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EDITORIAL

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 presumptive guarantees of equal treatment provided in our constitution, and (Continued on page 15)

Federal Reserve At Half Century Must Not Be Basis For Inflation

By Matt S. Szymczak,* *Member of Faculty, Georgetown University, Washington; and Consultant, C. J. Devine and Company, New York City*

Ex-Federal Reserve Governor is disquieted about the possibility of bank-supplied reserves creating a basis of too much credit unexpectedly assisting inflation's re-eruption. Paper expertly tours System's half century of progress, and notes limitations in aiding economic growth. Intimates Open Market Committee may have to allow interest rates to rise, and is confident about the economic outlook and what a tax cut could do to help strengthen recovery.

Monetary and credit policy is partly science and partly art, but in the formulation of which, experience promotes confidence. Bankers know that while the cost of credit is of special concern to the borrower, interest rates are always a public topic. Much has been said and written about interest rates—and what and who is responsible for them—as well as their relation to monetary policy. Basically however, interest rates are related to the economic forces of demand and supply — demand for credit and the supply of bank reserves. While the forces of the money market influence the supply of bank reserves, the Federal Reserve System, through its use of its instruments of monetary policy, influences the reserves position of the banking system. The demand for credit is related to the strength and the level of the economy.

Matt S. Szymczak

The "prime rate"—the rate at which banks lend to their lowest risk customers — was 5% until August, 1960, when it was lowered to 4½%. Generally speaking, the market, by a rule of thumb, relates other yields and interest rates to the prime rate.

Clearly by now the economic situation is better than it was thought to be earlier this year—some forecasts at that time tended in the direction of a recession and now some forecasters see inflation in the offing. Monetary policy is intended to supply an adequate amount of money and credit but not too much. Too much money and credit provides a base for inflation. This is a continuing concern of the Federal Reserve System in its supply of reserves to the banks. I quote from the *Federal Reserve Bulletin* of February, 1940: "The Board of Governors has authority to increase required reserves of member banks by approximately $950 million and if that were done and all the $2,475 million of securities held in the System account were sold, the member banks would still have excess reserves of more than $2 billion which could be used by the banks as the basis for further loans and investments of more than six times that amount." I repeat—bank reserves were and are the System's concern—not too much—not too little.

However, monetary policy alone cannot stimulate growth in the economy and provide a stable dollar. Together with fiscal and debt management policy, and other public and private economic policy, especially in wages and prices, it can and does make a contribution to a growing economy. Today, because I think it has a bearing on the subject of cost of credit, I shall dwell somewhat on what I think to be one of the outstanding features of our economic (Continued on page 21)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 26.

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

Columbia Pictures Corp.—Arthur D. Dalfen, Research Dept., Filor, Bullard & Smyth, New York City. (Page 2)

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ARTHUR D. DALFEN

Research Department, Filor, Bullard & Smyth New York City

Columbia Pictures Corporation

For the fiscal year to end June 30, 1964, Columbia Pictures should report the highest revenues and profits in its recent history. We are estimating consolidated revenues approaching $150 million and earnings of $3.75-$4.00 per share as contrasted to fiscal 1963 revenues approximating $136 million and earnings in the general area of $1.75 per share. The stock, currently quoted at 26 on the New York Stock Exchange, is selling at 15 times estimated fiscal 1963 earnings and about 7 times our tentative estimate of 1964 earnings. We believe that CPS, at current levels, offers attraction to investors willing to speculate on the public's response to Columbia's current and forthcoming motion pictures and its television operations.

Columbia seems to be entering a most significant phase in its long history. Under the leadership of President A. Schneider who has strengthened the company's management and streamlined its operations, and after completing the amortization in fiscal 1963 of certain major pictures that failed at the box office, Columbia is now in the enviable position of being able to look forward toward fiscal 1964 with a clean slate.

The Academy Award winning, multi-million dollar color spectacular "Lawrence of Arabia" has completed only a limited number of "road show" engagements, but beginning in July the number of engagements will be substantially expanded. Additionally, "Bye Bye Birdie," a musical comedy which broke both attendance and revenue records during its pre-release showing at Radio City Music Hall at Easter time, will also play theatres across the country beginning in early July. Showing of this picture during the summer months is calculated to produce peak revenues.

In the ensuing months, Columbia's prospects should be enhanced with the release of "Jason and the Argonauts," "Dr. Strange Love," "The Running Man," Otto Preminger's "The Cardinals," and "The Victors," which is Carl Foreman's first picture since his memorable "The Guns of Navarone." "The Bridge on the River Kwai" has already been successfully re-issued in England and should add to Columbia's revenues when it is re-issued in the U. S. in the coming fiscal year.

Columbia is interested in moving ahead in several areas in the amusement industry. One example of management's expressed diversification intentions was the acquisition last April of Aldon Music-Dimension Records. This music publishing and record company is recognized as one of the most successful in its field. Time Magazine in its March 15, 1963 issue called Aldon-Dimension "the fastest rising phenomenon in the business." Included now in this subsidiary's activities is the integration of Columbia's own expanding record unit, Colpix Records.

Screen Gems, which was for several years a wholly-owned subsidiary through which Columbia pioneered its television activities and in which it now retains an 89% interest, is a very important segment in Columbia's operations. Screen Gems, whose stock is currently trading at 23 on the American Stock Exchange, derives a major share of its revenues from the production of filmed television programs for network and syndicated outlets. It is worthy of note that the company is the largest American television film distributor overseas.

Screen Gems is highly diversified: its Elliot, Unger and Elliot division is considered to be the top producer of TV commercials with studios on both coasts; in addition Screen Gems has first call on Columbia's vast screen library for TV showing; it has a merchandising division which licenses products based on its TV personalities; it owns and operates radio and TV stations in Puerto Rico and Salt Lake City; it operates, through Audience Research Inc., pre-testing services of TV productions and commercials; it shares with Columbia in the abovementioned Aldon-Dimension activities; and it has a unit engaged in the manufacture of audio-visual and communications equipment.

Screen Gems reported revenues of $52.2 million and earnings of $1.37 per share for the year ended June 30, 1962 and these figures were consolidated in Columbia's income statement. For fiscal 1963 we are estimating revenues approximating those reported in 1962, but earnings should increase to roughly $1.55 per share. Columbia's interest in these projected earnings works out to about $2.15 per each CPS share. Therefore, referring back to our 1963 estimated earnings of $1.75 for the parent, it becomes obvious that Columbia's motion picture activities have not been profitable.

It presently appears that Columbia's long-range plans are about to bear fruit and that, in the ensuing period, the company should begin to reflect profits from its movie operations. If the promising line-up of pictures comes up to all expectations, it is not unreasonable to expect that this source alone should produce at least $3 million in net earnings in fiscal 1964. Even if Screen Gems does no better next year than in the current fiscal period, Columbia's share of its subsidiary's will be about $3.5 million. Totaling these estimated earnings figures together, we arrive at a projected earnings aggregate of $6.5 million or about $4.00 per share, based on Columbia's 1,617,757 common shares outstanding.

Columbia common seems reasonable in view of the company's vastly improving earnings outlook, strong financial position, high asset value, and well-regarded position in the ever growing entertainment field. A final note should be made that the reported book value of $21.64 per common share is not a true reflection when one considers Columbia's substantial interest in its publicly owned subsidiary (each Columbia share is backed by 1.4 shares of Screen Gems), and the company's valuable screen library, real estate properties, and other assets.

WILBUR H. HOLLY

Vice-President, Sage, Rutty & Co., Inc., Rochester, New York

Grosset & Dunlap, Inc.

Grosset & Dunlap, Inc., was organized in 1898 and was incorporated in 1918, and today is one of the leading publishers of paperbound and hard-cover books for adults and children. Ten years ago 80% of its books were sold to adults and 20% to children. Today the situation has completely reversed itself, with 80% of its books being read by children and 20% by adults, the juvenile population having increased, in the nine to fourteen-year old class, by some 57% in the past 9 years.

The company owns 70% of the stock of three subsidiaries, Wonder Books, Treasure Books, and Bantam Books. Wonder Books publishes low-priced children's books; Treasure Books publishes low-priced coloring books and work books for children; and Bantam Books is a large publisher of paper-backs catering mostly to the adult trade. This fall Grosset will release a line of inexpensive Science Experiment Kits, each of which includes a book plus required materials and accessories.

Grosset & Dunlap is probably best known for its consistantly popular children's series which include Nancy Drew, Bobbsey Twins, Hardy Boys, Tom Swift, Jr., and the How and Why Wonder Books. In all, 468 titles were published during 1962 ranging in retail price from 29 cents to $9.95.

Sales are made by the parent company to super-markets, bookstores, toy stores, department stores, newsstands, etc. Distribution of books for the subsidiaries is handled mostly by the Curtis Circulation Company and both companies recognize the importance of the mass market. Sales by the company and its subsidiaries to the school and library market doubled in 1962, over the previous year, and Grosset is looking forward to further substantial gains in this field.

The financial condition of the company is good. The year ended Dec. 31, 1962 showed current assets in the amount of $15,551,662 while current liabilities amounted to $5,441,417 resulting in a current ratio of approximately 2.9 to 1.

Capitalization at the year-end consisted of long term debt amounting to $633,889; minority stockholders' interest amounting to $1,389,311 and 1,200,378 shares

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

Why Investment Industry Favors SEC's Proposals

By Amyas Ames, President, Investment Bankers Association and Senior Partner, Kidder, Peabody & Co., New York City*

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 Over-the-Counter market unlisted securities the same requirements met by listed issues. Mr. Ames explains how 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 commenting on the Fear-Fulbright amendments, Mr. Ames suggests requiring companies having 300, instead of 750, 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 the prospectus for "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.


Amyas Ames

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, speaking 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 security 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. These firms have more than 2,600 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 Jobs

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 members of the Investment Bankers Association raised $15,300,000,000, substantially all new capital for industry, states, cities and governmental agencies. In doing so we processed 7,600 separate issues. About half, or $7,400,000,000 of this money was raised for states, municipalities and public agencies; $7,900,000,000 was raised for corporations and new enterprise. 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 in the form of new issues, 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 public works, such as a great highway, or even a new school building. President Kennedy,

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OBSERVATIONS...

BY A. WILFRED MAY

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 grisly and otherwise scathing depiction of "abuses" in the life insurance business.

(What's Wrong With Your Life Insurance—by Norman F. Dacey. The Crowell Collier Press, New York. 445 pp. $4.95.)

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

"In 1960 almost every man, woman and child in America terminated 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."

And on Mutuality: "The mutual life insurance company is the perfect example of equality. Among the policyholders the richest multimillionaires and the humblest workingman have exactly the same voice in the running of the company—none."

Author 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 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 value in the insurance policy, but, and this includes comparisons with mutual funds and other investment media, overlooks the vital factor of *protection* which is afforded the policyholder from the instant of its purchase.

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

Fund Analogies

For example, he complains that "a fantastic" 22½% of the premium income is "siphoned off" in expenses (commissions and general expenses). The author overlooks the management expenses of the mutual funds, which average 26% of their gross income (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. Asserting 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 salesman'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 State's insurance statute "restricts" salesmen's first-year commissions to 55% of the first-year premium.

But this precisely also holds true in Fund investment. Under the "front end" load (buying commission) in their Contractual Plans (the instalment buying technique) seven years of ordinary income is required to retrieve the fund buyer's acquisition costs of his investment, also largely due to the disproportionate part of the salesman's commission paid on consummation of the sale.

Thus the costliness of early policy cancellation has its counterpart with the funds—even without the Contractual Plan and with the once-and-for-all initial "load," three to four years of net income receipts are needed to "get even" through retrieval of the buying commission.

The Switch Racket

The policy-to-policy and company-to-company switching "racket," is justifiably complained of by Mr. Dacey. Such salesman's pressuring is also fully represented in fund distribution. Yield to a salesman's importunities either to show him your present policy or disclose to him your fund holding, and you're surely a goner.

Also includable in our own "plague on both your houses" attitude toward salesman abuse, is the inclination to sell the form of product suiting his own rather than the client-prospect's best interest.

Our author doesn't seem to realize that a major root of trouble, as in many other fields, lies with the difficulty of control over verbalizing self-interested salesmen.

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 tie capital gains policy to stock market liquidity and its fictional service to the nation's capital financing needs.

Typical are the following excerpts from a leading member firm's market letter (Emphasis added by me.)

"We feel that the holding period for long-term gains should be as short as possible in order to speed up the flow of capital into industry, to 'pep up' the economy, and to provide freedom of movement for the 'people's capitalism.'

"Indeed, it might be far better to have a 3 months' holding period for a long-term gain than the present 6 months. However, the 6 months now prevailing is enormously better than the 12 months' plan being scanned by Congress.

"Any proposal for a one-year holding period should be rejected because it would have the following bad consequences. It would:

"(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 shareowners.

"(b) *'Lock-in' much additional capital*, thus shrinking the supply of securities available for purchase in the market. This would have an artificial impact on securities prices.

"(c) Restrict the flow of venture capital for new and growing enterprises; and

"(d) *Reduce:* government revenues from capital gains and stock transfer taxes."

In Rebuttal

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

(1) Definitions: **Capital** is the capability to produce goods and service. **Investment** is the creation of capital and not the transfer of capital in a secondary trading market.

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

(3) Few people go into business for themselves with the idea of selling out in a little more than six months. Nor are they concerned about a ready market for that ownership.

(4) Few people owning their own homes or other real estate are concerned about a high degree of liquidity. Yet the real estate market has been as strong as or stronger than the stock market.

(5) With less liquidity of securities, the stock buyer would be much more concerned with basic information on the company in which he is investing (much like going into business for himself rather than playing the numbers game.

(6) It is even conceivable that the liquidity created by secondary trading markets actually reduces the amount of investment funds available for the creation of capital in that new money flows into secondary markets rather than into new ventures.

THURSTON WOOD

Walston & Co., Inc.
First National Bank Bldg.
St. Paul 1, Minn.

QUOTE OF THE WEEK

"Finally, a conflict arises in the great gamble that increased deficits for the next few years will generate much larger revenues some years later. Why do we pay taxes at all? The obvious answer is that we pay taxes in order to meet Government expenditures. Tax revenues have not been high enough in recent years to keep up with rapidly increasing spending. Can we hope that the present program will change that situation?" —From statement before the House Ways and Means Committee by ROSWELL MAGILL, formerly Under-Secretary of the Treasury; partner in Cravath, Swaine & Moore, New York City.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Senator Goldwater is a 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 nomination and are members of the parties' national and state organizations. Those who have given Senator Goldwater their votes come from 39 of the 50 states which also send delegates to the Republican National Convention.

Senator Goldwater's prominence in these early days of the drive for the GOP Presidential nomination has made him the man to "stop" or beat for the time being, if anyone wants to stop him. And presumably some do-especially the extreme liberals in the Republican Party and the more moderate progressives who feel he could not carry the big industrial states of the east, including New York, Pennsylvania, New Jersey, and Connecticut.

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 to the extent of becoming favorite-son candidates in their own states. For example, Gov. William W. Scranton of Pennsylvania, who up to last Monday had shied away from any mention of himself as a possible nominee for President, said in an interview that he may become his State's favorite son and so lead the Pennsylvania delegation. If he goes through with this plan, and party leaders there have urged him to do so, he will become a candidate in Pennsylvania's Presidential primary which probably will be held late in April. It seems unlikely that any other potential candidate would challenge Gov. Scranton in this primary. If he does not enter the primary, however, it will be wide open.

There exists already a good deal of support for Senator Goldwater in the Keystone State. Without Gov. Scranton in the primary, the Arizona Senator might have a good chance to win it. The Pennsylvania primary is not binding on the State's delegation to the GOP national convention—merely a preference of the voters. As such it could have considerable value to any candidate. Pennsylvania has the third largest delegation in the national convention. One of the main reasons for having Gov. Scranton as a favorite-son candidate is to hold the delegation together, instead of having it split over a number of Presidential possibilities, and thus put Pennsylvania in a strong position when the voting on candidates begins.

The Goldwater predominance may also smoke out the Governor of Michigan, George Romney, who has declared he wishes only to stay on as Governor of his State but who has been acting like a receptive candidate for the Presidential nomination. Michigan Republican leaders — and the Governor—may follow the lead of Pennsylvania Republicans and enter Gov. Romney as a favorite-son candidate. He and Gov. Scranton are both in position to accept a Presidential nomination next year and, if defeated in the general election, still have a couple of years to serve out their terms as Governor. Gov. Rockefeller has never announced his candidacy, but he is expected to head New York's convention delegates.

Grodnick With Selected Inv.

CHICAGO, Ill. — The naming of Phillip W. Grodnick as wholesale representative of Selected Investments Company, 135 South La Salle Street, has been announced by Harry L. Sebel, President. The company is national distributor of Selected American Shares, Inc., oldest Chicago managed mutual fund. Mr. Grodnick will cover Wisconsin, Minnesota and Iowa. Prior to coming to Selected, he was associated with Francis I. duPont & Co., and previously with Craig-Hallum, Kinnard & Co., Minneapolis.

Phillip W. Grodnick

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 offerings that Wall Street has to date. In supporting these predictions, Mr. Salik offers a candid insight into the unique nature of SBIC's and the kind of special risk inherent in them which permits those who can afford it an opportunity to obtain multiple 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 the best screened reservoirs of profit-making potentials. Mr. Salik points out SBIC's must be fully and competently staffed, the rough time experienced for a long period is over, and all that is needed for the public to see values is the successful public offering of ten or more SBICs.

There is no question that the SBIC movement is here to stay. It is not going to evaporate. Congress isn't going to abolish 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. But the need for capital banks has existed since the beginning of this country's economic system. The problem has been talked about, a variety of solutions have been tried, but only since the 1958 Act was passed has there been a formalized approach. Sometimes government has to step in and take over a role in getting this kind of program under way. There have been means to raise capital, no question about it. But as an organized system consisting of hundreds of investment companies dedicated to one area, providing capital to small business, this is a unique and very interesting program. It is a program in which, I think, the outside investor should look twice before he turns his head.

Charles E. Salik

Experience—the Most Important Factor

I think the most important factor is experience. I guess I say that because I've been at it now 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've been in small business and I have personally financed small business, I never realized the varied type of personality with which you must deal, the difficulties, the almost insurmountable problems that small business faces. Big business can cover up many of these problems with big grosses and capitalization of certain expenses. They can be hidden under the mattress where no one can see.

I think a small business investment company can live under the governmental rules and regulations passed by the Small Business Administration. I know under the original Act we had no trouble at all. There have been some modifications that give us a little wince now and then, but nothing really serious. The program essentially has not been changed, and certainly the Congress is doing what it can to try to rectify some of these points.

I proposed to Congress about three years ago the tax loss reserve idea because I thought we would have greater losses than, in fact, we actually did. We (ECC) have yet to have a bankruptcy. We have had some troubles. I think we all will experience troubles, but we expected a loss in every five investments. I mean a dead loss, and we were prepared for it. We tried to tell our underwriters, our public and our investors that this is a very serious thing you have to take into account when you invest. Right across our Prospectus were the words: "This is a speculative security." But somehow this seemed to light the match which lit the firecracker, and away we went. I am sorry for some who lost money in this particular era, but I happen to know an awful lot of people who made a fortune in this big ride—those who bought at ten and sold at sixty—so I can't be a split personality in this regard. I can only look at the company's merits.

A Different Kind of Risk

Most important of all is risk. We have all talked about risk, but risk comes in various forms. Risk consists of a man's own willingness to lose everything to make a great deal. Now, when I speak of risk in this instance, I do not mean the kind of risk that a bank is willing to take or a finance company is willing to take. None of these risks are risks covered in the mandate of Congress. Even insurance companies who tend to take a little more risk nowadays don't really take the kind of risk were talking about. SBIC's take the kind of risk for the kind of reward that we really believe exists.

The taking of risks takes a lot of patience, along with courage. When we put money in a company and we see that it just doesn't push it forward, we realize that the money itself doesn't buy us acceleration. When the Federal government holds back money from small business for six months when it should have paid within 90 days, and you know that only your money is holding the thing alive, it takes courage and an extreme amount of patience. Then you have the case of research and development companies, the kind of companies that we have gone into, where they started from scratch with just ideas that we believe can convert to great profits. When we go into a company like that, it takes a long hard pull to get that product finished. For example, we have a company making an automatic oscilloscope. It took us a year and one-half to get that product to where we could show it to somebody with confidence that it wouldn't break down in the middle of the demonstration. This is risk taking, and it's a hard, difficult job. The darn thing works now. We are delighted to say that we are going to have a pretty good volume in that particular company because we sweated it out. We were willing to take the chance.

Now, risk, as I say is not really the balance sheet risk that you are so familiar with in listed securities and unlisted securities, nor the profit and loss statement that comes out at the end of each quarter of the year. 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. I know. I've got a lot of relatives who are doctors and they go into anything because they want capital gain income. Well, I can't blame them. But I know that the kind of risk we take would not fit into the average doctor's direct personal portfolio. Nevertheless, he wants $10,000 to be worth $50,000 or $100,000 in five or ten years, and he is impatient. So what does he do? He can either go in a little 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 everything dwindle away. Then they come to us with the bones and say: "Can you bring this corpse back to life?" Or the doctor can come to us and say, "Well I think I would like to buy your shares. It looks pretty good to me now and your management may just be a little bit better able to deal with the problem. Maybe I won't get the $50,000 but I would be delighted to get even $30,000 if you can get it."

This is what we're here for, the big reward. In the SBIC program, it's the maximum risk that's foremost in our minds—for the maximum gain. We try to obtain as much equity as the risk requires. We do not hesitate to ask for a high percentage of equity if we thing that our contribution of capital and management know-how deserves that amount of equity. We'll take considerably less equity if the management has already demonstrated that they can perform.

So, we think that our kind of company, our kind of specialized company, fills a very important niche. Equally, the other SBIC's that cover the broader field, also serve small business in their own way. They must, of course, take less risk because they've got to spread themselves over many, many industries. You can't employ an analyst for each and every industry in which you invest, so you have to have a man who has a lot of varied knowledge who usually is not as strong in each industry, but can give a summary idea of what is being offered in the way of an investment opportunity.

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 an unusual gain.

Congress thought of it because they also thought of the converse —that the risk was so great that they gave us tax incentives that were contemplated mostly on loss. It meant that we could take a loss and not suffer too greatly if we had any income at all and also our stockholder could take a loss if we failed. So the idea was to *insure the risk taking.* This kind of insurance, I think, is valuable to every SBIC investor, but not the most important reason for investing. The reason that you invest in any company is its management. If management can demonstrate its ability to take those risks and to perform, then I think you have something of value.

Need Full Staffing

Now, what is our concept? Our concept, again, is to take a close look at ourselves as frequently as we can. Our Directors certainly do. A big staff is required. I think we have the biggest in the industry, with everybody specialized in electronics, finance, marketing, and so forth. Even our CPA's are electronics people. They have to know what they are reading. They have to know the terminology, as well as the financial problems. It is awfully easy to get confused, so we believe a good staff, well specialized in its field that knows each and every segment of the electronics industry, is necessary. In electronics particularly, there are so many new fields of specialty that pop up that we have a big learning curve to face. Nevertheless, the best concept of a small business investment company, in my view, is to hire the best top-flight personnel available to give them every source of technical, manufacturing and marketing analysis, to study all the areas of potential from every source available and then present it to the staff committee so that they can make the judgment which can then be given back to the Board in the form of a recommendation.

Specialization cannot be overemphasized because I believe so heartily in it. Maybe I am nearsighted in this area, but I think small business is prone to failure for many reasons—but its chief problem in technical fields is that many times the technical company builds a product for which there is no need, a mousetrap for which there is no mouse. And it is easy to invest in a beautiful, glamorous flashing device that turns out to be valueless, or only of minor importance. So we feel that specialization is the critical aspect, the filter of the products that we

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

After several dull and generally unprofitable weeks, bond dealers were treated to several stimulating developments during the past few days which have generated more interest in tax-exempt bonds and, if these conditions persist, should restore some profitability to the business of dealing in state and municipal bonds for a short period at least.

Favorable Influences

Recent Federal Reserve policy has seemed to favor supporting the Treasury market in a general way, to the end that a substantial premium prevails for the new 4s due 1970, and the longer term issues, too, appear to have been supported sufficiently to keep that important phase of the Treasury bond market in tolerably good shape. Under circumstances partly generated by scarcity, the corporate bond market also has behaved relatively well and in spots it shows considerable strength.

Moreover, the 90-day Bill market has gradually eased back through 3% while the 180-day Bills have eased back to the 3.05% area. Both issues yielded considerably more two weeks ago. Free reserves have increased modestly and the "loose talk" about an increase in the rediscount rate seems temporarily at least to have been relegated from the financial writers' and columnists' headlines, although perhaps not necessarily for long should foreign financial demands lead to an even further imbalance of payments. Under this condition, some increase in short rates might be induced despite much direct relevance, in the writer's opinion.

No Credit Boom Expected

We are able to uncover but little evidence that would dynamically induce any substantial demand for money and credit, least for the summer months. Although personal income recently rose to a record annual rate, it is noted that steel production declines and that auto production and sales appear to be running at a slightly slower pace. It could be noted that auto sales even at the 1955 pace should hardly be the optimistic criterion for the 1963 economy.

While these general economic indicators would appear to favor the state and municipal bond market level per se, it is notable that the market's own technical factors have become somewhat better adjusted to presently sustain or improve rather than to further depress the price level for municipals.

Temporary Bearishness

Normally a heavy new issue calendar when compressed within a few days presents a backdrop for some market set-back, particularly when inventories have been chronically heavy. This dire circumstance prevailed as the business week proceeded on Monday, June 24. The week's proposed underwriting totaled close to $450,000,000 and inventories were about as high as they had ever seemed to be and were for the most part stagnating on shelves. Monday seemed marked for a definitely easy market and marked-down dollar quotations for the various toll road and other revenue issues were very much in evidence.

This extremely heavy market situation changed abruptly Tuesday morning as the new issue meetings began to conclave. Syndicate managers, led particularly by the dealer banks, appeared to have decided that the new issue market had been depressed far enough and that a broader investor interest should be at hand. Highly competitive bids were made for all of Tuesdays' high grade general obligation issues and most of them met with good investor reception, as will be later set forth.

From a calendar profuse with about $850,000,000 of assorted offerings a week ago the total of scheduled and tentatively scheduled issues presently totals little more than $460,000,000.

The aggregate, by the way, includes the proposed offering late in July of $200 million Grant County PUD No. 3, Washington, bonds via a nationwide syndicate managed by *John Nuveen & Co., Inc., B. J. Van Ingen & Co., Inc., Blyth & Co., Inc., Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., and A. C. Allyn & Co.*

Report of the projected king-size undertaking was received shortly before we went to press last night. This represents an advance refunding operation as the proceeds of the offering will be held in trust to redeem an equal amount of outstanding Wanapun Electric Revenue bonds issued in 1959 and first redeemable on Jan. 1, 1970.

The refunding issue will include $40 million serials, due from 1971 to 1988 inclusive; $50 million term, due in 1998; and $110 million term, to mature in 2009.

Also scheduled for the latter part of July is the initial sale via competitive bids of about $40 million of its tax-exempt institution bonds holdings by the Community Facilities Administration. At yesterday's information meeting Commissioner Sidney H. Woolner said the agency holds over $600 million of such bonds and that at least four national syndicates have been organized to bid for the 38 issues to be disposed of in the forthcoming sale.

Inventory Hinges On

As touched upon last week, the inventory situation has been showing some slight reduction from its astronomical highs. Bonds showing in the *Blue List* have totaled close to $750,000,000 in recent weeks. State and municipal bond offerings in the Blue List on June 26 total $563,890,272. This may be temporarily swelled by this week's king size offerings of new issues but it seems likely that realistic new issue pricing may reduce balances to smaller totals than have recently been the experience.

Yield Index Steady

In the exuberant new issue market that has blossomed on Tuesday and Wednesday, the general level of winning bids is perhaps up a point or thereabouts against a theoretical comparison as of a few days back. Our state and municipal bond yield index does not reflect so rapid a rise since it is derived from secondary market offerings.

The *Commercial and Financial Chronicle's* general obligation high grade 20-year bond yield index averages at 3.06% on June 26, unchanged from a week ago. This, of course, indicates that, generally speaking, offerings of a week ago may be purchased on the same terms that prevailed a week back despite the roaring new issue flurry.

Some Dollar Issues Appreciate Substantially

A few of the dollar quoted long term toll road, toll bridge, public utility and other revenue bond issues have responded dramatically to the more competitive new issue bidding. The Florida Turnpike 4¾s are up 1¼ points to 110¼ bid, while Indiana 3½s and Kansas 3⅜s are up ½ on the bid side.

The 23 issues represented in the *Chronicle's* Revenue bond index average out at a 3.45% yield on June 26. Last week the index was 3.46%.

Chicago's Dilemma

Trading has been all but suspended in the City of Chicago, Calumet - Skyway issues while Mayor Daley and other officials decide on what to do about the July 1 interest payment. Because no word has as yet been forthcoming from Chicago as to whether the City plans to extend financial assistance to the deficit operating Skyway, expressed quotations for the 3⅜s and 4⅜s issues due 1995 are either nominal or work out. A default would be unfortunate both for the bond holders and the City.

Recent Awards

There has been a banner volume of state and municipal new issues this week as we have noted previously. Monday started the week off slowly but by Tuesday and Wednesday, dealers and banks had progressively raised their sights in bidding. Initial investor demand seemed to justify the higher scale of reoffering yields with most issues off to an excellent start.

Last Thursday only one issue of

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.25%	3.15%
Connecticut, State	3¾%	1981-1982	3.25%	3.15%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
New York, State	3¼%	1981-1982	3.10%	3.00%
Pennsylvania, State	3⅜%	1974-1975	2.85%	2.75%
*Delaware, State	2.90%	1981-1982	3.15%	3.05%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.25%	3.15%
Baltimore, Maryland	3¼%	1981	3.20%	3.10%
Cincinnati, Ohio (U.T.)	3½%	1981	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.35%	3.25%
*Chicago, Illinois	3¼%	1981	3.25%	3.15%
New York City	3%	1980	3.08%	3.02%

June 26, 1963 Index=3.06%

*No apparent availability.

Larger Issues Scheduled For Sale

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

June 27 (Thursday)

Babylon Union Free SD #7, N. Y.	2,178,000	1964-1993	1:00 p.m.
Franklin Township S. D., N. J.	1,995,000	1964-1983	8:00 p.m.
Greene, Etc. Central SD #1, N. Y.	1,400,000	1964-1993	3:00 p.m.
Independence S. D., Mo.	1,150,000	1965-1976	11:00 a.m.
Kettering, Ohio	3,000,000	1964-1983	Noon
Mississippi State Univ. of Agriculture and Applied Science	2,288,000	1964-2001	10:00 a.m.
St. Paul Park-Newport Indep. School District No. 833, Minn.	2,000,000	1966-1993	4:00 p.m.
Shelby County, Ala.	2,100,000	--------	10:00 a.m.
Troy, N. Y.	7,000,000	1964-2002	2:00 p.m.
Wash. State Univ., Bd of Regents	4,580,000	1964-1993	10:30 a.m.

July 1 (Monday)

Athens, Ala.	2,358,000	1964-1989	10:00 a.m.
Aurora, Colo.	8,000,000	--------	--------
Elyria, Ohio	2,000,000	1964-1983	1:00 p.m.
Fla. State Bd. of Education, Fla.	8,735,000	--------	10:00 a.m.
Lamar, Colo.	1,250,000	1965-1979	7:30 p.m.
Oro Madre Unif. S. D., Calif.	1,250,000	--------	11:00 a.m.
Roseville, Minn.	1,052,000	1965-1983	7:30 p.m.
Royal Oak Sch. Dist., Mich.	2,000,000	1964-1988	7:45 p.m.
Waukegan Pub. Library Bldg., Ill.	1,250,000	1964-1982	2:00 p.m.

July 2 (Tuesday)

Allegheny County, Pa.	8,210,000	1964-1993	11:00 a.m.
Garrard Co. Sch. Bldg. Rev., Ky.	1,700,000	1964-1993	1:30 p.m.
Kent State University, Ohio	3,500,000	1963-2000	11:00 a.m.
New York State Dormitory Auth.	22,500,000	1965-1995	11:30 a.m.
Torrance Unified Sch. Dist., Calif.	1,500,000	1964-1983	9:00 a.m.

July 3 (Wednesday)

Wayne County Riverview Sanitary Drainage Districts, Mich.	1,165,000	1964-1992	Noon

July 8 (Monday)

Cook Co. H. S. D. No. 214, Ill.	2,450,000	1969-1982	8:00 p.m.
Gretna, La.	1,250,000	1964-1988	7:00 p.m.

July 9 (Tuesday)

Columbus & Franklin Co. Metro. Park District, Ohio	3,250,000	1964-1970	1:00 p.m.
Marshall, Mo.	1,200,000	1966-1983	11:00 a.m.
Memphis, Tenn.	10,000,000	1964-1988	2:30 p.m.
Pennsylvania General State Auth.	50,000,000	1966-1990	Noon
San Luis Obispo, Calif.	1,200,000	1964-1988	11:00 a.m.
Washoe County, Co. S. D., Nev.	5,883,000	1964-1981	8:00 p.m.

July 10 (Wednesday)

Hamilton, Ohio	4,500,000	1964-1983	Noon
Marion County SD No. 24J, Ore.	2,950,000	1964-1983	11:00 a.m.
Mississippi Gulf Coast Jr. College	3,200,000	--------	10:00 a.m.
Mobile, Ala.	3,750,000	1965-1984	10:00 a.m.
Punta Gorda, Fla.	2,150,000	1966-1998	11:00 a.m.
Racine, Sturtevant, Etc., Unified Sch. Dist. No. 1, Wis.	10,600,000	1964-1983	2:00p.m.
University of Texas	4,000,000	--------	10:00 a.m.

July 11 (Thursday)

Lamar Cons. Ind. S. D., Texas	1,000,000	--------	--------
University of Oklahoma	5,700,000	1966-2003	10:00 a.m.

July 12 (Friday)

University of Arizona	1,500,000	1966-2003	10:00 a.m.
University of Rhode Island	1,550,000	1965-2002	Noon

July 15 (Monday)

Florida Development Commission	2,825,000	1965-1990	2:00 p.m.
Ohio University	3,250,000	1965-2002	11:00 a.m.

July 16 (Tuesday)

Gretna, La.	1,250,000	1964-1988	7:00 p.m.
University of Idaho Housing & Dining System	3,030,000	1965-2002	11:00 a.m.

July 17 (Wednesday)

Bloomington Ind. SD #271, Minn.	1,100,000	--------	--------
Fredericksburg, Va.	1,320,000	1964-1983	Noon
Springfield, Mo.	3,000,000	--------	--------

July 19 (Friday)

Arlington Indep. Sch. Dist., Texas	1,000,000	--------	--------

July 22 (Monday)

Akron, Ohio	3,000,000	--------	--------
Santa Barbara H. S. D., Calif.	5,368,000	1964-1988	9:30 a.m.
Yorktown, Somers, etc., Central Sch. Dist. No. 1, N. Y.	4,082,000	--------	--------

July 23 (Tuesday)

Grant County PUD No. 2, Wash.	200,000,000	1971-2009	--------
Syndicate managed by John Nuveen & Co., B. J. Van Ingen & Co., Inc., Blyth & Co., Inc., Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith, Inc., and A. C. Allyn & Co.)			
Johnson Co. Water D. No. 1, Kan.	25,000,000	--------	--------
Los Angeles, Calif.	4,500,000	1964-1983	9:30 a.m.

July 29 (Monday)

Housing & Home Finance Agency (Commission Facilities Adm.), Washington, D. C.	42,016,000	--------	--------

Why Common Stocks Belong In Public Pension Funds

By Richard T. Langan,* *Vice-President, Moody's Investors Service, Inc., New York City*

Mr. Langan presents compelling, time-tested, reasons as to why common stocks belong in pension funds which exclude even the remote prospect for a repetition of the extraordinary 10- to 15-year bull market after World War II. Author's text and tables of funds started in 1929 and 1939, invested in Moody's 125 industrials, both underscore and clear any doubts as to the appropriateness of stocks for the long-term in order to permit undivided attention to the real question: how much should be invested in common, and how stocks should be selected, acquired, supervised, etc. Though Mr. Langan's paper deals with civil service employees fund, what he says should be of general interest. He carefully explains how the transition should be made, suggests ratio objective, examines principal standards for choosing individual common with stress placed on limiting holdings and on dollar averaging; and recommends services of investment expert 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'll go further than that and say that common stocks not only *do* have a place, but must have a place, in the investment portfolio of a well-conceived pension plan. Any plan which is lacking in common stocks is lacking in one of the pillars of a successful plan.

Richard T. Langan

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 proven so successful in these past 10 or 15 years. Of course, they have been successful in that time, because that was a 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 so, 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 investors. 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 structural change in investing habits. Undoubtedly these things are over and done with for the present. Therefore, do not think that I am urging commons as a class of investment that would be able to perform in the next few years just what they have done in these last few years.

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

(1) The fact that if 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 that it is under the sway of forces which lead further in that direction;

(3) The fact that common stocks are now imbedded in the financial structure of the country and its economy, and cannot conceivably be downgraded as a financial instrument without wrecking the economy;

(4) Finally, the fact that the actual long-term history of common stocks under past chaotic conditions, under the most trying circumstances, has proven 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 economy based overwhelmingly on debt financing. We cannot have sound debts without ownership of sound assets on which the debts are secured. In the U. S., that ownership is represented by equity-common stocks. This logical fact is, indeed, borne out in history. The great depression of the 1930's involved a temporary collapse of common stock prices and dividends, because it was a temporary collapse of the economy. But what about bonds? Far from being a safe haven for money in 1929-33, bonds fell to their lowest levels 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 are facts researched by the National Bureau for Economic Research.

Thus in the bond field, as well as in the stock field, there were casualties, and mortgages went sour everywhere. Nor was cash a safe harbor; we all remember what happened to the banking system. The other side of the coin is that bonds are unquestionably fine investments in a healthy economy, which is precisely the environment that is good for equity investment. Stocks are complementary to bonds in the economy and so they are in any long-term investment fund, too.

Doubts Repetition 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 harking 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 all the 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 insurance of bank deposits, of 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 country's 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. And manufacturers have become greatly diversified, so that building materials are no longer merely cement, steel, wood, and brick but embrace plastics, glass, aluminum, and so on. The business cycle has, as they say, broken up; or rather, smaller business cycles, of which there are many, tend to overlap or even compete with each other, producing a net evening-out of the total product. Finally, overlying all this, the social consciousness of the nation is such that nobody would put up with any serious and continuing deflation or retrograde movement of any kind. If you say, as you may, that this is inflationary — well, are commons the wrong thing for such an environment?

Stocks Are Solidly Entrenched

My third point about common stocks is that they are now solidly held throughout the country, alongside bonds, as instruments which indeed 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 individual investors who hold them as revenue-producing assets.

Any threat of real injury to this basic sector of the economy is bound, therefore, to encounter the most determined opposition and counterforce, politically and otherwise. 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 fears to the extent of expecting a Communist revolution in these United States.

Those who run a pension fund are, in effect, running an insurance operation. They consult actuarial experts in calculating their future liabilities and they base their answers on experience tables. In just the same way, we, as investment experts, invite one and all to consider the experience tables on investment returns—see 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 established pension fund practice of buying commons on a dollar-averaging basis. The accompanying tables record what would have happened to a fund in which the annual contribution of $1,000 had been invested in Moody's 125 Industrial Stock Average. This is an average which

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Airline Industry — Analysis — Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Bache Selected List—Revised edition covering 557 stocks in 46 industries in addition to other issues which cannot be placed in any particular industry classification—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are comments on **Defence Industry Stocks, Burlington, Collins & Aikman, Aluminum Companies** and the **Motor Companies.**

Banks—Quarterly Review—M. A. Schapiro & Co., Inc., 1 Chase Manhattan Plaza, New York 5, New York.

Canadian Budget for 1963-64—Discussion—Greenshields Incorporated, 507 Place d'Armes, Montreal, Que., Canada.

Canadian "Eligible Book"—29th edition of compilation of preferred and common shares considered eligible for investment by Canadian insurance companies—Cochran, Murray & Hay Limited, 7 King Street East, Toronto, Ont., Canada.

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

Electronics Industry — Discussion —David L. Babson and Company, 89 Broad Street, Boston 10, Mass.

Fire Casualty Insurance Stocks—Analysis of first quarter results —Kidder, Peabody & Co., 20 Exchange Place, New York 5, N. Y. Also available is a memorandum on **Latrobe Steel Co.**

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

Intermediate Government Bond Market—Bulletin—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y.

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

Japanese Market — Monthly review including details on **Kajima Construction, Ricar Sewing Machine, Fuji Tsu, Toyota Motor, Toyo Kogyo, Honda Motor, Yashica, Nippon Musical Instrument,** and a comparison of U. S. and Japanese Statutes relating to securities trading Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y.

Japanese Steel Industry—Report —Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available is a report on **Komatsu Manufacturing Co.**

Life Insurance Company Stocks—11th annual edition of brochure reviewing 24 life insurance company stocks—First Boston Corporation, 20 Exchange Place New York 5, N. Y.

Lively Art of Leasing—A discussion of the equipment leasing industry — in June issue of "The Exchange" Magazine — The Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20c per copy, $1.50 per year. Also in the same issue is a discussion of the meaning of the auditor's report for investors, and brief comments on **High Voltage Engineering Corp., Hawaiian Telephone Co., Pacific Petroleums Ltd., Emhart Manufacturing Co., Fafnir Bearing Co.** and **Petrolane Gas Service.**

Louisiana Bonded Debt—Detailed study of Louisiana and the Bonded Debt of the State, its Agencies and political subdivisions—Howard, Weil, Labouisse, Friedrichs and Company, 211 Carondelet Street, New Orleans 12, La., $5.

Mail Order Industry—Discussion in June issue of "American Investor"—The American Investor, 86 Trinity Place, New York 6, N. Y., 25c per copy, $2 per year. Also in the same issue are discussions of **Paul Hardeman Inc., Russ Togs, Crown Aluminum Industries, Electronic Communications Inc.**

Municipal Market — Review — Goodbody & Co., 2 Broadway, New York 4, N. Y.

New Stocks—Old Names—Comments on 10 companies which have recently gone public—W. E. Hutton & Co., 14 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 Corp.**

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

Puerto Rican Securities—Quarterly report—Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

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

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

Sugar Market—Review—Lamborn & Company, Inc., 99 Wall Street, New York 5, N. Y.

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

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Abitibi Power & Paper Company —Analysis—Royal Securities Corporation Ltd., 244 St. James Street, West, Montreal, Que., Canada. Also available are analyses of **Federal Grain Limited** and **Revelstoke Building Materials Ltd.**

Allied Chemical Corp.—Report—Schweickart & Co., 2 Broadway, New York 4, N. Y.

American Home Products—Analysis—Tessel, Paturick & Company, 61 Broadway, New York 6, New York.

American Telephone & Telegraph —Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reviews of **Zenith Radio** and **Schlumberger Ltd.**

Anaconda—Review—Evans & Co. Incorporated, 300 Park Avenue, New York 22, N. Y. Also available are comments on **Celanese Corporation.**

Anheuser Busch—Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Arlans Department Stores—Memorandum—Kenneth Lloyd Co., 52 Broadway, New York 4, N. Y.

Atlantic Coast Line Railroad Company — Comments — Vilas & Hickey, 26 Broadway, New York 4, N. Y. Also available are comments on **Chicago Rock Island & Pacific** and **Illinois Central Industries.**

Bestwall Gypsum — Comments — Herzfeld & Stern, 30 Broad Street, New York 4, N. Y. Also available are comments on **Interstate Motor Freight System** and **North American Car.**

Canadian Pacific—Comment—Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

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

Chrysler Corp.—Comments—McDonnell & Co. Incorporated, 120 Broadway, New York 5, N. Y.

Colgate—Memorandum—Shields and Company, 44 Wall Street, New York 5, N. Y. Also available is a memorandum on **Sunbeam.**

Continental Investment Corp.—Analysis—J. C. Bradford & Co., 414 Union Street, Nashville 3, Tenn.

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

du Pont of Canada—Memorandum —Andras, Hatch & Hetherington, 320 Bay Street, Toronto 1, Ont., Canada. Also available is a memorandum on **Canadian Industries.**

Eaton Manufacturing Company—Analysis—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **M. A. Hanna Company.**

Endicott Johnson—Memorandum —E. F. Hutton & Co., Incorporated, 1 Chase Manhattan Plaza, New York 5, N. Y.

Fedders Corporation—Analysis—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available is an analysis of **Simmons Company.**

Fiat Metal Manufacturing—Memorandum—Julien Collins & Company, 105 South La Salle Street, Chicago 3, Ill.

General Battery & Ceramic—Memorandum—Bruns, Nordeman & Co., 115 Broadway, New York 5, N. Y.

Kansas City Power & Light—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Colorado Interstate Gas Co.**

Korvette—Memorandum—Josephthal & Co., 120 Broadway, New York 5, N. Y.

Langendorf United Bakeries, Inc. —Analysis—Birr, Wilson & Co., Inc., 155 Sansome Street, San Franicsco 4, Calif. Also available is an analysis of **Philips N. V.**

Leaseway Transportation Corporation—Review—D. H. Blair & Company, 5 Hanover Square, New York 4, N. Y. Also available are reviews of the **Rail Equipment Leasing** industry and **U. S. Freight Company.**

Life & Casualty Insurance Company of Tennessee — Analysis — Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Ga.

Life Insurance Company of Virginia—Analysis—Craigie & Co., Inc., 616 East Main Street, Richmond 15, Va.

Lily-Tulip Cup Corp.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Lucky Friday Silver, Lead Mines —Chart Analysis—Reuben Rose & Co., Inc., 115 Broadway, New York 6, N. Y.

Macke Vending Company—Analysis—Ferris & Company, 611 15th Street, N. E., Washington 5, D. C.

Magnavox Company—Analysis—Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

Magnavox Company—Analysis—Jas. H. Oliphant & Co., 61 Broadway, New York 6, N. Y.

Massachusetts Indemnity & Life Insurance Company — Bulletin — Ralph B. Leonard & Sons, Inc., 50 Broadway, New York 4, N. Y.

McCandless—Memorandum—Frank Ginberg & Co., Inc., 25 Broad Street, New York 4, N. Y.

Mississippi Glass Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Minnesota and Ontario Paper Company** and **American Electric Power.**

Monsanto Chemical—Comment—In current issue of "Investors Reader"—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are comments on **Hoover Ball & Bearing Co., Twentieth Century Fox Film Corp., Simplicity Pattern Company, Arkansas Valley Industries, Inc., Youngstown Sheet & Tube, International Distillers & Vintners Ltd., Reichhold Chemicals Inc., First National City Bank, Macke Vending** and **Sinclair Oil Corp.**

Mueller Brass—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

National Western Life Insurance Company — Analysis — Peters, Writer & Christensen Corporation, 724 17th Street, Denver 2, Colo.

North American Life & Casualty Company—Memorandum—Paine, Webber, Jackson & Curtis, 209 South La Salle Street, Chicago 4, Illinois.

North American Van Lines Inc.—Memorandum—Glore, Forgan & Co., 45 Wall Street, New York 5, New York.

Nytronics Inc.—Bulletin—DeWitt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Pacific Telephone & Telegraph—Memorandum—Moore & Schley, 120 Broadway, New York 5, N. Y.

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

RIC Companies—Memorandum—Rittmaster, Voisin & Co., 40 Exchange Place, New York 5, N. Y.

Revlon—Discussion—Purcell, Graham & Co., 50 Broadway, New York 4, N. Y.

St. Clair Specialty Manufacturing Co. Inc.—Report—Stifel, Nicolaus & Company Incorporated, 105 West Adams Street, Chicago 3, Ill.

Sealright - Oswego—Memorandum —A. L. Stamm & Co., 120 Broadway, New York 5, N. Y.

Security Life and Accident Company — Analysis — Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

Sinclair Oil Corp.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Marshall Field & Co.**

A. O. Smith — Memorandum — Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is a memorandum on **Pueblo Supermarkets.**

Springfield Insurance Company—Analysis—Sanford & Company, 233 Sansome Street, San Francisco 4, Calif.

Sunbeam — Memorandum — Sincere and Company, 208 South La Salle Street, Chicago 4, Ill.

Swank — Memorandum — May & Gannon Incorporated, 140 Federal Street, Boston 10, Mass. Also available is a memorandum on **Gorton's of Gloucester.**

Swingline Inc. — Analysis — Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

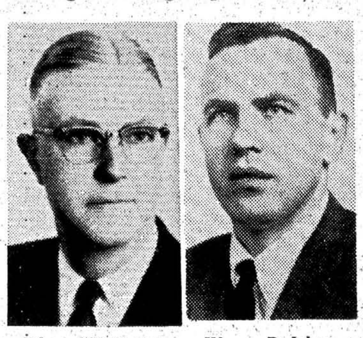
Trade Winds Company—Analysis —Varnedoe, Chisholm & Co., Inc., 1 Bull Street, Savannah, Ga.

Trico Products Corporation — Analysis—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

United Family Life Insurance Co. —Memorandum—J. H. Hilsman & Co., Citizens & Southern Building, Atlanta 1, Ga.

Vallely Retiring; Jahns Trading Mgr. Of John Nuveen

CHICAGO, Ill.—Edward V. Vallely, Vice-President of John Nuveen & Co. and Manager of its Chicago Trading Department, will



Edward V. Vallely Wayne R. Jahns

retire from the investment banking 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 department has been named Chicago Trading Manager, effective July 1.

Mr. Vallely became associated with the Nuveen Trading Dept. in 1944. Mr. Laing said that since that date the Company's 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 Nuveen organization in 1958 after graduating from the University of Wisconsin and the Northwestern University Graduate School of Business Administration. His associates in the Company's Chicago Trading Department are Robert R. Croake, William J. Murphy, Jr. and Lawrence W. Littig. The New York Trading Department will continue under the management of George J. Viox, assisted by James F. Frenzel, Robert S. Rexford and Richard F. Geddis.

John Nuveen & Co., founded in 1898 and incorporated in 1953, is the oldest and largest organization in the United States specializing in the underwriting and distribution 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 Francisco and Seattle. All of these are served by the Company's extensive private wire system.

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 completely changed from a textile company to a many faceted multi-company manufacturing enterprise, with textile sales accounting this year for but 3% of volume. Few companies in America offer a better example of a company steadily expanding its business and upgrading its earning power by the merger route.

Merger Policy

In this program of acquiring many companies and spreading the sources of earnings over many industries, the over all program, both for acquisitions and operation, has benefited from intelligent long range planning. First, entry has been sought into growing industries—defense, consumer goods, agrochemicals, plastics and metal products. Second, the entire accent has been on manufacturing, not service, companies. Third, general policy has been to retain existing operating managements and to provide attractive incentives for them. Fourth, 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 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 divisional Vice-Presidents at the home office in Providence, who supervise budgets, long range programming and major decision making for the individual operating units. These Vice-Presidents report directly to Mr. George William Miller, President. That this is an efficient way to run a company is documented by the fact that sales have increased steadily for the past decade reaching $549 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 prove revealing.

The Agrochemical Product Group includes Spencer Kellogg, maker of chemicals, linseed oil paints and varnishes; and other units producing poultry and live stock feeds, special feeds and corn milling products. This division delivered $71 million (13%) in 1962 sales.

In 1955, Textron, Inc., acquired Homelite Corporation, maker of pumps and saws, power lawn mowers and outboard motors. This acquisition launched Textron into Consumer Products and, in 1962, this group had $77 million in sales (14%). Other consumer items include fiberglass boats, electric golf cars, aluminum cooking ware, bathroom accessories, eye glasses, 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 Agena Rocket engine, a major propulsion unit in our space program; Bell helicopters, indispensable for limited warfare; and Bell is perfecting a vertical rising (VTOL) transport for the Navy. Other defense production includes guidance and landing systems, radar antennas and microwave systems, oceanographic and nuclear research. Defense sales are expected to exceed $200 million in 1963.

The Industrial Division produced $99 million in sales last year (18%). Products here include cushioning materials, iron castings for engine block brake drums, cam shafts, iron hardware, automobile door frames and body parts, gas meters and regulators.

The Metal Product Group was expanded last year by the addition of American Screw Company. The biggest unit in this division is Pittsburgh Steel and Foundry which makes steel castings, aluminum foil mills and heavy machinery. Other industrial products in the line include rolling mill components, lock bolts, rivet setting machines, mills, presses and machine tools. Metal Products sales were $88 million (16%) in 1962.

The Textile Division was further contracted this year by sale of Amerotron Division to Deering Milliken. Amerotron was a profitable unit and one of the most efficient companies in the business, but its retention did not fit in with the long range plans of diversification and upgrading of profit margins.

Finally, there's Textron Electronics, (75% owned) with sales of $26.7 million in 1962 and net of $1.36 million.

In addition to active surveillance of cost factors and profit margins, in each division, Textron, Inc., management has substantially expanded research, and spent $9 million in this activity last year.

Rising Sales

If we lingered a bit too long over the product line it was only to outline for you the massive diversification Textron, Inc., has achieved and the insulation it has created against major cyclical savings in earning power. Totally, the results and the progress here are impressive. Sales in 1962 increased by $76 million over 1961, and earnings per share (on a much higher tax base) were $2.96 in 1962 against $2.06 a year earlier.

On the financial side, the Company has recently retired its 5% debentures due 1970, and last week prepaid its $25 million, 5⅞% note, to Prudential Insurance Co. As a result, long term debt has now been reduced to only 21.8% of total capitalization.

For Investors

Investors and analysts may find considerable attraction today in Textron common stock now selling 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). Earnings last year were $2.96 a share and should exceed $3.35 in 1963. The dividend was raised last year to $1.40 and another increase is possible, assuming a 50% payout of net.

For those investors seeking valid combinations of proven growth, reasonable price/earnings ratios (11 times in this case) and good yields, TXT common, now selling to yield about 4%, may prove interesting. For speculators there are warrants to buy the common (now at $25, and rising prices to 1984) that offer market animation. These warrants sell at 15.

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. Mr. Lutz has recently been employed by a New York Stock Exchange firm 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 Buhl Building office.

Let the Free Market Determine Interest Levels

By Edward L. Johnson,* *President, Financial Federation, Inc., Los Angeles, Calif.*

S & L holding company head controverts comments being made about the alleged plight or faults of the S & L Association industry—particularly the publicly-owned sector. He takes strong exception to proposals for fixing interest rates on savings and for instituting additional regulation in other areas. Finds serious distortion in the use of statistics and ponders how much of this is due to "news management" with an ulterior purpose, and/or to a failure to understand the workings of the free market and to comprehend existing extensive regulations. Mr. Johnson points out that, despite the new tax rates, net income for publicly-owned associations showed no "profit squeeze" compared to 1962 period; denies there is any glut of money; finds interest rates vary from one to another association; and avers mortgage loan ratios and standards remain favorable. Concludes with the advice that non-public associations come up to the standards governing holding companies.

I am sure we all read the same newspapers and it must be as disturbing to financial analysts as it is to me to read reports purporting to reflect the thinking of regulatory officials in high government places. With sweeping generalizations they make it appear that the industry as a whole is in a troubled condition. As analysts I am sure you note carefully that these generalizations are seldom supported by any factual data.


Edward L. Johnson

Opposes Interest Rate Tinkering

In other quarters in our government, we see recommendations being made to tinker with the workings of a free market by suggesting rate fixing of the interest paid on savings.

The flood of this type of information in the last few weeks suggests that we are witnessing a new form of news management in which activities of government agencies have been geared to release statements designed to make people receptive to certain programs or activities of those agencies.

In my opening statements I would like to suggest that we *un*manage the news by looking squarely at some sound factual information and by reexamining the facts of life about simple economics.

We are told by our government agencies that the interest rate paid to savers by savings and loan associations is too high . . . that, parenthetically, the saver isn't entitled to receive this amount of money . . . and that we must put a ceiling on rates.

We are told inferentially this must be done in order to discourage thrift — to prevent the public from placing their funds in our hands because they are causing a glut of money in the mortgage market and that this is forcing our industry to make unsafe loans—in amounts that are too high in relation of the value of the property — that these loans are on undesirable properties—that we're making them for too long a term, and, I suppose, even to people who are not creditworthy.

Our government agencies go on to explain that the reason we are doing that is to forestall or avert a mythical profit squeeze . . . and that the cure for all these ills is simply to lower the interest rates on savings. To all of this I say sheer nonsense.

I seem to recall that a little more than a year ago another agency, or possibly a single wizard of economics in that agency, suggested that if we in California would simply lower the interest on savings we could immediately reduce the cost of mortgages, thereby providing a stimulus to the housing industry and a boom to the home owner. Apparently this government official had never heard of the simple words *supply and demand*. We labeled this proposal upside down economics. Perhaps today we should label some of the current pronouncements "Regulation by Lifted Eyebrow."

Confusing the Average With the Particular

I am not suggesting, however, that the savings and loan industry is without its weak spots. This would be ridiculous. This business is no different from any other business. There are good operators and there are poor operators. There are unquestionably soft spots in the mortgage market in various parts of the country. Some associations may be paying too high a rate on savings and may be in a profit squeeze. But they could be in a profit squeeze because they are poor operators, too.

What I am objecting to — and I am sure analysts will agree with me — are the irresponsible statements that imply *soft* conditions as representing *average* conditions. There is no such thing as an *average* condition in the mortgage market, particularly in comparing conditions in California with other areas of the country. It's almost as if someone in Los Angeles took the temperature reading there on Jan. 1 (it was around 70 this year) and in Portland, Me, (around 20)—and deciding not to go to the beach because the average temperature was only 45.

Analysts are, of course, interested primarily in that segment of the savings and loan industry which is publicly owned. Most of this centered in California, so let's focus on this area and get away from averages.

No "Profit Squeeze" Despite Tax Bite

First let's examine the question of the so-called "profit squeeze." For the publicly owned companies, the 1963 first quarter operating results showed that *even after the application of the new tax rates,* net income was essentially in balance with net income in 1962. Some companies even showed gains after absorbing the new tax load.

What must be constantly remembered is that savings and loan associations are *local* businesses, geared to *local* conditions. There is every opportunity, therefore, to adjust operations to these local conditions, and not be caught in a so-called profit squeeze. There continues to be a satisfactory balance between money costs and mortgage prices.

The compilation of statistics on our industry differs little from that on other industries. There is always a time lag and some figures are not available. In Financial Federation we are fortunate to have eleven associations with 24 offices in all major marketing areas except the San Francisco Bay Area. We have, therefore, our own resources for sampling the economic blood pressure of the business in California.

Interest Rates Differ

As a case in point, you might be interested to note that the rates paid on savings by our associations are not all the same. They are adjusted to local conditions. One pays 4.85%—nine associations pay 4.8%—and the one remaining pays 4.6%.

The average rate on new loans for each of the four months of this year were:

January	6.83%,
February	6.86
March	6.79
April	6.71
For all 1962	6.84

Composite delinquency rates are not readily available. Our own cross section figures show this pattern in loans delinquent 90 days or more:

January	1.32%
February	1.13
March	0.99
April	1.16
Year end '62	1.28

We see no glut of money. Our associations continue to spend their dollars to attract funds both locally and from eastern sources. We need this money — and we need it to meet a demand for good first mortgage loans.

Let's turn from our own figures to the last weekly report dated May 2 of the Federal Home Loan Bank of San Francisco (of which, incidentally, I am a director). The bank advanced $36.9 million and its members' deposits were down $0.9 million. This net change for last week represented $37.8 million more dollars flowing into the market place.

On the question of the ratio of loan amount to purchase price, you should be interested to note that the 1962 figures of the Federal Home Loan Bank show, for the San Francisco District, an average of 74.1%, a good median point in relation to the national average of 72.6%. On loans over 80%, the San Francisco District figure was 12%, against a national average of 17.2%.

Rigid Regulation

This leads us to a brief reminder of the very rigid regulations under which stock companies of California operate. All of our operations, and especially our loan portfolios, are carefully scrutinized by both state and Federal examiners. In California, loans

Continued on page 25

Sterling Is Weathering The Profumo Crisis

By Paul Einzig

British specialist on foreign exchange outlines four reasons for sterling's steadiness despite the "Profumo" crisis and the disquiet engendered by the much talked about prospects of a Socialist Government. Dr. Einzig agrees that an early election, a split in the Conservative Party or step-down by Mr. Macmillan might very well adversely affect sterling. Note, however, is taken of the factors which would prevent the Socialists from pursuing steps which would hurt sterling, and of the probability that the Conservatives will be helped by the better tone in the economy now underway.

LONDON, Eng.—In spite of the political uncertainty caused by the repercussions to the Profumo scandal, sterling has been holding its own remarkably well without any official support. The split in the Conservative Party indicated by the unexpectedly large number of abstentions of Conservatives when the House of Commons divided over the vote of confidence on June 17 did not cause any selling pressure. Throughout the week sterling remained a shade over parity and the volume of business was moderate. It seems that the market has not made up its mind what to make of the situation. Up to the time of writing there has been no clear indication whether Mr. Macmillan would resign in the near future, but on the whole it now seems unlikely. Nor is there any means of knowing who would succeed him if he did.

The reasons for sterling's steadiness in face of this political uncertainty may be summarized as follows:

(1) It seems rather more than likely that Mr. Macmillan or his successor would decide against a general election this year. 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 the Autumn of 1964, that scandal would be an old story and would not affect decisively the attitude of the electorate.

(2) At long last the economic trend is beginning to move in favor of the Government. The various reflationary measures are beginning to bear their fruit in the form of increase in production and of consumer demand and declining unemployment. The chances are that these favorable developments will gather momentum during the next twelve months or so.

(3) The reflationary measures have not affected the balance of payments adversely. On the contrary, the figures for May are quite favorable.

(4) Fears of a Socialist Government next year no longer tend to affect sterling quite so adversely. There is a growing feeling that Mr. Wilson could ill afford to embark on excessive expansion or on costly Socialist experiments. This was done in the years that followed the Socialist victory of 1945, because nationalization and the welfare state was financed by the big American long-term loan and by Marshall aid. But now there is no question of gifts or long-term loans. Any support sterling would receive under a Socialist Government would be on a short-term basis. The I. M. F. and the Central Banks concerned would not be prepared to renew their short-term facilities if a Socialist Government were to use them for purposes which are considered unsound.

There is indeed a considerable difference between a huge loan repayable in 50 years or more and a six months' credit which is not renewed if the view is taken that its proceeds are used for bolstering up sterling against the consequences of Socialist experimenting. Mr. Wilson is well aware of this, and the realization of the facts of life is likely to induce him and his Chancellor of the Exchequer to err on the cautious side.

Anyhow, the present Parliament is likely to continue for anything between 12 months and 16 months. The immediate problem is what policy is likely to be adopted by the present Conservative Government or by the Conservative Government that may succeed it. Should Mr. Macmillan remain in office for some time he is likely to continue his expansionary policy, all the more as it does not seem to affect sterling adversely. Should he be succeeded by Mr. Maulding or by Lord Hailsham the two most likely candidates for the post—in all probability the expansionary policy would continue unabated, and so would the determination to maintain the stability of sterling.

There is a remote possibility of a change of policy in the latter respect if Mr. Butler should succeed. It will be remembered that in the early fifties Mr. Butler, Chancellor of the Exchequer in Sir Winston Churchill's Government, way toying with the idea of a floating exchange rate. The project was vetoed by Sir Winston Churchill. It is just conceivable that if Mr. Butler should be placed in a position to decide he might revert to that idea. The chances are, however, that during the last ten years he has changed his attitude towards the floating pound.

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 that the election is not imminent. His successor will have to take over office at least some months before the election in order to prove his worth before the electorate. From this point of view an early change of Government might be interpreted as an indication of a relatively early election, and this might react on sterling. Even though the odds are against an election in less than 12 months, the bare possibility that a new Prime Minister might decide in favor of an earlier date would cause a certain amount of uneasiness. From this point of view the revival of Conservative support for Mr. Macmillan may be regarded as a point in favor of sterling. Any indication of a split in the Party would have generated pessimism towards sterling's prospects.

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.'s long-term interest rates rising as much as 1/4 of 1% and Canada's following with a relatively small rise to 5.20% in the next six months. With regard to short term rates, Mr. Gill misgivingly believes that the narrowing spread between the two countries makes his country's short-term rates, which may go to 3½%, 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 assessment is to segregate them under "bullish" and "bearish" headings.

The bond market is, for all practical purposes, the market for money. And money can be considered simply as a commodity with a price (called the rate of interest) which rises or falls depending on whether the demand for it exceeds the supply or vice versa.

Bullish Factors

Here are the "bullish" points:

(1) Current assessments of the basic economic demand for and supply of funds indicate a fair degree of balance both in Canada and the U. S. That is, requirements for capital will not be significantly higher than in recent years and savings available appear quite adequate to meet them, based on previous experience. If these assessments are right, bond prices would at least remain steady.

(2) With fairly heavy unemployment in both countries, there is a justifiable domestic reason for governments to favor an expansionary monetary policy. The theory is that, by increasing the 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.

(3) The present Canadian government has a natural desire to carry out an expansionary monetary policy for political reasons as well as economic. Consequently, it is likely that special emphasis will be given to the right reasons for doing it, leading to possibly a more aggressive approach than might otherwise be the case.

(4) The spread in interest rates between the Canadian bond market and European bond markets is narrower than it has been for some time and hence there is less reason to fear an outflow of bond money looking for higher rates abroad.

(5) Since the monetary crisis last June, market psychology has much improved because it is felt that with our dollar pegged at $.92½ U. S. and our foreign exchange reserves up to $2.7 billions, Canadian bonds are relatively more attractive to U. S. investors, especially within the context of a new government in which there is more international confidence. This has already resulted in a substantial inflow of funds.

So far it all looks quite encouraging, but consider the "bearish" factors:

Bearish Factors

(1) Despite considerable improvements in our foreign exchange reserves and a clear trend towards an improvement in our trade deficit, we still have a balance-of-payments problem. Thus it remains important for us to continue to import capital and to further increase our U. S. dollar reserves. Hence, our interest rates have to remain attractive compared to U. S. and other foreign interest rate levels.

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

(3) There is a general concern for international liquidity. That is, most of the Western countries appear to be in search of outside capital to finance trade and business expansion. The tendency is 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 and are likely to remain strong over the next year. It is thus hard to justify a monetary policy of ease now, despite unemployment because the only valid reason for it is to stimulate a declining economy.

(5) Two of the barometers of the capital market in Canada are pointing to pressure on the supply of funds already. This is mortgage rates and the bank prime 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 low levels seen just before the crisis of last June. Bank loans are fast approaching the high levels of last year which contributed then to a rise in interest rates as the banks sold securities. The N.H.A. mortgage rate of 6½% is particularly significant in the light of government policy. Not only are mortgages the largest single area of demand for savings, but also so long as the government N.H.A. rate is pegged at 6½% 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 does not seem quite as effective as it once was in improving business conditions now that international capital moves as freely. It has been suggested that one reason for our economic slow-down and our high unemployment is the fact our money supply was not increased fast enough in recent years. However, the U. S. has the same economic problems despite a money supply to G.N.P. ratio of 50% compared to our 37%. It is also generally thought 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 policy and the improvement in the internal economy. It would appear that the U. S. authorities are thinking more in terms of fiscal policies, such as the much-discussed tax cuts, 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".

Foresees Greater U. S. A. 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 prevail. A country of 19 million people more dependent than most on foreign trade and capital cannot conduct an independent monetary policy, as we found to our cost in 1959 and 1962, and which even the U. S. is realizing. Consequently, with our interest rates relatively close to those of the U. S., and with U. S. rates likely to rise, ours can but follow.

The question now is, by how much might the level of U. S. interest rates rise and to what degree would ours follow. My view is that, as U. S. long-term interest rates have been gradually declining over a two-year period, despite the generally healthy business climate, there is room for, in U. S. terms, a fairly substantial rise. This could be about 1/4 of 1%.

Our position is slightly different in that our long-term levels have been more or less unchanged over the last few years. Thus, while our swings are usually wider than in the U. S., we might well end up with a relatively small rise.

When it comes to short-term interest rates, it appears likely that the U. S. will continue its policy of allowing short-term rates to rise from the already high level of around 3% as part of their policy of discouraging the outward movement of short-term funds.

The spread between our short-term interest rates, and U. S. rates appears to have been narrowed in order to encourage a short-term outflow to partially balance the inflow of long-term bond funds. This is desirable as, with a fixed exchange rate it means more stable U. S. dollar reserves. On the other hand, it makes our short-term rates that much more vulnerable to a significant upward shift.

To conclude, then, and using Canada 4½% 1983 and 90-day Treasury Bills as examples, it appears likely that, over the next six months, our long-term interest rates might rise to about 5.20% and our short-term rates to about 3½%. How long they might remain at that level depends mainly on how long the present business recovery period will last.

*An address by Mr. Gill before the Firm's Investors Seminar, Winnipeg, Manitoba, June 19, 1963.

Commerce Dept. Works For Volkswagen

The U. S. Department of Commerce reported 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 parts 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 cabled 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 piston 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.

The chief of the Volkswagen 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 without compensation in the national drive to increase United States exports and thus ease the balance of payments problem.

The State of TRADE and INDUSTRY

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

The end of June Cleveland Trust Company monthly analysis of the business scene and prospects, which follows, examined what has given strength to our economic upswing. According to the Bank's distinguished *Business Bulletin:* "business expanded further during May because of inventory accumulation and a higher level of capital spending. It is now apparent that more of the improvement in the economy this spring has been due to inventory building than was previously thought. Consumer goods spending has not increased the last three months, while industrial production has moved up, largely because of sharply higher steel output. Retail sales which amounted to $20.4 billion in March, seasonally adjusted, were again reported preliminarily at $20.4 billion in May. However, the Federal Reserve index of industrial production (1957-59 = 100), stood at 124 in May compared to 121 in March, a gain of nearly 3%.

"Steel inventory building ended in May. The weekly rate of ingot output fell from 2,626,000 tons in the week ended May 25, to 2,464,000 tons by the week ended June 15, the lowest level since the middle of April. The decline in steel production together with the recent leveling off of retail sales indicates some hesitation might occur in the economy this summer.

"Much will depend on the continued high level of domestic new car sales, which have been selling at an anual rate of approximately 7.4 million vehicles this spring. In the past, although not always, new car sales have declined following a slump in used car prices. Between April and early June the price of used cars sold at auction, as reported by *Automotive News,* declined at a sharper rate than is seasonally expected. Thus, there is now some question as to whether the auto industry can continue to provide strong support to the economy, not to mention be the expansive force it was during the period of reduced steel output last year.

"New construction put in place increased at an anual rate of over $2.0 billion in May to a level of $62.7 billion, with the public sector and the private residential sector contributing about $1 billion each. Neither commercial and industrial construction nor building awards showed improvement, but new orders of machinery and equipment manufacturers in April rose to a new high for the expansion period. Apparently the expansion in business capital spending anticipated the last half of the year will stress modernization of equipment more than new facilities.

Employment

"A phenomenon of the technological revolution has been the fact that change continues at a seemingly ever faster rate. In keeping with this, some of the employment categories in the U. S. as a percent of total employment have changed more rapidly in the seven and one-quarter years since 1955 than they did in the 26 years from 1929 to 1955.

"The combined goods and energy producing sectors of employment as a percent of total have been declining since 1929. Moreover, separately and in total they have declined in absolute numbers since 1955. Employment in wholesale and retail trade rose virtually in step with total nonagricultural employment in both periods, while the finance, service and government groups have shown significantly faster increases. The largest increase in both periods was in the government employment category which rose 126% between 1929 and 1955 and a further 37% from 1955 to 1963.

New Plant and Equipment

"Expenditures for new plant and equipment are now estimated at $39.2 billion for the year 1963, according to the latest quarterly report released on June 10. It is expected that each successive quarter of the year will be higher than the preceding one with the year as a whole averaging 5% higher than the $37.31 billion spent in 1962.

"Despite a change of only .4% from what was anticipated at the end of the first quarter, there were sharper revisions made in the quarterly pattern, with the first and second quarters having been revised downward and the last half year upward. . . .

"Spending for plant and equipment is a highly important factor in the economy. It is a significant contributor to the economic growth rate as well as being a key element in prolonging periods of business expansion. The 1954-1957 expansion lasted 35 months, largely because the plant and equipment spending boom of 1956 and 1957 became a sustaining factor in the economy once the surge in car sales subsided after 1955.

Outlays for new plant and equipment fell short of their 1957 peak during the 1959-1960 expansion, both in absolute amount and as a percent of Gross National Product. And the 1959-1960 expansion lasted only 25 months.

"In the hope of prolonging the current business expansion and stimulating the economic growth rate, depreciation schedules were liberalized by the Administration and a new tax credit law on investment was passed by Congress in 1962. But uncertainties in the business outlook during the last half of 1962 together with the fact that over-capacity in many industries has retarded the expansion of facilities in recent years, prevented any immediate rise in capital outlays. The pickup of industrial activity in the first half of 1963, however, has increased the overall rate of operation as a percent of capacity. Now having both the tax incentive and the need for equipment, businessmen have increased their anticipated spending plans for 1963."

Machine Tools Orders Continue Upward Trend

A key insight as to the upward or downward prospects for the economy is provided by changes in metal cutting and forming tools. According to the National Machine Tool Builders' Association, a sharp increase in foreign business offset a slight decline in domestic business and pushed the May order volume for *metal cutting* type machine tools to the highest level since September, 1956. Total orders for May of $66,200,000 were 6% higher than the $62,200,000 of April; and 28% higher than the $51,600,000 of May, 1962. The cumulative total of $289,500,000 for the year to date is 34% above that of the same period in 1962, when orders totaled $215,950,000.

Foreign orders, the key to May's gain in metal cutting types, were $20,350,000, about 49% higher than April when foreign orders totaled $13,700,000; and 104% higher than the $10,000,000 of May, 1962. Much of the foreign buying is for production of automotive equipment. However, an increase in orders from Japan has been experienced by some builders since the Japanese Government relaxed its requirements on import permits; and there is a stronger tone to the market in other countries. For the first five months of this year, foreign orders totaled $63,400,000 or 44% higher than the $43,950,000 total for the same period of 1962.

May orders for *metal forming* types of machine tools were off rather sharply in both domestic and foreign areas. Domestic orders totaled $10,800,000, or 6% less than the $11,550,000 of April; but 13% higher than the $9,600,000 for May, 1962.

Foreign orders of $2,550,000 were 43% less than the $4,500,000 total for April; but were 9% higher than for May, 1962, when the total was $2,350,000.

Total net new orders for metal forming types for May were $13,350,000, off 17% from April's $16,050,000 but 12% above the $11,950,000 for May, 1962. For the initial five months of 1963, net new orders totaled $75,400,000, a decline of 4% from the $78,750,000 booked during the same period of 1962.

Bank Clearings 4.9% Above 1962 Week's Volume

Bank clearings in the latest statement forged ahead of a year ago. Preliminary figures compiled by the *Chronicle,* based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday June 22 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 4.9% above those of the corresponding week last year. Our preliminary totals stand at $33,544,952,346 against $33,880,386,625 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. June 22—	(000s omitted) 1963	1962	%
New York	$20,128,146	$18,605,173	+ 8.2
Chicago	1,608,743	1,436,114	+12.0
Philadelphia	1,256,000	1,259,000	— 0.2
Boston	942,580	940,243	+ 0.2
Kansas City	629,025	621,981	+ 1.1

Steel Drop of 1.5% Marks Fourth Weekly Decline in a Row, but Stays at Three-Year High and 55.2% Over Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended June 22, was 2,426,000 tons (*130.2%) as against 2,464,000 tons (*132.3%) in the week ending June 15. The week to week output fell 1.5% marking the fourth weekly decline in a row and the lowest weekly output in two months. The year's weekly

Continued on page 18

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Mid-Continent Telephone Corporation

Mid-Continent Telephone Corp. is one of the small, relatively new telephone holding companies with annual revenues in 1962 of over $9 million. While the company is only about three years old, some of its subsidiaries have been in business fifty years. Mid-Continent has not sold any common stock to the public as yet, but has exchanged its own stock for the securities of operating companies. The chief executive of each subsidiary is left in charge after acquisition, but there is a staff of experts in the parent organization to advise him.

In 1960, shortly after incorporation, Mid-Continent exchanged 1,020,000 of its presently outstanding 1,448,000 common shares for the securities of Elyria Telephone, Western Reserve Telephone, Chardon Telephone, Home Telephone and Citizen Telephone; in 1961 it acquired Ashtabula Telephone, Geneva Telephone, and Kenton Telephone, and in 1962 Delta Telephone. As of recent date the system had 93,427 customers. Mid-Continent is reported to be negotiating to acquire other independent telephone companies in Ohio and other states. In 1962 the number of authorized common shares was increased from 2 million to 3 million, making stock available for future exchanges.

The company's growth record is considered better than average. The 7% average rate of growth in number of telephones is expected to continue, excluding new acquisitions. In 1962 the number of customers increased 9%, reflecting in part the acquisition of one new subsidiary. With the improvement program, however, investment in plant and equipment increased 18%. Earnings per share increased slightly despite some of the most severe winter weather of recent history which played havoc with communications facilities.

Growth in the service area continues. Important chemical plants are being added in Ashtabula and the concentration of trucking headquarters in the Western Reserve area, together with a steady surge in suburban population, increased customers by 9%. Elyria had a similar increase and a 20% further gain is anticipated over the next three years.

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

Another Mid-Continent first is the "Register-Sender" which permits the push-button instruments to work side by side with dial phones, a solid-state switching system tied in with the standard electro-mechanical equipment. This affords the advantages of electronic switching without relegating central office equipment now in use to the scrap heap. With this new technique, central offices can be expanded to match community growth without taking up more space, keeping costs down while serving more customers. Maintenance is reduced, and an electronic circuit can signal its own breakdown and be easily replaced.

In the near future, the push-button telephone and its electronic brain may combine to provide a "memory system," allowing calls to follow a subscriber when he leaves his home, call him back when a busy line becomes free, etc. Another type of push-button, Ohio's first fully automatic automobile radiophone, has been introduced in the Geneva area; and a transistorized "answering service" which answers an absent subscriber's calls and takes messages has made its world debut in Elyria.

All system telephones will be on a dial basis by September. The new "dataphones" are available for use and the telephone wires can be used for "computer talk"—one computer receiving a message from another in a different city. Mid-Continent is using the punch-card method of billing and is also using data transmission to send billing information to headquarters. The eventual goal will be a "brain center" to handle all billing.

Like other telephone companies, Mid-Continent still has a number of party phones in small towns and rural areas, the number of customers on a party line ranging from 2 to 10. This is being reduced to a maximum of 8 and a campaign is being initiated to reduce the number to only 2 customers. However, because of the extra cost this step has to be "sold" to customers.

The regulatory climate seems favorable. Two smaller subsidiaries obtained rate increases last year; another application is now pending, with an order expected. In these rate cases trended reproduction cost is used as a rate base (about 1½ times original cost) and the commission in 1962 allowed a return of about 6.2%.

System capitalization as of Dec. 31, 1962 was as follows: funded debt (including bank loans) 62.5%, preferred stock 7.1% and common stock equity 30.4%. The company does not use any 2% REA money —President Case considers this a "last resort" method financing. Some weeks ago the company sold $3 million 25-year debenture 4¾s privately. Construction expenditures approximate $6 million a year.

The 1962 annual report stated earnings per common share as follows (presumably on a pro forma basis for earlier years):

1958	46¢
1959	70
1960	70
1961	78
1962	80

In the first quarter of 1963 earnings were 21 cents vs. 19 cents a year earlier.

The stock has been quoted recently around 18 in the over-counter market and yields 3.1% (the dividend rate of 56 cents a share). Based on earnings for the 12 months ended March, the price-earnings ratio is 22.

Texas Eastern Transmission Bonds Offered

An offering of $50,000,000 Texas Eastern Transmission Corp. first mortgage pipe line bonds, 4¾% series due 1983, is being made by an underwriting group headed by Dillon, Read & Co. Inc., New York. The bonds are priced at 99¼% to yield approximately 4.81%.

Of the net proceeds to the company from the sale of the new bonds, approximately $22,000,000 will be used to retire currently outstanding revolving credit notes. The balance will be used in connection with the company's construction programs.

A semi-annual sinking fund beginning Jan. 1, 1966, will retire approximately 95% of the bonds prior to maturity. For a period of five years, the bonds are not refundable at an interest cost to the company of less than 4.81% but are otherwise redeemable at the option of the company on 30 days published notice, at prices scaling from 104% during the 12 months period ending July 1, 1964, downward to 100% in 1983.

The company's principal business is the transmission of natural gas. It is also engaged in the transportation of petroleum products and in the production of oil and gas. The corporation owns and operates a pipeline system for the transportation and sale at wholesale of natural gas, extending from the Mexican border in southern Texas to New York. The system has an authorized delivery capacity in its principal sales area of approximately 2,662 million cubic feet per day, including deliveries from its gas storage facilities. The petroleum products transportation business is conducted by its Little Big Inch Division through a system which at Dec. 31, 1962 included over 2,800 miles of pipelines. Texas Eastern is also engaged in the exploration for and production of oil and gas in 16 states. The company is headquartered in the Texas Eastern Building, Houston, Texas.

Lauro, Irle & Co. Forming in N.Y.C.

Effective July 1, Lauro, Irle & Co., members of the New York Stock Exchange, will be formed with offices at 115 Broadway, New York City. Partners will be Francis G. Lauro, Willard S. Irle, and Edward G. Hooker. All are members of the Exchange and have been active as individual floor brokers.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Old in Years, But . . .

The investment community the past week has been talking a good deal about a new kind of exchange-type fund that will continuously offer new shares and operate as a partnership rather than a corporation. Its sponsor is a subsidiary of Philadelphia-based Wellington Management Co.

This, as everyone in the $24-billion fund field knows, is the oldline sponsor and supervisor of the investments of Wellington Fund and Wellington Equity Fund (latter to be renamed Windsor Fund sometime in July), a nimble giant. And, of course, the organization, which launched operations just 34 years ago, remains under the guidance of pioneer Walter L. Morgan.

While the fund trade in this land is relatively new, there are few men in finance, investment or industry who can claim so long a record of service—distinguished service, at that. Mr. Morgan, held in highest regard throughout the fund fraternity, started out with $100,000, put up by him, his family and some investors he counseled.

Mr. Morgan and the people around him long 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, its objectives always have been conservation of principal, payment of "reasonable current income" and maintenance of a fully-managed investment account of bonds and stocks, common and preferred. It has been eminently successful on each account. Incidentally, quarterly dividend distributions have been made in each quarter since 1930. Total dividends paid and capital gains distributed have toted up to a half billion dollars.

In a 24-page booklet published last year, Wellington claimed more shareholders than any other investment company in the world. In addition, it noted, that only American Telephone & Telegraph, General Motors, Standard of Jersey and General Electric had more stockholders. Wellington's largest shareholder had well over $1 million invested in Wellington Fund, the average shareholder had an investment of about $4,300 and the fund's management and their families owned more than $2 million of the fund.

And now the organization is moving into the field known to the trade as "swap funds." Warwick Fund, as Wellington's will be known, will be, as previously noted, a partnership, hence the Internal Revenue Service has ruled investors will owe no tax either at the time they join Warwick or when they redeem their shares ("units of participation") for equivalent-valued common stocks.

Those investors who do withdraw from Warwick will be given stocks from its portfolio equal in value to their share in the partnership arrangement. Investors will not be subject to taxes only after their shares have been sold, according to Wellington.

To invest in the Warwick partnership, an individual must deposit at least $25,000 of stock with the group, which won't begin functioning unless at least $30 million of stock has been deposited before the end of the initial exchange period. While that will be sometime this year, the date has not yet been set. In contrast to most other "swap funds," Warwick will admit new partners after the close of the initial exchange period.

While Warwick represents something new for Wellington and the fund field, the underlying principle is the mutual-fund way to invest, as stressed by the company. As Wellington never tires of saying: for greater strength, people have always banded together; for greater safety, people have always spread their risks over a wide variety of different ventures, and for greater efficiency, people have always entrusted special tasks to those with specialized training.

Still, as one Wall Streeter remarked this week: "Morgan and Wellington are old in years, but young in ideas."

The Funds Report

Composite Bond & Stock Fund reports purchase of Bethlehem Steel, J. Ray McDermott & Co. and Marquette Cement Manufacturing. It also has added to holdings of Combustion Engineering, Lehigh Portland Cement and Mississippi River Fuel. The fund has eliminated from portfolio American Airlines, Continental Can, Montana-Dakota Utilities, National Tea and Sunray DX Oil.

* * *

Delaware Fund announces it has "completed a position" in Socony Mobil Oil. Over the past year it has increased its investment position in international petroleums.

* * *

Diversification Fund reports that at the close of the fiscal year on May 31 total net assets amounted to $85,891,076, equivalent to $21.81 per share. Six months earlier assets were $76,536,408 or $19.28 a share, and a year earlier assets totaled $75,466,773, equal to $18.75 a share.

* * *

Merger of **FIF Management Corp.** and **Financial Programs, Inc.**, investment adviser and national distributor of **Financial Industrial Funds**, has been announced by J. W. Tempest, President of both firms. Resulting company will retain the name **Financial Programs, Inc.**

* * *

National sales force of **Investors Diversified Services, Inc.** reached an all-time high in volume of sales during its May campaign, according to Thomas W. Moses, President. Combined sales of investment securities and life insurance amounted to $178,633,110 for a six-week sales effort, exceeding by more than $23.6 million the national quota, highest goal ever set for a spring campaign in the 69-year history of the company.

* * *

Loomis-Sayles Mutual Fund, reporting for the six months ended April 30, announces total net assets of $106,311,731, or $15.53 a share. At the close of the fiscal year on Oct. 31, 1962, assets amounted to $90,003,088, or $13.40 per share.

* * *

Vance, Sanders & Co., reports that total sales of the five funds under its sponsorship amounted to $74,355,457 for the first six months of the fiscal year. This compares with sales of $88,577,525 for the six months through Oct. 31, 1962. Net earnings amounted to 41 cents a share, compared with 46 cents six months earlier.

* * *

The Income Fund of Boston, reports that at the end of the quarter on April 30 net assets totaled $45,694,610, or $8.23 per share. A year earlier assets amounted to $40,420,721, or $.76 per share.

J. S. Strauss Opens Los Angeles Office

LOS ANGELES, Calif.—J. S. Strauss & Co., San Francisco firm of securities dealers, has announced the opening of a branch office in Los Angeles, its second new office this year. The San Francisco firm's Boston office was opened in January. A branch office in Chicago was established last year.

The new Los Angeles office, located at 810 South Spring St., is under the management of Henry E. Beebe, Vice-President.

J. S. Strauss & Co. specializes in trading blocks of bank, utility and industrial common stocks. The firm has direct private wires between all of its offices and to correspondents in Dallas and Seattle, as well as an open telephone to New York City.

Joins Walter Delafield

Walter L. Jenkins has become an Assistant Vice-President of Walter B. Delafield & Company, Inc., 51 Broad Street, New York City, members of the New York Stock Exchange.

J. H. Hilsman Co. Absorbs Tindall

ATLANTA, Ga.—J. H. Hilsman & Co., Inc., Citizens & Southern Building, members of the Philadelphia-Baltimore-Washington Stock Exchanges, have announced that effective July 1st, J. W. Tindall & Company will be consolidated with their firm.

James B. Dean and Eugene F. Willis will become Vice-Presidents of J. H. Hilsman & Co., Inc. Mrs. Marie O. White will be added to the staff as registered representative and Robert L. Morrison as municipal bond specialist.

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 early. There was little in the way of heavy offerings to be absorbed and neglect was evident.

A few issues where the news was good were bright spots but the pinpoint enthusiasm wasn't carried to any extreme in most cases. Purolator benefited from a stock split proposal, South Puerto Rico Sugar from a stock dividend.

And the intention of New York City to use Budd Co. as supplier for new subway cars was as cheering 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 stalemate of nearly a month's duration which, despite lack of upside progress, nevertheless was nothing that could remotely be termed a retreat.

Rails Slow Up

Rails, which had been working ahead independently, ran out of strength at least temporarily. Their average never really came to grips with its modern-day peak, the 181 level it had pushed to in 1956 for the first time since 1929 when the all-time high of 189 was posted. In taking a rest after reaching 176, this barometer was in position, on any new popularity, to make a bid for at least a new top in a generation.

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

To some of the market analysts, a breakout by the rails could make them the pacesetters to get the industrial average going again after the protracted pause that has served as a consolidation of the steep gains in the October-May period.

With or without help from the rails, the consensus of market opinion was that the industrial average is headed to new highs. Its consolidating phase had a 716-726 range against the 734 peak of 1961 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 rush.

Carriers in Merger Fight

The twin hopes of operating economies and benefits of mergers were the sustaining force in the demand for selected rail issues. The competing merger bids of the Chesapeake & Ohio and New York Central for the Baltimore & Ohio had simmered down but a new such bit of competition cropped up when Chicago & North Western made a counter bid for Chicago, Rock Island & Pacific that was aimed at upsetting plans by the Union Pacific and Southern Pacific to split up the Rock Island property.

North Western also embellished its bid by initiating merger talks with the Chicago, Milwaukee & St. Paul. That added to the western 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 more concerned with trying to block the Great Northern and Northern Pacific blend with the Chicago, Burlington & Quincy which offered direct competitive threats to St. Paul's operating area. With Interstate Commerce Commission approval — slow in arriving on any subject—needed for any such plans, the merger picture while active was still a far cry from solution.

Santa Fe's Lustre

The railroad that has earned blue chip status, and also is involved in a possible merger, is Atchison, Topeka & Santa Fe. Its merger discussions basically are with Missouri Pacific although it 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 its own ability to turn a profit after a temporary dip in results in 1960. But it has been recovering 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 compete with truck companies and the area it serves has shown a better industrial growth than the rest of the nation to bolster its operating results. It also derives important revenue from oil, trucking, lumber and other outside interests that help offset the cyclical nature of railroad operations. As with most quality railroads, Santa Fe offers a yield approaching 5% which is distinctly above average in a market considered in high ground where return necessarily has to take second place to the hope for capital gains.

The Case for Magnavox

Some attention was being paid to the long out-of-style electronic issues with Magnavox something of a favorite in various areas. Magnavox has built up a reputation of being one of the consumer electronics firms that has prospered consistently when the rest of the industry was having recurrent troubles.

Magnavox's particular achievement has been its success in television set marketing through a period that began in the mid-1950s when little or no growth was made in this sphere by the industry as a whole. Since 1955 its sales of television sets have virtually doubled, yet its share of the market comes to no more than 5%, according to industry sources.

That not only leaves Magnavox with a growth potential, but it is evident that the company is aiming to do something about it since it has franchised selected Singer Manufacturing sewing centers in the east coast area to sell its consumer lines and results so far are reportedly encouraging.

Despite a sharp decline in the military goods backlog at the end of last year, Magnavox was able in this year's first quarter to step up its consumer product activities to more than offset the military decline and show a 2% overall sales boost. With higher profit margin consumer sales up some 16%, profit was up 21% in the period.

Brighter Picture

Despite the long-awaited premiere of the movie, "Cleopatra," Twentieth Century-Fox has had a mundane market life subsequently. In part it could be traced to the fact that critical acclaim was not unanimous. And also the fact that the picture has to gross $62 million to break even has been well dinned into skeptical investors.

Nevertheless, Twentieth Century on its own, and without any benefits from "Cleopatra," has been showing a sharp earnings 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 "Cleopatra" at least are over, even though its contribution to the company is still very definitely up in the air. But if the foreseeable profit for this year of around $4 is realized, at recent price levels, the stock is available at less than eight-times earnings for a price/earnings ratio that is distinctly subnormal. At any rate, a $20 million tax loss carryforward will add that much more to the company's cash position this year since it is not expected to have any tax liability.

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

Travelers Express Co. Common Sold

A public offering of 267,740 shares of this firm's common stock is being made at $13.50 per share by Dean Witter & Co., Chicago. Of the total, 70,000 shares are being offered for the company and 197,740 for certain stockholders

Net proceeds to the company will be used for repayment of loans, advances to subsidiaries, sales promotion, and working capital.

Headquartered in the Northwestern Bank Bldg., Minneapolis, Travelers Express and its subsidiaries are engaged in the sale of money orders on a nation-wide basis in the United States through approximately 10,200 retail merchants, principally drug stores, supermarkets and grocery stores located in urban areas. Money orders are sold under Travelers' trademark and service mark, Bondified, in 40 states, Puerto Rico and the Virgin Islands.

The company believes that it ranks third in the sale of money orders on a nation-wide basis in the United States.

Four V.-Ps. for White, Weld Inc.

John M. Kingsland, Walter Maynard, Jr., James W. Needham and Alfred T. Wells, Jr., have been elected Vice-Presidents of White, Weld & Co., Incorporated, 20 Broad Street, New York City.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

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 orders and business that are developed in the natural course of a salesman's efforts, are the direct result of work that was accomplished weeks and months before the actual transaction took place? If there ever was a profession where seed-sowing was necessary before the crop matured it is the investment business. Good-will can only be developed through contacts that are carefully nourished. Most experienced salesmen often do not make an effort to transact immediate business, but instead try to become better acquainted with a possible customer, and it usually is the best approach. Then when an opportunity presents itself to offer suitable suggestions the resulting business is most satisfactory.

You Must Always Contact New Accounts

This is why careful prospecting, and becoming acquainted with qualified investors is so necessary if you wish to constantly build up your clientele. There are salesmen who believe that after they have some customers they can make a living sitting in their office and calling these people on the telephone. There may be a few fortunate order takers in control of some very large accounts who might be able to do this for a while. But even they may run into a time when a few large accounts are no longer available to them. This is a very weak foundation upon which you can build your business.

But when you have a well diversified number of clients, large investors and small, retired people, middle income savers, possibly some banks and institutions, you can keep busy servicing these accounts and you are not dependent on a few large customers. There is safety in numbers but before you can enjoy the benefits that accrue from a well balanced clientele, you have to sow the seed.

An Example of Effective Prospecting

One young investment salesman who is building a clientele of investors learned that his church desired to build a new edifice. In order to finance the project it was necessary to sell a first mortgage bond issue for about $250,000. When he learned about this proposed financing he went to several committee meetings and he offered his services, not only to help sell the bonds, but also to write and assist in the preparation of the bond indenture and set up the mechanical details of the issue. Since he was connected with a responsible investment firm his services were willingly accepted by the church committee.

The work was well done and the first contact that was important to him was developed serving on the finance committee. He made friends among older men who appreciated his services, and he sold himself to them by his sincere desire to be helpful to his church. Next he went out and sold some of the bonds—he did this without compensation—as was the case with the other work that he contributed. But he met important people under the most favorable circumstances that he probably could never have known for many years. Several investors who bought the church bonds because he called upon them developed into very good accounts. He found investors that he never knew right in his own church. He made many new friends and he gained the good-will and respect of people who can help him build his business.

There Are Opportunities

In every community there are opportunities for public service. There are fund drives, organizations that need support, hospitals that must be financed through the efforts of the public, church activities, and charitable organizations. If you sincerely help these worthwhile causes, offer your services and work, you will meet many people who are investors and also influential in your community.

You can also build your business by setting a goal for yourself of meeting at least ten new people a week who may become your clients. You can call upon them in their homes and their offices. If you do this day after day, and you follow those prospects who you believe are worthwhile and can be developed into clients, by mail and by telephone, you will build your business. But you must make the "calls," see new people constantly, enlarge your prospect list, ask your satisfied clients for referrals, if you want to create opportunities for future business.

It is yesterday's work that creates today's business. Build goodwill constantly, day by day, in your social contacts, your community work, and in your daily business contacts. A security salesman has three jobs . . . he must be capable of obtaining valuable and important information . . . he must be able to help his clients use the investment information that his firm places in his hands . . . and he must be his own public relations man. All three of these responsibilities are important contributors to his success. You must work at them constantly if you want your business to grow and prosper.

Jas. Talcott Inc. In New Location

James Talcott Inc. has announced the removal of their New York City executive offices to new and enlarged quarters at 1290 Avenue of the Americas.

Established in 1854, the firm acts as factors, specializing in commercial financing, equipment financing and leasing, and rediscounting.

Pershing to Admit

Effective July 1, Pershing & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Bernice S. Cohan to limited partnership.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

FIRE & CASUALTY OPERATING RESULTS

As preliminary figures indicated, final underwriting results for the first quarter confirm the unfavorable experience of most fire and casualty insurance writers. Virtually all major underwriters 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 resulted in unrealistic rating structures. However, straight fire insurance, unprofitable in each of the past five years, is becoming a problem of equal magnitude. As fire rates are generally based upon the previous five years' experience, some relief in rate structures appears to be likely in the near future. The recent 5.2% 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 records on fire insurance in the industry's history. For the first five months of the year, the National Board of Five Underwriters estimates losses at $668.2 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 is not contributing its usual healthy profit margin.

It is interesting to note from the following table of underwriting results that only six companies—Allstate, 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 principally a writer of casualty lines which generally had better results than the property coverages. The majority of the companies listed were able to reduce their expense ratios from the previous year's first quarter, although many have now reached what may be considered minimum expense levels and further declines will be generally negligible.

First Quarter Underwriting Results

	1963 Loss Ratio	1963 Expense Ratio	1963 Profit or Loss Margin	1962 Profit or Loss Margin
Allstate Insurance	74.2%	25.7%	+ 0.1%	+ 4.1%
Boston Insurance	71.0	38.7	— 9.7	— 7.2
Continental Casualty	78.0	28.9	— 6.9	— 4.9
Continental Insurance	68.8	39.8	— 8.6	— 5.9
Federal Insurance	65.3	32.7	+ 2.0	— 8.3
Firemen's Fund	69.1	35.7	— 4.8	— 4.3
Glens Falls Insurance	67.2	38.6	— 5.8	— 5.9
Great American	75.5	37.5	—13.0	— 2.8
Hartford Fire	68.9	35.5	— 4.4	+ 0.3
Home Insurance	66.5	36.4	— 2.9	— 4.1
Insurance Co. of N. A.	71.1	35.2	— 6.3	— 1.8
Liberty Mutual	79.3	15.9	+ 4.8	+ 7.3
Maryland Casualty	71.0	35.9	— 6.9	+ 2.4
New Hampshire	69.8	35.5	— 5.3	+ 0.5
Ohio Casualty	67.1	35.8	— 2.9	— 2.1
Pacific Indemnity	66.6	33.1	+ 0.3	— 0.4
Phoenix Inc.	69.0	40.0	— 9.0	— 4.9
Peerless Insurance	78.2	39.4	—16.6	— 5.0
Prov. Washington	71.8	37.3	— 9.1	+ 2.5
Royal Globe	68.7	35.2	— 3.9	— 5.4
St. Paul F. & M.	70.3	36.2	— 6.3	— 1.4
State Farm Mutual	82.1	23.3	— 5.4	— 3.3
Travelers Indemnity	67.8	30.4	+ 1.8	+ 2.8
U. S. F. & G.	61.1	38.4	+ 0.5	— 3.1
Western C & S	69.9	33.9	— 3.8	+ 1.6

Despite the unsatisfactory underwriting experience, most fire and casualty insurance stock prices have advanced in line with the general market thus far in 1963. Approximately one-half of the companies which have made available first quarter results were able to offset underwriting losses with net investment 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 year end 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 for the full year will be in the black. 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 Fire and Casualty Insurance Stocks

	6/20/63 Price	1963 Range	Est. Dividend	Yield	Est. 3/31/63 Adj. Book Value	Premium (Disc.)
Aetna Cas.	$106	$106-79	$1.00	0.9%	$49.90	112%
Boston Ins.	38	40-37	1.80	4.7	51.43	(26)
Continental Cas.	75	85-73	1.50	2.0	45.29	66
Continental Ins.	57	65-56	2.20	3.9	84.78	(23)
Federal Ins.	76	79-68	1.15	1.5	45.46	67
Fireman's Fund	36	37-34	1.30	3.6	37.25	(3)
Glens Falls	44	48-42	1.00	2.3	62.35	(29)
Great American	63	63-52	2.20	3.5	94.01	(33)
Hartford Fire	65	77-68	1.32	2.0	56.21	16
Home Ins.	73	90-61	2.40	3.3	91.49	(20)
Ins. Co. of N. A.	96	103-94	2.00	2.1	69.79	38
Maryland Cas.	47	56-47	2.00	4.3	56.87	(17)
Phoenix Ins.	117	130-108	3.00	2.5	191.97	(39)
Prov. Wash.	30	34-29	1.00	3.3	58.59	(49)
St. Paul F & M.	63	67-57	1.28	2.0	48.36	30
U. S. F & G.	63	65-59	1.32	2.1	53.26	18
Western Cas.	48	52-45	1.20	2.5	44.70	7

As We See It

Continued from page 1

even in our laws, and the facts of every-day life.

It is obvious to all with eyes to see that in many, indeed in most if not in all, sections of the country there is racial discrimination of one sort or another and in one degree or another. In educational opportunities, in matters of employment, and in some parts of the country even in voting, to say nothing of a dozen other fields where negroes are not welcome or even permitted. It is, perhaps, a little unfortunate that the President has adopted what has become known as the "Madison Avenue" style of writing about all this, thus at times greatly oversimplifying the problems and even becoming somewhat misleading. He seems to be attributing some of the misfortunes of the negro to causes which clearly are not solely responsible. In an oratorial summarization of the plight of the negro he says:

"The negro baby born in America today, regardless of section or the state in which he is born, has about one-half as much chance of completing high school as a white baby, born in the same place, on the same day; one-third as much chance of completing college; one-third as much chance of becoming a professional man; twice as much chance of becoming unemployed; about one-seventh as much chance of earning $10,000 a year; a life expectancy which is seven years shorter and the prospects of earning only half as much." Now, first of all these are obviously average figures. There are very few spots in the country where one could find just these conditions. Instead they would be much worse or much better. There is no uniformity in the country as is thus suggested—even if there is no place where there is no discrimination. There are states and communities which could very well resent such a description of conditions existing there.

Too Much Statistical Inference

But 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 factors involved in such conditions 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 preparing for 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 would have been stronger had he not opened himself to the charge of "making a good story" by whatever means were at hand.

Our own doubts about much of what the President now proposes arises from his apparent effort to make a new heaven and new earth by national legislation. That new heaven and that new earth is, moreover, to be provided not only to downtrodden negroes but to many others whose lot the President has repeatedly deplored and for which he has repeatedly demanded doubtful legislative remedies. This is not simply an "omnibus" measure to end racial discrimination. Other New Frontier programs are now presented as necessary to give the negro a fair chance—since he along with all these other unfortunates must have Federal aid. Large sums are again demanded to provide educational facilities in localities which will not, or do not, provide facilities meeting the President's requirements for either white or black. More jobs must be created so that both white and black may find work. In fine, ways must be found by Federal action to accelerate growth in the "economy." All this is familiar enough and 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 local and state governments. It is true, of course, that the President urges state and local governments to take measures and enact laws to supplement and support what he is suggesting for the national government. The fact is, though, that he is evidently not satisfied to await 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 goes very deep into our national life, is pervasive, and is based upon feelings and attitudes which lie deep 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.

COMMENTARY...

BY M. R. LEFKOE

Although the new regulations based on the Kefauver-Harris drug amendments were released only this month by the Food & Drug Administration, serious problems are already arising in getting new life-saving drugs in the hands of the doctors and patients who require them.

One of the major sources of the problem is the lack of qualified FDA staff doctors to process the mountains of paperwork which the new regulations require the drug companies to submit with 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 over 1,250 feet tall. The space available to store these documents is a room measuring only 15-by-20 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 application) has been the failure of the Medical Bureau of the FDA to replace its director who resigned last fall. Moreover, the Bureau is undergoing serious growing pains in trying to absorb the 50 or so new doctors who have recently been added to the previous staff of about 20.

An 8,000 Page Drug Application

Of the 2,500 detailed reports which were sent to the FDA during the first week of June, one was an application for a new drug by Eli Lilly, a major pharmaceutical manufacturer. According to the company, its application contained 8,000 pages and measured 34 inches thick. If an FDA investigator were to spend just three minutes per page, it would take him roughly 50 eight-hour days just to get through the report. This, of course, says nothing of the additional time it would take him to analyze all of the material—the avowed purpose for requiring the information to be submitted.

Many informed sources are seriously concerned that the new requirements for providing detailed reports will prove to be an insurmountable obstacle to many 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 notes in the company's office. Under the new regulations, however, a detailed report of every subject tested by every researcher is required by FDA. Thus, the massive application submitted by Eli Lilly contained the notes compiled by 150 researchers on each of the 2,170 subjects who were given the drug experimentally.

One obvious consequence of the new FDA regulations will be to force many of the smaller drug firms out of business because of the costs involved. Moreover, even the larger firms will be more apt to drop their investigation of new drugs in the early stages unless it appears that a major discovery — and significant financial reward — is probable. According to one industry spokesman, there is no question but that "the net effects of the new regulations will be to impede new drug developments."

FDA Forcing Qualified Doctors Out of Testing Field

The mountain of paperwork is only the beginning of the pharmaceutical industry's problem. In order for a drug to be approved by the FDA for general distribution to physicians and the general public, a long series of tests is required. One stage of testing entails the controlled use of the new drug with human patients on an experimental basis, after the drug has been found safe and effective on animals. (This is known as the field of clinical 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 better ones 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 work — particularly when they suspect that the 8,000-10,000 page applications will never be read fully by the FDA.

Dr. Lowell Coggeshall, Vice-President of the University of Chicago and head of a new private commission on drug safety, recently told Congress about the results of a study prepared by his group. According to a UPI release, Dr. Coggeshall testified that "the new drug regulations will interfere with the research process through which new drugs are developed." Moreover, the study based on replies from 100 scientists in the drug field "clearly shows that new [investigators] will hesitate to enter the field and some scientists now in it will tend to leave. Admittedly, drug testing will not come to a halt, but the tendency to slow down the whole process can easily be seen."

In a column last fall dealing with the new drug legislation then under consideration by Congress, I asked: "Who should make the final decision whether a drug should be used—a physician who is familiar with 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 beneficial therapeutic effects which might enable millions to live?"

The reaction was instantaneous: Isn't this a rather far-fetched situation? I was asked. Do you seriously think that the FDA won't use a little common sense in administering its regulations? At the time, I could only reply: "Wait and see."

"We Didn't Have Long To Wait"

We didn't have long to wait. About a month ago, Dr. Jonathan Cole, a member of the National Institute of Mental Health and a recognized expert in his field, decided to run an experiment on the effects of the various "potent tranquilizers" (those used for serious mental illnesses). He contacted Smith Kline & French, the makers of Thorazine, one such drug, and asked the company if it could prepare the drug in the form of a capsule for his tests. Dr. Cole wanted every drug in the test (including the placebos—the harmless sugar compounds) to be in the form of blue capsules so that only the supervisors 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 keep the doctors from being predisposed to observe certain reactions in their patients due to knowing what drugs had been administered.

Because Thorazine is one of the key drugs in the field of mental illness, the test would have been worthless without its use. Smith Kline agreed to help Dr. Cole and applied to the FDA for permission to make up a batch of the 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 application, stating that, according to the new drug regulations, a whole new application would be required. This would have entailed years of testing and millions of dollars of expense. Dr. Cole complained vehemently to the FDA, pointing out that there would be absolutely no difference in the effects of the capsule as compared to the customary tablet, and that his study could be of incalculable benefit to mental patients. At the present time, Dr. Kelsey is still determined to uphold the letter of the regulations and will not budge from her original refusal. (It is interesting to note that President Kennedy recently requested Congress to initiate a major drive to fight mental illness and asked for at least $30 million to be spent during 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 undergoing testing) are at a 10-year low, and prospects for the next few years look even worse. The warning I offered last fall regarding the new drug controls is even more appropriate today than it was then:

"If you value your life—literally value your life — you will make your voice heard in protesting the new drug controls. And the time to do so is now, not when you are lying in a hospital bed dying because a drug which could have saved you is on a shelf waiting for a bureaucrat's final approval."

Wm. R. Staats To Admit

LOS ANGELES, Calif.—Effective July 3, Laurence H. Odell will become a limited partner in William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Charles Plohn to Admit

Effective July 3, Charles Plohn & Co., 200 Park Avenue, New York City, members of the New York Stock Exchange, will admit Myron Lowell Belfer to limited partnership.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The tone of the money and capital markets is still on the constructive side even though the talk in the financial district is to the effect that interest rates will go up with the passage of time. In spite of the decrease in excess reserves of the banking system, neither short-term or long-term interest rates have shown any real appreciable increases so far.

The capital market is in the process of digesting the new bond issues that have been brought into this market at too high prices. It will take time for these overpriced bonds to be assimilated but there is a large enough supply of money around to do this in a favorable way. The very fine reception which was given to the Government new money 4% bond of Aug. 15, 1970 shows what takes place when a bond is priced right.

Wishful Thinking

Higher interest rate talk especially talk that short-term rates, the prime rate and the discount rate will all be increased before the end of the year is being heard more frequently now. An increase in margins is also looked for in the foreseeable future. It appears as though bankers and many other money market specialists are expressing the views that the decreases in reserves of the member banks of the Federal Reserve System is the first sign that interest rates will move up with the passage of time.

The opinions that the deposit banks will have less funds to work with because of the declining trend of excess reserves is taken to mean that tighter credit and higher interest rates will follow as matter of course. This may be an accurate prediction provided business continues to move ahead and there is a cut in income taxes and unemployment is brought down to an area which is considered to be not unfavorable. If there should be a revival of the boom, with its attendant inflation psychology, there would be no question but what interest rates would be moved up to prevent a bust and a recession eventually in business.

Protecting the Economy

Higher interest rates in the near term sector of the market would be a favorable force in our efforts to combat our balance of payments problem. However, this rate and probably much more importantly the prime rate, long-term interest rates and the discount rate cannot be allowed to go up to levels which would be detrimental to our economic recovery. Interest rates that are too high, along with limited credit, could shut off or retard our business recovery. This would be an unfavorable development because a declining economy would not be helpful to our balance of payments problem.

In addition, a change in the discount rate usually signals a rather complete change in the policies of the monetary authorities. It is generally not a penalty rate here. Accordingly, until there is more evidence that the economy is going to be a great deal more vigorous than has been the case so far the Central Bank rate is not likely to be changed.

Too Full Pricing Plagues Bond Underwriters

Even though there has been a decline in the excess reserves of the Federal Reserve System, there has been only an almost unnoticeable firming 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-pricing 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 the capital market has not been effected 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 digests the overpriced offerings of new bonds that have come into the market should be in good shape again. It should be remembered that the funds seeking an outlet in long bonds are still very sizable.

J. A. Traviss With Watt & Watt

TORONTO, Canada—Watt & Watt Limited, 7 King Street East, stock and bond brokers in Toronto since 1908, have announced that on July 2nd, James A. Traviss will become manager of their foreign department.

James A. Traviss

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

Puttus Partner In Davenport

RICHMOND, Va.—Hunter R. Pettus, Jr. has become a partner in Davenport & Co., 1113 East Main Street, members of the 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, member of the Exchange, and Norbert L. Grunwald of Baltimore to partnership. Mr. Stearns is a partner in Stearns & Co. Mr. Grunwald is Baltimore manager for Gruntal & Co.

NEWS ABOUT BANKS AND BANKERS

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

The promotion of Arthur W. Sharples to Asistant Vice-President of the **Chase Manhattan Bank, New York,** was announced yesterday. He is in 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 in the investments and financial planning department and Cornelius J. Lyons to Assistant Staff Counsel.

* * *

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 section of the Trust Division.

* * *

Bernard Sanders has been elected a Vice-President of **Manufacturers Hanover Trust Company, New York.** A veteran of 37 years' service with the bank, he is with the West 43rd Street branch office. He joined the then **Manufacturers Trust Company** in 1925, was named an Assistant Manager in 1941, Assistant Secretary in 1945 and Assistant Vice-President in 1957.

Elected Assistant Vice-Presidents are Thomas H. Petschek and Howard E. Schurman of the Rockefeller Center office and Harry Pragoff of the Pelham Parkway office.

* * *

The **Chemical Bank New York Trust Company, New York,** has elected George Schleich Vice-President, it was announced by Harold H. Helm, Chairman. He is in charge of the bank's Personal Trust Tax Department where he has served as a Persnoal Trust Officer since 1959.

Mr. Schleich joined the bank in 1920, and was appointed Manager of the Tax Department in 1944.

* * *

Victor M. Pedroso, who headed **Banco Pedroso, Havana, Cuba,** for five years has been appointed a Vice-President in Bank of America (International) in New York, President S. Clark Beise announced June 25.

Before becoming president, in 1955, he was Vice-President of Banco Pedroso 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 Simmesport, La., Mr. Simmonds was the son of the late Albert C. Simmonds, and Mrs. Nonie Adella Butler Simmonds, who survives her son. He resided at Indian Trail in Harrison, N. Y.

He attended local schools—Bunkie, La. Grammar School and Bolton High School, Alexandria, La. — and matriculated at Vanderbilt University where he was graduated with an A.B. degree in 1922. He received a Master's degree in Business Administration from Harvard University in 1925.

Mr. Simmonds taught history in Thomasville, Ga. High School prior to launching his business career with the Texas & Pacific Railway Company in New York. He was named Assistant Treasurer in 1934, Assistant Vice-President in 1937, Vice-President in 1941, President and Trustee in 1948 and Chairman of the Board in 1957.

* * *

Harold Landau, Manager of the Forest Hills office of **Commercial Bank of North America, New York,** has been elected Vice-President of the bank, G. Russell Clark, Chairman, announced June 25, 1963.

* * *

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

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

The proposed title of the institution is **Lincoln National Bank of New York.** The propsed initial capitalizations is $3,000,000.

* * *

John Reine was elected a Trustee of **Union Dime Savings Bank, New York.**

* * *

Joseph Upton, 82, a former President and Board Chairman of the **Queens County Savings Bank, N. Y.** died June 19.

Mr. Upton was elected President of the bank in 1935 and headed it until 1957, 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 Rockefeller Plaza area branch at 22 West 48th Street, Manhattan.

* * *

W. Kenneth Regan was elected President of the **Valley National Bank of Long Island, Valley Stream, N. Y.** Thomas G. Madigan has been named Executive Vice-President. Mr. Auslander will continue as Chief Executive Officer.

* * *

The **Community Bank, Lynbrook, N. Y.,** made William G. Kielmann, President, succeeding William M. O'Neill.

* * *

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

Chester H. Seifert, has also been named Assistant Vice-President.

* * *

The Directors of the **First National Bank of Brewsters, Brewster, N. Y.,** and **The County Trust Company, White Plains, N. Y.** on June 20 approved plans to merge the Brewster bank into County Trust.

Dates for the stockholders' meetings to vote on the merger will be announced later. The merger is also subject to approval of the Superintendent of Banks of the State of New York and the Federal Reserve Board.

The merger would be affected through the exchange of 22.5 shares of The County Trust Company for each of the 1,000 shares of First National Bank of Brewsters now outstanding.

The deposits of the First National Bank of Brewsters on Dec. 31, 1962, were $3,743,558 and County Trust's on the same date were $616,083,572.

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The Board of Directors of **State Street Bank and Trust Company, Boston, Mass.,** voted to transfer $5,000,000 from undivided profits to surplus. This action increases the bank's capital and surplus funds to $50,000,000.

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The **State Street Bank and Trust Company, Boston, Mass.,** announce the election of **Gordon B. Munson** as Loan Officer; Alton B. Otis and J. Arthur Taylor, as Assistant Treasurers.

* * *

Arthur P. Clow was elected a Director of the **First National Bank of Jersey City, N. J.**

* * *

The **Fidelity Union Trust Company, Newark, N. J.,** elected Paul Mallon, Second Vice-President.

* * *

The **Mellon National Bank & Trust Co., Pittsburgh, Pa.,** made David F. Jones and William H. Staring, Jr., Vice-Presidents in the investment department.

* * *

The Comptroller of the Currency James J. Saxon June 24 announced that he had given preliminary approval to organize a National Bank in Bowie, Md.

Initial capitalization of the new bank will amount to $800,000, and it will be operated under the title **Belair National Bank.**

* * *

Effective June 28, **The Bank of Henrico, Sandstar, Va., will merge** with **The Bank of Virginia, Richmond, Va.** Approval of the merger was given by the State Corporation Commission on April 18, and approved by the Board of Governors of the Federal Reserve System on June 17.

Organized in 1957, The Bank of Henrico has total assets of $5,604,042 by March 18 statement of condition. T. G. Layfield, Jr. is President.

Merger will be effected by The Bank of Virginia issuing shares of its stock in consideration for net assets of The Bank of Henrico.

Grayson F. Holt, now Vice-President and Cashier of The Bank of Henrico, will be officer in charge of the four Henrico offices as a Vice-President of The Bank of Virginia.

The present Board of Directors of The Bank of Henrico will become the Henrico Board of The Bank of Virginia.

* * *

Plans for a proposed merger of **The Hallwood National Bank, in Accomack County on Virginia's Eastern Shore,** with **The Bank of Virginia, Richmond, Va.,** have been approved by Directors of both banks and will be submitted to special meetings of the banks' respective stockholders shortly.

The Hallwood National Bank has total assets of $5,329,659. The Bank of Virginia, which has 21 locations in six Virginia cities, has total assets of $176,349,856, by March 18 figures.

The merger plan is subject to approval by banking authorities and by stockholders of both banks.

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The **Ohio Citizens Trust Company, Toledo, Ohio,** elected Donald R. Adams and Donald E. Weber, Assistant Treasurers. Ronald A. Hill was made an Assistant Secretary.

* * *

Norman K. Foley has joined **Continental Illinois National Bank and Trust Company, Chicago, Ill.,** as a member of the bond department. Mr. Foley will be located in the bank's New York office.

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The **Northern Trust Co. Chicago, Ill.** announced the promotions of Donald G. Whiteman to Vice-President and Cashier, Raymond R. Ott, Paul B. Wineman, and Richard W. Sieloff to Second Vice-President.

Richard M. Burridge, Richard A. Day, Robert F. Reusche, Clayton F. Brown, John P. Byram and Philip W. K. Sweet, Jr. were made Vice-Presidents.

* * *

The **American National Bank and Trust Company of Chicago, Ill.,** announced that Morris E. Feiwell has resigned as Senior Vice-President but will continue his official relationship with the bank as Corporate Secretary.

* * *

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

Initial capitalization of the new bank will amount to $100,000, and it will be operated under the title **St. Martin National Bank.**

* * *

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

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

* * *

Joseph P. O'Connor has been named auditor of the **Merchandise National Bank of Chicago, Ill.**

* * *

The Comptroller of the Currency James J. Saxon on June 24 approved the conversion of **Belt State Bank, St. Joseph, Mo.,** into a National Banking Association. The bank will be operated by its present management under the title **Belt National Bank of St. Joseph.**

* * *

The **First National Bank of Miami, Florida** elected Carl H. Bruns Vice-President and Senior Vice-President, 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 25 announced that he has given preliminary approval to organize a National Bank in Greeley, Colo.

Initial capitalization of the new bank will amount to $300,000, and it will be operated under the title **West Greeley National Bank.**

* * *

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

Initial capitalization of the new bank will amount to $225,000, and it will be operated under the title **First National Bank of Newcastle.**

* * *

Shareholders of **Crocker-Anglo National Bank, San Francisco, Calif.** at a special meeting held June 20 approved the proposed merger between Crocker-Anglo and Citizens National Bank of Los Angeles by an overwhelming majority, it was announced by Chairman of the Board Paul E. Hoover. Similar approval of the merger was granted by the Citizens shareholders at a special meeting held in Los Angeles two days earlier.

The merger, which now awaits only the approval of the Comptroller of the Currency in Washington, D. C., would be accomplished by an exchange of stock in the ratio of one and nine-tenths shares of Crocker-Anglo for each share of Citizens National stock. The resulting institution, **Crocker-Citizens National Bank,** would have assets approximating $3,200,000,000.

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The **Crocker-Anglo National Bank, San Francisco** elected John J. Downes Vice-President.

* * *

Allen I. Halseth, has been appointed Vice-President and loan officer of the **Ahmanson Bank and Trust Co., Beverly Hills, Calif.**

* * *

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.

Initial capitalization of the new bank will amount to $2,000,000, and it will be operated under the title **Pioneer 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.

The elder Henry began his service on the Board on Oct. 31, 1929, at the time of the consloidation of the **First National Bank, Seattle National Bank** and **Dexter Horton National Bank** which resulted in the Seattle-First National Bank.

* * *

The Comptroller of the Currency James J. Saxon on June 4 approved the application of **Old National Bank of Washington, Spokane, Wash.,** to purchase the assets and assume the liabilities of **Security State Bank, Colton, Wash.,** effective on or after June 13.

* * *

John S. Hughes, Manager of the **Bank of Montreal, Canada,** St. Peter and St. James Streets branch, Montreal, has been appointed an Assistant General Manager of the bank's Caribbean affiliate, the **Bank of London and Montreal Limited.**

Mr. Hughes will be moving to Nassau, Bahamas, in August, to take up his new appointment at the head office of Bolam.

The Bank of London and Montreal is owned jointly by the Bank of Montreal and the **Bank of London and South America.**

* * *

Judge Alva E. Steadman became Chairman of the Board of Directors of **Bank of Hawaii, Honolulu, Hawaii** following action by the Board in honoring Mr. Walter F. Dillingham's request that he be allowed to withdraw as an active Director and Chairman.

Mr. Dillingham, was honored by the Bank through designation as Chairman Emeritus.

The New Chairman has served on Bank of Hawaii's Board of Directors for thirty years. He was first appointed to the Board on April 13, 1933, and became Vice-Chairman in Jan. 1957.

STATE of TRADE and INDUSTRY

Continued from page 12

high was $2,626,000 net tons achieved May 25-ending week and last week's output fell just below the April 6 level of 2,413,-000 net tons. Prior to then, the week's output was last previously equaled in the first week of April, 1960. The June 22-ending week's output exceeded last year's week by 55.2%.

Out of the 25 weeks of this year's steel output, production declined in six of those weeks and rose for 13 consecutive weeks from the week ending Feb. 2 through April 27 out of 16 weekly periods of steel output advances in 1963. During those 13 weeks of consecutive weekly increases, output advanced 36.8% (1,863,000 to 2,548,000 net tons). Not since the fall of 1954 has the industry experienced such a long sustained sequence of consecutive weekly rises. In the autumn of 1954 beginning with Sept. 5 until Dec. 6, steel output rose to 30.4% (1,-502,000 to 1,958,000 net tons).

Last Thursday, June 20, marked the successful steel industry and union accord without a strike, but at an industry estimated over-all cost of 15 cents an hour over the contract's two-year life. The union estimated the liberal vacation, employee-reduction, plan at 9.5 cents per manhour.

Removal of the strike threat may most likely accelerate the declining steel output of the past four weeks which anticipated the peaceful strike settlement. The accord is said to be well within the government's recommended non-inflationary wage increase guidelines.

For the fourth week in a row this year, the cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 57,088,000 net tons (*122.6%) which is 7.9% above the Jan. 1-June 23, 1962 production of 52,911000 net tons.

District—	*Index of Ingot Production for Week Ending June 22	June 15
North East Coast	120	119
Buffalo	132	138
Pittsburgh	128	129
Youngstown	128	132
Cleveland	147	153
Detroit	151	150
Chicago	137	137
Cincinnati	135	133
St. Louis	120	125
Southern	116	125
Western	125	132
Total Industry	130.2	132.3

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

July Steel Shipments Up and Output Curtailed

Steelmakers expect July to be a month of better than average shipments but sharply curtailed ingot production, *Steel* magazine said.

Removal of the strike threat won't have much effect on next month's shipments of finished steel because most of the July tonnage has been processed to the point where it can't be deferred. Shipments will drop no more than 15%.

In steelmaking, it will be a different story.

Operations are already trending downward. They'll decline this week for the fifth consecutive time. Production will be less than 2.4 million ingot tons—*Steel's* estimate of industry output last week. The rate, which was equivalent to 78.5% of unofficial capacity, was the lowest since the end of March.

Look for a 25% drop in production next month. July's output will be about 8 million ingot tons (vs. an estimated 10.4 million tons in June).

First half steel production will be around 59.3 million tons (vs. 54,098,179 in the same period last year), *Steel* estimated.

The scrap market sagged last week, and expectations are it will fall farther. *Steel's* price composite on No. 1 heavy melting slipped 33 cents a gross ton to $25.50.

Steel Bookings and Order Backlogs are Both Dropping

In Chicago, steelmakers report substantial deferments from customers in every industry except automotive and predict that order backlogs will drop by as much as 10 to 15% per week. The setbacks are mainly in areas where inventory building has been heaviest, with the emphasis on hot rolled and cold rolled sheets.

In Pittsburgh, the only products running counter to the general downtrend are semifinished items, reinforcing bars, railroad wheels, cold rolled sheets, and electrical steels. Producers say July bookings will be 10% less than June's.

In the East, buyers are deferring sheet mill deliveries but pushing hard for prompt service on galvanized items.

The July downtrend was inevitable, the metalworking weekly said.

Even if buyers hadn't accumulated surplus inventory, they would take less steel in July than in June. Some will close their plants part of the month for vacations; others will be adversely affected by the start of model changeovers in the auto industry.

Assuming a 15% drop in mill shipments, consumer inventories will shrink by 500,000 tons in July. By August, users will be liquidating stock at the rate of 1 million tons a month.

A covey of small, "hot" autos with the sports car look is expected to make its appearance next year, *Steel* reported. Chevrolet, Pontiac, Ford and Chrysler will offer entries.

For metalworking, this trend is significant because it means a resurgence of V-8 engines (more parts will be needed) and a shift back to dual exhaust systems (each set of duals contains some 30 more pounds of steel than a single muffler and pipe).

Metalworking Managers Are Optimistic

Metalworking managers are sticking to their six-month-ago prediction of a record $174 billion in sales for 1963—5% above 1962's record $164.8 billion, a midyear survey of 5,000 managers in *Steel* magazine's June 24 issue revealed.

This is how managers think 1963's second half will stack up with the first:

Sales will be 4.3% higher.

Profits will climb 2.8%, pushing the 1963 vs. 1962 gain to 4.1%.

Selling prices will be nudged 0.7%.

Production costs will sneak up 1.5% and marketing costs will rise about 1%.

Employment will be hiked 1.4%.

Capacity will be boosted by 2.8%.

R&D spending will edge up 0.9%.

Concerning activities to improve operations during the second half, six out of ten managers say production cost fighting will get top priority. Marketing improvement comes next (20% name it), followed by plant modernization (16%). Other top projects: Improving personnel and reducing material costs.

Price fighting problems may be easing. Last fall, more than 14% of the metalworking managers looked for price decreases. Now only 7% foresee any decreases in the second half, and almost a third look for increases.

No Severe Summer Steel Decline Seen

About 4 million tons of steel will have to be squeezed out of inventories before the steel market returns to normal, *Iron Age* magazine reported.

Steel users started making plans to liquidate excess steel stocks immediately after the steel labor settlement. But reaction will be delayed, and cutbacks in steel inventories will extend to autumn, the national metalworking weekly comments.

Although there is a lot of wishful thinking that there will be little or no effect on the steel market, reaction will be fairly severe. However, it will not result in a collapse comparable to that of 1962.

In terms of tonnage, steel users and service centers had built up their supplies of steel to about 17.35 million tons of finished steel prior to the settlement. This is about 4 million tons above normal.

But there are factors that will take some of the sting out of the correction, *Iron Age* said.

Although steel stocks did reach a fairly high point, the buildup was not as high as had been expected — or planned. Improving rates of steel consumption slowed the buildup among many users.

And because of early optimism in steel labor talks, many users had shut off their inventory accumulation some time before the settlement.

The 90-day notification period before a strike could be called provided a time cushion that made the buildup less frantic than in previous strike hedge periods.

The business outlook continues good and the summer downward cycle in steel consumption is not likely to be severe.

But there are other factors that just can not be ignored that will inevitably lead to an easing in steel demand, *Iron Age* says.

The flow of steel can not be shut off immediately. Probably less than a week of July orders will be deferred. This means it will be a full month before liquidation really starts.

With a new labor contract and a 120-day notification clause, steel users will feel no pressure to maintain more than minimum steel stocks. They will cut back to the point dictated by the greatest economy in carrying inventory.

Steel users are now more confident than ever of the ability of the steel mills to deliver. After all, the market never got really tight during the buildup period. At the time of the labor settlement most steel products were available in four weeks.

The immediate reaction of most steel users is to defer what they can of steel ordered for July into September. Shipments will drop from about 8 million tons to 6 million tons and could go substantially lower in August. What happens in September and October will depend on the state of business then.

Steel-Union Accord's Significance

The 1963 steel labor settlement is an historic point in collective bargaining, *Iron Age* magazine said.

The national metalworking weekly said the agreement between the steel industry and the United Steelworkers of America has lasting significance in four major areas.

First is the way the agreement was reached. Through the joint industry-union Human Relations Committee, the agreement was reached without crisis bargaining and without the pressures of a strike deadline.

Second, it marks a move on industry's part to accept the principle of responsibility for creation of jobs. This is considered by the union as the most significant result of the agreement.

Third, the extended vacation plan (although not entirely new in labor agreements) will now be a factor in future labor negotiations. Some in labor circles believe the extended vacation plan will create more jobs than a shortened work week.

In any case, *Iron Age* said some kind of "spread-the-work" demand is likely to be included in future union demands across industry.

Fourth, the 120-day notification period before a steel strike can be called goes a long way to avoiding the inventory buildup and liquidation cycle that has characterized steel labor negotiation years. This was a major demand by the companies.

While actual cost of the package is difficult to assess, *Iron Age* said it probably came very close to a 2% labor cost increase. This is close to industry estimates of the rate of productivity gains.

Iron Age said the settlement also strengthens free collective bargaining between industry and labor. In negotiations of the past few years, failure of negotiators to reach agreements without costly strikes and government intervention has placed collective bargaining on trial. The agreement proves that collective bargaining in a free atmosphere can succeed, the magazine said.

June Auto Output Reaches All-Time High

First-half production of cars and trucks in U. S. plants will reach 4,850,000 units, rising 13.8% from January-June last year and all but equaling 4,899,567 units made in the industrys record period of 1955, *Ward's Automotive Reports* said.

The statistical agency said the margin in 1963 production by end of June over like 1962 will include nearly 500,000 passenger cars and more than 100,000 trucks.

Output in June alone, *Ward's* said, will reach an all-time high for the month — close to 820,000 units.

Last week, the industry scheduled production of 169,746 passenger cars and 30,076 trucks, compared with 173,672 cars and 29,028 trucks made last week. In the same week a year ago, car assemblies numbered 107,406 and trucks 25,349, but a major producer, Ford Motor Co., was near-idle because of a strike.

Of the 169,746 cars scheduled GM programmed 53.3%; Ford 26.7%; Chrysler 13.0%; American Motors 6.0%, and Studebaker Corp., 1.0%.

Rail Ton-Miles and Freight Car Loadings Stay Above 1962 Level

Loading of revenue freight in the week ended June 15, totaled

Down Payment on Rapid Transit

The initial payment on America's first modern rapid transit system was made Thursday, June 20, in the municipal bond department of the Bank of America in San Francisco. Above, Alan K. Browne (right), Vice-President in charge of the Bank's municipal bond department, presents a check for $6,000,031 to John M. Peirce (left), general manager of the San Francisco Bay Area Rapid Transit District and to Adrien J. Falk, President of the District. Bank of America was successful bidder on the $6,000,000 of BARTD Bond anticipation notes. The notes will be retired by the future sale of general obligation bonds, of which $792 million have been authorized by voters. The system will provide the three counties of San Francisco, Alameda and Contra Costa with 75 miles of high speed rail transit, including a 4-mile underwater tube beneath San Francisco Bay.

616,261 cars, the Association of American Railroads announced. This was an increase of 10,177 cars or 1.7% above the preceding week.

The loadings represented an increase of 25,960 cars or 4.4% above the corresponding week in 1962, a gain for the seventh week in a row over 1962, and an increase of 14,086 cars or 2.3% above the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended June 15, 1963, are estimated at approximately 13.1 billion, an increase of 9.6% over the corresponding week of 1962 and 11.8% over 1961.

There were 15,986 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended June 8, 1963 (which were included in that week's over-all total). This was an increase of 1,584 cars or 11.0% above the corresponding week of 1962 and 3,377 cars or 26.8% above the 1961 week.

Cumulative piggyback loadings for the first 23 weeks of 1963 totaled 341,914 cars for an increase of 41,355 cars or 13.8% above the corresponding period of 1962, and 91,950 cars or 36.8% above the corresponding period in 1961. There were 61 Class I U. S. railroad systems originating this type traffic in this year's week compared with 60 one year ago and 58 in the corresponding week in 1961.

Truck Tonnage Falters Behind Year-Ago

Intercity truck tonnage in the week ended June 15 was slightly below the volume in the corresponding week of 1962. Reports show tonnage being off only 0.3% the American Trucking Associations announced, Truck tonnage showed a marginal gain of 0.2% over the volume for the previous week of this year.

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

Compared with the immediately preceding week, 14 metropolitan areas registered increased tonnage, while 18 areas showed decreases. Two terminal areas, Detroit and San Francisco, reflected no change from the earlier week.

Lumber Production Plunges 19.3% Below 1962 Week

Lumber production in the United States in the week ended June 15 totaled 198,886,000 board feet compared to 246,503,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output fell 19.3%; new orders fell 7.2% and shipments fell by 15.7%.

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

	June 15 1963	June 8 1963	June 16 1962
Production	198,886	231,466	246,503
Shipments	221,639	231,166	263,158
New orders	243,943	241,355	263,091

Electric Output Advances 4.5% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 22, was estimated at 17,369,000,000 kwh., according to the Edison Electric Institute. Output was 470,000,000 kwh. less than the previous week's total of 17,839,000 kwh., and 741,000,000 kwh., above the total output of the comparable 1962 week, or an increase over the year ago week of 4.5%.

Mild Downturn in Business Failures

After holding even around the 300 mark for two weeks, business failures took a moderate downturn to 274 in the week ended June 20 from 304 in the preceding week, reported Dun & Bradstreet, Inc. Casualties remained above the 1962 level of 265 for the similar week, however, although they did not equal the 1961 level of 307 and fell some 12% short of the pre-war toll of 310 in the corresponding week of 1939.

Failures involving liabilities of $100,000 or more slipped to 37 from 44 in both the prior week and a year ago. In smaller-sized casualties with losses under $100,000 there was a downswing to 237 from 260 but they stayed above the 221 occurring in the comparable week last year.

Tolls dipped lower in retailing, down to 118 from 146, in manufacturing, off to 48 from 57, while construction casualties inched to 33 from 37. Contrasting increases prevailed among wholesalers, where the toll rose to 41 from 36, and among service concerns, up to 34 from 28.

There was little change in Canadian failures which stood at 50 as against 51 in the preceding week. However, they continued to exceed the comparable level a year ago when 37 were recorded.

Wholesale Commodity Price Index Trails Prior Week, Month and Year

In the fifth consecutive week-to-week downslide, the wholesale commodity price level this Monday reached 269.71, the lowest since the first Monday in May, reported Dun & Bradstreet, Inc. Downturns in wheat, tin, and steel scrap caused most of the dip, as they had in the preceding week, and rye prices also dropped.

On June 24, the Daily Wholesale Commodity Price Index slipped to 269.71 from 270.20 in the preceding week. The index continued to trail by a substantial margin its month-ago level of 274.44 and fell considerably below last year's level of 271.21.

Wholesale Food Price Index Reaches Record for 1963

Substantially higher quotations at wholesale markets for hams, eggs, and hogs lifted the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., to $5.93, theh ighest level since December 12, 1962. Edging 0.9% above the $5.88 registered a week earlier, the index remained above comparable 1962 levels for the sixth straight week, this time by a margin of 1.2% over the $5.86 chalked up on the earlier day last year.

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

Father's Day and Good Weather Boost Retail Purchases

Consumer buying accelerated appreciably in the week ended Wednesday, June 19, boosted by a lively pace in Father's Day shopping as well as by favorable weather. The over-all volume chalked up by the nation's retailers bettered year-ago levels by a strong margin. Weather effects were two-fold; high temperatures in the South and Mid-West helped sales of air conditioners and refrigerators while cool temperatures in the North East and on the West Coast apparently encouraged apparel buying more than beach going. Consumers stepped up their purchases of children's clothing and women's sportswear remained strong. Of course, men's furnishings moved briskly, and electric smallwares also flourished as shoppers turned full attention to gifts for Dad. Otherwise, there was little spark in the week's home goods activity. New car and building materials volume held to a solid, steady clip.

The total dollar volume of retail trade in the week ended in the Wednesday-ending statement week ranged from 6 to 10% higher than last year, according to estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —6 to —2; East South Central and Pacific +3 to +7; West South Central +4 to +8 Mountain +5 to +9; Middle Atlantic +7 to +11; East North Central +8 to +12; West North Central and South Atlantic +9 to +13.

Nationwide Department Stores Sales Leap 13% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 13% (adjusted) for the June 15-ending week compared with the like period in 1962. This impressive gain marked the fourth weekly rise in a row.

In the four-week period ended June 15, 1963, sales gained 6% over last year's level for the comparable period for the country's 12 leading department store districts.

According to the Federal Reserve System, department store sales in New York City for the week ended June 15, gained 15% over the comparable year-ago week's figure.

New York City's department store sales were up 8%, however, for the four week-period ending June 15. A *flash figure* for New York City's sales for the June 22-ending week revealed a plus 6% increase notwithstanding the sales tax increase from 3% to 4% effective June 1. The four-week N. Y. C. flash figure was 4% over a year ago.

So far this year (Jan. 1 to June 15), the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago.

A broader set of data encompasing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce put total sales 6% more than a year ago but 7 percentage points below that for department stores in the latest statement week ending June 15. The year-to-year contrast for the four-week period ending June 15 showed a gain of 5%—or one percentage point less than department store sales for the same period.

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, McDowell, Dimond, Inc.


Andrew R. Smith


David B. Smith


Gordon Y. Billard


F. Reginald Dimond


J. Irving McDowell

The investment businesses which consolidated to form the new firm were: Carreau & Company, 115 Broadway, New York City; Smith, Ramsay & Co., Inc., 207 State Street, Bridgeport and 14 Elizabeth Street, Derby, Conn.; and McDowell, Dimond & Company, Hospital Trust Building, Providence. Offices will be maintained in each of the cities where the merged firms have operated in the past.

Andrew R. Smith is Chairman of the Board; David B. Smith, President-Treasurer; Gordon Y. Billard, Joseph S. Carreau, F. Reginald Dimond and J. Irving McDowell, Senior Vice-Presidents; Lawrence F. Hine, Secretary; and Everett C. Benton, Allen U. Catlow, Benjamin M. Falk, Charles L. Hassell, Alan Ernest Kele, Joseph B. Miller, John G. Nesbett, Stuart T. Parson, John H. Wheeler, Vice-Presidents.

THE SECURITY I LIKE BEST...

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of 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 37% or 444,000 shares of the total common stock outsatnding is in the hands of the public and a substantial part of this is held by investment trusts and pension funds. For example, One William Street Fund owns 35,000 shares according to their last published quarterly report.

Earnings per share in 1958 amounted to $.42 per share and last year's earnings were in the amount of $1.02 while the number of shares outstanding has increased from 983,319 to 1,188,878. Due to a strike against one of Grosset's major suppliers, which seriously disrupted shipping schedules, profits for the first 6 months of this year will probably be somewhat less than they were the first 6 months of last year. However, full 1963 earnings are expected to compare favorably with 1962 in full year earnings.

Dividend payout is small. Current dividend amounts to only $.05 per share quarterly. This small payout is typical of the industry with the bulk of earnings being re-invested in the business.

Grosset & Dunlap common is traded in the Over-the-Counter Market and is currently being offered around 12½. The stock was first offered to the public in May 1961 at $29 per share and within a short time, it was selling at 36. The break in the market in 1962 brought the stock down as low as $9. Now selling at about 12 times last year's earnings, the stock in my opinion is undervalued in today's market. This opinion is partially based on the following paragraph taken from the President's report to stockholders for the year 1962:

"Against the background of increasing population, rising educational levels and the burgeoning public interest in every subject under the sun, your company's policy of publishing good books at attractive prices, utilizing where possible mass distribution techniques, remains the key to our continued growth in sales and profits. Your management and staff look forward with confidence to developing this potential in the years ahead."

Francis I. duPont Opens London Branch

Expanding its international operations, Francis I. duPont & Co., members of the New York Stock Exchange, has opened an office in London, England, in Gresham House, 24 Old Broad Street, with J. Glencross Gallagher, as manager. This is the firm's fifth foreign office.

Mr. Gallagher was for six years with White, Weld & Co., in New York prior to joining that firm's London office in 1957 and becoming its manager in 1960.

Why Investment Industry Favors SEC's Proposals

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speaking, I believe, in a nonpartisan vein before the Economic Club of New York last December said "But the most direct and significant kind of federal action aiding economic growth is to make possible an increase in private consumption and investment demand . . . to cut the fetters which hold back private spending. . . . There will be new interest in taking risks, in increasing productivity, in creating new jobs and new products for long-term economic growth. Other national problems, moreover, will be aided by full employment."

This relationship of both employment and our high standard of living to the steady flow of capital funds into new enterprise and new projects is one of the most envied economic aspects of our country. I have had occasion to talk to some of the men brought in by The Economic Development Institute of the World Bank. The great envy of these men, governmental and financial leaders in their own countries, trying to raise living standards and to emulate the economic success of the United States, is the mechanism by which capital flows into new enterprise in this country. I think it is important that this perspective on our industry be established in considering the passage of this legislation.

Strongly Backs SEC Legislation

The second point, which I would like to put in perspective, briefly, relates to the reasons why my industry is supporting so strongly the passage of this legislation. Our business has been subjected to two years of intensive study by intelligent and able men who will deliver to us, and in general to the public, several thousand pages of critical comment. I think it is important to the future health of our economy to have understanding that this critical comment is not aimed at the entire industry but at that part of the industry where mistakes have been made. As an industry, we are deeply concerned that practices have developed which can be justifiably criticized. We believe the public interest requires that strong action should be taken to correct such 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 all across this country have acted under the highest standards of conduct and it is, in fact, our own high standards which we and the SEC wish to spread more widely throughout the industry. Commissioner Cary himself said in his letter of transmittal to you "The Report should not impair public confidence in the securities markets but should strengthen it as suggestions for raising standards are put into practice" and later "the Study confirms the strength of those laws and the heightened sense of obligation of the financial community"; and to quote the letter of transmittal of Milton Cohen "Many of the substantive recommendations in the Report can indeed be regarded as attempts to raise the entire securities industry to the best standards which the industry itself proclaims and to the highest levels of attainment which some of its participants have in some sectors achieved."

The greatest asset which our industry has is public confidence. One of the reasons why the Federal Securities Acts have come to be accepted by the industry down through the years is that they have so greatly strengthened the foundation for public confidence. We are deeply concerned that some of the excesses which have developed should undermine public confidence; there have been excesses and mistakes have been made. We feel that the passage of 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 points in this Bill are points which have been strongly urged by leaders of our industry back through many years. In general, we feel that the provisions of the Bill are sound, that they will, in fact, permit a raising of the standards of our business and, therefore, we are here to 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. I would like to explain how it was brought about.

On April 24th, we asked for and were granted permission by the Securities and Exchange Commission to distribute complete copies of the preliminary draft of the proposed legislation. We sent copies to our Board of Governors, composed of 52 men in all parts of the country; to the Security Industry Senior Advisory Committee, a group of industry leaders, under the chairmanship of Charles Harding; to the Federal Securities Acts Committee of the IBA, a standing committee of carefully chosen men, 21 in number under the chairmanship of Albert Pratt; and to our 17 regional group chairmen, each of whom heads group activities in the 17 sections of the country. Thus, a total of over 100 leaders in the industry were informed of and asked to study the early draft of this legislation.

We also organized what is now known in the industry as our Greenbrier Conference to focus on the problems of this particular legislation. Our IBA Office here in Washington distributed copies of the 100-page summary of the Special Study Report to every principal office of IBA members and we also gave copies to the 350 members of the IBA who met in conference at the Greenbrier for a three-day period. Each part of the Report was assigned to separate panels of leaders in the industry and all sessions were devoted to its study. It was our objective at these open sessions of our Board of Governors to present a thorough analysis of the issues raised by both the legislation and the Special Report. After three days of such meetings, we held a joint meeting of our Board of Governors and our Federal Securities Acts Committee. We discussed and voted on each issue that had been raised and arrived at a unanimous opinion of our Board. This unanimous opinion which I believe carried with it not only the prestige of the Investment Bankers Association but the power that comes from the thoughtful and intelligent minds that had worked on it, was carried to the Securities and Exchange Commission in the form of specific critical comment on the proposed legislation.

We and other industry groups worked extensively with the Commission and, as I have already said, our opinions were carefully listened to and studied by both the Commission and the staff. When the Bill itself was published on June 4th, we sent copies, together with an outline of the stand we proposed to take, to the same group of leaders, our Governors, our Senior Advisory Committee, our Federal Securities Acts Committee and our Group Chairmen. In addition, we sent a copy of S. 1642 to each one of the members of the IBA stating that we expected to favor this Bill and asked for comment. Again, we treated this as a crash program. Although the time has been short, we have been thorough, and a substantial degree of indoctrination on the issues has been accomplished. I think it is a matter of importance that I come to you after such work has been done with no serious dissent from my organization and with the backing of the leaders of my industry in all sections of the country.

Let me now proceed to state very briefly the position of the Investment Bankers Association concerning each section of the Bill.

Proposed "Frear-Fulbright" Amendments to the 1934 Act

First, as to the so-called Frear-Fulbright Amendments to the 1934 Act, we give our strong support to this legislation. Full reporting of financial facts and the use of audited statements and informative periodic reports is essential to the proper functioning of the free capital markets in this country. The IBA has always worked to develop procedures that will spread information on securities more widely. It is wrong that present regulations require such reporting for companies whose stocks trade on stock exchanges but do not require it for companies whose stocks trade in the unlisted markets. We should put an end to this anomaly.

We believe the evidence developed 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 last two or three decades. The shareholders of unlisted companies in which there is a broad investor interest are entitled to the same information on their companies and the same protection concerning proxy solicitation and short-swing trading by insiders as are the shareholders of listed companies. There is a steadily increasing need for this legislation and it is time we recognized it.

We believe the Bill now proposed by the Securities and Exchange Commission is a better Bill than either the Frear Bill of 1949 or the Fulbright Bill of 1955. Its provisions go far to minimize the difficulties associated with the previous proposals. For example, it recognizes the important need for sponsorship of corporations by investment banking firms, particularly small corporations and new enterprises, by exempting market-making transactions from provisions of Sections 16(b) and 16(c) of the 1934 Act, thus protecting one of the creative functions of the investment banking industry.

Would Extend Coverage

Our principal concern has been with the breadth of the Bill's coverage. We will accept the initial standard of 750 stockholders and $1,000,000 of total assets as a compromise but believe the Bill could be improved by a simple modification that would make it meet more fully the public interest in full disclosure and at the same time reduce the administrative and budgetary burden on the Commission. I am bound by the strong conviction of thoughtful men in the industry to urge on you such a modification.

The disclosure requirements of the Act are, in our judgment far and away the most important provisions, and we believe that a larger group of companies, even companies with as few as 300 stockholders, should be made subject to limited disclosure requirements. If this were done, we believe that reports of companies with less than 1,000 stockholders should be furnished to the stockholders but should not be required to be filed with the SEC. The law should contain provisions for the enforcement of such requirements by civil or criminal penalties or by injunction.

Such a provision would constitute an important budgetary and administrative simplification and would greatly increase the amount of information available to the public. We believe that the burden to be imposed on the Commission should be realistically assessed and the coverage of the Bill reduced unless adequate provision is made by Congress in the budget to enable the SEC to employ the additional skilled personnel that will be needed to handle the greatly increased volume of work which the Bill will certainly cause.

Therefore, without modifying our support of this Bill, we suggest that consideration be given to requiring all companies having 300 or more stockholders to report certain specified information to their stockholders, at least annually, without requiring that these reports be filed with the SEC. The content and frequency of such reports should be prescribed by SEC rules, but the reports should include audited balance sheets and statements of earnings and surplus, all prepared in accordance with generally accepted accounting principles. The requirement of filing reports with the SEC and the provisions of Sections 14 and 16 should apply only to companies with 1,000 stockholders or more and at least $1,000,000 of assets.

Proposed Amendments to Sections 15 and 15-A of the 1934 Act

We support the Amendments to Sections 15 and 15A of the 1934 Act without qualification. For many years leaders in this industry have been urging that the standards of experience, training and other qualifications of both individuals and firms engaging in the securities business should be more strictly regulated. Standards are set for lawyers, accountants, teachers, actuaries, doctors, and other professional groups. Internal standards have been established by most of the responsible securities firms in this business, but this enabling legislation is necessary to permit our self-regulatory body —the NASD—to set higher standards for the industry generally in areas to which its powers do not now extend.

We believe that the public interest demands the protection that will come from the setting of fair and reasonable standards of training and conduct. We know that our industry will accept the additional risks, burdens, and expense that will be involved.

We have studied carefully the provisions for more industry self-regulation as set forth in this Bill. We agree with the SEC in their belief that this legislation is needed to combat abuses reported in the Special Study, and to improve the disciplinary effectiveness of both the SEC and the NASD.

Proposed Amendment to Section 4(1) of the 1933 Act

Finally, we endorse this third section of the Bill, amending the 1933 Act. The practical application of the 1933 Act has been made difficult in that no distinction is made in that Act between different types of issues. Obviously, the most important function of the prospectus is to give the investor full information about new issues of securities, particularly the first time a company sells securities to the public — so-called "first issues." In contrast, little is accomplished by the mandatory use of the prospectus for any substantial period following the distribution of senior securities of major companies and where similar securities are already outstanding and fully reported. Such use of the prospectus in the case of seasoned securities of quality is burdensome, often confusing and not needed for investor protection.

The provision of this Amendment extending the period for the use of the prospectus in the case of "first issues" and empowering the SEC to shorten the prospectus delivery period for any issue, when appropriate, is logical in substance, and practical in application. We endorse the amendments without qualification and will urge the SEC to shorten the period during which the prospectus must be used in appropriate cases as a solution to an important administrative problem of our industry.

Conclusion

So, to conclude, we strongly endorse legislation—Senate Bill 1642. Our industry performs an important function in our economy. It is one of the cogs that contribute to high standards of living and the full employment of our people. But it can only perform that function effectively if it has public confidence. Public confidence can only be justified if we set proper industry-wide standards. We agree with the SEC that this legislation is necessary to accomplish this end. The public interest requires it.

*Statement by Mr. Ames before the Sub-Committee on Securities of the Committee on Banking and Currency of the U. S. Senate, Washington, D. C., June 19, 1963.

Lamson Bros. to Admit Partner

CHICAGO, Ill.—Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges, will admit Bernard G. Ziv, Jr., to partnership on July 1.

Federal Reserve's Progress And the Problem of Inflation

Continued from page 1

history — the progress made by the Federal Reserve System in its development and use of monetary 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 monetary field, namely, discounts and discount rates. Member banks re-discounted their short-term paper at 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 banking system to supply credit to meet those needs. Over the years, advances took the place of rediscounts as indicated below:

	Rediscounts	Advances
1914	$1,218,000	None
1917	6,971,000	None
1935	156,000	$1,484,000
1963 (Apr.)	137,000	122,313,000

Discount rate changes reflected monetary policy changes through the years from a low of 1% in the late thirties and in 1946 to a high of 6% and 7% in 1920 and, more recently, to 4% in September, 1959. And since September, 1960, it has been 3%.

Development of Open Market Operations

In the beginning, open market operations were engaged in by each of the 12 Federal Reserve Banks in accordance with the Act (based on experience abroad) which permitted the Federal Reserve Banks to buy or sell cable transfers, bankers acceptances, bills of exchange of the kind and of the maturity eligible for rediscount at the Federal Reserve Bank. Also, each Federal Reserve Bank could buy or sell municipal warrants not to exceed a maturity of six months. Government securities could also be bought or sold. At the time of the passage of the Federal Reserve Act in 1913, each Federal Reserve Bank operated on its own initiative—sometimes for earnings purposes and sometimes to meet local conditions. But no overall System monetary policy was pursued in Open Market Operations. Sometimes, in fact, one Federal Reserve Bank was buying while another was selling. Bankers acceptances were bought and sold for the purpose of developing a bankers acceptance market in the United States. Experience taught that all these operations had an effect on the reserve positions of the banks of the country and on their discounts and advances. When the System bought in the open market it provided reserves to the banks and discounts and advances were reduced, and when the System sold in the open market it withdrew reserves and member bank discounts and advances were increased.

In 1922, a centralized committee of five Federal Reserve Banks began to formulate monetary policy in open market purchases or sales of Government securities and this continued until April, 1923. But the 12 Federal Reserve Banks had an option to participate or not in the buying or selling of Government securities in the open market. On March 22, 1923, a resolution of the Federal Reserve Board created an Open Market Investment Committee for the System, which consisted of five representatives of the 12 Federal Reserve Banks. Policy and operations in the open market had to have the approval of the Federal Reserve Board. The individual Federal Reserve Banks still had a choice to engage or not to engage in these operations in accordance with the policy formulated by the Open Market Investment Committee and approved by the Federal Reserve Board. This committee was organized on April 7, 1923 and continued until March 21, 1930.

More experience was gained. And so, as a result of another conference of the 12 Federal Reserve Bank representatives with the Federal Reserve Board, in Washington in 1930, a System Committee was created consisting of the 12 Federal Reserve Bank representatives and was called the Open Market Policy Conference. Each Federal Reserve Bank could still refuse to participate but had to notify the Chairman of the Open Market Policy Conference and the Federal Reserve Board within 30 days. This status continued until the passage of the Banking Act of 1933, under which all 12 Federal Reserve Banks constituted the Federal Open Market Committee operating under regulations adopted by the Federal Reserve Board. An Executive Committee of five was elected by the full Committee and the New York Federal Reserve Bank acted as agent in the operations.

Finally the Banking Act of 1935 created a Federal Open Market Committee consisting of the seven members of the Board of Governors and five Presidents of the 12 Federal Reserve Banks, on a rotation basis. Shortly after that, Congress provided that the President of the New York Federal Reserve Bank should be a continuing member of the Committee, but the other Presidents should continue to rotate—so that all Presidents would serve in rotation on the Committee. From this point, all Federal Reserve Banks have participated in the Open Market Account. This you know.

1961 Change from Bills Preferably

In the days when the public debt was rising rapidly, during the depression, the Open Market Committee operated not only to influence reserves but also to influence an orderly Government security market. During World War II, the System supported the Government security market. This supplied the banks with large excess reserves. Required reserves were increased as an offset. Support of Government securities continued even after the War and was finally discontinued early in 1951. Later, for a period of time, the operations were conducted preferably in the short-term area of the Government security market—the closest to cash. Since early in 1961, they have been conducted in all maturities of Government securities.

Through the years, by experience, the Open Market operations became a flexible, effective instrument of monetary policy affecting the reserve position of the member banks and discounts and advances as well as discount rates (which now must be reviewed every 14 days or oftener) became a supplement to Open Market policy. These two instruments in effect became one instrument affecting money and credit in accordance with the needs of the economy for the purpose of attaining and maintaining economic growth and a stable dollar insofar as monetary policy alone can make a contribution to that end.

On April 24, 1963, the System had in its open market account Government securities of $30.5 billion and bankers acceptances of more than $2.5 billion.

Meetings of the full committee take place now every three weeks, or oftener, and our whole economy in all its areas and aspects, both here and abroad, is reviewed and discussed, not only by the staff, but also by each participating President and Board member, (and all the Presidents of the 12 Federal Reserve Banks attend, although only five vote) and each presents his views and opinions. The discussion finally leads to a concensus on the economic situation and its outlook and on the monetary policy to be pursued through Open Market operations. But possible uses of any other instruments of monetary policy can be and sometimes are also discussed. Naturally, since each participant has a different background and since the exchange of views is frank and free, unanimity of opinion as to "what" and "how much" should be done in the monetary field for the economic good —is not always possible, especially when our economic conditions and conditions in our market and in the international money market are to say the least—not clear. At such time, a vote is taken and recorded. Or another meeting is called soon—and sometimes the meeting takes place by telephone.

Coping With the Precise Factors

One of the natural weaknesses of communications is that in making the record in the minutes, words and terms can't be found (no matter how hard we look for them) to express degrees of "what" and "how much." This is especially true during the formulation and later in the recording of monetary policy. Later, the Manager of the Open Market Account in the New York Federal Reserve Bank, in order to operate in accordance with the policy adopted by the Committee (while he was present), must take into account a market that has ways all its own, and that is influenced from day to day and sometimes from hour to hour by various market forces — that come from short term and long term demands and supplies and often from expectations and anticipations. There is not nor can there be a precise formula or figure to follow—at best there is that which is called "feel" — an informed "feel" of the market—"tone" of the market, which comes from knowledge gained and experience attained and from constant contact with the market. In addition to the factors I already mentioned, other factors must be considered by the Committee and by the Manager, and given due weight—such as Treasury financing—actual or imminent—as well as any factors (public or private) that are likely to affect the markets—money, capital and government security markets.

In addition, of course, statistics both economic and financial are usually estimates or projections, because no way has yet been devised to collect exact figures "then and there." Later figures may show the estimates or projections incorrect. This is not only true of economic indicators but also, reserve positions of banks, since part of the required reserves of member banks is now in vault cash of member banks, a figure not readily available, and the estimated float (checks credited to but not collected from banks) may be projected upward or downward but what later actually takes place may prove the projections incorrect. Also correspondent bank balances — which are estimated—may actually go in reverse. Treasury balances in the banking system and in the Federal Reserve Banks may have to be estimated, even though generally speaking, advice on this is usually obtained in sufficient time.

Over the years, on the whole, in spite of all these deficiencies, human and otherwise, the System, through its experience, "feel" and economic information and intelligence has formulated and applied monetary policy in the interest of the economic good and it is good to know that the flexible Open Market operations are reversable in some amount and to some degree—as more and better information is received. Also, and this is important, the Manager of the Open Market Account is in daily and continuous contact with the market and is in a better position than anyone else, to know the expectations, anticipations and rumors that affect the market. Before he begins to operate each day, he and his assistants are in touch with the Treasury to learn what it plans to do with its deposits held in the commercial banks and its payments from its deposits held at the Federal Reserve Banks — and anything else that it may be planning to do or to say that day that may affect the market. Also, early each day, the Manager of the Open Market Account and his assistants are in touch with the Board in Washington and its staff—as well as with another Federal Reserve Bank President and his staff (the Federal Reserve Banks contacted rotate)—and estimated figures on the market—reserves, etc. are exchanged and checked. Other continuing contacts are made with the market by the Manager in such fashion, however, as not to disturb the market by creating expectations and anticipations.

Entry Into Foreign Exchange

During the last year or two, the Open Market Committee has also been operating in Foreign Exchange — buying and selling foreign exchange to the end that the U. S. dollar will not fluctuate too widely in its relation to other currencies. This is done through "swaps" of currencies. These operations supplement the Treasury Foreign Exchange Operations which began earlier through the use of its stabilization fund which is limited in amount. These operations of the System and the Treasury are conducted by the Special Manager of the System Open Market Account at the New York Federal Reserve Bank. In my opinion, these operations have been most helpful in creating confidence in the U. S. dollar in foreign exchange markets and are conducive to the eliminaton of fears and disturbances, while continuing efforts are being made to reduce the deficit in our balance of payments and to reduce the possible gold outflow. These "swap" operations have been made with ten countries and the B.I.S. beginning in March, 1962—a total of $1,550 million. Some of the more significant "swaps" are as follows:

United Kingdom	$500,000,000
Canada	250,000,000
West Germany	150,000,000
Italy	150,000,000

These so-called "swaps" are, of course, made with the Central Bank of the country involved.

By the end of April, 1963, about $551 million nonmarketable U. S. Treasury Bonds and Notes were issued to official institutions of foreign countries, payable in foreign currencies, and about $183 million payable in dollars. On May 21 of this year, the Treasury announced that it issued about $30 million to Belgium payable in Belgian francs and about $23 million to Switzerland, payable in Swiss francs. It went further to state that the total of its foreign currency securities issued is $630 million of which about $605 million is in securities that have a maturity of 15 to 24 months. The balance of $25 million apparently is in certificates with a shorter maturity.

In addition to the usual drawings of member countries of the International Monetary Fund, in October, 1962, a further step was taken to bolster the ability of the payments system to withstand sudden shocks. Ten sponsoring countries formally established a special fund expected to provide up to $6 billion to supplement the resources of the International Monetary Fund, should this be required to defend against large-scale shifts of funds that threaten to impair the functioning of the payments system.

Supporting High Short-Term Yields

In this connection the Open Market Committee since early 1961 has so operated in the government security market in supplying reserves to the banking system as not to reduce the short term interest rate to a point at which short term money is likely to leave the country for a higher return elsewhere. The short term rate is now at or a little above the discount rate (as of this writing —June 5). True too, is the fact that the Treasury in its management of the public debt, has been issuing short term securities to the end that the supply of short term issues is increased in relation to the increasing demand for short term securities—which demand would otherwise force up the price and force down the short term interest rate. The cooperation of the Fed and the Treasury in this field alone has been exemplary. All this, in addition to the needs of money and credit in the economy to stimulate growth —must be taken into account by the monetary authority.

Fed Is Still Independent

I think it is proper for me to note at this point that while, in my observation, Treasury-Federal Reserve cooperation has been excellent, especially as a result of the balance of payments deficit and the resultant outflow of gold, and their mutual concern for a sound dollar, it has not been, or at least so it appears to me, at the loss of the System's independence —which is so vital to the confidence that the public must have in the System's formulation and execution of its monetary policy.

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Federal Reserve's Progress And the Problem of Inflation

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Since fiscal policy, government expenditures and taxes, and government borrowing, have an effect on our economy, the System must adjust the use of its monetary policy instruments accordingly so that together they will move toward economic expansion tending toward economic growth and a sound dollar and not an economic expansion which leads to inflation and a depreciating and unsound dollar at home and abroad. As we all are aware inflation would not only reduce our export surplus but perhaps create an import surplus — because of higher prices on our export goods —and our deficit in our balance of payments and outflow of our gold would be increased. Cooperation is of the essence.

Reserve Requirement Weapon

There is still another instrument of monetary policy the System can use and has used — namely, reserve requirements. As provided in the Banking Act of 1935 and as changed in 1959 by Congress, the System can increase or decrease reserve requirements on demand deposits for Reserve City member banks from 10% 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 16½% and for other member banks — 12%. For both classes of member banks—the reserve requirements on time and savings can be from 3% minimum to 6% maximum. At present, the effective reserve requirement on time and savings deposits is 4%. As I said before, Congress has in 1959 allowed vault cash of member 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 member banks due principally to the inflow of gold.

At one time, because of the very large excess reserves in member banks, caused by continued gold inflow from abroad, Congress gave the System temporary supplemental authority to increase reserve requirements which has since lapsed. From time to time in its history, the System increased and decreased reserve requirements. More recently however, since this instrument affects all member banks, regardless of their reserve position, it has been used infrequently especially to increase required reserves. In my opinion this instrument is necessary not only to use, but especially as a stand-by. Recent changes in required reserves have lowered the requirement on time and savings deposits from 5% to 4% (in October, 1962). Before that, in 1960, demand deposits reserve requirements were lowered from 17% to 16½% for Reserve City Banks and, in accordance with the law of 1959, Central Reserve City banks became Reserve City banks. Also, in November, 1960, "Country" banks' reserve requirement on demand deposits were increased from 11% to 12%.

Watching Free Reserves

As I said before, more reliance is now placed on Open Market operations and discounts and advances and the banks' "free reserve" position — which is the difference between the excess reserves and the discounts and advances of member banks at their Federal Reserve Banks—is taken, in general, as a rough indicator of monetary policy. I repeat—this is only a rough estimate by the public of the monetary policy of the System. I am sure many have been following the changes in the banks' "free reserve position." For example, during part of 1961 and 1962, net "free" reserves were about $500 million and then about $400 million and toward the end of 1962 and early 1963 to about $300 million. Recently, on May 1 for example, the daily average "free" reserves were $313 million, May 8, $252 million, May 15, $260 million, May 22, $172 million, May 29, $212 million, and on June 5, $162 million. Most of these figures have been revised. The most recent figure is still subject to revision. Also, during that period the rate on Fed funds (borrowing of excess reserves by one bank from another) was near to or at the discount rate of 3%—with some exceptions on occasion. Was this or is this a period of transition from ease to less ease in monetary policy? Or did forces of the money market produce this effect—or did the increased demand for credit—in a rising economy—bring about the change in figures by absorbing some of the reserves Or is it some of each? In my opinion, it is a transition which is subject to change, up or down, depending on further developments.

Qualitative Controls

The Federal Reserve System also had two selective instruments of credit policy—one to regulate instalment consumer credit and one to regulate stock market credit. Instalment consumer credit regulation has lapsed. The authority was temporary. But stock market credit regulation is not based on temporary authority. It began in the early thirties and still continues. It is called "margin requirements." In January, 1946, margin requirements were 100% (all cash—no credit). The latest changes in margin requirements have been in July, 1960, when they were lowered from 90% (10% credit) to 70% (30% credit) and in July, 1962, when they were lowered to 50%. As of this writing (June 5), margin requirements are still at 50%, which means 50% cash and 50% credit. Selective instruments of credit regulation can at best be used as supplements to the monetary policy instruments. And are resorted to when general instruments of monetary policy, reserve requirements, discount rates and open market operations which affect bank reserves—the money supply —do not directly or sufficiently affect specific credit areas. They are difficult to administer and tend in the direction of allocation of credit to specific economic areas. General instruments of monetary policy affect the source of credit—the banking reserves, and the allocation of credit is largely left to the market forces of demand and supply and as demand for credit increases, and the Federal Reserve does not supply additional reserves in proportion to the increased demand, the 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 the increase was $5.4 billion on an annual basis, and stock market credit at the end of July, 1962 was $4.876 billion—of which figure $3.6 billion were debit balances—credit extended by brokers — members of the stock exchange. The balance of $1.276 billion were loans by banks. At the end of April, 1963, stock market credit rose to $5.978 billion—of which amount, $4.5 billion was extended by brokers and $1.478 billion were loans by banks.

As a further illustration of the money market situation, the maximum rate of interest on time and savings deposits of member banks was increased by the Board in January, 1962, up to 3½% on deposits held in banks six months or longer and 4% on those held a year or longer. When this was announced in December of 1961, it appeared that the demand for credit would rise—since it also appeared at that time that the economy would rise further in 1962. Member banks increased their interest rates on time and savings deposits, and their time and savings deposits increased likewise but the economy and the demand for loans did not increase as it was thought it would. Therefore, the banking system had to find how and where to find other sources of revenue — to pay the increased cost of their time and savings deposits—tax exempt municipal securities and mortgages were one source of revenue and installment consumer credit was another. Some banks lend abroad. It is important to note here, that time and savings deposits have been increasing not alone in commercial banks but also in nonbank financial institutions. Demand deposits have increased little by comparison.

Good and Bad Experiences

It is evident therefore, that we have been going through a series of experiences good and bad in the monetary field. We have learned much—we are now learning much and we shall learn more—in this changing economic world. We know that the structure of the economy is changing. This affects employment. We know that automation has an effect on employment. We know that population increase affects employment. We know that unemployment has been between 5% and 6% of the employables. We know that the cold war has an affect on our government expenditures — here and abroad. We know that aid to developing economies has an affect on our international payments position, as do our other expenditures abroad in the interest of our security, and we know that the convertibility of currencies, which we hoped for and sought, affects our balance of international payments because in our money and capital markets, many foreign securities, denominated in U. S. dollars, are sold which take more and more of our dollars abroad, thus increasing our deficit further —especially since many of the money and capital markets abroad are still restricted in one way or another—and our market is broad and free. We know that our short term money continues to flow abroad. And we also know that at present our banks and other financial institutions and industrial and other corporations have liquidity—seeking an outlet—if not here—then abroad. We know also that we have large idle factory capacity.

Foreign Capital Outflow

In this connection, and merely as an illustration, let me quote from an article on "New Foreign Bond Issues in the U. S. Market" by Robert F. Gemmill of the Federal Reserve Board Staff, published in the May *Federal Reserve Bulletin:* "During 1962, U. S. investors purchased nearly $1 billion of new foreign (U. S.) dollar bonds—the largest volume in any year since the 1920s. And they increased their rate of purchases in early 1963.

"The U. S. capital outflow on new foreign bond issues since the mid-1950s has reflected a continuing strong foreign demand for external capital and a growing supply of U. S. funds available for investment in such issues.

"More broadly, this outflow has reflected the position of the United States as the leading international capital market. This position is based upon the accessibility of the U. S. market to all borrowers, foreign and domestic, and upon the large volume of savings, including foreign savings, that flow into this market for investment in dollar securities."

And in the conclusion of his article, Robert F. Gemmill writes: "Different types of foreign bond issues in the U. S. market are influenced in different ways by changes in capital market conditions. Foreign issuers' demands

Coastal States Gas Producing Financing Completed

Coastal States Gas Producing Company, rapidly growing gas gathering system, June 20th completed its first public offering of first mortgage bonds when it received from a group of underwriters the check for the net proceeds from the recent sale of $50,000,000 of 5% first mortgage bonds due 1983. The offering group was managed by Kuhn, Loeb & Co., Incorporated, The First Boston Corporation and Paine, Webber, Jackson & Curtis.

Pictured above at the closing ceremonies in the offices of Kuhn, Loeb & Co. Incorporated are, seated, third from left, Oscar S. Wyatt, Jr., President and Chairman of Coastal States Gas Producing; second from left, John M. Schiff, Chairman of Kuhn, Loeb & Co., Incorporated; right, Emil J. Pattberg, Jr., Chairman of The First Boston Corporation; left, Joachim Silberman, financial consultant to Coastal States Gas Producing.

Standing, left to right, are Hugh Knowlton, limited partner of Kuhn, Loeb & Co.; Norman de Planque, partner of Paine, Webber, Jackson & Curtis; Jerome S. Katzin, First Vice-President of Kuhn, Loeb & Co. Incorporated; and James A. Lyles, Senior Vice-President of The First Boston Corporation.

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 producers, the extraction of liquid hydrocarbon by-products from the gas gathered, and the ultimate sale of such gas to large pipeline companies and industrial customers. Other activities include the production and sale of natural gas, crude oil and condensate, and the gathering, transportation, storage and refining of crude oil and condensate.

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

for U. S. capital are more likely to be affected by changes in market conditions when the foreign bond has investment characteristics closely resembling those of high-grade U. S. corporate bonds. In that case, the cost to the foreign borrower may fluctuate with changes in U. S. interest rates. And if the foreign demand for U. S. capital can readily be postponed, the foreign issue may be withheld until capital market conditions are favorable."

And finally, he adds: "The supply of U. S. capital for these high-yielding foreign bonds may be influenced by market conditions, increasing as the yield advantage on them rises. *But this effect on the supply of capital is apparently not large in relation to the total volume of new foreign bond issues.*" Our long-term capital continues to flow abroad—increasing our deficit in our international payments. American subsidiaries abroad also affect our international payments: First one way, going out, and later the other way, coming back in the form of earnings. In the meantime, however, they can and do increase our exports.

Increasing Exports

We know that our export surplus is essential not only to a growing economy but also as an offsetting force in our international payments. We know this surplus must be increased, as an offset to the deficit created by outgoing payments; and we now want to know, whether the common market tariffs and tariffs of other countries will be reduced to an extent sufficient in relation to our tariff reductions under the Trade Expansion Act of 1962, so as to increase our exports surplus, so essential to our payments position and to a growing economy. Negotiations have begun and will be long and hard. All these things we know and more but also we know that dollars now abroad will come back with interest. Sometimes we seem to overlook that fact. It is true that we can't just wait and do nothing. In the meantime we must pursue monetary, fiscal and debt management policy and a wage-price policy by labor and management that will promote confidence in our dollar and at the same time we must continue to reduce our payments deficit; not by words—but by deeds—both public and private. This is our job—yours and mine.

More and more individual Board members and members of the Board's staff, as well as officers of the Federal Reserve Banks and their staff members, attend central bankers meetings and conferences—and, of course, especially the meetings of the international organizations. This has become not only necessary to meet the System's responsibilities in the monetary and credit field—but also indicates more and more, the obvious—namely that while in the earlier days of the System, staff missions were sent abroad from time to time to assist other countries, and policy level officials went abroad infrequently — now more policy level officials of the System as well as staff members must go abroad to meet their responsibilities at home.

Discount Rate

When the short term rate of Government securities is at the discount rate or higher, the market begins to expect an increase in the discount rate. Generally speaking, it is true that often the discount rate is adjusted to the short term rate—either down or up. But you will remember that the discount rate which has been 3% since the summer of 1960 was not reduced when the short term rate was around 2.1% to 2.2%. Also, at other times, the short term rate was higher than the discount rate — for some time before the discount rate was changed. Whether and when it will be increased depends on many factors—at home and abroad. In essence we still have much liquidity—and the discount rate will change, in my opinion, when our economic condition is such that the demand for credit shows a steady and continued increase. The fiscal 1964 budget deficit and the tax cut will increase the public debt and the amount of new securities issued by the Treasury. The public debt ceiling is now $309 billion until the end of August. The Open Market Committee, as I indicated in the early part of this paper, cannot keep supplying more reserves to meet an increased demand for credit by the economy and by the Government (without creating too much liquidity which in turn can cause inflation) and as a result interest rates will rise and the discount rate will rise too. This, as must be evident, is strictly my opinion, and of course, no one knows what lies ahead. Many unforseen developments here and abroad can change all this. That is why the Federal Reserve must be prepared, at all times, to meet situations as they arise. Then too, our economy has shown in recent years that forecasters come and go but the economy just keeps going along—and let me add, the Federal Reserve, during its fifty years of experience has learned to use its instruments of monetary policy in different ways at different times with changing conditions. In successive recent months, the money supply (demand deposits and currency in circulation) has been increasing. Credit has been expanding and as consumer expenditures and expenditures by the Federal as well as state and local governments continue and as the construction level is maintained with some increased residential construction and especially as capital expenditures for plant and equipment rise, the economy will maintain and increase its expansion.

Favorable Economic Outlook

While the present outlook for our economy appears on the whole quite favorable, we know that we shall soon face the usual summer "doldrums" and automobile "change-overs" and soon we shall also know whether there will or will not be a steel strike (which will affect steel production) and in my opinion, if the economy retains sufficient strength regardless, throughout the summer and if the tax cut is passed by Congress in early fall to stimulate the economy further, we can look ahead to further economic expansion for the balance of the year and into 1964—and an increased economic growth.

Conclusion

Now let me conclude—it helps, so I think at least, to review what was and what is—in order to prepare for what is yet to come—and this seems especially true of monetary policy — in relation to the changing economy—in this changing world, and especially at this time when more and more international considerations are a vital part of our domestic policy—economic and monetary. Interest rates are a reflection of what is happening in our economy and in our international payments, and in monetary, fiscal and debt management policies.

Finally let's return to the first paragraph of my paper. We learned that we not only seek equilibrium in our international payments, but we must maintain stability as we proceed to reduce our deficit—in other words, we must use our head and not lose it. This promotes confidence—so essential in all monetary and credit matters.

*An address by Mr. Szymczak before the Wolverine Club (Michigan bankers who attended School of Banking at the University of Wisconsin), Detroit, Mich., June 12, 1963.

Coburn Credit Co. Debs. Offered To Stockholders

The company is offering its common stockholders the right to subscribe for $4,000,000 of 5½% convertible subordinated debentures due June 1, 1978, on the basis of $100 of debentures for each 25 shares held of record June 20. Rights will expire July 5. The debentures are priced at par plus accrued interest from July 5 to the date of delivery. New York Hanseatic Corp., New York City, is the principal underwriter.

Net proceeds will be used for debt repayment, working capital, acquisition of instalment contracts, and other corporate purposes.

Coburn Credit Co., Inc., was incorporated in New York in March, 1957 and has its main office at 53 N. Park Avenue, Rockville Centre, New York. Certain wholly-owned subsidiaries operate in Fort Lee, N. J., and in Philadelphia, Pa. The company is engaged primarily in the consumer sales finance business which consists of the purchase from retail dealers of instalment contracts entered into by customers with dealers in connection with instalment purchase of merchandise.

In June, 1962, the company's Pennsylvania subsidiary organized Arlington Life Insurance Co., a limited stock life and disability insurance company in Arizona, which has been in operation since September, 1962.

At the present time the company purchases instalment contracts for about 750 retail dealers. As of Feb. 28, 1963, the company owned approximately 120,000 individual instalment contracts representing accounts receivable of $27,889,749, of which about 23% in principal amount was purchased from the company's three largest dealers. No other dealer amounted for more than 4% of the accounts receivable at that date.

Goodbody & Co. To Admit Partner

Goodbody & Co., 2 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, on July 1 will admit Dale T. O'Donnell to partnership. Mr. O'Donnell, a member of the New York Stock Exchange, has recently been active as an individual floor broker. Prior thereto he was a partner in Lubetkin, Regan & Kennedy.

Profit-Making Potential In the SBIC Industry

Continued from page 5

have, money which we offer, and talent in the form of advice. We buy ideas and profit-making potential. We've got to be fluid—we've got to be able to change fast. We have had some troubles with some agencies—not the SBA—in acting quickly, but I think we can iron those out. I believe that everybody in Congress and the Administration would like to see the program succeed, and I don't think we are going to have any real troubles there. But we must be fluid. After all, a risktaker has to be able to move quickly, make his judgment fast. If he sees something failing and he needs to merge quickly with another situation where management is strong, he's got to be able to move as rapidly as humanly possible before the company deteriorates into nothingness. And a small business can do just that.

Why Invest in a SBIC?

Now I think we get to the most important point — the reward. Why does anyone invest in an SBIC? They want to see that pot at the end of the rainbow. They want to see the reward. To achieve reward in the simplest form is to have a kind of company that you believe can attract a public market for its shares. There lies the greatest kind of multiple appreciation on one's investment. An important example is Potter Instruments. We paid $1.15 a share for Potter and the stock came out at $10.00 per share. That's almost a ten times multiple and, believe it or not, that is still our strong and most important aim in life—to try to do that again and again and again. That's an awful big multiple. Now, we may not hit it all the time, but we do believe that many SBIC's, including ourselves, have many more Potters to offer. They are ready to go if security analysts can get a new issue market going. We'd be delighted to provide a few right now.

New Issue Market in the Offing

As a matter of fact, I would go so far as to stick my neck out and say that we are about to see a new issue market. It's not far away. I was speaking to a group in San Francisco recently and I know that there is a real desire on the part of the small and medium size investor to get back in the market. I know it is hard to accept. We have been through a rough time for a long period, but it takes some leadership. It takes somebody to take a chance. We are probably going to be one of the early ones to take a crack at it. We believe that there is a new issue market coming and it could develop by the latter part of the summer.

SBIC's are the greatest potential for new offerings that the investment industry has to date. We will be the reservoir for underwritings for Wall Street— one of the best reservoirs because we'll have done a great deal more filtering and a great deal more analysis. We'll pump more know-how and capital into a company than would normally come to security analysts and ask for $1 million, $2 million or $5 million. We will have filtered the situation to the point where it should be a good issue because our name is going to go on it as well. We think this is of great value to Wall Street. We think it is a great value to the investment community across the nation. The reward, again, will only come when we have, I think, ten or more very successful publicly offered SBIC portfolio companies, when the public can really see the values. We don't want to just talk about it—we can show it. We did it with Potter and we expect to do it again, many times.

On the Threshold Where Mutual Funds Once Stood

There has been approximately $500,000,000 raised for this SBIC program. The Federal Reserve Board predicts that $500 million is needed every year for small business, so we are only at the beginnings of our history. We think this situation is similar to the Mutual Fund industry in 1941 when it had total assets of $500 million and now has something in excess of $22 billion. But this is a different kind of program. The mutual funds weren't pumping new money into companies; they were merely buying securities that already existed. Here you have a demand of some four to five million small businesses for what we believe will be $300,000,000 to 500,000,000 a year, and this is going to grow and grow, and the demand is going to continue to be greater.

I believe that when we look at the program five years from now, a great number will agree with us that the Small Business Investment Company movement is one of the strongest arms of the nation's economic system. It will serve private individuals by creating more jobs. All the people of this country will benefit by the profits of small businesses, and by the jobs thus created. When you get right down to it, the backbone of this whole economy has been, and will continue to be, small business. The more support we get, the more effectively we can perform for the investment industry, for the stockholder, and for the government.

To Be V.-P. of Lieberbaum Co.

As of July 3, Eugene Asckenasy will become a Vice-President of Lieberbaum & Co., Inc., 50 Broadway, New York City, members of the New York Stock Exchange.

J. R. Lewis Assoc. Formed in Boston

BOSTON, Mass.—J. R. Lewis Associates, Inc. has been formed with offices at 145 Pinckney Street to engage in a securities business. Officers are James R. Lewis, President and Treasurer, and James V. Doolin, clerk. Mr. Lewis was formerly Vice-President of the Crosby Corporation.

O'Hara to Be Hincks Officer

BRIDGEPORT, Conn.—As of July 3, Mark F. O'Hara will become an Assistant Vice-President of Hincks Bros. & Co., Inc., 372 Main Street, members of the N. Y. S. E.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	June 22	2,426,000	2,464,000	2,626,000	1,563,000
Index of production based on average weekly production for 1957-1959	June 22	130.2	132.3	141.0	83.9
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	June 22	0.79	0.85	0.85	53.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 14	7,512,160	7,432,110	7,514,610	7,240,310
Crude runs to stills—daily average (bbls.)	June 14	8,749,000	8,872,000	8,381,000	8,645,000
Gasoline output (bbls.)	June 14	31,604,000	31,411,000	28,869,000	30,622,000
Kerosene output (bbls.)	June 14	2,545,000	2,682,000	2,555,000	2,411,000
Distillate fuel oil output (bbls.)	June 14	14,711,000	14,260,000	13,017,000	13,465,000
Residual fuel oil output (bbls.)	June 14	5,412,000	5,010,000	5,241,000	5,799,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	June 14	195,352,000	196,245,000	197,622,000	189,965,000
Kerosene (bbls.) at	June 14	29,996,000	28,622,000	27,872,000	28,346,000
Distillate fuel oil (bbls.) at	June 14	108,949,000	103,912,000	92,238,000	112,671,000
Residual fuel oil (bbls.) at	June 14	46,239,000	45,697,000	45,221,000	43,406,000
Unfinished oils (bbls.) at	June 14	90,319,000	90,621,000	89,239,000	86,705,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 15	616,261	606,084	601,062	590,301
Revenue freight received from connections (no. of cars)	June 15	516,632	503,479	526,934	494,051
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 15	9,655,000	*9,470,000	9,025,000	8,873,000
Pennsylvania anthracite (tons)	June 15	465,000	386,000	396,000	304,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	June 20	$510,700	$473,300	$544,800	$256,800
Private	June 20	288,200	278,300	280,300	114,900
Public	June 20	222,500	195,000	264,500	141,900
State and Municipal	June 20	184,300	142,800	250,200	140,000
Federal	June 20	38,200	52,200	14,300	1,900
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	June 15	126	120	110	112
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 22	17,369,000	17,839,000	16,523,000	16,628,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 20	274	304	338	265
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 17	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	June 17	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	June 17	$25.83	$26.50	$28.50	$24.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 21	30.600c	30.600c	30.600c	30.600c
Export refinery at	June 21	28.375c	28.375c	28.400c	28.525c
Lead (New York) at	June 21	10.750c	10.750c	10.500c	9.500c
Lead (St. Louis) at	June 21	10.550c	10.550c	10.300c	9.300c
‡Zinc (delivered at)	June 21	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	June 21	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	June 21	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	June 21	115.000c	119.125c	116.625c	111.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 25	89.33	89.37	89.47	88.54
Average corporate	June 25	89.23	89.23	89.23	87.45
Aaa	June 25	92.79	92.79	92.79	91.77
Aa	June 25	90.91	90.77	90.77	89.51
A	June 25	89.51	89.64	89.37	87.05
Baa	June 25	84.30	84.30	84.17	81.90
Railroad Group	June 25	87.45	87.45	87.05	83.91
Public Utilities Group	June 25	90.20	90.20	90.34	89.37
Industrials Group	June 25	90.20	90.20	90.20	89.37
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 25	3.89	3.88	3.86	3.87
Average corporate	June 25	4.47	4.47	4.47	4.60
Aaa	June 25	4.22	4.22	4.22	4.29
Aa	June 25	4.35	4.36	4.36	4.45
A	June 25	4.45	4.44	4.46	4.63
Baa	June 25	4.84	4.84	4.85	5.03
Railroad Group	June 25	4.60	4.60	4.63	4.87
Public Utilities Group	June 25	4.40	4.40	4.39	4.46
Industrials Group	June 25	4.40	4.40	4.40	4.46
MOODY'S COMMODITY INDEX	June 25	374.6	374.8	392.3	370.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 15	375,530	390,796	343,427	351,171
Production (tons)	June 15	372,869	350,325	365,400	361,534
Percentage of activity	June 15	97	90	96	98
Unfilled orders (tons) at end of period	June 15	518,102	513,109	487,276	480,196
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	June 21	112.35	112.24	111.90	112.32
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 31	2,233,550	3,159,780	2,931,050	7,319,530
Short sales	May 31	438,730	773,340	693,150	1,628,760
Other sales	May 31	1,654,540	2,285,140	2,079,280	6,639,270
Total sales	May 31	2,093,270	3,058,480	2,772,430	8,268,030
Other transactions initiated off the floor—					
Total purchases	May 31	476,020	702,700	548,770	496,630
Short sales	May 31	39,200	95,300	55,000	112,900
Other sales	May 31	402,000	562,200	495,360	558,250
Total sales	May 31	441,200	657,500	550,360	671,150
Other transactions initiated on the floor—					
Total purchases	May 31	865,760	1,113,459	1,105,298	1,458,408
Short sales	May 31	94,320	186,470	170,230	256,400
Other sales	May 31	809,898	1,170,326	1,180,912	1,489,288
Total sales	May 31	904,218	1,356,796	1,351,142	1,745,688
Total round-lot transactions for account of members—					
Total purchases	May 31	3,575,330	4,975,939	4,585,118	9,274,568
Short sales	May 31	572,250	1,055,110	918,380	1,998,060
Other sales	May 31	2,866,438	4,017,666	3,755,552	8,686,808
Total sales	May 31	3,438,688	5,072,776	4,673,932	10,684,868
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 31	1,121,641	1,639,971	1,586,569	5,218,796
Dollar value	May 31	$60,125,974	$78,848,941	$78,944,243	$260,055,556
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	May 31	1,475,226	2,005,425	2,000,407	3,835,266
Customers' short sales	May 31	11,673	17,012	10,110	92,011
Customers' other sales	May 31	1,463,553	1,988,413	1,990,297	3,743,255
Dollar value	May 31	$72,621,023	$93,357,973	$95,765,771	$201,400,479
Round-lot sales by dealers—					
Number of shares—Total sales	May 31	606,370	772,490	783,880	935,120
Short sales	May 31	------	------	------	------
Other sales	May 31	606,370	772,490	783,880	935,120
Round-lot purchases by dealers—Number of shares	May 31	261,200	401,070	357,380	2,067,430
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 31	733,820	1,259,110	1,090,740	2,881,820
Other sales	May 31	16,693,980	23,451,550	22,433,010	39,501,190
Total sales	May 31	17,427,800	24,710,660	23,523,750	42,383,010
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	June 18	99.9	*100.1	100.0	100.2
Farm products	June 18	94.3	*94.7	94.5	95.5
Processed foods	June 18	100.6	*100.3	101.1	100.2
Meats	June 18	90.6	*91.7	88.1	95.9
All commodities other than farm and foods	June 18	100.6	100.5	100.5	100.7

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

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of March:			
Total domestic production (barrels of 42 gallons each)	268,709,000	244,584,000	260,636,000
Domestic crude oil output (barrels)	234,289,000	212,437,000	228,668,000
Natural gasoline output (barrels)	34,413,000	32,141,000	31,964,000
Benzol output (barrels)	7,000	6,000	4,000
Crude oil imports (barrels)	36,070,000	30,898,000	31,761,000
Refined product imports (barrels)	29,809,000	35,544,000	33,855,000
Indicated consumption domestic and export (barrels)	317,479,000	*336,172,000	332,234,000
AMERICAN RAILWAY CAR INSTITUTE—Month of May:			
Orders of new freight cars	6,074	2,573	3,188
New freight cars delivered	2,405	3,755	3,758
Backlog of cars on order and undelivered (end of month)	23,364	19,872	13,778
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—			
Month of May (000's omitted)	$318,100,000	*$307,800,000	$295,400,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of May (in millions):			
Total new construction	5,491	*4,778	5,319
Private construction	3,938	*3,483	3,821
Residential buildings (nonfarm)	2,428	*2,063	2,308
New housing units	1,618	*1,447	1,514
Additions and alterations	710	*519	692
Nonhousekeeping	100	97	102
Nonresidential buildings	871	837	894
Industrial	225	225	229
Commercial	372	353	383
Office buildings and warehouses	211	205	198
Stores, restaurants, and garages	161	148	185
Other nonresidential buildings	274	259	282
Religious	74	70	77
Educational	49	47	47
Hospital and institutional	81	78	75
Social and recreational	50	46	62
Miscellaneous	20	18	21
Farm construction	130	112	122
Public utilities	484	*451	476
Telephone and telegraph	91	*87	90
Other public utilities	393	364	386
All other private	25	20	21
Public construction	1,553	*1,295	1,498
Residential buildings	65	*66	82
Nonresidential buildings	448	*436	436
Industrial	Not avail.	*37	35
Educational	248	*246	246
Hospital and institutional	41	*39	34
Administrative and service	64	*59	55
Other nonresidential buildings	57	*55	66
Military facilities	Not avail.	Not avail.	114
Highways	Not avail.	*352	509
Sewer and water systems	161	*150	153
Sewer	98	*92	93
Water	63	*58	60
Public service enterprises	40	*33	42
Conservation and development	Not avail.	*134	128
All other public	35	33	34
CASH DIVIDENDS — PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE—Month of May (000's omitted)	$410,000	$1,030,000	$384,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BOARD OF NEW YORK As of May 30 (000's omitted)	$2,084,000	$2,204,000	$1,869,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on May 4	19,395,000	19,474,000	19,511,000
Spinning spindles active on May 4	18,586,000	15,995,000	17,107,000
Active spindle hours (000's omitted) May 4	11,482,000	8,043,000	10,535,000
Active spindle hours for spindles in place May 4	390.8	402.2	421.4
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of May:			
Contracts closed (tonnage)—estimated	409.104	389.482	293.658
Shipments (tonnage)—estimated	390,332	354,879	356,588
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of May:			
Weekly earnings—			
All manufacturing	$98.98	$97.76	$96.80
Durable goods	107.42	*106.37	105.22
Nondurable goods	87.91	86.19	86.37
Hours—			
All manufacturing	40.4	39.9	40.5
Durable goods	41.0	*40.6	41.1
Nondurable goods	39.6	39.0	39.8
Hourly earnings—			
All manufacturing	$2.45	$2.45	$2.39
Durable goods	2.62	*2.62	2.56
Nondurable goods	2.22	2.21	2.17
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK—Month of May	£48,977,000	£31,887,000	£43,401,000
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES BUREAU OF MINES—Month of April (in long tons):			
Stocks in beginning of period	27,950	28,705	33,370
Receipts	7,010	6,495	7,250
Supply	34,960	35,200	40,620
Stocks at end of period	27,780	27,950	33,575
Total processed	7,180	7,250	7,045
Intercompany scrap transactions	110	135	125
Consumed in manufacturing	7,070	7,115	6,920
Primary	5,085	5,115	4,850
Secondary	1,985	2,000	2,070
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of May:			
Net sales	------	------	------
Net purchases	$656,202,500	$32,274,500	$39,909,400

Tremendous Potential for Electronic Sales to Europe

ECM external tariff walls notwithstanding, U. S. A. electronic manufacturers export sales opportunities to Europe are tremendous. Commerce Department official close to the situation explains why Western Europe can continue to be our biggest buyer of electronics so long as we keep up with the increased competition facing us. As for trade barriers facing our exports, Dr. Behrman indicates his awareness of their impact and relates efforts currently being conducted to ascertain specifics on the subject for future trading negotiations under the Trade Expansion Act of 1962.

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

"The prospects for more sales are good, but stiffening competition in European markets can be countered only by a strong, sophisticated export drive," Dr. Behrman said. "Tariff and nontariff barriers to trade impede the entry of U. S. goods into some of our best overseas markets. We must negotiate with other nations for mutual reduction of trade barriers, with mutual benefit."

Dr. Behrman spoke before the Electronic Industries Association's symposium on European markets for electronic products held recently at Washington, D. C.

Our Biggest Buyer

Exports contributed $765 million to the U. S. electronic industries' $13 billion sales volume last year, and Western Europe was the biggest buyer, Dr. Behrman said. The six-nation Common Market alone bought 34% of all the U. S. electronic products sold on world markets, and the United Kingdom bought 8%. Other European countries also were good customers.

Western Europe's massive drive for economic progress expands the area's dimensions as a market for U. S. electronic products. In most European nation's production is going up faster than in the United States, and further growth is in prospect.

Production expansion is generating new demands for electronic instrumentation, industrial-control, and production equipment which U. S. industry could supply. Both in the United Kingdom and on the Continent, the drive for greater industrial productivity and efficiency strengthens the potential demand. In the Common Market, persistent labor shortages stimulate industry's interest in automation.

"The sales opportunities are tremendous," Dr. Behrman said. "But we must face the fact that European countries are trading more vigorously with each other. Competition is sharpening."

Both the six-nation Common Market and the seven-nation European Free Trade Association have low internal tariffs which favor producers inside their respective areas and make it more difficult for U. S. exporters to compete.

The Common Market, which has already reduced internal tariffs by 50% in its step-by-step advance toward completely free internal trade, will make another 10% cut on July 1. EFTA, pacing the Common Market's tariff-reduction schedule, will follow suit.

The Common Market will also adjust its common external tariff, to bring duties still closer to the average national rates. As a result, U. S. exporters will pay higher tariffs in some of their 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 quotas, 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 or removed, but more progress is needed to free the flow of trade.

"Under the Trade Expansion Act of 1962, the President has broad authority to negotiate with other nations for mutual reduction of tariffs. As tariffs are brought down, nontariff restrictions may become the greatest challenge to the competitive ability of U. S. exporters."

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 in markets abroad.

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

"Industry alone can give us specific information on the problems it faces in selling abroad," Dr. Behrman said.

To get this information, the Commerce Department is holding separate consultations with groups representing the various segments of industry. Altogether, about 50 industry consultations will be held.

Stating that the electronics industries would be consulted soon, Dr. Behrman said, "We expect to get specific, factual information that will help the Government 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 electronics producers want the United States to obtain tariff concessions from other countries and the potential importance of such concessions in opening or expanding overseas markets for their products.

(2) The effects on the industry of a 50% reduction of duties by other countries across the board.

(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.

"We are counting on you to provide it, so that we can present to Mr. Herter the facts he must have to engage in realistic bargaining.

"Fruitful trade negotiations are vital to the export progress of U. S. industry. It is the responsibility 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, Cleveland and Philadelphia offices.

Named Assistant Vice-Presidents in New York were H. Thomas Cimiluca, and Richard C. Dunham, both members of the firms corporate trading department.

New Managers in New York are William A. Bledsoe, Perry L. Burns and Sumner W. White, III, members of the national sales department; J. Squier Reimer, of the syndicate division, national sales department; Peter T. Buchanan and Jahleel D. Woodbridge, of the corporate trading department, and John M. Phillips and Michael C. Stanley, of the municipal department.

Francis B. Hastings, Jr. was appointed a Manager in the Cleveland office. He is a member of the national sales department.

Assistant Managers in New York are Donald F. Miller, of the national sales department, and Warren K. McOmber, of the government division, national sales department. Ruth L. Koch, of the municipal department in the Philadelphia office, also was named an Assistant Manager.

Sheppard Joining Heber-Fuger Co.

GRAND RAPIDS, Mich.—James H. Sheppard, investment counsellor in Grand Rapids, Mich., will becomse associated with the investment counsel firm of Heber-Fuger-Wendin, Incorporated as a Vice-President effective July 1, 1963 and will manage the Grand Rapids office.

Heber-Fuger-Wendin, Incorporated has been active in the investment counsel field for the past 30 years and are retained by banks, insurance companies, pension funds, other institutions and individuals in an advisory capacity. The firm also acts as financial advisors to the Secretary of the Treasury of Puerto Rico, and over the years has been retained by both business enterprises and the U. S. Treasury for fair market value determination.

Mr. Sheppard, following an engineering career with various industrial firms and service in World War I as a Captain, joined the National City Company, the securities affiliate of the National City Bank of New York. Upon dissolution of this company, Mr. Sheppard set up practice as an investment counselor in Grand Rapids.

Ohio Raises New Capital

The sale of $6,600,000 State of Ohio underground parking facility revenue bonds through an underwriting syndicate headed by Blyth & Co., Inc., was completed June 20 with the passing of a check covering payment on the bonds. R. George LeVind, left, Vice-President of Blyth & Co., Inc., is shown handing the check to Alfred C. Gienow, Director, Ohio Department of Public Works. Looking on are left, David H. Putnam, Trust Officer of The City National Bank & Trust Co., Columbus, trustee of the bonds, and Ralph H. Gibbon, of the law firm of Squire, Sanders & Dempsey, Cleveland, bond counsel to the State of Ohio's Underground Parking Commission.

Let the Free Market Determine Interest Levels

Continued from page 10

are related to officially appraised values. If an examination discloses any "overlending," the association is required to set up a specific reserve.

Add to this—for the publicly held companies—the strong force of the independent auditor and the SEC, and for the listed companies, the supervisory elements of the stock exchanges.

I spoke of this as a "reminder," for I am sure analysts are well aware of the excellent regulatory controls in effect. I wish that those agitating some need for specialized controls on holding companies knew the facts. Some suggestions have been made that these take the form of a kind of "hunting license." I'm not sure what anyone wants to hunt for, since there hasn't been the slightest indication for the need.

Recommends Same Standards to Non-Profit Associations

What has been overlooked, however, is the possible need to bring the local nonpublicly held segment of the industry up to the same standards of regulation and control under which we operate. I suggest, for example, broader use of official appraisals, proxy solicitation with full disclosure, and broader use of independent auditors. When the *entire industry* is operating under the same standards of regulation and disclosure covering the *holding* companies, then — and only if any need were shown—would it be in order to consider further regulation.

Stripped down to its fundamentals, the current proposals to tinker with the economics of the free flow of money in the market place, is essentially an attempt to create an artificial tight money condition in the savings-mortgage market. This could have the net effect of imposing a form of selective credit control.

In looking into the studies that have been made on the subject, I was impressed with the observations of Dr. Bogen of New York University and Dr. Nadler of Rutgers University in their study, "The Causes and Effects of Higher Interest Rates." They pointed out that "selective restraint of consumer credit . . . (and you could add mortgage credit) . . . would discriminate against lower and middle income groups that are the chief users of such credit, as well as the industries that count on consumer credit to finance purchases of their products."

They say further that "substitution of bureaucratic decisions for the action of the market place in the rationing of credit in tight money periods is a dubious expedient. The crudest way to combat a rise in interest rates is to impose legal ceilings by statute or regulation. This is comparable to statutory price fixing for commodities without regard to supply or demand conditions."

I believe that these observations apply aptly to the current proposals.

*An address by Mr. Johnson at the National Convention of the Financial Analysts Federation, Chicago, Ill.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

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

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

• Acme Visible Records, Inc. (7/1)
May 21, 1963 filed 150,000 common, of which 57,445 will be sold for company and 92,555 for certain stockholders. **Price**—By amendment (max. $20). **Business**—Manufacture of office filing equipment, and business forms. **Proceeds** — To repurchase outstanding warrants, for construction and other corporate purposes. **Address**—Crozet, Va. **Underwriter**—Smith, Barney & Co., Inc., New York.

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

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

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

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

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

• Atlantis International Corp.
April 30, 1963 filed 100,000 common. **Price**—$4. **Business** —A real estate development company. **Proceeds**—For debt repayment, property improvement, and working capital. **Office**—700 Park Ave., Plainfield, N. J. **Underwriter**—S. Schramm & Co., Inc., New York. **Offering**—Expected in early August.

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

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

• Bard (C. R.) Inc. (7/8-12)
May 21, 1963 filed 204,095 capital shares. **Price** — By amendment (max. $17). **Business**—Design, packaging and sale of hospital and surgical supplies. **Proceeds** — For selling stockholders. **Office**—731 Central Ave., Murray Hill, N. J. **Underwriters**—Kidder, Peabody & Co., Inc., New York and Blunt Ellis & Simmons, Chicago.

Bay State Exchange Fund, Inc.
May 29, 1963 filed 10,000 $1 par capital shares to be offered in exchange for certain acceptable securities on the basis of one share for each $25 of deposited securities. Exchange is believed by counsel for the Fund to be tax-free for Federal income tax purposes. **Business**—A closed-end investment company seeking long-term growth of capital and income. **Proceeds** — For investment. **Office**—35 Congress St., Boston. **Underwriter**—Kidder, Peabody & Co., New York. **Note**—The exchange will not be consummated unless $25,000,000 of securities are deposited and accepted. This means that the Fund expects to issue a minimum of 1,000,000 capital shares. **Offering**—Expected in late July.

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

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

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

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

• Chemair Corp. (7/15-19)
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office** —221 N. La Salle St., Chicago. **Underwriter**—Price Investing Co., New York. **Note**—This company formerly was named Chemair Electronics Corp.

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

• Citadel Life Insurance Co. of New York (7/1-5)
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $26). **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—For expansion. **Office**—444 Madison Ave., N. Y. **Underwriter** —Alex. Brown & Sons, Baltimore.

• Clark Cable Corp. (7/1)
April 25, 1963 filed 121,915 common. **Price**—By amendment (max. $6). **Business** — Manufacture and development of electronic, electrical, and mechanical systems and components; also wholesale distribution of electrical components. **Proceeds** — For selling stockholders. **Office**—3184 W. 32nd St., Cleveland. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

• Coburn Credit Co., Inc.
May 20, 1963 filed $4,000,000 of 5½% convertible subordinated debentures due June 1, 1978 being offered for subscription by common stockholders of record June 20 on the basis of $100 of debentures for each 25 shares held of record June 20. Rights will expire July 5. **Price** —At par. **Business**—A consumer finance company. **Proceeds**—For debt repayment, working capital, acquisition of instalment contracts, and other corporate purposes. **Office**—53 N. Park Ave., Rockville Centre, N. Y. **Underwriter**—New York Hanseatic Corp., New York.

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

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

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

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

Consolidated Oil & Gas, Inc.
Feb. 28, 1963 filed $2,432,500 of 6% sinking fund debentures due 1975 (with warrants) being offered for subscription by common stockholders on the basis of $500 of debentures for each 500 shares held of record May 24. Rights will expire June 28. **Price**—At par. **Business**—Company is engaged in the acquisition of oil and gas leaseholds. **Proceeds**—For note repayment and working capital. **Address** — 4150 East Mexico Ave., Denver. **Underwriter**—None.

Continental Reserve Corp.
May 13, 1963 filed 45,000 class B common. **Price** — $40. **Business** — Company plans to acquire, organize, and manage life, accident and health insurance concerns. **Proceeds** — For investment in subsidiaries. **Office**—114 East 40th St., New York. **Underwriter**—None.

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

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

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

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, one unit for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Diversified Collateral Corp.
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—None.

Dixie Lime & Stone Co.
Sept. 27, 1962 filed 100,000 common. **Price**—By amendment (max. $6.75). **Business**—Mining and processing of crushed granite, lime rock, and agricultural limestone. **Proceeds**—For loan repayment, and working capital. **Office**—11 N. Main St., Ocala, Fla. **Underwriter**—Courts & Co., Atlanta, Ga. **Note** — This registration will be withdrawn.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds** — To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has issued a stop order suspending this registration statement.

Dri-Zit Corp.
May 29, 1963 ("Reg. A") 115,056 common. **Price**—$2.50. **Business**—Manufacturer of dri-zit (a home product used to absorb odors and moisture); a cleaner for oven and barbeque grills; and a diaper garment for infants. **Proceeds** — For expansion, inventory and debt repayment. **Office**—2 Ryland St., Reno, Nev. **Underwriter** — First Nevada Securities Corp., Reno, Nev.

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

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1 **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Eastern Investors, Inc. (7/15-19)
June 4, 1963 filed 100,000 class A shares. **Price**—$4. **Business**—A small loan company. **Proceeds** — For expansion and working capital. **Office** — 147 Northeast Main St., Rocky Mount, N. C. **Underwriter**—Paul C. Kimball & Co., Chicago.

Eberstadt Income Fund, Inc.
May 31, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking current income. **Proceeds**—For investment. **Office**—65 Broadway, New York. **Distributor**—F. Eberstadt & Co., Managers & Distributors, Inc., New York.

● **Electro-Optical Systems, Inc. (7/23)**
June 11, 1963 filed 403,000 common, of which 140,000 are to be offered by company and 263,000 shares by stockholders. **Price**—By amendment (max. $10). **Business**—Design and manufacture of optical systems for the Defense Department and for private industry. **Proceeds**—For debt repayment and working capital. **Office**—300 N. Halstead St., Pasadena, Calif. **Underwriters** — White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc., N. Y.

Electronic Dispenser Corp. (8/5-9)
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter** — L. D. Brown & Co., New York.

● **Enzyme Corp. of America (7/22-26)**
Feb. 21, 1963, filed 120,000 common. **Price**—$2. **Business**—Company plans to market a new drug known as "Clinizyne" to be used for treatment of a variety of tumor related diseases. **Proceeds**—For equipment, sales promotion, research and development, and working capital. **Office**—727 Land Title Bldg., Philadelphia. **Underwriter**—Bristol Securities Inc., New York.

● **Equity Fundng Corp. of America**
March 29, 1962 filed 240,000 common. **Price**—By amendment (max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—To be named. **Offering**—Indefinite.

● **Evans, Inc. (7/2)**
May 20, 1963 filed 200,000 common, of which 20,000 are to be offered by company and 180,000 by certain stockholders. **Price**—By amendment (max. $13). **Business**—Retail sale of fur apparel, cloth coats, suits, dresses and related items. **Proceeds**—For expansion and remodeling of Chicago store. **Office**—36 South State St., Chicago. **Underwriter**—Walston & Co., Inc., Chicago.

● **Family Life Insurance Co. (6/27)**
May 8, 1963 ("Reg. A") 810 $8 dividend preferred to be sold by stockholders; also 486 class A common. **Price**—For preferred, $130; for common, $400. **Business**—Sale of mortgage cancellation, life, accident and sickness insurance. **Proceeds**—For paid-in capital stock account, and working capital. **Address**—Republic Bldg., Seattle. **Underwriter**—Pacific Northwest Co., Seattle.

Farmers' Educational & Co-operative Union of America
April 1, 1963 filed $5,500,000 of 5½-6% serial debentures, series E and F, due 1974-83. **Price**—At par. **Business**—A non-profit organization of farmers devoted to the economic and educational betterment of its members. **Proceeds** — For debt repayment, working capital and advances to subsidiaries. **Office**—1575 Sherman St., Denver. **Underwriter**—None.

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

Fidelity Mining Investments Ltd.
Nov. 30, 1961 filed 800,000 common. **Price**—By amendment. **Business**—Exploration and testing of mining properties. **Proceeds**—For general corporate purposes. **Office**—62 Richmond St., Toronto. **Underwriter**—G. V. Kirby & Associates, Ltd., Toronto.

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NEW ISSUE CALENDAR

June 27 (Thursday)
- Chicago Burlington & Quincy RR.___Equip. Tr. Ctfs. (Bids 12 noon CDST) $5,250,000
- Family Life Insurance Co.___Common (Pacific Northwest Co.) $194,400
- Family Life Insurance Co.___Preferred (Pacific Northwest Co.) $105,300

July 1 (Monday)
- Acme Visible Records, Inc.___Common (Smith, Barney & Co., Inc.) 150,000 shares
- Citadel Life Insurance Co. of N. Y.___Capital Stock (Offering to stockholders—underwritten by Alex. Brown & Sons) 40,000 shares
- Clark Cable Corp.___Common (Fulton, Reid & Co., Inc.) 121,915 shares
- Financial General Corp.___Units (Eastman Dillon, Union Securities & Co. and Johnston, Lemon & Co.) 7,500 units
- Interstate Securities Co.___Common (Offering to stockholders—underwritten by A. G. Becker & Co., Inc.) 173,433 shares
- Mutual Finance Co.___Debentures (Donald V. Stabell) $300,000
- Stephenson Finance Co., Inc.___Debentures (Alester G. Furman & Co., Inc.) $1,000,000
- Uris Buildings Corp.___Common (Kuhn, Loeb & Co., Inc.) 50,000 shares

July 2 (Tuesday)
- Evans, Inc.___Common (Walston & Co., Inc.) 200,000 shares
- Lightcraft-General___Common (William R. Staats & Co.) 125,000 shares
- Northwestern National Life Insur. Co.___Common (Lehman Brothers) 604,867 shares
- XTRA, Inc.___Preferred (Putnam & Co.) 80,000 shares

July 3 (Wednesday)
- Japan Fund, Inc.___Common (Offering to stockholders—underwritten by Bache & Co.; Paine, Webber, Jackson & Curtis and Nikko Securities Co.) 625,000 shares

July 8 (Monday)
- Bard (C. R.) Inc.___Capital Shares (Kidder, Peabody & Co., Inc. and Blunt Ellis & Simmons) 204,095 shares
- Holiday Mobile Home Resorts, Inc.___Debentures (Boettcher & Co. and J. R. Williston & Beane) $1,700,000
- Inter-County Telephone & Telegraph Co.___Common (Dean Witter & Co.) 50,000 shares
- Inter-County Telephone & Telegraph Co.___Debs. (Dean Witter & Co.) $2,000,000
- Investors Trading Co.___Capital Stock (Nemrava & Co.) 200,000 shares
- Kelly & Cohen, Inc.___Common (Amsbary, Allen & Morton, Inc.) $247,500
- Lease Plan International Corp.___Common (Hayden, Stone & Co., Inc.) 139,044 shares
- Leeds Shoes, Inc.___Common (Strathmore Securities, Inc.) $315,000
- Mil National Corp.___Common (Herbert Young & Co., Inc.) $376,000
- National Central Life Insurance Co.___Common (Cantor, Fitzgerald & Co., Inc.) $1,250,000
- Wyomont Petroleum Co.___Common (Northwest Investors Service, Inc.) $300,000

July 9 (Tuesday)
- Illinois Bell Telephone Co.___Bonds (Bids 11 a.m. EDST) $50,000,000
- Livestock Financial Corp.___Common (Charles Plohn & Co.) $1,000,000
- Northern Natural Gas Co.___Debentures (Blyth & Co., Inc.) $30,000,000
- Top Dollar Stores, Inc.___Common (Van Alstyne, Noel & Co.) $1,200,000

July 10 (Wednesday)
- Hitachi, Ltd.___A. D. S. (Dillon, Read & Co., Inc. and Yamaichi Securities Co.) 937,500 shares
- Middlesex Water Co.___Common (Kidder, Peabody & Co., Inc.) 35,000 shares
- Milan (City of)___Bonds (Dillon, Read & Co., Inc.) $20,000,000

July 11 (Thursday)
- National Fence Manufacturing Co., Inc.___Common (Netherlands Securities Co., Inc.) $875,000
- Sierra Pacific Power Co.___Common (Offering to stockholders—no underwriting) 172,341 shares

July 15 (Monday)
- Canaveral Hills Enterprises, Inc.___Common (Willis E. Burnside & Co., Inc.) $500,000
- Chemair Corp.___Units (Price Investing Co.) $180,000
- Donnelley (R. R.) & Sons Co.___Common (Harriman Ripley & Co.) 160,000 shares
- Eastern Investors, Inc.___Class A (Paul C. Kimball & Co.) $400,000
- Independent Shoe Discounters Association, Inc.___Common (Parker, Bishop & Hart, Inc.) $325,000
- Juniper Spur Ranch, Inc.___Common (V. E. Anderson & Co.) $300,000
- Medic Corp.___Common (Lincoln Securities Corp.) $1,250,000
- Natural Gas & Oil Producing Co.___Common (Peter Morgan & Co.) $900,000
- Recreation Industries, Inc.___Common (Costello, Russotto & Co.) $150,000
- Sentinel Life Insurance Co.___Capital Shares (Paine, Webber, Jackson & Curtis) $1,197,047

July 16 (Tuesday)
- Lord Jim's Service Systems, Inc.___Common (Keon & Co.) $100,000
- Michigan Wisconsin Pipe Line Co.___Bonds (Bids 11 a.m. EDST) $30,000,000

July 17 (Wednesday)
- Mexico (Government of)___Bonds (Kuhn, Loeb & Co., Inc. and First Boston Corp.) $35,000,000
- Sierra Pacific Power Co.___Debentures (Bids 11 a.m. EDST) $8,000,000

July 22 (Monday)
- Enzyme Corp. of America___Common (Bristol Securities Inc.) $240,000
- Heck's, Inc.___Common (Charles Plohn & Co.) $450,000
- Warwick Fund___Units (Wellington Co., Inc.) 300,000 units

July 23 (Tuesday)
- Community Public Service Co.___Bonds (Bids 11 a.m. EDST) $13,000,000
- Electro-Optical Systems, Inc.___Common (White, Weld & Co., Inc. and Kidder, Peabody & Co., Inc.) 403,000 shares
- Northern Illinois Gas Co.___Bonds (Bids 10:30 a.m. CDST) $20,000,000
- Northwest Natural Gas Co.___Common (Lehman Brothers) 100,000 shares

July 24 (Wednesday)
- Chicago, Rock Island & Pacific RR.___Eq. Tr. Ctfs. (Bids 12 noon CDST) $3,900,000

July 29 (Monday)
- First American Israel Mutual Fund___Ben. Int. (Paine, Webber, Jackson & Curtis) $27,500,000

July 30 (Tuesday)
- Cooper Tire & Rubber Co.___Preferred (Merrill Lynch, Pierce, Fenner & Smith Inc.) 150,000 shares
- Eaton Manufacturer Co.___Debentures (Merrill Lynch, Pierce, Fenner & Smith Inc.) $25,000,000
- Pacific Power & Light Co.___Bonds (Bids 11 a.m. EDST) $30,000,000
- Pacific Power & Light Co.___Preferred (Bids 12 noon EDST) 100,000 shares
- Trailer Train Co.___Equip. Trust Ctfs. (Bids 10:30 a.m. EDST) $4,800,000

July 31 (Wednesday)
- Southern Bell Telephone & Telegraph Co. Debens. (Bids to be received) $70,000,000

August 5 (Monday)
- Electronic Dispenser Corp.___Common (L. D. Brown & Co.) $100,000

August 6 (Tuesday)
- Indiana & Michigan Electric Co.___Bonds (Bids 11 a.m. EDST) $45,000,000

August 8 (Thursday)
- Gulf, Mobile & Ohio RR.___Equip. Trust Ctfs. (Bids 12 noon CDST) $3,900,000

September 5 (Thursday)
- Iowa Public Service Co.___Bonds (Bids to be received) $12,000,000

September 24 (Tuesday)
- Northern States Power Co. (Minn.)___Bonds (Bids 11 a.m. EDST) $15,000,000

October 1 (Tuesday)
- Chicago Burlington & Quincy RR.___Equip. Tr. Ctfs. (Bids 12 noon CDST) $5,000,000
- Jersey Central Power & Light Co.___Bonds (Bids 11 a.m. EDST) $10,000,000

October 3 (Thursday)
- Columbia Gas System, Inc.___Debentures (Bids to be received) $25,000,000

October 8 (Tuesday)
- Wisconsin Public Service Corp.___Bonds (Bids to be received) $15,000,000

October 15 (Tuesday)
- Jersey Central Power & Light Co.___Debentures (Bids 11 a.m. EDST) $9,000,000

November 7 (Thursday)
- Georgia Power Co.___Bonds (Bids to be received) $30,000,000
- Georgia Power Co.___Preferred (Bids to be received) $7,000,000

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● Financial General Corp. (7/1)
May 28, 1963 filed $7,500,000 subordinated sinking fund debentures due June 15, 1978, with warrants to purchase 187,500 common shares, to be offered in units of one $1,000 debenture and 25 warrants. **Price**—By amendment. **Business**—Company through its subsidiaries is engaged in banking, insurance and other activities. **Proceeds**—For general corporate purposes. **Office** — 1701 Pennsylvania Ave., N. W., Washington, D. C. **Underwriters**—Eastman Dillon, Union Securities & Co., New York, and Johnston, Lemon & Co., Washington, D. C.

● First American Israel Mutual Fund (7/29-8/2)
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—$10. **Business**—A mutual fund which plans to invest primarily in equity type securities of Israeli companies. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston.

Florida Jai Alai, Inc.
June 28, 1962 filed 300,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office** — Fern Park, Fla. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla. **Offering**—Indefinite.

Forst (Alex) & Sons, Inc.
March 23, 1962 filed 125,000 common. **Price**—By amendment (max. $15). **Business**—Wholesale distribution of toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—McDonnell & Co., New York. **Offering**—Indefinite.

Founders Life Assurance Co. of Florida
June 11, 1963 filed 800,000 common. **Price**—By amendment (max. $3). **Business**—Company plans to engage in the writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—Marine Bank Bldg. Plaza, Tampa. **Underwriter** — Pierce, Wulbern, Murphey Inc., Jacksonville.

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Temporarily postponed.

● General Builders Corp.
May 15, 1963 ("Reg. A") 96,883 common being offered for subscription by stockholders on the basis of one new share for each 12 held of record June 20, 1963. Rights will expire July 5, 1963. **Price**—$3. **Business**—Construction of apartment houses, and one-family housing developments. **Proceeds**—For general corporate purposes. **Address**—Cedar Lane, Howard Beach, New York. **Underwriter**—Coffin & Burr, Boston.

Global Construction Devices, Inc.
June 29, 1962 filed 100,000 common. **Price**—$10. **Business**—Manufacture, sale and lease of steel supports and beams used in construction. **Proceeds**—For debt repayment, expansion, research, and inventory. **Office**—545 Cedar Lane, Teaneck, N. J. **Underwriters**—Winslow, Cohu & Stetson and Laird, Bissell & Meeds, N. Y.

Great Continental Real Estate Investment Trust
Aug. 3, 1961 filed 300,000 shares of beneficial interest. **Price**—$10. **Business**—Real estate. **Proceeds**—For investment. **Office**—530 St. Paul Pl., Baltimore. **Underwriter**—To be named. **Note**—This firm formerly was known as Continental Real Estate Investment Trust.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds** — For general corporate purposes. **Office**—811 duPont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

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

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

Hitachi, Ltd. (7/10)
June 7, 1963 filed 937,500 American Depositary Shares (representing 75,000,000 common, par 50 yen). **Price**—By amendment (max. $24 per A. D. S.) **Business**—Manufacture of a wide variety of electrical equipment and industrial machinery. **Proceeds** — For construction, and other corporate purposes. **Address**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co. Inc., and Yamaichi Securities Co., New York.

● Holiday Mobile Home Resorts, Inc. (7/8-12)
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office** — 4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York.

Hollingsworth Solderless Terminal Co.
Feb. 27, 1962 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Manufacture, sale and development of solderless terminals and other wire terminating products. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Address**—P. O. Box 430, Phoenixville, Pa. **Underwriter**—Harrison & Co., Philadelphia. **Offering**—Temporarily postponed.

Homestead Packers, Inc.
March 13, 1963 filed 5,000 shares of 6% non-cumulative preferred stock, and 5,000 common, to be offered for sale in units of one common and one preferred share. **Price**—$150 per unit. **Business**—Company plans to construct and operate a beef and pork packing plant. **Proceeds**—For construction, equipment, and working capital. **Address**—Beatrice, Nebr. **Underwriter**—None.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

Illinois Bell Telephone Co. (7/9)
June 14, 1963 filed $50,000,000 of first mortgage bonds due July 1, 2003. **Proceeds** — To repay advances from A. T. & T., parent. **Office**—212 W. Washington St., Chicago. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co.; Glore, Forgan & Co.-Eastman Dillon, Union Securities & Co. (jointly); Morgan Stanley & Co.; Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—July 9 (11 a.m. EDST) in Room 2315, 195 Broadway, New York.

Indiana & Michigan Electric Co. (8/6)
June 14, 1963 filed $45,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment, and other corporate purposes. **Office**—2101 Spy Run Ave., Fort Wayne, Ind. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Harriman Ripley & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler (jointly). **Bids**—Aug. 6 (11 a.m. EDST) at American Electric Power Service Corp., 2 Broadway, N. Y. **Information Meeting**—Aug. 1 (3 p.m. EDST), same address

● Independent Shoe Discounters Association, Inc. (7/15-19)
May 8, 1963 filed 325,000 common. **Price**—$1. **Business**—Company plans to distribute shoes and related items to franchised discount shoe stores. **Proceeds**—For working capital. **Office**—519 West California Ave., Oklahoma City. **Underwriter**—Parker, Bishop & Hart, Inc., Oklahoma City.

Inter-County Telephone & Telegraph Co. (7/8-12)
June 3, 1963 filed $2,000,000 of convertible subordinated debentures due 1978; also 50,000 common shares. **Price**—By amendment (max. $42.50 per share). **Business**—Operation of telephone facilities in southern Florida. **Proceeds**—For loan repayment and construction. **Office**—1520 Lee St., Fort Myers, Fla. **Underwriter** — Dean Witter & Co., Chicago.

International Seaway Trading Corp.
May 24, 1963 filed $750,000 of convertible subordinated debentures due 1975; also 140,000 common, of which 25,000 are to be offered by the company and 115,000 by stockholders. **Price** — By amendment (max. $11.50). **Business**—Importing and distributing of rubber, fabric, vinyl and leather footwear. **Proceeds**—For loan repayment. **Office**—1393 W. 9th St., Cleveland. **Underwriter**—Hayden, Miller & Co., Cleveland. **Offering**—Expected in early July.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest. **Price**—(max. $10). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—450 Seventh Ave., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

● Interstate Securities Co. (7/1-5)
May 13, 1963 filed 173,433 common to be offered for subscription by common stockholders on the basis of one new share for each four held. **Price**—By amendment. **Business**—Company is engaged in consumer and commercial financing; writing credit life, health and accident insurance, and automobile physical damage insurance. **Proceeds**—For loan repayment, advances to subsidiaries, and working capital. **Office**—3430 Broadway, Kansas City, Mo. **Underwriter**—A. G. Becker & Co., Inc., Chicago.

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

● Investors Trading Co. (7/8-12)
Jan. 17, 1963 filed 200,000 capital shares. **Price** — Net asset value (max. $5), plus 8% sales charge. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—460 Denver Club Building, Denver. **Distributor**—Nemrava & Co. (same address).

Israel American Diversified Fund, Inc.
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office**—54 Wall St., New York. **Distributor**—Israel Fund Distributors, Inc. (same address).

Jaap Penraat Associates, Inc.
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., New York. **Offering** — Indefinitely postponed.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

● Japan Fund, Inc. (7/3)
June 7, 1963 filed 625,000 common to be offered for subscription by stockholders on the basis of one new share for each two held of record about July 3. Rights will expire about July 17. **Price**—By amendment (max. $14). **Business**—A closed-end investment company seeking capital appreciation through investments primarily in Japanese common stocks. **Office**—25 Broad St., New York. **Underwriters**—Bache & Co.; Paine, Webber, Jackson & Curtis and Nikko Securities Co., New York.

● Juniper Spur Ranch, Inc. (7/15-19)
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Kelly & Cohen, Inc. (7/8-12)
May 17, 1963 ("Reg. A") 90,000 common. **Price**—$2.75. **Business**—Retail sale of major household appliances at discount prices. **Proceeds**—For working capital, expansion and debt repayment. **Office** — 3772 William Penn Highway, Monroeville, Pa. **Underwriter** — Amsbary, Allen & Morton, Inc., Pittsburgh.

Key Finance Corp.
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriters** — Morris Cohon & Co., and Street & Co., Inc., New York.

Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares. **Price** — $800 per unit. **Business** — Processing and distribution of sesame seed. **Proceeds**—For accounts receivable inventories, plant expansion and working capital. **Office** — 2301 N. Main St., Paris, Texas. **Underwriter**—John A. Dawson & Co., Chicago.

● Kwik-Kold, Inc.
March 29, 1962 ("Reg. A") 100,000 common of which 65,000 will be sold for company and 35,000 for stockholders. **Price** — $3. **Business** — Manufacture of certain patented cooling packages. **Proceeds**—For debt repayment and working capital. **Office**—Jennings Bldg., P. O. Box 638, Moberly, Mo. **Underwriter**—To be named. **Note**—This letter will be withdrawn.

● Leeds Shoes, Inc. (7/8-12)
March 29, 1963 filed 90,000 common. **Price**—$3.50. **Business**—Company operates 25 retail shoe stores in Florida. **Proceeds**—For debt repayment, working capital, and expansion. **Office**—1310 North 22nd St., Tampa, Florida. **Underwriter**—Strathmore Securities, Inc., Pittsburgh.

● Life Assurance Co. of Pennsylvania
March 28, 1963 filed 100,000 capital shares. **Price**—By amendment (max. $33). **Business**—Writing of life, accident, and health insurance. **Proceeds**—For investment, and expansion. **Office**—2204 Walnut St., Philadelphia. **Underwriters**—Auchincloss, Parker & Redpath, Philadelphia, and Arthurs, Lestrange & Co., Pittsburgh. **Note**—This registration was withdrawn.

● Lightcraft-General (7/2)
May 20, 1963 filed 125,000 common. **Price**—By amendment (max. $12). **Business**—Design and manufacture of incandescent lighting fixtures and lamps. **Proceeds**—For selling stockholders. **Office** — 1600 West Slauson Ave., Los Angeles. **Underwriter**—William R. Staats & Co., Los Angeles.

Livestock Financial Corp. (7/9)
May 14, 1963 refiled 200,000 common. **Price**—$5. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds** — To form new subsidiaries. **Office**—26 Platt St., New York. **Underwriter**—Charles Plohn & Co., New York.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc. (7/16)
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—Indefinite.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

Manhattan Drug Co., Inc.
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price** — $3.50. **Business** — Manufacture, packaging and sale of various proprietary drug products. **Proceeds**—For equipment, new products, debt repayment and working capital. **Office**—156 Tillary Street, Brooklyn, N. Y. **Underwriter**—To be named. **Note**—This registration will be withdrawn. The company's assets have been sold to another firm.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

● **Medic Corp. (7/15-19)**
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address).

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc. Denver.

Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office**—Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

Meridian Fund, Inc.
March 4, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 5%. **Business**—A new mutual fund to be offered initially to members of the medical profession. **Proceeds**—For investment. **Office** — 714 Boston Bldg., Denver. **Underwriter**—Centennial Management & Research Corp., (same address).

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

Middlesex Water Co. (7/10)
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds** — For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business** — A closed-end management investment company. **Proceeds** — For general corporate purposes. **Office** — 2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

Milan (City of) (7/10)
June 11, 1963 filed $20,000,000 of 5½% external loan bonds due July 1, 1978. **Price**—By amendment. **Proceeds**—For capital improvement program, including schools, sewerage systems, streets, etc. **Underwriter** — Dillon, Read & Co., Inc., New York.

● **Mil National Corp. (7/8)**
Jan. 28, 1963 refiled 100,000 common. **Price**—$4. **Business**—Distribution of commercial dry cleaning and laundry equipment. **Proceeds**—For general corporate purposes. **Office**—1101 East Tremont Ave., Bronx, New York. **Underwriter**—Herbert Young & Co., Inc., New York.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile home parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

Mountain States Telephone & Telegraph Co.
May 3, 1963 filed 4,037,431 common being offered for subscription by stockholders of record on June 3, 1963 on the basis of one share for each 10 shares held. Rights will expire June 28. **Price**—$25. **Proceeds**—To repay advances from A. T. & T., parent, and for other corporate purposes. **Office**—931 Fourteenth St., Denver. **Underwriter**—None.

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $15,000,000 (15,000 units) of interests. **Price**—To be supplied by amendment. **Business**—The fund will invest in tax-exempt bonds of states, counties municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor** — Ira Haupt & Co., 111 Broadway, New York. **Offering**—Indefinite.

Music Royalty Corp.
July 27, 1962 filed 150,000 common. **Price** — $1. **Business**—Company acts as representative of artists, musicians etc. and plans to engage in the music publishing business. **Proceeds**—For debt repayment, public relations, acquisition of musical properties, and working capital. **Office**—545 Fifth Ave., N. Y. **Underwriter**—Associated Securities Co., 545 Fifth Ave., N. Y.

● **Mutual Finance Co. (7/1-5)**
June 10, 1963 ("Reg. A") $300,000 of 6% convertible subordinated debentures, series D, due July 1, 1978. **Price**—At par. **Business**—Engaged in various activities in the loan and discount fields. **Proceeds**—For working capital and other corporate purposes. **Office** — Wallace Bldg., Tampa. **Underwriter** — Donald V. Stabell, St. Petersburg, Fla.

● **National Central Life Insurance Co. (7/8)**
Dec. 7 filed 125,000 common. **Price** — $10. **Business** — Writing of health and accident insurance. **Proceeds**—For general corporate purposes. **Address** — 2632 McGee St., Kansas City, Mo. **Underwriter**—Cantor, Fitzgerald & Co., Inc., Chicago.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

● **National Fence Manufacturing Co., Inc. (7/11)**
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., Inc., New York.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price** — $1. **Business** — Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds** — For general corporate purposes. **Office** — 113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

National Uni-Pac, Inc.
July 31, 1962 filed 85,000 common. **Price** — By amendment (max. $4). **Business** — Company plans to sell or lease coin operated vending machines. **Proceeds** — For debt repayment, equipment and working capital. **Office**—15 Peachtree St., Atlanta. **Underwriter**—None. **Note**—This registration will be withdrawn.

Natural Gas & Oil Producing Co. (7/15-19)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New Industry Capital Corp.
Feb. 25, 1963, filed 30,500 common. **Price**—$10. **Business**—A small business investment company. **Proceeds**—For investment, and working capital. **Office**—1228 Wantagh Ave., Wantagh, New York. **Underwriter**—None.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

North Central Airlines, Inc.
March 29, 1963 filed $1,500,000 of 5½% subordinated conv. debens. due June 1, 1978 being offered to common stockholders of record April 15, 1963, without allocation or limitation. Rights will expire June 28. Unsubscribed debentures will be offered for public sale. **Price**—At par. **Business**—Operation of an airline in 10 midwestern states and Ontario, Canada. **Proceeds**—For aircraft modification, and working capital. **Office** — 6201 Thirty-fourth Ave., South, Minneapolis. **Underwriter**—None.

Northern Illinois Gas Co. (7/23)
June 14, 1963 filed $20,000,000 of first mortgage bonds due July 1, 1988. **Proceeds**—For construction. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-Equitable Securities Corp. (jointly); Glore, Forgan & Co. **Bids**—July 23 (10:30 a.m. CDST) at 231 South La Salle St. (11th floor), Chicago. **Information Meeting**—July 17 (11 a.m. EDST) at 60 Liberty St., New York.

Northern States Life Insurance Corp.
March 26, 1963 filed 280,000 common to be offered for subscription by stockholders on the basis of one new share for each 1½ held. **Price**—By amendment (max. $2.50). **Business**—Writing of general life insurance. **Proceeds**—For expansion. **Office**—1840 North Farwell Ave., Milwaukee. **Underwriter**—None.

● **Northwestern National Life Insurance Co. (7/2)**
May 28, 1963 filed 604,867 common. **Price**—By amendment (max. $38). **Business**—Writing of individual life, term and endowment policies. **Proceeds** — For selling stockholders. **Office**—430 Oak Grove St., Minneapolis. **Underwriter**—Lehman Brothers, Chicago.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

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

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

Pacific Northwest Bell Telephone Co.
May 8, 1963 filed 13,013,969 common being offered for subscription by preferred and common stockholders of Pacific Telephone & Telegraph Co., former parent, on the basis of 7 Northwest common for each 8 P. T. & T. preferred or one Northwest common for each 8 P. T. & T. common held of record June 4, 1963. Rights will expire July 3, 1963. **Price** — $16. **Proceeds**—For selling stockholders, P. T. & T. **Office**—1200 Third Ave., Seattle, Wash. **Underwriter**—None.

Pacific Power & Light Co. (7/30)
June 14, 1963 filed 100,000 shares of preferred (par $100). **Proceeds**—To redeem outstanding 6.16% preferred, and to repay bank loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Blyth & Co., Inc.-Smith, Barney & Co.-White, Weld & Co. (jointly); Kidder, Peabody & Co.-Eastman Dillon, Union Securities & Co. (jointly). **Bids**—July 30 (12 noon EDST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—July 25 (3:30 p.m.) at same address.

Pacific Power & Light Co. (7/30)
June 14, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—To repay bank loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Lehman Brothers-Bear, Stearns & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly). **Bids**—July 30 (11 a.m. EDST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—July 25 (3:30 p.m.) at same address.

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

● **Parkway Laboratories, Inc.**
Dec. 6, 1961 filed 160,000 common. **Price** — $5. **Business**—Manufacture of drugs and pharmaceuticals. **Proceeds**—For an acquisition, research and other corporate purposes. **Office**—2301 Pennsylvania Avenue, Philadelphia. **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Note**—This registration was withdrawn.

Pension Securities Fund, Inc.
April 24, 1963 filed 500,000 common. **Price**—$100 initially; thereafter, at net asset value. **Business**—A new mutual fund designed to provide an investment program for pension trusts. **Proceeds**—For investment. **Address**—20 Broad St., New York. **Underwriter**—None. **Adviser**—Smith, Barney & Co., New York. **Offering**—Indefinite.

Peoples Insurance Co.
June 10, 1963 filed 100,000 common. **Price**—$10. **Business**—Company plans to write general liability and automobile insurance. **Proceeds**—For general corporate purposes. **Office**—307 Lenox Ave., New York. **Underwriter**—None.

Philippine Oil Development Co., Inc.
June 11, 1963 filed 325,000,000 capital shares to be offered for subscription by U. S. resident stockholders on the basis of one new share for each two held. **Price**—By amendment (max. 1 cent). **Business**—Exploration for oil and gas in the Philippines. **Proceeds**—For debt repayment, and operating expenses. **Address** — Manila, The Philippines. **Underwriter**—None.

● **Pictronics, Inc.**
Feb. 27, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Production of TV documentary films, and the processing of colored kodachrome film. **Proceeds**—For equipment, and working capital. **Office** — 56 Bennett Bldg., Wilkes-Barre, Pa. **Underwriter**—G. K. Shields & Co., New York. **Offering**—Indefinite.

Polaris Corp.
April 1, 1963 filed 90,122 common being offered for subscription by common stockholders on the basis of one new share for each seven held. Record date for the offering is June 14 and the rights expiration date July

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5. Price—$12.50. Business—Company, and subsidiaries are engaged in diverse activities including advertising, building construction, TV and radio, data processing, warehousing, equipment leasing, and river terminal operations. Proceeds—For working capital. Office—111 East Wisconsin Ave., Milwaukee. Underwriters — The Marshall Co. (same address), and McCormick & Co., Chicago.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest. Price—By amendment (max. $5). Business—A real estate investment trust. Proceeds—For investment. Office—880 Bonifant St., Silver Spring, Md. Underwriter—None.

Powell Petroleum, Inc.
Sept. 28, 1962 filed 100,000 common. Price—$5. Proceeds—to drill for and operate oil wells. Office—418 Market St., Shreveport, La. Underwriter—None.

Power Cam Corp.
Jan. 28, 1963, filed 200,000 capital shares. Price—$4.75. Business—Company plans to manufacture a new type of brake unit for heavy duty automotive vehicles. Proceeds—For equipment, and working capital. Office — 2604 Leith St., Flint, Mich. Underwriter—Farrell Securities Co., New York.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. Price—$25. Business—Purchase and sale of real property, chiefly unimproved land. Proceeds—For debt repayment, and acquisition of additional properties. Office—195 Nassau St., Princeton, N. J. Underwriter—None.

Professional Men's Association, Inc.
Jan. 8, 1963 filed 40,000 common. Price—$5. Business—Company specializes in financial consulting, and servicing patients' accounts of member hospitals, physicians and dentists. Proceeds—For debt repayment and working capital. Address—100 W. Tenth St., Wilmington, Del. Underwriter—None.

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

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

● Recreation Industries, Inc. (7/15-19)
Nov. 23, 1962 ("Reg. A") 75,000 common. Price — $2. Business—Sale of travel and entertainment. Proceeds—For capital investment, and working capital. Office—411 West 7th St., Los Angeles. Underwriter—Costello, Russotto & Co., Beverly Hills, Calif.

Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. Price—$32 per unit. Business—Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. Proceeds—For construction. Office—3615 Olive St., St. Louis. Underwriter—R. L. Warren Co., St. Louis. Offering—Indefinite.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. Price—$10 per membership. Business — Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. Proceeds—For working capital, construction and other corporate purposes. Office—235 Lockerman St., Dover, Del. Underwriter—John D. Ferguson, Dover, Del. Offering—Expected in July.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. Price—$7. Business—A real estate investment company. Proceeds—For debt repayment and general corporate purposes. Office—220 K St., N. W., Washington, D. C. Underwriter—Hirschel & Co., Silver Spring, Md. Offering—Indefinite. Note—The SEC has challenged the accuracy and adequacy of this registration statement.

● Rona Lee Corp.
Sept. 26, 1962 filed $250,000 of 6¾% debentures and 50,000 common. Price—For debentures, by amendment; for stock, $4. Business—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. Proceeds—For debt repayment. Office—112 W. 34th St., New York. Underwriter—Reuben Rose & Co., Inc., New York. Offering—Imminent.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. Price — By amendment. Business — Develops and prints color, and black and white photographic film. Proceeds — For equipment and working capital. Office—245 7th Ave., N. Y. Underwriter — Federman, Stonehill & Co., N. Y. Note—This registration will be withdrawn.

Russell Mills, Inc.
Sept. 28, 1962 filed 312,500 common. Price—By amendment (max. $12). Business—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. Proceeds—For bond retirement and plant expansion. Address—Alexander City, Ala. Underwriter—Hornblower & Weeks, N. Y. Note — This company formerly was called Russell Manufacturing Co. Offering—Indefinite.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. Price—To public, $6; to stockholders, $5. Business—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. Proceeds — For general corporate purposes. Office—830 N. Central Ave., Phoenix. Underwriter—None.

● Sentinel Life Insurance Co. (7/15-19)
June 17, 1963 filed 217,645 capital shares. Price—$5.50. Business—Company plans to conduct a life and disability insurance business exclusively in California. Proceeds—For investment and other corporate purposes. Office—360 Pine St., San Francisco. Underwriter—Paine, Webber, Jackson & Curtis, New York.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest. Price—$15. Business — A real estate investment trust. Proceeds—For investment and working capital. Office—1956 Union Commerce Bldg., Cleveland, Ohio. Underwriter — McDonald & Co., Cleveland. Offering — Indefinite.

● Signalite Inc.
Jan. 29, 1962 filed 126,000 common. Price—$4.50. Business—Manufacture, sale and development of glow lamps for use as indicators and circuit components. Proceeds—For debt repayment, equipment and working capital. Office—1933 Heck Ave., Neptune, N. J. Underwriter—Milton D. Blauner & Co., New York. Note—This registration was withdrawn.

Sierra Pacific Power Co. (7/11)
June 7, 1963 filed 172,341 common to be offered for subscription by stockholders on the basis of one new share for each 10 common shares held of record July 9. Rights will expire July 29. Price—By amendment (max. $36). Proceeds—To repay bank loans. Office—220 South Virginia St., Reno, Nev. Underwriter—None.

Sierra Pacific Power Co. (7/17)
June 7, 1963 filed $8,000,000 of debentures due July 1, 1988. Price—By amendment. Proceeds—To refund outstanding 5⅝% debentures due 1985, and repay bank loans. Office—220 South Virginia St., Reno, Nev. Underwriters — (Competitive). Probable bidders: Kidder, Peabody & Co.-White, Weld & Co. (jointly); Stone & Webster Securities Corp.-Dean Witter & Co. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. Bids—July 17 (11 a.m. EDST) at 49 Federal St., Boston. Information Meeting — July 12 (11 a.m. EDST) at 90 Broad St. (19th floor), New York.

Stephenson Finance Co., Inc. (7/1-5)
April 12, 1963 filed $1,000,000 of 6% sinking fund subord. debentures due Nov. 1, 1978. Price—At par and accrued interest. Business—A consumer finance company which is also engaged in the sale of automobile and life insurance. Proceeds—For debt repayment and other corporate purposes. Office—518 S. Irby St., Florence, S. C. Underwriter—Alester G. Furman Co., Inc., Greenville, South Carolina.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. Price—$100. Business — A real estate investment trust. Proceeds—For investment. Office—4900 Wilshire Blvd., Los Angeles. Underwriter—None.

Teaching Machines, Inc.
April 1, 1963 filed 165,000 common, of which 120,000 are to be offered by company, and 45,000 by stockholders. Price—By amendment (max. $9). Business—Company develops and sells teaching machines exclusively for Grolier Inc. Proceeds—For debt repayment and other corporate purposes. Office—221 San Pedro, N. E., Albuquerque. Underwriter—To be named.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. Price—$100. Business—A holding company which plans to organize a life insurance company. Proceeds—For investment in U. S. Government Bonds and in new subsidiary. Office—801 Lafayette Life Bldg., Lafayette, Ind. Underwriter—Amosand Inc. (same address).

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. Price—$3.50. Business—Operation of a plant producing plastic film and packaging products. Proceeds—For working capital. Address—Elsa, Texas. Underwriter—To be named. Offering—Indefinite.

● Top Dollar Stores, Inc. (7/9)
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders Price—$6. Business—Operation of a chain of self-service retail stores selling clothing, housewares, etc. Proceeds—For expansion, equipment and working capital Office—2220 Florida Ave., Jasper, Ala. Underwriter—Van Alstyne, Noel & Co., New York.

Tourist Industry Development Corp., Ltd.
March 29, 1963 filed $5,000,000 of 7% senior debentures due 1983. Price—At par. Business—Financing of tourist enterprises in Israel. Proceeds — For general corporate purposes. Address — Jerusalem, Israel. Underwriter—American-Israel Basic Economy Corp., New York. Offering—Expected in August.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. Price—$1.50. Business—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. Proceeds—For equipment, exploration and working capital. Office—201 E. 4th St., Casa Grande, Ariz. Underwriter—None.

Tri-Nite Mining Co.
April 26, 1963 filed 800,000 common. Price—40c. Business—Company plans to engage in exploratory mining for zinc ore. Proceeds—For advance royalties, payment of balance due on a mill, and construction. Address—405 Fidelity Bldg., Spokane, Wash. Underwriter — Mutual Funds Co., Inc., Spokane.

United Saran & Plastic Corp. Ltd.
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. Price — $305 per unit. Business — Manufacture of light household and office furniture. Proceeds — For general corporate purposes. Address—Rehovoth, Israel. Underwriter—Brager & Co., New York. Offering—Indefinite.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. Price—$10 per share. Business—A new mutual fund. Proceeds—For investment. Office—20 W. 9th Street, Kansas City, Mo. Underwriter—Waddell & Reed, Inc., Kansas City, Mo.

Universal Finance Corp.
March 29, 1963 filed $1,026,000 of 7% junior subordinated convertible capital notes (series A) due 1978; also 12,329 common to be sold for stockholders. Price—For debentures, at par; for stock, by amendment. Business—Company and 30 active subsidiaries are engaged in the consumer finance business. Proceeds—For debt repayment, and expansion. Address — 700 Gibraltar Bldg., Dallas. Underwriters—Midland Securities Co., Inc., Kansas City, and Texas National Corp., San Antonio.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. Price—$5.05 per unit. Business—Manufacture of urethane foams. Proceeds—For equipment, working capital, leasehold expenses and other corporate purposes. Office—2300 Republic National Bank Bldg., Dallas. Underwriter — First Nebraska Securities Corp., Lincoln, Neb. Offering—Temporarily postponed.

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

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. Price—$1. Business—A new mutual fund. Proceeds—For investment. Address—Sidney, Montana. Underwriter—To be named.

Vend-Mart Inc.
Jan. 22, 1963 filed 60,000 common. Price—$4. Business—Operation of coin-operated automatic ice cube vending machines and clothes washing and drying machines. Proceeds — For debt repayment, equipment, expansion and working capital. Office—565 Fifth Ave., New York. Underwriter—M. G. Davis & Co., Inc., New York. Offering—Indefinite.

● Warwick Fund (7/22-26)
June 17, 1963 filed 300,000 units of participation in the Fund to be offered in exchange for certain acceptable securities on the basis of one unit for each $100 of deposited securities. Business — A new exchange type mutual fund which plans to continue indefinitely to exchange its units for additional contributions of securities, and to seek long term growth of capital and income. Office — 3001 Philadelphia Pike, Claymont, Del. Distributor—Wellington Co., Inc., Philadelphia.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. Price—By amendment. Business—The carrying of liner-type cargoes. Proceeds—For the purchase of vessels, and working capital. Office—71 Saint Joseph St., Mobile, Ala. Underwriter—Shields & Co., Inc., N. Y. Note—This registration will be withdrawn.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. Price — $1. Business—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." Proceeds—For plant construction and general corporate purposes. Address—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. Underwriter—C. B. Hoke Agency, Cheyenne, Wyo. Note—The SEC has issued an order temporarily suspending this issue.

Western Union International, Inc.
March 29, 1963 filed $4,000,000 of 6¼% subordinated debentures due 1983, and 400,000 common. Price—For debentures, at par; for stock $3.50. Business—Company will take over and operate Western Union Telegraph's international telegraph operations. Proceeds—For selling stockholder, Western Union Telegraph Co., parent. Office—60 Hudson St., New York. Underwriters—American Securities Corp., and Glore, Forgan & Co., New York. Offering—Expected in late July.

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. Price — By amendment (max. $11). Business—Operation of a chain of shoe stores. Proceeds—For debt repayment, expansion and working capital. Office — 808 Dakin St., New Orleans. Underwriter — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans. Note—This registration will be withdrawn.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. Price—$220 per unit. Business—Company has been licensed to conduct harness racing with pari-mutual betting. Proceeds — For debt repayment and working capital. Office—3 Penn Center Plaza, Philadelphia. Underwriter—Stroud & Co., Inc., Philadelphia. Offering—Indefinite.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—To be named.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. **Price**—$500 per unit. **Business**—Real estate. **Proceeds**—For debt repayment and realty acquisitions. **Office**—10 East 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th Street, New York **Note**—This registration will be withdrawn.

● **Wyomont Petroleum Co. (7/8-12)**
May 10, 1963 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Production and sale of petroleum products. **Proceeds**—For debt repayment, construction and working capital. **Address**—P. O. Box 670, Thermopolis, Wyo. **Underwriter**—Northwest Investors Service, Inc. Billings, Montana.

● **XTRA, Inc. (7/2)**
May 16, 1963 filed 80,000 shares of convertible preferred (par $25). **Price**—By amendment (max. $27.50). **Business**—Rental of truck trailers to railroads or others in connection with "piggyback" operations, and the leasing of transportable, reusable containers to railroads, steamship companies and others. **Proceeds**—For debt repayment, and equipment. **Office**—150 Causeway St., Boston. **Underwriter**—Putnam & Co., Hartford.

Issues Filed With SEC This Week

★ **Agamenticus Mountain Corp., Inc.**
June 10, 1963 ("Reg. A") 22,000 class A common. **Price**—$10. **Business** — Development and operation of a ski and recreational area near York, Maine. **Proceeds**—For construction, equipment and working capital. **Address**—York, Maine. **Underwriter**—None.

★ **Coleridge Press Inc.**
June 19, 1963 ("Reg. A") 50,000 common. **Price** — $5. **Business** — General book publishing. **Proceeds** — For working capital and purchase of equipment. **Office**—60 East 42nd St., New York. **Underwriter**—Hannibal Securities, Inc., New York.

★ **Community Public Service Co. (7/23)**
June 19, 1963 filed $13,000,000 of first mortgage bonds due July 1, 1993. **Proceeds**—For loan repayment, construction, and redemption of outstanding 5⅜% and 5¼% first mortgage bonds due June 1, 1987-1991. **Office**—408 W. 7th St., Fort Worth, Tex. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Stone & Webster Securities Corp. **Bids**—July 23 (11 a.m. EDST) at 90 Broad St., New York. **Information Meeting**—July 18 (11 a.m.) at same address.

★ **Donnelley (R.R.) & Sons Co. (7/15-19)**
June 21, 1963 filed 160,000 common. **Price**—By amendment (max. $30). **Business**—Company is the largest commercial printer in the U. S. **Proceeds** — For selling stockholder. **Office**—2223 So. Parkway, Chicago. **Underwriter**—Harriman Ripley & Co., Inc., New York.

★ **Eaton Manufacturing Co. (7/30)**
June 24, 1963 filed $25,000,000 of debentures due July 15, 1988. **Price**—By amendment. **Business**—Manufacture of various components used in the production of trucks, automobiles, tractors, airplanes, etc. **Proceeds**—For debt repayment and working capital. **Office**—739 East 140th St., Cleveland. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

★ **Indiana Natural Gas Corp.**
June 13, 1963 ("Reg. A") 50,000 common, of which 30,000 shares are to be offered for subscription by stockholders on a share-for-share basis until June 30, 1963; the remaining 20,000 shares will be sold to the public. **Price**—To stockholders, $5; to the public, $5.50. **Business**—A public utility supplying natural gas in Paoli and Orleans, Ind. **Proceeds** — For construction and working capital. **Address**—Paoli, Ind. **Underwriter**—Yates, Heitner & Woods, St. Louis.

★ **International Book Distributors, Inc.**
June 24, 1963 filed 66,500 common. **Price**—By amendment (max. $4.50). **Business**—Sale of encyclopedias, dictionaries, atlases, etc. **Proceeds**—For working capital and sales promotion. **Office**—6660 Biscayne Blvd., Miami, Fla. **Underwriter**—Roman & Johnson, Fort Lauderdale, Fla.

★ **Lease Plan International Corp. (7/8-12)**
June 21, 1963 filed 139,044 common. **Price**—By amendment (max. $35.50). **Business**—Company leases trucks and cars, operates trucks as a contract carrier, and furnishes consultant and management services concerning fleet vehicle operations. **Proceeds** — For selling stockholders. **Office**—9 Chelsea Place, Great Neck, N. Y. **Underwriter**—Hayden, Stone & Co., Inc., New York.

★ **Mexico (Government of) (7/17)**
June 20, 1963 filed $15,000,000 of 6% external serial bonds due July 15, 1966-68 and $20,000,000 of 6¾% external sinking fund bonds due July 15, 1978. **Price**—For the 6% bonds—par; for the 6¾s—By amendment. **Proceeds**—For expansion of the country's electric power systems, and for public works, including highway and irrigation projects. **Underwriters**—Kuhn, Loeb & Co., Inc., and First Boston Corp., New York.

★ **Morton (B. C.) Realty Trust**
June 21, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—B. C. Morton Funds Underwriters Co., Inc. (same address)

★ **Northern Natural Gas Co. (7/9)**
June 20, 1963 filed $30,000,000 of sinking fund debentures due Nov. 1, 1983. **Price**—By amendment. **Proceeds**—For construction. **Office** — 2223 Dodge St., Omaha. **Underwriter**—Blyth & Co., Inc., New York.

★ **Northern Natural Gas Co. (7/23)**
June 20, 1963 filed 100,000 common. **Price**—By amendment (max. $36). **Business**—Distribution of natural gas in Oregon and Washington. **Proceeds**—For construction. **Office**—735 S. W. Morrison St., Portland, Oregon. **Underwriter**—Lehman Brothers, New York.

★ **Roadcraft Manufacturing & Leasing Corp.**
June 24, 1963 filed 100,000 common. **Price**—$12. **Business**—Manufacture of mobile homes and office trailers and the leasing of mobile office trailers. **Proceeds** — For working capital, inventory, sales promotion, and expansion. **Office**—139 W. Walnut Ave., Gardena, Calif. **Underwriter**—Rutner, Jackson & Gray, Inc., and Morgan & Co., Los Angeles.

★ **Trailer Train Co. (7/30)**
June 20, 1963 filed $4,800,000 of equipment trust certificates due 1964-68. **Business**—Acquisition and furnishing of flat cars to railroads. **Proceeds** — Purchase of additional equipment. **Office** — 6 Penn Center Plaza, Philadelphia. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; R. W. Pressprich & Co. **Bids**—Expected July 30 (10:30 a.m. EDST) at the company's office.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

American Annuity Life Insurance Co.
154,000 common offered at $6 per share by First of Michigan Corp., Detroit.

Brentwood Financial Corp.
100,000 common offered at $12.375 per share by Hayden, Stone & Co., Inc., New York.

City Gas Co. of Florida
100,000 common offered at $21.25 per share by Kidder, Peabody & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Coburn Credit Co., Inc.
$4,000,000 of 5⅛% convertible subordinated debentures due June 1, 1978 being offered at par, plus accrued interest to common stockholders on the basis of $100 of debentures for each 25 shares held of record June 20, 1963. Rights will expire July 5. New York Hanseatic Corp., New York, is the principal underwriter.

General Supermarkets Inc.
175,000 common offered at $12 per share by Hemphill, Noyes & Co., New York.

Southern California Gas Co.
$40,000,000 of 4⅜% first mortgage bonds due July 1, 1988 offered at 100.835% plus accrued interest, to yield 4.32%, by Halsey, Stuart & Co. Inc., Chicago.

Superior Benefit Life Insurance Co.
600,000 common offered at $2.50 per share by Capital Investment Co., Lincoln, Neb.

Texas Eastern Transmission Corp.
$50,000,000 of 4¾% first mortgage pipe line bonds due July 1, 1983 offered at 99¼%, plus accrued interest, to yield 4.81%, by Dillon, Read & Co., Inc., New York.

Travelers Express Co., Inc.
267,740 common offered at $13.50 per share by Dean Witter & Co., San Francisco.

Union Light, Heat & Power Co.
$6,500,000 of 4⅜% first mortgage bonds due 1993 offered at 101.257% plus accrued interest, to yield 4.30%, by Francis I. duPont & Co., New York.

Woman's Life Insurance Co. of America
150,000 common offered at $7.50 per share by Rouse, Brewer, Becker & Bryant Inc., and Balogh & Co., Washington, D. C.

Zausner Foods Corp.
100,000 class A common offered at $10 per share by Auchincloss, Parker & Redpath, Washington, D. C.

ATTENTION UNDERWRITERS!

Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item similar to those you'll find hereunder.

Would you telephone us at REctor 2-9570 or write us at 25 Park Place, New York 7, N. Y.

Prospective Offerings

Bank of the Commonwealth (Detroit)
May 29, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 30,000 shares on the basis of one new share for each 18 held of record May 28. Rights will expire July 1. **Price**—$50. **Proceeds**—To increase capital funds. **Address**—Fort and Griswold, Detroit. **Underwriter**—None.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and that the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office** — 25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

★ **Canon Camera Co.**
June 26, 1963 it was reported that the company plans to sell $5,000,000 of convertible bonds in the U. S. **Business** — Manufacture of cameras and other photographic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriter** — Yamaichi Securities Co. of New York, Inc.

Chicago Burlington & Quincy RR (6/27)
May 20, 1963 the company announced tentative plans to sell $5,250,000 of equipment trust certificates in June. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected June 27 (12 noon CDST) at above address.

Chicago Burlington & Quincy RR. (10/1)
May 20, 1963 the company announced tentative plans to sell $5,000,000 of equipment trust certificates in October. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Expected October 1 (12 noon CDST) at above address.

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

Columbia Gas System, Inc. (10/3)
May 6, 1963 the company stated that it plans to sell $25,000,000 of debentures in October to raise money for construction. **Office** — 120 East 41st Street, New York. **Underwriters** — (Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Bids**—Expected Oct. 3.

Communications Satellite Corp.
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named.

Connecticut Light & Power Co.
June 4, 1963 it was reported that the company is considering the issuance of about $25,000,000 of bonds in late 1963. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

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Consolidated Edison Co. of New York, Inc.
May 22, 1963 the company stated that it will have to raise approximately $800,000,000 through the sale of securities, to finance its five-year construction program. In addition, it will have to refinance $52,000,000 of maturing bonds in the period ending 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last public bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

Consumers Power Co.
April 24, 1963 it was reported that the company plans to sell $20,000,000 of straight debentures in the 3rd quarter of 1963. **Office**—212 W. Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp (jointly); Morgan Stanley & Co., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Duke Power Co.
April 22, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

Eastern Freight Ways, Inc.
Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J. **Underwriter**—Allen & Co., New York.

First National Bank of Toms River, N. J.
May 28, 1963 it was reported that the bank plans to offer stockholders the right to subscribe for an additional 24,000 common shares on the basis of one new share for each 19½ held of record June 26. Rights will expire Aug. 26. **Price**—$24. **Proceeds**—To increase capital funds. **Address**—Toms River, N. J. **Underwriter**—None.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

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

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

Gulf, Mobile & Ohio RR. (8/8)
June 12, 1963 it was reported that this road plans to sell $3,900,000 of equipment trust certificates. **Office**—104 St. Francis St., Mobile, Ala. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Aug. 8 (12 noon CDST) at the company's Chicago office.

Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C. Langley & Co. (jointly); Lee Higginson Corp.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

Hawaiian Electric Co., Ltd.
March 5, 1963 it was reported that this company plans to sell about $14,000,000 of first mortgage bonds in the third quarter. **Office**—900 Richards St., Honolulu. **Underwriters** — Dillon, Read & Co. Inc., New York and Dean Witter & Co., San Francisco.

Hawaiian Telephone Co.
June 2, 1963 it was reported that the company plans to offer stockholders in October the right to subscribe for an additional $8,000,000 of common stock. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in late 1963 or early 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Iowa Public Service Co. (9/5)
May 6, 1963 it was reported that the company plans to offer $12,000,000 of first mortgage bonds in September. **Address**—Orpheum-Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder Peabody & Co.-Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. White, Weld & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected Sept 5. **Information Meeting**—Aug. 28 (3:30 p.m. EDST) at 40 Wall St., New York.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

Jersey Central Power & Light Co. (10/1)
June 12, 1963 the company announced plans to sell $10,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Expected Oct. 1 (11 a.m. EDST) at 80 Pine St., New York.

Jersey Central Power & Light Co. (10/15)
June 12, 1963 company announced plans to sell $9,000,000 of debentures due 1988. **Proceeds**—For construction. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Expected Oct. 15 (11 a.m. EDST) at 80 Pine St., New York.

Lewis Business Forms, Inc.
June 12, 1963 it was reported that the company is considering the issuance of $1,250,000 of 15-year convertible subordinated debentures. **Business**—Manufacture of specialized business forms and other business printing products. **Proceeds**—For expansion. **Office**—2432 Swan St., Jacksonville, Fla. **Underwriter**—To be named. The last public sale of securities in February 1960 was handled by C. E. Unterberg, Towbin Co., New York.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co (jointly); Salomon Brothers & Hutzler-Eastman Dillon Union Securities & Co.-Equitable Securities Corp (jointly).

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive) Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly)

● **Mexico (Government of)**
June 20, 1963, following the registration with the SEC of $35,000,000 of external bonds, it was reported that the Government is authorized to sell an additional $65,000,000 of bonds in the U. S. and abroad. **Underwriters**—Kuhn, Loeb & Co., Inc., and First Boston Corp., N. Y.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $10,000,000 of first mortgage bonds in Sept. **Address**—Fourth and Stewart Avenue, Las Vegas. **Underwriters**—(Competitive): White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Nevada Power Co.
April 16, 1963 the company announced plans to sell about $4,000,000 of common stock in September. Transaction is subject to approval by State and Federal regulatory authorities. **Address** — Fourth and Stewart Ave., Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co.
Jan. 16, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. -Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Nippon Telegraph & Telephone Public Corp.
June 17, 1963 it was reported that the company plans to sell $20,000,000 of bonds in the U. S. by July 31. **Business**—Nippon Telegraph, wholly-owned by the Japanese Government, furnishes domestic telephone and telegraph services, without competition, in Japan. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co.; First Boston Corp., and Smith, Barney & Co., New York.

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Northern States Power Co. (Minn.) (9/24)
May 14, 1963, it was reported that this company plans to sell $15,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly). **Bids**—Expected Sept. 24 (11 a.m. EDST).

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

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

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

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

Potomac Edison Co.
May 14, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to raise $12,000,000 in 1964, but has not determined the type of security to be sold. **Office**—200 East Patrick St., Frederick, Md. **Underwriter**—To be named. The last sale of bonds on May 8, 1957 was to a group headed by W. C. Langley & Co., and First Boston Corp. Other bidders were: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-

Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly).

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

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

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

Southern California Edison Co.
May 22, 1963, following the sale of $60,000,000 of first and refunding mortgage bonds due May 15, 1988, the company stated that it will need about $66,000,000 of new money to finance its 1963-64 construction program. A spokesman said that the company is considering the sale of a minimum of $50,000,000 of debt securities in the fall. **Office**—601 West Fifth St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S. during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

★ Tokyo Marine & Fire Insurance Co. Ltd.
July 26, 1963 it was reported that the company is negotiating with underwriters concerning the proposed sale of A. D. R.'s in the U. S. **Business**—Company writes fire, marine, transit and other types of insurance, except life. **Address**—Tokyo, Japan. **Underwriters**—To be named.

Transcontinental Gas Pipe Line Co.
May 6, 1963 it was reported that the company plans to issue $30,000,000 of debt securities in September. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

Ultronic Systems Corp.
May 28, 1963 it was reported that a registration will be filed shortly covering the first public sale of this firm's common stock. While the size of the offering has not been determined, it is said to be a relatively small deal, involving over 50,000 shares. **Business** — Manufacture, rental and service of the "Ultronic Stockmaster," a desk unit used to provide stock brokers with instantaneous information on stock and commodity market action of selected issues. **Proceeds**—For working capital. **Address**—Pennsauken, N. J. **Underwriter**—Bache & Co., N. Y.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

★ United Aircraft Corp.
June 25, 1963 the company announced plans to offer its stockholders the right to subscribe for about $43,000,000 of convertible debentures on the basis of $100 of debentures for each 15 common shares held of record about Aug. 5. Rights will expire Aug. 20. **Business**—Manufacture of aeronautical engines, propellers and aircraft. **Proceeds**—For loan repayment and working capital. **Office**—400 Main St., East Hartford, Conn. **Underwriter**—Harriman Ripley & Co., Inc., New York.

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

Western Union Telegraph Co.
March 6, 1963 the company announced that it had arranged to borrow a total of $100,000,000 by sale of notes maturing serially, one-third at the end of each of the years 1964, 1965 and 1966. It plans to refinance the serial notes by issuance of long-term debt securities, but has not determined the terms or timing of the action. **Office**—60 Hudson St., New York. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York.

Wisconsin Public Service Corp. (10/8)
March 19, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co. **Bids**—Expected Oct. 8.

Yale Express System, Inc.
May 14, 1963, Gerald W. Eskow, President, told the annual meeting of stockholders that, "preliminary discussions have been held with investment bankers" in regard to arranging for long-term financing. **Business**—A holding company for subsidiaries engaged in motor vehicle freight transportation, nationwide freight forwarding, truck leasing, etc. **Office**—460 12th Ave., New York. **Underwriter**—To be named.

Current News in the Field

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

NEW FIRMS

BROOKLYN, N. Y.—**Louis Leicht Associates, Inc.**, 66 Court St., formerly Leicht-Sparer Associates, Inc.

MINNEAPOLIS, Minn. — **United Investors Fund Corp.**, First National Bank Bldg. Richard H. White is a principal.

MONTGOMERY, Ala. — **Mohr, Thomas & Company, Inc.**, First National Bank Building. The firm was formerly S. J. Mohr Securities Co.

NEW YORK CITY—**Baer Securities Corp.**, 67 Wall St.

NEW YORK CITY — **Diversified Planning Services**, 509 Fifth Ave. Bernard A. Ricles is a principal.

NEW YORK CITY—**B. E. Stevens & Co., Inc.**, 80 Wall St.

ONEIDA, N. Y. — **Dual Security, Inc.**, 181 Main St.

SAUSALITO, Calif. — **Emerson Burnett Co.**, 9 Wolfback Ridge. Emerson Burnett is proprietor.

VALLEY STREAM, N. Y.—**Stephen R. Balick**, 749 West Merrick Rd.

NEW BRANCHES

CHARLOTTE, N. C.—**G. H. Crawford Co., Inc.**, Wachovia Building. William E. Coxe is Manager.

CORAL GABLES, Fla.—**Nol'ing, Nichol & O'Donnell Inc.**, 100 Giralda Ave. John G. O'Neill is resident manager.

NEW YORK CITY—**A. J. Davis Co.**, 17 John St.

PHILADELPHIA, Pa.—**Boenning & Co.**, 4510 Frankford Avenue. William B. Crouse will be in charge of this local office.

Study Sees 1963 Bank Earnings at Record 1960 Level

Net operating earnings for the full year 1963 of 25 major banks across the country will reach the record level achieved in 1960 according to *Bank Stock Quarterly*, published June 24 by M. A. Schapiro & Co., Inc., One Chase Manhattan Plaza, New York City, investment bankers specializing in bank stocks. The Quarterly's projection for total 1963 earnings of these banks is $720 million, 4.8% better than the $687 million earned in 1962.

The publication predicts that midyear reports of the 25 banks soon to be made public will show individual results for the first six months ranging from a decline of 3% to gains of as high as 18%. For the group, deposits, loans and investments are substantially above their levels a year ago and higher interest payments on time and savings deposits are being met by more productive earning assets. Total earnings for the 12-month period ending June 30, are put at $704 million.

In the section titled "Stock Options 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 stockholders of such banks appropriate disclosure without which an informed judgment on option plans is impossible.

Discussing the Supreme Court's opinion in the Philadelphia National Bank-Girard Trust Corn Exchange Bank merger case, the Quarterly states "the decision removes all doubt that the antitrust laws apply to bank mergers. It is too early to assess the impact of this fact on future changes in the banking structure and its long term implications for the investor in bank stocks. This will depend in large part on how the Department of Justice exercises its powers."

duPont Acquires Florida Offices

Francis I. du Pont & Co., members of the New York Stock Exchange, has acquired six Florida offices of A. C. Allyn & Co., Chicago-based investment firm, according to a joint announcement over the weekend by Edmond duPont, Senior Partner of Francis I. duPont & Co., and John W. Allyn, Managing Partner of A. C. Allyn & Co.

The offices are in Miami, Coral Gables, Palm Beach, Fort Lauderdale, Melbourne and Winter Park. Currently, Francis I. duPont & Co. operates nine offices in Florida.

This is the second major acquisition move by Francis I. du Pont & Co. within a month. On June 3 it acquired 13 offices of A. M. Kidder & Co., Inc. in this country and Canada.

Harter Will Represent Hawaii Firms

Robert L. Harter, who retires Sept. 1, 1963 as a Vice-President and director of The First Boston Corporation, will represent American Factors, Limited and Castle & Cooks, Inc. in New York, it has been announced by C. Hutton Smith, President of American Factors, Limited and Malcolm MacNaughton, President, Castle & Cooke, Inc. He will represent both Hawaiian companies in their relations with mainland underwriting and brokerage houses and with mainland investors.

Robert L. Harter

"The increasing interest of mainland investors in the two companies, and the growth in over-the-counter trading in the companies' stocks on the mainland, make it advisable to have someone of Mr. Harter's ability and standing available in New York. He has a thorough understanding of the operations and background of the two companies as well as an up-to-date familiarity with current operations and future plans," the announcement said. Mr. Harter's appointment will be effective upon his retirement from First Boston.

Mr. Harter joined First Boston in 1931, was elected a Vice-President in 1944 and a director in 1957. He has been in the corporation's National Sales Department since 1954.

Edwards Admits Lagoni, Barnett

DALLAS, Tex.—A. G. Edwards & Sons has announced that Leslie P. Lagoni and A. L. Jack Barnett, Jr. have become general partners in their firm. Mr. Lagoni was formerly Chairman of the Board and Mr. Barnett President of Parker Ford and Company, Inc., Dallas based investment banking firm.

Earlier this month Parker, Ford was acquired by the Edwards firm. The addition of the eleven Parker, Ford offices brings to 35 the total of Edwards' offices in 11 states.

Founded in 1887, A. G. Edwards & Sons is a member of the New York Stock Exchange American Stock Exchange, Midwest Stock Exchange, Chicago Board of Trade, Chicago Mercantile Exchange and New York Mercantile Exchange.

Why Common Stocks Belong In Public Pension Funds

Continued from page 7

is dominated by the representative industrial common stocks of the country. Note that there was indeed a period of four years in which the market values were severely damaged. Moreover, note that this occurred in 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 above its cost, and in the face of 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 1950's during which the market values reached nearly 500% of the book values, and the yield on the cumulative investment fund reached over 13% of cost.

The Real Question

So, I have no hesitation in stating that the question is not "are common stocks appropriate?" The real questions are *how much in common,* what methods are to be used in selection, how are they to be acquired, how supervised, and the like.

25% Ratio Recommended to California Employees Fund

How much is the first "specific" 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 commons comprises a definitely 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 smaller proportion, nor can it be proven that this consensus is wrong either. We at Moody's advise county governmental units 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 in September of that year, we recommended that arrangements be made for the S. E. R. S. to invest 25% of its funds in common stocks. If I am not mistaken, that report has been used as a basis of legislation now pending which would permit such a ratio of common stocks in public retirement systems in the State. But the great thing is to have a definite goal to plan for.

Once the goal is selected, say 25%, of the total book value of the fund to be in commons, then two types of operation can commence side by side. The first is to invest the agreed-upon 25% of the annual contribution in commons each year as the funds flow in. This continues indefinitely. For the second operation, a period like ten years might be taken during which the transfer of investments already made from debt obligations into commons should proceed in order to bring to completion the plan to have 25% of the total book value in stocks. This can be done by reinvesting maturities in commons over the span of, say, ten years. Ten years should be a minimum, since one would wish to make the transfer under a variety of conditions in order to secure average fair prices. (The period could be set just as well at a dozen years, or 15.) At the end of that time, this second operation can be ended and the fund will have been established as a "25% in commons" portfolio. It will be maintained as such by continuing, as already stated, to place 25% of the annual contributions in commons thereafter. This general idea is a relatively simple one, and I am sure it will be easily understood. The details are more complicated, but experience shows that they can be readily met with.

Before going on to other points about common stocks, let me just say that the balance of the fund 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 securities, that is, state and municipal obligations. You don't need tax freedom and shouldn't pay the premium to secure 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 to be used in choosing commons.* The variety of commons that are available is very wide indeed. Commons, like everything else, come in all sizes, colors, flavors, and varieties, so to speak, and just as you set up high standards for the choice of debt investments, so also you should strive to achieve a certain standard of excellence in the choice of commons. The standards by which this can be done should be spelled out, and to illustrate, I will give you some selected examples. Provisions such as the following should be incorporated in a retirement fund of the type we are dealing with.

(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 Commissions. But in the case of banks, they should be of institutions insured by the FDIC, and in the case of insurance company stocks, 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 preferred dividends if any—are covered more than twice after the payment of Federal income taxes. The company represented must have had seasoning to the extent that it or its forebears has been operating for ten years as a minimum, and continuous dividends for that period of time must have been paid.

(4) The company must not be 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 capital goods company, but must have an interest in consumer goods or services.

(6) The company must have shown a compounded rate of growth of sales per share and of net on common per share and of equity per share that is above that of the averages. These criteria should be applied strictly to the last five 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 individual stocks. There are others, for this is not an exclusive list. But they will serve to illustrate the approach to be used in seeking to acquire excellent common stocks. This may be an appropriate point to mention that the amount invested in any one issue of common stock should be subject to strict limitation as to the original sum, that is, as to the book cost. For example, ½ of 1% of the total book value of the fund's assets should be the limit for any individual stock holding. In this same connection, it would be wise to limit the fund in its original cost to no more than 3% of the outstanding stock of a particular corporation.

How to Acquire the Stocks

There remains two subjects upon which I should like to dwell briefly. *One is how to acquire the stocks.* In our experience, and also according to the logic of the situation, stocks should be acquired by a dollar averaging method. I have no doubt that many are well acquainted with this system for buying commons. For some visual evidence of its merits, see the tables of the hypothetical funds started in 1929 and 1939. These funds were worked out on a "dollar averaging" basis—that is, the same amounts constantly invested, year in and year out. The general effect is that you buy more shares in low markets and fewer shares in high markets.

A further note about dollar averaging is this. While the dollar amounts should be made even, month by month, the same stocks should not always be bought. Selection as to the best values each month from among those in an established list should be made. We certainly don't advocate playing it blindly.

Supervising the Portfolio

Finally, there is the question of *supervising the portfolio,* once you have acquired commons. Common stocks are far from being invariably superlatively fine holdings. Companies 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 unpromising. Thus, a stock which may be on the list to be dollar averaged should be dropped if the trends look sufficiently unpromising. The question is how to follow the trends. Bear in mind that I am not discussing about how to follow, much less to anticipate, the normal ups and downs in market prices. I am pointing out how to watch out for basic or underlying changes. To do this, one should consider securing the services of investment experts who

Fund Started in 1929

Dollar Averaging - Annual Contribution to the Fund, $1,000

	125 Industrials Annual Average	Number of Shares Bought	Cumulative Number of Shares	Value of The Fund (End of Year)	Per-Share Dividend (Ann.Avg.)	Income
1929	$ 65.45	15	15	$ 771.60	$2.47	$ 37.05
1930	49.26	20	35	1,218.35	2.38	83.30
1931	29.99	33	68	1,262.76	1.84	125.12
1932	15.43	65	133	2,025.59	1.09	144.97
1933	22.31	45	178	4,775.74	0.76	135.28
1934	26.47	38	216	5,819.04	0.90	194.40
1935	30.09	33	249	9,377.34	1.05	261.45
1936	42.40	24	273	12,866.49	1.43	390.39
1937	42.04	24	297	8,713.98	1.94	576.18
1938	32.35	31	328	12,349.20	1.22	400.16
1939	34.12	29	357	12,816.30	1.31	467.67
1940	31.76	32	389	12,023.99	1.67	649.63
1941	28.70	35	424	11,219.04	1.81	767.44
1942	25.70	39	463	13,450.15	1.64	759.32
1943	34.18	29	492	16,826.40	1.55	762.60
1944	36.57	27	519	20,059.35	1.67	866.73
1945	43.94	23	542	26,720.60	1.75	948.50
1946	49.84	20	562	25,868.86	1.85	1,039.70
1947	46.10	22	584	27,646.56	2.33	1,360.72
1948	47.50	21	605	28,029.65	2.78	1,681.90
1949	46.88	21	626	32,727.28	3.19	1,996.94
1950	57.83	17	643	41,447.78	3.77	2,424.11
1951	70.72	14	657	48,775.68	4.44	2,917.08
1952	75.63	13	670	54,196.30	4.20	2,814.00
1953	76.05	13	683	52,631.98	4.19	2,681.77
1954	95.81	10	693	80,138.52	4.46	3,090.78
1955	130.66	8	701	102,114.67	5.13	3,596.13
1956	149.41	7	708	106,723.92	5.81	4,113.48
1957	143.65	7	715	91,791.70	5.91	4,225.65
1958	149.81	7	722	128,335.50	5.75	4,151.50
1959	186.26	5	727	142,077.61	5.81	4,223.87
1960	173.18	6	733	128,436.26	6.03	4,419.99
1961	199.90	5	738	159,917.32	6.07	4,479.66
1962	189.95	5	743	144,654.67	6.43	4,777.49

Fund Started in 1939

Dollar Averaging - Annual Contribution to the Fund, $1,000

	125 Industrials Annual Average	Number of Shares Bought	Cumulative Number of Shares	Value of The Fund (End of Year)	Per-Share Dividend (Ann.Avg.)	Income
1939	$ 34.12	29	29	$1,041.10	$1.31	$ 37.99
1940	31.76	32	61	1,885.51	1.67	101.87
1941	28.70	35	96	2,540.16	1.81	173.76
1942	25.70	39	135	3,921.75	1.64	221.40
1943	34.18	29	164	5,608.80	1.55	254.20
1944	36.57	27	191	7,382.15	1.67	318.97
1945	43.94	23	214	10,550.20	1.75	374.50
1946	49.84	20	234	10,771.02	1.85	432.90
1947	46.10	22	256	12,119.04	2.33	596.48
1948	47.50	21	277	12,833.41	2.78	770.06
1949	46.88	21	298	15,579.44	3.19	950.62
1950	57.83	17	315	20,304.90	3.77	1,187.55
1951	70.72	14	329	24,424.96	4.44	1,460.76
1952	75.63	13	342	27,664.38	4.20	1,436.40
1953	76.05	13	355	27,356.30	4.19	1,487.45
1954	95.81	10	365	42,208.60	4.46	1,627.90
1955	130.66	8	373	54,334.91	5.13	1,913.49
1956	149.41	7	380	57,281.20	5.81	2,207.80
1957	143.65	7	387	49,683.06	5.91	2,287.17
1958	149.81	7	394	70,033.50	5.75	2,265.50
1959	186.26	5	399	77,976.57	5.81	2,318.19
1960	173.18	6	405	70,964.10	6.03	2,442.15
1961	199.90	5	410	88,842.90	6.07	2,488.70
1962	189.95	5	415	80,796.35	6.43	2,668.45

SUMMARY OF EXPERIENCE IN COMMON STOCK INVESTMENT

Record of Two Funds Operated on Dollar Averaging Basis

1929-62 and 1939-62

Investing in Moody's 125 Industrial Stocks Average

	Yield on Cumulative Investment			Ratio of Market Values to Capital Invested		
	(a) Fund Started in 1929	(b) Fund Started in 1939 Actual	(c) Fund Started in 1939 Deflated for Cost of Living	(d) Fund Started in 1929	(e) Fund Started in 1939 Actual	(f) Fund Started in 1939 Deflated for Cost of Living
1929	3.7%			77.2%		
1930	4.2			60.9		
1931	4.2			42.1		
1932	3.6			50.7		
1933	2.7			95.5		
1934	3.2			97.0		
1935	3.7			134.0		
1936	4.9			160.8		
1937	6.4			96.8		
1938	4.0			123.5		
1939	4.3	3.8%	3.8%	116.5	104.1%	104.1%
1940	5.4	5.1	5.1	100.2	94.3	93.9
1941	5.9	5.8	5.6	86.3	84.7	81.6
1942	5.4	5.5	5.0	96.1	98.1	88.2
1943	5.1	5.1	4.4	112.2	112.2	98.1
1944	5.4	5.3	4.7	125.4	123.0	108.3
1945	5.6	5.4	4.7	157.2	150.7	132.4
1946	5.8	5.4	4.5	143.7	134.6	111.7
1947	7.2	6.6	5.0	145.5	134.7	100.7
1948	8.4	7.7	5.5	140.2	128.3	91.9
1949	9.5	8.6	6.4	155.8	141.6	105.1
1950	11.0	9.9	7.4	188.4	169.2	127.2
1951	12.7	11.2	8.0	212.1	187.9	133.8
1952	11.7	10.3	7.3	225.8	197.6	140.8
1953	10.7	9.9	7.2	210.5	182.4	131.5
1954	11.9	10.2	7.4	308.2	263.8	192.8
1955	13.3	11.3	8.4	378.2	319.6	238.1
1956	14.7	12.3	9.1	381.2	318.2	237.0
1957	14.6	12.0	8.8	316.5	261.5	191.1
1958	13.8	11.3	8.2	427.8	350.2	252.6
1959	13.6	11.0	8.0	458.6	371.3	269.5
1960	13.8	11.1	8.0	401.4	322.6	233.5
1961	13.6	10.8	7.8	484.6	386.3	280.1
1962	14.1	11.1	8.1	425.5	336.7	244.2

make a continuing study of basic trends. . . .

There are other points about common stock investing for a retirement fund, but I shall not go into them here. For example, what do you do if the investment in commons so far exceeds expectations that it greatly reduces the urgency, or even any need at all, for the same contributions to meet actuarial requirements? Or if it allows larger benefits to be paid to participants? These are two of the happy results that have come to some of the pension funds which have been established for a great many years. But before reaching that stage, if ever, one must, of course, begin to buy commons.

*From a talk by Mr. Langan delivered at the County Treasurer's Convention, Ojai, Calif., June 21, 1963.

TAX-EXEMPT BOND MARKET

Continued from page 6

note was on the calendar. The group headed by *Smith, Barney & Co.* was the successful bidder for $22,000,000 Jacksonville, Florida Electric Revenue (1964-1976) certificates (bonds) at a net interest cost of 2.9145%. The runnerup bid, a 2.936% net interest cost, came from Goodbody and Co. and Associates.

Other major members of the winning group include Harriman Ripley & Co., Goldman, Sachs and Co., Drexel & Co., John Nuveen & Co., Hornblower & Weeks, R. S. Dickson & Co., Blair & Co., A. C. Allyn & Co., F. S. Smithers & Co., Stroud & Co., E. F. Hutton & Co., Stern Bros. & Co. and Fahnestock & Co.

Sealed to yield from 1.70% to 3.00% for various coupons, the present balance in group is $7,-950,000.

Friday was a rather dull day with $2,500,000 Agricultural and Mechanical College of Texas, Power Plant Revenue (1965-1983) bonds, the only sale of importance. The account headed jointly by the *First Southwest Co.* and *Rauscher, Pierce & Co.* was the high bidder at a 3.31% net interest cost. This bid compared favorably with the second bid, a 3.32% net interest cost from the Phelps Fenn & Co. and Merrill, Lynch Pierce, Fenner & Smith group.

Other members of the successful account are Rowles, Winston & Co., Dittmar & Co., Underwood, Neuhaus & Co., Frank, Hobbs & Hart Inc., First of Texas Corp. and M. E. Allison & Co.

The bonds were not 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 $40,950,000 State Building and Aeronautics (1965-1983) bonds to the syndicate headed by the *First Boston Corp.* at a net interest cost of 2.921% for the $33,990,000 building bonds and a net interest cost of 2.956% for the $6,600,000 State Aeronautics bonds. The runner-up bid for the building bonds was a 2.93% net interest cost. This was made by the Morgan Guaranty Trust Co. of New York group and the second 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. syndicate are Bank of America NT & SA, Mellon National Bank and Trust Co., National Bank of Detroit, First National Bank in Dallas, First National Bank of Memphis, National Shawmut Bank of Boston and the American National Bank & Trust Co., Indianapolis.

The bonds were reoffered to yield from 1.85% to 3.10% and bank buying was immediate, with about $24,000,000 of bonds sold during the order period. As we go to press the balance in syndicate is $10,250,000.

The City of Atlanta, Georgia awarded $14,775,000 various purpose (1967-1989) bonds to the *First National City Bank* at a net interest cost of 3.2522%. The second bid for the bonds, a 3.2564% interest cost was made by the group headed jointly by Bankers Trust Co. and Morgan Guaranty Trust Co. of New York.

Other major members of the First National City Bank account include Harriman Ripley & Co., Northern Trust Co., Equitable Securities Corp., Merrill, Lynch, Pierce, Fenner & Smith Inc., White Weld & Co., Citizens & Southern Bank, Atlanta, Roosevelt & Cross and First of Michigan Corp.

Reoffered to yield from 2.20% to 3.30%, retail demand was moderate, with the present balance in group totaling $5,300,000.

A Scarcity Item

The State of Maine, an infrequent borrower and a State which possesses the highest of credit ratings, sold $14,000,000 Highway & Bridge (1964-1983) bonds to the *Chase Manhattan Bank* and Associates at a net interest cost of 2.836%. Second best bid for the bonds, a net interest cost of 2.837% came from the First Boston Corp. group. There were five additional bids made for this popular issue.

Other major members of the winning account are Harris Trust & Savings Bank, Kidder Peabody & Co., Goldman Sachs & Co., Stone & Webster Securities Corp., Carl M. Loeb, Rhoades & Co., Reynolds & Co. and the National Shawmut Bank of Boston.

Sealed to yield from 1.65% to 3% this issue attracted excellent bank demand, particularly in New England. The present balance in account is $1,285,000.

Good Performances

The group led by *Harris Trust and Savings Bank* submitted the best bid, a 2.9061% net interest cost, for $13,150,000 Cleveland, Ohio various purpose (1964-1983) bonds. The second bid, a 2.945% net interest cost, was made by the account headed jointly by Blyth & Co. and Kidder Peabody & Co.

Other members of the winning group include Chase Manhattan Bank, Northern Trust Co., First Boston Corp., Morgan Guaranty Trust Co. of New York, Continental Illinois National Bank and Trust Co., Mellon National Bank & Trust Co., First National Bank of Portland, Oregon, Carl M. Loeb, Rhoades & Co., First National Bank Dallas, National City Bank Cleveland, Mercantile National Bank, Dallas & Hartford National Bank & Trust Co.

The obligations are offered at prices to yield from 1.70% to 3.20% and the present balance is $3,860,000.

Madison, Wisconsin awarded $6,750,000 corporate purpose (1964-1983) bonds to the syndicate jointly managed by the *First National City Bank, Continental Illinois National Bank & Trust Co.* and the *Chase Manhattan Bank* at a net interest cost of 2.930%. Once again the bidding was very close, with the second bid, a 2.9304% net interest cost made by the First National Bank of Chicago and Associates.

Other major members of the winning syndicate include First Boston Corp., Mellon National Bank and Trust Co., Bacon, Whipple & Co., Brown Bros. Harriman & Co., Wm. Blair & Co. and the First National Bank in St. Louis.

Reoffered to yield from 1.70% to 3.10% for various coupons the present balance in syndicate totals $600,000.

Major Competitive Sale

The week's largest competitive issue was marketed on Wednesday. $87,000,000 Public Building Commission of Chicago, Illinois (1966-1984) Building revenue bonds were won by the *Continental Illinois National Bank & Trust Co., Blyth & Co.* combined groups on an interest cost bid of 3.334%. The competing bid was made by the Smith, Barney Co., Halsey, Stuart & Co. group stipulating a 3.40% net interest cost.

Other members of the successful group include Glore, Forgan & Co., First National City Bank, Chase Manhattan Bank, First Boston Corp., Morgan Guaranty Trust Co. of New York, Chemical Bank New York Trust Co., Goldman, Sachs & Co., Stifel, Nicolaus & Co., Harriman Ripley & Co., Kidder, Peabody & Co., Lehman Bros. and others.

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, $108,-679,000 New York State Housing Finance Agency (1966-2005) bonds was purchased, thru negotiation, by a nationwide group of 203 dealers headed up by *Phelps, Fenn & Co., Lehman Bros., Smith, Barney & Co.* and *W. H. Morton & Co.* at a net interest cost of 3.59876%. The bonds are scaled from a yield of 2.20% in 1966 to a dollar price of 99½ for a 3.60% coupon in 2005. Insurance Co. and bank demand was widespread 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 overall balance will be available until Thursday.

Late on Wednesday

Another of Wednesday's large new issues involved $57,200,000 Nevada Irrigation District, California, revenue (1967-1988, 2005, 2013) bonds. The *F. S. Smithers & Co.* and *Salomon Bros. & Hutzler* group won the issue on a bid of 100.839 for various coupons. The runner-up bid made by the Blyth & Co. group was 100.161 for the same coupon arrangement.

Also affiliated in the winning group are Barr Bros., J. C. Bradford, Glickenhaus & Lembo, Goodbody & Co., Ira Haupt & Co., Lazard Freres & Co., W. H. Morton & Co., Paribas Corp., Taylor & Co., and Wood, Struthers & Co.

Scaled to yield from 2.40% in 1967 to 3.25% in 1983, the serial bonds met with good reception. The term 3½s due 2005 are priced at 100 and the term 3¾s due 2013 are priced at 104. The 3¾s are less the concession bid but little progress has been reported to date on the 3½s.

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 substantial 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 tremendous over-the-counter market. This would be done by extending fundamental disclosure requirements. Information now supplied by companies listed on the exchanges would 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 a favorable report on the legislation sometime in July.

Senator A. Willis Robertson, Democrat of Virginia, and chairman of the Committee, says he does not recall of any investigation of a comparable nature to the one that the SEC conducted last year, which has been so favorably received within the industry.

Importance of Securities Industry

Senator Harrison A. Williams, Jr., Democrat of New Jersey, presided over the Subcommittee hearings. At the outset of the hearings he probably summed up the full committee's feelings this way:

"The securities industry is the important financial mechanism through which the economy of the U. S. grows and develops. Its size and importance to our nation's business, commerce and financial structure clearly requires industry be protected against abuses and misconduct which might be harmful to our economic system and to the general public."

The growth in the Over-the Counter Market has been spectacular in the past decade. Chairman William L. Cary of the Securities and Exchange Commission said in testimony that during a 10-month period in 1961-1962 quotations were listed in more than 14,000 different domestic stocks traded exclusively in that market.

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

OTC Volume

It was brought out that the volume of OTC stock transactions in 1961 amounted to approximately 75% of exchange transactions in terms of shares and 35% in terms of dollars.

Chairman Cary said a special study sample of more than 1,600 of these companies showed that 31% had assets of over $10 million, and 47% had assets over $5 million.

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 of 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 4,800 members of the association and they employ some 87,950 registered representatives. The Association has power to expel or suspend for misconduct.

Amyas Ames, President of Investment Bankers Association of America, and Senior Partner in Kidder, Peabody & Co., New York City, testified in support of the measure. Mr. Ames said about 650 security firms are members of IBA. These firms have more than 2,600 offices located in nearly 600 cities and employ about 80,000 people.

Since World War II investment bankers have raised more than $215 billion in funds for American industry, and for cities, states and public agencies.

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

Exchange Heads Approve Measures

G. Keith Funston, President of the New York Stock Exchange, told the committee that Congress should do something about the "illogical double standard." Mr. Funston said that since 1941 the New York Exchange has advocated legislation to eliminate the requirement under which shareholders of unlisted companies do not receive the benefits of disclosures that listed companies are required to accord to their shareholders.

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 proposal. Insurance companies and banks handle 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 Crum and Forster Group of Insurance Companies, 110 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 like function, should not come under the proposed SEC provisions.

"We are not taking any position one way or the other," said Mr. Ridgway, "on the necessity or desirability of the application of this legislation to corporations which are not closely supervised or regulated."

Saxon's Views

James J. Saxon, 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 impose dual regulation.

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

Jabbing at the testimony presented the first day of the hearings by Chairman Cary of the SEC, Comptroller Saxon said bluntly:

"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 office operates."

Mr. Saxon's testimony was at sharp odds to the testimony of William McChesney Martin, Jr., Chairman of the Federal Reserve System, who is supporting the proposed legislation.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"How about Mr. Cackles as the next Astronaut to follow Gordon Cooper? He's always up in the air anyway!"

COMING EVENTS

IN INVESTMENT FIELD

June 27, 1963 (Des Moines, Iowa) Iowa Investment Bankers Association 28th Annual Field Day at the Wakonda Club.

June 27-28, 1963 (Denver, Colo.) Bond Club of Denver Annual Summer Carnival at Rolling Hills Country Club.

Sept. 11-13, 1963 (Pebble Beach, Calif.) Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 22-26, 1963 (Colorado Springs, Colo.) National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 27, 1963 (Philadelphia, Pa.) Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City) Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.) National Association of Bank Women 41st annual convention at the Americana Hotel.

Dec. 1-6, 1963 (Hollywood Beach, Fla.) Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

May 16-24, 1964 (N. Y. City) National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

May 15-19, 1965 (Washington, D. C.) National Association of Mutual Savings Banks 45th Annual Meeting at the Sheraton Park Hotel.

Shearson, Hammill Admits Partner

George W. Wheelwright III has been admitted to partnership in Shearson, Hammill & Co., 14 Wall Street, New York City, members of the New York Stock Exchange.