 in 1979.

The heavy broken line, marked "4% growth rate plus 2% inflation" makes allowance for a rise in prices averaging 2% per year. This gives results very close to the projected trend of the past 30 years—1,200 in 1970, and 2,200 in 1979.

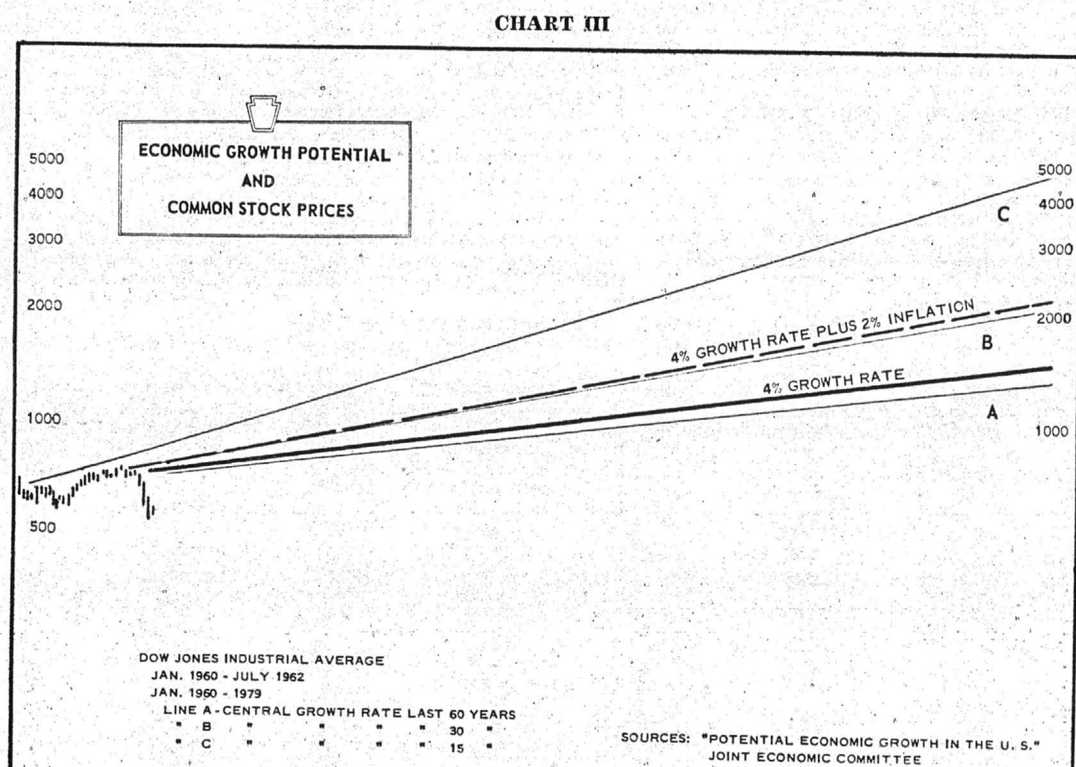
Line C portrays the central growth rate followed by the market during the past 15 years (10% per year compounded). With much of the postwar steam out of the economy continued growth at this rate is unlikely.

Conclusion

There's the record. The economy of the United States will continue to grow, and security prices will mirror this growth. This assumption forms the framework for an effective investment policy. Although there may be short periods in the future when preservation of capital becomes the important investment objective, loss of purchasing power continues to be the principal investment risk. The best hedge against such a risk in any personal financial program is a generous weighting of common stocks.

*An address by Mr. Ferretti before the Investors' Seminar Sponsored by Nesbitt, Thomson and Company, Ltd., Winnipeg, Manitoba, June 19, 1963.

CHART III



Nelson Joins Auchincloss Co.

PHILADELPHIA, Pa.—Auchincloss, Parker & Redpath, 2 Penn Center Plaza, members of the New York Stock Exchange and other leading exchanges, announce the appointment of Walter G. Nelson as Manager of the Pennsylvania Municipal Dept. in the firm's Philadelphia office.


Walter G. Nelson

Before joining Auchincloss, Parker & Redpath, Mr. Nelson was Manager of the Bond Department in the Philadelphia office of Fahnestock & Co. and prior to that was associated with Rambo, Close & Kerner, Incorporated, Philadelphia. Mr. Nelson is a member of the Investment Traders Association and the Municipal Bond Club of Philadelphia.

Auchincloss, Parker & Redpath also announced that Roderick C. Farmer is now associated with their Philadelphia office as a registered representative.

Close Japanese Transport Issue

Officials of the Nippon Express Company, Ltd., largest Japanese freight transportation company, Merrill Lynch, Pierce, Fenner & Smith Inc., and Nikko Securities Company, Ltd. are shown at the closing of Nippon Express' first U. S. issue. Left to right are: Winthrop C. Lenz, Vice-President and Director of Merrill Lynch, Pierce, Fenner & Smith Inc.; Toshiyuki Fukushima, President, Nippon Express Company, Ltd.; Takeo Nishimura, Vice-President, Nippon Express Company, Ltd.; and Naomichi Toyama, Senior Managing Director, Nikko Securities Company, Ltd.

Placed privately with a group of institutional investors, the issue consists of $15 million of 6½% convertible debentures due September 30, 1978. The issue marks the first private placement from Japan in which a Japanese securities house here has participated as agent.

Nippon Express is the dominant firm in J pan in the field of freight transportation and trucking. The company will use proceeds from the sale of the debentures toward the financing of its capital expenditures. The debentures will be convertible at their principal amount into Nippon Express common stock at any time prior to retirement date.

Chemical N. Y. Plans Expansion

In joint statements made by Harold H. Helm, Chairman of Chemical Bank New York Trust Company, Norman D. Ellison, President of First National Bank of Mt. Vernon, New York, and Nat A. Barell, President of the Bensonhurst National Bank of Brooklyn, announced plans for a three-way consolidation.

Mr. Helm stated, "We look forward to the opportunity of offering our services to the residents of the communities now served by the First National Bank of Mt. Vernon, and to the Bensonhurst area of Brooklyn where we are not now fully represented. We are convinced that Chemical New York will be welcomed in these communities, and that the broadened range of services available through a larger bank will bring substantial benefits to the banking public."

Mr. Ellison said, "The prospect of joining forces with Chemical New York is most pleasing to us. Mt. Vernon and its environs represent natural extensions of New York City and we are confident that the proposed consolidation is in accord with the thinking of our late Chairman, Vernon F. McClellan, and would have had his enthusiastic support."

Mr. Barell commented that, "Bensonhurst National has served its area well over the years, but we are now convinced that the best interests of our customers will be served by making available to them the wide spectrum of banking facilities offered by Chemical New York."

As of Dec. 31, 1962, the First National Bank of Mt. Vernon had deposits of $51,062,000 and capital funds of $3,316,000. Under the proposed arrangement, its stockholders would receive 115,000 shares of stock in Chemical Bank New York Trust Company. Norman D. Ellison, President, would become Vice-President and Chairman of the Mt. Vernon Advisory Board. Bensonhurst National as at Dec. 31, 1962, had deposits of $36,182,000 and capital funds of $3,034,000 and its stockholders are scheduled to receive 83,333 shares of Chemical New York. Nat A. Barell, President, would become Vice-President of the combined bank and a member of its already existing Brooklyn Advisory Board.

Consummation of these two acquisitions will increase Chemical New York's branch office system by four offices in Westchester County and two in Brooklyn, bringing its coverage of the metropolitan area to 121 banking offices.

The acquisitions are, of course, subject to the approval of the stockholders of both First National of Mt. Vernon and Bensonhurst National, and also require the approval of the Superintendent of Banks of the State of New York and the Board of Governors of the Federal Reserve System.

Riecke Opens Office

AVALON, N. J.—Henry A. Riecke is conducting a securities business from offices at 146 Tenth Street. He was formerly President of H. A. Riecke & Co., Inc. of Philadelphia.

Mitsubishi Electric Private Placement

Mitsubishi Electric Corp. has announced that it has placed privately an issue of $13,500,000 of 6½% convertible debentures, due 1978, with institutional investors. This placement, which was made through Kidder, Peabody & Co. Inc., New York, is the first long-term financing by the company outside of Japan.

Proceeds of the borrowing will be added to the company's general corporate funds to be used for the financing of its capital expansion program which has averaged about $41,000,000 over the past three years.

Mitsubishi Electric is one of the leading Japanese manufacturers of electrical and electronic equipment, ranging from hydro-electric power installations to consumer appliances and electronic gear.

E. F. Fox & Co. To Admit Williams

On July 1, Theodore S. Williams, member of the New York Stock Exchange, will become a partner in the Exchange member firm of E. D. Fox & Co., 61 Broadway, New York City.

Garvin, Bantel To Admit Fluitt

Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on July 1 will admit Lyle E. Fluitt to partnership in the firm.

Paine, Webber To Admit Partner

Effective July 1, David L. Godvin will be admitted to partnership in Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading Exchanges.

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. **Note**—This registration was withdrawn.

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. (6/24-28)**
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.

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.

● **Brentwood Financial Corp. (6/25)**
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. (7/15-19)**
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

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

● **Chemair Corp. (7/1-5)**
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.

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 (6/26)**
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.**
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. **Offering**—Indefinite.

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.

● **Coburn Credit Co., Inc. (6/20)**
May 20, 1963 filed $4,000,000 of convertible subordinated debentures due 1978 to be offered for subscription by common stockholders of record June 20, 1963. Rights will expire July 5. **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.

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 deben-

tures 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.

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.

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.

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.

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.

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.

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 (7/1-5)
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. (7/1-5)
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**—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. (7/1-5)
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

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NEW ISSUE CALENDAR

June 20 (Thursday)

Coburn Credit Co. — **Debentures**
(Offering to stockholders—underwritten by New York Hanseatic Corp.) $4,000,000

June 24 (Monday)

Acme Visible Records, Inc. — **Common**
(Smith, Barney & Co., Inc.) 150,000 shares

Automatique, Inc. — **Common**
(Kidder, Peabody & Co., Inc. and Barret, Fitch, North & Co., Inc.) 254,975 shares

Bard (C. R.) Inc. — **Capital Shares**
(Kidder, Peabody & Co., Inc. and Blunt Ellis & Simmons) 204,095 shares

Citadel Life Insurance Co. of N. Y. — **Capital Stock**
(Offering to stockholders—underwritten by Alex. Brown & Sons) 40,000 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

National Central Life Insurance Co. — **Common**
(Cantor, Fitzgerald & Co., Inc.) $1,250,000

Northwestern National Life Insur. Co. — **Common**
(Lehman Brothers) 604,867 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

XTRA, Inc. — **Preferred**
(Putnam & Co.) 80,000 shares

Zausner Foods Corp. — **Common**
(Reynolds & Co., Inc., Auchincloss, Parker & Redpath) 100,000 shares

June 25 (Tuesday)

Brentwood Financial Corp. — **Common**
(Hayden, Stone & Co., Inc.) 100,000 shares

General Super Markets, Inc. — **Common**
(Hemphill, Noyes & Co.) 175,000 shares

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)

City Gas Co. of Florida — **Common**
(Kidder, Peabody & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc.) 84,000 shares

Interstate Securities Co. — **Common**
(Offering to stockholders—underwritten by A. G. Becker & Co., Inc.) 173,433 shares

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

July 1 (Monday)

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

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

Evans, Inc. — **Common**
(Walston & Co., Inc.) 200,000 shares

Family Life Insurance Co. — **Common**
(Pacific Northwest Co.) $194,400

Family Life Insurance Co. — **Preferred**
(Pacific Northwest Co.) $105,300

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

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

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

Uris Buildings Corp. — **Common**
(Kuhn, Loeb & Co., Inc.) 50,000 shares

July 8 (Monday)

Inter-County Telephone & Telegraph Co. — **Common**
(Dean Witter & Co.) 50,000 shares

Inter-County Telephone & Telegraph Co. — **Debs.**
(Dean Witter & Co.) $2,000,000

Kelly & Cohen, Inc. — **Common**
(Amsbary, Allen & Morton, Inc.) $247,500

July 9 (Tuesday)

Illinois Bell Telephone Co. — **Bonds**
(Bids 11 a.m. EDST) $50,000,000

Livestock Financial Corp. — **Common**
(Charles Plohn & Co.) $1,000,000

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)

Canaveral Hills Enterprises, Inc. — **Common**
(Willis E. Burnside & Co., Inc.) $500,000

Eastern Investors, Inc. — **Class A**
(Paul C. Kimball & Co.) $400,000

Natural Gas & Oil Producing Co. — **Common**
(Peter Morgan & Co.) $900,000

July 16 (Tuesday)

Lord Jim's Service Systems, Inc. — **Common**
(Keon & Co.) $100,000

Michigan Wisconsin Pipe Line Co. — **Bonds**
(Bids 11 a.m. EDST) $30,000,000

July 17 (Wednesday)

Sierra Pacific Power Co. — **Debentures**
(Bids 11 a.m. EDST) $8,000,000

July 22 (Monday)

Heck's, Inc. — **Common**
(Charles Plohn & Co.) $450,000

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 24 (Wednesday)

Chicago, Rock Island & Pacific RR. — **Eq. Tr. Ctfs.**
(Bids 12 noon CDST) $3,900,000

July 30 (Tuesday)

Cooper Tire & Rubber Co. — **Preferred**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 150,000 shares

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

July 31 (Wednesday)

Southern Bell Telephone & Telegraph Co. **Debens.**
(Bids to be received) $70,000,000

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

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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.

● **Firestone Tire & Rubber Co.**
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. **Offering**—Imminent.

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.

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.

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. (6/25)**
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.

Heck's, Inc. (7/22-26)
June 12, 1963 refiled 180,000 class A common. **Price**—$2.50. **Business**—Operation of discount stores. **Proceeds**—To provide fixtures and inventory for a new store, and for working capital. **Office**—6400 MacCorkle Ave., S. W., St Albans, W. Va. **Underwriter**—Charles Plohn & Co., New York.

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.

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.

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 in 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. (6/26)**
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.

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).

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.

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. (7/8-12)**
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.

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.

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. (7/9)**
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. (7/16)**
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 re-

payment 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.**
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address). **Offering**—Expected sometime in July.

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).

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.

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.

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.

● **Mil National Corp. (7/1-5)**
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.

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. (6/24-27)**
Dec. 7 filed 125,000 common. **Price** — $10. **Business** — Writing of health and accident insurance. **Proceeds**—For general corporate purposes. **Address** — 2632 McGee St., Kansas City, Mo. **Underwriter**—Cantor, Fitzgerald & Co., Inc., Chicago.

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. (7/15-19)**
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. **Note**—This statement was withdrawn.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

PMA Insurance Fund Inc.
April 8, 1963 filed 200,000 common. **Price** — Net asset value plus 4%. **Business**—A new mutual fund specializing in insurance stocks. **Proceeds**—For investment. **Address** — Plankington Bldg., Milwaukee. **Underwriter**—Fund Management Inc. (same address).

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.**
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. **Offering**—Imminent.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

● **Parkview Drugs, Inc.**
April 29, 1963 filed 14,080 common. **Price**—By amendment (max. $20). **Business**—Company is engaged in the retail drug business. **Proceeds**—For selling stockholder. **Address**—6000 Manchester Trafficway Terrace, Kansas City. **Underwriter**—Scherck, Richter Co., St. Louis. **Offering**—Imminent.

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.

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.

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.**
April 1, 1963 filed 90,122 common being offered for subscription by common stockholders on the basis of one new share for each seven held. Record date for the offering is June 14 and the rights expiration date July 5. **Price**—$12.50. **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. **Underwriters** — The Marshall Co. (same address), and McCormick & Co., Chicago.

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.

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.

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 serv-

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icing patients' accounts of member hospitals, physicians and dentists. **Proceeds**—For debt repayment and working capital. **Address**—100 W. Tenth St., Wilmington, Del. **Underwriter**—None.

Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—316 North Fifth St., Bismarck, N. D. **Underwriter** — Provident Management Co. (same address).

Putnam Income Fund
April 3, 1963 filed 2,000,000 shares of beneficial interest. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking maximum income, and long term growth of principal. **Proceeds**—For investment. **Office**—60 Congress St., Boston. **Underwriter** — Putnam Fund Distributors, Inc. (same address).

● **Recreation Industries, Inc.**
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — $2. **Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 West 7th St., Los Angeles. **Underwriter**—Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Expected sometime in July.

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. (6/24-28)**
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.

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.

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 10 a.m.-4 p.m.) at 16 Wall St. (Conference Room No. 1), 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.

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).

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.

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 August.

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. (6/24)**
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

★ Beam Tube Corp.
June 4, 1963 ("Reg. A") 13,750 common. **Price**—$7.25. **Business**—Manufacture and sale of tubes used to generate microwaves in signal generators. **Proceeds**—For selling stockholders. **Address**—Milford, Mass. **Underwriters**—Markoff, Sterman & Gowell, Inc., and H. C. Wainwright & Co., Boston.

★ Continental Telephone Co.
June 18, 1963 filed 400,000 common. **Price**—By amendment (max. $12). **Proceeds**—For debt repayment and other corporate purposes. **Office**—111 S. Bemiston, St. Louis. **Underwriters**—E. F. Hutton & Co., Inc., and Allen & Co., New York. **Offering**—Expected in late July.

★ Cooper Tire & Rubber Co. (7/30)
June 18, 1963 filed 150,000 cumulative convertible preferred shares (par $20). **Price**—By amendment. **Business**—Manufacture of automobile and truck tires, and industrial rubber products. **Proceeds** — For debt repayment, inventories and working capital. **Address**—Findlay, Ohio. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

★ Duval Corp.
June 18, 1963 filed $10,000,000 of convertible subordinated debentures due 1983 to be offered for subscription by stockholders on the basis of one $100 debenture for each 13 shares held. **Price**—At par. **Business**—Mining, milling and marketing of copper, molybdenum, and potash and the mining and marketing of crude sulphur. **Proceeds**—For construction, and other corporate purposes. **Address** — 1906 First National City Bank Bldg., Houston, Tex. **Underwriter**—None.

★ Illinois Bell Telephone Co. (7/9)
June 14, 1963 filed $50,000,000 of first mortgage bonds due July 1, 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. (jointly); Morgan Stanley & Co.; Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—July 9 (11 a.m. EDST) in Room 2315, 195 Broadway, New York.

★ Indiana & Michigan Electric Co. (8/6)
June 14, 1963 filed $45,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment, and other corporate purposes. **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 American Electric Power Co., Inc., 2 Broadway, New York. **Information Meeting**—Aug. 1 (3 p.m. EDST), same address.

★ Michigan-Wisconsin Pipeline Co. (7/16)
June 18, 1963 filed $30,000,000 of first mortgage pipeline bonds due 1983. **Proceeds**—For redemption of outstanding 6¼% first mortgage pipeline bonds due 1977, loan repayment and construction. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. **Bids**—July 16 (11 a.m. EDST) at American Natural Gas Co., 30 Rockefeller Plaza, New York.

★ Mutual Finance Co.
June 10, 1963 ("Reg. A") $300,000 of 6% convertible subordinated debentures, series D, due July 1, 1978. **Price**—At par. **Business**—Engaged in various activities in the loan and discount fields. **Proceeds**—For working capital and other corporate purposes. **Office** — Wallace Bldg., Tampa. **Underwriter** — Donald V. Stabell, St. Petersburg, Fla.

★ Northern Illinois Gas Co. (7/23)
June 14, 1963 filed $20,000,000 of first mortgage bonds due July 1, 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. (jointly); Glore, Forgan & Co. **Bids**—July 23 (10:30 a.m. CDST) at 231 South La Salle St. (11th floor), Chicago. **Information Meeting**—July 17 (11 a.m. EDST) at 60 Liberty St., New York.

★ Pacific Plantronics, Inc.
June 5, 1963 ("Reg. A") not to exceed 23,640 common to be offered for subscription by stockholders of record May 31, 1963 on a pro-rata basis. **Price**—$10. **Business**—Development and manufacture of a miniaturized headset-microphone combination for aircraft, radio and telephone use. **Proceeds**—For research, equipment, expansion and working capital. **Office** — 111 Josephine St., Santa Cruz, Calif. **Underwriter**—None.

★ Pacific Power & Light Co. (7/30)
June 14, 1963 filed 100,000 shares of preferred (par $100). **Proceeds**—To redeem outstanding 6.16% preferred, and to repay bank loans. **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. **Information Meeting**—July 25 (3:30 p.m.) at same address.

★ Pacific Power & Light Co. (7/30)
June 14, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—To repay bank 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. **Information Meeting**—July 25 (3:30 p.m.) at same address.

★ Sentinel Life Insurance Co.
June 17, 1963 filed 217,645 capital shares. **Price**—$5.50. **Business**—Company plans to conduct a life and disability insurance business exclusively in California. **Proceeds**—For investment and other corporate purposes. **Office**—360 Pine St., San Francisco. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

★ Uris Buildings Corp. (7/1-5)
June 18, 1963 filed 50,000 common. **Price**—By amendment (max. $30). **Business**—Construction and operation of office buildings. **Proceeds**—For selling stockholders. **Office**—850 3rd Ave., New York. **Underwriter**—Kuhn, Loeb & Co., Inc., New York.

★ Warwick Fund
June 17, 1963 filed 300,000 units of participation in the Fund to be offered in exchange for certain acceptable securities on the basis of one unit for each $100 of deposited securities. **Business** — A new exchange type mutual fund which plans to continue indefinitely to exchange its units for additional contributions of securities, and to seek long term growth of capital and income. **Office** — 3001 Philadelphia Pike, Claymont, Del. **Distributor**—Wellington Co., Inc., Philadelphia.

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."

Bank Adanim Mortgages & Loans Ltd.
84,303 shares of 8% cumulative participating dollar linked preference dividend stock offered at $3.33 per share by Sakier & Co., Inc., New York.

Capital Cities Broadcasting Corp.
250,000 common offered at $22.75 per share by White, Weld & Co., Inc., New York.

Firestone Tire & Rubber Co.
$75,000,000 of 4½% debentures due July 1, 1988 offered at 99¼% plus accrued interest, to yield 4.30%, by Harriman Ripley & Co., Inc., New York.

Missouri Fidelity Life Insurance Co.
240,000 common offered at $6 per share by A. C. Allyn & Co., Chicago.

Ozark Air Lines, Inc.
$3,000,000 of 6½% convertible subordinated debentures due June 15, 1978 offered at par plus accrued interest by Auchincloss, Parker & Redpath, New York, and Yates, Heitner & Woods, St. Louis.

Paddington Corp.
100,000 class A common offered at $60.25 per share by Lee Higginson Corp., New York.

Pargas, Inc.
225,000 common offered at $16.25 per share by Kidder, Peabody & Co., Inc., New York.

Polaris Corp.
90,122 common being offered for subscription by stockholders at $12.50 per share on the basis of one new share for each 7 held of record June 14. Rights will expire July 5. The Marshall Co., Milwaukee, and McCormick & Co., Chicago, are the principal underwriters.

Poulsen Insurance Co. of America
85,000 common offered at $8.50 per share by A. C. Allyn & Co., Chicago.

Public Service Electric & Gas Co.
$40,000,000 of 4⅜% first and refunding mortgage bonds due June 1, 1993 offered at 101% plus accrued interest, to yield 4.315%, by Merrill Lynch, Pierce, Fenner & Smith Inc., Lehman Brothers, and Salomon Brothers & Hutzler, New York.

Reliance Life Insurance Co. of Illinois
150,000 common offered at $4 per share by the company without underwriting.

Security National Bank of Long Island
141,519 common being offered for subscription by stockholders at $28 per share on the basis of one new share for each nine held of record June 18, 1963. Rights will expire July 8, 1963. M. A. Schapiro & Co., Inc., New York, is the principal underwriter. (Issue was exempted from SEC registration).

State Loan & Finance Corp.
$15,000,000 of 4⅝% sinking fund debentures due June 1, 1983 offered at 99% plus accrued interest, to yield 4.70%; also $15,000,000 of 5¼% capital debentures (subordinated) due June 1, 1983 offered at 99%, plus accrued interest, to yield 5.325%, by Johnston, Lemon & Co., Washington, D. C., and Eastman Dillon, Union Securities & Co., New York.

Tennessee Gas Transmission Co.
$45,000,000 of 5% debentures due June 1, 1983 offered at par plus accrued interest by Stone & Webster Securities Corp., White, Weld & Co., and Halsey, Stuart & Co. Inc., Chicago.

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.

★ Chicago, Rock Island & Pacific RR (7/24)
June 18, 1963 it was reported that this road plans to sell $3,900,000 of equipment trust certificates in July. **Office**—139 West Van Buren St., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — July 24 (12 noon CDST) in Room 1136, at above address.

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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 Allegheny Ave., Philadelphia. **Underwriter**—To be named. The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co. New York. **Offering**—Indefinitely postponed.

★ **Foote, Cone & Belding, Inc.**
June 18, 1963 it was reported that the company is considering the public sale of about 25% of its stock. **Business**—Company is one of the leading advertising agencies in the U. S. with 1962 billings of about $130,000,000. **Office**—247 Park Ave., New York. **Underwriter**—To be named. It was reported that negotiations are being conducted with Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

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.

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. **Information Meeting**—Aug. 28 (3:30 p.m. EDST) at 40 Wall St., New York.

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.

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 Public Corp.
June 17, 1963 it was reported that the company plans to sell $20,000,000 of bonds in the U. S. by July 31. **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 $6,800,000 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 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 Natural Gas Co.
June 19, 1963 it was reported that this utility plans to sell $30,000,000 of sinking fund debentures due 1983, in mid-July. **Proceeds** — For construction. **Office** — 2223 Dodge St., Omaha, Neb. **Underwriter**—Blyth & Co., Inc., New York.

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 Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

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 St., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Public Service 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.

● Security National Bank of Long Island
June 18, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 141,519 common shares on a 1-for-9 basis. Record date for the offering is June 18 and the rights expiration date July 8. **Price**—$28. **Office**—350 Main St., Huntington, N. Y. **Underwriter**—M. A. Schapiro & Co., N. Y

★ Southern Bell Telephone & Telegraph Co. (7/31)
June 18, 1963 it was reported that this A. T. & T. subsidiary plans to sell $70,000,000 of debentures due 2003. **Proceeds**—To refund a like amount of 5% debentures due June 1, 1986. **Office**—67 Edgewood Ave., S.E., Atlanta, Ga. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. **Bids**—Expected July 31 at 195 Broadway, New York.

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.

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.

Western Transmission Corp.
April 17, 1963 it was reported that this newly-formed natural gas pipeline company plans to file a registration statement covering an undetermined number of common shares to be offered initially to stockholders of U. S. Natural Gas Corp. **Address**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

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.

Dealer-Broker Recommendations

Continued from page 8

are comments on **Flintkote Company** and the **Telephone Industry.**

Montgomery Ward—Memorandum—Joseph, Mellen & Miller, Inc., East Ohio Building, Cleveland 14, Ohio.

Motor Wheel Corp. — Analysis — Golkin, Divine & Fishman, Inc., 67 Broad Street, New York 4, New York.

National Life & Casualty Co.—Comments—Amos C. Sudler & Co., 818 17th Street, Denver 2, Colo. Also available are comments on **Independence Life Insurance Company.**

Neptune Meter Co. — Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **M. Lowenstein & Sons, Inc.**

Newmont Mining Corp.—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reports on **Apco Oil Corp., Rayonier, Electronic Associates,** and **Celanese Corporation of America.**

New York Trap Rock—Bulletin—Georgeson & Co., 52 Wall Street, New York 5, N. Y.

North Central Co.—Memorandum—Ebin, Robertson & Co., Rand Tower, Minneapolis 2, Minn.

Ogilvie Flour Mills—Memorandum—Gairdner & Company Limited, 320 Bay Street, Toronto 1, Ont., Canada.

Olin Mathieson—Comments—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are comments on **Carter Products, Vulcan Materials, General Time, Royal Dutch, Standard Oil of Ohio,** and **Hart, Schaffner & Marx.**

Oxford Manufacturing — Analysis—Robinson & Co., Inc., 15th & Chestnut Streets, Philadelphia 2, Pa.

Oxford Manufacturing—Memorandum—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Polychrome Corporation—Analysis—Westheimer and Company, 124 East Fourth Street, Cincinnati 2, Ohio.

Polymer — Memorandum — A. G. Edwards & Sons, 409 North 8th Street, St. Louis 1, Mo.

Reynolds Metals Company—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

South Jersey Gas—Memorandum—Elkins, Morris, Stokes & Co., Land Title Building, Philadelphia 10, Pa.

Standard Fruit & Steamship Company — Analysis — Securities Corporation of Iowa, Merchants National Bank Building, Cedar Rapids, Iowa.

Standard Packaging—Report—Bregman, Cummings & Co., 4 Albany Street, New York 6, N. Y.

Stephan—Memorandum—Steiner, Rouse & Co., 19 Rector Street, New York 6, N. Y. Also available is a memorandum on **Automotive Equipment Stocks.**

Sterling Oil of Oklahoma, Inc.—Bulletin—First Investment Savings Corporation, 404 North 21st Street, Birmingham, Ala.

J. P. Stevens & Company—Analysis—Parrish & Co., 40 Wall Street, New York 5, N. Y.

Stone Container Corp.—Memorandum—Sincere and Company, 208 South La Salle Street, Chicago 4, Illinois.

Swanee Paper Corporation — Analysis—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

Thermogas—Memorandum—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Transcontinental Gas Pipe Line Corp. — Report — Birr, Wilson & Co., Inc., 155 Sansome Street, San Francisco 4, Calif.

Union Tank Car—Memorandum—Penington, Colket & Co., 70 Pine St., New York 5, N. Y.

United Aircraft Corp.—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

U. S. Rubber—Memorandum—Penington, Colket & Co., 70 Pine Street, New York 5, N. Y. Also available are memoranda on **Warner Brothers Pictures** and **Symington Wayne.**

William H. Rorer — Memorandum—Crichton, Cherashore & Cundey Inc., 170 Broadway, New York 38, N. Y. Also available is a memorandum on **Pabst Brewing.**

NY Cotton Exch. Elects Officers

G. Clarke Watson of New York City was elected Chairman of the Board of the New York Cotton Exchange at the Annual Election. Elected Vice Chairman was William Reid of Bache & Co. John M. Williams of New York City was elected Treasurer. Those elected to the Board of Managers are: Harry B. Anderson of Merrill Lynch, Pierce, Fenner & Smith Inc.; Donald B. Conlin of New York City; Joseph J. Gollatz of New York City; Joseph Grogan of New York City; Eric D. Hirsch of Allenberg Cotton Co., Inc., Memphis, Tenn.; Frank Knell of New York City; L. Hudson Leathers of Hayden, Stone & Co., Inc.; William K. Love, Jr. of Anderson, Clayton & Co.; W. Gordon McCabe, Jr. of J. P. Stevens & Co., Inc., Greenville, S. C.; George A. Oberle of Volkart Brothers Co.; Henry M. Peers, Jr., of Peers & Co.; Charles R. Rudd of Wool Handlers, Inc., Lawrence, Mass.; Arthur R. Sharp, Jr. of Bemis Bro. Bag Co., Boston, Mass.; J. Raymond Stuart of E. F. Hutton & Co., Inc.; Ben F. Tipton of Dan River Mills, Inc, Danville, Va.; Bert Unobsky of Block & Unobsky, Memphis, Tenn.; Charles B. Vose of Kohlmeyer & Co.; Albert M. Weis of Irving Weis & Co.; Henry A. Zoeller of H. Hentz & Co.

With the exception of Messrs. Hirsch, Peers, Rudd, Sharp, Tipton and Zoeller, all were members of the retiring Board who were re-elected.

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 15	2,464,000	2,513,000	2,605,000	1,587,000
Index of production based on average weekly production for 1957-1959	June 15	132.3	134.9	139.8	85.2
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	June 15	0.85	0.82	0.85	54.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 7	7,432,110	7,453,260	7,484,610	7,240,260
Crude runs to stills—daily average (bbls.)	June 7	8,872,000	*8,555,000	8,438,000	8,526,000
Gasoline output (bbls.)	June 7	31,411,000	30,214,000	28,655,000	30,632,000
Kerosene output (bbls.)	June 7	2,682,000	2,763,000	3,169,000	2,558,000
Distillate fuel oil output (bbls.)	June 7	14,260,000	13,348,000	12,888,000	13,521,000
Residual fuel oil output (bbls.)	June 7	5,010,000	4,987,000	5,148,000	5,591,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	June 7	196,245,000	196,414,000	201,263,000	191,727,000
Kerosene (bbls.) at	June 7	28,622,000	28,301,000	27,328,000	28,149,000
Distillate fuel oil (bbls.) at	June 7	103,912,000	99,824,000	89,812,000	107,582,000
Residual fuel oil (bbls.) at	June 7	45,697,000	45,851,000	44,218,000	42,906,000
Unfinished oils (bbls.) at	June 7	90,621,000	88,769,000	87,226,000	86,183,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 8	606,084	548,021	598,670	582,760
Revenue freight received from connections (no. of cars)	June 8	503,479	505,709	528,938	478,535
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 8	9,315,000	*8,515,000	9,215,000	8,639,000
Pennsylvania anthracite (tons)	June 8	386,000	313,000	357,000	303,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	June 13	$473,300	$339,800	$321,700	$307,200
Private	June 13	278,300	247,900	213,200	124,30[illegible]
Public	June 13	195,000	91,900	108,500	182,900
State and Municipal	June 13	142,800	91,400	96,700	182,500
Federal	June 13	52,200	500	11,800	400
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	June 8	120	100	127	109
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 15	17,839,000	17,368,000	16,787,000	15,991,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 13	304	303	268	354
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 10	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	June 10	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	June 10	$26.50	$26.83	$29.17	$24.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 14	30.600c	30.600c	30.600c	30.600c
Export refinery at	June 14	28.375c	28.400c	28.375c	28.525c
Lead (New York) at	June 14	10.750c	10.750c	10.500c	9.500c
Lead (St. Louis) at	June 14	10.550c	10.550c	10.300c	9.300c
‡Zinc (delivered at)	June 14	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	June 14	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	June 14	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	June 14	119.125c	120.625c	116.750c	113.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 18	89.37	89.53	89.86	89.10
Average corporate	June 18	89.23	89.23	89.23	87.59
Aaa	June 18	92.79	92.50	92.93	91.9[illegible]
Aa	June 18	90.77	90.77	90.91	89.78
A	June 18	89.64	89.51	89.37	87.32
Baa	June 18	84.30	84.43	84.17	82.03
Railroad Group	June 18	87.45	87.32	87.18	84.04
Public Utilities Group	June 18	90.20	90.34	90.34	89.37
Industrials Group	June 18	90.20	90.20	90.20	89.64
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 18	3.88	3.85	3.80	3.79
Average corporate	June 18	4.47	4.47	4.47	4.59
Aaa	June 18	4.22	4.24	4.21	4.28
Aa	June 18	4.36	4.36	4.35	4.43
A	June 18	4.44	4.45	4.46	4.61
Baa	June 18	4.84	4.83	4.85	5.02
Railroad Group	June 18	4.60	4.61	4.62	4.86
Public Utilities Group	June 18	4.40	4.39	4.39	4.46
Industrials Group	June 18	4.40	4.40	4.40	4.44
MOODY'S COMMODITY INDEX	June 18	374.8	376.8	387.8	369.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 8	390,796	335,274	351,076	379,243
Production (tons)	June 8	350,325	358,205	368,782	345,766
Percentage of activity	June 8	90	93	94	94
Unfilled orders (tons) at end of period	June 8	513,109	470,503	509,565	496,282
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	June 14	111.80	*112.09	111.98	112.10
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 24	3,159,780	3,070,540	3,207,440	3,740,800
Short sales	May 24	773,340	713,590	755,760	543,320
Other sales	May 24	2,285,140	2,321,080	2,496,390	2,694,790
Total sales	May 24	3,058,480	3,034,670	3,252,150	3,238,11[illegible]
Other transactions initiated off the floor—					
Total purchases	May 24	702,700	636,240	725,050	534,100
Short sales	May 24	95,300	73,400	54,900	56,150
Other sales	May 24	562,200	604,140	672,750	410,530
Total sales	May 24	657,500	677,540	727,650	466,680
Other transactions initiated on the floor—					
Total purchases	May 24	1,113,459	1,224,685	1,245,586	1,088,87[illegible]
Short sales	May 24	186,470	208,040	203,300	127,50[illegible]
Other sales	May 24	1,170,326	1,279,232	1,274,345	890,98[illegible]
Total sales	May 24	1,356,796	1,487,272	1,477,645	1,018,485
Total round-lot transactions for account of members—					
Total purchases	May 24	4,975,939	4,931,465	5,178,076	5,363,77[illegible]
Short sales	May 24	1,055,110	995,030	1,013,960	726,970
Other sales	May 24	[illegible]	[illegible]	[illegible]	3,996,30[illegible]
Total sales	May 24	5,072,776	5,199,482	5,457,445	4,723,27[illegible]
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 24	1,639,971	1,637,408	1,724,007	2,114,001
Dollar value	May 24	$78,848,941	$79,096,134	$86,070,022	$126,270,333
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	May 24	2,005,425	2,040,599	2,107,953	2,145,014
Customers' short sales	May 24	17,012	12,915	15,036	92,415
Customers' other sales	May 24	1,988,413	2,027,684	2,092,917	2,052,599
Dollar value	May 24	$93,357,973	$91,829,943	$100,383,432	$129,435,325
Round-lot sales by dealers—					
Number of shares—Total sales	May 24	772,490	832,350	807,720	644,180
Short sales	May 24	------	------	------	------
Other sales	May 24	772,490	832,350	807,720	644,180
Round-lot purchases by dealers—Number of shares	May 24	401,070	371,570	402,970	644,390
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 24	1,259,110	1,203,020	1,209,510	1,373,130
Other sales	May 24	23,451,550	24,610,800	25,311,980	22,412,730
Total sales	May 24	24,710,660	25,813,820	26,521,690	23,785,860
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	June 11	100.0	100.0	99.9	100.1
Farm products	June 11	95.2	95.3	94.6	95.3
Processed foods	June 11	100.4	100.5	100.6	99.8
Meats	June 11	91.9	92.0	89.4	94.3
All commodities other than farm and foods	June 11	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
BANKERS DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of May 31:			
Imports	$525,297,000	$522,904,000	$461,930,000
Exports	808,398,000	750,492,000	787,084,000
Domestic shipments	15,698,000	12,327,000	23,247,000
Domestic warehouse credits	56,193,000	95,893,000	121,658,000
Dollar exchange	148,515,000	146,495,000	96,102,000
Based on goods stored and shipped between foreign countries	1,141,525,000	1,129,985,000	85,484,000
Total	2,695,616,000	2,658,096,000	2,344,825,000
COAL EXPORTS (BUREAU OF MINES)—Month of April:			
U. S. exports of Pennsylvania anthracite (net tons)	194,986	265,847	53,352
To North and Central America (net tons)	24,930	61,474	42,610
To Europe (net tons)	169,216	203,369	6,935
To South America (net tons)	632	138	457
To Asia (net tons)	------	846	3,350
COAL OUTPUT (BUREAU OF MINES)—Month of May:			
Bituminous coal and lignite (net tons)	41,210,000	38,035,000	37,046,000
Pennsylvania anthracite (net tons)	1,683,000	1,492,000	1,315,000
COKE (BUREAU OF MINES)—Month of April:			
Production (net tons)	4,822,134	*4,693,579	4,996,278
Oven coke (net tons)	4,741,121	*4,627,981	4,927,657
Beehive coke (net tons)	81,013	*65,598	68,621
Oven coke stocks at end of month (net tons)	3,191,770	*3,322,020	3,650,930
COPPER INSTITUTE — For month of May:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	119,861	*117,582	137,801
Refined (tons of 2,000 pounds)	150,512	142,046	166,056
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	138,417	132,759	144,313
Refined copper stocks at end of period (tons of 2,000 pounds)	87,957	95,822	71,040
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of April	809,472	666,182	867,559
In consuming establishments as of April 30	1,675,805	1,686,645	2,116,450
In public storage as of April 30	17,412,227	12,432,734	8,370,331
Linters—Consumed month of April	126,801	106,364	124,037
Stocks May 4	786,162	930,655	693,895
Cotton spindles active as of May 4	18,586,000	15,995,000	17,107,000
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100 — Month of May:			
Seasonally adjusted	124	*123	118
Unadjusted	124	123	118
INTERSTATE COMMERCE COMMISSION— Index of Railway Employment at middle of May (1957-59=100)	76.9	76.5	80.3
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of March	8,178	7,441	6,272
PORTLAND CEMENT (BUREAU OF MINES)—Month of April:			
Production (barrels)	29,314,000	21,525,000	28,089,000
Shipments from mills (barrels)	29,918,000	21,296,000	27,679,000
Stocks at end of month (barrels)	41,398,000	42,328,000	39,916,000
Capacity used (per cent)	75	54	77
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of April:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	12,274,876	9,868,233	10,238,101
Production	11,102,189	11,069,301	9,642,220
Inventory	27,864,348	28,819,412	24,055,398
Tractor Implement Tires (Number of)—			
Shipments	443,699	411,711	417,136
Production	389,269	414,477	349,096
Inventory	1,113,040	1,159,826	986,469
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	3,500,358	3,475,361	3,239,661
Production	3,528,866	3,656,895	3,413,331
Inventory	9,439,593	9,296,786	8,793,762
Tread Rubber (Camelback)—			
Shipments (pounds)	47,951,000	37,075,000	39,522,000
Production (pounds)	45,955,000	36,539,000	38,499,000
Inventory (pounds)	14,779,000	17,130,000	16,156,000
Truck and Bus Tires (Number of)—			
Shipments (pounds)	1,568,600	1,268,179	1,326,928
Production	1,455,421	1,471,281	1,286,512
Inventory	4,273,047	4,373,266	3,782,552
RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— As of June 1	80%	83%	84%
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES BUREAU OF MINES — Month of March (in long tons):			
Stocks in beginning of period	28,705	27,580	33,815
Receipts	6,495	7,430	7,080
Supply	35,200	35,010	40,895
Stocks at end of period	27,950	28,705	33,370
Total processed	7,250	6,305	7,525
Intercompany scrap transactions	135	110	165
Consumed in manufacturing	7,115	6,195	7,360
Primary	5,115	4,445	5,280
Secondary	2,000	1,750	2,080
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of June 1 (bushels)	854,542,000	884,519,000	816,379,000

Restatement and Projection Of Yield on Common Stocks

Continued from page 5

age price and the dividend payments rose 4.0% per year through 1971, and then stopped rising, the true dividend yield—the growth yield — would be 5.1% and not 3.7%. The current yield 3.7% implies no rise in dividends.

The GDY curve on Chart I represents a very substantial revision of dividend yields that are widely used in representing the differences between bond yields and dividend yields. From Chart I it is clear that the *growth dividend yield has not fallen below bond yields* as represented by the Moody's Industrial Aaa bond yield series. The implications of this corrected and revised relationship between bond and stock yields does not have to be elaborated for security analysts and financial economists.

III. Earnings Yields

Historically, the current earnings yield (CEY) which is the reciprocal of the price/earnings ratio, understates the yield achieved by the DJI portfolio. The true earnings yield depends upon the original price, the shape of the rising earnings stream, and the length of the rising earnings stream. Chart II presents a restatement of the earnings yield on the DJI portfolio since World War II. This revised series is referred to as the growth earnings yield (GEY) and is calculated by the method described in the previous section on GDY; the only difference being that earnings are used rather than dividends. The growth period is assumed to be ten years which was the same period used for the restatement of the dividend yield. The reasons for using a ten year period are the same for both restatements of yield.

The GEY reached a peak of almost 18% for the ten year period starting in 1948 and has fallen as low as 7% in 1959 and 1961. These latter figures required a projection of earnings for all years beyond 1962. The projections were made by assuming that the earnings on the DJI portfolio would grow at a rate of 3.5% from the 1962 level of $36.44.

The pattern of earnings yields as presented by the GEY is not greatly different from the pattern for CEY; the chief difference is in the level of the two curves. In earlier years the GEY was as much as eight percentage points above the CEY, but since 1950 has been between one and two percentage points higher. The GEY has moved closer to the CEY because the rate of growth in earnings has not been great in recent years. A part of the decline in the growth of earnings was no doubt due to the adoption of the more rapid depreciation methods provided for by the 1954 Internal Revenue Code.

At this point in time it is not possible to say if the GEY given for more recent years will in fact be achieved. The 1963 figure, for example, is based entirely upon the projected earnings for the next decade, thus it will be 1972 before this figure can be completely verified.

The CEY of 5.8% for 1962 is only about 1.5 percentage points above the bond yield. Is the difference in the uncertainty of income and market price between bonds and common stock worth the difference in the return between these two investment media? Many investors answer "no" to this question. However, if the difference between bond and common stock yields is 3.3%—the difference between the projected GEY for 1962-1971 and bond yields—the resistance of many investors to common stocks will be overcome to some extent.

For long-term investors the GDY plus the capital gains are likely to closely approximate the GEY when the former (GDY plus capital gains) are expressed as a single, overall rate of return. This point has been made in recent years by both Professors David Durand and Myron Gordon. We have made some preliminary tests of this theoretical position and find that it tends to be correct.

IV. Utilities vs. Industrials

The average rate of growth of dividends and earnings for successive ten year periods with base years from 1946 through 1953 were 5.4 and 3.3% respectively for the DJI. Corresponding measurements for the DJ Utilities were 6.1% for the dividend growth rate and 5.1% for the earnings growth rate. Not only were the growth rate of dividends and earnings higher for the utilities, but also the stability of dividends, earnings, dividend growth rates, and earnings growth rates were much greater. For the coming decade based upon our data and the economic outlook, it appears likely that dividends on the DJ Utilities will continue to grow at least at 4.5% per year as compared with the 4.0% projected for the DJI dividends. The earnings growth rate for the next ten years on the DJ Utilities is most likely to be at least 5.0% or about 1.5% above that for the DJI earnings. Furthermore, we have considerably more confidence in the projections for the DJ Utilities.

V. Forecast

What kind of return can today's purchasers of the DJI portfolio expect in the next decade? Will the dividend yield achieved be as high as the bond yield? The key to the answer is the dividend stream. Clearly dividends must continue to grow if the dividend yield realized is to be as high as the current bond yield of approximately 4.25%. The 1962 DJI dividends of $23.30 need grow only at the average annual rate of 2.3% in order for the GDY to equal the current bond yield, if the DJI portfolio were purchased at the 1962 year end closing price of $652. If the DJI portfolio were purchased at $700 and the dividends held at $23.30, a 3.3% annual growth rate for dividends for ten years would be required for the growth yield on the present purchase to be 4.25%.

To us it appears that a conservative projection of dividends would give an average annual growth rate of about 4%. If this rate of growth is obtained then the dividend yield over the next decade will be about 5.2% for the DJI portfolio purchased at $652.

A second factor which must not be forgotten in today's market is the prospect of capital gains. The real return on share ownership over a given period depends upon capital gains as well as dividends. An estimation of the overall yield on shares for a future time period requires a forecast of both dividends and price. Historically, however, the overall yield has been approximately equal to the GEY. That is, taking moving ten year periods from 1946 to the present, GDY plus capital gains have been about the same as GEY for the corresponding ten year periods. Thus GEY might serve as a proxy for the more complex overall yield on shares.

In 1962 DJI earnings were $36.44. Projecting the earnings stream as rising at a rate of 3.5% for the next decade gives an expected earnings yield of approximately 7.5%. This figure serves as an estimate of the annual overall rate of return on a 1962 purchase of the DJI portfolio if the shares are held until 1971.

More or less as a by product of projecting earnings it is possible to estimate price. In recent years the price/earnings ratio for DJIA has averaged about 16.5 with a standard deviation of 4.12. For any given year in the next decade we feel that the chances are about two out of three that the DJIA will sell between 12.47 times earnings and 20.71 times earnings. On this basis the low, median, and high estimates for the DJIA are given in Table I. The interval estimate for the next two or three years may be too wide and a more refined technique (or series of techniques) could reduce the interval considerably. Such a refinement is beyond the scope of the present remarks.

TABLE I

Estimated Earnings and Price for the Dow-Jones Industrial Average, 1963-1972

(Dollars)

Year—	Earnings	Price— Low	Median	High
1963	$37.78	$471	$627	$782
1964	39.10	488	649	810
1965	40.47	505	671	838
1966	41.88	522	695	867
1967	43.35	541	719	898
1968	44.87	560	744	929
1969	46.44	579	770	962
1970	48.06	599	797	995
1971	49.74	620	825	1,030
1972	51.48	642	854	1,066
1973	53.28	664	884	1,125

Named Director

American Petrofina, Incorporated, has announced that Edward K. Brass, formerly Vice-President of Morgan Guaranty Trust Company of New York, has been appointed a director.

Mr. Brass, senior loan officer and chairman of the bank's credit committee, retired last Jan. 1 after almost 44 years with Morgan Guaranty and its predecessor, Guaranty Trust Company of New York.

TAX-EXEMPT BOND MARKET

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ers Trust Co., Blyth & Co., Smith, Barney & Co., Chemical Bank New York Trust Co., Harris Trust and Savings Bank, The Northern Trust Co., Glore, Forgan & Co., Salomon Bros. & Hutzler, Stone & Webster Securities Corp., Lee Higginson Corp., Equitable Securities Corp., Spencer Trask & Co., The Connecticut Bank and Trust Co., Reynolds & Co., L. F. Rothschild & Co., Roosevelt & Cross, Francis I. du Pont & Co., Estabrook & Co., F. S. Moseley & Co., Dick & Merle-Smith, W. E. Hutton & Co., Hirsch & Co., and E. F. Hutton & Co.

Scaled to yield from 1.70% to 3.40% for 3.20's, demand has been fair, but not as good as many had hoped for, with the present balance in syndicate $8,535,000.

Keen Competition

The group led by *Lehman Bros., Phelps, Fenn & Co.* and *F. W. Craigie & Co.* submitted the best bid, a 2.934% net interest cost, for $15,000,000 Virginia Public School Authority, School Financing (1965-1984) bonds. Second best bid for this issue, offering a 2.965% net interest cost, was made by the First Boston Corp. account. There were eight additional bids made for this unusual issue.

Other major members of the winning group include Glore, Forgan & Co., Bear, Stearns & Co., Alex. Brown & Sons, Paribas Corp., Shearson, Hammill & Co., William E. Pollock & Co., Stroud & Co., Folger, Nolan, Fleming & Co., R. H. Moulton & Co., Horner, Barksdale & Co., Kaufman & Co., and Shelby Cullom Davis & Co.

Scaled to yield from 1.90% to 3.10%, the present balance in group stands at $9,720,000.

Aurora (Adams County), Colorado sold $8,000,000 Water Extension (1973-2007) bonds to the *Harris Trust and Savings Bank* group at a net interest cost of 3.698%. The second bid, a 3.699% net interest cost, was made by the Chase Manhattan Bank and associates.

Other members of the Harris Trust Co. group include the First Boston Corp., Mercantile Trust Co., St. Louis, White, Weld & Co., Merrill Lynch, Pierce, Fenner & Smith, John Nuveen & Co., R. W. Pressprich & Co., National Shawmut Bank, Boston, R. S. Dickson & Co., Boettcher & Co., Bacon, Stevenson & Co. and Ginther & Co.

The bonds were reoffered to yield from 2.90% to a dollar price of 99½ for a 3.70% coupon. Bank and insurance company buying was in immediate evidence and the balance in group late yesterday was $1,900,000.

Superior, Wisconsin awarded $4,500,000 School (1964-1983) bonds to the *Chemical Bank New York Trust Co.* and associates at a 3.038% net interest cost. The runner-up bid, a 3.085% net interest cost, came from the Phelps, Fenn & Co. syndicate.

Other members of the winning account are Kuhn, Loeb & Co., Ira Haupt & Co., Wertheim & Co. Paribas Corp., W. E. Hutton & Co., New York Hanseatic Corp., A. G. Edwards & Sons and Austin Tobin & Co.

Reoffered to yield from 1.75% to 3.20%, the present balance is $2,825,000.

Tuesday's final sale of importance was $4,200,000 Everett, Washington Sewer revenue (1965-1993) bonds which were purchased by an *Eastman Dillon, Union Securities & Co.* account at a net interest cost of 3.446%.

Other members of this syndicate are Equitable Securities Corp., Goldman, Sachs & Co., Reynolds & Co., Marshall & Meyer, Shearson, Hammill & Co., First of Michigan Corp., Grande & Co., Inc., and First of Washington Corp.

Reoffered to yield from 2.00% to 3.55%, a balance of $3,680,000 remains in account.

Not Much on Wednesday

Wednesday's only important sale involved $3,300,000 Bergen County, New Jersey (1964-1981) bonds won by the *Halsey, Stuart & Co.* group bidding a dollar price of 100.12 and designating a 2⅞% coupon. The runner-up bid was 100.20 for a 2.90% coupon, submitted by The Northern Trust Co. syndicate. The bonds were reoffered to yield from 1.75% in 1964 to 3.00% in 1981.

Other members of the winning group are The Philadelphia National Bank, B. J. Van Ingen & Co., Inc., Schmidt, Roberts & Parke and Dolphin & Co. As we go to press, the balance in account is $1,680,000.

Dollar Bonds Steady

The toll road, toll bridge, public utility, authority and other long-term, so-called revenue issues were steady this week, much in the manner that the markets for most of the Treasury issues were steady. In creating a congenial atmosphere for the new Treasury 4s due 1970, some of the benefits naturally rubbed off on the dollar quoted tax-exempt and corporate bond issues.

The *Commercial and Financial Chronicle's* revenue bond Index averaged 3.46% on June 19. A week ago the Index stood at 3.458%. The average change was obviously less than ⅛th of a point.

Calumet Interest in Jeopardy?

None of the 23 long-term issues used in our composite fluctuated more than ½ of a point. The Chicago Calumet Skyway 3⅜s which are not used in our average were off 3 points presumably on the rumors that are building up that the Chicago City Council may refuse to approve another motor fuel tax loan for payment of the interest due July 1st on the Calumet Skyway revenue bonds. The bonds are quoted 63-67, whereas a week ago they were quoted 66-69.

Bioren & Co. To Admit

PHILADELPHIA, Pa.—Bioren & Co., 1424 Walnut Street, members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges, on June 27 will admit Flora W. Schaufler to limited partnership.

With Mitchell, Hutchins

CHICAGO, Ill. — Mitchell, Hutchins & Co. Incorporated, 231 So. La Salle Street, members of the New York Stock Exchange, have announced that Gaston Goblentz has been elected a Vice-President of the firm, representing them in Europe.

A Scientific Approach To World Trade Expansion

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tremendously in leading to correct marketing conclusions and the avoidance of needless expenditures of money.

I

(1) *Physical Characteristics:*
- a. Location and accessibility
- b. Terrain
- c. Soil characteristics & quality
- d. Climate
- e. Natural vegetation—
  - grasslands
  - forests

(2) *Current Land Use:*
- a. Agricultural
- b. Mining and quarrying
- c. Services

(3) *Raw Materials:*
- a. For manufactures
- b. For power
- c. For export

II

(1) *Economic Activities:*
- a. Agricultural products
- b. Mineral output
- c. Handicraft
- d. Machine-made items
- e. Unit costs
- f. Competition
- g. Consumption levels in terms of durable and non-durable goods.
- h. Cost of living

III

(1) *The People:*
- a. Characteristics in general
- b. Customs, religions, taboos
- c. Educational level and facilities
- d. Language spoken
- e. Labor efficiency
- f. Organizational and managerial abilities
- g. Amenability to changes and ideas
- h. Wages and total income

IV

(1) *Government Characteristics:*
- a. Local attitude
- b. Attitude towards the U. S.
- c. Reliability

V

(1) *Current Trade:*
- a. Domestic characteristics—methods of distribution
- b. Foreign—
  - intra-continental
  - inter-continental
  - imports
  - exports
  - financial risks
  - credits

VI

(1) *Potential Trade:*
- a. needs
- b. surpluses for exchanges

Practically all of the data called for many be obtained in this country through reference publications, the United States Government, trade associations, banks and still other sources. Of course, if possible, a visit to a region is highly desirable, but it is not realistic to advise visits to all parts of the world. This is particularly true as applied to small firms. Incidentally, we should not overlook the fact that international trade is for the "little fellow" as well as for the large corporation. In all probability, any considerable increase in our exports will have to come about through a growth in trade of small firms and an increase in the number of such businesses entering the field, rather than through the further expansion of the trade of large firms.

Credit Insurance

Space does not permit of detailing all the numerous aids readily available to the exporter and especially to the firm wishing for the first time to take advantage of world markets. But perhaps, a very recent help should be noted because of its critical value as a service safeguarding credit risks. We have reference to government credit insurance.

Last year President Kennedy requested the Export-Import Bank to work out ways to place United States exporters on a more equitable competitive basis with foreign producers. The establishment of the Foreign Credit Insurance Association (FCIA) resulted. This organization consisting of "twenty large private casualty, property and marine insurance companies" in cooperation with the Bank, issues a comprehensive policy covering both political and credit risks. The facility has been set up "especially with respect to small and medium sized exporting concerns." The FCIA carefully avoids supplanting commercial banks. It serves only when the latter are not in a position to meet the exporters' financial needs. An objective of this new program "is to assure that no sale of a United States exporter will be lost due to a lack of credit facilities where the extension of credit is appropriate." The action also provides American exporters with a form of government assistance similar to that which European governments have given their traders for many years.

Because of the many markets available to most firms which make exportable products, arbitrary choice will be in order as to the first region to be surveyed. This decision can be based upon conferences with the organizations just mentioned and also upon the consideration of regions with known stable governments and preferably where English is either the national language or where communication can be carried on in English without inconvenience to prospective customers. If the American principal is prepared to transact business in a foreign language, then naturally, he can consider a country that uses the language he knows. Language, in any case, is not an insuperable obstacle. Although foreign firms are complimented when they are spoken or written to in their language, it is quite common for them to understand English, to use it, and not to take offense if an American is not familiar with their language. A recent visit abroad was impressive for the widespread use of English even on the part of the "man in the street."

Foreign Trade Is Not for the In and Outer

The scientific approach presupposes an intention to engage in international trade upon a permanent basis. The foreign field of operation is no place for the in and outer. Initial investments and energy expended are relatively substantial and returns do not come swiftly. When they do manifest themselves, however, they are eminently worthwhile. The in and outer not only does himself harm but also his nation. Lack of dependability of an individual firm is interpreted by the foreign businessman as unrealiability among all the peoples. Accordingly, the innocent American firm may suffer because of the antics of a more or less irresponsible trader. European importers are concerned because they do not know to what extent they can depend upon their American sources of supply to continue to sell to them.

Although a natural assumption may well be that nations with large populations should yield substantial sales, this is not always a safe conclusion. Purchasing power is the first consideration. But even this quality can be misinterpreted. Purchasing power is not always to be determined by the amount of money in the bank. In some countries, particularly in the Far East and Middle East it is customary for the natives to put their earnings into gold and jewels. When they decide to buy, they then convert these possessions into the necessary currency or if circumstances permit may even use them in direct barter. When Nehru called for financial assistance to prosecute the war with China, he did not ask for money but for jewelry. Again, a market in a country with low purchasing power may be good if the national government is the buyer. Demands for equipment such as road or mining machinery, or office equipment and supplies and a hundred and one other items used by a government offer good trade opportunities.

The need for a scientific point of view toward international trade has been evidenced in a number of quarters by the reaction toward the European Common Market. Comparisons have been made, erroneously, between the trade figures of European nations and our own, leading to the conclusion that our trade situation is in a deplorable state. What is overlooked is the fact that much of the international trade of western European countries is comparable with our interstate trade and should not be compared with our international trade which is of a different order. The Netherlands for example having only slightly more than one-third the area of Ohio and a little larger population must of necessity depend upon other countries, largely neighboring lands, to a far greater extent than do we. So it is that no one should be surprised to learn that the Netherlands has a per capita trade of $376 as compared with ours of only $110. This difference is nothing of which we need be ashamed.

A New International Trade Era

Currently we are entering a new international trade era. With the creation of so many independent nations accompanied by the awareness of their people of the availability of goods which they feel they should have, alert businessmen in the more advanced countries will grasp the opportunity to serve. To meet these new demands on a continuing basis the effort must be built upon something more than trade experiences in the domestic market or upon hasty observations made in the course of a quick tour or upon some other equally fragile background. Only a calculated analysis of a particular region similar to that which has been suggested will suffice. The seller or investor must be objective and display a willingness to defer when possible to the wishes of potential prospects abroad. He must not seek to force foreigners into the American pattern regardless of where such efforts may lead. This does not mean blind submission but rather due consideration for the way of life of others and a display of patience until such time as those beyond our boundaries may willingly adopt our procedures if that be desirable. We should not forget that our ways are not always the best and that we can learn from others.

The requirements of lesser developed countries will not be fulfilled for possibly decades to come. They will be met essentially through four channels, namely, (1) local production, (2) importations, (3) borrowings, and (4) investment of private foreign capital. The far-seeing individual will recognize the opportunities for profitable trade and investment and shape his trade program accordingly. He will not fear competition anymore than he does in the domestic market. Nor will he cringe before the prospect of Common Markets wherever they may arise. As the means of communication become increasingly effective, the economic interdependence of the parts of the world will become greater and trade opportunities will evolve on every hand. The methods of trading will change a bit but change is no reason to shy away from opportunity. Needless to say, however, we should always try to anticipate change.

Recently, a Japanese trade authority stated publicly that the economy of Japan should be stabilized within the next four to five years, but cautioned this estimate was not based upon scientific data. That what will happen depends upon many aspects of the world situation. A prominent American economist occupying an influential position is reported to have recently predicted that we shall experience this year either a mild depression or a mild boom. These are not the kinds of predicted changes traders can use as guide lines unless they can afford to lose. As in the past so in the future those who survive will be those who remain alert, flexible and more than ever before, those who adopt a scientific attitude toward trade development.

STATE of TRADE and INDUSTRY

Continued from page 16

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 15, clearings for all cities of the United States for which it is possible to obtain weekly clearings were 5.7% above those of the corresponding week last year. Our preliminary totals stand at $33,295,823,356 against $31,500,192,962 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. June 15—	(000s omitted) 1963	1962	%
New York	$18,901,082	$17,325,642	+ 9.1
Chicago	1,542,262	1,476,244	+ 4.5
Philadelphia	1,171,000	1,175,000	— 0.3
Boston	852,467	855,884	— 0.4
Kansas City	528,901	521,186	+ 1.5

Steel Drop of 1.9% Marks Third Weekly Decline in a Row, but Stays at Three-Year High and 55.3% Over Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended June 15, was 2,464,000 tons (*132.3%) as against 2,513,000 tons (*134.9%) in the week ending June 8. The week to week output fell 1.9% marking the third weekly decline in a row and the lowest weekly output in two months. The year's weekly high was 2,626,000 net tons achieved May 25-ending week and last week's output fell to the 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 15-ending week's output exceeded last year's week by 55.3%.

Out of the 24 weeks of this year's steel output, production declined in five 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 decline in U. S. output reflects, actually, the culmination of a declining rate of increase which began mid-May —strongly suggesting the onset of the expected summer leveling-off of output—barring an adverse turn in labor negotiation news which, incidentally, have been much more optimistic than the good news of quiet progress reported heretofore. 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.

For the third 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 54,662,000 net tons (*122.3%) which is 6.5% above the Jan. 1-June 16, 1962 production of 51,348,000 net tons (*114.8%).

District—	*Index of Ingot Production for Week Ending June 15	June 8
North East Coast	119	126
Buffalo	138	129
Pittsburgh	129	130
Youngstown	132	137
Cleveland	153	149
Detroit	150	158
Chicago	137	136
Cincinnati	133	138
St. Louis	125	134
Southern	125	130
Western	132	138
Total Industry	132.3	134.9

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

Steel Labor Settlement Probably To Come This Week

A steel labor settlement may come momentarily, *Steel* magazine said.

Last Monday the executive board of the United Steelworkers of America met in Pittsburgh for a briefing by President David J. McDonald. Yesterday, the union's 170-man wage policy committee convened to do one of two things:

1. Ratify contract changes that

have been hammered out by the industry-union Human Relations Committee (HRC).

2. Abandon the HRC approach to bargaining and call for a formal contract reopening—a move that would allow the union to strike in 90 days.

Steel's sources expect ratification of an agreement that will give the USW an extended vacation program in exchange for a contract extension that eliminates the hazards of negotiating in a Presidential election year.

Chances of settlement this week hinge partly on what's done about the practice of contracting out work to firms not organized by the USW.

Unless terms of the steel labor settlement are so "reasonable" that producers can anticipate offsetting the added costs via productivity improvements, buyers can expect another round of price increases. Chances are that steelmakers will move selectively on products they didn't touch in April.

Steel labor peace won't have much impact on June shipments. Most of the tonnage slated for delivery this month has been processed to the point where it can't be deferred. Result: June shipments may match last month's estimated 8 million tons.

Steel predicted the second quarter's total will probably exceed 23 million tons—topping that of the first quarter by 5 million tons.

Steel Market Will Not Plunge With Labor Pact

A steel labor settlement is not likely to result in a sudden and complete collapse of the steel market, *Iron Age* magazine said.

The national metalworking weekly reported that a sharp drop in steel sales was noted as "settlement phychology" spread among steel users. But a high rate of steel consumption, combined with a much lower-than-expected steel inventory buildup, would prevent a prolonged decline in steel production.

Noting that in 1962 steel shipments dropped to a low rate of 4.5 million tons in July, Iron Age said the monthly rate of shipments would reach a floor of about 6 million tons this year.

These figures are based on the assumption of a peaceful settlement of a steel labor contract. While a last minute turn for the worse could not be discounted, the steel industry and its customers were thinking in terms of agreement without reopening of the steel labor contract.

Steel orders dropped off sharply as steel users brought their orders into line with their own consumption rates. Some users had already begun liquidating their inventories. All watched the labor situation with critical eyes and placed their orders cautiously and avoided extended commitments.

Iron Age explained its prediction of a relatively smooth market adjustment this way:

With a 90-day notification required before a strike could be called, steel users relied on this time cushion and avoided inventory peaks of previous labor negotiation periods.

Next, steel consumption was much higher than anticipated, and inventory buildups ran well behind schedule. Led by the auto industry, the general economy moved at a high rate throughout the entire first half of the year and showed no inclination to collapse.

Third, seasonal factors that normally dictate a sharp drop in steel shipments during the summer are not likely to be severe. Construction, appliances, and automotive, all major steel users, will be stronger than usual through the third quarter of the year.

Individual mills have varying reactions to the market. But all noted a sharp drop in order rates. One large mill reports its order backlogs are dropping at a rate of from 10 to 15 pct. a week. Consequently, it sees a production decline at the rate of 3 to 4 pct a week through mid-July.

Virtually all steel products have eased in availability. With a little shopping, most tonnage products can be had on a 4-week delivery promise.

Week's Auto Output Soars Above Year-Ago and Year's Output So Far Approaches 1955 Record Year's Total

Auto production in the U. S. last week, with General Motors scheduling its biggest week in history, reached its highest level for any similar production period in nearly eight years, *Ward's Automotive Reports* said.

The statistical agency fixed output for last week ending Saturday at 172,902 cars, an increase of 2.3% from 169,096 assemblies last week and 17.0% above the 147,828 cars made in the corresponding session of last year.

Ward's said the rate of passenger car production thus far in June, as expected, is running at the highest level in history—bearing out a forecast for 35,000 cars a day and "on target" toward a 700,000-unit goal for the month.

Truck production last week is expected to total 28,832 units, compared with 29,194 two weeks ago and 27,910 in the same week of 1962.

Combined, car and truck output since Jan. 1 has reached to 98.2% of volume in the industry's record year of 1955. Ward's has forecast that 1963 output will eventually overtake that of the earlier year.

On a model-year basis, passenger car production since last fall's 1963 model startup has climbed to an estimated 6,266,000; it is record-bent toward 7.3 million. Also, in the comparable period, 1,035,400 trucks have been made.

A week ago last Monday, General Motors Corp. initiated production of Chevrolet and GMC trucks at its massive new Fremont (Calif.) plant, which in the '64 model year will turn out Buick, Oldsmobile, Pontiac and Chevrolet passenger cars.

Of output last week, General Motors Corp. was expected to account for 53.2% of industry passenger cars; Ford Motor Co., 27.3%; Chrysler Corp. 12.7%; American Motors, 5.9% and Studebaker 0.9%.

Rail Freight Continues to Outpace 1962's Six Weeks in a Row

Loading of revenue freight in the week ended June 8, totaled 606,084 cars, the Association of American Railroads announced. This was an increase of 58,063 cars or 10.6% above the preceding holiday week.

The loadings represented an increase of 23,324 cars of 4.0% above the corresponding week in 1962, and an increase of 12,768 cars or 2.2% 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 corresponding 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% on June 1, and in the latest week as noted above.

Ton Miles Surge Above Year-Ago

Ton-miles generated by carloadings in the week ended June 8, 1963, are estimated at approximately 12.9 billion, an increase of 9.2% over the corresponding week of 1962 and 11.5% over 1961.

There were 13,942 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended June 1, 1963 (which were included in that week's over-all total). This was an increase of 1,509 cars or 12.1% above the corresponding week of 1962 and 4,245 cars or 43.8% above the 1961 week.

Cumulative piggyback loadings for the first 22 weeks of 1963 totaled 325,928 cars for an increase of 39,771 cars or 13.9% above the corresponding period of 1962, and 88,573 cars or 37.3% 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.

Truck Tonnage Stays Slightly Below Year-Ago Week's

Intercity truck tonnage in the week ended June 8 was 1.0% below the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 13.1% ahead of the volume for the previous week of this year. The week-to-week increase is largely attributable to the Memorial Day holiday which occurred during the preceding week.

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.

Lumber Production Falls 1.5% Below 1962 Week

Lumber production in the United States in the week ended June 8 totaled 231,466,000 board feet compared to 231,435,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output fell 1.5%; new orders rose 6.8% and shipments fell by 4.8%.

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

	June 8 1963	June 1 1963	June 9 1962
Shipments ----	231,166	215,716	243,017
Production ----	231,466	231,435	235,042
New orders ----	241,355	219,638	239,712

Electric Output Surges 11.6% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 15, was estimated at 17,839,000,000 kwh., according to the Edison Electric Institute. Output was 471,000,000 kwh. greater than the previous week's total of 17,368,000 kwh., and 1,848,000,000 kwh., above the total output of the comparable 1962 week, or an increase over the year ago week of 11.6%.

Business Failures Hold Steady In Latest Week

Little change occurred in commercial and industrial failures in the week ended June 13 as they held at 304 as against 303 in the prior week, reported Dun & Bradstreet, Inc. However, considerably fewer businesses failed than in the comparable weeks of 1962 and 1961 when casualties stood at 354 and 351 respectively. Despite the decline from these recent year-earlier levels, failures continued to exceed the pre-war toll of 249 in 1939.

Liabilities of $100,000 or more were involved in 44 of the week's casualties, up from 36 last week and even with the number a year ago. On the other hand, smaller casualties with losses under $100,000 slipped to 260 from 267 in the preceding week and fell below the 310 of this size last year.

Wholesale Commodity Price Index Continues Down in Latest Week

Following an uneven but generally downward course during the past week, the wholesale commodity price level this Monday stood at 270.20, its lowest dip since May 6, reported Dun & Bradstreet, Inc. The continued drop in the price of wheat at wholesale markets along with dipping quotations for steel scrap and tin accounted principally for the downward movement. For the second consecutive week, the index fell below month-ago levels, this time by a susbstantial margin, and for the first week since mid-May failed to stay above corresponding 1962 levels.

On Monday, June 17, the Daily Wholesale Commodity Price Index eased to 270.20 from 270.99 last week. While dropping sharply from 273.13 registered on the similar day of May, it was only fractionally lower than at the comparable time last year when it stood at 271.05.

Wholesale Food Price Index Fractionally Higher in Latest Week

After a small slide last week, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., took a fractional upturn, 0.3%, to $5.88 on June 18, coming close to the four-month high of $5.89 set on June 4. As well, it held an 0.2% edge over last year's level of $5.87 in the corresponding week. This marked the fifth consecutive time that the index has topped the comparable 1962 pace.

Momentum Picks Up in Consumer Buying

With hot weather hitting the Mid West and South, retail purchases steamed ahead in the week ended Wednesday, June 12, and widened the margin in current volume over its comparable 1962 level. Interest in men's clothing finally warmed up, helped not only by the summerlike temperatures but also by the approach of Father's Day. Further gains were registered in women's and children's sportswear. At last, air conditioners began to move with zip helping appliance sales, while summer furniture remained in strong demand. The start of the vacation season gave an additional boost to the ever-blooming new car purchases and to resort and restaurant business.

The total dollar volume of retail trade in the week ended in the statement week ranged from 4% to 8% higher than a year ago, according to estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: West South Central —2 to +2; Pacific +1 to +5; Middle Atlantic and East South Central +2 to +6; New England +3 to +7; West North Central +4 to +8; East North Central +8 to +12; Mountain +9 to +13; South Atlantic +10 to +14.

Nationwide Department Stores Sales Leap 10% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 10% (adjusted) for the June 8-ending week compared with the like period in 1962. This impressive gain marked the third weekly rise in a row.

In the four-week period ended June 8, 1963, sales gained 3% 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 8, gained 11% over the comparable year-ago week's figure.

New York City's department store sales were up 2%, however, for the four week-period ending June 8. A *flash figure* for New York City's sales for the June 15-ending week revealed a plus 11% increase notwithstanding the sales tax increase from 3% to 4% effective June 1. The four-week N. Y. C. flash figure was 3% over a year ago.

So far this year (Jan. 1 to June 8), 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, turned in a much poorer year-to-year performance than department stores did for the latest statement week ending June 8. Total retail sales were up 4% from the comparable week last year which was 7 percentage points less than that for department stores. The year-to-year contrast for the four-week period ending June 8 showed a gain of 4% — or one percentage point more than department store sales for the same period.

Federman, Stonehill Now Corporation

The partnership of Federman, Stonehill & Co. has been dissolved, and Federman, Stonehill & Co. Incorporated, a New York Stock Exchange member corporation, with offices at 50 Broadway, New York City, has been formed. Officers are Hyman L. Federman, President; Walter C. Crawford, Vice-President and Treasurer; and Samuel W. Meisel, Vice-President and Secretary.

Forms Harvia Secs.

Harold Friedman is conducting a securities business from offices at 54 Wall Street, New York City, under the firm name of Harvia Securities Co. Mr. Friedman was formerly a partner in Sutro Bros. & Co.

Now Euler & Co.

PHILADELPHIA, Pa.—Charles J. Euler, Senior Partner, has announced the dissolution of the firm of Euler & Hart, 121 South Broad Street, and the formation of Euler & Co., the successor company.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—There is an air of uneasiness in the great Southeastern part of our country today. Evidence is mounting each week.

It clearly stems from the racial situation. Unfortunately, there is no easy solution to the colossal problem. Capitol Hill and the White House are being deluged with mail.

A spot check in eight Southern States on a 4,000-mile trip showed there is apprehension among the local and state leaders and businessmen everywhere. Unfortunately, there appears to be a growing breach in relations between the white man and the colored man.

The colored man is both gaining and losing the struggle, depending on the community. In some communities where colorlines are being hauled down by court orders, the Negro is losing out in employment. He is being replaced by the white man.

At the same time, it must be borne in mind that the Negro is better off today than at anytime in history. His income is greater, and his housing and food are better than ever, and the schools are better, and they are registering to vote by the thousands.

Political Implications

The political stock of the New Frontier is obviously at low tide over most of the South. At this time it is obvious that President Kennedy and Vice-President Johnson have a lot of fence mending to do.

Of course they do not have to have the South to win the presidential election next year, but it would help a great deal.

It is too early to try to predict, in view of the existing sentiment, what the Old South will do in 1964's big election. Yet it is apparent that the small states of Alabama and Mississippi — from an electoral vote standpoint—will not be in the New Frontier column.

At the same time, judging by crossroads expressions, Virginia, the mother of the states where the South begins, appears to be in the doubtful category along with Tennessee, Florida, North Carolina, South Carolina and one or two others. Georgia has the distinction, dubious though it may be, of having always voted in the Democratic column and 1964 probably will be no exception.

Rockefeller on Downgrade?

Governor Nelson Rockefeller of New York, incidentally, has lost substantial ground since his remarriage. Although he never had any great support among the Republicans and Southern Independents, nevertheless he has some following among the Southern Republicans.

Today the drum beat for Senator Barry Goldwater of Arizona for the Republican Presidential nomination is growing louder and louder all over the South among the white voters.

Sentiment for Senator Goldwater, at least on the surface, has no connection with the current racial strife that has been stirred up, primarily from professional outsiders.

There appears to be a consensus of opinion among the average white man on the street in the towns of Deep South states that "the Kennedys have gone too far, too fast." The responsible Negro leaders generally disagree with this contention.

The Negro Vote

There are now hundreds of thousands of Negroes who can and will vote in the 1964 election, and it may be that their vote will partially offset the anti-Kennedy sentiment among a substantial part of the white citizenry.

The cold, hard political facts are that the New Frontier is cognizant of the tremendous power of the Negro vote in this country today. Therefore, the Administration leaders realize that they can "sacrifice" a half-dozen Southern states or more and gain in the long run by carrying some of the larger cities of the country where the Negro vote is the balance of power.

A few days ago in Jackson, Miss., where the white man and colored man have lived side by side for generations, there was apprehension among the community leaders even before the murder of an NAACP official.

"We have a truly fine, growing city here," said a Jackson banker. "We are worried about the future because of the clash between our people here. It looks like the leadership in Washington would stop and give some thought as to the course we are taking.

"It is not enough to say, as it has been said in Washington over and over again, that the barriers are not coming down fast enough.

Federal Domination Feared

"Unfortunately, more and more of our people here in Mississippi—and I am sure the people in our neighboring states of Louisiana, Arkansas, Tennessee and elsewhere share their thinking—that our local and state governments are losing ground all the time to the big Central Government in Washington. Perhaps the people are at fault. Most of our Congressmen from this section feel the same way, but they lack the power to stem the tide."

Perhaps the expressions of the Jackson banker are concurred in by many business leaders in that section of the country. Perhaps that is why so many of them would like to see Senator Goldwater elected President of the United States.

One major complaint that could be heard from Southern leaders, including journalists, is that the Washington story overwhelms the local and state story on the same subject.

Local Story Drowned Out

The executive branch of the Federal Government has some of the ablest men to journalistically present the story of the agency or department of the United States Government. Because of the greater power and influence of the Central Government, the complaint is that the states and cities have not been able to compete—right or wrong—with their side of the story.

While there are still many dark chapters yet to be written in the integration efforts in our country, some day perhaps peace will be restored to our land. Meantime, it is almost a certainty there will be more bloodshed — white and black—before peace comes.

Civil Rights Legislative Battle Indicated

Here in Washington chances appear 50-50 that Congress will pass some additional civil rights legislation this year.

Senator Richard B. Russell of Georgia, who will help quarterback the fight against the new proposals, said the "outstanding distinction between free government and a socialistic or communist state was the right to own and control property."

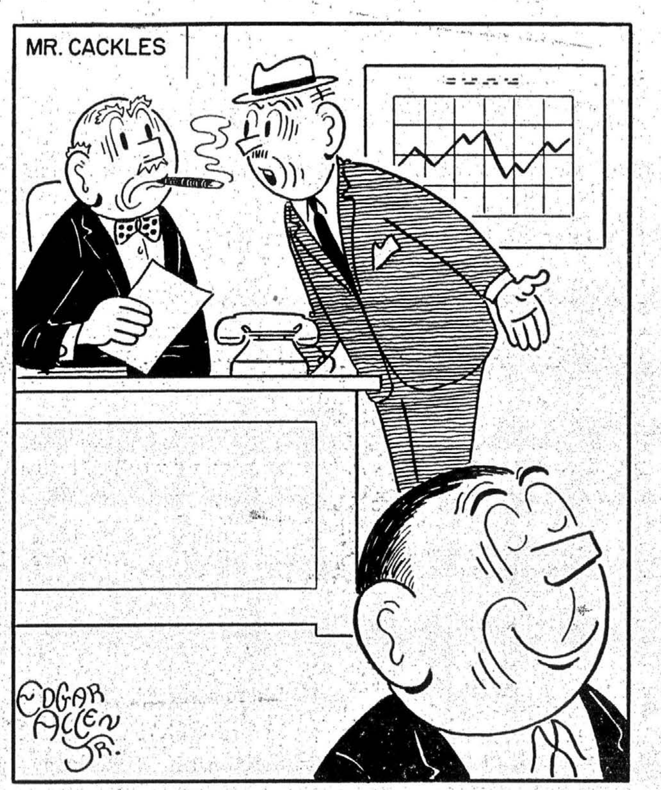
His comment was in reference to the President's proposal to make all hotels, motels, restaurants and other places open to all persons, regardless of color.

Senator John C. Stennis, of Mississippi, maintains that the plan being considered by the Kennedy Administration would "open the door for police control of employment and unlimited personal associations."

It is apparent that some bitter days lie ahead for our country. There will be some peaceful demonstrations and some rioting, probably in all parts of our country, by the extremists.

It will be up to the leaders—white and black—in their respective communities to help solve their problems, and not the politicians.

[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 just don't feel comfortable having my portfolio managed by a man who picks the Mets to win the pennant!"

COMING EVENTS

IN INVESTMENT FIELD

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.

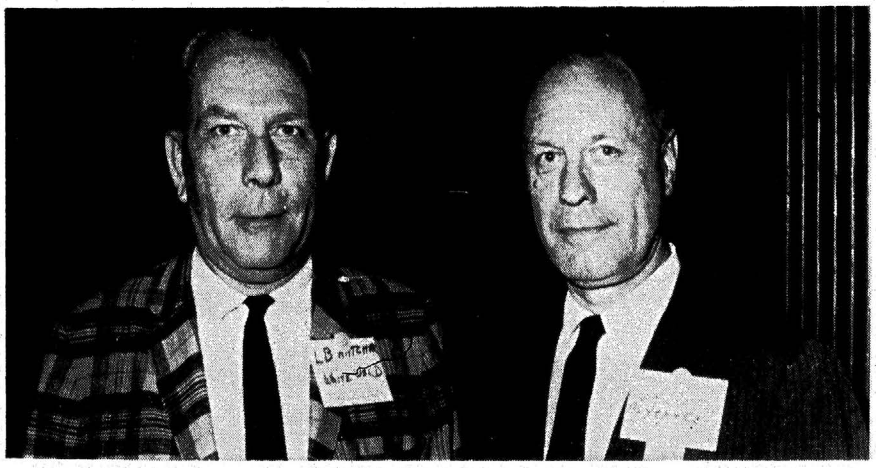
Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.)
National Association of Bank Women 41st annual convention at the Americana Hotel.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.
CHRONICLE's Special Pictorial Supplement Dec. 19.

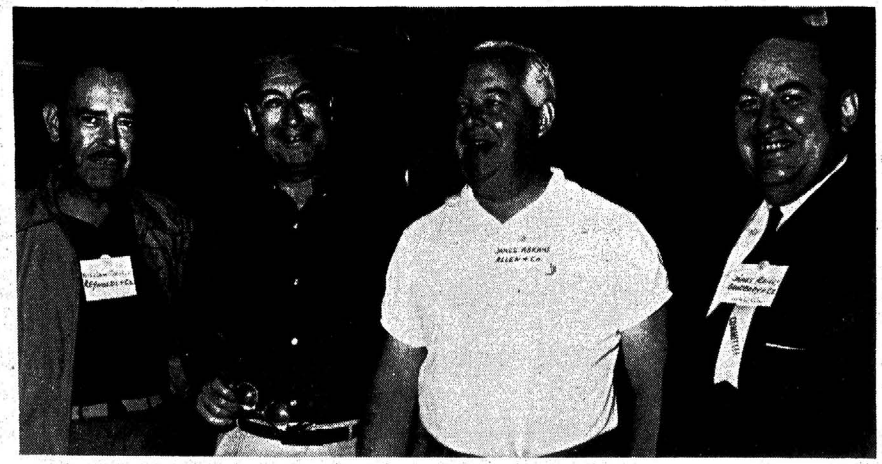
May 16-24, 1964 (N. Y. City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

May 15-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual Meeting at the Sheraton Park Hotel.

Municipal Bond Club of New York

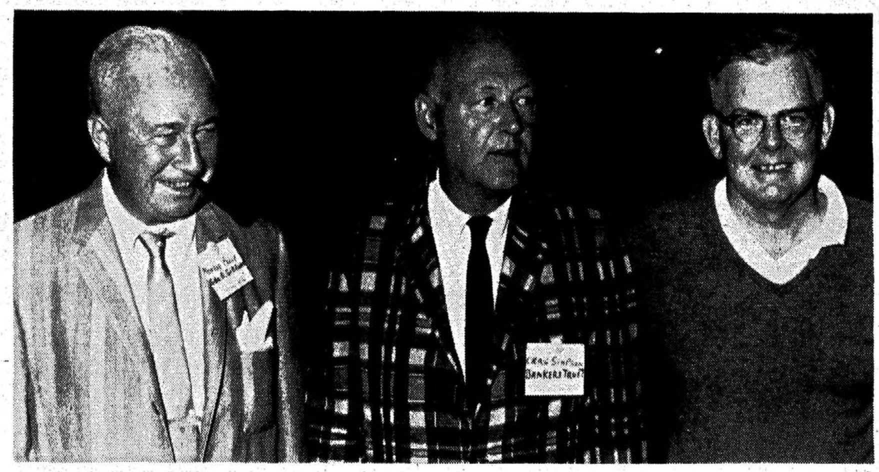


L. B. Hatcher, *White, Weld & Co.;* George Le Vind, *Blyth & Co., Inc.*



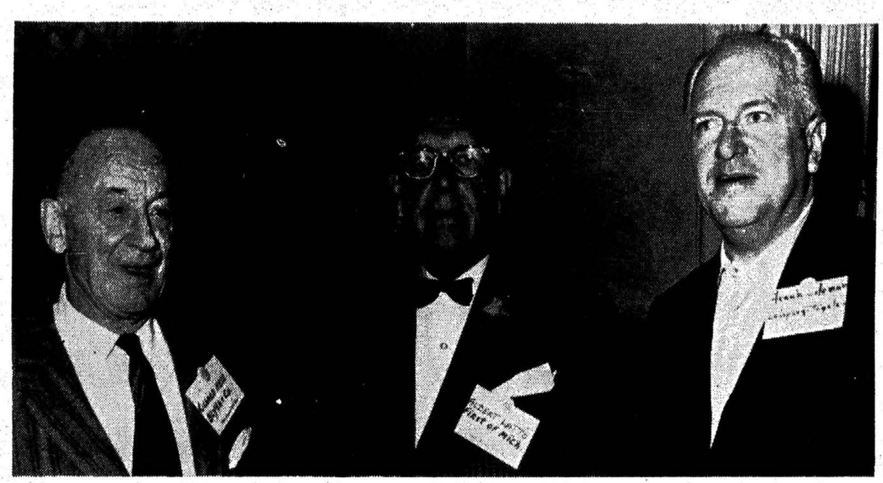
William Devlin, *Reynolds & Co.;* John Ward, *Chase Manhattan Bank;* James Abrams, *Allen & Company;* James Reilly, *Goodbody & Co.*

Paul Sipp, *Stern, Lauer & Co.;* Robert Wohlforth, *Hemphill, Noyes & Co.;* Hal Young, *Equitable Securities Corporation*



Monroe Poole, *Geo. B. Gibbons & Company Inc.;* Craig Simpson, *Bankers Trust Company;* Bill Morgan, *Blyth & Co., Inc.*

Bill Hibberd, *Trust Company of Georgia* (New York); Joe Vostal, *Kidder, Peabody & Co.;* John Hollan, *Barr Brothers & Co.;* Walter Niebling, *Merrill Lynch, Pierce, Fenner & Smith Incorporated*



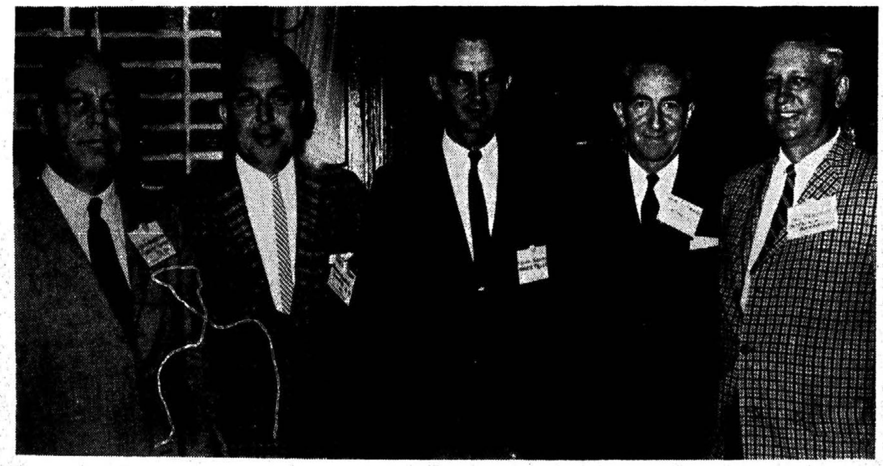
Richard Hess, *Blyth & Co., Inc.;* Albert Latto, *First of Michigan Corporation;* Frank Coleman, *Dempsey-Tegeler & Co., Inc.*

George Hall, *Wm. E. Pollock & Co., Inc.;* Joseph Wise, *Mercantile National Bank* (Dallas); Theodore Swick, *White, Weld & Co.;* Charles V. Smith, *Clark, Dodge & Co., Inc.*

John Kenny, *J. J. Kenny Co.;* Edward Kelly, *Dean Witter & Co.;* Harold Young, *Equitable Securities Corporation* (New York)

Thirtieth Annual Field Day

Chester Viale, *L. F. Rothschild & Co.;* Charles V. Smith, *Clark, Dodge & Co., Inc.;* Gordon Jamieson, *Blyth & Co. Inc.;* William Durkin, *First National Bank of Chicago* (New York); William Simon, *Weeden & Co.*



John Schermerhorn, *Fidelity Union Trust Company* (Newark); Jim Musson, *Newburger, Loeb & Co.;* William Forsyth, *Harris Trust & Savings Bank* (New York); Joe Scherer, *Wertheim & Co.;* John Bradbury, *Dolphin & Bradbury* (Philadelphia)

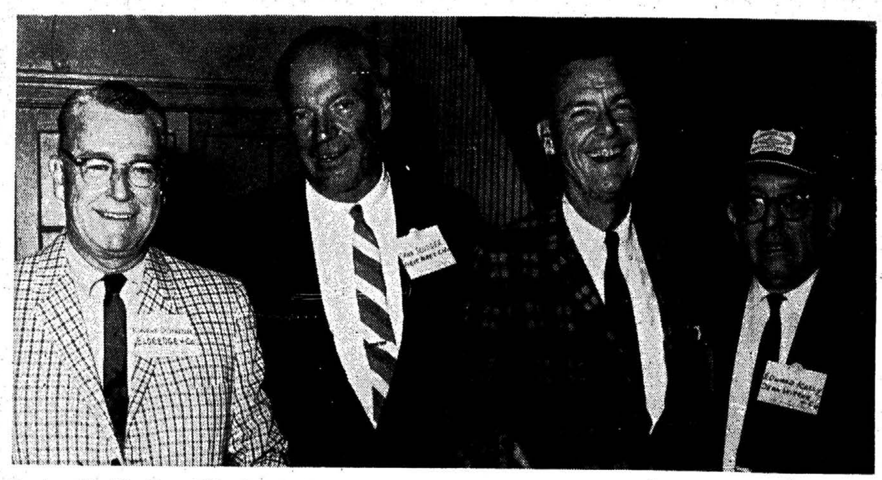
Frank Brophy, *R. S. Dickson & Co., Inc.;* William Devlin, *Reynolds & Co.;* Merrill Freeman, *Salomon Brothers & Hutzler;* Martin McAndrew, *High Meadow;* George Barnett, *First National City Bank*

Myles Walsh, *Blyth & Co., Inc.;* George Waldmann, *Mercantile Trust Company of St. Louis* (New York); John Hoff, *Kidder, Peabody & Co.;* Frank Lynch, *Blair & Co. Incorporated*

John de Milhau, *Chase Manhattan Bank;* Lawrence Illoway, *Penington, Colket & Co.* (Philadelphia); John Ward, *Chase Manhattan Bank*

John Senholzi, *Chase Manhattan Bank;* Jerome Tripp, *Tripp & Co., Inc.;* Charles Lipscomb, *W. H. Morton & Co., Inc.*

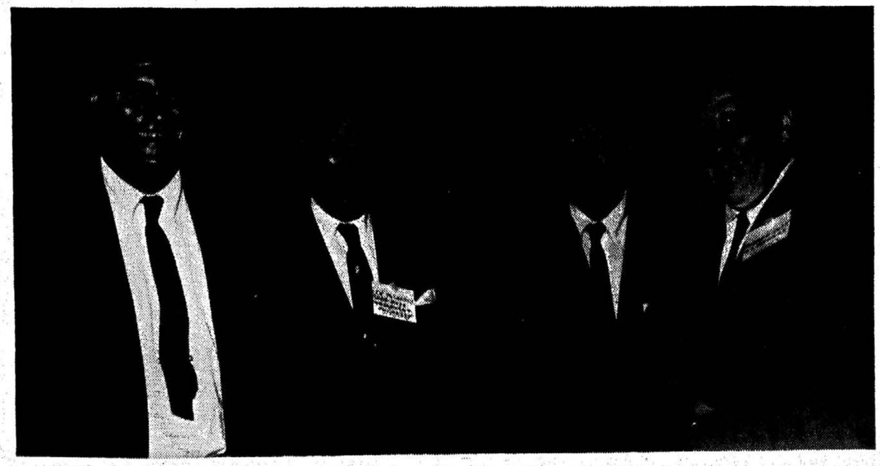
Kenneth Ebbitt, *Shelby Cullom Davis & Co.;* Russell McInnes, *Wood, King, Dawson & Logan;* John Cooper, *Shields & Company*



Eugene De Staebler, *Eldredge & Co., Inc.;* Dana Scudder, *First National City Bank;* John Kenny, *J. J. Kenny Co.;* Edward Kelly, *Dean Witter & Co.*

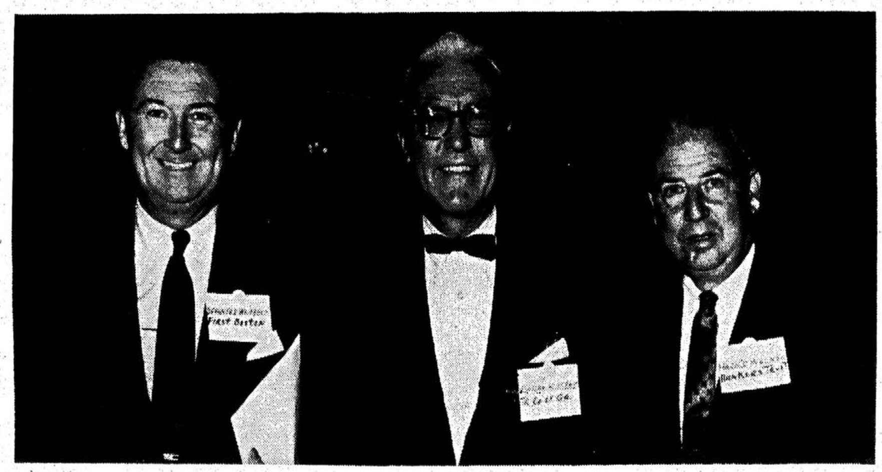
Westchester Country Club

William Kondratuk, *Reynolds & Co.;* Edmund O'Leary, *Eastman Dillon, Union Securities & Co.;* William M. Baer, *Charles King & Co.;* Edwin Michel, *Blyth & Co., Inc.*



Archibald Galloway, *Sykes, Galloway & Dikeman;* Leo McCarthy, *Reed, Hoyt, Washburn & McCarthy;* Frederick Carr, *Herbert J. Sims & Co., Inc.;* Andrew Dott, *Malon S. Andrus, Inc.*

Bill Melvin, *Wertheim & Co.;* Gerald Brewster, *F. S. Moseley & Co.;* G. Philip Whitman, *Hartford National Bank & Trust Company* (Hartford, Conn.); Prentice Talmage, *Blyth & Co., Inc.*



Brainerd Whitbeck, *First Boston Corporation;* William Hibberd, *Trust Company of Georgia* (New York); Harold Walker, *Bankers Trust Company*

Reginald Ott, *Weeden & Co.;* Lex Jolley, *The Robinson-Humphrey Company* (Atlanta); Edwin Stephenson, *Paribas Corporation*

Abraham Zucker, *Tuller & Zucker;* Arthur Robinson, *Industrial National Bank* (Providence, R. I.); De Witt Hornor, *First National City Bank*

George Green, *Liberty National Bank & Trust Company* (Oklahoma City); Harry Peiser, *Ira Haupt & Co.;* Kenneth Britt, *Zahner & Company* (Kansas City, Mo.); Norton Rogers, *Adams & Hinckley* (Newark, N. J.)

Henry Kieper, *New York Hanseatic Corporation;* James Robertson, *Shearson, Hammill & Co.;* John Bondank, *Stern Brothers & Co.* (Kansas City, Mo.); Joseph Luby, *Paine, Webber, Jackson & Curtis*

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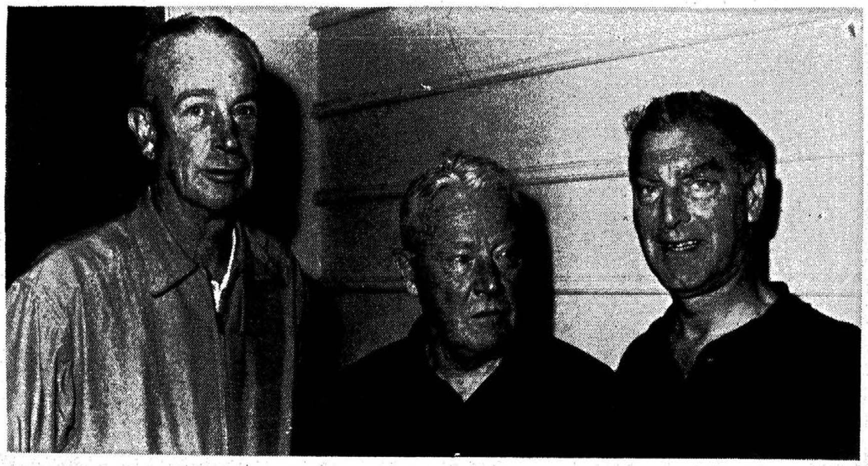
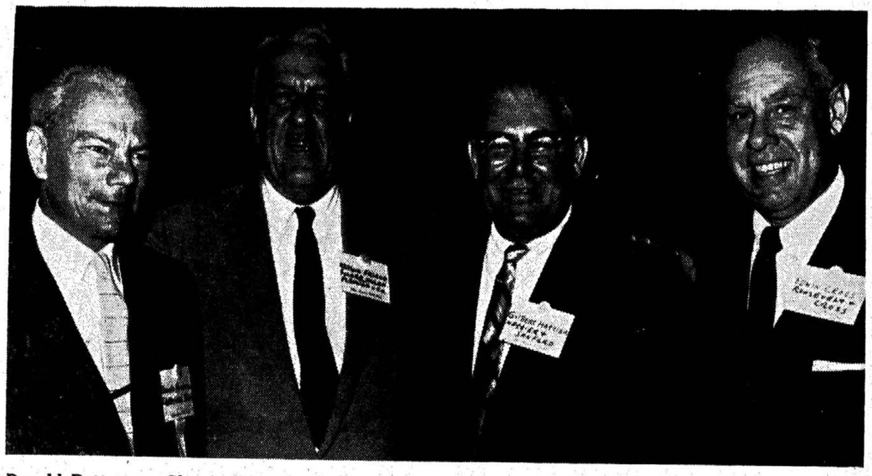
June 7, 1963



Gene McMahon, *J. Barth & Co.;* C. M. Osborne, *C. M. Osborne & Co.;* Gene Marx, *Bear, Stearns & Co.*

Edmund Byrne, *Phelps, Fenn & Co.;* Howard Taylor, *Taylor & Company* (Beverly Hills, Calif.)



Donald Patterson, *Chemical Bank New York Trust Company;* Arthur Friend, *Folger, Nolan, Fleming & Co., Inc.* (Washington, D. C.); Gilbert Hattier, *Hattier & Sanford* (New Orleans); Edwin Cross, *Roosevelt & Cross, Inc.*

Jerome Burke, *Dean Witter & Co.;* Theodore Griffinger, *Bank of America, N.T. & S.A.* (San Francisco); William Durkin, *First National Bank of Chicago* (New York); Philip Hiss, *First National Bank of Chicago* (New York)

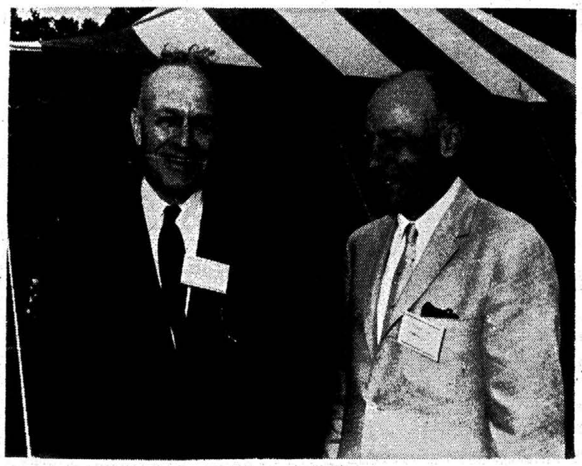
Carlton Chambers, *F. Brittain Kennedy & Co.* (Boston); "Bud" Eaton, *Paine, Webber, Jackson & Curtis;* Christopher Sweeney, *John Nuveen & Co.*

George Fox, *Dreyfus & Co.;* Robert Hamilton, *Laidlaw & Co.;* William Torgersen, *Charles E. Weigold & Co., Inc.;* Donald Breen, *Glore, Forgan & Co.*

Robert Swinarton, *Dean Witter & Co.;* Alfred Bianchetti, *J. A. Hogle & Co.;* Leonard Allen, *Chemical Bank New York Trust Company;* Charles Van Pelt, *Harry Downs & Co.*

James Couffer, *United California Bank* (New York); Bob Tighe, *Adams, McEntee & Co., Inc.*

Bond Club of New York



Oliver J. Troster, *Troster, Singer & Co.;* G. Norman Scott, *Estabrook & Co.*

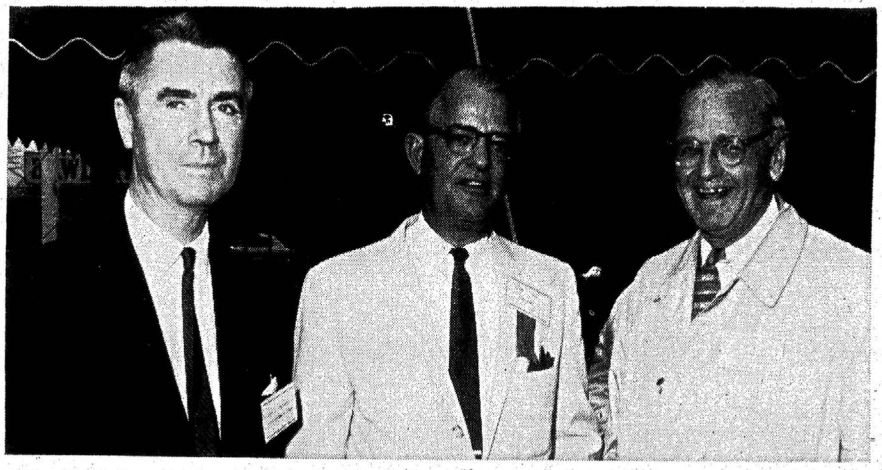
H. Lawrence Bogert, Jr., *Eastman Dillon, Union Securities & Co.;* Hudson B. Lemkau, *Morgan Stanley & Co.*

Joseph H. King, *Eastman Dillon, Union Securities & Co.;* Percy M. Stewart, *Kuhn, Loeb & Co.*

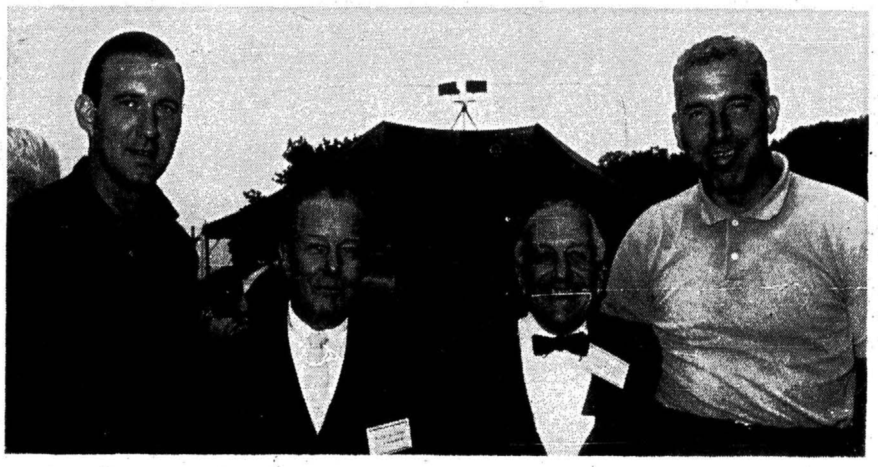
Blancke Noyes, *Hemphill, Noyes & Co.;* Carl Stolle, *G. A. Saxton & Co., Inc.;* Raymond D. Stitzer, *White, Weld & Co.;* Arthur F. Searing, *C. V. Starr & Co., Inc.*

David H. Callaway, Jr., *First of Michigan Corporation;* Laurence C. Keating, *Goodbody & Co.;* Samuel H. Rosenberg, *Asiel & Co.*

Braman B. Adams, *Adams & Peck;* Rogers Bayles, *Home Insurance Company;* Robert Krumm, *W. H. Morton & Co., Incorporated;* Alfred H. Hauser, *Chemical Bank New York Trust Company*



George E. Barnett, Jr., *First National City Bank;* Allen J. Nix, *Riter & Co.;* G. H. Walker, Jr., *G. H. Walker & Co.*



Andrew M. Blum, *Gregory & Sons;* Walter W. Cooper, *F. S. Smithers & Co.;* Allan C. Eustis, Jr., *Spencer Trask & Co.;* Robert Gardiner, *Reynolds & Co.*

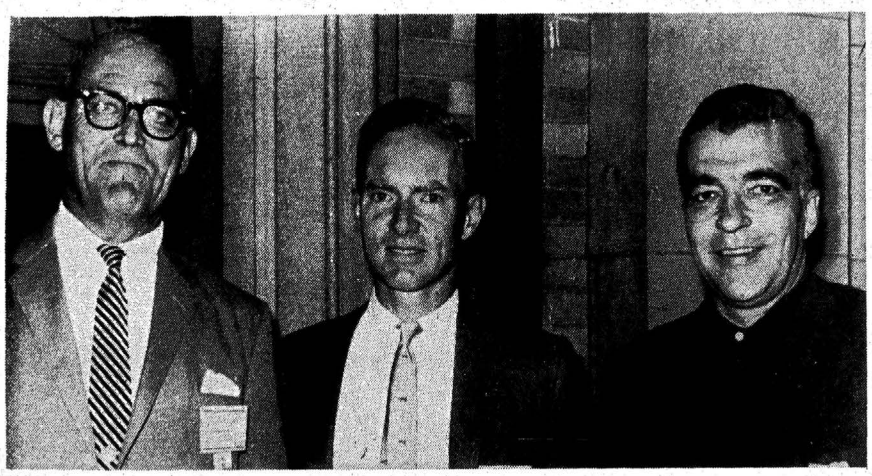
Belmont Towbin, *C. E. Unterberg, Towbin Co.;* Donald A. Stoddard, *Morgan Guaranty Trust Co.;* John B. Roll, *J. B. Roll & Co., Inc.;* Philip McManus, *New York Hanseatic Corporation*

39th Annual Field Day

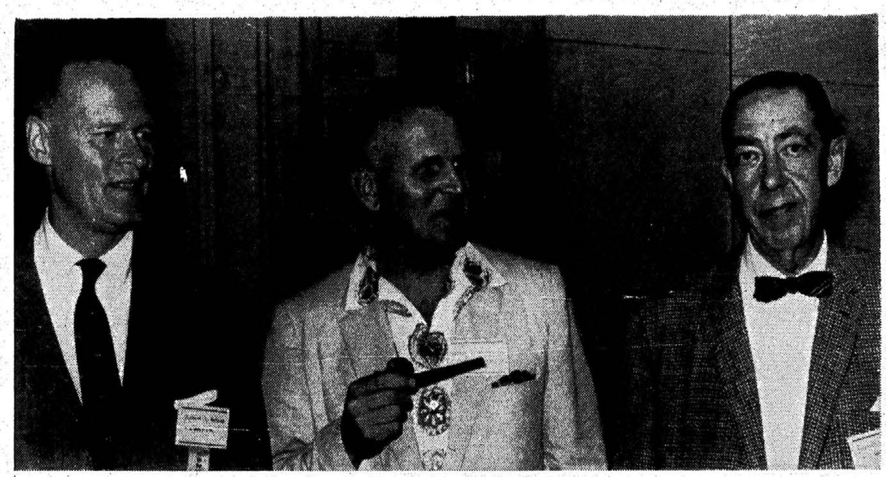
Allan B. Bogardus, *Watling, Lerchen & Co.;* William D. Witter, *Dean Witter & Co.;* J. Raymond Smith, *Weedon & Co.*

William H. Long, *Doremus & Co.;* Howard J. Murfin, *Doremus & Co.*

Fred Carleton, *Blyth & Co., Inc.;* Harold S. McGay, Jr., *Granbery, Marache & Co., Incorporated*



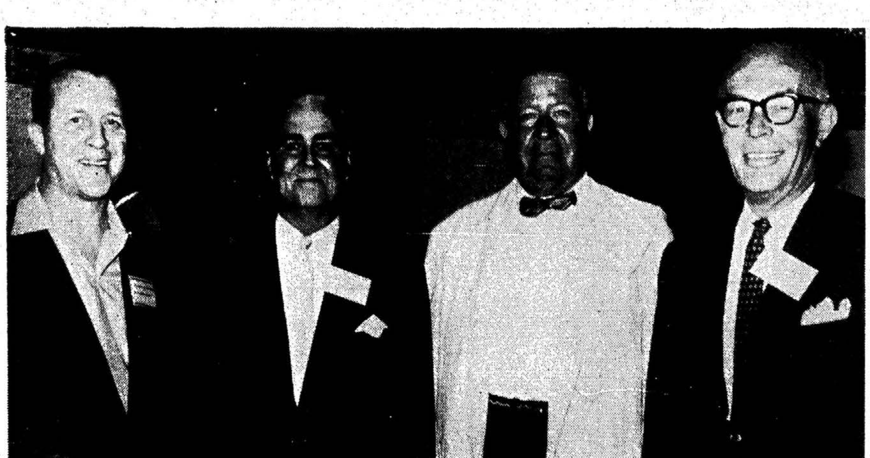
Orin Tuck Leach, *Estabrook & Co.;* Norman W. Stewart, *F. S. Smithers & Co.;* William N. Bannard III, *American Securities Corporation*



Richard B. Watson, *F. S. Moseley & Co.;* Arthur Allen, Jr., *F. S. Smithers & Co.;* Kenneth A. Kerr, *E. F. Hutton & Company, Inc.*

Ernest W. Borkland, Jr., *Tucker, Anthony & R. L. Day;* J. Raymond Smith, *Weeden & Co.;* Lewis M. Weston, *Goldman, Sachs & Co.*

E. F. Dunstan, *Paribas Corp.;* Raymond D. Stitzer, *White, Weld & Co.;* Charles Bishop, *Manufacturers Hanover Trust Company;* John L. Gaerste, *Cooley & Co.*



Clarence W. Ostema, *New York Hanseatic Corporation;* Urban D. Mooney, Jr., *Baxter & Company;* Frank Charles Roder, *W. E. Hutton & Co.;* William W. Pevear, *Irving Trust Company*

Edward Glassmeyer, *Blyth & Co., Inc.;* Shelby Cullom Davis, *Shelby Cullom Davis & Co.;* Andrew G. Curry, *A. E. Ames & Co., Incorporated*

Sleepy Hollow Country Club

Schuyler Van Vechten, *Lee Higginson Corporation;* Richard de La Chapelle, *Lee Higginson Corporation*

Claude D. Siebert, *Commercial & Financial Chronicle;* Charles R. Treuhold, *Paribas Corporation*

Edwin L. Beck, *Commercial & Financial Chronicle;* Roswell Yunker, *Francis I. du Pont & Co.*

C. Anderson McLeod, *Chemical Bank New York Trust Company;* Hubert F. Atwater, *Wood, Walker & Co.;* B. Winthrop Pizzini, *B. W. Pizzini & Co., Inc.*

W. Laud Brown, *The Lillia Babbitt Hyde Foundation;* William M. Rex, *Clark, Dodge & Co., Inc.;* Arthur D. Lane; Rudolph J. Chval, *Merrill Lynch, Pierce, Fenner & Smith Incorporated*

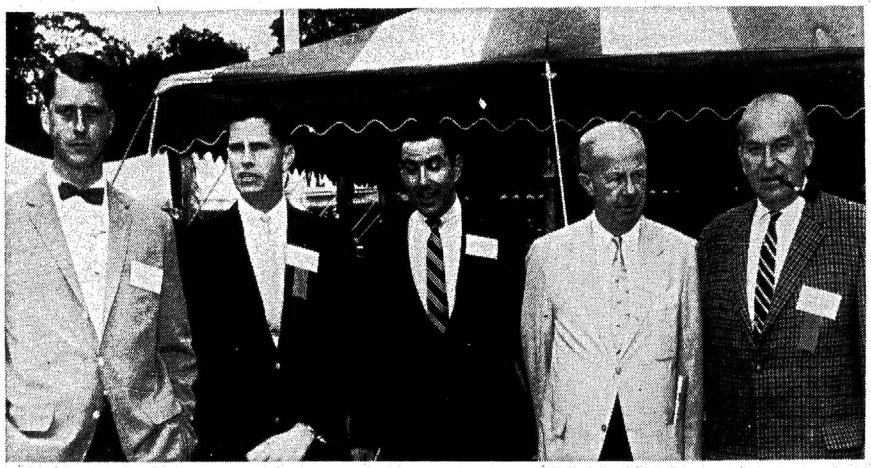
Earl K. Bassett, *W. E. Hutton & Co.;* William Chappell, *First Boston Corporation;* James F. Keresey, *Donaldson, Lufkin & Jenrette, Inc.;* Robert J. Lewis, *Estabrook & Co.*

Maitland T. Ijams, *W. C. Langley & Co.;* Edward B. de Selding, *Spencer Trask & Co.;* Robert W. Swinarton, *Dean Witter & Co.*

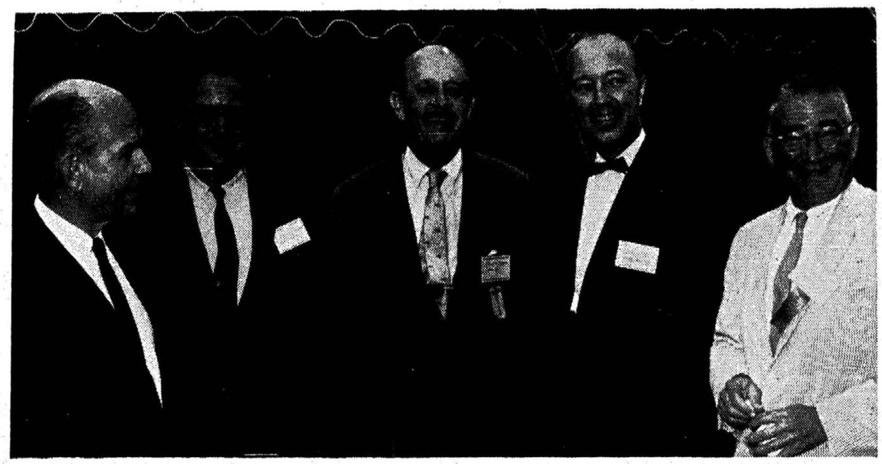
Charles W. Buck, *U. S. Trust Company of New York;* John M. Young, *Morgan Stanley & Co.;* James A. Edgar, Sr., *Baker, Weeks & Co.*

Avery Rockefeller, Jr., *Dominick & Dominick;* Vincent C. Banker, *R. W. Pressprich & Co.;* Norman W. Stewart, *F. S. Smithers & Co.;* Peter Van Ness, *W. E. Hutton & Co.*

June 7, 1963



Frederick S. Wonham, *G. H. Walker & Co.;* Louis Auer, *Shields & Company;* Peter B. Stachelberg, *Hallgarten & Co.;* Edgar J. Loftus, *American Securities Corporation* (Philadelphia); Egerton B. Vinson, *De Haven & Townsend, Crouter & Bodine*



Fremont W. Robson, *McLeod, Young, Weir Incorporated;* H. Theodore Freeland, *American Securities Corporation;* Joseph C. Nugent, *Mabon & Co.;* Charles M. Eckert, *Morgan Guaranty Trust Company;* John Wasserman, *Asiel & Co.*

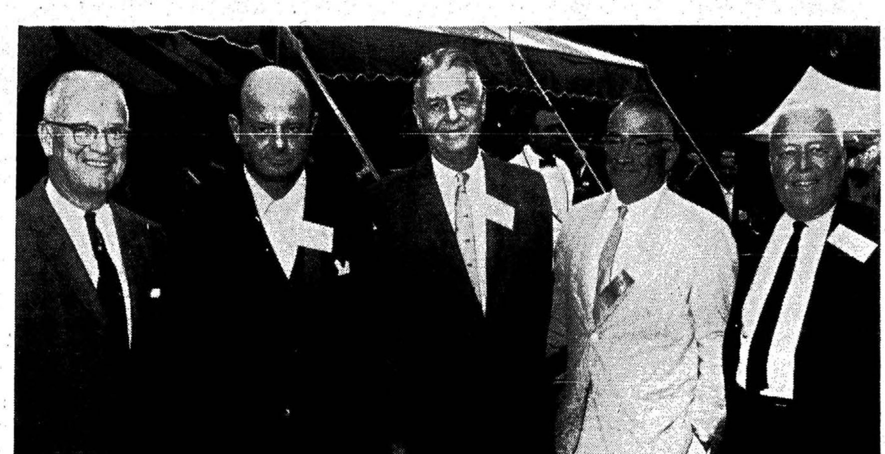
Robert A. W. Brauns, *McDonnell & Co. Incorporated;* Norman L. Macy, *First Boston Corporation;* Richard C. Vivian, *Dean Witter & Co.*

Wallace C. Latour, *Francis I. du Pont & Co.;* J. D. Croll, *Asiel & Co.;* Harold H. Sherburne, *Bacon, Whipple & Co.;* Gilbert H. Wehmann, *White, Weld & Co.*

John H. Gutfreund, *Salomon Bros. & Hutzler;* Thomas J. Cahill, *Chase Manhattan Bank;* Thomas W. Boynton, *Ladenburg, Thalmann & Co.*

Frank L. Lucke, *Laidlaw & Co.;* John D. Baker, Jr., *Reynolds & Co.;* J. Dabney Penick, *Reynolds & Co.;* Lee W. Carroll, *Lee W. Carroll & Co.* (Newark, N. J.)

William T. McIntire, III, *R. S. Dickson & Co., Inc.;* Allan B. Bogardus, *Watling, Lerchen & Co.;* Lou Wade, *Dominion Securities Corporation;* Robert McC. Jordan, *Bankers Trust Company;* Rudolf Smutny, *R. W. Pressprich & Co.*



John S. French, *A. C. Allyn & Co.;* Laurence C. Keating, *Goodbody & Co.;* Calvin M. Cross, *Hallgarten & Co.;* John Wasserman, *Asiel & Co.;* John W. Carleton, *Eastman Dillon, Union Securities & Co.* (Boston)