As We See It

The President's "omnibus" civil rights bill has at length been drafted and made public. It clearly undertakes to do everything for the negro (and some things for others, too). So far as one may judge from the daily press, general interest now centers much less upon what the effect of such a measure would have upon the situation of which the President complains than upon what the fate of the measure may be when Congress reaches the point of giving its serious and official attention, and, still more perhaps, upon what the political effects of the measure and of this or that attitude by members of Congress are most likely to be. All this is natural enough, we had almost said inevitable in a democracy of the sort now obtaining in this country. The Democratic party, the Republican party (and individual members of both parties) and the President himself are said to have major stakes in this situation. These matters are, of course, somewhat beyond our ken, and we gladly leave them to others better qualified to discuss them.

Certain other and far more basic questions are, however, involved in all this. It is rather remarkable that so few have taken the time or the trouble to appraise the probable success of the President's obviously somewhat politically hazardous venture into realms where no politician has heretofore quite dared to enter. This latter side of the matter ought theoretically at least to be uppermost in the minds of those who have the real good of the negro and of the country fully at heart—however tempting or diverting political speculation may be in present circumstances. There can be no serious dispute about the President's account of the wide disparity between the presumptuous guarantees of equal treatment provided in our constitution; and

(Continued on page 15)
The Security I Like Best...

A continuous forum in which, each week, a different group of experts in securities 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

Columbia Pictures Corp.—Arthur D. Dalfen, Research Director, Filo, Ballard & Smyth, New York City. (Page 2)

Grosset & Dunlap, Inc.—Wilbur H. Holly, Vice-President, Sage, Rudy & Co., Inc., Rochester, N. Y. (Page 2)

**Florida Stocks**

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CHICAGO

SAN FRANCISCO
The investment industry as a whole, and not just the IBA alone, strongly and wholeheartedly supports passage of SEC-proposed legislation (S-1642) extending to larger broker-dealer market unlisted securities the same requirements now by listed issues. Mr. Ames explains why a "true consensus" of support was obtained in the large industry of separate and independent members; points out that for some time the IBA has sought to correct the excesses and mistakes documented by the SEC Special Study and which the proposed SEC-law is designed to eliminate; and summarizes the IBA's position on each section of the Bill. In connection with the Fair-Fulbright amendments, Mr. Ames suggests requiring companies having 300, instead of 150, or more stockholders, to report certain specified information to their stockholders. He, also, comments on the need to raise the professional standards of part of the industry to that of the major part and, further, the advisability of extending the period for the use of "first issues" and shortening the prospectus delivery period for an issue.

First, I would like to thank you for the opportunity to appear before you to present the position of the Investment Bankers Association of America on Senate Bill 1642. I would also like to preface what I have to say by telling you how impressed the securities industry is with the thorough and thoughtful way this matter has been handled.

Many pressures and differences of opinion inevitably develop when a critical report is issued and when new legislation is proposed. I can report to you that at each point, whether it be the staff of the Securities and Exchange Commission or the Commissioners themselves, or the staff of your Committee, the many problems which have come up have been handled in a most helpful and effective way. We appreciate this.

I am here to support Senate Bill 1642. In doing so, I will express to you a strong support, not just passive acceptance of this Bill. I am, in effect, asking for a broad cross-section of the industry and not just as an official of my Trade Association. I would like to explain why this is so and in doing so explain a little the function of the IBA and its member firms.

As I think you may know, the Investment Bankers Association is an association of member firms that have offices in all states of the country and in all important cities within those states. At the present time, about 650 security firms are members of our Association, including substantially all of the finest and most active security firms in the industry. Those firms have more than 2,000 offices, located in nearly 600 cities across the country and employ about 80,000 people. As the name "investment banking" indicates, our focus is on the raising of money for American industry and for the states, cities and public agencies.

Raising Capital Means Creating Wealth

I think it would be helpful if I tried, briefly, to put into perspective the function of the investment banking industry. Last year, excluding the work done for the Federal Government, the member firms of the Investment Bankers Association raised $15,300,000,000, substantially all new capital for industry, states, cities and government agencies. In doing so we processed 7,600 separate issues. About half, or $7,400,000,000 of this money was raised for communities, municipalities and public agencies; $7,900,000,000 was raised for that important part of the economy, the new enterprises which in almost every case this money found its way into payrolls—people were given jobs working on the thousands of projects started with this money. Economic studies have developed the fact that for each $10,000 of money raised, 43,000 new jobs for a new firm, a new job for a year is created. Thus, it can be estimated that 1,500,000 people are working this year on enterprises which were started last year with the funds raised by the investment banking industry in the form of new issues. I might add that since the war we have raised on a comparable basis $215,000,000,000—a lot of money furnishing much new employment across the country.

I am sure that you, with your great interest in the cities and states which you represent, know how important it is to the solution of the unemployment problem to have a new enterprise started in one of your cities, or to have a new polluting works, such as a great highway, or even a new school building. President Kennedy, Continued on page 20

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Thursday, June 27, 1963

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The COMMERCIAL and FINANCIAL CHRONICLE
Published Twice Weekly by R. C. & W. Co., PUBLISHER
20 PARK PLACE, NEW YORK 7, N. Y.

GEORGE J. MORRISSEY, Publisher

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Published every Monday and Thursday.

SUBSCRIPTION RATES

MONDAY AND THURSDAY EDITIONS (104 issues per year)

In United States, $12.00; in foreign countries, $20.00; in Pan American Union $10.00 per year; in Dominion of Canada $10.00 per year; all others $20.00 per year.

JUNE 27, 1963

UNITED NUCLEAR
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St. Louis Washington

New York Trap Rock Corp.
WHAT'S WRONG IN STILL ANOTHER FIELD

Interesting is a new book by a veteran estate planner, who is now a mutual fund executive, a gristy and otherwise scintillating depiction of “abuses” in the life insurance business.


The author's main thesis, that the insured one is over-paying for protection and that investment value is nonexistent, are interspersed with commentaries like the following:

"In 1960 almost every man, woman and child in America terminals a life insurance policy at a loss."

The huge cost of "cash value" insurance is robbing us of needed protection and will leave most of us bereft of security at 65,000 years of age. And on Mutuality: "The mutual life insurance company is the perfect example of reality. Among the policyholders the richest man is worth a half a millionaires and the humblest workman a half a millioner. All have the same voice in the running of the company—none."

Dacey does not rest on general charges but specifies his criticisms. For example, he claims that premiums are based on mortality tables that are grossly out of date, with most existing policies calling for premiums based on tables from the death rate before the Civil War.

The industry decisively denies this, a spokesman stating to us that each company takes into account its own actual experience to date, as it does with interest credits and expenses.

The author quite correctly points out the inadequacy of investment values in insurance policy, but, and this includes companies, mutuals and other investment vehicles, he overlooks the vital factor of protection which is afforded the policyholder from the insurance company.

The most significant part of the volume, as we see it, is the author's unrelenting comparisons of the insurance industry's actions with their counterparts in mutual fund practice.

Policy Analyses

For example, he claims that a "junket" 22½% of the premium income is being put off in expenses (commissions and general expense) not counting the salesmen's commissions and other components of the initial "load" of 9% or so.

He further points out the great investment cost generated in the case of policy surrender. Amending that the average policy's life is only seven years, he shows that there is usually no cash value at all after the first year, and very little after two years. This is largely ascribable to the first year bunching of the salesmen's commission, leading Dacey to remark "it would appear that the life insurance does not exist to pay death claims so much as to pay commissions and expenses."

New York life insurance statute "strictly" restricts the salesman's first-year commissions to 55% of the first-year commission.

But this precisely also holds true in fund investment. Under the "front end" or "thumb commission" (in their Contractual Plans) the initial (buying technique) seven-year ordinary income is required to be invested in the fund plus the fees attached to his investment, also largely due to the disproportionate part of the initial load and not paid on consummation of the sale.

Thus the consternation of early policy cancellations has its counterpart in the funds—even without the Contractual Plan and with the once-and-for-all "initial load" three to four years of net income (as Amex invested) needed to "get even" through retrieval of the buying commission.

The Switch Racket

The policy-to-policy and company-to-company switch from "rabbit" is justifiably complained of by Mr. Dacey. Such salesman's pressures are being unrepresented in fund distribution. Yield to a salesman's inequalities either to show him your present policy or disclose to him your fund holding, and you're surely a goner.

A "plague on both your houses" attitude toward salesman abuse, is the assurance that will reduce the cost of product suitting his own rather than the client-prospect's best interests.

Our author doesn't seem to realize that a major thrust of treads on other fields, lies with the difficulty of control over various periodic index markets. We hope to have a future volume on that theme from Mr. Dacey.

FROM OUR MAIL-BOX

DEAR MR. MAY: I have noted with interest and approval your critical reflections on the current attempts to cap the gains policy and to subject financial liquidity and its fictional service to the nation's capital financiers.

Typical are the following excerpts from the final issue of the "New York Business Review" (Emphasis added by me):

"that the holding period for long-term gains should be as short as possible in order to keep money going into industry, to "rep up" the economy, and to provide free enterprise conditions for the people's capitalism."

"Indeed, it might be far better for the country if we could not be forced to hold property for a long-term gain than to be forced to sell it at a loss."

"At any rate, the 6 months now prevailing is enormously better than the 12 month period being scanned by Congress."

"Any proposal for a one-year-ban on long-term gains is not acceptable. The proposal would have prevented many transactions, and would have been a severe blow to the industrial development of the country.

"(a) Reduce volume in all of the securities markets, (by an estimated 10% to 15% on the New York Stock Exchange alone), thus impairing liquidity, to the detriment of each of the nation's 17 million shareholders, and thereby the value of his personal investment, thus substantially shrinking the supply of available securities for the purchase of real estate and other real estate investments, which would have an artificial impact on prices for the same."

"(b) Restrict the flow of currency capital for new and growing industries."

"(c) Reduce: government revenue from capital gains and stock transfer taxes."

In Rebuttal

I make the following random comments in opposition to this school of thought:

(1) "Secondary Capital is the capability to produce goods and service. Investment is the creation of a new capital of a primary capital in secondary trading markets.

(2) Few people have realized a return on an investment in new capital in as short a period as a six months or even a year.

(3) Few people go into business for themselves and sell something out in a little more than six months. Nor are they concerned at all with the failure of that ownership.

(4) Few people owning their own firms are not concerned about a high degree of liquidity. Yet the real estate holder, and car dealers, or even the average stockholder is more concerned than the stock market.

(5) With less liquidity of securities, the stock market would be much more concerned with basic

FROM WASHINGTON

... Ahead of the News

BY CARLISLE BARGERON

Senator Goldwater's kex phenomenon of the Republican Presidential potentials. Several weeks ago it was thought that, because of the small state he is from, he didn't have a chance in the world for the nomination. He has now become the front runner whether he likes it or not.

Polls have been taken of the men and women who express their choice of the presidential nominations. These show the parties' national and state organizations. Those who have the most votes from 30 of the 50 states also send delegates to the Republican National Convention.

Senator Goldwater's prominence in these early days of the drive for the GOP Presidential nominations has made him the man to "stump" or beat for everyone if anyone wants to stop him. And presumably some do—especially the extreme right wing of the Republican Party and the more moderate progressives who feel extremism has hurt the party.

One effect of the disclosure of Goldwater strength has been to make other potential candidates sit up and take notice and others are likely to follow suit, at least by the early March primaries. Some favorite candidates in their states, others, for example, Governor William Scranton of Pennsylvania, who was on last Monday had distanced away from anyone or himself as a possible nominee for president, said in an interview that he may yet give himself as a favorite son and lead the Senator's eventual runner to the National Convention.

It is even conceivable that the liquidity created by secondary trading market, the amount of investment funds available for the creation of capital in that market is secondary markets rather than into new ventures.

Grodnick With Selected Inv.

CHICAGO, III.—The naming of Phillip W. Grodnick as wholesale representative for Selected Investments Company, 135 South LaSalle Street, has been announced by Jireh B. Wood, president. The company was until recently a distributor of Selected Mutual Shares, Inc., oldest Chicago mutual fund. Mr. Grodnick will cover Wisconsin, Minnesota and Iowa. Prior to coming to Selected, he was associated with Francis A. duPont & Co., and previously with Craig-Hallum, Kinnard & Co., Minneapolis.

Grodnick With Selected Inv.
Profit-Making Potential
In the SBIC Industry

By Charles E. Salik, President, Electronics Capital Corporation, San Diego, Calif.

SBIC’s are at the threshold where the mutual fund industry was in 1941, about to spark a new issue market—perhaps by the latter part of this summer, and are the greatest potential for new offering opportunities. Wall Street’s basic investment expectations, Mr. Salik offers a candid insight into the unique nature of SBIC’s and the kind of special risk investor in whom they place much of their appreciation by getting in early before the public offering. Wall Street is urged to look into the SBIC’s portfolios which are said to contain one of every ten dollar of high-risk investment. Salik points out SBIC’s must be fully and competently staffed, the tough time experienced for a long period is over, and all that is needed for the public offering is the essential public offering of ten or more SBIC’s.

There is no question that the SBIC movement is here to stay. It is not going to evaporate. Concerns aren’t going to shirk it, and certainly investors are not going to leave suddenly in great droves. SBIC’s have had a tough time, mainly because they have been misunderstood. Large capital banks has been a bad name, no question about it. But as an organized system consisting of hundreds of investment companies dedicated to one area, providing a place for small businesses, this is a very clear and interesting program. It is a program in which the Wall Street business investor should look twice before he turns his head.

Experience—the Most Important Factor

I think the most important factor is experience. I guess I say that because I’ve been at it for about three and one-half years. Nevertheless, the experience that we’ve learned in this three and one-half years is money in the bank for each of our shareholders. Experience is required to really understand small business. Although I work in small business, and I have personally financed small business, I never realized the varied type of the outside investor which you want to deal with the difficulties, the most important problem are all going to be different. Big business can cover up many of these problems with big crosses and confusion of their expenses. They can be hidden under the mattress where no one can see it.

I think that the SBIC investment company can live under the governmental rules and regulations properly and be administered. I know under the original Act we had no trouble at all. There are no monetary restrictions that give us a little wire now under the Act, but nothing really serious. The program essentially has not been changed, and certainly the Congress is doing something to it, that is the whole concept of the SBIC movement—to give the public investor a chance to get in early with an opportunity for no unusual gain.

Congress thought it of importance that the risk was so great that they gave the SBIC’s a lot of protection which we have been very fortunate to have. We were willing to take the chance. Now, the SBIC is not really the balance sheet risk that you are so familiar with in listed securities, but more the profit and loss statement that comes out at the end of each quarter. This risk really concerns people and their ability to convert ideas and other people into profits. And it can be done. The whole SBIC system has been built on that basis.

An investor who personally takes great risk with limited capital is foolish. The average doctor, for example, is continually looking for growth-type investments. This is a lack of a lot of relatives who are doctors and they go into anything because they know it will pay. Well, I can’t blame them. But I know that the risk of a doctor’s professional income would not fit into the average doctor’s personal portfolio. Furthermore, an investor is worth $50,000 or 100,000 in five or ten years, and he is impatient. So what does he do? He can go into a small syndicate with four or five other doctors and buy a piece of real estate, or he can go into a small electronics company and just watch every penny. When they come to us with the bones and the figures, can you bring this corpse back to life? Or the doctor can come to us and say, “Well I think we’ve made some shareholders rich.” It looks pretty good to me now and your management may just be a little bit better able to deal with the problem. I may not get into the $50,000 but I would be delighted to get even $20,000 if you can get it.

That’s the way we’re here for, the big reward. In the SBIC program, it’s the maximum risk that it’s foremost in one’s mind and the maximum gain. We try to obtain as much equity as the risk requires. We’ve run a yardstick for a high percentage of equity if we think that our contribution of equity makes the know-how deserves that amount of equity. We’ll take control of the equity management has already demonstrated that they can perform.

So, we think that our kind of company, our kind of specialized investment in that kind of niche. Equally, the other SBIC’s that cover the broader field, also think of their own way. They must, of course, take less equity — Projection. If you are to spread themselves over many, many industries, you can’t employ the same equity. We’ll take control of equity management has already demonstrated that they can perform.

So, we think that our kind of company, our kind of specialized investment in that kind of niche. Equally, the other SBIC’s that cover the broader field, also think of their own way. They must, of course, take less equity — Projection. If you are to spread themselves over many, many industries, you can’t employ the same equity. We’ll take control of equity management has already demonstrated that they can perform.

Entry Before the Public Offering Is Made

The investor, through SBIC’s, does have a chance to invest in an early stage of a company’s development, before the public offering. And when you get down to it, that is the whole concept of the SBIC movement—to give the public investor a chance to get in early with an opportunity for no unusual gain.

Congr"
Tax-Exempt Bond Market

BY DONALD D. MACKEY

After several dull and generally unprofitable weekends, bond dealers were treated to several stimulating developments during the past few days which have generated more interest in tax-exempt bond market, particularly in the longer term, as seen in the following:

Temporary Bearishness

Normally a heavy new issue calendar when compressed within a few days presents a backdrop for the bond market to work back, especially in view of the fact that inventories have been reduced during the season. The above circumstance prevailed in the business week proceeded on Monday, May 26, the day when underwriting totaled close to $400,000 and inventories were still high. They had ever seemed to be and were for the most part stagnating on shelves, while it is seemingly market and marketed-down dollar quotations for the various toll read and other revenue issues were very much in evidences.

This extremely heavy market situation changed abruptly Tuesday, May 27, when initial new issue meetings began to conglome. Syndicate managers, led particularly by the dealer banks, appeared to have decided that the new issue market had been depressed far enough that a broader investor interest should be at hand. Highly competitive bids were received for the San Francisco's high grade obligation issues and most of them met with good investment reception for and will be later released.

From calendar proffiles with about $200,000,000 of quoted offerings a week ago, the total of scheduled and calendar issue currently presents very little more than $400,000,000.


Report of the projected kingdom of this issue was made shortly before we went to press last night. This represents an additional revenue offering, and as the proceeds of the offering will be held in trust to redeem an equal amount of outstanding Waaskap Electric Revenue bonds issued in 1939 and first redeemable on Jan. 1, 1976.

The refunding issue will include $40 million, while, due to 1978-1988 included, $50 million term, due in 1996; and $110 million term, in 1978.

As scheduled for the latter part of July is the initial sale via commitment, that about $80 million of its tax-exempt institution bond holdings by the Community Facilities Pools, a month from today, bond and immediately on Jan. 1, 1976. The refunding issue will include $40 million, while, due to 1978-1988 included, $50 million term, due in 1996; and $110 million term, in 1978.

Recent Awards

There have been several larger volume of state and municipal new issues this week as we have noted the following: the state of New York bond sale of week on floor by Thursday and Wednesday, dealers and banks are waiting for the results of the tendering of bids and their chance of being involved. Initial investor demand seemed to be the result of the Chicago, Illinois, bond sale and were issued to the extent of $100 million, with most issues off to an encouraging start. Last Thursday only one issue was

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 27 (Thursday)

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July 1 (Monday)

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July 10 (Wednesday)

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July 19 (Friday)

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Auctions:

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Why Common Stocks Belong In Public Pension Funds

By Richard T. Langen, Vice-President, Moody's Investors Service

Mr. Langen presents compelling, time-tested, reasons as to why common stocks belong in pension funds which exclude the remote prospect for a repetition of the extraordinary 10-15 year bull market of the World War II period which in 1929 and 1930, invested in Moody's 125 industrials, both under-score and clear any doubts as to the appropriateness of stocks for the long-term income needs of the public. He answers the real question: how much should be invested in common, and how stocks should be selected, acquired, supervised, etc. Though Mr. Langen's paper deals with a fund, what he says should be of general interest. He carefully explains how the transition should be made, suggests ratio objectives, examines principal standards for choosing individual common holding and on dollar averages; and recommends services of investment experts for proper portfolio supervision.

The broad subject of my paper is "Common Stocks as an Investment Medium for Public Retirement Funds." And with some elaboration I am going to point out that common stocks should be an integral part of the investment program of public retirement systems. I will go further than that. The argument is that common stocks not only are a place, but must have a place, in the investment portfolio of a well planned pension plan. Any plan which is lacking in common stocks is lacking in one of the hallmarks of a successful plan.

However, I am sure that no one charged with a duty and responsibility regarding a pension fund would accept the idea of using commons just because it is a current fashion. Nor just because stocks have been "hot" during these past 10 or 15 years. Of course, they have been successful in that time because that was the time of catching up after a long war, of industrial boom which was worldwide, of inflation, and also of a broad structural change in the habits of institutional investors which greatly increased the demand for stocks. So, not only pension funds, but if I may say, even any fool who held stocks during these last 15 years or so made money, enjoying both a great increase in income and in market value. This short and unusual period taken alone, is no solid basis for recommending to pension managers that they revise their plans to include common stocks now. Pension plans are very long-term investers. Times may change. And one thing is sure: The experience of the last 15 years won't be repeated soon, if ever. We can't have another postwar boom or another postwar inflation or another postwar structural change in investing habits. Undoubtedly those things are coming, but they will be under control with the present. Therefore, do not think that I am urging commons among pension fund managers that would be able to perform in the next few years just what they have done in the past 15 years.

The view that common belongs among pension fund investments is based on an enumeration of 10 sets of reasons. Let us summarize them under four headings:

1. The fact that common stocks are not good investments as long-term holdings, then neither are bonds good investments;
2. The fact that the American economy has become much more stable, much less subject to drastic changes and shifts, and this is under the sway of forces which lead further in that direction;
3. That the competitive forces are now imbedded in the financial structure of the country and its economy which, sooner or later, will be downgraded as a financial investment without wrecking the economy;
4. Finally, the fact that the actual logical return on common stocks under past chaotic conditions, under the most trying circumstances, was such that they are first-class investments.

Stocks Versus Bonds for the Long-Run

The first of these points seems to be established on irrefutable logic. Ours is a capitalistic economic system, not a country with government debt financing. We cannot have sound debts without ownership of sound assets on which the debts are secured. In the U. S., that a sound asset is represented by equity-common stocks. This logical fact is, indeed, borne out in the past. Before 1929, the experience of the 1930's involved a temporary collapse of common stock prices which, at the time, it was thought was a temporary collapse of the economy. But what about bonds? Far worse than common stocks, the bond market in 1929-33, bonds fell to their lowest point in years on record. At their lowest, long-term bonds were typically quoted at 60 cents on the dollar. And note this: That 25% of all corporate bond issues of a size of $5 million or less went into default, and 15% of all issues of $50 million or more in size went into default in those years. These facts are reported by the National Bureau of Economic Research.

Thus in the bond field, as well as in the stock field, there were casualties and there were many millions scattered everywhere. Nor was it a safe harbor; we all remember what happened to the bond system. The other side of the coin is that bonds are unquestionably first lienments in high healthy economy, which is precisely the environment in which equity investment. Stocks are commonly second lienments to bonds in the economy and they are the long-term investment fund, too.

Debuts Rejection of 1930's Collapse

My second point is that the environment has been becoming more and more stable and less subject to upset as the country has matured. We all find ourselves hanging back to that temporary collapse of both bonds and stocks in the 1930's, of course, and wondering if it could happen again. In thinking about this, let us bear in mind first that not even that disastrous period stopped the long economic history of the country, involving a rise in national wealth, assets, earnings, dividends and market values over the years. And, secondly, let us remind ourselves why it would be all but impossible for us to repeat any such experience.

The reasons include the built-in stabilizers, including Social Security provisions; old age and survivors insurance, unemployment insurance and so on which now affect so large a part of the population. They also include a large bank deposits, building and loan accounts, careful regulation of the securities markets, and a tremendously more sophisticated central banking system. More than that, they include the larger proportion of Governmental outlays in the sum total of the Gross National Product and this, despite aspects which none of us like, is in truth a stabilizing element. They also include steady growth of service industries relative to others which have a far more stable pattern than many manufacturing lines. Also, there has been a great diversity, so that building materials are no longer merely cement, steel, wood, and brick, but also embrace plastics, glass, aluminum, and so on. The business cycle has not been broken up; or rather, smaller business cycles, of which there are many, tend to overlap or compete with each other producing a net even-out of the total product. Finally, overlying all this, the national ecosystem is such that nobody would put up with any perilous and continuing deflation or retrograde movement of any kind. If you say this is inflationary, well, we are the common things for such a speculative outlook.

Stocks Are Solidly Entrenched

My third point about common stocks is that they are now solidly held. It is the traditional thinking alongside bonds as instruments which instead represent the economy. Commons have lost their status as playthings in the speculative market. As mere counters in a great stock market gamble, they have disappeared. Instead, they are held in pension funds everywhere, by all the great foundations, such as the Ford Foundation, by trustees, by every school, college, church, charitable foundation as well as by millions of individuals who hold them as revenue-producing assets. Any threat of real injury to this vital sector of the economy is bound, therefore, to encounter the most determined opposition and opposition, perhaps, more radically. It is simply out of the question that any drastic injury to common stocks as a class could occur, unless one were to work up to the fears of expecting a Communist revolution in these United States.

Those who run a pension fund are, in effect, running an insurance operation. They consult experts in calculating their future liabilities and they base their answers on experience tables. In the same way, we, as investment experts, invite one and all to consider the experience tables on investment returns—accompanying three tables—called "Summary of Experience in Common Stock Investment."

Let us now, however, look at these tables from an historical viewpoint and see what actually happened during a longer period in which the worst of all depressions and the greatest of all wars took place — the period 1929 to date.

Investing at the Worst Time

Pension managers may well ask why such a catastrophic experience as that should come under review, if as I just pointed out, the economy is becoming more stable. The answer is that any wise man should look at the worst as well as the best. It is only common sense. Probably everyone would agree that the worst possible time to have commenced pension fund investing in common stocks would have been in 1929. Suppose one had been in that position, and suppose he had followed the well-established wisdom of pension fund practice of buying commons on a dollar-averaging basis. The accompanying tables record what would have happened to a fund which in each of the annual addition of $1,000 had been invested in Moody's 125 Industrial Stock Average. The average which continued on page 34
DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Airlines Industry—Analysis—Winalow, Cough & Co., Inc., 1 Chase Manhattan Building, New York 5, N. Y.

Bache Selected List—Revised edition covering new securities and industrials in addition to other issues which cannot be placed in any particular industry. Prepared by Bache & Co., 38 Wall Street, New York 5, N. Y. Also available are comments on Defense Industry, St. Louis, Missouri, and the Motor Companies.

Banks—Quarterly Review—A. Schaprio & Co., Inc., 1 Chase Manhattan Building, New York 5, N. Y.

Canadian Budget for 1963—Discussion—Greenfield Brothers, Inc., 507 Place d'Armes, Montreal, Que., Canada.

"Canadian Eligible"—Book 28th edition of compilation of preferred and common shares considered eligible for investment in Canadian banks, Canadian insurance companies, Cochrane, Murray & Hay Limited, 7 King Street East, Toronto, Ontario, Canada.

Canadian Oil Industry—Study with particular reference to Donnan Petroleum Ltd., Home Oil Company Ltd., and Hudson's Bay Oil & Gas Company Ltd.—Equity brokers Limited, 60 Yonge Street, Toronto 1, Ont., Canada.


Fire Casualty Insurance Stocks—Analysis—of first quarter results, "Kidder, Peabody and Co., 20 Exchange Place, New York 5, N. Y.

Funk & Scott Index of Corporations—Weekly index of corporate issues, contains articles on corporations, industries, and general business sub jects. Published on a weekly basis. Current issues available on request. Funk and Scott Index Co., 206 F Colonne Building, Cleveland 6, Ohio.

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Canadian Pacific—Comment—Op- penheimer, Newberg & Neu, 120 Broadway, New York 5, N. Y.

L. E. Carpenter & Company—Estabrook & Co., 80 Pine Street, New York 5, N. Y.

New Stocks—Old Names—Comment—Ambelang & Sands, and Company, 44 Wall Street, New York 5, N. Y.

Oil Stocks—Comparative figures—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on General Motors

Over-the-Counter Index—Folder with an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a two year period—National Quotation Bureau, Inc., 46 Front Street, New York 5, N. Y.


Puerto Rico—Review—Hartwell & Redfield, 375 Park Avenue, New York 22, N. Y.

Railroads—Review—Calvin B. Lock, Ltd., 1 Wall Street, New York 5, N. Y.


T.S. Whitman Transcripts—Reprints of full text of weekly index--cross-indexed—issued weekly—$1.00 per copy on request—Wall Street Transcript, 54 Wall St., New York 5, N. Y.

Abilii Power & Paper Company—Analysis—Royals Securities Corporation, 244 N. 22nd Street, West, Montreal, Que., Canada. Also available are analyses of Federal Grain Limit Revestoke Building Materials Corporation—Production forecasts, analysis on Bonded Debt of the State, its Agencies and political subdivisions—Howard, Welb, Labouchere, Friedlich and Company, 211 Canmore Street, New Orleans 12, La.

Mail Order Industry—Discussion in June issue of "American Investing"—The American Investor, 88 Trinity Place, New York 6, N. Y., 35c per copy, $2 per year.

In the same issue are discussions of Paul Hardeman Inc., R. P. Jorgens, Crown Aluminum Industries, and General Communications Inc.


New Stocks—Old Names—Canadian Pacific—Comment—M. Daven neil & Co., Incorporated, 120 Broadway, New York 5, N. Y.


To Port of Canada—Memorandum—Andrau, Hatch & Bertherington, 120 Bay Street, Toronto 1, Ont. Also available is a memorandum on Canadian Industries.

Kation Manufacturing Company—Analysis—Whitney, Whipple & Co., 135 South Westlake Avenue, Chicago 3, Ill. Also available is an analysis of the company.

Endeott Johnson—Memorandum—F. E. Hutton & Co., Incorporated, 80 Pine Street, New York 5, N. Y.

Federers Corporation—Analysis—Tolley & Company, Inc., 85 State Street, Boston, Mass. Also available is an analysis of Simmons Securities.

Petroleums Bonded Stock—Analysis—Bearing Stock Co., Ltd., 115 Broadway, New York 5, N. Y.

The "The Nut"—Analysis—Watson & Co., 120 Broadway, New York 5, N. Y.

The "The Nut"—Analysis—Brown & Black, 25 Park Avenue, New York 10, N. Y.

Wheat—Analysis—Bearing Stock Co., Ltd., 115 Broadway, New York 5, N. Y.

Wiiton Investors—Analysis—Bearing Stock Co., Ltd., 115 Broadway, New York 5, N. Y.

Wisconsin Motors—Analysis—Bearing Stock Co., Ltd., 115 Broadway, New York 5, N. Y.

World Cup—Analysis—Mason—Tribune, New York 5, N. Y.


Yorfnies Inc.—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Pacific Telegraph and Telephone Corporation—Memorandum—Moore & Schley, 261 Broadway, New York 5, N. Y.

Pittston Company—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

RIT Companies—Memorandum—Rittiman, Volan & Co., 40 Exchange Place, New York 5, N. Y.

Revision—Discussion—Purcell, Hammon & Co., 50 Broadway, New York 5, N. Y.

St. Clair Specialty Manufacturing Co.—Comment—St. Clair, Curtis & Co., 209 South La Salle Street, Chicago 4, Ill.

Security Life and Accident Co.—Analysis—Equitable Securities Corporation, 32 Union Street, Nashville, Tenn.

Sinclair Oil Corp.—Review—Fahnstock & Co., 65 Broadway, New York 5, N. Y. Also available is a review of Marshall Field & Co.

D. S. Smith—Memorandum—Loewi & Co., Incorporated, 233 East Mason Street, Milwaukee 2, Wis. Also available is a memorandum on Pueblo Supermarkets.


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Wall Street Transcript

Dept. 928 54 Wall Street
New York 5, N. Y.
Textron, Inc.

By Dr. Ira U. Cobleigh, Economist

Summarized observations on a company which, by combining competent financial planning with an aggressive merger program, has notably expanded sales and improved its profit margins.

Textron, Inc., is a quite remarkable company in that in 11 years, it has successfully grown from a textile company to a multi-faceted multi-company manufacturing enterprise, with textile sales accounting for this year but 3% of its total sales. Last year, its tax-exempt revenue from the sale of its beneficial interests in the holding company greatly increased its earnings power by the merger route.

Merger Policy

In this program of acquiring many companies and spreading the sources of earnings over many industries, the Textron organization has been able to benefit from intelligent long-range planning. First, entry into any new or growing industries—defense, consumer goods, agrochemicals, plastics and metals—has been strategic. Second, the entire strategy has been on manufacturing a diversified group of companies. Third, general policy has been to retain existing operating management in order to provide maximum incentives for them. There, too, there has been a steady drive for refinement and improvement in earnings of constituent companies stressing new products that would fit in profitably with existing production patterns of production and distribution.

Day by day operation of subsidiary companies is left almost entirely to area plant executives, but top level financial planning and policy control is guided by three new Vice-Presidents at the home office in Providence, who supervise budgets, long range planning and major decision making for the individual operating units. These three Vice-Presidents report directly to Mr. George William Miller, President. That Textron has accomplished this has been demonstrated by the fact that sales have increased steadily for the last three years reaching $499 million in 1962 and earnings and profit margins have shown a consistent improvement.

Panorama of Products

To give you some idea of the panoramic industrial diversification at Textron, Inc., a brief cataloging of divisions and product lines might prove2 interesting. The Industrial Products Group includes Spencer Kellogg, maker of chemicals, lined oil paints and varnishes; and other units producing poultry and livestock feed stuffs, special foods and cold milling products. This division delivered $71 million (13%) in sales in 1962.

In 1955, Textron, Inc., acquired Homelite Corporation, maker of pumps and trucks, power lawn mowers and outboard motors. This acquisition launched Textron into the consumer products field and, in 1962, this group had $77 million in sales contributing 15% to the profit margin of $1.40 per share. This group includes fermentation products, electric golf cars, aluminum cooking ware, portable aquariums, eyeware, metal frames and lenses, work shoes and hunting boots.

The Defense Group now makes the largest contribution to sales, $143 million (26%) in 1962. Here major business volume centers around Bell Aircraft acquired in 1960. Bell is famous for the Agency

Textron common stock now sells at 37. This issue has been steadily gaining stature, as both quality and size of net earnings have improved. There are 5,010,000 common shares listed NYSE (not counting shares reserved for conversions, and exercise of warrants). Last year's net earnings were $2.96 a share and should exceed $3.35 in 1963. The dividend was raised to 10% last July and another increase is possible, assum¬ing a 50% payout of net earnings. Investors seeking valid combinations of proven growth, reasonable price-earnings ratios in this line of business, and attractive capital gains, should find the common stock an excellent buy for the future.

With Manley, Bennett

DETROIT, Mich. — Manley, Bennett, McDonald & Co., members of the New York and Detroit Stock Exchanges, have announced the appointment of Paul Lutz as a Registered Representative, who has served as Underwriter to the New York Stock Exchange in Chicago where he received his investment brokerage training and became a registered representative.

Until the firm's new office in Northland Towers is open, Mr. Lutz will be assigned to the Bulfinch Building office.

Edward V. Valley Wayne R. Johns

Valley Retiring; Jahns Trading Mgr.

Of John Nueven

CHICAGO, III.—Edward V. Val¬

ey, Vice-President of John Nue¬

ven & Co. and Manager of its Chicago Trading Department, will retire from the investment bank¬

ing business on June 30 after 38 years in the industry, according to Chester W. Laing, President of the Company, Wayne R. Jahns, a veteran member of the depart¬
lment has been named Chicago Trading Manager, effective July 1. Mr. Vane has been associated with the Nueven Trading Dept. in 1944. Mr. Laing said that since that date the Chicago Trading operations in Chicago and New York have grown into one of the largest secondary market operations in tax-exempt Public Bonds in the United States.

Mr. Jahns joined the Nueven organization in 1936 after graduat¬
ing from the University of Wisconsin and the Northwestern University Graduate School of Business Administration. His as¬

sociates in the Company's Chicago Trading Department are Robert R. Creagh, Charles J. Murphy, Jr. and Lawrence W. Littig. The New York Trading Department will continue under the manage¬

ment of George J. Vloox, assisted by James F. Frenzel, Robert S. Reid and Richard F. Goddard.

John Nueven & Co., founded in 1880 and considered by many as the oldest and largest organization in the United States specializing in the purchase and sale of all types of tax-exempt Public Bonds. Its headquarters are in Chicago and New York; Regional offices are located in Atlanta, Boston, Columbus (Ohio), Detroit, Philadelphia, St., Paul, Dallas, Omaha, Los Angeles, San Fran¬
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Let the Free Market Determine Interest Levels

By Edward L. Johnson, President, Financial Federation, Inc.

Sterling Is Weathering The Profumo Crisis

British scientist on foreign exchange outlines four reasons for sterling's weakness. Despite the recent scandal engendered by the talk about prospects of a Socialist Govemment, Dr. King agrees that an early election, a split in the Conservative party, and a short-term sterling crisis could all be handled by the Bank of England. The real problem is that sterling has been in a six months' credit crisis which is not renewed if the view is taken that it proceeds used for bolstering up sterling against the consequences of Socialist experimenting. Mr. Wilson can well afford this, and the realization of the fact the life is likely to induce the Chancellor of the Exchequer to err on the cautious side.

Anyhow, the present Parliament is likely to continue for anything between two months and 16 months. The immediate problem is what policy is likely to be adopted by any Conservative Government or by the Conservative Government that may succeed it. Mr. Heath will be out of office for some time he is likely to continue his expansionary policies as it is not likely to seem to affect sterling adversely. Should he be succeeded by Lord Hailsham the two most likely candidates the policy would continue unabated, and so we are not only in all probability the expansionary policy would continue unabated, but there is also the likelihood that if Mr. Macmillan or his successor would decide against a general election at this time, the Conservative Party could not afford to face an election so long as the Profumo scandal is still fresh in the minds of the public. By the Spring of 1964, and even more by then the public would be an old story and would show the relatively the attitude of the electorate.

(2) At long last the economic freeze is beginning to move in favor of sterling. Various refutation measures are required to maintain their fruit in the form of increase in prices. The increase in consumer demand and declination in the rate of unemployment are that these favorable developments will gather momentum during the next twelve months or two.

(3) The refutation measures have not affected the balance of payments in 1963. The figures for May are quite favorable.

(4) Perhaps the Socialist Government next year no longer tend to affect sterling quite so adversely. There is a growing feeling that the election in 1964, and even more by then, may also be an old story and would show the relatively the attitude of the electorate.

Now that it is practically certain that Mr. Macmillan will not lead his Party in the Election, his prolonged presence as Prime Minister should be looked upon as a reassuring indication of no change. His suc-
Outlook for Canadian And U.S.A. Interest Rates
By D. D. Gill,* Manager, Institutional Trading Department, Nesbitt, Thomson and Company Limited, Toronto, Canada

Careful assessment of the factors pushing interest rates up and pulling them down foresees U.S. A. long-term interest rates rising as much as 2% in the next six months, and the U. S. economy's inflation rate has increased only slightly small rise to 5.20% in the next six months, With regard to short term rates, Mr. Gill misleadingly believes that the narrowing spread between this country's short-term rates, which may go to 3%, much more vulnerable to a significant upward shift.

Whether, over the next six months or so, interest rates move up, as I think they probably will or whether they stay steady, or decline, depends on the influences on supply and demand of such a wide variety of interrelated factors that the easiest approach to an estimate is to separate them under “bullish” and “bearish” headings.

1. The fundamental market is, for all practical purposes, the market for money itself. The supply of funds is a degree of demand, both in Canada and in the U. S. That is, the fundamental market for capital will not be significantly higher than the level at which savings are available, which of course is adequate to meet, based on previous experience, whether government assessments are right, bond prices would at least remain steady, but would be an indication of employment in both countries, there is a justifiable domestic reason for government money supply and reducing interest rates by central bank action. Business is encouraged to borrow to expand plant and the public is encouraged to spend, thus lifting the economy.

2. The present Canadian government has a natural desire to carry out an expansionary monetary policy for political reasons as well as economic ones. As a result it is likely that special emphasis will be given to the right reasons for doing it, and less emphasis on a more aggressive approach than might otherwise be the case.

3. The short-term interest rate between the Canadian bank market and Eurodollars is narrower than it has been at some time and hence there is a lesser reason for the fear of an outflow of some money looking for higher rates abroad.

4. Since the monetary crisis, last June, market psychology has much improved because it is felt that with our pegged as 6.20% U. S. and our foreign exchange reserves as it is, Canadian banks are relatively more attractive to U. S. investors especially with an expanding context of a new government in which there is more international confidence. This has already resulted in a substantial inflow of funds.

5. So far it all looks quite encouraging, but consider the “bearish” factors:

Bullish Factors

1. Despite considerable improvements in our foreign exchange reserves and a clear trend towards an improvement in our current account, leading to an increase in our foreign exchange reserves, of which the U. S. dollar reserves. Hence, our interest rates have to remain attractive compared to U. S. and other foreign interest rates.

2. It is equally clear that the U. S. government is still concerned about its balance-of-payments position and is likely to maintain interest rates at high levels to prevent a serious continued outflow of reserves.

3. There is a general concern for international liquidity. That is, the amount of the world's currency in existence appears to be in search of outside capital to finance trade and business transactions and the temptation to tap the U. S. market, which further encourages higher interest rates there.

4. Both the U. S. and Canadian economies appear to be strengthening. It is likely to remain strong over the next year. It is thus hard to justify a monetary policy which would cause unemployment because the only valid reason for it is to stimulate a declining economy.

5. The two barometers of the capital market in Canada are mortgage and Eurodollars. The rate have not dropped despite the substantial increase in the money supply in the last six months which contributed to a decline in short-term interest rates to the lowest levels in the last six months. Bank loans are fast approaching the high levels of last June and the facts which contributed them to a rise in interest rates are the banks selling stock. The N.H.A. mortgage rate of 5% is particularly significant in the light of government policy. Not only are mortgages the largest single area of demand for savings, but they would be unaffected by a decline in the money supply if the government N. H. A. rate is pegged at 5%. There is an obvious limit below which bond yields cannot drop without encouraging investors to switch from bonds to mortgages.

6. There is a growing realization that monetary policy has not seen quite as effective as once was in improving business conditions, but it is not a complete picture. The situation improves more freely. It has been suggested that one reason for our economic problems is the rate of unemployment is the fact our money supply was not increased fast enough in the past. However, the U. S. has the same economic problems despite an increase in the money supply to G.N.P. ratio of 50% compared to our 37%. It is also well known that an increase in the money supply means lower interest rates. But, while it is hard to isolate the effects of each factor, there are a number of occasions when interest rates have actually risen during periods of monetary expansion.

7. The U. S. Federal Reserve and Treasury authorities have in effect already implied a policy of “less ease” in the light of the balance-of-payment problem and the improved conditions in the international economy. It would appear that the U. S. authorities are thinking more in terms of fiscal policies, such as the much-discussed tax cut, as a more effective way of stimulating employment than, or monetary policy under present international conditions. To sum up, it appears to me that, as far as the Canadian bond market is concerned, the “bearish factors” outweigh the “bullish.”

Foresee Greater U. S. Interest Rate Rise

Briefly, despite a likely increase in our money supply at a time when it probably isn’t entirely necessary when considering the many alternatives means of providing the necessary stimulus to the economy, the pressure of external factors will probably prevent a decline in short-term rates. The U. S. is, at the moment, in a position to reduce our interest rates relatively considerably. It should make us feel that the U. S. dollars will rise, but can follow. The question now is, by how much the level of the U. S. interest rate rise and to what degree will it be? We foresees that, as U. S. long-term interest rates have been gradually declining, we could be a part of the general recovery period which would be desirable in the U. S. and with U. S. interest rates like ours, they can follow.

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The Commerce Department, June 21 that more than 200 American manufacturers had responded to its efforts to find potential automobile parts suppliers for Volkswagen, Germany's huge automobile manufacturing company.

The Department initiated action to find possible U.S. suppliers for Volkswagen after Dr. Heinz Nordhoff, president of Volkswagen, stated publicly that 600 American firms had failed to reply to a letter mailed out by Volkswagen in search of parts suppliers.

The Department's Bureau of International Commerce immediately called the Commercial Officer in Bonn, Germany, for a list of the parts desired by Volkswagen. The items wanted ranged from die castings for door handles to pistons and rings.

The list was then sent to each of the Department's 39 Field Offices and the 1,000 businessmen members of the Regional Export Expansion Councils were alerted. They were informed: "If you have an auto parts manufacturer or a plant that is a potential manufacturer of parts for Volkswagen, you have an opportunity to get another local industry into the export business." Potential parts suppliers were told to write directly to Volkswagen.

In addition, the U.S. foreign purchasing department has notified Embassy officials in Bonn that more than 200 offers are now being considered by Volkswagen executives and that they are confident that firm orders will be placed with a number of the companies replying to the Department's solicitation.

The members of the Regional Export Expansion Councils are business leaders who are serving on a task force to help companies compete in the national drive to increase United States exports and thus ease the balance of payments problem.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

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Stone & Webster Securities Corporation White, Weld & Co.
Dean Witter & Co.
The combined goods and energy producing sectors of employment as a percent of total have been leveling off. Moreover, and in total they declined in absolute number in the current quarter compared to the previous quarter, while the financial, service, and public administration groups have shown significantly faster increases. The largest increase in both periods was in the government employment category which rose 12% between 1959 and 1961 and another 37% from 1955 to 1963.

New Plant and Equipment

"Expenditures for new plant and equipment, as shown in the table, were at $38.2 billion for the year 1963, according to the latest quarterly report of the Census Bureau. It is expected that each successive quarter of the year will be higher than the previous one, with 1964 as a whole averaging 5% higher than the $37.3 billion reported last year.

Despite a change of only 4% from the quarter, for the first quarter of 1963, the second quarter will be sharper revisions made in the first quarter with the first and second quarters having been revised downward and the last quarter revised upward.

"Spending for plant and equipment is a highly important factor in the economy. It is an important contributor to the economic growth rate as well as being a key element in determining periods of business expansion. The 1964-1967 expansion lasted 23 months, largely because the plant and equipment spending boom of 1963 was enough to maintain an upward trend in the economy once the surge in car sales subsided after 1955.

"New construction put in place increased at an annual rate of $3.2 billion in May to a level of $62.7 billion, with the public sector and the private residential sector contributing about $1.3 billion each. Neither commercial and industrial construction nor building maintenance increased, and new orders of machinery and equipment manufactures in April rose only 0.4% for the expansion period. Apparently the expansion in the capital spending anticipated the last half of the year will stress modernization of more than new facilities.

Employment

"A phenomenon of the technological revolution has been the fall in the jobless rate of unemployment, a seemingly ever faster rate. In Kentucky, however, some of the employment categories, such as U.S. as a percent of total employment, have seen a steady decrease in the seven and one-quarter years the U.S. has been utilized.

Mid-Continent Telephone Corporation

The company has been modernizing subsidiary equipment and constructing new exchange offices as well as an electronic central office in Florence, Kentucky. Mid-Continent Telephone has the distinction of being the first system to introduce the "push-button" telephone to commercial operation--its' Chardon affiliate, a few miles from Cleveland, put the new-style telephone into use (on a non-test basis) last December. In this new phone ten buttons are used. When pushed by the person making a call, they produce electronic pulses and provide a faster, more convenient and more efficient dialing. It is true that such phones have been tested by the Bell System for about two years, but they will not be generally put into use for another year.

The 1962 annual report stated earnings per common share as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>Mid-Continent First</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>$0.51 per share</td>
</tr>
<tr>
<td>State</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td></td>
</tr>
<tr>
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The State of TRADE AND INDUSTRY

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MUTUAL FUNDS
BY JOSEPH C. POTTER

Old in Years, But ...

The investment community the last week has been talking a good deal about a new kind of mutual fund: a fund which contin- uously offers new shares and operates as a partnership rather than a corporation. The fund is a subsidiary of Philadelphia- based Wellington Management Co., Inc. and executes the $100-billion fund's knowns, is the on-line sponsor and supervisor of the investments of Wellington Fund and Wellington Equity Fund (latter to be renamed Wind- sor Fund) and maintenance of a nimbile giant. And, of course, the organization, launched operations just 34 years ago, re- mains under the guidance of pio¬ neer William A. Morgan.

While the fund trade in this land is relatively new, there are few men in finance, investment industry who can claim so long a record of service—distinguished service, at that. Mr. Morgan, head in highest regard throughout the fund fraternity, started out with $100,000 in capital, and fam¬ ily and some investors he con¬ sulted the.

Mr. Morgan and the people around him have nurtured the concept of the true balanced fund, they have made a sizable contribution to the education of the investment-minded man and woman.

Created to help these people solve their investment problems, the fund's objectives always have been the conservation of principal, pay¬ ment of "reasonable current in¬ come" and maintenance of a fully¬ managed investment account of bonds and stocks. In July, a nim¬ ble giant. And, of course, the organization, launched operations just 34 years ago, re¬ mains under the guidance of pio¬ née Willard A. Morgan.

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SECURITY SALESMAN'S CORNER
By W. Delton

Today's Work Creates Tomorrow's Business

See if this doesn't add up and check out with your own experience. Time and again have you observed that mergers of the type that are developed in the natural course of events, or the direct result of work that was accomplished weeks and months before a deal was reported. If there was ever a prosect- The direct result of work that was accomplished weeks and months before a deal was reported. If there was ever a prosect-


The Market... And You
By Wallace Streete

Stocks for the most part of this week turned in a desultory performance as the summer doldrums set in on Wall Street in the way of heavy offerings to be absorbed and neglect was evident.

A few issues where the news was bright this week, but the pinpoint enthusiasm wasn't carried far in the uptrend, and a price run-up of Poularot benefited from a stock split proposal, South Puerto Rico Sugar from a stock dividend.

And the intention of New York City to use Buhl Co. as supplier for new subway cars was causing to that issue as it was depressing to General Steel Industries, which had been a contender for the job.

For industrials, it added up to a statement for a month's duration which, despite lack of upside progress, nevertheless was nothing that could remotely be termed a retreat.

Rails Slow Up
Ralls, which had been working ahead in price on a strength at least temporarily. Their average never really came to grips with the 716-726 range, and the 191 level 1 had pushed in to 1906 for the first time in 1913, but the high of 190 for 70 was posted in. In taking a rest after reaching 191, the railroad was in position, on any new pop-ularity, to make a bid for at least a new test of the old strength.

At the very least, it was a de-cided change in the investment attitude toward rails which have been more-or-less consistently as laggard after their move to a new high seven years ago. Industrials, meanwhile, kept forging into terri-tory never before seen in his-tory, without any material help from the carrier section.

To some of the market analysts, a breakout by the former strength, if it made the packers to get the industrial average headed to new highs. Its consolidating phase had a 716-726 run up, the 724 peak of 191 which, again, is an area so close to the peak that it wouldn't take much in the way of strength by a handful of issues to close the gap in a

Carriers in Merger Fight
The twin hopes of operating economies and benefits of mergers were lost in the sea of strength that came ahead of the new railroad in the demand for selected railroad issues. The competing merger bids of the Chicago, Milwaukee & St. Paul. That added to the west-ern railroad picture the same sort of turmoil that has been confined up to here to the eastern roads.

The St. Paul line up to here has been well supplied with the merger talks to block the Great Northern and Northern Pacific blend with the Chicago, Milwaukee & St. Paul. Which offered direct competitive advantages in the operating area. With Interstate Commerce Commission approval—slow in coming but still needed for any such plans, the merger picture while active was still a far cry from realized gains.

Santa Fe's Lucky Strike
The railroad that has earned blue chip status, and also is in- volved in a possible merger, as above average in a Santa Fe, its merger discussions basically are an area to which is no secret that the ultimate aim is to incorporate the properties of other western roads.

The favoritism for Santa Fe, however, is more solidly based since it has been mostly because of the fact that it is a good bargain after a temporary dip in results in which it has been recovered since although that is contrary to the results of the railroad industry generally.

Santa Fe has a definitely long haul run, which has enabled it to do so with truck companies and the area it has served has shown a better industrial growth than the average in addition to being the only railroad in the railroad industry generally.

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The railroad, which has a yield appreciating 5% of which is distinctly above average in a Santa Fe, its merger discussions basically are an area to which is no secret that the ultimate aim is to incorporate the properties of other western roads.

Some attention was being paid on the subject of possible issues with Magnavox something of a favorite in various areas. Magnavox is an indication of being one of the consumer electronics firms that has pro- tion of being one of the consumer electronics firms that has pro- won consistently when the rest of the industry was having re-current troubles.

Magnavox's particular achieve- ment has been its success in tele- vision and marketing through a period that it has been in the mid-1960s when little or no growth was expected, doubling by the indus- try as a whole. Since 1955 its sales of television sets have virtually tripled, yet its share of the mar- ket comes to no more than 5% according to industry sources.

That not only leaves Magnavox with a great potential, but it is evident that the company is aim- ed at the consumer who is hav- ing some experience with it has franchised selected Singer Manufacturing sewing centers in the 50 states, sells consumer lines and results so far are reportedly encouraging.

A sharp decline in the military goods of which Magnavox was a major supplier has cut up its consumer product activities to more than, offset the military decline and show a 2% overall increase in the after profit in terms of consumer sales up some 16%, profit was up 21% in the.

Brighter Picture
Despite the long-continued pre- mier of the movie, "Cleopatra," Magnavox has had a mod- erate market and demand relatively low since it was well dinned into skeptical in- vestors.

Nevertheless, Twentieth Cen- tury's own, and without any benefits of "Cleopatra," has made a good comeback after last year's rather large loss—more than $39 million. Helped along by picture leasing to television, oil, and gas royalties and other outside income, the company's first quarter pretax profit came to 90 cents a share against a 20-cent loss for the same period a year ago.

The heavy expenses of "Cleop¬ atra" at least be over, even to the point of a contribution to the company is still very definitely in the early stages.

Magavox, as shown in this article, do not necessarily at any time coincide with those of the "Chronicle" presented as of the author only.

Travelers Express Co. Common Sold
A public offering of 207,740 shares of this firm's common stock was being offered at $13.50 per share by the underwriters. Of the total, 70,000 shares are being offered for the company and 197,740 shares for the stockholders. Net proceeds to the company will be used for repayment of loans, advances to subsidiaries, development of a new generation of offices, and other uses that may be determined by the board of directors.

Headquartered in the Northern-Western Bank Bldg, Minneapolis, Travelers Express and its subsidiaires are engaged in the development of the sales and collection of personal goods through a large network of agencies, which are sold under Travelers' trademark and service mark. Bondfield, 491 M. R. I. street in the Virgin Islands.

The company believes that it is able to develop a large volume of orders on a nationwide basis in the United States.

Four V.-Ps. for White, Weld Inc.
John M. Kingsland, Walter May- ord, Alfred T. Wells, Jr., have been named directors of White Weld & Co. Incorporated, 28 Broad Street, New York City.

Jas. Talcott Inc.
In New Location
James Talcott Inc. has announced plans to move to a new New York City executive offices to new enlarged quarters at 1236 Avenue of the Americas. The new facilities will provide a permanent location for the executive departments and will accommodate the increasing volume of work. The move is expected to be completed in the next few weeks.

In addition to the new offices, the company will be moving its sales and advertising departments to new quarters at 1236 Avenue of the Americas. The company will also be moving its research and development departments to new quarters at 1236 Avenue of the Americas. The company will also be moving its research and development departments to new quarters at 1236 Avenue of the Americas.

Established in 1894, the firm acts as factors, specializing in commercial financing, equipment leasing, sales and leasing, and discounting.

Pershing to Admit
Effective July 1, Pershing & Co., 120 Broadway, New York City, is a member of the New York Stock Exchange. Pershing, who has been in the business of furnishing financial advice and assistance to small investors, will open an office in New York City, and will offer services to small investors in the future.

He is also the owner of a large number of small businesses, which have been very successful, and he is well known for his knowledge of the business world. He is an expert in the field of real estate, and has written several books on the subject. He is also a frequent speaker on the subject, and has given many lectures on the subject.

In addition, Pershing is a member of the New York Stock Exchange. He is also a member of the New York Bar Association, and has been active in many other organizations.
FIRE & CASUALTY OPERATING RESULTS

As preliminary figures indicated, final underwriting results for the first quarter confirm the unfavourable experience of both fire and casualty insurance writers. Virtually all major writers were in the red for the quarter and were well behind the reported underwriting results for the first quarter of 1962.

The industry’s principal underwriting problems remain in the automobile liability and homeowners’ lines where competitive pressures have led to unfavourable expense structures, while straight fire insurance, unprofitable in each of the past five years, is becoming a problem of equal magnitude. As fire rates are generally lower, the relatively high amount of underwriting profit in this line, relative to other lines, will be affected in rate structures to be likely in the near future. The recent 2.5% rate hike in New York is an example of this. Nevertheless, it will take considerable time before rates fall in line with present experience. In view of the reported fire losses to date in 1963, the present year could see one of the worst underwriting results on fire insurance in the industry’s history. For the first five months of the year, the National Board of Fire Underwriters estimates losses at $600.2 million, up 14.4% from the similar period of 1962. Aside from the fire, automobile liability and homeowners’ lines, results were not too discouraging although automobile physical damage losses are felt as a result of higher retail prices.

It is interesting to note from the following table of underwriting results that only six companies—Alstate, Federal, Liberty Mutual, Pacific Indemnity, Travelers Indemnity and U. S. F. & G.—of the twenty-five listed were profitable for the quarter. Five of the six are companies which have lower than average expense ratios, and the sixth is a writer of casualty lines which generally had better results than the property covers. The majority of the companies listed were able to reduce their expense ratio from the first quarter; however, many have not reached what may be considered minimum expense levels and further declines will be generally negligible.

### First Quarter Underwriting Results

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>1962</th>
<th>1961</th>
<th>1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allstate Insurance</td>
<td>54.1%</td>
<td>35.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Boston Casualty</td>
<td>71.1%</td>
<td>63.2%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Continental</td>
<td>61.1%</td>
<td>55.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Federal Security</td>
<td>61.1%</td>
<td>56.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Glens Falls</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Hartford Fire</td>
<td>61.1%</td>
<td>56.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Home Insurance</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Insurance Company of N. A.</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Liberty Mutual</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Maryland Casualty</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Ohio Casualty</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Pacific Indemnity</td>
<td>61.1%</td>
<td>55.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>53.6%</td>
<td>50.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Peerless</td>
<td>53.6%</td>
<td>45.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Providence</td>
<td>53.6%</td>
<td>45.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>State Farm Mutual</td>
<td>53.6%</td>
<td>45.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Travelers Indemnity</td>
<td>53.6%</td>
<td>45.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>U. S. F. &amp; G.</td>
<td>53.6%</td>
<td>45.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Western C. &amp; S.</td>
<td>53.6%</td>
<td>45.0%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

Despite the unsatisfactory underwriting experience, most fire and casualty insurance stocks advanced in line with the general market thus far in 1963. Apparently only one-half of the companies which have made available first quarter results were able to offset underwriting losses with increased income. The remainder was in the red over-all. Virtually all companies were able to show increases in investment income during the quarter in line with the past trend of consistent annual increases.

In addition, liquidating values rose over the end year figures, benefiting from the price rise experienced in "blue chip" stocks during the period.

In view of the first quarter’s experience, it is doubtful that underwriting results will be in full year 1963 if the industry suffers from significant hurricane losses, absent in 1962, the present year’s over-all underwriting results could be the worst since 1957.

### Selected Property-Casualty Insurers

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Market Value</th>
<th>1962 Dividend</th>
<th>1963 Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cas.</td>
<td>$106.00</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Boston Ins.</td>
<td>38.00</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Continental</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Continental Ins.</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Fireman’s Fund</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Glen Falls</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Great American</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Hartford Fire</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Home Ins.</td>
<td>63.75</td>
<td>10.0%</td>
<td>7.0%</td>
</tr>
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<td>Insurance Co.</td>
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<td>10.0%</td>
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<td>63.75</td>
<td>10.0%</td>
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As We See It

Continued from page 1

### Too Much Statistical Inference

But even an even more serious criticism of such easy handling of statistics is in order. These conditions, wherever they exist and wherever worse conditions exist, are doubtless in part, sometimes in large part, a result of discriminatory public policy. As every one knows well enough, though, there are many facets involved in these circumstances as those described. It is unnecessary to post any doubtful claim of racial variations in ability or the like in order to arrive at the conclusion that home care of infants and children, home atmosphere directing the efforts and ambitions of the young in planning or attaining any kind of a life, types of attitude among the population at large—types of attitude that no legislation could possibly reach—all have a bearing, as do a half-dozen other factors that might be mentioned. The President’s appeal for action on the usual health evils suffered in our country is needed. The President’s appeal for action on the usual health evils suffered in our country is needed. In education, for the President’s requirements for either white or black. More jobs must be created so that no wealth is left black may find work. In fine, ways must be found by Federal action to accelerate growth in the country’s economy. All this is familiar; nothing has been discussed and condemned in these columns on more than one occasion.

### More and More Centralization

There is another aspect of this proposal of the President which must not be overlooked. Here we find a further exemplification of the continuous tendency of the day to place more and more responsibility, more power and more obligations upon the Federal Government at the expense of the states and local governments. It is true, of course, that the President urges state and local governments to increase their measures and enact laws to supplement and support what he is suggesting for the national government.

The fact is, though, that he is essentially satisfied with the over-all view of the country and is at present taking no action on the part of any local authority or to trust our traditional reliance upon local governments to take care of their own local problems. Now, as we have previously pointed out, this whole matter of racial discrimination is already deep into our national life, is pervasive, and is based upon feelings and attitudes which are held in the minds of a majority of American citizens. For our part, we heartily wish it did not lurk there, but there it is and the thought that it can be quickly eliminated or even reduced by legislation, whether national or local, is a snare and a delusion. That in the final analysis is the weakness of the President’s program.
Although the new regulations based on the Kefauver-Harris drug amendments were released only three days after the Drug Administration, serious problems are already arising in getting each new drug application. According to Dr. Frances O. Kelsey, chief of the drug investigational branch of the FDA, the stack of applications already received stands at 1,250 feet tall. The space available to store these documents is a room measuring only 15 by 25 feet.

A further roadblock to getting new drugs approved (one pharmaceutical firm reports that it has been waiting over twice as long as usual for approval of a routine drug application) is the federal failure of the Medical Bureau of the FDA to replace its director who辞职ed last fall. The Bureau is undergoing serious growing pains in trying to absorb the large staff of the laboratories which have recently been added to the previous staff of about 20.

An Experimental Drug Application

One of the larger applications, which were sent to the FDA during the first week of June, was a request for testing of a new laboratory drug by Eli Lilly, a major pharmaceutical firm. According to the company, its application contained 8,000 pages and measured 34 inches thick. If the investigators were to spend just three minutes per page, it would take them roughly 50-80 hours just to get through the regulations. Of course, says nothing of the 25,000-30,000 pages of literature which the investigators must take them all of the material relating to the drug, including the drug's chemical properties, and the drug's effects on the human body. The application also required submission of the information to be submitted.

Many other sources are seriously concerned that the new requirements for providing detailed reports on an innumerable number of drug firms because of the tremendous time and money involved. In the past, a summary of the testing performed by the drug firm was all that was required. The actual laboratory reports could be kept in the form of notebooks in the company's office. Under the new regulations, however, a detailed report of every subject studied by every researcher is required by the FDA. Thus, the massive application submitted by Eli Lilly obtained the notes compiled by 150 researchers on each of the 219 subjects which were given the drug experimentally.

One obvious consequence of the new regulations is that the drug will take many of the smaller drug firms out of business because of the tremendous time and money involved. If even the larger firms will be more apprehensive of their investigational work on new drugs at all stages unless it appears that a major discovery is at hand. For the manufacturers, the importance of such a financial reward -- it is estimated that the cost of developing a new drug is $55 million and the time required for the drug to reach the market is 10 years.

According to one industry expert, there is no question that "the net effects of the new regulations will be to impede the development of new drug developments."

FDA Forcing Qualified Doctors Out of Testing Field

The new regulations on paper are only the beginning of the pharmaceutical industry's problem. In order to obtain approval for a new drug by the FDA for general distribution in the general public, a long series of tests are required. One stage of testing entails exposing a drug to human patients on an experimental basis, after the drug has been found safe and effective on animals. (This is known as the field of pharmacology.) The number of qualified doctors to do this type of testing has always been small, but the paperwork now required by the government is inducing many of the good doctors to drop out of the field. Many of them have refused to continue helping the drug companies test new drugs when they are forced to spend more time making out reports than doing actual research. One physician particularly when they suspect that the physicians who do experimentation will never be read fully by the FDA.

Dr. Lowell Coggeshall, Vice-President of the University of California's School of Medicine, had to a private commission on drug safety recently told Congress about the results prepared by his group. According to a UPI report, Coggeshall testified that the new drug regulations would interfere with the research processes through which new drugs are developed. Moreover, the study based on replies from 100 scientists in the field clearly shows, that new investigators will hesitate to enter the field and that patients will be sharply limited in how they will tend to leave. Admittedly, drug testing is a long-term project, but the tendency to slow down drug research and development can easily be seen.

In a column last fall dealing with the new regulations, an editorial writer then under consideration by Congress, I asked, "Should doctors continue to help a drug be used—a physiologist's hope to cure each patient's case and who can weigh the probable advantages with the possible harm, or a bureaucrat in Washington who will be so afraid of making a mistake that he will refuse to allow a new drug on the market because of its possible harm, oblivious to the benefits that might help millions to live?"

The reaction was instantaneous. This is a rather far-fetched situation, I was asked. Do you seriously think that the FDA will ever achieve administrative regulations. At the line, I could only reply, "We Didn't Have Long To Wait."

We didn't have long to wait. About a month ago, Dr. Jonathan Moore, director of the Institute of Mental Health, recognized a expert in his field, who has experimented with the effects of the various "potent tranquilizers" (those used for mental disorders), who persuaded Smith Kline & French, the makers of Thorazine, one such drug, and asked the company if it could improve the drug in the form of a capsule for his tests. Dr. Cole wanted every drug in the test to be harmless (the sugar compounds) to be in the form of blue capsules so that the supervision of the test would know which drug, if any, was being administered. This would prevent the patients from reporting imaginary effects because they expected them, and also from the doctors being predisposed to observe certain results in the use of the drug, knowing what drugs had been administered.

Because Thorazine is one of the most harmful and, in many professionals' judgments, the ill test would be worthless without its misuse. Smith Kline agreed to help Dr. Cole and applied to the FDA for permission to make up a batch of drug in the form of blue capsules, rather than the customary tablet form which could not be used in Dr. Cole's test.

At that point, Dr. Kelsey of the FDA refused to approve the drug application to the new drug regulations, a step that would be required. This would have entailed years of testing and milling around new drugs approved by the FDA. By this, Dr. Cole explained vehemently to the FDA, pointing out that there would be no need for that in the effects of the capsule as compared to the customary tablets list, which was an unacquainted benefit to mental patients. As the opposition, Dr. Kelsey is still determined to uphold the letter of the regulations. You must try to act on this principle, he says. It is interesting to note that President Kennedy recently declared a major drive to fight mental illness and asked for $91 million for expediating the first year of his proposed program.

Prospects for New Drugs

Getting Worse

Statistics now being collected indicate that the number of new drugs being introduced (as well as those under testing) is down at a 10-year low, and prospects for the future aren't much better.

The warning I offered last fall regarding the new drug regulations has been ignored today. It was then: "If you value your life—literally value your life—you will make your voice heard protest¬ ing the new drug controls. And the time to do so is now, before you are in a shell shock, waiting for a bureaucrats' final approval."

Wm. R. Shafts

To Admit

LOS ANGELES, Calif.—Effective this week, Wm. R. Shafts will become a limited partner in William R. Shafts & Co., 64 South New York and Pacific Coast Stock Exchanges.

Mr. Shafts Part of New Firm

A 20-year veteran of the City, Shafts is well-known in the New York and Pacific Coast Stock Exchanges.

Charles Plohn to Admit

Effective July 3, Charles Plohn & Co., 200 Park Ave., New York City, members of the New York and Pacific Coast Stock Exchanges, in conjunction with Myron Lovell Belfer to limited partners to admit Charles Plohn to limited partners.

The tone of the money and capital markets is still on the constructive side, and the talk in the financial district is the effect that interest rates will be raised in the near future. In spite of the decrease in excess reserves of the banking system, further signals that interest rates have shown any real appreciable increases so far.

The capital market is in the form of a cage at this rate high prices. It will take time for the over¬ priced bonds to be assimilated but that is not to be expected. The market is in the form of a cage at this rate high prices. It will take time for the over¬ priced bonds to be assimilated but that is not to be expected. The market continues to be strong.

Although there has been a decline in the excess reserves of the Federal Reserve System, there has been no strong indication of short-term interest rates. As far as the long-term pattern of interest rates is concerned, there has been a very modest firming in capital market rates due almost entirely to the over¬ bidding or over—priced of new issues coming into the market for sale. Even when new bond offerings have been made on a negotiated basis they have also been overpriced in many cases.

Therefore, it appears as though although capital market rates have not been affected so far by higher interest rates or tighter credit conditions but by the overpricing of new bond offerings by the various syndicates.

The capital market as soon as it becomes overpriced, is offered offerings of new bonds that have come into the market in good shape again. It should be remembered that the funds seeking an investment in the long bonds are still very sizable.

J. A. Travis With Watt & Watt

TORONTO, Canada—Watt & Watt Limited, 7 King Street East, stock and bond brokers in Toronto since 1912, has announced that on July 2nd, James A. Travis will be joined by 25 of the leading men of their firm and department.

Mr. Travis was formerly the manager of the U.S. department of Davidson & Company.

Futtus Partner

In Davenport

RICHMOND, Va.—Hunter R. Felt¬ tus, Jr., has become a partner in Davenport & Co., 1113 East Main St., New York and Richmond Stock Exchanges.

Gruntal & Co. to Admit Two

Gruntal & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, on July 1 will admit Roland B. Stearns, a member of the Exchange, and Robert E. Grunwald of Grun¬ tal to partnership. Mr. Stearns & Co. have also announced that Mr. Stearns & Mr. Grunwald is becoming the New York partner of Gruntal & Co.
The promotion of Arthur W. Sharples to the position of president of the Chase Manhattan Bank, New York, was announced yesterday, and its effect on the training and communications section of the bank’s personnel administration division...

Also made known were the appointments of Russell K. Pope as Assistant Treasurer and administrative assistants in the Texas & Pacific Railway Company in New York.

Harold V. McGowan has been appointed a Vice-President of First National City Bank, New York. Mr. McGowan has been a Trust Officer with the bank since 1946, and is assigned to the Real Estate and Mortgage Department in New York.

Bernard Sanders has been elected a Vice-President of Manufactures Insurance Company, New York. A veteran of 37 years’ service with the bank, he is the West 49th Street branch manager. He joined the company in 1919.

Elected Assistant Vice-President of the Bank of New York in 1957.

Elect a Vice-President of the Chemical Bank New York Trust Company, New York, has elected George Schlecht Vice-President, it was announced yesterday. He has served as a Personal Trust Officer of the bank since 1951.

Mr. Schlecht joined the bank in 1920, and was appointed Manager of the Tax Division in 1924.

Victor M. Pedraza, who headed Banco Pedraza, Havana, Cuba, for five years has been appointed Assistant Vice-President in Bank of America (International), San Francisco, Calif. President S. Clark Beise announced June 23.

Before becoming president, in 1955, he was Vice-President of Banco Pedraza for 16 years.

Albert C. Simmonds, Jr., Board Chairman and Chief Executive Officer of The Bank of New York, died June 23.

A native of Simmeret, La., Mr. Simmonds was the son of the late Albert C. Simmonds, and is survived by his wife, Mrs. Adella Butler Simmonds, who survives her son. He resided at Indian Trail in Har¬lington, N. Y.

He attended local schools—Bunkie, La., Grammar School and Bolton High School, Bunkie, La., — and matriculated at Van¬derbilt University where he was graduated with the degree of Bachelor of Science from Harvard University in 1923.

Mr. Simmonds taught history in Thomasville, Ga., High School prior to launching his business career with the Texas & Pacific Railway Company in New York.

Charles B. Dunyan a Senior Vice-President of the Commercial Bank of North America, New York, died June 23 at the age of 64.

The Comptroller of the Currency, James J. Saxon on June 25 announced that he has given preliminary approval to the application of the First National Bank at 475 Seventh Avenue, New York City.

The proposed title of the institution is Lincoln National Bank of New York. The Bank will be capitalized at $5,000,000.

John Reine was elected a Trustee of the Chase Manhattan Bank in New York.

Joseph Upton, Jr., a former President and Board Chairman of the Queens County Savings Bank, New York, was elected President of the bank in 1955 and re-elected to the position when he became Board Chairman.

The Central State Bank, Brooklyn, N. Y. has applied to the New York State Banking Department for permission to add a Rocke¬feller Plaza area bank at 22 West 46th Street.

W. Kenneth Regan was elected President of the Commercial Bank of Long Island, Va., this week.

On May 23, the Stream, N. Y., Thomas G. Madi¬son was named President of the bank.

Mr. Madison will continue as Chief Executive Officer.

The Community Bank, Lynbrook, N. Y., has elected a Senior Vice-President.

Ray H. de Pasquale and Walter A. Stanley, were elected Directors of Commercial Union Trust Company, White Plains, N. Y.

Chester E. Seiffert, has also been named Assistant Vice-President.

The Directors of the First National Bank of Brewsters, Brewster, N. Y., have filed an application with the Federal Reserve Board extending until June 29 an approved plan for merger of the bank into County Trust.

Date has been set for special meetings to vote on the merger will be announced later. The merger is also subject to approval by the stockholders of both banks.

The Ohio Citizens Trust Company, Toledo, Ohio, elected Ronald D. Adams and Donald E. Weber, As¬sistant Treasurers. Ronald A. Hill was made an Assistant Sec¬retary.

Norman K. Fossey has joined Continental Illinois National Bank and Trust Company, Chicago, III. as a member of the board department.

Mr. Fossey will be the bank’s New York office.

The Northern Trust Co., Chicago, III. announced the promotions of: Howard B. Hiltz, to Trust Officer; Robert Wooldridge, to Trust Officer; Brenda K. Helm, to Trust Officer; and Barbara J. Smiley, to Trust Officer.

The Comptroller of the Currency, James J. Saxon on June 24 announced that he has given preliminary approval to organize a National Bank in Los Angeles, Calif., to be capitalized at $25,000,000, and it will be operated under the title Crocker-Anglo National Bank.

The retirement of L. C. Henry as a Director of the Seattle-First National Bank, Seattle, Wash., and the election of his son, Chapin Henry as his successor were announced yesterday.

The elder Mr. Henry began his serv¬ice on the Board on Oct. 31, 1929, when it was organized, and was a director of the First National Bank, Seattle, at the time.

The First National Bank of Miami, Florida elected Carl H. Bruns, Jr., President and Senior Vice Pres¬ident, Donald R. Thompson, Senior Trust Officer and Clifford M. Beadle and Norton B. Nichols, Vice-Presidents.

The Comptroller of the Currency, James J. Saxon on June 4 announced that he has given preliminary approval to organize a National Bank in Chicago, III., to be capitalized at $5,000,000, and it will be operated under the title National Bank of Wichtie.

Joseph P. O’Connor has been named auditor of the Merchandise National Bank of Chicago, III.

The Comptroller of the Currency, James J. Saxon on June 24 announced that he has given preliminary approval to organize the Beloit State Bank, St. Joseph, Mo., into a National Bank; the new bank will be organized under the title of the First National Bank of St. Joseph.

The First National Bank of Miami, Florida elected Carl H. Bruns, Jr., President and Senior Vice Pres¬ident, Donald R. Thompson, Senior Trust Officer and Clifford M. Beadle and Norton B. Nichols, Vice-Presidents.

The Comptroller of the Currency, James J. Saxon on June 26 announced that he has given preliminary approval to organize a National Bank in Greeley, Colo.

Initial capitalization of the new bank will amount to $25,000, and it will be operated under the title First National Bank of Newcastle, Wyo.

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

Initial capitalization of the new bank will amount to $25,000, and it will be operated under the title First National Bank of Dallas, Texas.

The Comptroller of the Currency, James J. Saxon on June 22 announced that he has given preliminary approval to organize a National Bank in Nampa, Idaho.

Initial capitalization of the new bank will amount to $25,000, and it will be operated under the title First National Bank of Boise, Idaho.

The Comptroller of the Currency, James J. Saxon on June 24 announced that he has given preliminary approval to organize a National Bank in Portland, Maine.

Initial capitalization of the new bank will amount to $25,000, and it will be operated under the title First National Bank of Portland, Maine.

The Comptroller of the Currency, James J. Saxon on June 24 announced that he has given preliminary approval to organize a National Bank in Bismarck, N. D., to be capitalized at $5,000,000.

Initial capitalization of the new bank will amount to $25,000, and it will be operated under the title First National Bank of Bismarck, N. D.

The Comptroller of the Currency, James J. Saxon on June 24 announced that he has given preliminary approval to organize a National Bank in Los Angeles, Calif., to be capitalized at $25,000,000, and it will be operated under the title Crocker-Anglo National Bank.
STATE OF TRADE AND INDUSTRY

Continued from page 12

High-steel inventories, which held steady at about 500,000 net tons in the four weeks through Feb. 28, fell to 452,000 net tons at the end of March, which was about 10% below the level of Jan. 16, 1963. Total steel output rose to 5,680,000 tons in March, an increase of 1,000,000 tons from 4,680,000 tons in February. Industry economists expect that steel shipments will exceed last year's seasonally adjusted level of 5,500,000 tons in the month of April.

Steel Bookings and Order Backlogs Are Dropping

Steel mill booking positions have been dropping since January, when they held steady at a high of 400,000 tons. The booking position at the end of March was about 333,000 tons, which is about 35% above the booking position at the end of February. The drop in booking positions is expected to continue for the remainder of the year, as steel mill managers feel that the steel industry is in the midst of a slow-down period.

The current booking position is about 70% of the booking position at the end of February, which was at its highest level since the beginning of the year. The booking position at the end of March is expected to continue to drop for the remainder of the year, as steel mill managers feel that the steel industry is in the midst of a slow-down period.

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Three Brokerage Firms Consolidate

A brokerage house in New York City, one in Bridgeport, Conn., and another in Providence, R.I., have united to form the New York Stock Exchange firm of Carreau, Smith, Mc Dowell, Dimond, Inc.

Andrew R. Smith, Managing Director; David B. Smith, Vice-President; Gordon Y. Billard, Assistant Vice-President.

The investment businesses which consolidated to form the new firm were: Carreau & Company, 115 Broadway, New York City; Mc Dowell & Company, 62-64 Yawkey Way, Boston, Mass.; and Dimond & Company, 100 Washingtont Street, Providence, R.I. The firm will have its headquarters at 115 Broadway, New York City.

The new firm will have capital stock of $100,000, authorized and payable in ten shares of $10,000 par value, $5,000 for each share. Andrew R. Smith is Chairman of the Board; David B. Smith, President; Charles P. Mc Dowell, Vice-President; and Gordon Y. Billard, General Manager.

The offices of the three firms will be combined under one roof.

THE SECURITY I LIKE BEST...

Continued from page 2

A common stock outstanding of which Book-of-the-Month Club owned 23% and Harper, Little Brown and Random House each owning about 9.5%. About 237,000,000 shares of the total common stock outstanding is held by the public and a substantial part of this is held by investment banks and trust companies.

For example, One Willam Street Fund owns 35,000 shares according to the most recent quarterly report. "Against the background of increasing population, rising education, and the burgeoning of the public interest in every subject under the sun, the company's policy of publishing good books at attractive prices, utilizing where possible mass distribution techniques, remains as true today as it was in 1917. The company's earnings have continued to grow at a steady rate. The income per share of common stock has increased from 10% in 1924 to 15% in 1932. The stock is currently selling at $35 per share and has a book value of $22.50 per share. The company has a favorable dividend record.

Butler, the manager of the company, has a good record of successful investments in the company's stock over the years. He has advised the board to purchase substantial amounts of the company's stock each year.

The company's stock is listed on the New York Stock Exchange.


duPont opened the London office in 1932, and the Paris office in 1933. The company has been active in the foreign securities market for many years, and has made a number of successful investments abroad.

The company's stock is listed on the New York Stock Exchange, and is also traded on the London Stock Exchange and the Paris Stock Exchange.

The security is well liked because it is a stable, long-term investment with a good record of earnings and dividends.

The company has a strong management team, headed by President duPont, with a record of successful investments in the company's stock over the years.

The security is well liked because it is a stable, long-term investment with a good record of earnings and dividends. The company has a strong management team, headed by President duPont, with a record of successful investments in the company's stock over the years.
Why Investment Industry Favors SEC's Proposals

Continued from page 3

speaking, I believe, in a nonpar-

typical vein, I would like to say: The Citic of New York last December said: "But the most direct and sig-
nificant effect of such a policy of aid-
ing economic growth is to make possible the aggregate of goods and services produced by the country, not the reduction of it by tax policies that result in deflation." There will be new interest in tak-

ing risks, in increasing produc-
tivity, in the manufacture and sale of new products for long-term eco-

nomic growth. Other national problems, moreover, will be added by full employment.

This relationship of both em-

ployment and our high standards of living to the steady flow of capital funds into new enterprise is the greatest single challenge in the

most envied economic aspects of our national life. I would like to talk to some of the men brought in by The Economic Development Institute who have had the great envy of these men, govern-

mental and financial leaders in their efforts to bring about a higher living standards and to emulate the economic success of the United States, is the steady flow of capital into new enterprise in this country. It is important that this perspective on our industry be established in connection with the passage of this legislation.

Strenuously Backs SEC Legislation

The second point, which I would like to put in perspective, briefly, relates to the idea that the investment industry is supporting so strongly the passage of this legislation. Our business has been subjected to two years of intensive study by intelli-

gent and able men who will deliver to us, and in general to the public, several thousand pages of critical studies of every aspect of our business. It is important to the future health of our economy to have understand-

ing that this study has been eminently not aimed at the entire industry but at that part of the industry where most of the abuse has been.

As an industry, we are deeply con-

scious that our practices have developed which can be criticized. We believe the public interest, the entire securities industry action should be taken to correct our practices. This is the prime reason why we appear before you in support of this legislation.

We also think it is important to realize that the great majority of security firms and members of our industry are not only engaged in this country, but is, in fact, our own high standards which we and the SEC wish to see maintained and not impaired by legislation. Our industry, Commissioner Cohn himself said in his letter of trans-

mittal to the SEC, is a "mature, self-determined industry not impairing public confidence in the securities markets but should strengthen the public's confidence." The laws and the heightened sense of obligation which have come as a result of the study and what is called the "education of the community"; and to quote the letter of trans-

mittal of Mr. Milton Cohen, "Many of the recommendations in The Report can indi-

cides be regarded as: attempts to make the securities industry meet to the best standards which the industry itself proclaims and to the highest levels of attainment which some of its participants have reached.

The greatest asset which our in-

dustry has is public confidence, and the greatest threat to this asset is the belief that the investment industry as a whole has not been treated fairly and it has not been treated fairly.

We are deeply concerned that some of the excesses which have not been adequately under-

stood; that the belief of the public in the integrity of our industry has been undermined; and, therefore, we believe that this proposed legislation not only will protect the public, but also that it is important to the effective performance of the economic function of our industry. Many of the regulations--in this Bill are points which have been strongly urged by many industry leaders back through many years. In general, we feel that the provisions of the Bill and the standards and standards in fact, a permissible a standard of our business and, therefore, we support this proposed legislation.

A True Consensus Was Obtained

In any organization composed of a great many separate and independent members, it is difficult to produce a true consensus and yet I believe we bring you such a consensus to explain how it was brought about.

On April 24th, we asked for and were given by the Securities and Exchange Commission to distribute complete copies of the draft of the proposed legislation. We sent copies to our Board of Governors, composed of 55 members in all parts of the country; to the Security Industry Senior Advisory Com-

mittee, a group of leaders in the industry; under the chairmanship of Charles Frear, the Special Committee of the Securities Acts Committee of the IBA; and the Standing Committee of carefully selected members under the chairmanship of Albert Pratt; and to our 17 regional groups to whom these group activities in the 17 sections of the country. Thus, a total of 250 leaders in the industry were informed of and asked to study the early draft of this legisla-

We believe the evidence de-

veloped in Chapter IX of The Special Study Report is compelling on this point. The number of stocks trading in the unlisted market and the volume of such trading has greatly increased over the past 10 years. It is wrong that present regulation requires the reporting for companies whose shares are listed on the exchanges but do not require it for firms whose stocks are traded in the unlisted market should not fail to this anomaly.

We believe that the Bill proposed by the Securities and Exchange Commission in the Bill than either the Fair Bill of 1949 or the Fair Bill of 1955.

We support the Amendments to Sections 15(b) and 15(b) of the 1934 Act, and to Section 5(b)(6) of the Investment Banking Act, to strengthen the provisions concerning the exercise of new enterprises, by exempting market-making transactions from the requirements of Sections 15(b)(6) of the 1934 Act, thus facili-

tating the exercise of new enterprises.

Would Extend Coverage

Our principal concern has been with the Broad Bill's coverage. We will accept the initial standard of 250 stockholders of these companies. We will compromise but believe the Bill could be improved by a simpler clause. We would acknowledge a more fully the public interest in full disclosure and at the same time provide a more directive and budgetary burden on the registrant. We believe that the strong conviction of thoughtful men in the industry to urge on the disclosure requirements of the Act are, in our judgment, far away the most important pro-

visions, and we believe that a larger group of companies, even if not providing an initial standard of 250 stockholders, should be made sub-

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ments. If that were done, we believe that reports of companies less than 1,000 stockholders should be furnished to the stockholders but should not be required to be made public; but the law should contain provisions for the enforcement of such require-

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mission should be realistically assessed and the coverage of the Bill will certainly remain.

We believe that, without modifying our support of this Bill, we should be able to make it even more effective than the present legislation. The Committee of the SEC and the provisions of Sections 14 and 16 should again be permitted to apply to companies of 250 or more stockholders to report certain specified information to the SEC so that they can have access to their new enterprises.

We support the Amendments to Sections 15(b) and 15(b) of the 1934 Act, and to Section 5(b)(6) of the Investment Banking Act, to strengthen the provisions concerning the exercise of new enterprises, by exempting market-making transactions from the requirements of Sections 15(b)(6) of the 1934 Act, thus facili-

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Federal Reserve's Progress
And the Problem of Inflation

Continued from page 1

The history — the progress made by the Federal Reserve System in its development of the nation’s instruments over a period of 50 years—under changing conditions.  

Half Century of Progress
When the Federal Reserve Act was passed about 50 years ago, the System had the use of one instrument in the operation of its monetary policy, namely, discounts and discount rates. Member banks re-discounted their Federal Reserve Bank loans in the form of convertible federal reserve notes, their Federal Reserve Banks and the discount rate was increased or decreased in accordance with the needs of the economy and the ability of the maturity system to supply credit to meet those needs. Over the years, advances to reserves as indicated below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve Advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914</td>
<td>$1,215,000.00</td>
</tr>
<tr>
<td>1917</td>
<td>$6,071,000.00</td>
</tr>
<tr>
<td>1925</td>
<td>$13,833,000.00</td>
</tr>
<tr>
<td>1933</td>
<td>$127,313,000</td>
</tr>
</tbody>
</table>

Discount rate changes reflected monetary policy changes, a period of reducing the years from a low of 1% in the late thirties to as high as to 7% in the early thirties, recently, to 4% in September, 1989. And since September, 1989, it has averaged 3% of the Federal Reserve System.

Development of Open Market Operations
In the beginning, open market operations were conducted by the Federal Reserve Banks, each of which permitted the Federal Reserve Banks to sell or buy securities. Later, the Committee established a Federal Reserve Bank in Washington, District of Columbia, and the Federal Reserve Board authorized the Committee to act as the Federal Open Market Committee. As a result, the Federal Reserve Board authorized the Committee to engage in open market operations.

The Federal Open Market Committee was established in 1914, and its functions were defined in the Federal Reserve Act of 1913, which defined the Federal Open Market Committee as the body which had the authority to engage in open market operations. The Federal Reserve Act of 1914 created the Federal Open Market Committee and authorized it to purchase and sell securities on the open market.

The Federal Reserve Act of 1914 created the Federal Open Market Committee, which was established to conduct the operations of the Federal Reserve System in order to influence the money market through the purchase and sale of securities. The Federal Open Market Committee was established as a central bank in the United States. The Federal Reserve System is the central banking system of the United States.

In 1914, a central committee of the Federal Reserve Board was established to begin to formulate monetary policy in the open market purchases or sales of government securities. This committee was established to begin to formulate monetary policy. The Federal Reserve Board had an option to participate in the buying or selling of government securities in the open market. On March 22, 1914, a resolution of the Federal Reserve Board created the Open Market Investment Committee, which was established to conduct open market operations, and to implement the monetary policy of the Federal Reserve Board. The Federal Reserve Board created the Open Market Investment Committee to conduct open market operations, and to implement the monetary policy of the Federal Reserve Board.

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Federal Reserve's Progress
And the Problem of Inflation

Continued from page 21
Since fiscal policy, government expenditures and taxes, and govern-
ment regulations can have an immediate and direct effect on our econ-
omy, the System must adjust the use of its mone-
- tary tools, very sharply, if it is to have any effect at all.

A look at the economic history of the U.S. since 1933 and as changed in 1959 by Congress reveals: first, that the Federal Re-
serve has increased or decreased reserve requirements on deposit demands for Reserve City member banks by 5% to 22% and for other member banks from 7% to 14%. At present the reserve requirement on demand deposits for Reserve City member banks is 10% and for other member banks is 12% and is 16% for both classes of member banks—the re-
serve requirements on time and savings accounts were increased to 6% maximum. At present, the effective reserve requirement on time and savings deposits is 4%.

As I said before, Congress has in 1939 allowed vault cash of mem-
ber banks to be counted as part of the required reserve. In the beginning, after the passage of this authority in 1935, the System used this instrument to absorb the large excess reserves in mem-
ber banks due primarily to the inflow of emergency reserve requirements. At one time, because of the very large excess reserves in member banks, caused by continued gold outflows, Congress gave the System temporary authority to devise increase reserve requirements which has since lapsed. From time to time in its history, the System has increased and decreased reserve requirements. More recently however, since this instrument affects all member banks, regardless of their reserve position, it has been used increasingly to increase required reserves. In my opinion this instrument is neces-
sary for the System to use when needed, especially as a standby. Re-
cent changes in reserve requirements have lowered the requirement on time and savings deposits from 5% to 4% (in some cases 3% to 4%). In other words, that In 1960, demand deposits reserve requirements were lowered from 10% to 8% to Reserve City banks and, in accordance with the law of 1959, Central Reserve City banks.

Central Reserve City banks. Also, in November, 1959, the Federal Reserve System announced that reserve requirement on demand deposits were increased from 11% to 12.5%.

Watching Free Reserves
As I said before, more reliance is now placed on Open Market oper-
ations and discounts and advances and the banks' "free re-
serve" position—which is the difference between the de-
posits and the discounts and advances of member banks at the Reserve banks—and is, in general, a rough indicator of the cost of credit. The Federal Reserve System has been following the changes in the banks' "free reserve" position, in the first two months of 1962, net "free" reserves were about $500 million and they about $400 million and toward the end of the year, on February 28, $313 million. We are also able to keep track of this important statistic. Reserve requirements are increased or decreased very sharply, if it is to have any effect at all.

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Coastal States Gas Producing Financed Completed
Coastal States Gas Producing Company, rapidly growing gas gathering operations, June 20th completed its first public offering of mortgage bonds when it re-
ceived from a group of underwriters the check for the net proceeds from the sale of $500,000 of 5% mortgage bonds due 1985. The offering group was managed by Kuhn, Loeb & Co., Incorporated, The First Boston Corporation and Kuhn, Loeb & Co. Incorporated are, seated, from left, Oscar S. Pfiffert, President of Coastal States Gas Producing Company ( Corpus Christi, Texas) and subsidiaries are primarily engaged in gas gathering operations in southern Texas, involving the purchase of gas from numerous small producers, the extraction of liquid hydrocarbon by-products from the gas gathered, and the gathering, transmission, and sale of natural gas, crude oil and con-
densate, and the gathering, trans-
smision, storage and refining of crude oil and condensate.

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

Cost of credit increases—Interest rates rise.

Consumer Credit

Installment consumer credit outstanding increased for the year 1962 by $4.6 billion and for the first quarter of 1963 was $5.4 billion, on an annual basis, and at the end of July, 1962 was $4.87 billion—which of figure $3.6 bil-

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for U. S. capital are more likely to be affected by changes in market conditions when the foreign bond market has become a significant contributor to the domestic economy. In that case, the cost to the foreign borrower may fluctuate with changes in the U. S. capital market. If the foreign demand for U. S. capital can be readily postponed, the foreigner will be encouraged to borrow until capital market conditions are more favorable.

And finally, he adds: "The supply of U. S. capital for these high-yielding foreign bonds must be increased in order to keep the interest rate at a level which will have a significant effect on the foreign market. At the same time, we must recognize that the expansion of capital market has created a situation where the demand for additional capital is likely to be met with a supply of equivalent capital. The long-term capital must continue to flow abroad in order to prevent a shortage of capital and to increase the availability of capital. In the meantime, we must be prepared to increase our exports and to maintain a favorable balance of payments."
The following statistical tabulations cover production other figures for the latest week or month available. Dates shown in first column are either for the week or month ended that date; or, in cases of quotations, are as of that date:

### AMERICAN PETROLEUM INSTITUTE—Month of March:

- Total domestic production (barrels of all gallons):
  - Diesel oil and fuel oil: 129,231,000 barrels
  - Gasoline: 34,410,000 barrels
  - Distillate fuel oil: 11,350,000 barrels
  - Natural gas liquid (barrels): 19,200,000 barrels
- Refineries:
  - Crude feedstock: 12,450,000 barrels
  - Estimated gasoline output (barrels): 14,200,000 barrels
  - Petroleum products output (barrels): 129,500,000 barrels
  - Natural gas liquids output (barrels): 19,200,000 barrels
- Crude Input:
  - Domestic:
    - Domestic (outrageous): 125,200,000 barrels
    - Domestic (mild): 125,200,000 barrels
  - Foreign:
    - Foreign (outrageous): 125,200,000 barrels
    - Foreign (mild): 125,200,000 barrels

### AMERICAN RAILWAY CAR INFORMATION—Month of May:

- Total new freight car deliveries 5,747, 2,872, 1,158
- New freight cars delivered 5,747, 2,872, 1,158
- Lines of no new freight cars 119
- Total round-lot output (end of month) 32,764, 18,792, 12,778
- Total new car output 75,450, 39,732, 29,014

### BANK DEBTS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM:

- Of May (in millions)
  - Notes, drafts, and acceptances 18,180,000
  - Commercial and industrial loans 36,319,000
  - Consumer credit 17,411,000
  - Government securities 33,980,000
  - Securities loans 2,397,000

### BORROWING CONCERNS—U. S. DEPT. OF LABOR—Month of May (in millions):

- Total new construction 1,786, 414, 144
- Private construction 608, 143, 104
- Residential building (construction) 268, 69, 51
- Nonresidential buildings 1,232, 265, 161
- Commercial 116, 29, 23
- Industrial buildings and warehouses 416, 94, 63
- Stores, restaurants, and garages 131, 33, 29
- Religious 19, 7, 7
- Educational 20, 11, 11
- Government-owned office buildings 4, 2, 2
- Other nonresidential buildings 351, 82, 61
- Military housing 1, 1
- Military barracks 3, 1, 1
- Nonresidential buildings 2, 1, 1
- Government-owned office buildings 1, 1, 1
- Other nonresidential buildings 262, 61, 47
- All other public 49
- Private 49

### CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—(U. S. DEPT. OF COMMERCE—Month of May (in millions))

- Total 1,600, 400, 200
- Private 1,200, 300, 100
- Public 400, 100, 0

### NATIONAL PAPERBOARD ASSOCIATION—May:

- Carboard (in millions)
  - Newsprint 306, 30, 6
  - Coated 315, 31, 6
  - Bleached 306, 30, 6

### PAINT AND DRUG REPORTER PRICE INDEX—Two Averages—May 20, 1963:

- Average 213, 213
  - Average 213, 213

### COUPON SPINNING (DEPT. OF COMMERCE):

- Spinning spindles in place on May 4, 201, 10, 5
- Spinning spindles active on May 4, 198, 9, 4
- Active spinning capacity (in millions) May 4 201, 10, 5

### BOSCHER STEEL INSTITUTE OF STEEL CONSTRUCTION—May:

- Outboard closures (thousands) estimated 400, 104, 30
- Openings for (in thousands) 300, 25, 10

### FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of May:

- Average weekly earnings 106.98
  - All manufacturing 108.24
  - Durable goods 110.51
  - Nondurable goods 106.42
  - Services 105.86

### NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK—March of May:

- 4,016,000,000

### THE CONSUMPTION OF PRIMARY AND SECONDARY METALS—MONTHLY REPORTS—U. S. DEPT. OF COMMERCE—Month of April (in tons):

- Blocks in beginning of period 27,500
  - Blocks at end of period 27,500
  - Total period output 27,500

### TREASURY MARKET TRANSACTIONS IN DEBT AND GUARANTEED SECURITIES—U. S. DEPT. OF THE TREASURY—Month of May:

<table>
<thead>
<tr>
<th>Date</th>
<th>Assets in $1,000,000</th>
<th>Net purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963-05-01</td>
<td>0,866,200,000</td>
<td>0,866,200,000</td>
</tr>
<tr>
<td>1963-05-02</td>
<td>0,874,200,000</td>
<td>0,874,200,000</td>
</tr>
<tr>
<td>1963-05-03</td>
<td>0,882,200,000</td>
<td>0,882,200,000</td>
</tr>
<tr>
<td>1963-05-04</td>
<td>0,890,200,000</td>
<td>0,890,200,000</td>
</tr>
</tbody>
</table>

* Asterisk figures. Numbers of orders not reported since Introduction of Monthly Investment Plan. "Prime Western Zone" sold on delivery basis at centers where freight from East St. Louis exceeds one-half cent a pound.  **Selected figures. Numbers of orders not reported since Introduction of Monthly Investment Plan. "Prime Western Zone" sold on delivery basis at centers where freight from East St. Louis exceeds one-half cent a pound.
Tremendous Potential for Electronic Sales to Europe

Export potentials for U.S. electronics products are expanding with the growth of industry and the increasing buying power in Western Europe, according to a recent assessment by Assistant Secretary of Commerce John L. Behrman.

The Common Market will also adjust its common external tariff, to be even closer to the average national rates. As a result, U.S. exporters will pay higher tariffs to some of the best customer countries in the Common Market.

"Tariffs challenge the ability of our exporters to compete in these and other European markets," Dr. Behrman said. "In some areas, such nontariff barriers as import customs, administrative practices, special taxes or fees on imports, and standards or specifications tend to discriminate against U.S. exporters. Around the world, many nontariff barriers have been reduced, but full progress is needed to free the flow of trade.

The Trade Expansion Act of 1962, the President has broad authority to negotiate with foreign governments for a reduction of tariffs. As tariffs are reduced, nontariff restrictions may become the greatest challenge to the competitive abilities of American products.

Securing the Information on Tariff Barriers

Dr. Behrman said that the Administration, in preparation for the forthcoming negotiations, is taking a "close look" at every kind of obstacle which keeps U.S. goods out of overseas markets or makes it difficult for U.S. goods to compete against others.

The Commerce Department, participating in the preparatory work, is responsible for supplying the President's Special Representative on Trade Negotiations, Christian A. Fuger-Wendin, with full information on U.S. industry's trading problems.

"Industry alone can give us specific information on the problems industries across the board," Dr. Behrman said.

To get this information, the Commerce Department is holding separate consultations with groups representing the various segments of industry. Before 90 industry consultations will be held.

Stating that the electronics industries in particular have "unfounded fears," Dr. Behrman said, "We expect to get specific, factual information that will enable us to serve the best interests of your industries in the bargaining sessions ahead of us.

Representatives of the electronic industries will be asked to provide information on:

(1) The specific items on which electronic producers want the United States to negotiate a tariff reduction, or concessions from other countries and industry groups in the interest of maintaining American competitive position.

(2) The effects on the industry of a 50% reduction of duties by the European countries and their impact on American industry.

(3) The specific nontariff barriers that interfere with exports of U.S. electronic products and their relative significance.

"We need detailed, item-by-item, country-by-country information on each of these questions," Dr. Behrman said.

The President has asked you to provide it, so that we can present to the other nations facts we must have to engage in genuine bargaining.

"Profitable trade negotiations are vital to the export progress of U.S. industry. It is the responsi-

bility of industry, as well as of Government, to do everything within its power to make them fruitful.

First Boston Corp.

Appoints Officers

The First Boston Corporation, 20 Exchange Place, New York City, has announced the appointment of new officers in its New York, Chicago, and Philadelphia offices.

N. A. M. D. Assistant Vice-President for Finance H. Thomas Cimini, and Richard C. Dunham, both members of the firm's corporate trading department.

New Managers in New York are Donald F. Miller, of the national sales department; and Warren K. McComber, of the government division, national sales department.

Other changes include the appointment of Dr. Behrman said.

Dr. Behrman is a member of the National Association of State and Regional Manag-

ers in the New York area.

Francis B. Bunting, Jr., was appointed a Manager in the Cleve-

land office. He is a member of the National Association of State and Regional Manag-

ers in the New York area.

Assistant Managers in New York are Donald F. Miller, of the national sales department; and Warren K. McComber, of the government division, national sales department.

Other changes include the appointment of

Ohio Raises New Capital

The sale of $5,690,000 State of Ohio underground parking facility revenue bonds through an underwriting syndicate headed by Blyth & Co., Inc., was completed June 29 with the passing of a check cov-

ering payment on the bonds. R. George LeVind, left, Vice-President and Manager of Blyth & Co., was the underwrit-

er in charge of the syndicate.

The proceeds will be used to construct a new Municipal Building in Cleveland, and the proceeds will be used to construct a new Municipal Building in Cleveland.

Sheppard Joining Heber-Fuger Co.

Sheppard, manager of the rubber division of the Heber-Fuger Inc., has been named to the position of vice-president.

Heber-Fuger-Wendin, Incorporated, is an investment counsel for the past 20 years and are retained by banks and other financial institutions to serve the best interests of your industries in the bargaining sessions ahead of us.

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(3) The specific nontariff barriers that interfere with exports

Leveled to 2.5% for the public-

held companies. The strong force of the independent auditor and the SEC, and for the listed com-

panies, the supervisory elements of the stock exchanges.

I am not sure what anyone wants to hunt for. There is no sense being over-estimation for the need.

Recommends Same Standards to Non-Profit Organizations

What has been overlooked, however, is the possible need to bring the public Non-Profit Organizations to the SEC, and for the listed com-

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Securities in Registration

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are listed alphabetically 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 subject to change.

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

- Acme Visible Records, Inc. (7/1)
  May 21, 1963 filed 150,000 common of which 57,445 will be sold for company and 62,555 for certain stockholders. Price—By amendment (max. $20). Business—Manufacture of office filing equipment, and business forms. Proceeds — To repay loan, expansion, and other corporate purposes.

- Ainsley Co., Inc. (7/26-28)

- Alabama Power & Telephone Co. (7/12)
  April 1, 1963 filed 180,000 common of which 100,000 are to be offered for public sale at $16 per share. The securities will be offered in 600 units each consisting of one $1,000 debenture, 400 common, and 360 warrants. Registration also covers an additional 92,000 outstanding common. Price — By amendment. Business — Company provides electric service to Alabama communities of Craig, Shagway, and Toledo, and supplies electricity to South Carolina. Proceeds — For reinforced concrete construction and working capital.

- All-State Properties, Inc. (7/12)

- Amerel Mining Co., Ltd. (7/12)
  July 31, 1963 filed 400,000 common shares. Price — 50c. Business — The company is engaged in exploration, development, and mining properties. Proceeds — For drilling, construction, exploration and general corporate purposes.

- American Mortgage Insurance Co. (7/11)
  Jan. 10, 1963 filed 500,000 shares for registration. Price — To be determined. Business—The company, through a so-called pooling of interests and a merger, will operate a real estate investment concern.

- Atlantic International Corp. (7/9)

- Ainsley Co, Inc. (7/26-28)
  April 1, 1963 filed 200,000 common. Price — By amendment (max. $20). Business — Manufacture of office filing equipment, and business forms. Proceeds — To repay loan, expansion, and other corporate purposes.

- Ainsley Co., Inc. (7/26-28)
  April 1, 1963 filed 204,757 common of which 185,000 are to be offered for public sale at $16 per share. The securities will be offered in 600 units each consisting of one $1,000 debenture, 400 common, and 360 warrants. Registration also covers an additional 92,000 outstanding common. Price — By amendment. Business — Company provides electric service to Alabama communities of Craig, Shagway, and Toledo, and supplies electricity to South Carolina. Proceeds — For reinforced concrete construction and working capital.

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**Federal Reserve Bank of St. Louis**

**First Amendment to Form 7 (Feb. 15, 1963)**

May 28, 1963 filed 87,500 common shares of $1 denomination stock. Amended to contain the following information:

- Date of conversion: May 17, 1963, with warrants to purchase 187,500 common shares, to be offered in units of one share each.
- Business: Company engaged in the manufacture and sale of consumer goods.
- Management: Board of Directors, Officers, and Shareholders.
- Warrant details: Every share will be accompanied by a warrant to subscribe for one more share.

**Hollingsworth Solderless Terminal Corp.**

Feb. 1, 1963 filed 50,000,000 shares of common stock. Price $4.50.

- Business: Manufacture of solderless terminals and related equipment.
- Offering: For sale by affidavit of Mr. John H. Hollingsworth, President.
- Details: Subscription price $4.50; payable in cash.

**Horseman Insurance Co.**

Feb. 11, 1963 filed 50,000,000 shares of common stock. Price $5.00.

- Business: Insurance company.
- Offering: For sale by John H. Horseman, President.
- Details: Subscription price $5.00; payable in cash.

**Horsemen Investors Inc.**

June 14, 1963 filed 50,000,000 shares of first mortgage bonds due June 15, 1983. Proceeds—For loan repayment, and other corporate purposes.


**Indianapolis Real Estate Investments Trust**

Aug. 3, 1963 filed 300,000 shares of beneficial interest. Price—$1.00.

- Business: Real estate investment company. Proceeds—For investment in general corporate purposes.

**Greater Miami Industrial Park Inc.**


**Great Western Building and Housing Co.**

June 3, 1963 filed 200,000 common shares of $1 par. Price—$5.00.

- Business: Construction and development of housing projects.

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- Business: Construction and development of housing projects.

**Greenwich Real Estate Development Co.**

June 3, 1963 filed 200,000 common shares of $1 par. Price—$5.00.

- Business: Development of real estate projects.

**Grocery Distribution Co.**

June 3, 1963 filed 200,000 common shares of $1 par. Price—$5.00.

- Business: Distribution of groceries.

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Polaris Corp. April 1, 1963 filed 90,122 common being offered for subscription by holders on the basis of one new share for each 1,000 held. Record date for capital. Address—Bloomington, Minn. Underwriter—Cantor, Fitzgerald & Co., Inc., Chicago.

Price—By subscription.


Pension Securities Fund, Inc. June 11, 1963 filed 325,000 common shares to be offered by U. S. resident stockholders on the basis of one new share for each 100 held. Record date for Capital. Address—Bloomington, Minn. Underwriter—None.


Northwestern Bell Telephone Co. May 10, 1963 filed 250,000 shares of preferred stock being offered for subscription by preferred and common stockholders in exchange for preferred and common stock. Proceeds—For general corporate purposes. Underwriter—None.


Ohio Medical Corp. May 19, 1961 filed 100,000 common. Proceeds—For medical and research purposes. Address—1741 Euclid Ave., Cleveland, Ohio. Underwriter—None.


**Effective Registrations**

The following registration statements were declared effective for securities details, where available, will be carried in the Monday issue of the "Chronicle."
Consolidated Edison Co. of New York, Inc.

May 16, 1963, it was stated that it will have to raise approximately $100,000,000 through the sale of securities in 1963. In addition, it will have to refinance $50,000,000 of maturing debt. Proceeds—For construction.

Georgia Power Co. (11/7)

June 12, 1963, it was reported that this subsidiary of The Southern Co. plans to sell $30,000,000 of first mortgage bonds due May 25, 1968. Proceeds— For construction.

Hartford Electric Light Co.

April 16, 1963, it was announced plans to sell $15,-

50,000,000 of securities in 1964 to help finance its 20,-

$0,000,000 expansion program. Proceeds—For construc-

tion.

Hawaiian Electric Co., Ltd.

May 19, 1963, it was reported that this company plans to sell $14,000,000 of first mortgage bonds in the months of June and July. Proceeds—For construc-

tion.

Iowa Power & Light Co.

June 2, 1963, it was reported the company plans to sell $10,000,000 of first mortgage bonds in June. Proceeds—For construction.

Iowa Public Service Co. (9)

May 28, 1963, it was reported the company that plans to offer $12,000,000 of first mortgage bonds in September. Proceeds—For construction.

Jersey Central Power & Light Co. (10/4)

June 12, 1963, company announced plans to sell $9,-

000,000 of first mortgage bonds due 1969. Proceeds—

For construction.

Louisiana Power & Light Co.

May 28, 1963, it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25,000,000 of 5% bonds due 1965. Proceeds—For construction.

Mexico (Government of)

June 20, 1963, following the registration with the SEC of $20,000,000 of 5% bonds due 1968. Proceeds—To be used for its expansion program. The Government is authorized to sell an additional $65,000,-

000 of bonds.

Nevada Power Co.

April 16, 1963, the company announced plans to sell about $10,000,000 of first mortgage bonds in Sept. Proceeds—No action. Transaction is subject to approval by State and Federal regulatory authorities.
Southern California Edison Co.  
May 21, 1963, following the sale of $60,000,000 of first and refunding mortgage bonds due May 15, 1983, the company stated that it will need about $60,000,000 of new money to finance its 1963-64 construction program. A selling agreement covering the sale of a minimum of $50,000,000 of debt securities in the fall of 1963 has been authorized. Underwriters—(Competitive), Probable bidders: Halsey, Stuart & Co., First Boston Corp. (jointly); Blyth & Co.—Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith Inc.—Salomon Brothers & Co. (jointly); Kidder, Peabody & Co.—Smith Barney, Inc. (jointly).  

Southern Counties Gas Co. of Calif.  
May 13, 1963, it was reported that this subsidiary of Pacific Lighting & Gas Co., Inc.—Lupton 350,000 of its outstanding mortgage bonds in the fourth quarter. Address—P. O. Box 508, St. George,  Utah. Underwriters—(Competitive), Probable bidders: White, Weld & Co. Inc.—Boston; Peabody & Co. (jointly); Blyth & Smith Inc.—First Boston Corp. (jointly).  

Tokyo (City of)  
May 1, 1963, it was reported that the Diet had authorized the sale of 70,000 of its outstanding mortgage 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, 1957, was handled by Kuhn, Loeb & Co. Offerings—Indefinite.  

Transcontinental Gas Pipe Line Co.  
May 28, 1963, it was reported that the company plans to issue $30,000,000 of debt securities in September. Preogression—350, 101st St. Houston 26, Tex.—5542-5544 Union Square, New York. Underwriters—White, Weld & Co., and Stone & Webster Securities Corp., New York.  

Ultronics, Inc.  
May 16, 1963, it was announced that the company plans to issue $24,000,000 of debt securities in August. Preogression—1701 East 10th St., Los Angeles 4, Calif. Underwriters—Probable bidders: Kidder, Peabody & Co.—Crouse will be in charge of this offering. Expected July 31 at 195 Broadway, New York.  

The news column in "Street Sense," the newsletter of the Financial Services Institute, Inc., provides a summary of some recent news in the financial industry. The column highlights various incidents, such as the sale of new securities by companies, significant appointments, and mergers, among others.  

In the section titled "Securities Without Disclosure," the Quarterly contends that New York's new law authorizing stock- option plans for officials of state-chartered banks should be supplemented by legislation guaranteeing these officials an opportunity to disclose information without which an informed judgment on option plans is impossible.  

Tulouet, Inc.  
June 1, 1963, it was announced that the company has elected its officers. President, William H. Hamilton; Vice-President, W. H. Hamilton; Secretary-Treasurer, W. H. Hamilton.  

The column concludes with a note about the growth of the bond market, stating that the market has expanded significantly since 1954, with new issues and underwriting activities increasing. It also mentions the importance of regulatory bodies in ensuring the growth and stability of the market.
Why Common Stocks Belong In Public Pension Funds

Continued from page 7

dominating the representative industrial common stocks of the country. Note that there was a good deal of all securities, by which the market values were severely damaged. Moreover, note that this was the worst of all depressions in which, let us recall, bonds also came under violent bombardment. But, before the decade was out, the value of the fund was well over double its 1929 value, and in the facing page, both the devastating depression and the war, the value was 25% higher than cost after 15 years. Moreover, the yield on the cumulative fund by that time was around 5½%. In citing these figures, I am leaving altogether out of my argument the effects of the great boom of the 1920's during which the market values reached nearly 250% of the book values, and the yield on the cumulative investment fund reached over 15% per annum.

The Real Question
So, I have no hesitation in stating that the question is not "are common stocks appropriate?" The real question is how much in common, what methods are to be used in selection, how are they to be acquired, how supervised, and the like. 25½% Rates Recommended to California Employees Fund

However, it is the question of selection in connection with moving into equities. The answer is that a plan should be devised for building up the common stock section of a portfolio until the book value of the common comprises a definite stated percentage of the fund's total book value. There is no hard and fast rule here. If someone should argue for 50% of the fund being in common stocks, there would be no logical way to prove that this was wrong. Indeed, many trust funds make just such a provision today. But there is a consensus in favor of some sort of"specific" portfolio, and it cannot be proven that this consensus is wrong either. We at Moody's advise carefully in deciding not to choose a smaller proportion, and somewhat arbitrarily we would be inclined to suggest 25%, at least as a starting goal.

Incidentally, Moody's was commissioned to study the California State Employees Retirement System in 1960. In our report delivered to the State then, we recommended that arrangements be made for the S. E. R. S. to invest in common stocks. If I am not mistaken, that report has been used as a basis for a pending bill, which would permit such a ratio of common stocks in public retirement funds: the great thing is to have a definite goal to plan for.

If this be elected, say 25%, of the total book value of the fund to be in common, then we may entertain the question of substituting common stocks for preferred stock and determining any added value per share that is above that of the average. These criteria should be applied to five last years and have been at least average for the last ten years.

These are some of the principal standards which it would be wise to follow in the choice of common stocks. There are others, for this is not an exclusive list. But I am sure that the approach to be used in seeking to combine these factors is as follows:

Before going on to other points about common stocks, let me just say that there should continue as in the past to be invested in debt obligations, meaning bonds and mortgage loans. In this connection, there is no point in buying or holding tax-free obligations in state and municipal obligations. You don't need tax freedom and shouldn't pay premium for it. The debt obligations should be those of corporations or of the Federal Government. And, of course, real estate mortgage loans. Funds should have their own standards for debt obligations, and I shall not seek to define any here.

Selection Methods
Let us, therefore, turn to methods used in choosing common stocks. The variety of commons that are available is very wide. Under common stocks, like everything else, come in all sizes, colors, flavors, and varieties, so to speak, and as you set up high standards for the choice of debt investments, so also you should strive to establish a high standard of excellence in the choice of commons. The first thing that must be done should be spelled out, and to illustrate, I will give you some examples. Generally speaking, such as the following should be incorporated in a retirement fund of its kind.

1. The stocks should be of corporations domiciled in the United States.

2. The stocks should be listed on Exchanges or registered with the Securities and Exchange Commission. But in the case of banks, they should be of institutions insured by the FDIC, and in the case of insurance companies the companies should be qualified to do business in California or New York State.

3. The stocks should be of companies whose charges—interest and preferential dividends—are covered more than twice by the after payment of Federal income taxes. The company represented must have had season to the extent that it's for its fore¬ years has been operating for the past five years as a minimum, and continuous dividends for that period of time must have been paid.

4. The company must be not a single-product concern; it may be in a single field, but it must have a variety of strings to its bow.

5. It must not be exclusively a retail goods company, but must have an interest in consumer or services.

The company must have shown a compounded rate of growth of sales per share and of net income per share over a period of years that is above that of the average. These criteria should be applied to the last five years and have been at least average for the last ten years.

Finally, there is the question of supervising the portfolio. On the whole, you have acquired your commons. Common stocks are far from being invariably superlatively fine holdings. Common stocks can deteriorate, as well as grow and prosper. The problem is to keep tabs on the underlying trends of a company as they may develop and to take action if they look promising. Thus, a stock which may be on the list to be dollar averaged shouldn't be dropped if the trend is downward and changing. The question is how to follow the trends. Bear in mind that I am not discussing how to follow, much less to anticipate, the normal ups and downs in market trends. I am pointing out how to watch out for basic or underlying changes. To do this, one may say that you are serving the services of investment experts who

TAX-EXEMPT BOND MARKET

Continued from page 5

nearly to the end of the calendar. The group headed by Smith, Barney & Co. was the successful bidder for $25,000,000 worth of the $30,950,000 in Electric Revenue (1964-1976) certificates (bonds) at a net interest rate of 2.921%. The runner-up bid, a 2.908% net interest cost, came from Goochboyd and Co. and Associates.


Sealed to yield from 1.70% to 3.30% for various coupons, the present balance in group is $75,000,000.

Friday was a rather dull day with $2,500,000 Agricultural and Mechanical College of Texas, Power Plant Search bonds, the only sale of importance. The accounts for the week were led by the First Southeast Co. and Rauscher, Pierce & Co. was the high bidder at a 3.315% net interest cost. The bid compared favorably with the second bid, a 3.282% net interest cost from the account of Mr. and Mrs. Allen, Lynch, Pierce, Fenner & Smith group.

Other members of the successful account are Rowles, Winston & Co., Dittmar & Co., Underwood, Neubaur & Co., Brack, Inc., Hart Inc., First of Texas Corp., and M. E. Allison & Co. The bids were reoffered but were sold privately and the account marked closed.

Tuesday Set the Pace

On Monday there were no sales of importance and dealers busily prepared for Tuesday's large general obligation issues. The State of Minnesota awarded a total of $40,000,000 State Building and Aeronautical (1965-1982) bonds to the syndicate headed by the First Boston Corp. at a net interest cost of 2.590% for the $3,900,000 in building bonds and a net interest cost of 2.950% for the $6,600,000 State Aeronautical bonds. The runner-up bid for the Aeronautics bonds was a 2.98% interest cost made by the Harris Trust & Savings Bank account.

Other members of the First Boston Corp. account included the State of America NT & SA, Mellon National Bank and Trust Co., National Bank of Commerce, First National Bank in Dallas, First National Bank of America, American National Bank & Trust Co., Mercantile National Bank, Chicago, National Bank of Trust & Co. The obligations are offered at prices to yield from 1.70% to 3.20% and the present balance is $5,860,000.

Madinson, Wisconsin awarded $6,750,000 corporate purposive (1964-1983) bonds to the syndicate headed by First National City Bank, Continental Illinois National Bank & Trust Co. of Chicago and Associated. The bonds were purchased, through negotiation, by a nationwide group of 203 dealers headed up by P.nlup, Fen & Co., Lehman Bros., Smith, Barney & Co. and W. H. Morton & Co. at a net interest cost of 3.59875%. The bonds are scaled from a yield of 2.45% in 1965 to a dollar a day of 99% for a 3.60% coupon in 2005. Insurance Co. and bank and was widespread demand with $70 million, of the bonds immediately sold for group account during the order period. Member orders are expected to take the remainder of the bonds. No offer of subscription will be available until Thursday.


The reoffering was scaled to yield from 2.20% to 3.40%. The group is reported to have sold just over 50% of the bonds.

No Trouble at All

This week's largest issue, $136,675,000 New York State Housing Finance Agency (1966-2005) bonds was purchased, thru negotiation, by a nationwide group of 203 dealers headed up by P.nlup, Fen & Co., Lehman Bros., Smith, Barney & Co. W. H. Morton & Co. and a net interest cost of 3.59875%. The bonds are scaled from a yield of 2.20% in 1965 to a dollar a day of 99% for a 3.60% coupon in 2005. Insurance Co. and bank and was widespread demand with $70 million, of the bonds immediately sold for group account during the order period. Member orders are expected to take the remainder of the bonds. No offer of subscription will be available until Thursday.

DIVIDEND NOTICES

FEDERAL

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 193 of ninety cents (90c) per share on the common stock which is payable on September 15, 1963 to stockholders of record at the close of business on August 15, 1963.

GERARD J. JERGER, Secretary

GOODALL RUBBER COMPANY

COMMON DIVIDEND

The Board of Directors has declared a quarterly dividend of 12 1/2 cents per share on all Common Stock outstanding payable September 15, 1963 to stockholders of record at the close of business August 15, 1963.

H. C. DUSCH
Vice President & Secretary

TENNESSEE GAS TRANSMISSION COMPANY

DIVIDEND NO. 64

The Board of Directors has declared a dividend of $2 5/8 per share on the Common Stock, payable September 15, 1963 to stockholders of record on August 9, 1963.

H. F. ABY, Secretary

DIGITIZED for FRASER
WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D.C.—Hearings conducted by a Senate Banking and Currency Subcommittee on a legislative program for the Securities and Exchange Commission showed little support and very little opposition.

The measure (S. 1642) has two primary aims. The first is to provide further safeguards for investors in the important and treacherous over-the-counter market. This would be done by extending fundamental disclosure requirements imposed by companies listed on the exchanges to be required also of companies whose securities are traded in the over-the-counter market.

The second paramount purpose would be to strengthen qualification standards and controls over those in the securities business, also with emphasis on the Over-the-Counter Market.

There is every indication Congress will approve the SEC proposal to extend the disclosure requirements to the thousands of companies whose stocks are not traded on the exchanges. The Senate Banking and Currency Committee seems likely to give favorable report on the legislation sometime in July.

Senator A. Willis Robertson, Democratic vice-chairman of the Committee, says he does not recall ever hearing of a comparable nature to the one that the SEC conducted last year, which has been favorably received within the industry.

Importance of Securities Industry

Senator Harrison A. Williams, Jr., Democrat of New Jersey, presiding over the Subcommittee on Securities and Exchange Commission, said in testimony that during a 10-month period in 1961-1962, quotations were listed in more than 1,400 different domestic stocks traded exclusively in that market.

The sales of corporate stocks, excluding sales of mutual fund shares and syndicated distributions, increased about 700% in 12 years from an estimated $4.9 billion in 1949 to $38.9 billion in 1961.

OCT Volume

It was brought out that the volume of OCT stock transactions in 1964 increased about 90% to a value of $38.9 billion, and that the sales of corporate stocks, excluding mutual fund shares, increased about 700% in 12 years from an estimated $4.9 billion in 1949 to $38.9 billion in 1961.

Chairman Cary said a special study sample of more than 1,600 of these companies showed that 31% had assets of over $5 million, 47% had assets over $5 million.

An approximately one-half had 500 or more stockholders, and 16% had 200 stockholders or more. During the years 1959 to 1961 the distribution of new issues reached the highest level in history.

Role of NASD and IBA

Hudson B. Lemkau, New York Vice-Chairman of the Board of Governors, National Association of Securities Dealers, Inc., and a partner in Morgan Stanley & Co., New York City, told Congress that the board of his association favors in particular that portion of the pending measure which would require all broker-dealers to become members of a national securities association.

The National Association of Securities Dealers operates through local committees in 13 geographic districts. There are about 1,800 members of the association and 7,850 registered representatives.

The Association has power to expel or suspend for misbehavior.

Amyn Ames, President of Investment Bankers Association of America, and Senior Partner in Hill & Knowlton Inc., New York City, testified in support of the measure. Mr. Ames said he favored the bill as proposed.

Mr. Ames explained to the Senate Committee that many of the securities firms have been strongly favored and urged by leaders of investment banking for years.

Exchange Heads Approve Measures

G. Keith Fuston, President of the New York Stock Exchange, said the committee that Congress should do something about the ‘‘illogical standard.’’ Mr. Fuston explained that since 1941 the New York Stock Exchange has advanced legislation to eliminate the requirements that shareholders of unlisted companies do not receive the same benefits of disclosures that closed companies are required to accord to their share...

President Edwin D. Etherington of the American Stock Exchange testified that he favored the SEC proposals. He said that stock of banks and insurance companies traded in the OTC Market should not be exempt from the disclosure requirement. Insurance companies and banks have billions of funds for investments each year he pointed out.

President James E. Day of the Midwest Exchange, in advocating passage of the bill, told the Senate Subcommittee It is a good bill and it should be passed for the benefit of the investing public and to the economy generally.

Opposes Controls on Insurance Companies

William C. Ridgway, Jr., Short Hills, N.J., on behalf of the Association of Casualty and Surety Companies, told the committee that his organization has consistently opposed the application of the disclosure provisions as far as they apply to the insurance companies.

Mr. Ridgway, chairman of the board of the Grumman and Forster Group of Insurance Companies, 112 William St., New York, said his association feels that any insurance corporation subject to the supervision of the insurance commissioner, banking commissioner, or any other agency or officer performing such function, should not come under the proposed SEC provisions.

Saxton’s Views

James J. Saxton, the Comptroller of the Currency, took sharp issue with the SEC. He told the Senate Committee his federal office has sufficient control over national banks, and that he did not think another agency of the Federal Government should be involved.

Therefore, he said he was against the SEC imposing regulations on the 4,500 national banks he oversees.

Saxton’s testimony was at sharp odds with the testimony of Arthur McChesney, President of the Federal Reserve System, who is supporting the proposal...

“The specific criticisms made by Mr. Cary of our regulations would appear to stem from lack of familiarity with the laws and procedures under which our offices operate.”

COMING EVENTS

INVESTMENT FIELD

June 27, 1963 (Des Moines, Iowa) Iowa Investment Bankers Associa-

Cove Vitamin & Pharmaceutical

CONSUMER REPORTS

Bought—Sold—Quoted

Annual Report available on request.

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