The COMMERCIAL and FINANCIAL CHRONICLE

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THE LEADING AND MOST INFORMATIVE PUBLICATION IN THE FINANCIAL FIELD . . . ESTABLISHED 1839

Volume 198 Number 6278 New York 7, N. Y., Thursday, July 4, 1963 Price 50 Cents a Copy

EDITORIAL

As We See It

It is not without significance that President Kennedy has felt it wise—not to say necessary—despite all the pressing problems that face him at home, to take the time and expend the energy needed for an extended tour of Europe. It may be taken for granted that he would like to overcome the resistance, not to say the hostility, that is constantly in evidence in France. There have been and still are, doubtless, differences with West Germany and Britain which call for the attention of the President. Much, though not all, this stems from the need for conducting the so-called cold war successfully — and, of course, reaching some common ground about both strategy and tactics in connection therewith. But there are other and possibly still more vexing problems confronting the western world. Many of these problems are growing more difficult as time passes, and they concern many aspects of life both here and in Europe — and would do so even if there were no such thing as a cold war.

If the American people are to gain a good perspective on all this, they must keep the events of the past two or three decades closely in mind—as, we are sure, the advisers of the President do. The years, indeed the decades and even the centuries, prior to World War I are now commonly termed our era of isolation. The Monroe Doctrine typifies part of our attitudes during that period, but much more than our relations with Latin America and the interjection of alien influence in that part of the world was involved. The world was often torn with strife, was more or less always filled with intrigues of what have become known as colonial powers. We insisted that for the most part all this did not concern us. Our attention was turned inward (Continued on page 20)

Banking's Permanent Revolution Has Far-Reaching Implications

By E. Sherman Adams,* *Vice-President, First National City Bank, New York City*

Permanent revolution in banking requires new concepts and practices to cope with time deposits' prominence, inevitable forthcoming demand deposit rise, and shift from retail to financial department store banking. Mr. Adams details evolving big trends and concomitant changes required, and places stress upon crucial area of asset allocation to meet new liquidity needs, to offset rising cost inroads on earnings, and to perform long range investment planning. Paper suggests, also, public policy changes.

The Big Trend in banking is plain for all to see. Time deposits are pouring into the commercial banks at the rate of more than a billion dollars a month. This is big money in any language—even in the patois of the Potomac. Bankers cannot help being aware that their banks are becoming more and more savings institutions. But how many have really thought through all the implications of this trend for bank management policies?

E. Sherman Adams

For what we are witnessing is a banking revolution. As recently as 1952, time deposits constituted less than one-fourth of total commercial bank deposits. Today they account for around 40% and are far more important than that as a source of loanable funds.

Bankers have been making some adjustments to this influx of time money, of course. They have had to. Last year the increase in interest paid on time deposits caused an unprecedented rise in bank expenses. To counter this, banks stepped up their mortgage and instalment lending and added substantially to their holdings of municipal securities.

These moves, however, were largely automatic. They showed that bankers have fast reflexes but do not necessarily prove that they have fully reoriented their thinking, their policies, their habitual attitudes, their hard-earned prejudices, to the transformation that is taking place in the banking business.

Let's analyze what has been happening since World War II. Since mid-1945, commercial bank time deposits have expanded by more than $70 billion. This increase is equal to more than twice the total volume of all types of deposits of the entire commercial banking system only 30 years ago. More than half of this expansion has taken place within the past five years. A few months ago the total volume of these funds pushed past the hundred billion dollar mark.

But while time deposits have increased over 200% since 1945, demand deposits have expanded by only 60%. As a result, the proportion of time deposits has been rising sharply. Just within the past three years, it has risen from 31% to 38%.

The simple ratio of time to total deposits understates the relative importance of these funds to commercial banks. Almost all of these deposits can be productively employed—for member banks, all but the 4% required cash reserve. In the case of demand deposits, employable funds are substantially reduced by float and by higher cash reserve requirements. Time deposits now contribute 47% of the employable (Continued on page 22)

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 28.

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

Gould-National Batteries, Inc.—Dale R. Olseth, Investment Analyst, J. M. Dain & Co., Inc., Minneapolis, Minn. (Page 2)

Canadian Pacific—W. H. Oppenheimer, Partner, Oppenheimer, Newborg & Neu, New York City. (Page 2)

DALE R. OLSETH

Investment Analyst, J. M. Dain & Co., Inc., Minneapolis, Minnesota

Gould-National Batteries, Inc.

Gould-National is the nation's largest manufacturer of automotive replacement batteries, the second largest producer of industrial storage batteries and holds the leading position in the rapidly developing market for sealed, nickel-cadmium batteries. After only modest sales and earnings growth during the 1950's Gould has registered sharp gains in recent years and achieved record sales for the fiscal year ended April 30, 1963 with excellent prospects for new sales and earnings records during the current fiscal year. Several factors . . . improved profitability in auto batteries, product diversification, and rapid growth of nickel-cadmium . . . appear to be contributing to an acceleration of Gould's growth rate and should improve the investment stature of the Company over the longer term. In addition, the Company recently announced an 8% price increase in industrial batteries which represents a substantial segment of the Company's total business and which should augment an already promising current fiscal year.

Approximately 50% of Gould's business depends on the stable and steadily growing auto aftermarket which includes those products subject to regular replacement by the car owner. Replacement demand closely parallels the growth of vehicle registrations, now in excess of 75 million which provides a stable, predictable demand base. Several fundamental characteristics distinguish the aftermarket for the original equipment business and have created attractive investment opportunities within the auto aftermarket: (1) Growth has been at a faster and steadier rate (2) After-tax margins have generally been higher (3) Return on equity capital has been higher. Although the industry has demonstrated strong defensive characteristics coupled with an annual growth exceeding 5% during the past seven years, price/earnings multiples have normally trailed the Dow Jones Industrial Averages by 4-5 points.

Gould sells its auto batteries principally under private label to many large oil and tire companies and retail chains although in recent years the Company has derived an increasing volume sold under their own trade names. Recent programs to integrate oxide and lead smelting, key steps in the manufacturing process, coupled with a change to fixed price contracts with several of Gould's large customers are increasing the profitability of the Auto Battery Division. Industrial batteries which range in price from $10 to $400,000 per battery are primarily sold as power units for the communications industry, mine haulage equipment, railroad diesels, fork lift trucks and numerous government applications such as submarines and torpedos. For many years, Gould has been one of the leading suppliers to this market where product performance and in-field service far outweigh price as fundamental buying considerations. Since 1958 Gould has also aggressively broadened its product line into other aspects of the automotive aftermarket (engine components and filters) through several acquisitions where the Company's resources and merchandising experience can be used to good advantage.

Nickel-cadmium, the newest aspect of battery technology, has received considerable publicity of which much reflected premature optimism. Only recently has the market for sealed nickel-cadmium batteries begun to develop in the form of cordless electric razors, mixmasters, tooth brushes, power tools and numerous other consumer applications. Gould-National holds the leading position in this young, but fast growing market. After several years of perfecting manufacturing techniques, Gould is primed to capitalize on a market estimated to reach $170 million by 1970, up from a current base approximating $10 million. This dynamic growth will come from the creation of new applications for battery power (portable electronic and communications equipment, leisure products and appliances) which can effectively utilize the special characteristics of the sealed ni-cad battery . . . high output, rechargeability, increased reliability and long life.

Gould completed its fiscal year on April 30, 1963, and although operating results have not been released, sales are expected to reach $93 million with earnings of $2.35 per share compared to volume of $89 million and income of $2.50 per share during 1962. The expected decline in earnings for fiscal 1963 stems partly from substantial expenses incurred in the redesign of several industrial battery types coupled with unusually large patent and legal charges dealing with the Nickel-Cadmium Division. The announced price increase should more than offset any decline in overall earnings of the Industrial Division during the past year. Capitalization as of April 30, 1962 included 1,737,000 shares of common stock with net worth in excess of $40 million. Overall financial condition is excellent and includes no long-term debt.

Prospects for the current year and over a longer period appear promising. Gould's strong position in the auto aftermarket (batteries, engine parts, filters) improving profitability in auto and industrial batteries and leadership in the small but rapidly expanding market for nickel-cadmium should contribute to an acceleration of earning power. A work stoppage has affected production at several of Gould's plants, but barring a lengthy strike, it should not materially affect overall performance during the current year. Earnings should rebound sharply during fiscal 1964 and $2.65 per share appears achievable. Presently selling around $41 on the New York Stock Exchange, the stock appraises current earnings at 15.4 times and yields 3.2% on a secure $1.30 dividend. Gould-National appears to represent an excellent value for investors (individuals or institutions) seeking a combination of capital appreciation and moderate income.

W. H. OPPENHEIMER

Partner, Oppenheimer, Newborg & Neu, New York City

Members New York Stock Exchange

Canadian Pacific

The security I like best at this time is a stock listed, not only on the New York Stock Exchange, but on all major international exchanges. The stock sells presently at 28 and has maintained an annual dividend of $1.50 over many years. The company has net liquid assets of $8 a share, owns shares in two listed companies having a market value of above $16 per each of its own shares. Thus these items alone amount to more than $24 a share.

Besides this, the company has huge natural resources and land as well as its own gigantic enterprise worth at least three times the current price. I mean of course, **Canadian Pacific.**

The company operates nearly 17,000 miles of a transcontinental rail system spanning the entire Dominion from the Atlantic to the Pacific. In addition it owns 56% of the Soo Line Railroad shares which is slated to merge with Chicago Great Western, creating a 6,200 mile rail network operating in 11 states in the United States. This item alone, at the current market price, is worth $1.10 per each share of Canadian Pacific.

Last year the company created a wholly owned subsidiary called **Canadian Pacific Investments Ltd.** to combine its holdings in natural resources such as oil, gas and timber. Into it the company brought two former subsidiaries:

(1) Canadian Pacific Oil & Gas Ltd which was set up in 1958 to develop Canadian Pacific's approximately 11 million acres of oil lands, the most extensive in all Canada. The company states that at the end of 1962 it owned 103.6 net gas wells and 20 net oil wells. In addition the company has an 18% interest in Great Canadian Oil Sands Ltd. processing the Athabasca tar sands. Recently it was announced that the company, together with two other firms, received permits to export over the next 25 years, 40 billion cubic feet of natural gas from Alberta to Canadian and United States markets.

(2) Into the Investments Ltd. was also brought CP's former subsidiary, the Pacific Logging Co. Ltd. This was a subsidiary set up to develop nearly a half million acres of very valuable timber land on Vancouver Island and has another subsidiary, Sooke Forest Products, Ltd. operating a lumber and shingle mill on the island.

The Canadian Pacific Investments Ltd. has an authorized cap-

Continued on page 16

(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.)

Managing Pension Funds In Periods of Adversity

By Warren L. Fellingham,* *Vice-President, Harris Trust and Savings Bank, Chicago, Ill.*

Article surveys the easily available sources of meeting pension costs during periods of adversity with respect to trusteed or insured plans under deposit administration. Warns corporations against the temptation of dipping into their pension funds' substantial reserve to purchase stocks, bonds or other assets of the corporation, and urges securing prior U.S. Treasury approval if such investment is decided upon. Mr. Fellingham emphasizes the importance of pension funds in keeping and attracting better personnel. He, also, offers pointers on uncovering and profiting from overfunding; and on where to reduce funding so as to reduce costs and, yet, maintain the pension fund during an adverse business period.

here are many problems to contend with during periods of yclical adjustment. I want to mphasize that first and foreost pension lans are not fair weaher phenomnon. While it true they eceived a big ssist in earler high tax eriods, the resence of a ound pension und in times f adversity ssumes reater imortance. When everything is ooming, a distant pension prome lacks the magic of get-richuick ideas. But over the years ensions assume greater signifiance. They have been successful holding experienced personel. If anyone has any doubt on his point, talk to a company that trying to rebuild its personnel bout the difficulty in attracting ood middle age executives from company with a good pension rogram.

Warren L. Fellingham

Reducing Pension Costs and Keeping Your Best People

You can't afford to lose good ersonnel during a recession. This when you need them. You could educe your pension costs, assumg you don't have full vesting, y dropping some of these experinced people. But before doing , there are other better ways to mporarily reduce your pension utlays and keep your people for e recovery period. There is conderably more latitude in penon contributions than many reize. This flexibility is not very rge in the first few years of a an, but it develops quite quickly. et me touch on a few of these.

First, let's define the cost of a lan. It is simply the pensions ou ultimately will pay plus the ost of operation less the income arned on any part of the cost ou may fund ahead of time.

Unless you have a negotiated an, you don't have to pay anying if you don't want to until people start taking pensions. That [illegible] for your [illegible] stockholders but will cost the next generation heavily. The other extreme would be the company that not only funds the present cost of future pensions as they go, but also funds past service costs over the shortest permissible time, 10% a year. This makes the current generation of stockholders take care of the proceding generation as well as making it easy for those in the future.

Most plans developed in the last 15 years fall somewhere between these extremes in their funding policies with a tendency to fund as rapidly as permissible in high tax and high prosperity years.

Stopping Past Service Funding

The first step that a company can take in a recession period is to stop funding of past service. A plan meets the IRS requirements by paying current costs plus interest on any unfunded past service.

The second step available, if you have partially funded your past service costs, is to draw on this reserve if the funding has been done under either Deposit Administration with an insurance company or a Trusteed Plan. That is, you can apply funds allocated to past service to pay your current cost and increase the amount of your unfunded past service. Your current cost will be increased by the interest on this increased amount of unfunded past service cost. This alone could carry you for quite a few years if you had previously made a good start on your past service funding.

Uncovering Overfunding

Many pension programs are being funded through a Trusteed Plan. Most of these have invested the reserve in a combination of fixed income and equity securities. If the stocks have been purchased over a period of years, following some form of stock averaging plan, some will show a profit in almost any market; and at times this will be substantial. On the books of the fund, these

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The COMMERCIAL and FINANCIAL CHRONICLE

Published Twice Weekly Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, PUBLISHER

25 Park Place, New York 7, N. Y. REctor 2-9570 to 9576

CLAUDE D. SEIBERT, President

WILLIAM DANA SEIBERT, Treasurer

GEORGE J. MORRISSEY, Editor

Thursday, July 4, 1963

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.). Other Office: 135 South La Salle St., Chicago 3, Ill. (Phone STate 2-0613).

Second class postage paid at New York, N. Y.

SUBSCRIPTION RATES

MONDAY AND THURSDAY EDITIONS (104 issues per year)

In United States, U. S. Possessions and members of Pan American Union $80.00 per year; in Dominion of Canada $83.00 per year; other countries $87.00 per year.

THURSDAY EDITION ONLY (52 issues per year)

In United States, U. S. Possessions and members of Pan American Union $20.00 per year; in Dominion of Canada $21.50 per year; other countries $23.50 per year.

OTHER PUBLICATIONS

Bank and Quotation Record — Monthly, $45.00 per year (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

OBSERVATIONS...

BY A. WILFRED MAY

SUBSIDIZING THE RICH

A new Twentieth Century Fund Report, *Farms and Farmers in an Urban Age* by EDWARD HIGBEE, is highly valuable in its objective disclosure of myth-dispelling facts. It is authored by a former official of the Department of Agriculture who is now Professor of Agriculture at the University of Rhode Island. Uniquely without an axe to grind, the volume presents a picture of the modern farmer broadly differing from the picture expounded by the expounders of government farm policy, or the usual run of agricultural economists.

Today's farmer, it points out, is actually a "new man," quite different from his forebears to which disappearing character government policy with its billions of subsidies is supposedly geared.

Two "Leagues"

Preponderant today is the farming capitalist, benefiting from the billion dollar subsidies, and owning one of the 100,000 farms which averages about 4,000 acres in size and brings in annual revenue of some $94,000. He co-exists with 2.9 million other farmers—"not in the same league"—averaging annual sales of but $3,000. And the spread between the top and bottom groups is steadily widening, the latter relentlessly worsening in the face of subsidy.

Professor Higbee points out that the bulk of the government handouts goes to the prosperous agricultural capitalists, with only 7% going to the "little fellow's" family farms.

The Farmer Gone Big

The author offers other rare data showing the uneven distribution of farm wealth—and poverty. 72% of all farm income goes to 22% of the farm population ("it is fairly obvious that these 22% are the real producers and doing very well"). The top 3% of all farms produce more than the bottom 78%.

He cites 1.6 million operators, or 44% of all farmers, at the bottom of the scale as in a "fringe" category, who take in only 5% of all farm income. Financially and physically incapable of producing surpluses, they cause the "sick look" of all agriculture.

Subsidies Are for the Big Boys

And in the case of some 56% of the nation's farmers ranked in the "small and marginal" category, they get merely an estimated 7% of the Government handouts.

Subsidizing Capital Gains

One of the interesting manifestations of the subsidies making the rich richer is their transformation into capital gains. ". . . Farm real estate," Dr. Higbee writes, "seems to be on a perpetual joyride of inflation. The city resident and grocery buyer naturally wonders why it is that the market price of farm property keeps going up if it is really true that agriculture is in trouble. If he suspects that the sob stories are partly soap opera and that capital is going into agriculture because a lot of farms are good investment, he is right. It is, of course, a fact that the labor income from farm operation in recent years has not been anything to brag about, but inflation in property values is the big story."

And on the other side of the medal, not everybody in agriculture has been raking in capital gains like hay in July sunshine. The author maintains that the farm people who have had the roughest time in recent years have been helped the least by federal price supports and other programs. Hired hands, custom workers, migrant laborers, and part-time help, who together constitute about 45% of all persons engaged in agriculture have not done well because they do not own real estate.

Whatever the economic or political connotations of these facts, they surely supply still another adjunct to the welter of philosophical aspects of the capital gain and how it shall be taxed!

* * *

Agenda for a Presidential News Conference

At a news conference which followed the stock market's plummeting of May-June, 1962, the President cited as a major cause the preceding "unjustified" price-earnings ratio of 23-1. Similarly, his finance minister (a former Wall Streeter) Mr. Dillon, in testimony before the Senate Finance Committee "suggested" 15 as a proper multiplier.

We suggest as a question at the President's next news conference whether the subsequent advances in the multiplier to its current 19.3 from 15.8 in the Dow Jones Industrial Average; to 18.4 from 14.6 on Moody's 125 Industrial Stocks; to 18.3 from 15.6 on Standard & Poor's 500 Stocks—signify that "the market" has again become over-valued?

* * *

Correction

In our review of Norman F. Dacey's book, "What's Wrong With Your Life Insurance" in this space last week (June 27) the author was incorrectly quoted as having said "In 1960 almost every man woman and child in America terminates a life insurance policy at a loss."

Mr. Dacey's actual statement was "In 1960 almost every [sic] *tenth* man, woman and child in America terminated a life insurance policy at a loss" (emphasis supplied).

Geo. Palumbo Co. Formed in N. Y. C.

George G. Palumbo has announced the formation of George Palumbo and Company, Inc. Offices of the new corporation, which will carry on Mr. Palumbo's business in Brokers Loans, Corporate and Individual Collateral Loans, beginning July 1, 1963, are located at 84 William St., New York.

George G. Palumbo

Mr. Palumbo, has been active in foreign exchange, international banking, securities and money brokerage for close to 45 years. For the past 20 years, however, he has devoted his time mostly to money brokerage.

Energy Fund Elects Kennedy Treasurer

Frank G. Kennedy has been elected Assistant Treasurer of Energy Fund Incorporated, 2 Broadway, New York City, Donald C. Samuel, President of the mutual investment company, has announced.

Frank G. Kennedy

Energy Fund is a no-load, open end mutual fund with its primary participation in conventional energy-producing industries such as electricity, petroleum, and natural gas, as well as industries engaged in developing new sources of energy. It is managed by Ralph E. Samuel & Co., members of The New York Stock Exchange.

Mr. Kennedy joined Ralph E. Samuel & Co. in 1960, having previously been Assistant Treasurer for King Merritt & Co., investment dealers, and Plant Accountant for Lever Brothers Company.

Population Explosion Myth Must Be Realistically Faced

By Roger W. Babson

Mr. Babson makes quite clear that our population growth is neither a population explosion nor is it responsible for the volume of unemployment. He points out that the machine's supplantation of both negro and white, poorly educated, labor is to blame — not the population rise — and that training instead of demonstrations can launch the unemployables into the ranks of the employed.

BABSON PARK, Mass.—I am not arguing with the census bureau as to how our population has increased. This is covered carefully in several pages—beginning with page 251—of the "1963 World Almanac," which book I have already referred to in a previous release (Feb. 21, 1963). These figures show that there has never been a real population "explosion" in the United States.

There is a little decline in the birth rate during a war. This applies to our country and to every other country. But immediately following the war, nine months or more after the soldiers get home, there is a heavy increase in births. These show up clearly in about 16 years, when the babies have grown up enough to be seeking jobs. Sixteen to seventeen years after the end of World War II brings us up pretty close to the present—at least to 1961-1962.

I once asked Thomas A. Edison, who was the world's greatest inventor, and he replied "The inventor of compound interest." This applies to births of babies as well as to money. This should also apply to jobs, but in reverse. This question of jobs is especially interesting—and very upsetting—to graduates from schools and colleges at present, for a number of reasons. Let me explain:

Women at Work

The last war forced industry to accept women as employees. Not only did industry find women capable workers but the women enjoyed for the first time having their own money and being able to do such things as taking trips and buying autos, refrigerators, radios, etc., which their husbands used to tell them they could not afford.

Up to the time of the war, advertising was directed to the men; but it was soon learned that better results came from directing advertising to the women. This started in the magazines that women read, then spread to the daily and weekly newspapers and finally to radio and television. My own feeling is that this trend is well under way and will continue to grow for some years to come. I have great faith in the power of advertising, especially newspaper advertising.

The Negro Explosion

Now we can discuss a real explosion — as witness today what the Negroes are doing in certain large cities. Comparatively speaking, there are no more Negroes today in proportion to the entire population than there ever have been. The explosion which we are hearing so much about today is due to the following facts:

Men are no longer needed for digging in roadbuilding work, or even in building construction. Picks and shovels have practically gone out of business. The machine age in general, rather than automation, is responsible for most of the unemployment amongst the Negroes and unskilled and poorly educated Whites. Work on roads, water and sewage systems, and other municipal improvements—as well as farm work — that was formerly done by common labor is now done by machinery.

What is the Answer?

The Negro problem will not be solved by mob demonstrations. No community can give the Negroes the jobs for which so many of them are presently fitted. It will take time to train them to fill jobs that are now held mainly by Whites.

The problem will not be solved either by speeches such as that which Walter W. Heller, Chairman of the President's economic advisers, gave in Kansas City recently. He told his audience that he believes every family having a cash income of less than $3,000 a year should be classified in the "poverty" group. This would amount to around 20% of the country's families. It seems to me that it should be frankly recognized that the "pick and shovel era" is long since over and that we are in a new era of super machines . . . which these young people could be taught to operate, but this means increased taxation for municipal and state improvements.

For a while, the government may be compelled to supplement the family income of these people to get them out of the "poverty class" which Mr. Heller is talking about. But I believe education and training may be the real answer. Perhaps inflation may help to solve the matter, but it is possible that those of us who now have jobs may need to be taxed to help those who cannot find jobs.

Charts Rise of Mutual Funds

A four-year chart of Mutual Fund Indexes prepared by Arthur Wiesenberger & Company, New York City, indicates the rising price trend in four different types of funds since last year's stock market low. The chart, covering Growth, Growth-Income, Balanced and Income funds, appears in "Investment Companies 1963," now in its 23rd annual edition.

Arthur Wiesenberger has pointed out that mutual fund shareholders were not required to make day-to-day investment decisions during last year's volatile market and noted "By retaining their shares, they subsequently patricipated in the rise that brought stock prices back close to their all-time high."

"Despite giant strides in the past, the greatest mutual fund growth lies immediately ahead" Mr. Wiesenberger said. "A segment of the general public has not yet returned to the market—they still remain on the outside looking in. But the potential reward of participation in this dynamic economy is a potent force," he emphasized. "They will return. And when they do, I believe many more will return by the door marked 'Mutual Funds'." He concluded his remarks with a projection: "A $24 billion business today, mutual funds should be a $50 billion industry by 1970."

Investment Companies is generally referred to as "the bible of the industry." The 1963 edition, just published, comprises 384 pages plus a supplement of 72 pages containing the portfolio holdings of 168 leading companies. It is priced at $30 which includes updated quatrerly supplements on management results. Published annually by Arthur Wiesenberger & Company, members of the New York Stock Exchange, 61 Broadway, New York 6, N. Y.

Carter Products, Inc.

By Dr. Ira U. Cobleigh, Economist

Some comment about the market for Carter common stock, the rejected proposal to issue non-voting stock, and the notable earning power of the company.

In July, 1957, the first public offering of the stock of Carter Products, Inc., was made at $22 a share. The national and international renown of the Carter name and products (Carter's Little Liver Pills then, now Carter's Little Pills), and the popularity of the pharmaceutical industry among investors at the time, led to an enthusiastic over-subscription of the issue. The stock sold almost immediately to a premium price of $32 and, after trading for three months OTC, was listed on NYSE where it reached, in 1959, an all time high of 89½.

Proposed Non-Voting Stock

Unusual market interest has centered on Carter common this year because of a proposal of management, at the 1962 annual meeting, to create a new non-voting issue of common stock and to deliver, as a stock dividend, one new share for each share of the old common held. According to the plan 4,000,000 shares of non-voting common were authorized, of which 2,613,000 shares were to be distributed to stockholders, and the balance available for merger purposes.

The idea appeared to have considerable merit. The dividend would have been popular among stockholders; and the availability of the new stock for exchange in possible acquisitions seemed sensible. Real motivation for the plan, however, was to retain voting control within the Hoyt family which today controls 51% of the outstanding common.

Objections to New Stock

Some snags arose, however. The New York Stock Exchange has a ruling against the listing or issuance of non-voting common stock in companies whose shares trade on the Exchange; so Carter Products, Inc., by creating this new issue faced delisting of the old one. This raised broad questions about marketability. If Carter common were delisted, would not the market become less active, and would not the stock possibly sell at lower price-earnings multiples as a result? Would delisting adversely affect the market value of existing Carter common?

Three large mutual funds, United Funds, Inc., Keystone Custodian Funds Inc., and Financial Industrial Fund, Inc., owning altogether about 142,000 shares, joined as plaintiffs in a court action to prevent issuance of the new stock. On May 19, 1963, Judge Reuben Oppenheimer of the Baltimore District Court in his decision said in part: "Delisting of common stock from the New York Stock Exchange which would ensue (from issuance of non-voting shares) would substantially damage the complainants as minority shareholders and they have no adequate remedy." The Judge therefore, supported the contention of plaintiffs and prevented the issuance of non-voting common.

This is a milestone decision as it represents the first time that legal recognition has been given to the concept that listing a stock creates a value for stockholders, that may not be summarily removed. It also infers that stocks tend to sell at higher prices or price-earnings multiples simply because they are "listed." This buttresses an argument often presented in these columns that excellent and sometimes superior intrinsic values may often be found among less heralded over-the-counter issues; and that important opportunities for capital gains may exist among those issues trading currently OTC which may, later on, become listed on NYSE.

Merits of Carter Common

All of the above should in no way affect the intrinsic value of Carter common. It has most of the attributes of a desirable investment and its growth in earning power has been impressive. For fiscal 1955, sales of Carter Products, Inc., were $14,600,000. Then came Miltown, and sales for fiscal 1956 surged forward to $22,800,000 and net earnings doubled. A quite dramatic growth has continued with sales for fiscal 1962 at $61 million and net profits of $3.36 a share—over four times the 80¢ earned in 1956. A new high in sales of around $68 million is indicated this year with per share net at an all time high.

Miltown Changes

Miltown provided much of this "zing" in earning power, but the original distribution method for this product has been altered by a Justice Department decree. Carter, the developer of meprobamate, had merchandised this tranquilizer under the Miltown name, and sold it only to American Home Products (Wyeth Division) which marketed it under the Equanil trade name. Now Carter must sell meprobamate to any or all properly qualified drug manufacturers, and the new price around $20 a pound is considerably less than realized through the sale of Miltown through drug wholesalers. There seems, however, to be no abatement in the demand for tranquilizing drugs and Carter should continue to prosper from this department.

Product Mix

Carter earnings are quite diversified. Carter offers Rise shaving cream, Nair depilatory, and Arrid deoderants; Frenchette low calorie salad dressings, Horner antibiotics and vitamins; and in 1963 Carter acquired 50% of Millmaster, a maker of meprobamate and other drugs and chemicals. Carter's Little Pills the original company product, continue to sell well and have been supplemented by a new laxative brand, Colonaid.

Carter is definitely merger minded and a number of the products and companies, referred to above, were acquired by merger.

The Company is progressively managed under the guidance of Mr. Henry H. Hoyt, Chairman, and Mr. Kirby Peake, President, who came to Carter four years ago, after over a decade in the presidency of the Vick Products division of Richardson-Merrell Corporation.

The common stock may well be considered by growth-minded investors because of high profit margins (about 14%), comparatively low price-earnings ratio (around 16 times) and the fact that the shares are currently available at 57, down from a 1959 high of 89½ and a 1963 high of 65¼. Dividend of $1 could be increased out of current earnings of above $3.50 a share.

Wanderer Joins No. Am. Secs.

Theodore F. Wanderer has been named regional Vice-President and a regional representative for North American Securities Company, general distributor of the Commonwealth Group of Mutual Funds.

Theo. F. Wanderer

Mr. Wanderer will be associated with George Patton in the New York office of the company, 44 Wall Street, which is headquarters for the distribution of the four Commonwealth funds in New York, New Jersey, Connecticut, and other adjacent areas.

Mr. Wanderer's experience in the investment field dates from 1952, when he joined Investors Diversified Services as a saleszone manager in Bloomfield, New Jersey.

Prior to joining the Commonwealth organization, Mr. Wanderer was President of his own securities firm, T. F. Wanderer & Co., Inc., (formerly Espy & Wanderer, Inc.) in West Englewood, N. J.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market has held steady during the past week despite a wide variety of Street news and views accompanying the financial, economic and political occurrences that have monopolized the headlines in the press, on television and over the radio waves. In a period of less widespread political control over the economic and financial spheres than at present, there might have been the wherewithal within the week's headlines to have dumped the tax exempt bond market by a couple of points or more. Notwithstanding, the market has been steady.

Financial Implications of President's European Tour

First of all, the President's journeys in criss-crossing Europe have been belatedly recognized as being of tremendous financial and economic importance to the United States as well as to Europe. Two weeks ago the country's most influential newspapers were criticizing the President for partial dereliction of duty in leaving the scene of the battle for civil rights, taxation and other prominently played-up domestic legislative projects while touring Europe and Ireland.

By these publicists and commentators the battle for the life of the dollar and the struggle involved in the balancing of payments, was all but overlooked or forgotten; but not by President Kennedy and his close financial advisors. They were very much aware that most of Europe was already losing patience with the seemingly profligate financial policies that have been substantially expanded upon during the past year or two by the U. S. A. The President's visit, presence, speeches and reassurances were doubtless designed and timed to give his Administration the respite necessary to reduce the imbalance that has been in many respects worsening in recent months.

Of course, a brief respite doesn't involve enough time to do the job that is generally expected of us (balance the budget and continue to generously support much of the free world's economic and financial ills) but at least it perhaps sets back a financial day of reckoning that might have been dangerously close at hand had the peregrination not been made.

Discount Rate Rise Rumor Created Havoc

So much for this mementous journey by our busy President. However, it should be emphasized that before he had begun his long journey back from Rome, Washington financial writers were headlining a story inferring that plans are set for a rediscount rate increase as a first step in combatting the exodus of short-term funds and as a factor of economic reassurance. This story, apparently right out of Washington, was flashed coast to coast before noon on Tuesday and the Treasury bond market felt its impact by the close. The remarks, reported Monday, by Chase Manhattan's George Champion to the effect that a rediscount rate change for 1963 appeared to be only a remote possibility, was apparently given but little heed and was quickly forgotten. Moreover, it would seem that Wright Patman's recently reported remarks to the end that short term rates have had but little, if anything, to do with the nation's payments problems were as if undetected by those who contribute to the making of bond markets.

However, with it all, the brand new issue of Treasury 4s seemed to take the brunt of the reaction to these developments. Other Treasury issues were off also. Most of the markets were better at Wednesday's opening.

Tax-Exempt Market in Parlous State

While this disturbing rate change rumor was being bruited about, other intelligence of particular importance to the municipal bond market was broadly afield. June's new issue volume was reported as totaling close to $1,000,000,000, while the volume for the first half of 1963 was reported as totaling a record $5,600,000,000 according to the *Bond Buyer*. Most of this volume was of the competitive bidding variety. This factor alone has effected a gradual diminution of the municipal bond market's vigor. While the market's level has held its own this week, it is certainly floundering on the ropes as the bells ring for the Fourth.

The Commercial and Financial Chronicle's bond yield index averages out at 3.06% this week unchanged from last week. However, there is good reason to presume that this level is vulnerable, should the rediscount rate be increased, regardless of the fact that the market level is already off from two to three points from the highs made during April.

Inventories Mount

Although last week's enormously heavy new issue volume was seemingly well taken by investors, it has obviously not been well enough absorbed. Since then, inventories have moderately increased according to dealers. The *Blue List* state and municipal bond offerings, our single best indicator in this respect, has picked up to nearly $600,000,000 again after having fallen to around the $565,000,000 level a week or more ago. The July 3 total was $586,667,272.

Heavy Volume in Prospect

It would seem now that the tax-exempt bond market will be called upon to absorb a considerable new issue volume this summer. Already the visible supply would appear to total about $500,000,000 for the month ahead, not including a possible $200,000,000 Grant County, Wash. P. U. D. No. 2 (Wanapum Dam) advance refunding, about July 23, and a $100,000,000 State of California issue slated for offering on Aug. 7. With or without a rate change, this increasing calendar will pose serious pricing problems if present policies are continued.

Calumet's in Default

The dollar quoted toll road, toll bridge, public utility and other long-term revenue issues have been firm. *The Commercial and Financial Chronicle* revenue bond Index, which averages out 23 of the most frequently traded issues, remains at 3.45% again this week.

The July 1 interest payment will not be made on the Chicago Calumet Skyway bonds. Chicago officials have decided that the City lacks the funds to continue assisting in the payment of interest. The bonds have gone into default and the 3⅜s, which are not included in our revenue bond Index, are now quoted 58-60 flat.

Huge Offerings Scheduled

In the negotiated sphere, it is welcome to note that Grant County, Washington P. U. D. No. 2 plans to refund $200,000,000 Wanapum Dam bonds approximately seven years in advance of the issue's callable date. It is expected that the refunding issue will be reoffered late in July provided that the syndicate headed by *John Nuveen & Co., Inc., B. J. Van Ingen & Co., Inc., Blyth & Co., Inc., Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner &*

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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%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
*New York State	3¼%	1981-1982	3.10%	3.00%
*Pennsylvania, State	3⅜%	1974-1975	2.85%	2.70%
*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%	3.03%

July 3, 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

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.
Newport News, Va.	4,300,000	1964-1983	2:00 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
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)			
Laconia Sch. & Water, N. H.	1,245,000	1964-1983	--------
Lamar Cons. Ind. S. D., Texas	1,000,000	1964-1983	7:00 p.m.
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.
Minneapolis-St. Paul Metro. Airport Commission	1,000,000	1964-1985	11:00 a.m.
Ohio University	3,250,000	1965-2002	11:00 a.m.
July 16 (Tuesday)			
Anne Arundel Co., Md.	6,082,000	--------	--------
Gretna, La.	1,250,000	1964-1988	7:00 p.m.
Phenix City, Ala.	2,400,000	1966-2003	Noon
Rochester Spec. S. D. No. 4, Minn.	1,250,000	1965-1972	2:00 p.m.
University of Idaho Housing & Dining System	3,030,000	1965-2002	11:00 a.m.
University Sys. Bldg. Auth., Ga.	20,000,000	1964-1989	11:00 a.m.
Worland School District, Wyo.	1,418,000	1964-1977	8:00 pm.
July 17 (Wednesday)			
Bloomington Ind. SD #271, Minn.	1,100,000	1966-1993	7:30 p.m.
Connecticut, Redev. & State Hwy.	49,000,000	1964-1983	11:30 a.m.
Fredericksburg, Va.	1,320,000	1964-1983	Noon
Lamar State Coll. of Tech., Texas	1,030,000	1965-2002	10:00 a.m.
Oklahoma State University of Agriculture & Applied Science	2,200,000	1967-2003	10:00 a.m.
Springfield, Mo.	3,000,000	1965-1996	11:00 a.m.
July 18 (Thursday)			
Harris Co. Flood Control Dist., Tex.	6,000,000	1964-1983	11:00 a.m.
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)			
Durand Area S. D., Mich.	1,730,000	1965-1972	8:00 p.m.
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.
Moorhead, Minn.	2,420,000	1964-1980	7:30 p.m.
New York, N. Y.	103,000,000	1964-1983	11:00 a.m.
July 24 (Wednesday)			
Arkansas State Highway Comm.	5,550,000	1967-1984	10:00 a.m.
Housing & Home Finance Agency, Washington, D. C.	41,074,000	--------	2:00 p.m.
Marion Co. S. D. No. 24J, Ore.	2,950,000	1965-1984	11:00 a.m.
Milwaukee, Wis.	5,000,000	1964-1990	10:30 a.m.
July 30 (Tuesday)			
Kern Co. Jt. Union H. S. D., Calif.	6,930,000	1964-1973	11:00 a.m.
August 1 (Thursday)			
Beverly, Mass.	2,300,000	--------	--------
Mississippi (State of)	5,000,000	1975-1982	10:00 a.m.
August 6 (Tuesday)			
New Mexico, State Capital Building & Boy's School	6,400,000	1964-1973	10:00 a.m.
August 7 (Wednesday)			
California, Water	100,000,000	1964-1990	--------
August 8 (Thursday)			
Arlington Ind. Sch. Dist., Texas	1,000,000	--------	--------
August 20 (Tuesday)			
Alexandria, La.	11,300,000	1965-1993	11:00 a.m.
August 1 (Thursday)			
University of Alaska	1,106,000	--------	--------
Wichita Falls W & S Rev., Texas	5,585,000	--------	--------
Wichita Falls Various G. O., Texas	3,000,000	--------	--------

Are Banks Following an Archaic Liquidity Theme?

By L. G. Milunovich, *Assistant Cashier, First Wisconsin National Bank of Milwaukee, Milwaukee, Wisc.*

Banks are criticized, particularly large ones outside New York City, for needlessly overemphasizing their need for liquid assets when the demand for credit is high. At such times they are advised to reduce their government portfolio to minimal level suggested and to expand their loan accounts and municipals. Liquidity problems are said to arise as a result of banks' loading-up long maturities as credit-demand slackens off leaving them unprotected when the economy recovers vigorously and the demand for loans asserts itself, or when an eventual deposit outflow sets in with loans-retirement. The author argues that when loans fall off faster than deposits, the problem is the proper employment of free reserves produced and not of liquidating investments to generate even more excess funds or of investing too much, too long. Banks with sound assets are not expected to face liquidity problems in the event of a bank run due to central bank intervention and, thus, are urged to expand their volume of risk assets but not to lower quality standards.

The contention in this analysis is that liquidity needs of commercial banks are considerably overestimated in periods of strong credit demand and high interest rates, and are likely underestimated when the economy is in a period of decline. In addition, it is believed that the effective limitation to the pursuit of a more aggressive credit policy is capital adequacy and not required liquidity.

L. G. Milunovich

In devising a program of total profit planning, banks should expressly define their objectives by constructing balance sheet budgets and income statement budgets. Essentially, use of the former would define the interest income goals of a bank.

There are two basic limitations which might eventually restrain a movement toward the assumption of a more aggressive risk position. One is the minimum liquidity requirement, arbitrarily defined here, in the restricted sense, as the total relatively short-term U. S. Government issues, other investments, and open-market credits needed to provide for potential loan expansion and to protect against seasonal and irregular deposit declines; and, more broadly, as also including all additional U. S. Government securities because of their general marketability.

The other limitation is adequacy of the equity in supporting the organization's inherent exposure to risk. This analysis will only be concerned with formulating an effective approach toward planning for the required amount of liquidity and is primarily directed to the larger banks.

Criticizes Traditional Liquidity Protection

The usual methods of ascertaining liquidity needs involve the establishment of several categories of secondary reserves, with each additional layer providing protection against an undesirable event of more remote and improbable occurrence. This procedure avoids a more penetrating study of history and probability, and provides too great an extent of cushion against needs which will likely never come into existence.

The principal resulting conclusion is that the U. S. Government securities portfolio (and other liquid media) should be reduced to an absolute lean minimum when money is tight, and that none of the remaining Treasury issues should exhibit a maturity of over five years. This, of course, is based on the underlying assumption that certain categories of risk assets are significantly more productive of income than are U. S. Government securities.

Unwarranted Fear of Withdrawals

If one surveys banking literature, it will readily be apparent that the statement is repeated *ad nauseam* that a large relative amount of liquid assets must be maintained against demand deposits because they actually are withdrawable on a demand basis. Although this may seem to be technically correct, there is no practical rationale for this conclusion.

It is decidedly improper to assume that, if an economic setback should develop, there would automatically follow a massive exodus of demand deposits, thereby forcing a substantial liquidation of secondary reserve assets. First of all, it would necessitate a sizable business decline to even slightly depress the deposit level of the banking system. During recessions, deposits have a tendency to increase, due to the easy money (or expansionary) policies then actuated by the Federal Reserve System.

When and Why Deposits Decline

In a full-blown depression, of course, deposits would eventually decline in spite of the contra-cyclical efforts of monetary and fiscal authorities. But why would deposits decline? Let us first assume that currency hoarding would not occur. (This subject will be discussed at a later point.) Certainly, currency in active circulation would not increase in a period of declining business activity. If, in addition, we assume that funds are not leaving the country, there is really no place for the deposits to go, other than right back into the banking system. Therefore, the only relevant manner in which deposits can be extinguished is by reversing the process by which they were created, that is, by *utilizing them to pay off outstanding credit* (loans and investments).

The crux of the matter is that deposits essentially decline in a serious cyclical downswing because they are simply *no longer needed*, and, accordingly, are basically employed to retire loans. When business is rapidly sliding off, so are requirements for inventories, pay rolls, capital expenditures, etc. Consumers will then not expand their usage of credit, and a period of net-liquidation will begin, which will probably require some reduction of individual savings.

Observe that, even in a material recession, loans (excluding those extended to carry fixed-income securities) will *involuntarily* decline, in spite of energetic efforts exercised by banks to maintain the loan level. This loan decrease obviously would be considerably more pronounced in a depression. The problem would then be one

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J. Walter Thompson Co. Elects Officials

Robert F. White has been elected Treasurer of the J. Walter Thompson Company, 420 Lexington Avenue, New York City. Walter L. Herman was elected Comptroller, a new position. Howard D. Brundage continues as Chief Financial Officer of the company as Vice-President—Finance.

Mr. White has been with the Thompson Company since 1921. He has been Assistant Treasurer and is a member of the Finance Committee. Mr. Herman joined Thompson in 1959 and has been Assistant Treasurer.

With Manley, Bennett

DETROIT, Mich.—F. Paul Grattarola has joined Manley, Bennett, McDonald & Co., members of the New York and Detroit Stock Exchanges as a Registered Representative. For seven years he was with Merrill Lynch, Pierce, Fenner & Smith Inc. and more recently has been in their Fisher Building office.

Mr. Grattarola will be located in the Northland Towers office which is expected to open on or about July 15. In the interim, he will be in the firm's downtown office in the Buhl Building.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Arizona—Economic review—First National Bank of Arizona, Phoenix, Ariz.

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

Canadian Budget—Review—Bank of Montreal, P. O. Box 5002, Montreal 3, Que., Canada.

Capital Equipment Expenditures—Outlook—Study—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reports on **Fairmont Foods Company, Dana Corp., Meat Packers, Marathon Oil Co., Masonite Corp., Midland-Ross, Missouri Pacific, Spartans Industries, Sugar** and **Steel Stocks.**

Cosmetic Industry — Analysis — Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Fire & Casualty Insurance Company Stocks—11th edition of review of 32 companies — First Boston Corporation, 20 Exchange Place, New York 5, N. Y.

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

Investment for "Long-Term"—Discussion—David L. Babson and Company Incorporated, 89 Broad Street, Boston 10, Mass.

Investment Selections for Specific Goals—Survey of Canadian securities in various categories—Annett & Company Limited, 220 Bay Street, Toronto, Ont., Canada.

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 Petroleum Industry — Review—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available is a review of the **Japanese Steel Industry.**

Life Insurance Stocks — Memorandum — Charles E. Seay, Inc., Life Building, Dallas 2, Texas.

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.

Pharmaceutical Stocks—Report—Lubetkin, Regan & Kennedy, 44 Wall Street, New York 5, N. Y.

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

Telephone Stocks—Memorandum—Penington, Colket & Co., 70 Pine Street, New York 5, N. Y.

Treasure Chest in the Growing West—New fact book on the industrial opportunities in the area served—Utah Power & Light Co., Dept. N, Box 899, Salt Lake City 10, Utah.

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.

Western Pennsylvania Corporations — Memorandum — Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

* * *

Abitibi Power & Paper—Memorandum—Barclay & Crawford, 38 King Street West, Toronto 1, Ont., Canada.

Addressograph Multigraph — Discussion in current issue of "Investment Letter"—Hayden, Stone & Co., Incorporated, 25 Broad St., New York 4, N. Y. Also in the same issue are comments on **Friden** and **Electronic Associates.**

Air Products and Chemicals—Analysis — Reuben Rose & Co., Inc., 115 Broadway, New York 6, N. Y.

American Cyanamid—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **U. S. Freight.**

American Motors — Comments—Bregman, Cummings & Co., 4 Albany Street, New York 6, N. Y. Also available are comments on **American Enka** and **Diners Club.**

American News—Bulletin—Purcell, Graham & Co., 50 Broadway, New York 4, N. Y.

American Radiator and Standard Sanitary Corp. — Analysis — Parrish & Co., 40 Wall Street, New York 5, N. Y.

Arkansas Louisiana Gas—Memorandum — Carreau, Smith, McDowell, Dimond, Inc., 115 Broadway, New York 6, N. Y.

Arkansas Louisiana Gas—Memorandum — Carreau, Smith, McDowell, Dimond, Inc., 115 Broadway, New York 6, N. Y.

Baird Atomic — Memorandum — May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Bankers Security Life Insurance Society of New York—Memorandum—Arthur Milton & Co., Inc., 500 Fifth Avenue, New York 36, N. Y.

Berman Leasing—Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

Big Bear Stores Company — Analysis — The Ohio Company, 51 North High Street, Columbus 15, Ohio.

Bullock's Inc.—Analysis—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Burndy—Memorandum—Putnam & Co., 6 Central Row, Hartford 4, Conn.

Cabot Corporation — Analysis—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

Calgon Corp. — Analysis — Hill Richards & Co., Inc., 621 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of **Capital for Technical Industries.**

Canadian Pacific Railway Company — Analysis — Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y. Also available are comments on **Corn Products Company** and **Kimberly Clark Corp.**

Carter Products — Report — H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are reports on **Chicago, Rock Island & Pacific, Crouse Hinds Co., Interstate Department Stores** and memoranda on **Bonanza Air Lines** and **National Air Lines.**

Chicago and North Western Railway Company—Analysis—Russ & Company, Incorporated, Alamo National Building, San Antonio 5, Texas.

Chrysler—Memorandum—Scheinman, Hochstin & Trotta, Inc., 111 Broadway, New York 6, N. Y.

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

Commonwealth Life Insurance Company — Analysis — Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

Corning Glass Works — Report — Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Montgomery Ward.**

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

Crocker Citizens National Bank—Memorandum—Blyth & Co., Inc., Russ Building, San Francisco 4, Calif.

Curtiss Wright—Analysis—Hemphill, Noyes & Co., 8 Hanover St., New York 4, N. Y.

Cutter Laboratories, Inc.—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif. Also available is a memorandum on **Pacific Savings & Loan Association.**

Devoe & Raynolds — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **Standard Oil Company of Indiana.**

Devoe & Raynolds—Comments—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are comments on **Resistoflex Corp., West Chemical Products, Deere, Clark Equipment, White Motor, Royal Dutch Petroleum, Socony Mobil, Standard Oil of Indiana, Rockwell Standard Corp.** and **Bigelow Sanford.**

Electronic Associates, Inc.—Analysis—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y. Also available is a list of securities in various categories which appear interesting.

Fafnir Bearing—Memorandum—Coffin & Burr, 141 Milk Street, Boston 9, Mass.

First Mortgage Investors—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **Continental Mortgage Investors.**

First National Stores—Analysis—Colby and Company, Inc., 85 State Street, Boston 9, Mass. Also available is an analysis of **Poor & Co.**

Foote Mineral — Memorandum — C. E. Unterberg, Towbin Co., 61 Broadway, New York 6, N. Y.

Fruehauf Corp. — Analysis—Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif. Also available is a memorandum on **Hoover Co.**

Georgia Pacific Corp.—Analysis—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is an analysis of **Crown Cork & Seal Inc.**

Gillette—Memorandum—Sincere and Company, 208 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Life Insurance Stocks.**

Hurletron — Memorandum — Noel N. Rothman & Co., 300 West Washington Street, Chicago 6, Ill.

International Shoe—Memorandum—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y.

Kelsey Hayes — Memorandum — Chas W. Scranton & Co., 209 Church Street, New Haven 7, Conn. Also available are memoranda on **Becton Dickinson, Connecticut Light & Power** and **Public Service of New Hampshire.**

Lockheed Aircraft Corp.—Analysis—Freehling & Co., 120 South La Salle Street, Chicago 3, Ill.

Madway Main Line Homes — Memorandum — Robinson & Co., Inc., 42 South Fifteenth Street, Philadelphia 2, Pa.

Magnavox Company — Report—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y. Also available are reports on **Ohio Brass Company, Peabody Coal Company** and **Wickes Corp.**

May Department Stores — Analysis — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

National Airlines — Bulletin — Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Olin Mathieson Chemical Corp.—Analysis — Gerstley, Sunstein & Co., 211 South Broad St., Philadelphia 7, Pa.

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Estate Planning for Three Stages of Individual's Life

By H. W. Barry Manning,* *Legal Officer, The Great-West Life Assurance Company, Winnipeg, Manitoba, Canada*

Easy to follow primer on the need for, and how to go about, estate planning outlines the techniques and factors to be considered in planning an estate. Stressed are the dangers of preoccupation with tax savings and the fact that estate planning requires a team of four skills—those of the lawyer, the accountant, the trust officer and the life underwriter—in all three stages of life. Pointed out are the typical mistakes made, what to avoid, and what to consider in setting up and implementing an estate plan. Paper concludes with six cardinal principles which should serve as a handy reminder for the professional planner as well as the client.

The term "estate planning" is one that in recent years has become very popular. But just what does it mean? Let me suggest that it can be defined as an approach to the science of accumulation of property, the science of conservation of property and the science of distribution of property. These three sciences complement each other under estate planning. The majority of people have a need—and they are conscious of this need—to accumulate property of some kind for at least a minimum amount of financial security for themselves and their families. Accumulation *per se* will not accomplish this objective unless and until safeguards for conservation have been established and proper distribution of the property has been made. That relatively few people are conscious of the need to provide for proper distribution of property is evident from the many who leave the distribution to the law, which cannot take into account individual circumstances.

H. W. B. Manning

The owner of every estate faces certain problems: accumulation of an adequate estate for family income, management of investments and business interests, conservation of estate principal through good management, and distribution of the estate economically and to the best advantage of the heirs. Estate planning, then, does not concern itself solely with the problem of distribution of an estate or its conservation prior to distribution. It is also vitally concerned with living principles, particularly the creation of an estate and security during the lifetime of the individual.

What, then, are the techniques of planning an estate? There are several successive steps which may be classified briefly as follows FIRST,—gathering all the information as to assets and liabilities, existing documents, the individual's attitudes towards and desires for his family and business associates.

SECOND,—analyzing his present situation, showing what would happen in the event of his death or retirement, or the death of key members of his business. The effect of the expenses of estate taxes and probate fees are analyzed. The distribution of his various assets is charted and all the problems facing his family and business are defined.

THIRD, — evolving as simple and as flexible a plan as possible whose object is to make the most of the individual's assets rather than escape his liabilities, and which will solve the problems and integrate all the segments into a unified whole.

FOURTH,—putting the plan to work.

Having determined the individual's needs during his lifetime and those of his heirs after his death, with these techniques in mind, what are the factors that must be considered? Let me suggest some.

Has thought been given to who the executors should be and to their continuity?

When assets will have to be sold to provide liquidity for estate taxes, has consideration been given to what assets should be disposed of first and who might be possible buyers?

From the point of view of gifts, has care been taken to have the value of gifts declared based on a proper appraisal that will be recognized by the tax authorities?

Is there properly documented evidence that the gifts have been made?

Does the individual appreciate the gift, income and estate tax consequences of making gifts?

Does he appreciate the consequences by way of loss of control over the assets gifted?

Dealing with the business owner, have the possibilities of holding companies been considered as a means of transferring interest in a business to members of his family while at the same time retaining effective control?

Is he freezing himself and his heirs into the business?

Will liquidation for his own retirement be too costly?

If the business is to be continued, who will run it for him, and if it is to be continued by his executors, have they been given sufficient powers to do so, such as to borrow from or lend money to the company, enter into corporate reorganizations and subscribe for additional stock?

If the business is to be sold, has he made plans for doing so; and if this is the case, have the proper methods of valuation and funding been arranged?

Reflection on the techniques and the factors to be considered in planning an estate leads to the inescapable conclusion that estate planning is a worthy and interesting professional task involving a great deal more than the saving of taxes—a task in which four distinct skills must be applied in a team effort: those of the lawyer, the accountant, the trust officer and the life underwriter. Let us examine the role of each member of the team.

Lawyer

First of all there is the lawyer. He is often referred to as the captain of the team. This characterization is particularly apt since many of the final decisions are based upon a clear presentation not only of the legal consequences flowing from alternative courses of conduct but also of what is proper. He is relatively free from the element of self-interest, which must necessarily enter into the thinking of some of the other members of the team. He must bring to the task a knowledge of statute law and common law bearing on all aspects of the planning process. Being familiar with family law, he draws on his experience in dealing with problems of succeeding generations. His special knowledge and skill in draftsmanship are indispensable in the creation of the plan. Finally, when all the pieces of the puzzle are placed on the table, he must see that they fit together to make the whole picture.

Accountant

Then there is the accountant. He of all the members of the team is probably closer than any of the others to the client's day-to-day affairs. Well-versed in income and estate tax matters, he is in the best position to foresee the tax consequences of a suggested transaction or estate plan, to advise on valuation problems and to determine existing and potential earning power. Placed in a position where he is intimately acquainted with the facts concerning the well being of his client, he is also forced to observe trends of the economy and taxation: he is duty bound to suggest to his client the creation of sound plans for future preservation and management.

Trust Officer

Next there is the trust officer, who is essentially an instrument of estate conservation and management. He accepts custody of valuable property, discharges in respect of that property the ministerial functions of its management, invests it and manages it thoughtfully under controlled arrangements, and distributes it eventually to its beneficial owners. One of his main concerns is the conservation and correlation of the assets primarily in the terms of trusts which are to follow or run concurrently with executorship. Equally important is to make these assets productive of income and provide for flexible use of the principal in the event the trust income may prove insufficient.

Life Underwriter

The final member of the team is the life underwriter, the catalyst. He is frequently the one who initiates the plan because his career is structured to helping people plan for their future. Because insurance is such an important element in providing funds, he must completely review the client's estate with a view to how existing and new life insurance can help solve current problems and assist in carrying out the objective. To do this he must consider the following questions:—

Is life insurance needed for guaranteed monthly income to balance a top-heavy property or stock estate, thereby hedging against deflation?

Should loss of income and business interruption insurance be considered to help maintain the level of income the client has set for himself?

Is life insurance needed to provide the liquidity for expenses and estate taxes and to avoid shrinkage due to forced sale?

If additional insurance is needed, would it be better to have someone other than his client own it?

Should existing policies be transferred to the wife or children to reduce estate taxes?

Should life insurance be used to set up annuities for dependent relatives or to protect indebtedness on other investments?

If business interests are involved

(a) should there be buy-and-sell agreements funded by life insurance, and

(b) should there be key-man insurance protection for business?

Should the instalment options be used for both wife and children? Would they be flexible enough? Might an insurance trust be better?

Can existing policies be rewritten to take advantage of more favorable benefits?

How can insured employee benefit plans be utilized to the client's and his employees' mutual advantage? In this category I am thinking of such vehicles as registered pension plans, registered retirement savings plans, group life, accident and health insurance split-dollar plans and deferred compensation plans.

Implementing the Estate Plan With Age Changes

Finally we come to the subject of when an estate plan should be implemented. I suggest using an old phrase, "It's never too soon and it's never too late." Let me show briefly how it is appropriate for an individual at three stages of his life—as a young man embarking on his business career, as a man in his prime, and a wealthy man of advanced years.

The average young man has nothing to start with and everything to look forward to. Assuming that he hasn't inherited property, his income is dependent upon his exchanging his services and abilities for compensation. Eventually he will accumulate surplus but he needs time. In the meantime he has acquired a family and a home and his primary concern is providing security for his family, educational funds for his children and a comfortable home to live in. His obvious step is to purchase as much life insurance as he can afford and of the type most suitable to his needs.

As the young man progresses in business and his income increases, the insurance policies will be arranged under flexible income options, trusts may be established, and an investment programme can be commenced. As time passes considerable assets will have been acquired, children's educational requirements fulfilled, he has acquired a position in business of relative stability and permanence. In short, he is established to the point that the heavy emphasis on

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Outlook for the Canadian Economy and Stock Market

By G. D. Sutton, Director and Manager, Research Dept., Nesbitt, Thomson and Company Limited, Montreal, Canada*

Mr. Sutton is not afraid to look long and carefully at the deep seated economic forces at work, and to measure their impact upon the stock market prospects. For the short run he sees the stock market topping out and advises taking a more defensive position. As for the future and its inevitable increase of governmental intervention—the reasons for which are clearly postulated, Mr. Sutton predicts an investor in stocks can reasonably expect an overall 8% to 10% average return from good quality firms such as banks, telephone and natural gas utilities and other companies in the mining, petroleum, etc., industry.

Business activity in Canada is unquestionably good. A year ago there was a good deal of concern that the expansion that started early in 1961 was coming to an end, in which event it would have been even shorter than that of 1958-1959. As many will undoubtedly—and perhaps painfully—recall, there was quite a sharp break in the stock market, and stock prices are one of the leading indicators of business activity. Other leading indicators showed weakness and further grounds for concern appeared in the leveling out in certain major series such as the index of industrial production, final demand for goods and services, employment and retail trade. A flattening out in the curves of such series usually presages a downturn.

G. D. Sutton

The fact is, however, that the downturn has not come. Instead, there has been a noticeable strengthening in business since the turn of the year. Again, this was anticipated by the stock market which, after a false start last July really started to climb in October and has since recovered most of the ground lost in the decline of early 1962.

The question that economists are asking themselves right now is why did this happen and what does it imply for the future. As to the first part of this question, why did it happen, there are clearly certain features which have been present in the current expansion which were not present in any of the previous postwar phases with the exception of that which immediately followed the end of the war. The outstanding difference has been monetary policy which, in both the United States and Canada, has been relatively easy during this period, although in Canada's case there was a brief interruption in the third quarter of 1962 at the time of the exchange crisis. There was no desire to choke off a boom because of fears of inflation or of living beyond our means—fears that found vocal support during the 1950's. The fact that money has been relatively plentiful and bond markets stable has, I think, helped prolong the current expansion in the economy. Associated with this has been the recognition by most governments that the problems facing the world economy at the present time are not those of inflation but rather those of deflation. In consequence, fiscal as well as monetary measures have been adopted in order to stimulate economic growth. These have included budgetary deficits, the granting of investment allowances to industry or increased depreciation allowances, investment in public works or housing and even in some cases reduced taxes.

One consequence of this is that the economies of many overseas countries, such as Japan, United Kingdom and some members of the Common Market, which had been lagging in 1962 have in recent months shown a more satisfactory rate of growth. Our exports to these markets have, therefore, also started to improve.

In Canada's case we had the impact of devaluation and the austerity measures taken to protect the exchange reserves last year. With the exchange rate at last fixed, Canadians became more certain of the level of the dollar with which they had to trade. The result was that last year an increased proportion of our domestic requirements was met from our own production, and new efforts were made to open up export markets. This impact of devaluation is continuing and I think will show up further this year in an improved balance of payments situation.

Two Favorable Trends

There were two other significant aspects which, while not unique to the current expansion, have certainly influenced it. The first of these is capital investment. Last year for the first time since 1957, there was an increase in the volume of capital spending on new plant equipment and housing in Canada and a further increase is indicated for 1963. The growth here cannot be described as dynamic. It is pale in comparison with the increases recorded in the first dozen years of the postwar period. But the trend is in the right direction, and the fact that it is up rather than down represents one of the major differences between the current expansion and the short-lived uptrend of 1958-1959.

The second aspect which I think is worthy of comment is the growth in replacement demand for consumer durable goods. The automobiles, washing machines, refrigerators and television sets that were produced in the early postwar years are now nearing the end of their useful life expectancy. This, of course, is not a sudden movement but a gradual one; some cars wear out sooner than other and some are better built than others. But the fact is that scrappage rates have risen sharply in the last five years and they are likely to rise still further.

Sees Stock Market Topping Out For Short Run

As to what this means for the future and for the stock market, I think it is important to distinguish between the short-term and the longer-term prospects. The average life of an expansion phase of the business cycle is approximately 28 months, and very few last longer than 36 months. The life of the current expansion at the present time is about 28 months. Judging by past experience, therefore, there is a strong probability that this expansion will come to an end towards the end of this year or possibly early 1964.

The stock market has traditionally anticipated fluctuations in business activity, usually from three to six months. It is, in fact, one of the best leading indicators of the business cycle. Thus if one is inclined to be guided by what has happened in the past and play the odds, the conclusion is that most of the rise in the current upward phase of the stock market has already occurred and there may not be very much left to go. This has been my own conclusion and I should perhaps say that in mid-May we advised our offices that it might be appropriate for our clients to shift their portfolios into a somewhat more defensive position although we did expect the market to move higher.

This, of course, is for the very short term. Looking somewhat further ahead, perhaps the most important influence of all on business activity and the stock market will be government.

Meeting Future Employment Problems

There are economic problems ahead. Some of these we can see quite clearly at the present time, such as the diminishing liquidity of international trade and the influx into the labor force that will occur as the war babies and postwar babies reach maturity. The fact that these problems can be foreseen and are recognized is, I think, cause for hope. The government—and I use the word government in a very broad term embracing the governments of all industrial countries—can and probably will do something about them so that these problems will not materialize. There may be others that cannot at present be foreseen, for the future is full of surprises.

From reports we have received, there seems to be a better chance of further moves being made in international finance to strengthen the reserve position of currencies than there was a year ago when proposals in this connection made by the Chancellor of the Exchequer of the United Kingdom were received rather coldly in Washington. With regard to unemployment, here in Canada we can see the new government preparing to gird itself with an impressive array of weapons with which to attack this problem. Just how successful they will be remains to be seen, but there is no questioning its determination. Much will depend on the cooperation given by the Provinces and on new Dominion Provincial agreements being worked out.

These weapons, such as the new Department of Industry, the Canada Development Corporation and the Municipal Loan Fund, will be aimed at certain strategic objectives:

(1) To increase employment in the short run. The Municipal Loan Fund, for example, will endeavor to induce municipalities to undertake projects that might not otherwise have been built, and thus add to employment in construction and related industries. The Canada Development Corporation may invest in commercial and industrial enterprises in order to facilitate investment in new plants and equipment.

(2) To increase the longer run efficiency of Canadian industry. In this respect one can point to the stepped-up vocational training program, portable pensions on a nationwide scale in order to facilitate the movement of people from one position to another, and possible arrangements such as in the automobile parts industry to encourage the opening up of the U. S. market to Canadian manufacturers in order to permit long production runs of particular items, in return for allowing low tariff imports of other items.

(3) The diversification of Canadian industry by increasing outlays for research in private industry, assisting in the establishment of new plants either by investment through the Canada Development Corporation or by special assistance such as in the case of Volvo.

(4) Increasing the proportion of Canadian ownership of industry. This may be accomplished by introducing legislation which would provide an advantage to a Canadian over a foreign company in acquiring another Canadian firm. Here again, the Canada Development Corporation may come into play by acquiring control of firms that might be in danger of coming under foreign ownership.

(5) To participate in international programs to strengthen the structure of international trade and reduce tariff barriers.

Unavoidably More Government Intervention

The whole program of attack in these particular areas will likely be coordinated through the economic council of Canada, which can be expected to establish attainable objectives of growth and recommend policies which will be required to achieve these objectives.

This all adds up to a good deal more government intervention in economic affairs than we have been used to in Canada, although still not as much as certain other countries are used to. Some of the weapons being fashioned are new and highly controversial. Their use is bound to give rise to a great deal of criticism. But the government has already committed itself. They were all mentioned in the speech from the throne and we understand that the relevant bills have been prepared or are being prepared for introduction into the House.

Some might see in this the inexorable march of socialism, and possibly it is. But I think myself there are two major aspects which, in terms of historical perspective, are relatively new and which have influenced this trend towards increasing importance of government.

Two Developments Accentuating Governmental Intervention

The first and the most important of these is I think the accelerating pace of advance of our technology. This applies not only to the physical sciences but also to the social sciences, economics being one of them. Those who lived through the hungry thirties and witnessed the sharp turn around in prosperity with the second world war have instinctively asked themselves: how did war overcome depression? We know the answer, of course, and we know that there is really no excuse for depressions if we are willing to pay the price of a certain amount of loss of individual freedom and possibly long-run inflation. But the point is that with this advance in technology, new services and new programs are required that can only be done on a large scale and only by or with the support of government. These run all the way from education to the building of a supersonic airliner.

A second major aspect is that for the first time in centuries, the West now has a competitor against which its performance can be measured. Further, through the development of statistics, we now have certain well defined and generally accepted yardsticks with which performance can be measured. Even within the West there is this competition. If a country's gross national product is growing at the rate of 2% per year while others are growing at 4%, 5% or 6%, this relatively unfavorable performance is bound to attract attention and give rise to pressure on the government to do something about it.

Given this environment, and assuming that international authorities are prescient enough to recognize developing problems and take steps to overcome them before they have a chance to ripen, then it should be possible for international trade to keep on growing at a healthy rate and for demand to expand in a way so as to prevent any sudden collapse of the price structure. The longer run projections described by Mr. Ferretti[1] for the United States should be attainable, and a reasonable expectation for the investor in common stocks should be an average return of from 8% to 10% a year on his investments in good quality firms, including here both capital appreciation and dividend income.

Even at today's prices, for example, a return of this order is a reasonable expectation in the case of many top quality common stocks, such as the banks, the telephone and natural gas utilities—I have omitted electric utilities as there may not be any around after a few more years—and a number of companies in mining, petroleum and industry.

Perhaps, to some, an annual return on investment of 8%-10% may not sound very attractive. Some people like to reach for 100% per annum, and there are, of course, those situations in which it is possible to double your money in a short time. Unless one is very careful, these are also situations in which one can lose a great deal in a short time. In this respect there are two observations I should like to make. The first is that an annual return of 10%, compounded, will result in a doubling of principal in seven years. The second is an old proverb to the effect that in the stock market, bulls and bears make money but hogs never do.

1 Mr. Ferretti is an economist with Keystone Custodian Funds, Inc., Boston, Mass.

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

To Be Fabrikant Bros.

Effective July 1 Alfred P. Fabrikant will become a general partner and Louis Fabrikant and Morris Schneider limited partners in Fabrikant & Co., 29 Broadway, New York City, members of the New York Stock Exchange, and the firm name will be changed to Fabrikant Bros. & Co.

Current Federal Tax Structure Paralyzes Our Growth Processes

PITTSBURGH, Pa., June 19—The federal income tax structure "could scarcely be better designed to extinguish the profit incentive, confiscate capital, and paralyze the growth processes," the chairman of United States Steel's Finance Committee June 19 told corporation employees in their company magazine.

Criticizing the large and growing burden of government which America's citizens and their businesses must support, Robert C. Tyson, in the May-June issue of U. S. Steel *News*, gave his views that with the profit incentive "sorely needed to stave off threatening stagnation, hardly anything can be considered more logical than reduction in the stifling burden of government taxation and expenditure and reform of the tax structure."

Mr. Tyson feels that the present tax system is responsible for several inequities. Typical of these is the fact that "inefficient or non-earning corporations pay little or no income tax and are thus, in effect, subsidized at the expense of the efficient," he said. In addition, money earned and saved by being productive and efficient is siphoned off by "steeply progressive individual income taxes, with rates running up to over 90%," the Finance Committee chairman pointed out.

Mr. Tyson hopes that any tax "reform" will not mean merely to close so-called "loopholes" or to raise taxes in one area to offset reductions in another. Reform should mean, instead, "a general determination to substitute for present incentive-destroying taxation a more equitable system" so that people can save and invest—so that companies can realize the profit they need to create self-sustaining jobs, Mr. Tyson feels.

The importance of profit is emphasized by U. S. Steel Board Chairman Roger M. Blough in another *News* article when he says, "We have found that there is a direct and indisputable relationship between profits and jobs—that when profits trend downwards, unemployment trends upwards; and when profits rise, unemployment declines."

A Near Term Optimistic View of Sterling's Prospects

By Paul Einzig

Dr. Einzig explains why sterling was able to improve in the face of interest rate hardening in foreign centers and of keeping the U.K. Bank rate the same instead of raising it. The improved prospects for Macmillan being able to withstand election-call prospects, for the balance of payments, and for domestic wage inflation being matched abroad are said to rule out another devaluation scare this year.

LONDON, Eng.—During the last few weeks sterling remained remarkably steady in spite of the world-wide concern over the possible political consequences of the Profumo affair. The spot rate remained a shade above par most of the time and forward sterling actually improved in most foreign centers. It even went to a premium in relation to the French franc, the lira, and short-dated D. marks, and its discount has in relation to other currencies narrowed perceptibly. With the growing support received by Mr. Macmillan from the general public, the possibility of him being forced to resign can now be ruled out. The acute political crisis may, therefore, be considered to be over. And since in existing circumstances there is no likelihood of a General Election for some time to come, the domestic political factor is not likely to affect sterling, at any rate during the next few months. This means that, disregarding the possibility of some international political crisis, sterling's prospects will be governed by economic factors.

One of the reasons why forward sterling more than held its own in recent weeks was that interest rates in foreign centers were inclined to harden. When sterling was under pressure, Britain did not raise the Bank rate. It was sufficient to make the Bank rate more effective with the aid of the new technique adopted by the Bank of England in relation to the money market, under which discount houses which have to apply to the Bank for assistance are penalized to a larger extent than before.

Foresees Firm Money Rates On the Continent

It seems probable that money rates on the continent will continue to be firm rather than otherwise. Apart from the special case of Italy, where tighter money conditions were due to domestic political difficulties, the inflationary trend in Western Europe is likely to meet resistance with the aid of measures which will keep interest rates high. This trend will continue to help forward sterling and its firmness might prevent the higher interest rates abroad from attracting arbitrage funds from London. Even so, if as a result of the hard money policy the rising trend of costs in Western Europe is brought to a halt, a continued rise in British costs would affect the balance of payments unfavorable to sterling. It is probably because of this possibility that there has been no further reduction in the British Bank rate, which in the circumstances is not likely to be reduced again this year.

No Devaluation Scare Expected

The balance of payments has been improving and, unless the disinflationary measures abroad are highly successful, wage inflation in Britain is not likely to outpace wage inflation abroad in the near future, so that British exporters on the whole will be able to hold their own in face of foreign competition. In any case, the seasonal autumn import surplus is believed to be largely covered this year, because the sterling scare of the early spring induced many importers to secure their dollars in advance.

If we rule out the possibility of an election this year—and I think we are safe in ruling it out—there is no likelihood of another devaluation scare. The revival of agitation for devaluation or for a flexible sterling during the spring provoked a sharp reaction and the "devaluation party" was completely routed. It will take some time before they will deem it expedient to resume their agitation. Devaluation talk has disappeared from the Press and from the foreign exchange markets.

There have been no major strikes or unduly costly wage concessions lately. Even though some excessive wage claims have been made in major industries, nothing is likely to mature till the late autumn. During the next four months at any rate sterling is not likely to be troubled by major strikes or by a sudden increase of costs in vital exporting industries.

It is true, the various reflationary measures adopted in recent months have greatly increased the purchasing power of the British consumers, and this tends to increase imports. It is not likely to to reduce exports to any appreciable extent, however, because most British industries have spare capacity, so that they are able to satisfy domestic demand without having to neglect their overseas market. What is even more important, although consumer purchasing power has increased, overall demand still leaves much to be desired, owing to the slow expansion of capital expenditure by industries. Bad as this is from the point of view of economic growth it does keep down the extent of inflation.

Kuwait May Shift Investment Portfolio

Nor is there any reason to expect any sudden increase in the volume of capital export.

The only dark spot on the economic horizon from the point of view of sterling's prospects is the possibility that some of the very large amounts invested in Britain by Kuwait might be reinvested abroad. Until now the bulk of the proceeds of oil revenue were invested in Britain, but the recent appointment of an international advisory council to the ruler of Kuwait, on which there is only one British member, seems to indicate a possibility that larger amounts might be transferred into other currencies. If we disregard that possibility, we have every reason to take an optimistic view on sterling's prospects in the immediate future.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

With the appearance of Attorney General Robert Kennedy before the House Judiciary Committee the Administration has pitched its all on the President's Civil Rights proposals. He made it very clear that the Administration intends no compromise or no softening.

In his concluding statement, Mr. Kennedy expressed views which should be given the gravest attention by the Negroes who are demanding an end to racial discrimination and by the legislators whose duty it is now to act. He said: "With respect to the bill in its entirety, it must be emphasized that racial discrimination is far too complex a problem to be solved over night. It has been with us since long before the United States became a nation, and we cannot expect it to vanish through the enactment of laws alone. But we must launch as broad an attack on the problem as possible, in order to achieve a solution as soon as possible. The demonstrations of the past few months have only served to point up what thinking Americans have known for years; that this country can no longer abide the moral outrage of racial discrimination."

All of this is true. The President and the Attorney General—as the latter again showed in his appearance before the House committee—have spoken out strongly in opposition to mass demonstrations, in and about the Capitol as proposed by some of the Negro leaders, in the event this legislation is delayed in Congress or not approved in every particular. Such demonstrations would be to intimidate Congress—to force a kind of shot-gun legislation. The President and the Attorney General have tried to make these Negro leaders understand that such procedure will only militate against the cause. Further, while the Administration did nothing to discourage these demonstrations against State laws, but rather encouraged them, such demonstrations in and about the Capitol, if attempted, would be in violation of Federal laws governing the Capitol and its grounds, which have nothing to do with racial discrimination.

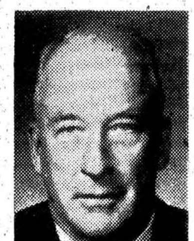
The Kennedy civil rights bill now before the House committee, along with 165 others dealing with the same subject, applies to discriminatory practices in schools, in voting registration, in the use of places of public accommodations, privately owned, including hotels, motels, shops of all kinds, filling stations, etc. Most hotly contested, it appears will be the section of the bill dealing with the use of privately owned facilities offered to the public. Its opponents argue these provisions are in violation of private property rights.

Way back in 1883 the Supreme Court handed down a decision that Congress has no constitutional right to enact a law forcing a hotel to accept guests the owner does not wish, nor to force a privately owned store to sell to any person its owner does not desire. This is still "the law of the land," although the present court has overruled such discrimination when ordered by State or local laws. It is expected to go all the way and upset the 1883 decision later this year. In the meantime, this 1883 decision is the base of many of the arguments of opponents of the civil rights bill.

The 1883 decision of the Supreme Court was in a suit involving the anti-discrimination Fourteenth Amendment to the Constitution. The Kennedy bill, however, is based on the commerce clause of the Constitution under which Congress is authorized to deal with interstate commerce. This clause has been the basis of much Federal legislation. The Kennedy bill provides that a "substantial" amount of goods or services provided in privately owned places of public accommodation must have to do with interstate commerce—in other words with transient guests in motels and hotels, and in shops, goods which have moved in interstate commerce, as well as purchasers. Chairman Celler of the House Judiciary Committee, who favors the legislation, has suggested, in order to make the measure operable and practical, there should be some kind of a "floor"—probably measured in dollar business—placed under the provision. It is a sensible idea, although it might result in discrimination among business establishments. Some Republican members of Congress insist, as does Representative Lindsay of New York, that it would be simpler and more effective to base the legislation on the Fourteenth Amendment. This is only one of the many controversial issues that are arising to the consideration of the civil rights bill.

Geo. Martin To Join Morgan, Cie.

George L. Martin, an executive of the World Bank for the past 13 years, will join the Paris investment banking company of Morgan & Cie. S.A. next Fall as a Vice Chairman and member of the Board of Directors. Plans of the Paris company to elect Mr. Martin to those posts upon his resignation from the World Bank were announced June 26 by Thomas S. Gates, President of Morgan Guaranty Trust Company of New York.



George L. Martin

Morgan & Cie. is principally owned by an international subsidiary of Morgan Guaranty.

Mr. Martin is presently director of marketing of the World Bank (International Bank for Reconstruction and Development). In that position, which he has held since 1950, he has been in charge of the sale of World Bank securities in the United States and abroad. He also has been responsible for the World Bank's program of encouraging private and institutional investors to participate in loans made by the Bank to aid countries in their programs of economic development. In addition, Mr. Martin has served as advisor on capital formation and the development of securities markets in a number of the Bank's member countries.

Before his association with the World Bank, Mr. Martin was President of the Chicago investment banking firm of Martin, Burns & Corbett, Inc. From 1928 to 1934 he was manager of the municipal department in the Chicago office of Guaranty Company of New York.

Pierre Meynial continues as Chairman of Morgan & Cie. Jean Villechaise continues as a Vice-Chairman, and Norbert G. Leroy as General Manager. The Paris company began operations early this year. It is intended to participate in the French and other European capital markets, particularly by aiding American companies in securing European capital for their overseas operations.

The principal interest in Morgan & Cie. is held by Morgan Guaranty International Finance Corporation, a wholly-owned subsidiary of Morgan Guaranty Trust. Minority interests are owned by Morgan Grenfell & Co. Limited, merchant banking firm in London, and the Dutch banking firms of Hope & Co., Amsterdam, and R. Mees & Zoonen, Rotterdam.

Clayton Securities NYSE Member

BOSTON, Mass.—Clayton Securities Corporation has announced its admission as a Member Firm of the New York Stock Exchange.

Calvin W. Clayton

In making the announcement Calvin W. Clayton, President and member of the N. Y. S. E., noted that the occasion also marks the 20th anniversary of the firm's founding in June 1943. Other officers include: Edward E. Rosenberg, Vice-President and Director, and Kathryn V. McGoldrick, Vice-President, Secretary and Director.

Clayton Securities Corporation is engaged in all phases of investments including common stocks, corporate and municipal bonds and mutual fund shares. They are also active as participating and originating underwriters of new issues of equity and debt securities. Main offices are located at 147 Milk Street, Boston. A branch is maintained in Portland, Me. A direct wire is maintained to New York City and to Vilas & Hickey, New York correspondent.

Scheider V.-P. Of Clark, Dodge

Clark, Dodge & Co., Incorporated, 61 Wall Street, New York City, have announced that Edward J. Scheider has been elected a Vice-President of the firm.

Estate Planning for Three Stages of Individual's Life

Continued from page 9

the need for free funds and on the occasion of his untimely death now become of lesser importance. Continuing protection for his family and managerial arrangements for the properties now become more significant. Life insurance has assumed a major role in the development of this plan because in the case of the average young man there is no other vehicle he can afford that will do the job.

Our young man has now progressed to the point where he is acknowledged to be not only established but also prosperous. He sees his family and his business well established. He has detected weakness and strong points in both groups and he has begun to think of what he should do about them.

There is the problem of the support of an elderly parent or an improvident son. There may be the prospect of future invalidism of himself or his wife, or both. There may be an unusual problem in connection with the business either an inherent risk because of the nature of its operation or the problem of his estate carrying it on after his death.

The picture is a characteristic one for a man in his position:

(a) lack of liquidity (b) relatively high earning power and high standard of living (c) family group dependent upon him (d) no well-defined programme for the continuation of his business.

Here is a man who needs an estate plan and needs it badly. It will be impossible to preserve the delicate balance and high earning power that exists while the head of the family continues to live and produce. It is the role of the estate planning team to solve this problem for him.

Lastly we have the wealthy man of advanced years. To this man, more so than to the others, tax savings will be of considerable importance. He will have gifted much of his property to relatives directly or by way of trusts, perhaps to charitable foundations. To him a prime consideration may be the savings that might accrue as a result of paying gift tax rather than estate tax.

Preoccupation With Tax Savings

Generally speaking such men have made an orderly arrangement of their affairs as they accumulated their wealth. They are, therefore, reluctant to have suggested to them that perhaps the preoccupation with tax savings has resulted in inadequate planning for family and business management. Perhaps the original legal documents are outmoded.

What the estate planning team will point out to this man are the dangers in a concentration on gifting. It is one thing to share one's wealth during its accumulation; it is quite another thing to surrender the right to control one's affairs.

There is also the danger of the individual finding himself in the position of having disposed of readily marketable assets, leaving him in a vulnerable position as to liquidity. A team will usually find itself in the position of emphasizing wise provisions for management and beneficial enjoyment rather than upon avoidance of taxation.

To conclude, let me say that the perfect plan is not always attainable. The field of estate planning has led a dynamic life in the last 25 years—it is a complex and subtle process. Substantial security can be achieved, however, if certain fundamentals are recognized, and I suggest the following as cardinal principles:

Cardinal Principles

(I) A plan should not only remedy the present; it should also be gaged to the future. Above all it should be flexible.

(II) There should be no overemphasis on tax savings.

(III) No gift should be made without first considering the consequences of the donor divesting himself of control of the subject of the gift.

(IV) A plan should be simple.

(V) There should be no overemphasis on the use of any device or instrumentality.

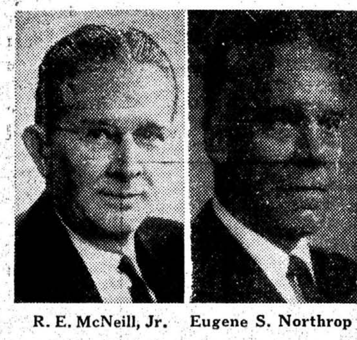
(VI) Finally, too much emphasis cannot be placed on the need for the plan to be reviewed periodically to adjust for changes that take place in the individual's family and business circumstances.

*An address by Mr. Manning before the Nesbitt, Thomson and Company Limited Investors Seminar, Winnipeg, Manitoba, June 19, 1963.

NEWS ABOUT BANKS AND BANKERS

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

A new management team headed by R. E. McNeill, Jr., Chairman of the Board and Chief Executive Officer, July 1 took over the helm



R. E. McNeill, Jr.   Eugene S. Northrop

of **Manufacturers Hanover Trust Company, New York.**

As Charles J. Stewart retired as Chairman, Mr. McNeill moved up from the Presidency. Gabriel Hauge, former Vice-Chairman, became President and Eugene S. Northrop, former Executive Vice-President in the banking division, was elevated to Vice-Chairman of the Board.

With some 22 months of organizational work behind them—including the intricate meshing of operational procedures, relocation of departments divisions and thousands of personnel, movement of some $24,000,000,000 in securities and extensive automation programming—the new management team looked to the future with confidence.

And behind this confidence was an improved earnings picture, an initial branching probe into the suburbs, and the conviction that the merger consummated Sept. 8, 1961 will be sustained in the courts.

* * *

The appointments of Walter A. Bustard and Robert E. Laport to Assistant Treasurer were announced July 2 by the **Chase Manhattan Bank, New York.** Both men are in the Latin American division of the Bank's international department.

Also made known were the promotions of Mario A. Suro and Pierre E. Vallier to Manager. Mr. Suro is with the Bank's branches in Puerto Rico and Mr. Vallier is with the branch in Paris.

* * *

Bankers Trust Company, New York, has announced the appointment of Clyde D. Blakely and James B. Petterson, both in the Corporate Trust Division, and Lawrence E. Van Etten in the Trust Operations Division as Vice-Presidents.

Newly-named Assistant Treasurers are William C. Alden, Western Division, Victor S. Aque, Banking Operations, Raymond J. Dempsey and Curtis S. Reis, both of the Central Division.

* * *

Carl H. Kalb has been elected Assistant Vice-President at the 52nd Street office of **The Marine Midland Trust Company of New York.**

Other advancements announced included Richard G. Stiene, to Auditor; Robert Duin to Assistant Treasurer at the Chambers Street office; and Harold J. Jacobi to Assistant Trust Officer in the Corporate Trust Department.

THE FIRST NATIONAL CITY BANK OF NEW YORK

	June 30, 1963	Mar. 31, 1963
	$	$
Tot. resources	10,599,376,142	10,379,597,114
Deposits	9,236,297,630	9,017,196,504
Cash and due from banks	2,366,388,618	2,446,086,857
U. S. Govt. secur. hldgs.	1,534,328,750	1,499,183,518
Loans & discs.	5,176,196,230	5,069,319,830
Undiv. profits	157,405,171	152,540,121

* * *

MANUFACTURERS HANOVER TRUST COMPANY, NEW YORK

	June 30, 1963	Mar. 31, 1963
	$	$
Total resources	6,292,994,132	6,037,112,971
Deposits	5,377,059,144	5,180,361,152
Cash and due from banks	1,524,468,526	1,418,754,425
U. S. Govt. security holdgs.	994,320,216	959,529,012
Loans & discts.	2,683,821,084	2,609,815,370
Undivid. profits	95,281,532	90,704,299

* * *

CHEMICAL BANK NEW YORK TRUST COMPANY, NEW YORK

	June 30, 1963	Mar. 31, 1963
	$	$
Total resources	5,332,598,780	5,077,730,443
Deposits	4,559,812,486	4,292,327,770
Cash and due from banks	1,045,512,174	997,138,610
U. S. Govt. security holdgs.	620,026,868	616,596,407
Loans & discts.	2,565,281,406	2,473,547,392
Undivid. profits	57,839,900	50,841,654

* * *

IRVING TRUST COMPANY, NEW YORK

	June 30, 1963	Mar. 31, 1963
	$	$
Total resources	2,555,815,544	2,467,157,411
Deopsits	2,248,643,880	2,160,064,648
Cash and due from banks	572,362,816	575,179,685
U. S. Govt. security holdgs.	402,473,160	420,935,715
Loans & discts.	1,255,273,416	1,167,011,761
Undivid. profits	37,865,530	36,061,710

* * *

THE MARINE MIDLAND TRUST COMPANY, NEW YORK

	June 30, 1963	Mar. 31, 1963
Total resources	$922,303,489	$897,677,552
Deposits	817,014,934	784,701,378
Cash and due from banks	259,275,646	243,481,644
U. S. Govt. security holdgs.	154,862,330	153,804,107
Loans & discts.	432,431,828	425,761,494
Undivid. profits	23,595,267	22,886,258

* * *

BANK OF NEW YORK

	June 30, 1963	Mar. 31, 1963
Total resources	$735,691,031	$688,742,240
Deposits	639,047,157	586,617,353
Cash and due from banks	251,083,574	202,558,307
U. S. Govt. security holdgs.	100,977,035	100,260,693
Loans & discts.	334,299,828	322,833,132
Undivid. profits	13,403,494	13,096,400

* * *

Election of Eliot C. Clarke, Harry Barbee, Jr., James H. Wickersham, Jr., Nicholas E. Mezey, James T. Phillips Jr., and Raymond B. Rodriguez as Assistant Vice-Presidents of **Morgan Guaranty Trust Company of New York** was announced June 28 by Henry C. Alexander, Chairman of the Board.

Messrs. Clarke, Barbee, and Wickersham are in the bank's investments department, Messrs. Mezey and Phillips are in the corporate research department, and Mr. Rodriguez is in the bank operations department.

Also announced were the elections of Robert P. Hoch as an Assistant Trust Officer in personal trust administration and C. Oscar Morong, Jr., and David S. Bennett as investment research officers in the corporate research department.

* * *

MORGAN GUARANTY TRUST CO. OF NEW YORK

	June 30, 1963	Mar. 31, 1963
	$	$
Total resources	5,173,834,613	5,095,238,806
Deposits	4,070,423,895	4,036,931,587
Cash and due from banks	1,223,441,184	1,797,319,592
U. S. Govt. security holdgs.	559,817,719	752,208,149
Loans & discts.	2,418,451,179	2,290,194,087
Undivid. profits	154,220,162	150,342,630

* * *

James F. O'Rorke, 60, died June 24. He was an Assistant Vice-President of the **Morgan Guaranty Trust Co., New York.** He joined **Guaranty Trust Co.** in 1925 and became an Assistant Vice-President in 1958.

* * *

The election of William R. Waag as a Vice-President of **Empire Trust Company, New York,** was announced June 28.

At the same time Mr. Morris announced the advancement of John M. Gillen, Jr. to Assistant Vice-President from Assistant Secretary.

* * *

BROWN BROTHERS HARRIMAN AND COMPANY NEW YORK

	June 30,'63	Dec. 31,'62
	$	$
Total resources	289,299,095	301,456,130
Deposits	250,444,677	259,625,780
Cash & due from banks	80,273,521	78,557,774
U. S. Government security holdings	49,310,097	52,896,831
Loans & discounts	90,127,334	93,360,180
Capital & surplus	19,085,284	19,045,283

* * *

The **Commercial Bank of North America, New York,** received approval on June 20 to increase its capital stock from $3,782,840 consisting of 756,568 shares of the par value of $5 each, to $3,877,415 consisting of 775,483 shares of the same par value.

* * *

The Fiduciary Trust Company of New York, elected R. Minor Eager Vice-President.

* * *

THE GRACE NATIONAL BANK OF N. Y.

	June 30,'63	Dec. 31,'62
	$	$
Total resources	274,623,268	269,725,689
Deposits	237,224,176	252,688,107
Cash & due from banks	69,322,839	58,306,147
U. S. Government security holdings	49,989,210	49,994,912
Loans & discounts	119,108,747	125,387,376
Undivided profits	6,320,409	5,859,327

* * *

Thomas Blake, Jr., Assistant Vice-President of **The Dime Savings Bank of Brooklyn, N. Y.** July 1 observed his 40th anniversary as a member of the bank's staff.

Mr. Blake began his banking career as a clerk at The Dime. Following a succession of promotions, he was appointed Purchasing Agent in 1941 and attained officer rank in December of 1943 when he was appointed Purchasing Officer.

On July 16, 1954, he was elected an Assistant Vice-President and assigned to supervision of The Dime's purchasing and advertising and public relations departments.

* * *

Long Island Trust Company, Garden City, N. Y. promoted Bruno Greco to Assistant Vice-President. He came to Long Island Trust in 1962 from the **Marine Midland Trust Company.** Prior to that he was with the **Sterling National Bank and Trust Company** and the **Chemical Corn Exchange Bank.**

Joseph F. Dowd has been promoted to Auditor. He left Marine Midland Trust Company to join Long Island Trust Company in February.

* * *

The **Valley National Bank of Long Island, Valley Stream, N. Y.,** elected Fred Hertzer and George Scelzi Vice-Presidents.

* * *

THE FIRST NATIONAL BANK OF PASSAIC COUNTY, N. J.

	June 30,'63	Mar. 31,'63
	$	$
Total resources	277,430,394	263,879,594
Deposits	251,237,860	235,319,539
Cash & due from banks	39,785,750	38,394,662
U. S. Government security holdings	51,135,569	50,371,566
Loans & discounts	143,428,130	139,102,767
Undivided profits	5,679,870	5,509,355

* * *

The First National Bank of Jersey City, N. J. announced the promotion of Frank G. Kane to Assistant Vice-President and Cy F. Gill to Assistant Vice-Presidents.

* * *

The **Hightstown Trust Company, Hightstown, N. J.,** has changed its location to East Windsor Township, N. J.

* * *

Ralph L. Harding, Jr. has been elected Vice-President-Marketing of the **Pittsburgh National Bank, Pittsburgh, Pa.** effective July 15.

* * *

The First National Bank of Parma, Ohio opened on July 1.

Several hundred residents of Parma, a Cleveland suburb of 100,000 population, attended the opening ceremonies and viewed special lobby displays. The new institution is Parma's only national bank.

Mr. Andrew C. Putka, is President.

The Bank is capitalized at $1,500,000.

* * *

The **Central-Penn National Bank, Philadelphia, Pa.,** elected Richard H. Keenan Senior Vice-President, loan administration, and Edmund Williams, Jr., was elected a Vice-President.

* * *

Stockholders of **Maryland National Bank, Baltimore, Md.,** and **The Second National Bank of Hagerstown, Md.** gave their approval of the Comptroller of the two banks.

The merger now awaits final approval of the Comptroller of the Currency.

* * *

Clarence W. Alston, has been promoted to Assistant Vice-President of **The Bank of Virginia, Richmond, Va.,** effective July 1.

* * *

The **Cleveland Trust Co., Cleveland, Ohio,** Directors have approved a transfer of $10,000,000 from undivided profits to surplus.

* * *

The **Central National Bank of Cleveland, Ohio,** made John M. Case, a Vice-President and Manager of the international division.

* * *

Chalkley J. Hambleton, Vice-President and Secretary, **Harris Trust and Savings Bank, Chicago, Ill.,** becomes head of the bank's trust department. He succeeds William O. Heath, who has been elected Vice-Chairman of the Board.

Mr. Hambleton joined Harris Bank in 1935. His entire career has been spent in the trust department. He was elected Assistant Secretary in 1948, Assistant Vice-President in 1953, Vice-President in 1960, and Vice-President and Secretary in 1962.

* * *

Thomas E. Schmidt has been elected Assistant Cashier of **Hartford Plaza Bank, Chicago, Ill.**

* * *

The Fremont State Bank, Fremont, Mich., has changed its title to **Fremont Bank and Trust Company.**

* * *

The Comptroller of the Currency James J. Saxon on June 27 announced that he has given preliminary approval to organize a National Bank in Spencer, Iowa. The bank to be operated under the title **Spencer National Bank,** with an initial capitalization of $400,000.

* * *

The Comptroller of the Currency James J. Saxon on June 27 announced that he has given preliminary approval to organize a National Bank in West Burlington, Iowa. The bank to be operated under the title, **First National Bank of West Burlington,** with an initial capitalization of $200,000.

* * *

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

Initial capitalization of the new bank will amount to $600,000, and it will be operated under the title **Guaranty National Bank.**

* * *

The Comptroller of the Currency James J. Saxon on June 27 approved the conversion of **Key West State Bank, Key West, Fla.,** into a National Banking Association. The bank will be operated by its present management under the title **City National Bank of Key West.**

The capital structure for the converted bank remains the same $781,668.99.

* * *

Herbert Wells Foedisch has been appointed a Senior Vice-President of **The Bank of California, San Francisco, Calif.**

* * *

Matthew J. Ennis, Assistant Vice-President and Trust Officer, has been named to head the trust department of the Metropolitan Branch of **Seattle-First National Bank, Seattle, Wash.**

Mr. Ennis will succeed Timothy J. Healey who left the Metropolitan Branch on June 30 to join the **Midland National Bank in Billings, Mont.**

* * *

The Governor of the Bank of Canada, Louis Rasminsky, announced June 24 that the Board of Directors of the Bank of Canada have appointed Lorenzo Hebert, Assistant General Manager of **The Provincial Bank of Canada,** as a Deputy Governor. The appointment will take effect Sept. 1.

Mr. Hebert joined the **Royal Bank** in 1928 and served at a number of branches and at Head Office until 1942 when he enlisted. He returned to the Royal Bank in 1946, and joined the Provincial Bank in 1951. In the following year he was appointed Secretary to the Vice-President and General Manager, and later to the posts of District Superintendent and Superintendent, Head Office, becoming Assistant General Manager in 1962.

* * *

The United States National Bank of Omaha, Neb. announced the election of Mr. J. D. Anderson and Mr. Arthur W. Knapp to serve as members of the Board.

Marine Trust Appoints Barnes

John M. Barnes has been appointed Assistant Manager, Sales, in the municipal securities department of The Marine Trust Co. of Western New York, it was announced by John M. Galvin, Chairman of the bank's executive committee. He will be stationed in the New York office, 120 Broadway. Mr. Barnes has been associated with the Harris Trust & Savings Bank in the New York office of their investment department since 1953.

John M. Barnes

Where Mortgage and Savings Bankers Can Cooperate

By Dale M. Thompson, President, Mortgage Bankers Association of America and President, City Bond and Mortgage Company of Kansas City, Mo.*

Speaking as a friend of the mutual savings industry, and hoping he will still be considered a friend, Mr. Thompson explains why his mortgage banking group cannot support proposed Federally chartered mutual savings banks. He then proceeds to chart vital legislative areas where mutual banks and mortgage bankers definitely can and should work together for their mutual benefit — which would broaden the mortgage investment market rather than improving the competitive position of one by excluding or limiting entry to another. Mr. Thompson suggests such targets for joint action as elimination of archaic foreclosure laws, of priority of tax claims over historical position of a mortgage, of Government submarket interest rates, and of numerous and unrelated proliferating activities impeding FHA's initial major function of pooling risk in the private mortgage structure of our economy.

Anyone considering legislation affecting mortgage lending activity has also to consider the characteristics of the institutions that engage in that activity. First they are more intimately affected by statutory prescription than any economic group possibly excepting public utilities. Second, the activity is highly competitive, with institution vying with institution and institutional group vying with institutional group for an increasing share of the business. Third, because the activity is both circumscribed by legislation and highly competitive there is always a tendency of each group to seek laws which will give it some added competitive advantage.

Dale M. Thompson

I see no serious objection to this, unless at the same time, the advantage for one is coupled with a disadvantage or restraint for another. Against a mere extension of the area of competition, none of us, as advocates of a freely competitive market economy, can have any objection. Nevertheless, it should not be surprising if groups not directly benefitted by a proposal, or who may consider that their lives may be made a little more rugged by its enactment, do not join with enthusiasm in its advocacy.

Explains Mortgage Bankers' Opposition to Federal Charting Of Mutuals

Consequently, the Mortgage Bankers Association, after prolonged consideration, has reluctantly concluded that it cannot support the proposal to create a system of Federally chartered mutual savings banks. Knowing the objective of this Association —the fostering of the correspondent system of mortgage investment—and in view of the fact that the majority of our membership is dependent upon the effective operation of that system, this action — or absence of action —should not be surprising to you. It in no sense represents any unfriendliness to your members nor any lack of willingness to work with you for our mutual good.

However, an organization that has grown strong by developing an effective method of marketing mortgages on a national scale can hardly be without apprehension at the establishment of an alternative method from which it would be excluded. If, instead of providing for the sale of mortgage participation among members of the new system, the proposal would permit the acquisition, sale and servicing of conventional mortgages on a nationwide basis, utilizing the type of company that has historically engaged in this activity, the MBA might take a different attitude toward the proposal.

There is, however, a broad area of legislation for which it should be possible to gain support—and wholehearted support — from all participants in mortgage lending activity. This is the area of legislation that focuses primarily on broadening the market for mortgage investment rather than primarily on improving a competitive position in respect to a limited market. I often think that in our tendency to concentrate on the latter, we neglect the opportunities offered by the former. If we are to maintain the dominance and assure the growth of the private mortgage credit system of the country we shall have to give far more attention to the neglected area than we have lately been doing.

Consequently my look on legislation will be toward what I believe all elements of the system should be able to agree upon and from which all may benefit by joint action. While a major part of our concern, in this as in other respects, must be with Federal legislation, we cannot ignore the part played by state legislation—or the lack of it—if only to understand the excuse it gives for enlarging the role of the national government. Consequently, I shall take the liberty of expanding the topic assigned to me so as to touch on this vital area of concern.

Foreclosure Laws Jungle

Let us look, for example at probably our greatest area of neglect—the foreclosure laws of the states. As we all fully know, these statutes are a jungle of inconsistency, a treacherously variable ground of cost and risk. A short time ago I had made for me a quick review of these statutes, to find that there were only about a dozen of the 51 jurisdictions where foreclosure could be effectuated in less than two months' time, where there was no redemption period, and where the average costs did not exceed $400.

The bulk of our mortgage laws are as obsolete as the ox-cart. In fact, for the most part, they date back to ox-cart days and were designed to meet the peculiar requirements of an agrarian society. They still may give the farmer a period in which to recover from a disastrous crop year, but they have little relationship to conditions prevailing in the urban economy in which most of mortgage investment is now centered. They discourage the flow of funds across state lines. They help to maintain differentials in interest rates. They penalize the lender with unnecessary risk and cost and, by so doing, penalize the borrower with unnecessarily high interest and shortages of loan sources.

Yet what has been done to remedy this? Here and there a redemption period has been shortened, and that is about all. What is needed is greater uniformity and simplicity in foreclosure statutes along the lines of what was accomplished years ago in the negotiable instruments acts. In the years prior to World War II, a move was started in this direction, but the War distracted attention, and the effort had to be dropped. But the half-finished work remains ready to be picked up.

Here is something which is in everyone's interest to accomplish. It would broaden markets and reduce cost. It would benefit the borrower as well as the lender. It would favor no group of institutions over another. The only things lacking are the will and the cohesive force needed to get the job done. I urge that without more delay we organize nationally for the reform of these statutes. I can assure you that the full strength of the association I represent will go into the endeavor.

Priority of Previously Recorded Mortgage

To move to other matters on which united action is needed, I am happy to mention at least one on which unity is actually being achieved. I refer to the effort to restore the priority of a previously recorded mortgage over a Federal tax lien. This effort was initiated by your Association and mine and now is gaining support from other sources. One of the difficulties facing this legislation—aside from the fact that the House Ways and Means Committee has its hands full putting together a tax bill—is that the measure is too technical and legalistic to gain popular understanding and appeal. If it is to succeed, therefore, it will be only because of the tireless effort of our people to point out its significance to members of Congress.

Its significance can hardly be overstated. If the rights of the mortgagee continue to be eroded as they gradually have been by court decisions over the past decade, the hazards of mortgage lending will be vastly increased. Not only will the government be able to collect on its claim ahead of the mortgagee from the proceeds of a sale, but — equally serious—the escrows collected for payment of the mortgage obligation, insurance, and local taxes will be subject to seizure even in the absence of a default on the mortgage.

If these assertions of priority are sustained, mortgage investment is likely to lose much of its

Continued on page 27

The State of TRADE and INDUSTRY

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

Business continues good and more in keeping with expectations after a somewhat "surprisingly boomy" rate of improvement noted in April and May, so say Purchasing Executives in their June report. While they are still generally quite cheerful *remarks are a little less buoyant* than in the past 60 days. As anticipated, labor relations get the nod as the most mentioned factor affecting current levels of activity, particularly lumber strikes on the West Coast, the nationwide railroad dispute, and of course the just concluded steel talks, the full effects of which are yet to be determined.

According to the composite opinion of purchasing agents who comprise the N.A.P.A. Business Survey Committee, new order and production figures returned to approximately March levels, and while new orders ran ahead of production last month, they are almost equal this month. Nevertheless, in both new order and production those reporting better still outnumber those reporting worse by two to one.

	Better	Same	Worse
New Orders			
June	34	51	15
May	54	32	14
Production			
June	33	54	13
May	43	42	15

Now that steel has settled some inventory correction can be anticipated as the Purchasing Executive turns his attention to the upcoming vacation shutdowns and the annual summer doldrums. Add this to inactivity in tax relief and the unresolved labor situations and you still have some rather large "ifs" affecting the current broadly based advance. Certainly these unknowns could present formidable stumbling blocks in the path of "continued gains" predicted last month.

Purchased Materials Inventories

Inventory accumulation continues, but as expected and noted in the February report, the rate of accumulation has slowed. A special question in February queried members as to what month they expected stockpiling activity to be reflected in inventory levels: 11% said March, 26% April, 40% May, and 21% June. Those reporting higher stock levels in each of these months were—22% March 28% April, 32% May, and this month it dropped to 27%.

It is also interesting to note that last month 27% of our members reported that their inventories were "higher than desirable," yet only 11% report lowering their stocks this month from May levels. No change over May is reported by 66%.

Buying Policy

June statistics indicate some lengthening of forward commitments for production materials and MRO supplies. While the change is not great, it does represent the most significant advance this year. Comments from members indicate that some are contracting for future needs in order to avoid possible price hike attempts. Also, the broadly based advance and improved tempo of business activity has, in itself, doubtless forced some order scheduling a bit more into the future.

Capital equipment commitments did not share even the modest lengthening of the other two categories; in fact, a slight shortening took place.

Employment

Last month's employment report noted a change of only 2% over April. June figures show even less movement as only 1% changed their report from May. Therefore, employment continued to improve at the same rate—23%, the same as May, report higher levels and 11% down from 12% in May, report lower levels. This is the fourth straight month that those reporting higher have outnumbered those reporting lower employment figures.

Commodity Prices

Two months of sharp increases in the number reporting price hikes have been followed by an equally abrupt drop-off in that number during June. Those reporting price levels "up" slipped from 38% in May to 15% in June, the largest one-month decline in seven years. Those reporting tags "same" moved up from 58% to 79%. These figures point to the stabilizing influences of the market place which are once more taking hold.

Apparently some of the starch has been taken out of the firming price trend, although it will be noted that there are still more reporting "up" than "down."

It should be recalled that our May report indicated doubt as to the longevity of some of the new tags. Now it appears that some of the trial balloons have burst. At least there has occurred a blunting of the upward spurt. Only the more hearty are likely to survive the summer letdown, inventory liquidation brought on by labor settlements, and the cost conscious Purchasing Executive.

Specific Commodity Changes

Heavy buying in the sugar market subsided in June and prices for both the raw and refined product began to fade. A return of confidence in the availability of ample supplies appeared to have stemmed the tide. Lead and lumber joined the items on the "up" side and cadmium appeared in the "short supply" column for the sixth straight month.

On the *up* side are: Aluminum, lead, steel, tin, silver, lumber, chemicals, fasteners, and manila rope.

On the *down* side are: Sugar and fuel oil.

In *short* supply: Cadmium and Cadmium anodes.

Bank Clearings 7.9% 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 27 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 7.9% above those of the corresponding week last year. Our preliminary totals stand at $34,471,453,352 against $31,932,920,580 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. June 29—	1963 (000's omitted)	1962 (000's omitted)	%
New York	$19,623,150	$18,133,308	+ 8.2
Chicago	1,454,945	1,348,514	+ 7.9
Philadelphia	1,257,000	1,224,000	+ 2.8
Boston	976,585	940,175	+ 3.9
Kansas City	564,169	557,429	+ 1.2

Steel Drop of 4.7% Marks Fifth Weekly Decline in a Row, but Stays at Three-Year High and 54.1% Over Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended June 29 was 2,313,000 tons (*124.2%) as against 2,426,000 tons (*130.2%) in the week ending June 22. The week to week output fell 4.7½% marking the fifth weekly decline in a row and the lowest weekly output since the first week of March. Output, nevertheless, remained at a three-year high which was equaled in the April 9-16, 1960, period. The year's weekly high was 2,626,000 net tons achieved May 25-ending week. The June 22-ending week's output exceeded last year's week by 54.1%.

Out of the 26 weeks of this year's steel output, production declined in seven 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).

Unlike last year, most mills will not be closed for an extended time over the July 4 holiday week. Even so, steel output is expected to decline further next week.

June's steel output came to 10,700,000 ingot tons—down from nearly 11,500,000 in May but 60% above June, 1962's total output for the year's first half was almost 59,600,000 tons or 5,509,000 more than January-June, 1962.

For the fifth 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 59,401,000 net tons (*122.6%) which is 9.2% above the Jan. 1-June 30 1962 production of 54,412,000 net tons.

District	*Index of Ingot Production for Week Ending June 29	June 22
North East Coast	115	120
Buffalo	123	132
Pittsburgh	124	128
Youngstown	114	128
Cleveland	133	147
Detroit	150	151
Chicago	129	137
Cincinnati	135	135
St. Louis	106	120
Southern	121	116
Western	122	125
Total Industry	124.2	130.2

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

Steelmaking Slackens, but Year Is Still Expected to be Good

Steel production continues to slacken in the wake of the steel labor settlement, but producers still expect ingot output to be the largest since that of 1957, *Steel* magazine said.

Producers are counting on 1963 to be at least a 103-million ton year. Since 1957, ingot production

Continued on page 26

THE SECURITY I LIKE BEST...

Continued from page 2

ital of 30 million shares. Thus, if Canadian Pacific would contemplate at some future date to emulate the Hudson Bay Company's spin off of Hudson Bay Oil and Gas, it could spin off one share of Investment Ltd to its stockholders and would still retain the majority of the authorized shares.

Canadian Pacific is by far, the largest truck operating company in Canada, besides it is the owner of a chain of 11 leading hotels. In addition, it is the owner of the Canadian Pacific Steamship Line operating 23 ships; the Canadian Pacific Airlines, operating a domestic and worldwide air service, and the Canadian Pacific communication network. The latter showed net earnings from telecommunication services last year of $2.6 million reflecting continued growth of "Telex" and private wire services. Furthermore, the company has valuable acreage in the city of Vancouver and about 900,000 acres of so-called, prairie land, the value of which is constantly increasing.

Last, but not least, one of the major assets of Canadian Pacific is its majority ownership of Consolidated Mining & Smelting, the world's largest base metal producers. In turn, Consolidated Mining owns 78% of Pine Point, the world's biggest unexploited zinc mining property. The Canadian Government is building a railroad to Pine Point which should be completed in 1965. Canadian Pacific puts a book value of $2 per share on Consolidated Mining, whereas the shares are selling presently at $24, thus the Consolidated Mining current market value amounts to approximately $15 per share of Canadian Pacific. Most of the other assets mentioned above seem to be equally understated. On the other hand a part of the company's senior capitalization is payable in £ which the company in its balance sheet carries as an obligation at 4.85 per £ whereas the current value of the pound is approximately $2 less. Net current assets of the company amount to approximately $8 a share. Taking all the above into consideration, the minimum value I arrive at is presently approximately twice the current stated book value of $58.88. I wouldn't be astonished if efforts would be made in the future to sell the railroad and air transportation property to the Canadian Government as the latter operates already the Canadian National Railway and the Trans-Canada Airline, the only important Canadian competitors the company has.

Canadian Pacific showed 1962 earnings per share of $2.02 against $2.04. However, it appears that the profits were charged $13 million over and above actual income taxes paid. This, of course, would mean that the actual income would have been close to $3 a share. In 1962 net railway earnings declined $8.7 million below 1961. In this connection it must be mentioned that the findings of the McPherson Royal Commission on Transportation is expected to be enacted, sometime this summer, into law in order to give relief to the incredibly depressed freight rates on grain which were fixed more than 65 years ago. The government granted the company a retroactive subsidy earlier this year for 1962, which amounted to approximately 20c a share. Revenues for the first four months this year declined 1.3% from a year ago, final net was 3c per share against 19c. Net income in 1962 from other operations showed a corresponding increase of $8.7 million, namely from results of steamship, airline, hotel and telecommunication operations.

Cash flow per share has been calculated, including $5.6 million from land sales, as exceeding $8 per share! ! By giving more emphasis and care to the development of the company's huge non-railroad properties, it should be possible to get a very much larger return on such properties for the stockholders than the company was able to do in the past. Any efficient organization running a plant, having a value of about $120 a share, should be able to show, after taxes, results substantially above the $2.02 reported in 1962. I therefore consider Canadian Pacific shares an excellent vehicle for possible substantial long-term capital gains, affording at the same time an attractive yield.

Byllesby Forms Subsidiary Co.

CHICAGO, Ill.—Byllesby Securities Company, 135 South LaSalle Street, has been formed as a wholly-owned subsidiary of H. M. Byllesby & Co., Chicago-based investment banking firm.

Francis C. Woolard, Chairman of the Board and President of the New firm, reported that the company will assume the brokerage and investment operations of the parent company. It is also a member of the Midwest Stock Exchange and American Stock Exchange (Associate) and the National Association of Securities Dealers. Mr. Woolard, a 34-year veteran of LaSalle Street financial circles, is Executive Vice-President and a Director of H. M. Byllesby & Co.

Glen A. Darfler, with 36 years of professional experience in securities trading, is Executive Vice-President of Byllesby Securities Company and will be in charge of trading operations.

Directors of the company include Messrs. Woolard and Darfler, and Willard C. McNitt, President of H. M. Byllesby & Co., George H. Stillman, and Lawrence R. McNamara.

Officers, in addition to Messrs. Woolard and Darfler, include John F. Bolger, Vice-President; Edward S. Flynn, Vice-President; Frank Holtman, Vice-President; Lawrence R. McNamara, Secretary-Treasurer; Martin L. Magee, Assistant Secretary and Assistant Treasurer; and Paul J. Welsh, Assistant Secretary and Assistant Treasurer.

J. M. Dain & Co. Elects Officers

MINNEAPOLIS, Minn. — Wheelock Whitney has been elected Chairman of the Board, and James G. Peterson, president and general manager of J. M. Dain & Co., Inc., 110 South Sixth St., members of the New York and Midwest Stock Exchanges.

The Market . . . And You

BY WALLACE STREETE

Stocks steadied after a technical correction this week but it wasn't a performance that indicated with too much clarity what lies ahead for the market.

Against a downside objective somewhere between 695 and 700, the industrial average found support when it approached 701, so nothing critical was violated as far as this particular average is concerned.

Sentiment was cautious, which is usual when the market ends a long streak of upward movements and pauses for consolidation; but there were some added facets to keep Wall Street restrained.

Some of the market's buoyancy since last fall was attributed to advance anticipation of tax cuts, but Congress so far has not only been dragging its feet on enacting any tax cuts, but lately sentiment seems pretty much resigned to the prospect of no tax cuts at all.

Steel operations, as anticipated, have slowed down since the wage reopening with the steel unions was settled speedily and at somewhat less than an exhorbitant cost. So there are steel inventories in the hands of consumers to be used up before the extent of new orders can be gauged accurately.

Meanwhile, the normal summer lull in orders is apparent so little can be determined for some time to come as to how the steel mills will fare in the fall. Auto production is still one of the brighter spots of the giant segments of the economy, but the auto shares long since have responded to the bright picture and there is little for them to anticipate at the moment.

Chrysler, which is making one of the more spectacular rebounds profitwise, has gone a long way and through a stock split in addition, to respond to its change in fortunes. On an adjusted basis, the present shares have snapped back from a theoretical low of 36 to above 69 at the top which is excellent market progress. Lately the issue, while still active and more times than not at the head of the most-active lists, has been restrained. And in stock market matters such action scarcely builds up a new following to keep the ball rolling.

Expanding Wood Products Item

In the wood products field, Georgia Pacific Corp. has had a tame market life all this year, hovering in a range of around 10 points with even its merger with Puget Sound Pulp failing to stir up the traditional merger excitement that has been seen in other areas.

Georgia Pacific has stuck to its last but has been busy expanding in the wood-paper field with various acquisitions including Crossett Co. prior to the Puget Sound acquisition. To some analysts, the chief benefit of this has been to expand its importance in the paper product end of the business and lessen its dependence on plywood which last year accounted for some two-fifths of its sales.

If the present pilot operations of Georgia Pacific are any indication, its next important expansion would be in chemicals derived from wood chips and bark. In picking up acquisitions, Georgia Pacific has few peers, having digested no less than five this year so far.

As the result of its acquisition program, Georgia-Pacific in less than a decade has boosted sales from some $86 million to $325 million and profit has climbed from $6 million to $19 million. These figures include only a half year of operations of Crossett Co., and Puget Sound has yet to show up in the operating results since it is only in the process of being acquired currently.

Georgia Pacific is rather widely associated only with plywood and the unsatisfactory price experience in plywood for a prolonged period undoubtedly has contributed to investor disinterest in the company. But the fact is that the price picture recently has improved markedly.

The improved price situation, the recent acquisitions, and strength in the price picture of the various paper products that have been added to Georgia Pacific's lineup give the company a good chance of posting new record profits this year. As far as return is concerned, Georgia Pacific's cash disbursements show no superior yield, but the company policy has been to lard the cash with stock payments, currently 1% quarterly, which to tax-conscious investors is an added inducement.

Conflicting IBM Thoughts

International Business Machines was something of an erratic performer as various analysts took turns in, (1) pointing out the heightened competition that company faces and, (2) in detailing how IBM has in the past been able not only to compete with all comers but to stand out far ahead of the rest in phenomenal growth.

The shares of IBM have long been noted for their violent swings and, until last year, these were virtually all on the upside as stock dividends and splits added to the value of holdings that were mostly tucked away for a future day with little intention of being sold on the market.

The market upheaval last year saw the shares drop half their value, sliding from above 600 to a low of 300, but this year they sold back up above 478 at the top. And this week 10 to 12 point swings were chalked up per session as the argument raged over the value of the stock.

The business of computers admittedly is one of the fastest-growing businesses in the world at the moment. IBM's dollar value is rated as accounting for 80% of the market. And, as even the critics point out, in a business growing so fast even if the competitors do manage to trim 10 or 20% from IBM's domination, the field by then will still be a multi-billion dollar one with plenty of room for fat profits for IBM. As in the case of General Motors in the auto field, the race in the computer business is not to topple the leader but to win convincingly the status of second place in it.

Chemicals have had some erratic moves, particularly the giants of the industry including du Pont where operations are clouded by the divestiture of a billion dollar bundle of General Motors shares.

A Growth Chemical

The medium sized Witco Chemical, however, has been able to show constantly expanding profits for no less than seven years although, being a relative newcomer to listed trading, the company undoubtedly is far less known as a byword to investors than many of the others.

Its profit picture has outdone the industry in general in recent years but without too much reaction from Witco's shares which have held this year in a 10-point range and well below the 50 price reached in 1961 prior to the market break.

Witco specializes in petroleum products and recently added to its participation in the field by acquiring a Los Angeles producer of many of the same products in which it specializes.

The customers for the products include pharmaceutical, food processing, plastic and cosmetic producers as well as agriculture, some of which are also customers for its organic chemicals which is its second largest line. Other lines served by Witco are asphalt and tar products, detergents, carbon black for the rubber industry, paint and plastic preparations.

Where chemical issues for years have been the premiere growth ones and seemingly warranted abnormally high price-earnings ratios, that of Witco is around 15 times earnings on projected results for this year. This is well below that of the chemical industry in general and even the Dow industrial average's indicated P/E ratio.

The indicated dividend is less than 3%, which is not in itself a return that compels attention. But with its steadily rising sales and earnings, Witco also has a record of constantly expanding its dividend payout since 1957. The indicated $1 payout for this year is a 10-cent improvement over the 1962 payment. And that previous year's payout was also a 10-cent improvement over 1961.

[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.]

Taylor, Rogers To Be NYSE Member

CHICAGO, Ill.—Effective July 11, Taylor, Rogers & Tracy, Inc., 105 South La Salle Street, members of the Midwest Stock Exchange, will become members of the New York Stock Exchange also. The firm's membership will be acquired by Clyde H. Keith, Executive Vice-President.

Officers of Taylor, Rogers & Tracy, Inc., are Ralph S. Longstaff, Chairman of the Board; William L. Taylor, Jr., Mr. Keith, Executive Vice-President; Fred T. Rahn, John V. Maloney, Thomas J. Hoyne and Harold S. Bott, Vice-Presidents; and Armand L. Primeau, Secretary-Treasurer.

Roberts Elected

ST. LOUIS, Mo.—Elzey M. Roberts, Jr., G. H. Walker & Co., has been elected Treasurer of Group Hospital Service, Inc., the St. Louis Blue Cross Plan.

Wasson Honored By Govt. of Italy

The Italian Government has honored R. Gordon Wasson, a New York banker, by conferring the Order of Merit of the Republic of Italy, with the rank of Commander.

R. Gordon Wasson

Mr. Wasson, a Vice-President in the international banking division of Morgan Guaranty Trust Co. of New York, was decorated in recognition of his contribution to cultural and commercial relations between Italy and the United States. The rank of Commander is second-highest (of four) in the order.

The award was bestowed by the Italian Consul General, Marchese Vittorio Cordero di Montezemolo, in a ceremony at the Italian Consulate in New York.

Mr. Wasson is a Vice-President and a member of the executive committee of the Italy-America Society, Inc., and has been a director since the Society was formed in 1949. He is also secretary of the board of trustees, and a former member of the finance committee, of the American Academy in Rome.

The Italy-America Society sponsors cultural exchange programs between Italy and the United States, including lectures, concerts, and art shows, and supports Italian language classes for Americans and a scholarship program for Italians studying in the United States.

The American Academy in Rome, founded in 1894, is devoted to furthering fine arts and classical studies in the United States by granting fellowships to American citizens, particularly younger architects, artists, and scholars, to encourage their independent studies and projects abroad.

M. C. Glad Joins Rittmaster, Voisin

Rittmaster, Voisin & Company, 40 Exchange Place, New York City, members of the New York Stock Exchange, announce that Mark C. Glad, formerly with Cogeshall & Hicks, has become associated with them as Director of research.

MUTUAL FUNDS

BY JOSEPH C. POTTER

What They're Talking About

As spring faded into summer, the investment community had begun to weary of talk about when (it is rarely "if") the Dow-Jones Industrial Average would surpass the old record high attained in December, 1961. But what the Financial District was talking about was not unrelated to the market trendline. Congressional and steel mills dominated the conversations.

Within the fund fraternity and around the boardrooms much of the talk was about that phase of Government tax reform which threatens repeal of the small-enough tax benefits to the millions of stockholders in this country. At issue was a provision that has allowed shareholders, under a 1954 law, to exclude from their taxable income a mere $50 in dividends received during a year and to take a 4% tax credit on the balance of their dividends. Enacted during the early days of the Eisenhower Administration, this Administration wants to eliminate it.

Fund leaders and corporations should waste no time in acquainting stockholders with the proposal. Early last month the House Ways and Means Committee, which originates tax legislation, tentatively voted, 14 to 11, against repeal of the provisions. However, the New Frontiersmen have not given up.

Stockholders are an intelligent and articulate lot but, unlike numerous other elements in our society, which may be far fewer in number, they are not organized. Fundmen, who pride themselves on providing an outstanding investment medium for the risk-taking American, are in a position to provide positive leadership here.

This Administration is unusually sensitive about political consequences. If the 17 million stockholders in this country ever stood up and demanded fair treatment there would indeed be a new deal.

When investment leaders were not talking about Washington, the conversation usually concerned Pittsburgh. While it was generally agreed that it would take a good deal more time to measure the full impact of the agreement with labor in the industry, there was widespread feeling that the settlement of 1963 may well prove historic, not only for steel but for all industry.

An agreement had been hammered out over long months away from the glare of headlines and provocative statements. Also, the CIO Steelworkers had decided to waive the cash and take, instead, extended vacations for senior employees. There was no little hope that this accord might usher in a new conciliatory period in which labor and management recognized their mutual interests. It is no secret that fundmen long ago decided that the steel industry was in poor health. Steels were in their own private bear market long before the general list hit the skids in early 1962.

But it would be a mistake to suppose that fundmen have not been paying close attention to the steels—which is not necessarily the same thing as buying. They have been pretty much sold out. In the words of one fund executive: "Up here we've been saying for months that it is too late to sell whatever steels you may have left, but too early to buy them. Now, we may have to recast our thinking."

Shrewd investment stewards are aware that the steel industry has been spending heavily on research that would make these companies more competitive — things like oxygen process, lighter-weight metal and beneficiation of low-grade ore. Enlightened labor leadership, helping the industry to cope with the manifold problems in the mills, may herald a new day for this field.

Alongside the ills that afflict the railroads, the woes of steel are insignificant. And here in 1963 the investment community has been enchanted by the carriers.

Portfolio changes are going to make for some interesting reading.

The Funds Report

American Business Shares reports that at May 31, marking the end of the first half of the fiscal year, net assets totaled $27,605,080, or $4.20 per share. A year earlier assets amounted to $25,112,223, or $4.16 a share.

During the latest six-month period the company eliminated Alterman Foods, Genesco, Marshall Field and Morgan Guaranty Trust.

* * *

Total net assets of **Bullock Fund, Ltd.** reached a record $82,383,340, equal to $13.67 a share, at May 31, according to the semi-annual report. At the end of the fiscal year on Nov. 30, 1962, assets were $70,661,373, or $11.98 a share.

* * *

Per share asset value of **Canadian Fund, Inc.** increased to $17.59 from $16.17 in the six months ended May 31. Net assets at latest reporting date totaled $35,486,807, against $34,349,535 on Nov. 30, 1962, end of the last fiscal year.

* * *

Delaware Fund announces it "has completed a position" in First Charter Financial Corp.

* * *

Delaware Income Fund reports net assets totaled a record $18,627,502 on May 31. This compares with $16,299,690 six months earlier, according to the semi-annual report. Net asset value at latest reporting date was equal to $10.83 a share, compared with $9.63 on Nov. 30, 1962, end of the fiscal year.

* * *

Financial Industrial Fund reports that at May 31 net assets amounted to $260,075,404, or $4.42 a share. At the end of the preceding quarter assets were $238,256,637, equal to $4.05 a share. At the end of May, 1962, assets totaled $216,509,490, or $3.98 a share.

* * *

Massachusetts Investors Growth Stock Fund reports that at May 31, end of the second quarter of the fiscal year, total net assets were $623,227,063, or $8.26 per share. Three months earlier assets amounted to $562,000,096, or $7.51 a share. On May 31, 1962, assets were $498,386,598, equal to $7.05 per share.

* * *

Wellington Fund total net assets were $1,548,299,000 on May 31, according to the semi-annual report in which Walter L. Morgan, President, said assets "are presently at the highest level in the fund's 35-year history. They were up $158 million since Nov. 30, 1962. Value of the shares rose to $14.57 on May 31 from $13.62 a share on Nov. 30, 1962. At the end of May, 1962, net asset value a share was $13.27.

During the latest six-month period the company made these new investments: Allied Chemical, Aluminum Co. of America, Union Carbide, Monsanto Chemical, Continental Oil, Otis Elevator, Reynolds Metals, Great Atlantic & Pacific Tea Co., Southern Railway, Norfolk & Western and Abbott Laboratories. Over the same span the company eliminated American Broadcasting-Paramount, Atlantic Refining, Mead Johnson, Papercraft Corp., North American Car corp., American Potash & Chemical, General Public Utilities, Buckeye Pipe Line, Philadelphia Electric, Ideal Cement, Schering, Harbison-Walker and National Bank of Westchester, N. Y.

New Coast Exch. Member Firm

Election to membership in Pacific Coast Stock Exchange of Verne L. Murray, General Partner of the firm of Murray, Harrington & Co. effective July 1, 1963, was announced by Thomas P. Phelan, President of the Exchange. General partners of the firm are Verne L. Murray and Barbara H. Murray. Katherine W. Murray and Daniel C. Harrington are Limited Partners.

Verne Murray has been actively engaged in the bay area stock brokerage business with exchange member firms since 1958. Office of the new firm of Murray, Harrington & Co. will be established in San Francisco.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The opinions are still strong that short-term interest rates should go up modestly in order to help our balance of payments problem. Long-term rates should also advance because this would likewise help the balance of payments problem. With the economy in an upturn, the excuse or reason is evidently being provided for higher interest rates in the opinion of not a few money and capital market followers. It is evident that somewhat higher rates will be pretty much of a sure thing if and when there is a real reduction in taxes.

On the other hand, the amount of funds looking for an opportunity to be put to work in short-term securities and long-term bonds, starting with the Treasury issues, is as large as ever. This is a very strong force still working against higher interest rates.

Treasury Issues Highly Attractive

The expressed opinions of bankers and the so-called financial experts that higher interest rates are more than a possibility because of the expanding credit demands to be brought about by improving economic conditions are tending to expand the cautious attitude which has been in evidence among the buyers of all fixed income bearing obligations.

It is very evident that those who have been making commitments in the most distant Government securities have been getting the better of the deal because these obligations, in comparison with non-Federal bonds, are still the very best quality bond that can be obtained whether interest rates are to remain where they are, go up a bit, or even by some unexpected circumstance, go down a little.

Weak Case for Higher Long-Term Rates

The supply of funds seeking an outlet in bonds, whether they be Governments, corporates or tax-exempts is still very large and there are no signs of this money being used for any other investment purposes yet. This most likely means that, in spite of some uncertainty in money and capital market circles, there is not going to be a sizable uptrend in long-term interest rates with this large supply of investible funds around. In addition, the supply of new bonds coming into the market, with the exception of tax-exempt issues, is not likely to increase very much if at all in the foreseeable future. This is not an unfavorable development as far as the capital market is concerned.

Overpricing Begets Investor Resistance

It does, however, seem that real consideration must be given to the pricing of the securities that will be floated and that this will be done on a basis which does not result in these issues being overpriced, especially the large offerings that will be put on the market in the future. It is this overpricing of new securities which has been having an adverse influence on the bond market as a whole since it has brought about investors' buying resistance and, at times, considerable congestion in the capital market.

The not successful offerings of Governments, corporates and tax-exempt bonds in size recently shows what overpricing can do to the new issue market.

Ratings Should Not Be Ignored

Moreover, it appears as though there will have to be more discrimination between the various rating in bonds when this market returns to more normal conditions. It is very evident that the best quality bonds such as Government obligations will have to be the top ones in any rating system with these differentials much wider than they have been in this bond market. It is not only ridiculous but also absurd to have such small spreads or even no spread at all between the various bond ratings if the credit standings of the borrowers are to mean anything.

The rising stock market has taken prices of common stocks up to levels where the spread between the current income which is available in these securities and the return which is obtainable in bonds is again widening in favor of the fixed income bearing obligations. This is not unusual under boom conditions, which we do not have yet.

Calvin Bullock Names Britten

Calvin Bullock, Ltd., 1 Wall St., New York City, investment managers and mutual fund underwriters, have announced the appointment of Wilson A. Britten as national sales manager, effective July 1, 1963. He succeeds John McG. Dalenz, who becomes a member of the firm's Executive Committee.

Wilson A. Britten

Mr. Britten joined the Bullock firm in 1952, after previous employment with the Morgan Guaranty Trust Company and the New Jersey Historical Society. A graduate of Princeton with a masters degree from Columbia, he served in Europe with the 94th Infantry Division during World War II.

For the past four years, Mr. Britten served as director of the Dealers Relations Department of Calvin Bullock, Ltd.

Mutual funds under Calvin Bullock management include Bullock Fund, Ltd., Canadian Fund, Inc., Dividend Shares, Inc. and Nation-Wide Securities Company, Inc.

Purcell, Graham To Admit Partner

Purcell, Graham & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on July 11 will admit Thomas W. Graham to partnership.

COMMENTARY...

BY M. R. LEFKOE

In recent months, this column has presented several detailed examples of how the National Labor Relations Board is pursuing a policy of fostering union growth at the expense of the rights of employers and employees. On one occasion, the issue of free speech for employers was discussed; on another, it was pointed out that an employer has no right to subcontract without first "negotiating" with the union; and, finally, a case history was offered in which the NLRB refused to allow a company to go out of business because it suspected that a union may have been partly responsible for the company's decision.

But the loss of individual rights and the overall lack of justice today in the field of labor relations cannot fully be blamed on the specific decisions of the Kennedy Board. The primary responsibility must lie with Congress, which created the administrative agency, proscribed its function and method of operation, and gave its members the almost unlimited power to interpret the relevant statutes.

Due Process of Law Denied

For example, a serious question exists as to whether or not an employer (or employee) whose legal rights are violated by a union is able to obtain due process of law. An injured party is not *guaranteed* a hearing before the Board. When he contacts the NLRB, he will be told that he is expected to file an "unfair practice charge" with the General Counsel of the NLRB, who has absolute power to decide if he wants to prosecute the charge. The injured party has no way of compelling him to prosecute, and he may not even be told why his charge was dismissed. The General Counsel may choose to offer an explanation, but he is under no enforceable obligation to do so.

Moreover, the General Counsel might validly turn down a complaint if he believes that previous Board decisions indicate that the charge being made is groundless. Thus, if the Board has distorted the intent of Congress by ruling that secondary boycotts are legal (as it has), the General Counsel will be hesitant in filing a formal complaint if an employer files a charge against a union for engaging in a secondary boycott. Finally, in a case where the NLRB's jurisdiction is questionable under the law, the Board itself may arbitrarily refuse to hear a complaint even if it is filed by the General Counsel.

If the injured party then appeals to the Federal courts, he will be told that there is no appeal from a refusal by the General Counsel to issue a complaint. The only sure way for an injured party to obtain access to the courts is on appeal from a formal Board ruling, although the Landrum-Griffin Act alleviated the problem somewhat by giving state courts and agencies the right to hear labor disputes which the NLRB has declined to consider.

Absence of Complete Judicial Review

There is also a serious question as to whether or not those complaints which are heard by the Board and appealed to the courts receive a complete judicial review. Following a formal decision by the Board, any party has the right to appeal to the Federal courts. But it has long been held that the courts have only a limited right to review NLRB findings.

The possibility of an injured party not being able to obtain any legal remedy is a result of statutory provisions and court rulings, however, the problem was made even worse by the Kennedy Board when it stated in a recent decision *(Jocelyn Mfg. Co.)*: ". . . a party is entitled to a hearing only where such a hearing would serve a useful purpose." Who decides whether or not a hearing "would serve a useful purpose?" The members of the Board.

In a recently published book, *The New Frontier NLRB*, Kenneth C. McGuiness, a former acting General Counsel of the Board, recognizes the real source of the problem: "The questions raised by the Kennedy Board's conception of its function are distinguishable from historical problems of NLRB only in degree. As Board members have changed, there have been constant variations in interpretation of the law. Not since the early days of the Board, however, have the changes been so drastic and not even then was the intent of Congress so plainly circumvented. Stated in another way, the new Board's conduct has demonstrated more clearly than ever the necessity for some revision in the system of enforcing our basic labor law."

Recommends Abolishment of N.L.R.B.

Although McGuiness does not see fit to recommend a solution to the problem he so clearly identifies, Sylvester Petro does. In his book, *The Labor Policy For A Free Society*, Petro states flatly: "The National Labor Relations Board should be abolished. The regular constitutional courts should be given full jurisdiction, in law and in equity, in all cases arising under the National Labor Relations Act. The state courts should be given clear authority to participate in the enforcement of the national labor policy, with their decisions subject to the unifying review of the Supreme Court of the United States. . . .

"Abolishing the National Labor Relations Board is not the radical or extreme proposal which some may think it is. The infatuation with 'quasi-judicial' administrative tribunals characteristic of past decades has long been on the wane in the United States. Statistics and the vivid experience of many persons have demonstrated that the 'speedy justice,' the liberal procedures, and the *expertise* at first associated with administrative tribunals are, in practice, conspicuous mainly by their absence. . . .

". . . the things we have given up are worth much more than we have received from that contradiction in terms, 'administrative law'."

Congressman Phil M. Landrum, co-author of the Landrum-Griffin Labor Act of 1959, agrees with Petro's description of the problem. He believes that the NLRB should have no power to decide cases in which a question of individual rights is at stake, since the Constitution has expressly stated that such questions are to be handled by the judicial system. "It's clear," says Landrum, "that Congress never intended it (the NLRB) to decide the *rights* involved. Yet, the Board, in deciding whether or not you committed an unfair labor practice, is actually deciding your rights. In effect, you've got an administrative board usurping judicial function."

"Some Semblence of Justice"

In an attempt to introduce some semblence of justice into the administration of labor law, Congressman Landrum announced last month that he plans to introduce a bill which would place the trial of unfair labor practices (as defined by Taft-Hartley) in the United States District Courts, rather than in the NLRB. The office of General Counsel of the Board would be abolished, and the Justice Department would be held responsible for providing any individual or organization with legal aid if necessary.

This bill will not go as far as Petro and many other observers believe necessary, since the NLRB would still retain jurisdiction over employee representation cases. Nevertheless, the bill will certainly constitute a major step in the right direction and, if passed, will go a long way toward eliminating the chaos which results when men are given almost absolute power to arbitrarily interpret and enforce arbitrary laws.

Forsch Chrman of Hospital Fund

Frederick D. Forsch, associated with the investment firm of Kuhn, Loeb & Co., Incorporated, and trustee of The Mount Sinai Hospital, has been named chairman of the Hospital Trustees Division of the United Hospital Fund's 84th annual campaign. Arthur G. Boardman, Jr., campaign general chairman, announced Mr. Forsch's appointment June 19. Mr. Boardman is Executive Vice-President and a Director of Irving Trust Company.

F. D. Forsch

Mr. Forsch will lead 700 hospital trustees in Manhattan and The Bronx in their drive toward the Fund's goal of $3,000,000. Campaign proceeds will be distributed among the 79 member nonprofit, voluntary hospitals in New York City on the basis of the free and below cost patient care they give to the medically needy. These medical institutions are the nerve centers in the fight against all diseases — both in research and patient care.

The 1963 United Hospital Fund appeal marks Mr. Forsch's third campaign as chairman of the Hospital Trustees Division.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

FURTHER DEVELOPMENTS IN THE BANKING FIELD

The recent ruling by the Supreme Court blocked the merger of the Philadelphia National Bank and Girard Trust Corn Exchange Bank on the grounds that anti-trust laws could be violated. The result of this ruling, however, is not likely to affect mergers already consummated since the Bank Merger Act of 1960. These include: the Manufacturers Hanover Trust Company, the Continental Illinois National Bank and Trust Company and the First Security National Bank and Trust Company.

In the case of the two Philadelphia banks, the resulting institution would have been the largest by far in the city and assets in the area held by these banks would have exceeded 50%. The Manufacturers Hanover merger did not put this institution in the dominant position in New York as the bank is the third largest in the community. The Continental merger increased the size of this bank only slightly and the Kentucky merger does not involve one of the major commercial banks. Therefore, it appears somewhat unlikely that these mergers, which are already consummated, will be disallowed.

Also of note in the banking field is the recent declaration by Comptroller of the Currency, James J. Saxon, that the Capital Investment Securities Regulation be revised. This revision would allow national banks and state banks belonging to the Federal Reserve System a whole new field of investment. Mr. Saxon made his proposals at the Second Municipal Conference of the Investment Bankers Association two weeks ago. Mr. Saxon did state that those banks with "qualified investment departments" would be eligible for activity in a broader field of investment. At this moment the general interpretation is that the qualifying banks (major commercial banks) will be permitted to underwrite and invest in other than the strictly general obligations of municipal units. This type of investment not only returns more than similarly rated general obligation bonds but also opens up a whole new segment of the bond market in which banks may participate. Banking institutions could easily invade this field with substantially more capital than the investment banking houses. The implication here is higher income on investments and possibly a greater underwriting profit potential. Whether banks will be permitted to underwrite all revenue bonds is a decision only Congress can make.

In addition to the somewhat unfavorable outlook for bank mergers by the Justice Department and favorable factor of the willingness of the Comptroller to see more aggressive branching and investment by commercial banks, other factors are appearing which could influence bank earnings favorably. On Wednesday, June 26, the Treasury's monetary gold reserve fell $65 million. This was the largest gold loss in one year and leaves the reserve at $15.733 billion as compared to $16.435 billion one year ago. The current ratio of gold stock on hand to Federal Reserve liabilities stands at 31.7%. The law requires at least a 25% gold backing of these liabilities. A gold drain is not altogether unexpected but the magnitude is of importance. Most feel that acceleration of the loss would not occur until late summer or early fall. In addition to this impetus for higher interest rates, bank loans are trending upwards and concurrently free reserves are trending downward as is shown in the following table. Most of the foregoing factors—both long-and short-term—are favorable for banking except for the merger outlook. This slight unfavorable development seems more than offset by the other developments which are mentioned.

Trend of Free Reserves and Bank Loans 90-Day Bill Rate

	—(Millions of $)—		
1962—	Free Reserves	N. Y. City Bk. Loans	90-Day Bill Rate
*January	$654	$183	2.67%
July	473	442	2.89
1963—			
January	265	632	2.95
February	353	715	2.89
March	237	604	2.92
April	313	613	2.88
May	165	678	2.97
June 5	162	597	3.03
12	148	610	2.98
19	228	546	2.99
26	214	571	2.98

*Monthly figures taken at the end of the month.

F. J. Grottron With Roulston & Co.

CLEVELAND, Ohio—Franklin J. Grottron, Jr. has become associated with Roulston & Co., 1010 Euclid Ave. Mr. Grottron was formerly Secretary of Gunn, Carey & Roulston, Inc.

As We See It

Continued from page 1

to our own problems which usually were not regarded as having any very close connection with our relations with the rest of the world.

We did not, however, like effective competition from foreign producers, and throughout much of our history saw to it that our "infant industries" (often by then grown to giant-size) had strong tariff protection. We thought it essential that we remain isolated, not only from the imperialistic maneuvering of the larger powers but also from the power of their industries to injure or even prevent the further expansion of our own industries. Through the years we built up industries which could exist only with great difficulty if exposed to the full rigor of competition from abroad. We greatly intensified this lack of competitive ability by various types of legislation designed, presumably, to protect the wage earner. When Woodrow Wilson and the party then in power—apparently with popular support — felt it necessary to enter World War I, the end of isolationism was proclaimed. From that time on, so the doctrine went, we were to be willy-nilly part and parcel of world-wide events.

We could not gain our own consent, however, to give up the idea that foreign producers were in substantial part to be excluded from our markets. In fact, when President Hoover entered the White House, he sponsored one of the most rigorous tariff laws ever to reach our statute books. The inconsistency of our efforts to be a part of the world but isolated from the world so far as competition was concerned presently became quite evident, so evident that it could no longer be ignored. But the New Deal had by then taken charge of Washington affairs. It was not ready to ask the wage earner to become competitive with foreign workmen, and in any event did not believe that any legislation well designed to alter the then existing tariff status could be effectively formulated and passed by Congress, subject as it always is to all the lobbying and the like designed to prevent this, that, or the other industry from being burdened with tariff liberalization.

"Flexible" Tariffs

Being fundamentally inclined to institutionalized government in any event, it came forward with proposals for what was termed a flexible tariff arrangement. That is to say, customs rates were to be fixed and altered (within limits, of course) by Administrative action. No one can say just how all this would have worked itself out in other circumstances, but the tremendous rise in prices incident to World War II in effect greatly reduced the specific duty schedules, and fundamental economic disturbances abroad, particularly in Europe and Japan, tended to take much of the pressure off the matter of tariff rates.

World developments have, however, now tended to weaken our bargaining position in Europe and Japan. It was, of course, our military might which brought Germany and Japan to their knees. But, with characteristic generosity, we promptly provided large funds to enable them to rebuild their economic systems. For some years these countries were not in a position to differ very much from us about anything of great consequence. France, too, was prostrate, and while it was not only our guns which had demolished its industry, we gave generously to the revival and rebuilding of that nation — as we did some of the others around the world. It would be pointless to charge them with ingratitude now because they are often reluctant to do what we would have them do. It was inevitable that the age-old surge of nationalism would rise once more so soon as the people were no longer prostrate. In any event, an entirely new factor has entered the international scene. Two, and only two powers in the world today, possess the ability to devastate large sections of the globe almost within minutes. The two powers are, of course, the Soviet Union and the United States.

Entangled With Rockets & A Bombs

Whatever our retaliatory power, the capacity to lay most if not all of Western Europe in ruins may well lie in the Soviet Union. On the military side, what is being asked of Western Europe is largely to leave the beginning of any war of almost endless destruction to the discretion of the United States — or what may be very nearly the same thing, the decisions as to when it is necessary to begin retaliatory action. All such decisions in this day and time must be made almost instantly if the powers in question are to survive. Proposals for a retaliatory force under international command in part, but only in part, alter this situation. The problem is, of course, an exceedingly difficult one—and no one need be surprised that there are many different opinions in Europe about its solution—to say nothing of the stubborn determination of France to go her own way regardless.

Now all this in one degree or another, and in one form or another, inevitably reaches out into the purely economic sphere. The President doubtless is making a determined effort to make progress in working out solutions to these problems, solutions satisfactory to all parties. We must all hope he will be successful.

Exch. Nominating Committee Elects

The Nominating Committee of the New York Stock Exchange, has elected Richard H. Smith Chairman and Robert M. Gardiner Secretary. Mr. Smith is a partner in G. H. Walker & Co. Mr. Gardiner is a partner in Reynolds & Co.

New York State Dormitory Agency Bonds Marketed

A group jointly managed by Phelps, Fenn & Co., Lehman Brothers, Smith, Barney & Co., and Halsey, Stuart & Co. Inc. on July 2 purchased two revenue bond issues of the New York State Dormitory Authority totaling $22,500,000.

For a $17,600,000 New York University series A revenue issue, due July 1, 1966 through 1995, the group bid 100.007% for coupons of 6%, 4⅜%, 3¼%, 3.30%, 3.40%, 3½% and 1/10%, setting an annual net interest cost of 3.38007%.

On reoffering, these securities were priced to yield from 2.20% in 1966 out to 3.5% in 1994. Bonds with a 1/10% coupon, due July 1, 1995, were listed to yield 4.40%.

For a $4,900,000 Syracuse University series A revenue issue, due July 1, 1965 through July 1, 1993, the group bid par for coupons of 6%, 3.7%, 3¼%, 3.30%, 3.4%, 3½% and 1/10%, setting an annual net interest cost of 3.3656%.

These obligations were reoffered at prices scaled from 3% in 1965 out to 3.50% in 1992. Bonds with a 1/10% coupon due July 1, 1993 were priced to yield 4.40%.

Other members of the offering group include:

C. J. Devine & Co.; Goldman, Sachs & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc.; Bear, Stearns & Co.; Allen & Co.; Salomon Brothers & Hutzler; Shields & Co.; Blair & Co., Inc.; and W. H. Morton & Co., Inc.

Paine, Webber, Jackson & Curtis; Francis I. duPont & Co.; A. G. Becker & Co., Inc.; Shearson, Hammill & Co.; Lee Higginson Corp.; A. C. Allyn & Co.; First of Michigan Corp.; W. E. Hutton & Co.; Bache & Co.; and Hayden, Stone & Co., Inc.

J. C. Bradford & Co.; Charles King & Co.; Fahnestock & Co.; E. F. Hutton & Co.; Roosevelt & Cross, Inc.; Adams, McEntee & Co., Inc.; Coffin & Burr; F. W. Craigie & Co.; Kean, Taylor & Co.; and Spencer Trask & Co.

OTC Picture Shown in Calif.

The United California Bank was host at the preview showing of the new OTC motion picture at the bank auditorium in Los Angeles June 26. More than 100 members of leading brokerage firms and securities dealers attended the showing of the National Security Traders Association motion picture which describes the operations and characteristics of the OTC (Over-the-Counter) securities market, and were guests of the bank at a reception which followed at the Stock Exchange Club of Los Angeles.

Delbert E. Bakerink, of Paine, Webber, Jackson & Curtis, President of the Security Traders Association of Los Angeles, presided at the meeting preceding the film showing and introduced representatives of the United California Bank, H. V. Grice, Senior Vice-President, Rudolph Ostengaard, Vice-President public relations, and John C. Hecht, Dempsey-Tegeler & Co., the principal speaker.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Mississippi River Fuel Company

Mississippi River Fuel is more of a "special situation" than a utility since in addition to its natural gas pipeline system it now has a controlling interest in the Missouri Pacific Railroad. It also has substantial oil and gas production and is planning to build a cement plant. Last year it sold one of its subsidiaries, Milwhite Mud Sales Co., for about $12 million; Milwhite was a seller and servicer of gas well drilling and materials. 1962 revenues (adjusted to exclude Milwhite) were made up about as follows: gas sales 89%, product sales 8%, and dividends from Missouri Pacific, etc. 3%.

Sales to other utility companies probably accounted for about 60% of gas revenues, with non-regulated direct industrial sales contributing 40%. Laclede Gas, serving the St. Louis area is the largest customer; 15 other utilities serving some 79 communities in Arkansas, Missouri and western Illinois, also buy gas from the company. While industrial sales account for only about 10% of the total gas sold, it is understood that this portion of the business is the most profitable. Support is given this conclusion by the move to build a competing line, referred to later.

The production subsidiary, carried at $26 million, is engaged in exploration offshore in Louisiana and Texas. Its reserves are 300 billion feet of gas and 15-18 million barrels of liquids. Exploration expenditures this year may approximate $6-$7 million.

The most interesting development in the recent history of Mississippi River Fuel is its acquisition of a controlling interest in Missouri Pacific Railroad. A substantial amount of its holdings were acquired last October as the result of an exchange offer of four shares of Mississippi River Fuel for three shares of Missouri Pacific. The company now owns about 1,060,000 class B shares and 500 class B shares of Missouri Pacific Railroad, or about a 57% voting interest. (Allegheny Corp. has a small amount of A stock and 20,488 B shares.)

Class A stock has preference over B in payment of dividends up to $5. For some years MOP has been paying a $2.40 dividend on the A stock, which dividend appears conservative; it is conjectured that eventually the rate may be raised to $5, with a similar payment on the B shares, but this does not appear likely in the near future. Eventually, some method might be worked out to eliminate the class B stock.

Missippi River Fuel's capitalization at the end of 1962 was as follows:

Long-term debt	$53,700,000	39.0%
Common stock equity (4,082,000 shares)	83,728,000	61.0
	$137,428,000	100.0%

Sale of Milwhite last year permitted retiring the remaining $4.3 million first mortgage bonds and the $5 million bank loans. The company is thus in strong financial position. However, the company's plan to build a three-million barrel cement plant may require some $25 million which may be financed for the present through bank loans. The company has a five-mile frontage on the Mississippi River, with limestone and clay available for the cement mill; a good market for cement is believed to exist along the river in this area.

The company is encountering potential competition for its profitable industrial sales. A new company, Oklahoma Illinois Gas Pipe Line, sponsored by two major oil companies with large gas reserves in Oklahoma, proposes to build a competitive pipeline into St. Louis. Some of the company's industrial customers have agreed to buy gas from the new line if it is authorized, but its utility customers have refused to do this. The company believes this attempt to invade the St. Louis market will be unsuccessful.

Earnings per share for 1962 were reported as $2.51 but this included a non-recurring profit of 85 cents resulting from the sale of Milwhite. On the other hand earnings excluded about 67 cents a share added to surplus as the result of a refund from the company's principal gas supplier. Reserves set up for the production subsidiary of $900,000 proved to be larger than necessary, as abandoned leases only amounted to $300,000; the difference approximated 15 cents a share. Earnings of the Pipeline Division were lower than in 1961, there having been some loss of revenues because of coal competition for boiler-fuel sales.

Earnings for 1963 are expected to increase (despite loss of Milwhite) as the result of larger dividend income from Missouri Pacific as well as a wholesale rate increase of $2.7 million which became effective subject to refund on January 1 this year. Earnings of the oil and gas division will depend on the allowance for exploration expense. If the full equity in Missouri Pacific earnings could be included in the consolidated income statement of Mississippi River Fuel earnings would be substantially increased.

Selling recently on the New York Stock Exchange around 39 (range this year 44-37½) the stock yields 4.6%.

TVA to Issue Short-Term Notes

The Tennessee Valley Authority announced June 25 it is planning to offer short-term notes for sale periodically through the Federal Reserve Bank of New York to commercial banks, trust companies, and securities dealers.

Proceeds from sale of the notes, like those from sale of long-term bonds issued by TVA since 1960, will be used in financing construction of new facilities to meet load growth on its power system. The first issue of notes, in the amount of $25 million, will be sold sometime in late July.

Term of the initial issue will be about four months, TVA said, but notes issued subsequently may have different maturities. Other details will be announced in mid-July.

TVA presently plans to limit these short-term notes to a maximum of $150 million outstanding at any one time. The notes will be similar to the long-term TVA power bonds in purpose, security and tax status, although they will be subordinate to the bonds as to payments on principal.

Under authority provided by 1959 financing legislation, TVA has sold three issues of 25-year bonds totaling $145 million. In light of its plans for short-term financing, TVA said, no further sale of long-term bonds is likely within the next 12 months.

Many Leading Cos. Have Never Shown a Loss

Over 120 leading companies that have operated profitably throughout their corporate life are listed by the United Business Service in its latest weekly report. The Boston-based advisory firm points out that such a roster presents an interesting group for the investor to explore.

All of the companies in this particular "Blue Ribbon" list (1) have stocks listed on the major security exchanges, (2) have been in business for 30 or more years, (3) have paid dividends for at least 30 consecutive years, and (4) have never sustained a loss in any full year. They are businesses which have been able to make money under all kinds of conditions — in prosperity and depression, in war and peace, and in periods of inflation and deflation. The Service states that such records are indicative of soundness, capable management, good financial practices, and efficient operating methods—all of which are basic to the selection of stocks for long pull investment and regular dividends.

The "Blue Ribbon" list includes categories for almost every investor appeal. In the "better-than-average-yield" group are such firms as Lorillard and Norfolk & Western. The "low-priced" group includes such well-known names as Cincinnati Gas & Electric and Sterling Drug. In the "rapid growth" category, one finds such firms as Corn Products, International Business Machines, and Minneapolis - Honeywell. Among the "Blue Ribbon" firms included in an "inflation-hedge" category are such companies as Campbell Soup, Coca-Cola, and General Mills.

Banking Revolution's Far-Reaching Implications

Continued from page 1

deposits of all member banks after allowing for required reserves and float.

Reasons for the Big Trend

Why has the Big Trend developed? One big reason, of course, is that the volume of demand deposits relative to GNP rose substantially during the 1930's and then became further inflated by the Treasury's wartime financing. Since the end of the war, the economy has been growing up to this inflated money supply and we have been getting back to a more normal relationship between demand deposits and GNP.

This relative shrinkage of demand deposits was hastened by two other developments: the rise in interest rates and the unprecedented needs of business for funds to finance economic expansion at a higher level of prices. Higher interest rates gave corporate treasurers strong incentive to invest idle funds and to make their working balances work harder. The result has been a sharp decline in the ratio of cash balances of business firms to their sales volume—a decline from almost 10% in 1940 to less than 5% in 1962.

Also, of course, business firms have been coming to the banks for loans in unprecendented numbers. Deplorable as it may seem to bankers, a company that is borrowing at the bank apparently has little disposition to keep more money on deposit than necessary as a compensating balance.

Meanwhile, the volume of personal savings has been rising rapidly, and commercial banks shared in this expansion. This has been particularly true in recent years as more and more bankers have reached the conclusion that this is the most promising source of funds for future growth and have competed more aggressively for savings money.

Other time deposits also expanded moderately during the 1950's but the big spurt in these deposits dates from the introduction of negotiable certificates of deposit a little over two years ago. At the end of 1962, the volume of this new type of deposit had gone from zero to $6 billion. Since then, it is estimated that these funds have increased by another $2 billion.

Future Deposit Trends

What of the future? Will the Big Trend accelerate, slow down, level off, or what?

If we project time and savings deposits on the basis of the average annual increases since 1951, we find that time deposits would constitute 50% of total deposits before the end of 1971. If we base future growth on the faster 1956-62 rate, time deposits would pull even with demand deposits by the end of 1968.

Are these simple projections realistic indicators of what will actually happen? In the case of demand deposits, I think that future expansion may be somewhat faster than the 2.4% rate of 1951-62. As a general proposition, of course, demand deposits tend to keep pace with the growth of the economy. Their slow rate of increase since the war should not be regarded as permanent.

Corporate treasurers will doubtless continue to work out more ways of economizing on their cash balances. However, many firms cannot make their working balances work very much harder than they have in recent years. The rate at which corporate treasurers can become increasingly economical is bound to slow down. When that happens, companies whose volume is expanding will increase their working balances.

Put it another way. The turnover of demand deposits has been rising rapidly since 1946. It cannot possibly continue indefinitely to rise at this rapid rate. Even a slowing down in the rate of increase in deposit turnover would tend to accelerate deposit expansion.

So we can conclude, it seems to me, that demand deposits will probably expand faster in the future than during the years since World War II. Indeed, we may already be entering a period when more and more corporations will decide that they need to carry larger cash balances to keep pace with expanding production and sales.

Will the Federal Reserve authorities permit a faster expansion of demand deposits? On a long-term basis, I think there is no question but that they will, assuming that corporations need more cash with which to operate. One of the Feds basic responsibilities is to accommodate the needs of the economy for money.

Will the Big Trend Continue?

Turning now to time deposits, there is some question whether we should expect a continuation of the 1956-62 rate of increase of 11.0% per year. This period included two unusual factors: the dramatic boosting of interest rates paid by commercial banks and the introduction of negotiable certificates of deposit. On the other hand, although commercial bank savings deposits have not maintained the breakneck pace they set during the first half of 1962 after the change in the rate ceilings, the pace of their expansion since then has remained considerably better than before the change in Regulation Q. Over the coming years, commercial banks should be able to continue to win a larger share in the rise in personal savings than they did during the 1950's.

And it should be remembered that personal savings can be expected to expand at a much faster rate than the growth of the economy. Over the past decade, the expansion of deposit-type savings has amounted to 150% compared with a rise of 60% in Gross National Product.

What about other time deposits? In this area, the negotiable certificate of deposit is the dynamic element. Basically, this new instrument is a means for attracting back into the banking system funds that have been flowing into other short-term investment media—Treasury bills, commercial paper, and the like.

More than two-thirds of all negotiable certificates of deposit are held by businesses which of course provide an enormous potential market for money-market instruments. Negotiable C/D's have made an impressive start in competing for this vast reservoir of short-term corporate funds, rising from zero to over 13% of corporate holdings of money-market instruments in just two years. This is an excellent beginning toward restoring commercial banks to their proper role as the major intermediary in the short-term money market. Just how fast and how far negotiable C/D's will expand, it is obviously impossible to say. To date however, they have been going like a house afire, and I believe they still have a long way to go.

Putting all these considerations together, it seems plain that the Big Trend is not a fleeting phenomenon. It has all the earmarks of being a permanent revolution. On this basis, let us examine some of its manifold implications for bank management policies.

Impact on Bank Liquidity Needs

Probably the most crucial area is asset management. Two basic factors underlying the asset management policies of every commercial bank are its liquidity requirements and its earnings position. Both are importantly affected by the Big Trend.

As for liquidity, let's start with the fundamental proposition that banks need very little liquidity against savings deposits, especially when these funds exhibit a strong upward trend as they do in most banks today. This means that as savings deposits become relatively more important, banks have less need for liquid assets in relation to total deposits.

There is nothing novel about this statement, of course, but the fact remains that commercial banks typically have not invested savings deposits in the same types of assets as savings institutions. This did not matter much when savings deposits were relatively small, but it becomes important —far more important than is generally realized—when savings deposits increase to 20, 30 or 40% of total deposits.

What about the negotiable C/D's? How volatile will they prove to be? Some bankers contend that with $8 billion or more of these funds outstanding, the Federal Reserve must permit rates on them to fluctuate freely with other money-market rates. Some have even jumped to the extreme conclusion that they will never again have to worry about running out of money because they will now be able to go out and get all they want by means of C/D's.

I do not share this extreme view, and would not share it even if Regulation Q were put on stand-by or eliminated completely. The invention of the negotiable C/D did not impair the ability of the Federal Reserve to control the quantity of bank reserves and bank credit. Since the Fed can still tighten the availability of bank credit as conditions dictate, individual banks cannot expect to be immune from the effects of such a tightening.

But this does not mean that all C/D's should be regarded as hot money. American corporations will undoubtedly continue at all times to hold large amounts of liquid assets and I see no reason why an increasing proportion of these assets should not be in the form of "bankers certificates." Nevertheless, a banker cannot assume that the volume of his corporate time deposits will never decline.

Other Liquidity Considerations

Another point that is sometimes overlooked is that demand deposits today are far less volatile than they used to be. For the most part, these funds now consist of needed working balances. Most of the fluff has flown. The great bulk of the demand deposits of the average bank today is stable, hard-core money.

In general, therefore, commercial banks have considerably less need for liquidity today than they had 10, 15 or 20 years ago. The adequacy of a bank's secondary reserves should be measured primarily in relation to its demand deposits rather than total deposits. Old rules-of-thumb with respect to a bank's loan-deposit ratio and other broad measures of liquidity obviously need to be revised.

To be sure, bankers must be concerned not only with possible fluctuations in deposits but also with future loan demands, especially from business customers. However, to the extent that a commercial bank becomes increasingly a savings institution, the relative significance of this consideration is reduced. Moreover, the ability of a bank to meet an increase in business loan demand is enhanced by a strong upward trend in its savings deposits.

Impact on Bank Earnings

The Big Trend has also greatly changed the earnings picture of the average bank. In 1962, member banks paid out more than $2 billion in interest on time deposits, more than 11 times their interest payments in 1946. The rise in interest paid on deposits has been responsible for a substantial part of the rise in total bank operating expenses, especially over the past several years. Since 1956, it has accounted for 68% of the sharp rise in operating expenses per $100 of deposits from $2.34 to $3.43.

This rising trend of bank expenses will undoubtedly continue, though probably not at the same pace as last year. At the same time, bank lending rates, which have more than doubled since 1946, have definitely been leveling off. This points to a continuing and probably intensifying squeeze on bank margins — not necessarily this year but over a period of years.

An important corollary is that the rise in bank expense ratios has raised the floor under bank lending rates. This largely explains why these rates have become less sensitive to the influence of monetary policy, especially on the down side. Banks are simply not in a position to afford much reduction in their lending rates from present levels.

The Big Trend has had a sharp impact on bank operating ratios over the past six years. Prior to 1956, bank operating ratios enjoyed a gradually declining trend, reflecting a continuing rise in operating efficiency. Since 1956, however, the rapid rise in interest expense has reversed this favorable trend and pushed operating ratios up from less than 61% to almost 70% in six years' time.

Over the coming years, the Big Trend will probably cause some further rise in the average bank's ratio of operating expenses to operating earnings. The higher this ratio goes, the more sensitive net earnings become to changes in gross income. This enhances the likelihood of fluctuations, downward as well as upward, in net operating earnings.

This may come as a shock to many bankers and bank directors who have become accustomed to continuously rising per-share earnings from year to year. Some have come to regard this as a top priority goal, as a symbol of good bank management. In the future, they may have to learn to take dips in earnings in stride.

Implications for Asset Management

Rising expense ratios obviously mean that banks must seek higher-yielding assets, and since 1946 there has been a massive shifting by banks from lower-yielding into higher-yielding assets. In general, bank earnings have been well maintained — thanks partly to rising interest rates. But what will happen as the Big Trend continues—and especially if interest rates have passed their peaks? Banks cannot continue indefinitely to shift into municipals at the rate they did last year. Will they be able to maintain their present profitability in the face of the persistently rising cost of interest on time deposits?

Some of the evidence on this question is not encouraging. Various studies have shown that, on the average, banks with a higher proportion of savings deposits earn less than other banks of comparable size and location which have a low proportion of savings deposits. This would suggest that as the Big Trend continues, bank profitability will tend to decline.

This evidence is certainly sobering, but, fortunately, it is not conclusive. For one thing, we should not forget that many banks could not operate profitably without savings deposits and their prospects would be bleak indeed if it were not for the expansion potential of these balances. Moreover, there are plenty of adequately capitalized banks with relatively large savings deposits which are earning a good return on invested capital. Examination of the figures for individual banks reveals that there are wide disparities in their asset management policies which largely account for the disparities in their operating results. For the most part, banks with inadequate earnings have simply failed to make the adjustments in their lending and investment policies which they need to make to earn a good return. And most of them appear to have ample leeway for making such adjustments.

One thing that stands out in that these disparities are most significant among banks whose savings deposits range from 20 to 40% of total deposits. Let us call them the 20-to-40 percenters. Banks in this group show marked differences in lending and investment policies and in their profitability. Generally speaking, banks with more than 40% in time deposits have long since learned how to operate profitably as part savings institutions. Those with less than 20% do not need to learn. Among the 20-to-40 percenters, some have learned and some have not, and it shows.

Factors in Bank Profitability

A study was made recently of two different groups of banks in the 20-to-40% class, one being a sampling of 94 banks with high profitability in terms of earnings in relation to assets, the other being a sampling of 99 banks with low profitability. The high profit banks had a considerably higher average ratio of loans to assets than the low profit banks. Perhaps even more significant, the ratio of personal instalment loans of the high profit banks was more than 50% higher than that of the low profit banks. These were apparently two of the principal factors which accounted for the marked disparity in their earnings results.

It is pertinent to note that the average rate of interest paid on time deposits by these two groups of banks was identical. It is also noteworthy that in the case of these two particular groups of banks, their proportionate holdings of mortgages were not significantly different. This evidence, admittedly fragmentary, would suggest that perhaps the importance of mortgages has been overstressed and the importance of instalment loans not fully appreciated. And today, of course, the return on mortgages is less attractive than it has been in the past.

Today most commercial banks are in the critical 20-to-40% class. The evidence indicates that while most banks in this class have made some adjustments in their asset management policies, many may still have further adjustments to make. Unless and until they do, their earnings positions may progressively deteriorate.

Reappraisal of Capital Requirements

Many banks may not be fully aware of their need for better earnings because they have not maintained their capital positions. Their reported earnings per share have continued to rise but the increase in their capital accounts has not kept pace with their deposits. Some banks have not yet faced up to the fact that the expansion of their time deposits has been increasing their capital requirements.

I know of no valid reason for assuming that, as a general proposition, less capital is needed against savings than against demand deposits. In fact, one could easily argue that exact opposite on the grounds that savings are more fully invested in a higher proportion of risk assets. The continuing surge of time deposits means that many banks should right now be carefully reappraising their present and future needs for capital.

Such a reappraisal will confront them with the importance of earning as much per $100 of additional time deposits as they are presently earning per $100 of existing deposits. If they fail to do so, then, assuming they maintain their present capital ratios over the years ahead, they will gradually dilute the earning power of the capital presently invested in their institutions. It is significant, and ominous, that for all member banks, earnings per $100 of deposits declined 9% in 1961 and 8% further in 1962. Granted that the rise in expenses in 1962 was unusual, these figures still suggest that many banks are not investing their mounting time deposits profitably enough to avoid an eventual erosion in the return earned on invested capital.

Policies With Respect to Savings

Entirely aside from the matter of the employment of savings deposits, other policies with respect to a bank's savings business have now assumed far greater importance than formerly. Take interest rate policy. What rate should a particular bank pay on regular savings deposits? Should it pay a premium rate on amounts on deposit over a year? Or should it pay a premium rate only on savings certificates issued in multiples of, say, $500? Should it pay interest from day of deposit to day of withdrawal?

The Big Trend makes questions such as these increasingly important. An adequate interest rate policy has become essential to healthy growth. On the other hand, an excessively liberal rate policy can be a serious drag on earnings. Today's banker must formulate his interest rate policies on the basis of careful study and must thoroughly re-examine them periodically in the light of changed conditions.

Or take the matter of small, unprofitable savings accounts. Most bankers are vaguely aware that a substantial portion of their savings accounts are unprofitable, but in the past they have not had to give much attention to this problem. At one large commercial bank, accounts under $500 constitute well over half of the total number of accounts but comprise only 3½% of total savings balances. Unquestionably the great bulk of these small accounts are unprofitable, and this is true for the average bank. Some of them, to be sure, will some day become larger, profitable accounts, but most of them will remain small. Many of them are not truly savings accounts at all; they are pocketbook accounts. What, if anything, should a bank do to give less encouragement to unprofitable accounts or to make more of them profitable?

There are plenty of other questions such as these with respect to savings policies that will become increasingly important as the Big Trend continues. They are questions that most banks can no longer afford to ignore or to answer off the cuff.

In formulating policies with respect to savings, most banks need better estimates of the profitability of their savings business than they have at the present time. They need to know not simply what they are earning on their existing savings deposits, but also the incremental costs and marginal profitability of taking on and investing additional savings deposits in the future, taking into consideration the availability of various types of assets and the returns they will yield. Good estimates of this kind are essential to the formulation of wise policies with respect to a bank's savings business. Ignorance of costs and profitability have led many banks to pay rates they cannot afford on the basis of present incomes.

Asset Allocation Techniques

This brings us inevitably to the controversial subject of asset allocation, a subject which the Big Trend is making more timely

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Banking Revolution's Far-Reaching Implications

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every day. Asset allocation is regarded by some as anathema, by other as a panacea. Actually, of course, it is neither. Intelligently applied, asset allocation techniques can be a useful tool of bank management. Unintelligently applied, they can do more harm than good.

There are three major areas in which asset allocation techniques can be useful: (1) in current liquidity management, (2) in long-range asset planning and (3) in determining the profitability of savings deposits. All of these areas have now assumed critical importance to 20-to-40 percenters. Many bankers are today studying asset allocation for the first time because they have for the first time become 20-to-40 percenters.

Take current liquidity management. As the Big Trend continues, a bank needs to keep less of its resources in liquid assets. How much less? Asset allocation techniques may help the banker to arrive at a sensible answer.

Similarly, for banks whose deposit mix is changing rapidly, long-range asset planning has particular significance. For instance, over the next five years, should a bank expand its mortgages and consumer loans by as much as 50%, or perhaps even more, in order to find profitable employment for its increasing savings deposits? If so, a bank had better decide this soon so it can make plans for achieving this objective. Asset allocation techniques may help a bank reach the right decision.

How long should a bank continue to pay 4% on over-one-year savings? Yields on mortgages and on municipal securities have declined considerably since banks went to 4%. How much will a bank earn over the coming year on the deposits attracted or retained with that 4% rate? Again, asset allocation techniques can help supply the answer.

Some bankers assume that asset allocation is necessarily a rigid formula, that it is proposed as a substitute for judgment. This assumption is not merely wrong: it is not very smart. Bankers should not reject asset allocation techniques without taking the time to understand them and to investigate their potential usefulness. This applies particularly to bankers who have recently joined the ranks of the 20-to-40 percenters.

Banking for Everyman

It would be a mistake to think of the banking revolution solely in terms of the growth of savings deposits. Basically, the growth of savings deposits in the future, a broader development, namely, the expansion of retail banking. Commercial banks are becoming less and less commercial; increasingly, they are becoming financial department stores for the American family. This calls for a reorientation of many banking policies in addition to those we have already mentioned.

Public relations is an obvious example. Time was when many banks dealt chiefly with business firms and the carriage trade. Today everyone owns a carriage, and banks must seek to project a favorable image among all segments of the population, a far more complicated job.

This applies also to bank advertising and marketing problems. Bankers must learn completely different sales techniques if they are to become successful retailers. And this includes training all of their personnel who come in contact with the public to become effective sales people too.

Retail banking requires many skills and capabilities which the traditional bank lending officer or operating officer does not have. People who possess these talents need to be found and must then be given adequate authority, support and official recognition.

Implications for Public Policy

The Big Trend also has many implications for public policy which we can touch on here only briefly. Take reserve requirements against savings deposits. There is widespread agreement today that the primary function of member bank reserve requirements is to serve as part of the mechanism for regulating the money supply. Since savings deposit are not part of the active money supply, it can logically be argued that they should not be subject to cash reserve requirements. It is obviously discriminatory to require member banks to maintain cash reserves against savings when competing thrift institutions are not subject to the same requirements. The Big Trend has made this inequity a matter of increasing concern.

Or take the practice of requiring banks to pledge specific assets as security for public deposits. At the present time commercial banks have pledged for this purpose more than $25 billion of their assets, consisting largely of relatively low-yielding U. S. Government securities. The Big Trend makes it necessary for banks to earn a higher rate of return on their loans and investments than in the past. The archaic practice of pledging assets to secure public deposits becomes increasingly burdensome as the Big Trend continues.

Conclusion

In conclusion, let us summarize briefly. We have seen that the Big Trend has a major impact on bank liquidity requirements and on bank earnings. Hence it requires basic revisions in bank lending and investment policies. It has a significant effect on bank capital requirements, and it has increased the importance of all of the policies banks follow with respect to their savings business. All of these factors make it timely for bankers to study the possible use of asset allocation techniques as an aid to policy formulation. Finally, the expansion of retail banking requires changes in many other areas such as public relations, marketing and personnel training policies.

In short, the Big Trend has far-reaching implications for almost every aspect of bank management. It has special significance for banks that are 20-to-40 percenters, but there are few banks that are not affected by it to some degree. This means that all banks need carefully to re-examine all of their existing policies in the light of the sweeping changes that are taking place in the banking industry. If they fail to do so, the next big trend in banking could be a trend toward lower earnings. On the other hand, for banks that do adapt their policies to the new realities of banking life, the future is bright with opportunity both for profitable growth and for making greater contributions to our society.

*An address by Mr. Adams at the Annual Convention of the New Hampshire Bankers Assn., New Castle, N. H., June 21, 1963.

Payment on Greek Bonds Announced

Pursuant to instructions of the government of the Kingdom of Greece, First National City Bank as an exchange agent in New York under the offer of settlement dated Dec. 31, 1962, relating to Greek Government 40-Year 7% Secured Sinking Fund Gold Bonds (Refugee Loan of 1924), Greek Government 40-Year 6% Secured Sinking Fund Gold Bonds (Stabilization and Refugee Loan of 1928) and Hellenic Republic External Sinking Fund Gold Bonds of 1925 (bonds of the 8%, now 4%, issue), has been authorized to make the cash payments called for under the terms of the offer on and after May 31, 1963, upon deposit with it of bonds of the above series accompanied by an appropriate letter of transmittal and acceptance.

The Government of Greece now anticipates being able to deliver assented bonds, scrip and/or new bonds to which a depositor of bonds of the above series is entitled on or about Aug. 1, 1963. The delay beyond May 31, 1963 has been caused by technical and mechanical difficulties in preparing the printed documents in the Greek language as well as in English.

Impact of Higher Interest Cost on New England Banks

New England banks that raised interest rates on time deposits during 1962 and participated in a Reserve Bank study of the effects experienced a 60% average reduction in return on capital assigned to that function, according to the Boston Reserve Bank's monthly Business Review.

In a functional cost study of 24 regional banks in the $3 to $50 million deposit range, the Reserve Bank shows that the 1962 earnings before and after taxes and returns to capital were almost two-thirds less than those of 1961. The rise in interest costs was entirely responsible for this, the bank said.

Returns to capital assigned to time deposits at this group of banks declined from 5% in 1961 to 1.9% during 1962, while returns to capital assigned to demand deposits rose from 8.3 to 8.8% in 1962.

Thanks to increased earnings on demand deposits, profitability levels were fairly well maintained, the study said. "But 1962 returns on capital assigned to the time deposit function were hardly acceptable."

Copies of the complete functional cost study may be obtained from the Federal Reserve Bank of Boston's research department, 30 Pearl St., Boston, Mass.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Your Daily Paper Is Full of Prospects

If you live in a community that has a population of at least several hundred thousand people, there are many individuals of whom you have never heard that are almost every day opening accounts with some investment firm. But like all prospecting, in order to make newspaper leads pay-off it must be done consistently day after day. The law of averages will only work for you if you accumulate sufficient names that will enable you to cultivate those that are worthwhile, and discard the others. It is a process of building up and eliminating.

Ten Minutes Every Day

This plan of prospecting has been used by new men in the security business who have had the discipline to continue making the calls, and following the worthwhile leads after they have been collected. Here is the procedure. Read your daily paper every day for leads. List each name in a suspect book and place a date at the heading of each group that you have selected every day. Then note the prospect's name, look up his business address, home address, and telephone numbers, and place this information next to the name. Then follow this with a short reminder memo such as: sold home, new position with X company, sold his business, donated to charity, had a signal honor conferred upon him, mention in the society column, extensive vacation trip, new resident, purchased home in exclusive section of the city, promotion in business, expanded business, winning contractors on large construction projects, appointments to community planning boards, or organizations of prominence; and if interested in selling mutual funds, vital statistics, births, weddings, wills probated, etc.

Follow Leads Consistently

Within ten days after the news item appeared telephone the prospect. Be brief and friendly. Smile when you pick up the telephone. "Mr. Prospect, this is (your name) of (your firm). If you are an investor, or interested in investments, we are sending information to many of our clients that may be of interest to you . . . may we have the privilege of placing your name on our regular mailing list . . . without any obligation . . . we would like to have you become acquainted with the many excellent investment suggestions and services of our firm . . . would this be all right with you?" If he answers "yes." Then reply, "Thank you Mr. Prospect, we will do so. And just one question, are you more interested in investment, or in speculation and trading?" If the answer is either one, let him talk, thank him again, and hang up. Make a note of the prospect's interest. Then place his name on your regular mailing list to receive, a market letter (if a trader and speculator), or investment type situations, or a regular investment letter if your firm issues one. Keep those prospects that are on the mailing list regularly supplied with mail for at least six weeks. Be sure your name is on each piece of literature you send out. Then telephone the prospect again, ask him if he is receiving your mailings. Tell him you expect to be in his neighborhood sometime soon and you would like to know if you could make a courtesy call to become acquainted. Ask for an appointment . . . put it this way, "Would it be convenient for you to see me on (day) at (time) or would (day) at (time) be better for you?" Never say "When could I see you?" But always, offer a choice of time. Remember that your time is also valuable. Make your appointment, thank your prospect, and end the conversation. Those prospects that do not respond to this approach, remove from your mailing list. Keep it up to date. Follow this plan day after day. . . and sooner or later you will make some profitable contacts that will lead you to new business.

The Plan Will Produce

This method of prospecting, following by mail, and telephoning for an appointment, has been tested and proven by certain firms who have used prospect lists culled from various sources, and even the telephone book. It takes persistence, and a complete dedication to the day by day job of following leads by telephone, sending the mailings, keeping the records, then telephoning for an appointment. Once the contact is established, and the salesman is prepared to offer investment services that will be helpful, the door is opened and many accounts can be established.

Sometimes, a pleasant surprise comes along as well. One salesman who was using this newspaper prospecting approach, noticed that a certain prospect had just sold his business to a large national firm. He knew that this man had been in business for many years in his community, also that he was a civic leader, and a very wealthy man, but he never tried to do business with him. So he picked up the telephone and without any preliminaries, he asked, "Mr. Prospect, my firm has been wanting to get acquainted with you for a long while, I'd like to come to see you?" The prospect answered, "I am going to be in my office another fifteen minutes." "Fine," replied the salesman," I can be there in ten minutes, will you wait for me?" The prospect said, "All right." This is gospel . . . the salesman went to his car, drove ten blocks, called on the prospect and he found a friendly, elderly man, sitting in a beautiful office all by himself. They spent over an hour together. The prospect did most of the talking. He told the salesman all about his tax problems, the sale of the business, and many other interesting facets of his life. Then he showed him confirmations for substantial blocks of high type investment securities he was acquiring. He took a liking to the salesman . . . who was a good listener . . . result a nice opening order that very first call . . . a new account . . . . and a substantial opportunity to develop more business. There are people like him everywhere. The trouble with nearly all of us in the investment business is that after we become established for a few years, we neglect the cultivation of many new accounts that we would have knocked ourselves out to obtain when we were beginning in this business.

Doing a good job requires consistent effort properly applied day after day . . . the only time you can afford to let up is when you are on vacation . . . or ready to retire.

New Book on Federal Taxation of Banks

The "Banking Law Journal," 89 Beach Street, Boston, has just completed publication of a new volume entitled *Federal Income Taxation of Banks and Financial Institutions* (650 pps., $35). The Editorial Board of this new volume consists of Maxwell A. H. Wakely of Mount & Carter, Boston, Francis E. Jasper of Peat, Marwick, Mitchell & Co., New York City, Wallace M. Jensen, of Touche, Ross, Bailey & Smart, New York City, Louis A. MacKenzie of Haskins & Sells, New York City, Kenneth J. Mutzel of Lybrand, Ross Bros. & Montgomery, Houston, Ernest G. Weiss of Price Waterhouse & Co., New York City and Don J. Summa of Arthur Young & Co., New York City.

This first edition of *Federal Income Taxation of Banks and Financial Institutions* includes 24 chapters and more than 400 separate topics. The text is a detailed and comprehensive explanation of the significant and substantive income tax law, regulations, Treasury rulings, court decisions and related matters pertaining to the Federal income taxation of banks and financial institutions.

The completeness of the text and the arrangement and scope of the subject material make this book equally useful to bank officers, certified public accountants and attorneys. The text includes explanation of and comments on the Revenue Act of 1962 and related regulations and other Treasury Department releases available at the time the book went to press.

The chapter subjects, descriptively titled, have been arranged in this order: A general explanation and the applicability of the income taxation of banks and financial institutions; bank tax accounting methods; bank income; bank deductions, expenditures, losses and expenses, including depreciation and amortization; the securities and mortgages portfolio of a bank and related transactions; a separate chapter on savings and loan associations and mutual savings banks; foreign banks and foreign income; mergers and consolidations; banks as fiduciaries and common trust funds; insolvent banks; and a separate chapter on bank tax returns, administration and procedures, including information and withholding returns.

A complete table of contents is located immediately following the foreword and a separate table of contents precedes each chapter. An index and findings list, table of law sections, table of Treasury regulations, table of Treasury Department rulings, table of court decisions and a general index, alphabetically arranged, are found in the back of book following the text.

N. Y. State Bankers Elect

LAKE PLACID, N. Y.—A gavel is passed. Newly elected officers of the New York State Bankers Association at Lake Placid, where 67th Annual Convention was held. L. to R.: Edward L. Davies, President First National Bank, Addison, N. Y., newly elected Association Treasurer. Wilmot R. Craig, President Lincoln Rochester Trust Co. and American Banking Association, State Vice-President. George A. Murphy, Board Chairman, Irving Trust Co., N. Y. C., and newly elected Association President. Clarence M. Brobst, President Chemung Canal Trust Co., Elmira, N. Y., retiring Association President. Aubert L. Muench, Association Executive Vice-President.

Managing Pension Funds In Periods of Adversity

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in most cases are still carried at cost even though they could be sold at a profit. The more successful the investment program, the greater is the real overfunding of the plan. The income from the stock proportion of the investment has been understated because the owner of the stock also owns the undistributed income over and above the actual dividends paid even though this does not appear in the book figures. Until such time as this undervaluation has been absorbed in some way, this hidden reserve can be used to take the place of additional contributions to a fund. There are many formulas by which this profit can be translated into additional book value to reduce pension costs during a stringency period. There is no one right way, at least so far as current regulations and practices are concerned. The recognition of this reservoir of assets is still in an exploratory stage.

We have sold stocks and repurchased them to take a profit. In other cases the company and its actuary have proposed the equivalent markup of stocks without actually carrying out the sale, and this has been approved by the IRS.

The resultant profit has been used to supplement or provide entirely for the current contribution. In other cases it has been applied towards funding part of the past service cost.

Recomputing Interest Coverage

These steps can be taken without re-examining your basic plan at all. There are hidden reserves in most plans that can be examined if the stringency continues for an extended period. Particularly we have seen this in the original interest assumptions. Naturally an actuary uses a very conservative interest assumption when making projections running over a great many years. Who knows what rate of income may be expected five years from now, and in pensions we are talking about generations ahead. A great many early plans used an interest assumption of 2%. After a plan has run 15 years or more and has gone through several business cycles, a pattern of yield emerges. If this runs higher than that used for the original actuarial assumptions, a considerable reserve develops. Most of the funds with which we have been associated that have been running 15 years or more show compound earnings, including interest, dividends and market appreciation, running from 6% to 9%. This occurred during a most favorable period, and the future may not be so easy. If 2% was the base and earnings have compounded at 5%, the past service will actually be overfunded at market in a relatively few years.

In a recent case a study showed that the earnings plus market growth had been exceeding 5% for an extended period. In this case the actuary and the company asked the trustee to take sufficient profit to augment current interest and dividend return to bring total income and profit taken to a 5% annual base. We presume that it is the intention to go to a 5% yield assumption which, of course, will greatly reduce both current cost and past service requirements.

Keeping Up With Market Changes

In other instances, formulas have been devised for marking up the values by some fixed percentage on an annual basis, say 3% a year, for the stock portion of an account. Another plan which we have seen and which has considerable merit is that, in addition to the dividends received, the actuary adds the retained earnings per share on the stocks held in the account and writes up the value of the stock account by that amount. This may not match the change in market that takes place, but it does more correctly reflect the earnings of the stock portion of the trust.

Let me take one extreme example with which we have been associated. This company had a pension program in effect for some eight years when their particular industry ran into some severe problems in 1957. In that year they only paid into their fund about two-thirds of their current costs and used previous past service funding to apply on the balance. Their troubles continued in 1958, and in that year their actuary studied the assumptions previously used and made some changes which were approved by the IRS. These changes resulted in a gain in reserves of about 60% of one year's current cost. No payments were made into the fund in that year. The other 40% of current costs were again charged against previous funding of past service.

The problems continued in 1959, and by that time there was a considerable turnover and reduction in personnel which resulted in a saving in future benefits equal to almost three years of current payments. This picked up an important part of their past service costs.

Wash Sales and Mergers

In 1960 and again in 1961, they had us put through wash sales to mark up their cost base on stocks held which not only took care of current costs in those years, but further provided for some past service.

At the same time through an exchange of stock they acquired another company also plagued by similar problems. However, this company had a pension plan that was almost fully funded. With the natural elimination of some jobs in the merger, the effect of this acquired additional reserve resulted in funding almost 95% of past service. This was not lost slight of in the merger terms, but in actual results the company had traded equity for these reserves and reduced their future costs considerably.

Now the industry is doing better, and in 1962 the company resumed deposits to its fund after a lapse of 4½ years. This was an extreme case, but I think it illustrates that there is latitude in what a company can do and still keep their pension fund in operation without having to resort to a terminal funding or pay as you go plan.

I have only touched on the easily available sources of meeting pension costs during periods of adversity and then only insofar as Trusteed Plans or insured plans under Deposit Administration. Many pension funds are insured by individual policies or group permanent insurance or by group annuities where the situation is different.

I might add that at times in this area I feel like the young school boy who was asked to comment about a book on the water buffalo. He replied that it contained more facts than he cared to know.

Caution On Investing in One's Own Securities

One last comment, however, I think is important. During a period of business stringency, it is altogether possible that a corporation might cast an envious eye on the substantial reserves held in their pension fund. It is our strong feeling that in pension funding, possibly in contrast with a profit sharing plan, a trustee should not, and a corporation should not ask a trustee to, use the pension funds to aid the corporation through purchasing stocks or bonds or other assets of the corporation. The beneficiaries of a trust have a substantial stake in the company's future in the continued effort of the company to make payments into the fund, and such reserves as are in the fund should be diversified in other investment areas for the protection of the ultimate beneficiaries.

If in spite of this belief any such investment is undertaken, it should have prior Treasury approval; or those making the investment probably become insurers if Treasury approval is not forthcoming. We have been told of a company that directed an investment in their own securities, believing they would get approval in due course. On later review, the Treasury Department refused approval; and the officers of the company reimbursed the fund for the loss incurred in disposing of the assets in order to retain Treasury approval.

While the Treasury approval implies the investment meets certain standards, it should be the Trustee's prime responsibility and the Executive's greatest desire to protect this most important part of compensation.

***An address by Mr. Fellingham at the second annual Institute of Finance, Graduate School of Business Administration, University of Southern California, Los Angeles, June 6, 1963.**

Toledo Analysts Re-Elect Officers

TOLEDO, Ohio—Benedict J. Smith, Vice-President of The Ohio Citizens Trust Company, has been re-elected President of Financial Analysts of Toledo.

Other officers also were named to second terms. They are Dr. Hubert H. Frisinger, professor of finance at the University of Toledo, Vice-President; and James E. Lupe, assistant trust officer of The Toledo Trust Company, Secretary-Treasurer.

Founded in 1956, the organization is composed of trust department officials from Ohio Citizens, National Bank and Toledo Trust, corporate and brokerage firm analysts, TU and Bowling Green State University finance professors.

Purposes of the Financial Analysts group are to foster the interchange of information and opinions among its members and to promote meetings designed to add to the knowledge of its members.

STATE of TRADE and INDUSTRY

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has not gone above 99.3 million tons. (In 1957, output was 112.7 million tons.)

To produce 103 million tons of ingots this year, steelmakers need operate their furnaces at only 55% of estimated capacity in the second half. They poured 59.3 million tons in the first half, so they're only 43.7 million tons away from the 103 million ton target.

Current production is about 77% of estimated capacity.

In the last half of last year, when business in general wasn't as good as it is this year, steel ingot production was 44.2 million tons.

What users do with their steel inventories will have some effect on the rate of steel production in the second half of 1963. While this year's inventory buildup as strike protection was about as large as last year's, it may not be as burdensome. Reasons: (1) Steel is being consumed faster than it was a year ago. (2) The big stockpiles are in the hands of automakers, appliance manufacturers, and other major consumers who can afford to liquidate surplus inventory gradually. (3) Many of the small and medium sized consumers who built inventories in 1962 didn't hedge this time (because of the labor contract's 90 day warning provision) and will therefore continue to buy during the summer.

Steel buyers for many companies that have inventories that are 30 days above normal say they're planning no sharp cutbacks. Instead of dropping out of the market for a full month, they'll continue to buy, although on a reduced scale.

Possible Steel Price Increase Next Spring

Although steelmakers concede that this year's labor settlement wasn't as costly as some they've negotiated, there is no diminution in their belief that they need price relief. Buyers queried by *Steel* feel that market conditions won't support price action now, but they predict selective adjustments next spring on products that weren't raised in April. They reason that by then the demand will be stronger and producers will be feeling the full impact of the added costs they've incurred by granting employees "sabbatical" vacations.

Slowdown in steel production reduced the industry's need for scrap, and scrap prices declined in response. Reflecting this, *Steel's* price composite on steelmaking scrap in the week ended June 26 slid to $24.83 a gross ton, 67 cents below the preceding week's price. This is the lowest the composite has been since November.

Not Too Severe Steel Order Cutback

Steel inventory reductions are hitting the steel market a little less severely than expected, *Iron Age* magazine reported.

This is based on a combination of two facts: Major steel users indicate they plan gradual cutbacks; overall steel consumption continues at a good level.

But in spite of these moderately hopeful signs, orders have dropped off to less than 50% of capacity, and steel production for the second half will do well to average 60% of capacity.

To top 60% of capacity in the July-December period, total steel production for the year will have to beat 105 million tons. This is not an impossibility by any means. But to do so would mean an industrial rate of boom levels.

Cancellations and deferments have been the rule nationwide. But some surprising signs of strength continue to characterize steel demand.

Galvanized steel continues in strong demand and looks good through the summer. So do some categories of plate. Steel warehouses do not have seriously high stocks of steel and report continued good sales, but with some downdrift in business inevitable.

Another factor in the less-than-expected drop in the market following the steel labor settlement has been the plans of the automakers and some other large steel users. Automakers say they will continue to take steel at a rate of 75% of anticipated need. This is in contrast to 130 to 140% in buildup months.

It should be noted, however, that automakers and other users did not reach the level of buildup that they had expected, and the effect of their cutbacks will not be as severe as feared.

On the basis of current statistics and industry estimates, the outlook is something like this:

Around 60 million tons of steel were produced in the first half of 1963. Estimates for the year average around 105 million tons. This leaves 45 million tons for the second half. Using the most conservative estimate of capacity, this calls for second half production at a rate of 60%.

On the other hand, there is a general conviction that the buildup of steel stocks has not been as high as in previous years and the outlook is for a continued strong rate of chewup.

Market reports show many large steel users had not accumulated excessive stocks of steel, and some had cut back early on the basis of optimism in the labor talks.

But cutbacks, coming on top of seasonal declines dictate a slow summer in comparison with recent high rates of sales and production.

June Auto Output 22.4% Above 1962 Month

Production of passenger cars in U. S. plants during June will total an estimated 690,300 units, highest for the month on record and a 22.4% gain over June (564,012) of last year, Ward's Automotive Reports said.

The statistical agency also estimated that 120,000 trucks will be counted for June this year vs. 109,219 in the year-ago period.

Ward's fixed first-half output of cars and trucks combined at 4,777,925, highest for any January-June period except in 1955. Last year the six-months total was 4,261,550.

On a model-year basis, output of passenger cars alone since last fall topped the 6.6 million level June 28. The 1963 run is ahead of all years in history. Before the 4th-of-July holiday it will overtake the 6,687,000 cars made in the entire '62 model and will race on to an all-time high of 7.3 million cars by an August termination.

Included in June passenger car estimates are 169,658 units scheduled for last week. This will be off only slightly from the 170,543 cars made last week; it will range 34.3% ahead of 126,350 assemblies in the corresponding week last year.

The first car maker to conclude 1963 model assembly was scheduled to do so last Friday. Studebaker Corp. wound up output of its conventional Lark and Hawk models, but will continue to build its luxury Avanti car for a few more days.

Of June car making, GM Corp. accounted for an estimated 52.6%; Ford Motor Co. 27.9%; Chrysler Corp., 12.8%; American Motors 5.8%; Studebaker Corp., 0.9%.

Rail Carloadings Up Eight Weeks In a Row Over 1962 and Ton Miles Gain 9.6%

Loading of revenue freight in the week ended June 22, totaled 599,220 cars, the Association of American Railroads announced. This was a decrease of 17,041 cars or 2.8% below the preceding week.

The loadings repreesnted an increase of 6,512 cars or 1.1% above the corresponding week in 1962, a gain for the eighth week in a row over 1962, but a decrease of 750 cars or one-tenth of 1% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended June 22, 1963, are estimated at approximately 12.7 billion, an increase of 6.1% over the corresponding week of 1962 and 9.1% over 1961.

There were 15,995 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended June 15, 1963 (which wer included in that week's over-all total). This was an increase of 1,540 cars or 10.7% above the corresponding week of 1962 and 3,493 cars or 27.9% above the 1961 week.

Cumulative piggyback loadings for the first 24 weeks of 1963 totaled 357,909 cars for an increase of 42,895 cars or 13.6% above the corresponding period of 1962, and 95,443 cars or 36.4% 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.

Motor Truck Tonnage Gains Over 1962 Week

Intercity truck tonnage in the week ended June 22 was 1.5% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. While recent reports have shown tonnage running about even with the 1962 level, the year-to-year increase is the most substantial since the second week of this year. Truck tonnage was up 0.9% 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.

The terminal survey for last week showed increased tonnage from a year ago at 21 localities, with 13 points reflecting decreases from the 1962 level. Truck terminals at Pittsburgh, Los Angeles, and Detroit showed tonnage gains of 14.7, 11.9 and 11.7%, respectively. Only two centers, Portland, Ore. and Omaha, reflected decreases of more than 10%.

Compared with the immediately preceding week, 19 metropolitan areas registered increased tonnage, while 15 areas showed decreases.

Lumber Production Plunges 16.1% Below 1962 Week

Lumber production in the United States in the week ended June 22 totaled 203,655,000 board feet compared to 242,829,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output fell 16.1%; new orders fell 11.2% and shipments fell by 17.0%.

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

	June 22 1963	June 15 1963	June 23 1962
Production	203,655	198,886	242,829
Shipment	224,397	221,639	270,534
New Orders	245,181	243,943	276,282

Electric Output Advances 8.5% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 29, was estimated at 17,925,000,000 kwh., according to the Edison Electric Institute. Output was 556,000,000 kwh. more than the previous week's total of 17,369,000 kwh., and 1,405,000,000 kwh. above the total output of the comparable 1962 week, or an increase over the year ago week of 8.5%.

Business Failures Up in Latest Week

Partially recovering from the previous week's downturn, commercial and industrial failures moved up to 296 in the week ended June 27 from 274 a week earlier according to Dun & Bradstreet, Inc. While casualties came close to their 1962 level of 302 for the corresponding week and exceeded by 12% the pre-war level of 264 in 1939, they remained below the 326 occurring in the similar week of 1961.

Among failures with dollar liabilities of $100,000 or more, there was an upturn to 45 from 37 a week ago which lifted them almost to their last year's level of 48. Similarly, smaller-sized casualties involving losses under $100,000 increased to 251 from 237 in the preceding week and pulled close to the 254 of this size in the comparable week a year ago.

The toll among retailers climbed considerably to 147 from 118 a week earlier and the toll among construction contractors turned up to 47 from 33. These two types of business accounted for all of the week's upswing. There was a drop in wholesaling mortality to 34 from 41, while manufacturing casualties slipped to 44 from 48.

Canadian failures fell to 27 from 50 in the preceding week and compared with 36 in the similar week a year earlier.

Wholesale Commodity Price Index Continues Down for Sixth Week

Propelled by steep plunges in wheat quotations at wholesale markets, the general commodity price level continued down for the sixth straight week, reported Dun & Bradstreet, Inc. Last Friday, the index slipped to 268.80, the lowest since early April. While easing up slightly this Monday. it remained substantially below both month-ago and year-ago levels. Along with wheat, steel scrap, sugar, zinc and rubber were priced lower than in the prior week. Their declines outweighed the price advances in most grains and livestock, wool, tin and silver.

On July 1, the Daily Wholesale Commodity Price Index stood at 268.99, off from 269.71 on Monday last week and appreciably short of the 272.66 on the compar-

Lavoro Bank Opens First U. S. Branch in N. Y. C.

Old world architectural grandeur is evident in this 1895 building housing the Florence branch of Banca Nazionale del Lavoro, Italy's largest bank. Founded in 1913, Lavoro on July 1 celebrated its Fiftieth Anniversary as well as the opening of its first American branch in New York City at 25 West 51st Street. Lavoro is one of the world's largest banks with assets of close to $4.5 billion. The New York branch represents the 208th office in the bank's world-wide network.

able day a month earlier and the 271.27 on the similar day of 1962.

Wholesale Food Price Index Inches to New High For This Year

With 12 foodstuffs priced higher at wholesale markets this week, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., inched up 0.2% to $5.94 on July 2, a new peak for 1963 to date. At the highest level since mid-December 1962, the index pushed 1.4% above the $5.86 registered on the similar day in July last year, stretching to seven consecutive weeks the year-to-year advance.

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.

Healthy Pace Maintained in Consumer Buying

With weather encouraging purchases of summer apparel and home goods, consumer buying held to a healthy pace in the week ended Wednesday June 26, and maintained a good lead over total 1962 volume in the corresponding week. Demand kept accelerating for sports, resort, and camp wear. On the heels of lack-lustre activity a week ago, purchases of home furnishings took a forward spurt with emphasis on outdoor furniture and equipment. Good crop conditions have led to an especially solid burst of buying in the Mid and South West. Auto dealers continued to enjoy ever-bulging volume.

The total dollar volume of retail trade in the week ended in the Wednesday statement week ranged from 4 to 8% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England 0 to +4; East South Central +1 to +5; West South Central and Mountain +3 to +7; East North Central and Pacific +4 to +8; Middle and South Atlantic +5 to +9; West North Central +8 to +12.

Nationwide Department Store Sales Rise 6% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 6% (adjusted) for the June 22-ending week compared with the like period in 1962. This impressive gain marked the fifth weekly rise in a row.

In the four-week period ended June 22, 1963, sales gained 8% 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 22, gained 8% over the comparable year-ago week's figure.

New York City's department store sales were up 9%, however, for the four week-period ending June 22. A *flash figure* for New York City's sales for the June 29 ending week revealed a plus 14% increase notwithstanding the sales tax increase from 3% to 4% effective last June 1. In every week since June 1, there has been a gain for the N. Y. C. department stores. No one can surmise, however, how much higher it might have been in the absence of the sales tax rise. The four-week N. Y. C. flash figure was 9% over a year ago.

So far this year (Jan. 1 to June 22), 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 encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce put total sales 5% more than a year ago but 1 percentage point below that for department stores in the latest statement week ending June 22. The year-to-year contrast for the latest four-week period showed a gain of almost 5% — or one percentage point more than department store sales for the same period.

Where Mortgage and Savings Bankers Can Cooperate

Continued from page 15

attractiveness. In addition, mortgagees, as their only means of protection, will be forced to move promptly on the appearance of a default in the hope of beating the government to the draw. We have lately heard something about "trigger-happy" mortgagees. I can say that, if anything is likely to produce this attitude, it is the position taken by the Internal Revenue Service.

Outside old-time melodrama, few mortgagees are inclined to resort to foreclosure until efforts to cure a default have been exhausted. Aside from considerations of fair dealing and good customer relations, a foreclosure, as we well know, almost always means a loss, even where the mortgage is insured. A default that is cured is always better than one carried to the ultimate remedy in foreclosure. I know of no investor who seeks or enjoys the taking of such action.

Instead of scolding mortgage lenders, I urge government—and I include the states as well as the national government—to look to the causes of what they consider to be too precipitate action. For a starter, they need look no farther than at the two problem situations I have described — the archaic foreclosure laws and the aggressive assertion of tax claims ahead of the historical priority of a mortgage. If government would follow this course, and remove the market obstacles it has created, it would do more to broaden lending activity and aid in meeting the housing requirements of the country than it can through all the efforts it takes by special measures to close the so-called "gaps" in the credit system.

Submarket Interest Rates

Each year, it seems, our legislators discover, or have discovered for them, new gaps. This year is no exception. My look at legislation has taken in a number of them. Proposed are new direct lending operations at 3% interest for the benefit of businesses displayed by urban renewal operations, for low rent housing at 2% interest, and for "middle income" housing at the average Treasury rate plus ½%. There is a novel nonfarm mortgage insurance scheme sponsored by the Farmers Home Administration, in which government would do all the work and bear all the risk in order to sustain a submarket interest rate. There are proposals that FHA add to its insurance risk the responsibility for correcting structural defects in the properties financed with insured mortgages and for carrying defaulted mortgagors. Another proposal would have FHA institute a new operation under which it would insure rehabilitation loans to elderly homeowners the principal of which would not be payable until the death of the borrower.

It is small comfort to recognize that little if any of this has a chance of enactment during the present session of Congress. This, they say, is not the year for housing legislation. But next year—an election year—will be the setting for another comprehensive housing bill, in which some of these "bold, new approaches," or others of a similar character, are almost certain to be featured.

These bold new approaches, to my mind, are not advances at all. They are retreats. They are retreats from dependence upon private incentives and risks to paternalism and nursemaidism. They are retreats from understanding of the credit function and the part played by interest rates in the stabilization of activity and rationing of investment resources. They are retreats from the healthy play and counterplay of thousands of decisions in the market place to the concentration of decision and the magnification of mistakes in a central authority. They are retreats from breadth to narrowness, from integration to compartmentalization, from growth to restraint.

Where Will Encroachment of Private Credit End?

Yet there can be no denying the direction of the trend. There also can be no denying that we who believe in private savings and private choice of the use of our savings as the surest means of economic growth have been able to do very little to alter the trend. Does this mean that under the steady encroachment of government, what is left of private credit is to be only one compartment in a segmented credit system—a system in which borrowers are grouped by class of need with each class contending annually for increased privileges? It may mean just that, if the present trend is much longer continued.

The trend does not have to continue. It can be changed. There is no such thing as inevitability in politics—except in the absence of counterforces. Admittedly, the counterforces have been weak, so weak in fact that resistance itself seems self-destructive. But this need not be the case unless we are willing to let it be. It need not be the case if we are determined to strengthen the forces of the private market against the forces that work toward its disintegration and replacement.

Return FHA to Original Function

If we are to do this, where do we begin? I have already mentioned two points of attack. Another, on which the Mortgage Bankers Association is placing special emphasis, is the restoration of the initial dignity and purpose of the Federal Housing Administration. The Mutual Mortgage Insurance System of FHA was established to perform a major function in the private mortgage credit structure of the country. This function was simply that of pooling risk.

The purpose of pooling was to counteract the natural and law-made restraints on mortgage investment, to attract more funds into mortgage investment, to encourage their flow across state lines from areas of excess savings to areas of capital shortage, and thereby to bring better housing and opportunity for home ownership to an ever increasing number of our families. The objective was to make the whole market steadily broader and more inclusive — but to keep it a whole market and one in which all might participate without discrimination or special favor. The objective also was to keep the market within the potential of private activity—but to augment the potential.

We believe that this is still the only — and a sufficient — purpose of mortgage insurance. The history of FHA has demonstrated that, in spite of increasing handicaps and distractions, this purpose is capable of great achievement. We would remove the sources of handicap and distraction and enlarge the achievement. We are convinced that an essential step to this end is to reestablish the status of FHA as an independent agency reporting directly to the Congress. To those who quickly say this is impossible, we point to the freeing of the Federal Land Bank System from the jurisdiction of the Department of Agriculture and the removal of the Federal Home Loan System from the HHFA. What has been done may be repeated.

The reasons why this move is necessary and desirable are many. If FHA is to be an effective market instrumentality, it must operate in a market-oriented environment and not in one mainly concerned with subsidization and other non-market or extra-market activities. Under present conditions, vital FHA policy is not made within the agency but is made for it in HHFA and elsewhere. FHA officials are estopped from independent approach either to the Bureau of the Budget or to Congressional Committees. No formal means of communication and counsel exists between it and the users of its system such as is present with both the Land Bank and the Home Loan Bank systems.

Moreover, so long as FHA remains under the dominance of an agency concerned with numerous other and inherently unrelated activities that depend upon direct appropriations, the essentially private and self-supporting character of FHA becomes obscured. A cut in FHA's authority to use its own funds is classed along with budget savings and often undistinguished from them. Both the purpose and limitations of mortgage insurance also become obscured and the agency is made vulnerable to the addition of responsibilities such as I have mentioned which would impair, if not destroy, the economic soundness of the operation.

There are some who consider the reclamation of FHA so hopeless that they would create a substitute for it, leaving FHA merely to serve an increasing proliferation of special-purpose activities. We believe that the creation of a substitute involves more difficulty than the proponents of the idea are inclined to recognize. To make its full contribution to the national mortgage market, a mortgage insurance system should be equally available in all parts of the country; its standards should be universally applicable; it must be acceptable to the supervisory authorities of the states; it must have the confidence of investors. To say the least, it would be hard to provide these qualities in new, privately sponsored insurance organizations. FHA already has them. Consequently we prefer to preserve and restore what is available and what we know will work, rather than, in despair, to cast it aside for something untried and of dubious practicality.

Our intent is to seek legislation that will let FHA be what it was intended to be, what in good part it has been, and what it wholly can be. No group has given greater support to the FHA program than the mutual banking industry. No group has received greater benefits from the national mortgage market created by the existence of FHA than mutual savings bank members. We hope the industry will find it to its interest to join with us. We have no illusions about the arduousness of the undertaking, and we do not expect quick success. But we are confident that it can be accomplished if the forces of the mortgage market are fully mustered in its support.

Summary

So in closing I return to my theme—the need for all participants in private mortgage lending activity to look broadly at the market they serve, to call attention to the threats and impediments that impair its potential and to seek their removal, to resist encroachments on and perversions of the credit function, and to make positive moves to maintain private credit as the bulwark that it is for the entire system of private initiative. I have discussed a few of the actions that seem to me, and to the association I represent, useful in this direction. There are unquestionably others to which equal attention may be given. What we must do is to counsel together in order to increase our understanding of our common purposes and to work together tirelessly and determinedly in order to bring about their accomplishment.

*An address by Mr. Thompson at the 43rd Annual Conference of the National Association of Mutual Savings Banks, Washington, D. C.

Gruntal & Co. Admits Stearns

Gruntal & Co., 50 Broadway, New York City, members of the New York Stock Exchange, have admitted Roland B. Stearns, a member of the Exchange, to partnership.

The following registered representatives are also associated with the firm: Arthur D. Sokolow, customers relations; John E. Stieglitz, research; Walter K. Gutman, director of special research; Nicholas Accetta, Mrs. Pam Chase, John G. Dermont, Alex Krasner, Louis J. Pack, Sidney Rusakow, and Dr. Irving Rosenberg.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

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

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

Airway Hotels, Inc.
April 1, 1963 filed 200,000 common. **Price**—$5. **Business**—Company owns and operates a chain of motor hotels, apartment buildings and a shopping center. **Proceeds**—For loan repayment, expansion and other corporate 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.

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.

● **Canaveral Hills Enterprises, Inc.**
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. **Offering**—In early August.

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 (7/8-12)**
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.

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.

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.

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.

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.

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. (7/22-26)**
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.

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.

● **Donnelley (R. R.) & Sons Co. (7/9)**
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.

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. **Pro-**

ceeds — 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. (7/29-8/2)
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.

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.

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. (7/9)
May 20, 1963 filed 200,000 common, of which 20,000 are to be offered by company and 180,000 by certain stockholders. **Price**—By amendment (max. $13). **Business**—Retail sale of fur apparel, cloth coats, suits, dresses and related items. **Proceeds**—For expansion and remodeling of Chicago store. **Office**—36 South State St., Chicago **Underwriter**—Walston & Co., Inc., Chicago.

● Family Life Insurance Co. (7/9)
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.

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.

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NEW ISSUE CALENDAR

July 8 (Monday)

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

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

Holiday Mobile Home Resorts, Inc.—Debentures
(Boettcher & Co. and J. R. Williston & Beane) $1,700,000

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

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

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

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

Leeds Shoes, Inc.—Common
(Strathmore Securities, Inc.) $315,000

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

Rona Lee Corp.—Common
(Reuben Rose & Co., Inc.) $200,000

Rona Lee Corp.—Debentures
(Reuben Rose & Co., Inc.) $250,000

July 9 (Tuesday)

Donnelley (R. R.) & Sons Co.—Common
(Harriman Ripley & Co.) 160,000 shares

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

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

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

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

Lightcraft-General—Common
(William R. Staats & Co.) 125,000 shares

Northern Natural Gas Co.—Debentures
(Blyth & Co., Inc.) $30,000,000

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

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)

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

International Seaway Trading Corp.—Common
(Hayden, Miller & Co.) 140,000 shares

International Seaway Trading Corp.—Debentures
(Hayden, Miller & Co.) $750,000

Lease Plan International Corp.—Common
(Hayden, Stone & Co., Inc.) 139,044 shares

Medic Corp.—Common
(Lincoln Securities Corp.) $1,250,000

Mutual Finance Co.—Debentures
(Donald V. Stabell) $300,000

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

Sentinel Life Insurance Co.—Capital Shares
(Paine, Webber, Jackson & Curtis) $1,197,047

Top Dollar Stores, Inc.—Common
(Van Alstyne, Noel & Co.) $1,200,000

July 16 (Tuesday)

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

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

July 17 (Wednesday)

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 19 (Friday)

Burroughs Corp.—Common
(Offering to stockholders—underwritten by Lehman Brothers) 742,144 shares

Burroughs Corp.—Debentures
(Lehman Brothers) $25,000,000

July 22 (Monday)

Continental Telephone Co.—Common
(E. F. Hutton & Co., Inc. and Allen & Co.) 400,000 shares

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

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

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

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

Nippon Tel. & Tel. Public Corp.—Bonds
(Dillon, Read & Co., Inc.; First Boston Corp.; and Smith, Barney & Co., Inc) $20,000,000

Therm-O-Disc, Inc.—Common
(Goldman, Sachs & Co. and McDonald & Co.) 124,072 shares

July 29 (Monday)

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

First American Israel Mutual Fund—Ben. Int.
(Paine, Webber, Jackson & Curtis) $27,500,000

Juniper Spur Ranch, Inc.—Common
(V. E. Anderson & Co.) $300,000

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

Recreation Industries, Inc.—Common
(Costello, Russotto & Co.) $150,000

July 30 (Tuesday)

American Greetings Corp.—Debentures
(Goldman, Sachs & Co. and McDonald & Co.) $7,500,000

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

Tokio Marine & Fire Insurance Co., Ltd.—A. D. S.
(First Boston Corp.; Nikko Securities Co. Ltd.; and Shelby Cullom Davis & Co.) 400,000 shares

Trailer Train Co.—Equip. Trust Ctfs.
(Bids 10:30 a.m. EDST) $4,800,000

July 31 (Wednesday)

Independent Shoe Discounters Association, Inc.—Common
(Parker, Bishop & Hart, Inc.) $325,000

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

August 5 (Monday)

Associated Oil & Gas Co.—Debentures
(Allen & Co.) $6,600,000

Electronic Dispenser Corp.—Common
(L. D. Brown & Co.) $100,000

Scheib (Earl), Inc.—Common
(Shearson, Hammill & Co.) 200,000 shares

United Aircraft Corp.—Debentures
(Offering to stockholders—underwritten by Harriman Ripley & Co., Inc.) $43,000,000

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 9 (Monday)

Norfolk & Western RR.—Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,900,000

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

December 10 (Tuesday)

Northern Pacific Ry.—Equip. Trust Ctfs.
(Bids 12 noon EST) $4,800,000

Continued from page 29

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

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. **Note**—This letter was withdrawn.

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.

● **Independent Shoe Discounters Association, Inc. (7/31)**
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.

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.

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

● **Inter-County Telephone & Telegraph Co. (7/8)**
June 3, 1963 filed $2,000,000 of 4% conv. 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 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.

● **International Seaway Trading Corp. (7/15-19)**
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.

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. (7/8-12)**
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.**
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). **Offering**—Imminent.

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. (7/8-12)**
June 7, 1963 filed 625,000 common to be offered for subscription by stockholders on the basis of one new share for each two held. **Price**—By amendment (max. $14). **Business**—A closed-end investment company seeking capital appreciation through investments primarily in Japanese common stocks. **Office**—25 Broad St., New York. **Underwriters**—Bache & Co.; Paine, Webber, Jackson & Curtis and Nikko Securities Co., New York.

● **Juniper Spur Ranch, Inc. (7/29-8/2)**
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. (7/22-26)**
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.

● **Lease Plan International Corp. (7/15-19)**
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.

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.

● **Lightcraft-General (7/9)**
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.**
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. **Offering** —Indefinite.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N.Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc. (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).

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.

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.

● **Mill National Corp. (7/8-12)**
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.

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)

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. (7/15)**
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. (7/15-19)**
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.

● **Natural Gas & Oil Producing Co. (7/29-8/2)**
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).

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 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 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.

Northwest 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.

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 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.

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 colored 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 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.

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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). **Note**—This registration has become effective.

● **Recreation Industries, Inc. (7/29-8/2)**
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**—Indefinite.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. **Price**—$7. **Business**—A real estate investment company. **Proceeds**—For debt repayment and general corporate purposes. **Office**—220 K St., N. W., Washington, D. C. **Underwriter**—Hirschel & Co., Silver Spring, Md. **Offering**—Indefinite. **Note**—The SEC has challenged the accuracy and adequacy of this registration statement.

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.

● **Rona Lee Corp. (7/8)**
Sept. 26, 1962 filed $250,000 of 6¾% debentures and 50,000 common. **Price**—For debentures, by amendment; for stock, $4. **Business**—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. **Proceeds**—For debt repayment. **Office**—112 W. 34th St., New York. **Underwriter**—Reuben Rose & Co., Inc., New York.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital. **Office**—245 7th Ave., N. Y. **Underwriter** — Federman, Stonehill & Co., N. Y. **Note**—This registration will be withdrawn.

Russell Mills, Inc.
Sept. 28, 1962 filed 312,500 common. **Price**—By amendment (max. $12). **Business**—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. **Proceeds**—For bond retirement and plant expansion. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, N. Y. **Note** — This company formerly was called Russell Manufacturing Co. **Offering**—Indefinite.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public, $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds** — For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

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.

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.

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. (7/15-19)**
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.

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.

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

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. (7/9)**
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. **Note**—This registration was withdrawn.

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.

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 parimutual 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.**
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. **Note**—The SEC has issued an order temporarily suspending this letter.

Issues Filed With SEC This Week

★ American Greetings Corp. (7/30)
July 1, 1963 filed $7,500,000 of con. subord. debentures due Aug. 1, 1983. **Price**—By amendment. **Business**—Manufacture of greeting cards, gift wrappings, and related items. **Proceeds**—For expansion, debt repayment, working capital, and other corporate purposes. **Office**—1300 West 78th St., Cleveland. **Underwriters**—Goldman, Sachs & Co., New York, and McDonald & Co., Cleveland.

★ Associated Oil & Gas Co. (8/5-9)
June 26, 1963 filed $6,600,000 of conv. subord. debentures due July 1, 1975. **Price**—At par. **Business**—Acquisition, exploration and production of oil and gas, a subsidiary is engaged in the pipeline construction business. **Proceeds**—For redemption of outstanding debentures, and for working capital. **Office**—3703 Yoakum Blvd., Houston. **Underwriter**—Allen & Co., New York.

★ Beneficial Standard Life Insurance Co.
June 28, 1963 filed 200,000 common. **Price**—By amendment (max. $4). **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd St., New York. **Underwriter**—None.

★ Burroughs Corp. (7/19)
June 28, 1963 filed 742,144 common to be offered for subscription by stockholders on the basis of one new share for each nine held; also $25,000,000 of s. f. debentures due July 1, 1988. **Price**—By amendment (max. $31 per common share). **Business**—Production of a wide variety of business machines, business forms, and office accessories; also military products, primarily in the field of computation and control. **Proceeds**—For debt repayment. **Office**—6071 Second Ave., Detroit. **Underwriter**—Lehman Brothers, New York.

★ Coastal Chemical Corp.
June 26, 1963 filed 40,000 class A common; also 40,000 class D common to be offered by Mississippi Chemical Corp., parent. **Price**—For class A, $35; for class D, $30. **Business**—Manufacture of a variety of high analysis fertilizers, anhydrous ammonia, and other fertilizer materials and components. **Proceeds**—For working capital and other corporate purposes. **Address**—Yazzo City, Miss. **Underwriter**—None.

★ Eagle's Nest Mountain Estates, Inc.
June 26, 1963 filed $400,000 of 8% subord. conv. debs. due 1983; also 400,000 common, of which 300,000 are to be offered by the company and 100,000 by stockholders. The securities will be offered in units of one $100 debenture and 100 shares. **Price**—$350 per unit. **Business**—Company owns a 781 acre tract in Haywood County, N. C., on which it plans to build houses, a motor lodge, restaurant and an amusement complex. **Proceeds**—For construction, debt repayment, working capital and other corporate purposes. **Office**—2042 South Atlantic Ave., Daytona Beach, Fla. **Underwriter** — Alpha Investment Securities, Inc., Atlanta, Ga.

★ Federal Services Finance Corp.
July 1, 1963 filed 64,000 common to be offered for subscription by stockholders. **Price**—By amendment (max. $20). **Business**—A holding company whose subsidiaries are engaged in the sales finance business and the writing of marine and credit life insurance. **Proceeds**—For redemption of outstanding second preferred stock, working capital, and other corporate purposes. **Office**—1701 Pennsylvania Ave., N. W., Washington, D. C. **Underwriter**—Mackall & Coe, Washington, D. C.

★ "Isras" Israel-Rassco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business** — A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York.

★ Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Manufacture of men's and children's belts. **Proceeds**—For debt repayment, sales promotion, and other corporate purposes. **Office** — 33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York.

★ Lasco Associates, Inc.
June 19, 1963 ("Reg. A") 29,500 capital shares. **Price**—$10. **Business** — A real estate development company. **Proceeds** — For working capital. **Office** — 300 Fremont St., Las Vegas, Nev. **Underwriter**—None.

★ Mason Pharmaceuticals, Inc.
June 21, 1963 ("Reg. A") 47,900 common. **Price**—$1. **Business** — Distribution of pharmaceutical products. **Proceeds** — For working capital. **Office** — 5031 D St., Secramento. **Underwriter**—None.

★ New Jersey Almanac, Inc.
June 26, 1963 ("Reg. A") 26,210 common. **Price** — $2. **Business**—Publication of a book containing information on the State of New Jersey. **Proceeds**—For general corporate purposes. **Office** — 266 Bellevue Ave., Upper Montclair, N. J. **Underwriter**—None.

★ Nippon Telegraph & Telephone Public Corp. (7/24)
July 3, 1963 filed $20,000,000 of 5½% guaranteed dollar bonds due 1978. **Price**—By amendment. **Business**—The company, wholly-owned by the Government, furnishes telephone, telegraph and related communication services in Japan. **Proceeds**—For construction. **Address**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co., Inc., First Boston Corp., and Smith, Barney & Co., Inc., New York.

★ NuTone, Inc.
July 3, 1963 filed 75,000 common. **Price**—By amendment. **Business**—Manufacture of a wide variety of built-in household appliances including exhaust fans, electric heaters, kitchen appliances, door chimes, etc. **Proceeds**—For selling stockholders. **Address**—Madison and Red Bank Roads, Cincinnati. **Underwriter** — Lehman Bros., New York.

★ Scheib (Earl), Inc. (8/5-9)
June 28, 1963 filed 200,000 common. **Price**—By amendment (max. $12). **Business**—Company operates (through wholly-owned subsidiaries) a national chain of automobile paint shops. **Proceeds**—For selling stockholder, E. A. Scheib, President. **Office**—8737 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Shearson, Hammill & Co., New York.

★ Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of investing in Canada, Western Europe and other foreign areas. **Proceeds**—For investment. **Office**—135 S. LaSalle St., Chicago. **Underwriter**—None.

★ Therm-O-Disc, Inc. (7/24)
June 27, 1963 filed 124,072 common. **Price**—By amendment (max. $32). **Business**—Manufacture of thermostatic controls and devices, principally for use in electric and gas appliances. **Proceeds**—For selling stockholders. **Address**—South Main St., Mansfield, Ohio. **Underwriters**—Goldman, Sachs & Co., New York, and McDonald & Co., Cleveland.

★ Tokio Marine & Fire Insurance Co., Ltd. (7/30)
June 28, 1963 filed 400,000 American Depositary Shares. **Price**—By amendment (max. $25 per A. D. S.) **Business**—Writing of marine, fire and casualty and allied lines of insurance. **Proceeds**—For investment. **Address**—Tokyo, Japan. **Underwriters**—First Boston Corp., Nikko Securities Co., Ltd., and Shelby Cullom Davis & Co., N. Y.

★ UMC Electronics Co.
June 19, 1963 ("Reg. A") $250,000 of 7% subord. conv. debentures due 1971 to be offered for subscription by stockholders of record June 15, 1963. Rights will expire July 31, 1963. **Price**—At par ($200). **Business**—A holding company for subsidiaries engaged in the manufacture of aircraft and missile testing equipment, audio teaching devices and torque motors. **Proceeds**—For equipment, debt repayment and working capital. **Office**—41 Haig St., Camden, Conn. **Underwriter**—Wm. H. Rybeck & Co., Meriden, Conn.

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."

Acme Visible Records, Inc.
150,000 common offered at $16 per share by Smith, Barney & Co., Inc., New York.

Automatique, Inc.
254,975 common offered at $7.50 per share by Kidder, Peabody & Co., Inc., New York, and Barret, Fitch, North & Co., Inc., Kansas City.

Clark Cable Corp.
121,915 common offered at $5.25 per share by Fulton, Reid & Co., Inc., Cleveland.

Financial General Corp.
$7,500,000 of 5¼% subord. s. f. debentures due June 15, 1978 (with warrants) offered at par, and accrued interest, by Eastman Dillon, Union Securities & Co., New York, and Johnston, Lemon & Co., Washington, D. C.

National Uni-Pac, Inc.
150,000 common offered at $4 per share by the company, without underwriting.

Northwestern National Life Insurance Co.
518,600 common offered at $35.25 per share by Lehman Brothers, Chicago.

Stephenson Finance Co.
$1,500,000 of 6% s. f. suburb. debentures due Nov. 1, 1978 offered at par, and accrued interest, by Alester G. Furman Co., Inc., Greenville, S. C.

XTRA, Inc.
80,000 $1.40 cum. conv. preferred shares offered at $26 per share by Putnam & Co., Hartford.

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

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office** — 25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

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. (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.

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.

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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.

★ Lone Star Gas Co.
July 2, 1963 the company announced plans to file a registration statement covering $35,000,000 of sinking fund debentures. **Business**—Production and distribution of natural gas in Texas and Oklahoma. **Office**—301 South Harwood St., Dallas. **Underwriters**—(Competitive). Probable bidders: First Boston Corp., Halsey, Stuart & Co., Inc.; Salomon Brothers & Hutzler. **Offering**—Expected in September.

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.

★ Norfolk & Western RR (9/9)
July 2, 1963 it was reported that this road has scheduled the sale of about $6,900,000 of 1-15 year equipment trust certificates for September. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Sept. 9 or 10 (12 noon EDST) at the company's Philadelphia office.

★ Northern Pacific Ry. (12/10)
July 2, 1963 it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Northern States Power Co. (Minn.) (9/24)
May 14, 1963, it was reported that this company plans to sell $15,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly). **Bids**—Expected Sept. 24 (11 a.m. EDST).

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

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

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,-000,000 of maturing bonds. **Office**—9th and Hamilton St., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

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

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.

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. (8/5)
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.

★ Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds): Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

★ Washington Gas Light Co.
July 2, 1963 it was reported that this utility plans to sell $20,000,000 of bonds in the second quarter of 1964. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters** (Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

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.

Dealer-Broker Recommendations

Continued from page 8

Pacific Intermountain Express—Memorandum—Hamershlag, Borg & Co., 25 Broad Street, New York 4, N. Y.

Pan American World Airways Inc. — Analysis — Schweickart & Co., 2 Broadway, New York 4, N. Y.

Premier Industrial—Memorandum—First Cleveland Corporation, National City East Sixth Building, Cleveland 14, Ohio.

Pueblo Supermarkets—Analysis—Butcher & Sherrerd, 1500 Walnut Street, Philadelphia 2, Pa.

Radio Corporation of America—Memorandum — Hardy & Co., 25 Broad Street, New York 4, N. Y.

Reynolds & Reynolds Company—Analysis — Glore, Forgan & Co., 45 Wall Street, New York 5, N. Y.

Rockwell Standard Corporation—Analysis — Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Ga. Also available is a memorandum on **Bush Hog.**

Singer Company — Analysis — Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Transamerica Corp. — Analysis — Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Transport Industries, Inc.—Report—A. J. Davis Co., Standard Life Building, Pittsburgh 22, Pa.

United American Life Insurance Co. — Analysis — Boettcher and Company, 828 Seventeenth Street, Denver 2, Colo.

United States Rubber Company—Analysis—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

United States Steel—Chart Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Warner Brothers Company—Analysis—Sartorius & Co., 39 Broadway, New York 6, N. Y.

Warner Bros. Co.—Memorandum—Wm. M. Rosenbaum & Co., 331 Madison Avenue, New York 17, N. Y.

Youngstown Steel Door Company—Analysis — Brand, Grumet & Seigel Inc., 67 Broad Street, New York 4, N. Y.

Metromedia, Inc. Private Financing

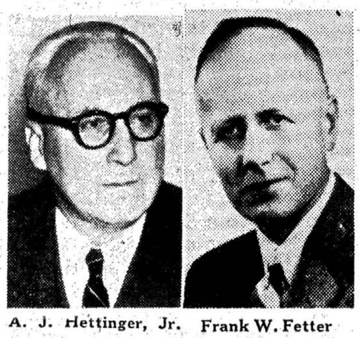
Kuhn, Loeb & Co., and Carl M. Loeb, Rhoades & Co., New York, have announced that they assisted Metromedia, Inc., with the private placement of $7,500,000 of 5¾% notes, due Oct. 1, 1978.

The company, located at 205 East 67th St., New York, owns and operates several television and radio stations. Metromedia also operates an outdoor advertising company.

Proceeds will be used for the acquisition of television station KTTV in Los Angeles.

Nat'l Bureau Elects Officers

The National Bureau of Economic Research has announced the election of officers to its Board of Directors for 1963.



A. J. Hettinger, Jr. Frank W. Fetter

Albert J. Hettinger, Jr., investment banker, was elected Chairman of the Board. He is a partner of Lazard Freres and Company and Chairman of the Board of the Lazard Fund. Mr. Hettinger's other directorships include Jones and Laughlin Steel Corporation, Owens-Illinois Glass Company, Lincoln National Life Insurance Company, General Reinsurance Corporation, and Harcourt, Brace & World, Inc.

Frank W. Fetter, professor of economics at Northwestern University, was elected Vice-President of the Board. Mr. Fetter was formerly professor of economics at Haverford College, has lectured at the School of Advanced International Studies in Washington, and has been a Guggenheim fellow. During the war he was a member of the staff of the Dept. of State.

Arthur F. Burns, John Bates Clark Professor of Economics at Columbia University and former Chairman of the Council of Economic Advisers, was reelected as the National Bureau's President, and Donald B. Woodward, managing partner of A. W. Jones and Company, as Treasurer.

Acme Visible Records, Inc. Stock Offered

An offering of 150,000 shares of common stock of Acme Visible Records, Inc. (Crozet, Va.) is being made by an underwriting group headed by Smith, Barney & Co., Inc., New York, it was announced by the managing underwriter. The stock is priced at $16 a share.

Acme is a leading manufacturer of office filing equipment and related business forms designed to provide accessibility and accuracy in locating, posting and refiling information.

The offering makes shares of the company available to the public for the first time. Upon completion of the sale, 647,069 shares of common stock will be outstanding.

Of the 150,000 shares offered, 92,555 are being sold by certain stockholders and 57,445 by the company. Proceeds to the company from the sale of 32,445 shares will be used to purchase for retirement an equivalent number of outstanding common stock purchase warrants held by three eastern insurance companies. Of the proceeds from the sale of the remaining 25,000 shares sold by the company, approximately $300,000 will be used for construction of new plant facilities at its headquarters in Crozet, Va., and the balance will be added to the company's general funds.

Net sales for the 12 months ended May 31, 1963, amounted to $10,225,624 and net income was $771,170, equivalent to $1.12 a share on the common stock.

Young Women's Inv. Group Elects

The Young Women's Investment Association of New York has elected Joan Leibo, Bache & Co., president.

Are Banks Following an Archaic Liquidity Theme?

Continued from page 7

of proper employment of the free reserves produced, not of liquidating investments to generate even more excess funds.

U. S. Governments Held

A very important observation to be made is that the level of U. S. Government securities possessed by member banks was at a *lower position* in 1929 than in any year since then, including *all* of the years of the Great Depression. Thus, the banking system was employing its free reserves by actually *acquiring* securities in this period of reduced *private* demand for credit. The supply of Treasury issues increased as the Federal Government engaged its policy of extensive deficit spending in an attempt to prime the economic pump back into action.

In the 1934 Annual Report of the Federal Reserve Board, Page 147, there are displayed certain figures which are quite revealing. The following table highlights some of the data presented and indicates select changes that occurred in the position of member banks between Dec. 31, 1929, and June 30, 1933.

	(Billions of Dollars) Dec. 31, 1929	June 30, 1933	Change
Loans	$26.2	$12.9	—$13.3
Total Securities	9.8	11.9	+ 2.1
U. S. Gov't Securities	3.9	6.9	+ 3.0
Other Securities	5.9	5.0	— 0.9
Total Deposits	38.0	26.6	— 11.4

Loans Declined More Than Deposits

Of course, the number of member banks decreased during this period. Nevertheless, note that the deposit decline was less than the decrease in loans, due to the acquisition of U. S. Government securities. The changes within this three and one-half year interval were generally proportionate to that of the interval itself, so the stated conclusion would not be violated. These relationships are significant and should be given serious consideration by every bank attempting to devise an optimum liquidity policy.

Great Depression Reflex

Bankers have a tendency to become uneasy whenever the loan-to-deposit ratio rises materially and begin to become increasingly concerned with the concomitant shrinking level of U. S. Government securities. This feeling of uncertainty is, in part, a direct reflection of the fact that the Great Depression etched an unremovable impression in their minds and the really disturbing element is that considerable misinterpretation of that period is involved and the wrong lesson was very likely overlearned.

The arguments presented above pertain to the banking system as a whole, but do they also hold true for individual banks? They may or may not be applicable in the case of the smaller banks; there is greater risk involved here because of a higher incidence of lack of adequate diversification. An extreme instance is the situation of a bank in a one-industry or one-company town.

But, for large banks exhibiting well diversified accounts, not only by industry but also geographically speaking, the experience should parallel that of the banking system to a reasonable extent, particularly in the case of large banks outside of New York City. The fundamental question at issue is: How great a degree of shifting could occur *within* the banking system; that is, what would be the dispersion of experiences about the mean, and where would the extreme deviations be most likely to occur?

Policy for Large Banks

Therefore, in a period of intense demand for credit, large banks should be able to reduce their Government portfolios to that minimum position which would provide sufficient collateral to cover those deposits specifically requiring a pledge of U. S. Government securities, plus a small additional amount which would adequately protect against *short-term* deposit and loan volatility of a seasonal and irregular nature. The latter portion can readily be estimated by analyzing the movement, over relatively short time intervals, of the figure represented by the difference between total deposits (net of cash and due from banks) and loans. Except for these minimal limitations, banks should exhibit considerable willingness to sustantially expand their loan accounts and municipal holdings.

Liquidity problems generally have their roots in times of slack credit requirements when banks are likely to scramble after long maturity bonds. Difficulty can then be encountered whether the economy recovers vigorously or declines even further. If a burgeoning loan demand asserts itself, sizable portfolio losses may have to be sustained by the banking system to free sufficient reserves to support the additional deposits produced by the expansion in loans.

And, if overly long maturity investments are heavily acquired in a period of continued deflation and loan retirement in order to utilize the reserves released (and provided), large banks would not possess as much protection as they perhaps should have against some degree of deposit outflow (due to banks, for example) and the possible occurrence of a bank run. Actually, the proper time to prepare for the incidence of a run is not in a period of high prosperity but after a sizable economic decline is clearly under way.

Difficulty of Liquidating Long-Terms

Consider, next, the problems posed by a run on a bank. These events occur very infrequently and not entirely without warning. They are precipitated in times of severe economic stress and are generally preceded by some degree of hoarding and banking difficulties. Any time the economy enters a depression, banks should give serious consideration to the possibility of a run developing. When it does occur, it is lightning swift and leaves little time to effect corrective measures.

It would be difficult to liquidate securities in the short time involved, since banks in general would be on the same sell side of the market, and buyers would be scarce because of the prevailing panic. Therefore, in depressions, it would be wise to avoid being fully invested at all times and to maintain some extent of excess balances at the Federal Reserve. This represents an application of the insurance principle of attempting to substitute a small certain loss (the earnings sacrificed on the additional excess reserves carried) for a large uncertain loss (possible bank failure).

During the memorable bank run which preceded the Moratorium in March, 1933, most of the currency withdrawals occurred in the period of only one week. This demonstrates the speed with which such an event moves. Within a month after the Moratorium, nearly all of the currency taken out of the banks during the run was redeposited. A close reading of the old Federal Reserve Bulletins covering this particular period of time proves to be *very* informative. One can clearly demonstrate that the rapid build-up in currency in circulation was, for all practical purposes, entirely covered by the drawing down of excess reserves by member banks plus heavy borrowing from the Federal Reserve System.

There simply was not enough time to liquidate credits or investments in this period of near hysteria, and the markets were entirely unreceptive to such action. Just to demonstrate the unusual nature of the problem, let each banker consider the extremely hypothetical case whereby it would be assumed that depositors would demand 20% of all demand deposits in the banking system in the form of currency over the next five business days. How, *really*, could this be accomplished?

No Fear of Liquidity Problem

In the future, it is very likely that a bank exhibiting *sound* assets will not encounter a liquidity problem in the rare eventuality of a bank run, because the Federal Reserve System would surely lend to member banks, not only on U. S. Government securities and eligible collateral, but also on any sound earning assets, irrespective of maturity. The latter form of accommodation was provided for in various legislative enactments of the 30's. It would be ridiculous not to supply banks, possessing good quality credits, with sufficient currency to tide them over the *very temporary* period involved in a bank run.

There is, of course, a distinct possibility that we will be forced to endure a depression again, but it is *exceedingly unlikely* that it could be of such devastating magnitude as the one that descended in the latter part of 1929. The legislative, administrative, regulatory and structural economic changes that have evolved since the late 20's would provide sufficient deterrents to the type of unbelievable speculative build-up which then occurred with fantastic vitality. In order to again encounter an interval of severe business shake - out, there must *first* develop a period of extreme *imbalances* or *dislocations* in the nation, and the new economic climate now prevailing would prevent such an extensive state of disequilibrium from being generated.

General Rule to Follow

The general rule to apply in times of powerful credit demand is to not be unduly concerned with liquidity protection for a cyclical decline, particularly in the form of carrying excessive amounts of U. S. Government securities, but to enthusiastically concentrate on extending sound, and not speculative, credits. The proper means of shifting to a more aggressive position is to expand the *volume* of risk assets, not to appreciably lower quality standards.

Of course, banks should be careful not to acquire an *overly* large proportion of long-term loans, and those selected should exhibit good quality. Financial, or credit, risks should not be concentrated in distant maturities. It is difficult to make an effective comparison of the percentage of term credits to total loans existing today with the ratio prevailing in the late 20's. In the previous period, capital loans were not as precisely segregated as they now are, nor were they founded on an appraisal of earning power and amortized on a scheduled basis.

When an individual bank attains the point where it is fully loaned up and the portfolio of U. S. Government securities is cut to an irreducible minimum, it cannot then be correctly stated that the institution has a liquidity problem. What is actually needed are more deposits.

Avoid Long-Term Trap

On the other hand, when the economy is clearly sliding into a recession and banks begin to exhibit substantial excess reserves, the problem then becomes one of properly dealing with the resulting "liquidity pool." These funds cannot be too heavily committed on a long-term basis, for a bank could easily be trapped in the undesirable position of being forced to underwrite sizable portfolio losses if the loan demand should substantially strengthen and the monetary authorities should become convinced that it is necessary to pursue a restrictive credit policy. This is a critical point where liquidity problems often have their origin.

The optimum "pool" to be maintained can be invested in a variety of items and shifted among them to capitalize on changes in interest rate differentials. Perhaps the maximum maturity could be about two or two and one-half years, and the following media should be imaginatively considered: Treasury bills; foreign bills (on a fully hedged basis); commercial paper; bankers' acceptances; bank time certificates of deposit; short-maturity Treasury, municipal, and other securities; short - term market loans on cash surrender value of life insurance; short-term loans to carry U. S. Government securities for dealers (repurchase agreements) and others; and Federal funds loaned to other banks.

Mich. "M" Club Elects Sickels President

DETROIT, Mich.—Quentin B. Sickels, an investment broker with Manley, Bennett, McDonald & Co., was elected President of the University of Michigan "M" Club last week. Mr. Sickels, whose varsity career began at 17, was one of the few players to receive four football "M's." His career included playing on the 1948 Rose Bowl and two national championship teams.

Eastman Dillon Admits Partners

Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, an-

John D. Cronin Fred J. Plimpton, Jr.

nounce that John D. Cronin and Fred J. Plimpton, Jr., have been admitted to the firm as general partners, effective July 1.

Mr. Cronin joined Eastman Dillon & Co. in 1945 as a salesman and in April, 1963, was appointed manager of New York institutional sales of the present firm. As a partner, he will continue to be in charge of the New York institutional sales department. Mr. Cronin has spent his entire business career in Wall Street.

Mr. Plimpton entered the investment field in 1947 and joined Eastman Dillon, Union Securities & Co. in July of 1948. He will be partner in charge of the firm's metropolitan division which has sales offices in New York City, Hartford and New Haven, Conn., and Newark and Paterson, N. J. He served in the Armed Services from 1941 to 1946.

Electronic Spec. Listed on NYSE

The common shares of Electronic Specialty Co. of Los Angeles were listed for trading July 1 on the New York Stock Exchange.

Sarah and Margaret Burgess, aged 11 and 9, purchased the first 100 shares of Electronic Specialty Co. stock through their father, William H. Burgess, President and Board Chairman of the company, in a floor listing ceremony with G. Keith Funston, President of the New York Stock Exchange.

Of the 1,600,253 shares of common stock listed, 1,416,000 shares are outstanding. Formerly traded on the American Stock Exchange, Electronic Specialty Co. was assigned ticker symbol ELS.

Electronic Specialty Co. products serve defense, industry and the home. Developments include radio telescopes that gather data from the moon, advanced communication systems to track satellites and pinpoint targets for U. S. missile and air defense, high frequency transmission towers for public utility stations, equipment to ring the nation's telephones and precision assemblies for aerospace vehicles.

Named V.-P. of Williston, Beane

Frank J. Maher has been elected a vice-president of J. R. Williston & Beane, Incorporated, 2 Broadway, New York City, members of the New York Stock Exchange.

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 29	2,313,000	2,426,000	2,608,000	1,501,000
Index of production based on average weekly production for 1957-1959	June 29	124.2	130.2	140.0	80.6
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	June 29	0.75	0.79	0.85	51.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 21	7,541,410	7,512,160	7,491,660	7,241,760
Crude runs to stills—daily average (bbls.)	June 21	8,647,000	8,749,000	8,531,000	8,645,000
Gasoline output (bbls.)	June 21	31,760,000	31,604,000	29,724,000	31,341,000
Kerosene output (bbls.)	June 21	2,906,000	2,545,000	2,727,000	2,767,000
Distillate fuel oil output (bbls.)	June 21	14,290,000	14,711,000	13,834,000	14,177,000
Residual fuel oil output (bbls.)	June 21	4,829,000	5,412,000	5,209,000	5,072,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished gasoline (bbls.) at	June 21	194,915,000	195,352,000	196,417,000	190,810,000
Kerosene (bbls.) at	June 21	30,329,000	29,996,000	28,045,000	29,425,000
Distillate fuel oil (bbls.) at	June 21	113,161,000	108,949,000	95,008,000	115,219,000
Residual fuel oil (bbls.) at	June 21	46,037,000	46,239,000	46,114,000	43,747,000
Unfinished oils (bbls.) at	June 21	89,737,000	90,319,000	89,341,000	87,225,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 22	599,220	616,261	598,419	592,708
Revenue freight received from connections (no. of cars)	June 22	519,527	516,632	528,955	495,701
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 22	9,645,000	*9,775,000	9,275,000	9,410,000
Pennsylvania anthracite (tons)	June 22	442,000	465,000	405,000	327,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	June 27	$748,600	$510,700	$504,800	$178,500
Private	June 27	292,100	288,200	390,600	115,400
Public	June 27	456,500	222,500	114,200	63,100
State and Municipal	June 27	446,400	184,300	109,000	61,800
Federal	June 27	10,100	38,200	5,200	1,300
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	June 22	103	126	107	97
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 29	17,925,000	17,369,000	16,105,000	16,520,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 27	296	274	235	302
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 24	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	June 24	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	June 24	$25.50	$25.83	$28.17	$24.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 28	30.600c	30.600c	30.600c	30.600c
Export refinery at	June 28	28.350c	28.375c	28.400c	28.550c
Lead (New York) at	June 28	10.750c	10.750c	10.500c	9.500c
Lead (St. Louis) at	June 28	10.550c	10.550c	10.300c	9.300c
‡Zinc (delivered at)	June 28	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	June 28	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	June 28	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	June 28	115.875c	115.000c	117.125c	111.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 2	89.01	89.33	89.49	87.92
Average corporate	July 2	89.09	89.23	89.23	87.18
Aaa	July 2	92.64	92.79	92.64	91.48
Aa	July 2	90.77	90.91	90.77	89.23
A	July 2	89.37	89.51	89.51	86.91
Baa	July 2	84.17	84.30	84.30	81.78
Railroad Group	July 2	87.18	87.45	87.18	83.66
Public Utilities Group	July 2	90.20	90.20	90.34	89.23
Industrials Group	July 2	90.06	90.20	90.20	88.95
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 2	3.93	3.89	3.85	3.94
Average corporate	July 2	4.48	4.47	4.47	4.62
Aaa	July 2	4.23	4.22	4.23	4.31
Aa	July 2	4.36	4.35	4.36	4.47
A	July 2	4.46	4.45	4.45	4.64
Baa	July 2	4.85	4.84	4.84	5.04
Railroad Group	July 2	4.62	4.60	4.62	4.89
Public Utilities Group	July 2	4.40	4.40	4.39	4.47
Industrials Group	July 2	4.41	4.40	4.40	4.49
MOODY'S COMMODITY INDEX	July 2	374.3	374.6	385.9	371.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 22	358,862	375,530	368,566	360,643
Production (tons)	June 22	369,080	372,869	368,276	358,562
Percentage of activity	June 22	96	97	96	97
Unfilled orders (tons) at end of period	June 22	507,233	518,102	488,944	482,717
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	June 28	112.47	*112.36	111.93	112.17
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 7	3,445,100	2,233,550	3,028,860	3,684,730
Short sales	June 7	831,790	438,730	618,380	891,340
Other sales	June 7	2,610,950	1,654,540	2,442,770	2,545,460
Total sales	June 7	3,442,740	2,093,270	3,061,150	3,436,800
Other transactions initiated off the floor—					
Total purchases	June 7	967,530	476,020	626,110	459,620
Short sales	June 7	160,900	39,200	80,200	88,700
Other sales	June 7	765,140	402,000	580,380	368,060
Total sales	June 7	926,040	441,200	660,580	456,760
Other transactions initiated on the floor—					
Total purchases	June 7	1,492,233	865,760	1,219,930	1,108,792
Short sales	June 7	293,980	94,320	196,880	187,243
Other sales	June 7	1,255,983	809,898	1,278,657	982,067
Total sales	June 7	1,549,963	904,218	1,475,537	1,169,310
Total round-lot transactions for account of members—					
Total purchases	June 7	5,904,863	3,575,330	4,874,900	5,253,142
Short sales	June 7	1,286,670	572,250	895,460	1,167,283
Other sales	June 7	4,632,073	2,866,438	4,301,807	3,895,587
Total sales	June 7	5,918,743	3,438,688	5,197,267	5,062,870
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	June 7	1,815,616	1,121,641	1,652,215	2,355,046
Dollar value	June 7	$92,377,014	$60,125,974	$80,354,490	$118,777,755
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	June 7	2,261,654	1,475,226	2,038,579	1,799,392
Customers' short sales	June 7	16,004	11,673	14,489	111,944
Customers' other sales	June 7	2,245,650	1,463,553	2,024,090	1,687,448
Dollar value	June 7	$106,916,417	$72,621,023	$97,281,135	$99,877,176
Round-lot sales by dealers—					
Number of shares—Total sales	June 7	884,210	606,370	793,460	418,160
Short sales	June 7				
Other sales	June 7	884,210	606,370	793,460	418,160
Round-lot purchases by dealers—Number of shares	June 7	420,080	261,200	383,020	1,124,950
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	June 7	1,553,420	733,820	1,182,400	2,024,130
Other sales	June 7	26,459,340	16,693,980	23,529,250	19,815,190
Total sales	June 7	28,012,760	17,427,800	24,711,650	21,839,320
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	June 25	100.0	99.9	100.1	100.1
Farm products	June 25	95.0	94.3	95.5	95.0
Processed foods	June 25	100.9	100.6	101.0	100.1
Meats	June 25	91.7	90.6	89.7	95.8
All commodities other than farm and foods	June 25	100.5	100.6	100.5	100.8

*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 TRUCKING ASSOCIATION, INC.— Month of April:			
Intercity general freight transport by 372 carriers (in tons)	7,223,144	7,041,023	6,704,719
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of May:			
Manufacturing number	241	189	229
Wholesale number	139	150	146
Retail number	595	620	664
Construction number	217	212	237
Commercial service number	111	116	102
Total number	1,303	1,287	1,378
Manufacturing liabilities	$33,496,000	$32,286,000	$29,653,000
Wholesale liabilities	11,157,000	20,228,000	10,216,000
Retail liabilities	39,291,000	28,847,000	27,563,000
Construction liabilities	19,828,000	14,434,000	15,798,000
Commercial service liabilities	14,502,000	4,960,000	8,270,000
Total liabilities	$118,274,000	$100,755,000	$91,512,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of April	15,257	*15,604	15,372
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of April (Millions of dollars):			
Manufacturing	$58,210	*$57,910	$56,090
Wholesale	14,000	*14,040	13,700
Retail	27,660	*27,670	26,870
Total	$99,880	*$99,620	$97,266
CIVIL ENGINEERING ADVANCE PLANNING, NEW SERIES—ENGINEERING NEWS RECORD — Month of June (000's omitted):			
Total U. S. construction	$2,072,400	$2,328,200	$1,004,300
Private construction	1,106,500	1,558,000	549,100
Public construction	965,900	770,200	455,200
State and municipal	864,900	718,900	450,800
Federal	101,000	51,300	4,400
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of May:			
Cotton Seed—			
Received at mills (tons)	18,800	20,200	29,000
Crushed (tons)	284,900	408,700	297,700
Stocks (tons) May 31	455,100	721,200	162,200
Cake and Meal—			
Stocks (tons) May 31	216,600	197,700	164,000
Produced (tons)	135,200	194,200	130,900
Shipped (tons)	116,300	145,300	123,800
Hulls—			
Stocks (tons) May 31	55,100	68,200	121,500
Produced (tons)	68,290	95,000	76,100
Shipped (tons)	81,300	88,400	95,500
Linters—			
Stocks (bales) May 31	217,900	261,600	121,700
Produced (bales)	78,900	113,000	85,400
Shipped (bales)	122,600	142,100	105,400
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1957-59 Average=100—Month of May:			
Sales (average daily) unadjusted	114	111	*108
Sales (average seasonally adjusted)	119	119	113
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of April (000's omitted)	65,713,025	67,713,348	61,950,426
Revenue from ultimate customers—Month of April	$1,081,468	$1,114,106	$1,036,394
Number of ultimate customers at April 30	61,618,821	61,554,689	60,309,573
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of May:			
All manufacturing (production workers)	12,387,000	12,319,000	12,372,000
Durable goods	7,037,000	6,967,000	6,975,000
Nondurable goods	5,350,000	5,352,000	5,397,000
Payroll indexes (1957-59 average=100)—			
All manufacturing	115.9	*113.7	113.2
Estimated number of employees in manufacturing industries—			
All manufacturing	16,775,000	*16,693,000	16,682,000
Durable goods	9,585,000	*9,505,000	9,475,000
Nondurable goods	7,190,000	*7,188,000	7,207,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of March:			
Death benefits	$391,700,000	$332,200,000	$350,100,000
Matured endowments	72,200,000	59,200,000	62,900,000
Disability payments	13,100,000	11,200,000	11,100,000
Annuity payments	73,500,000	75,500,000	72,000,000
Surrender values	154,900,000	136,900,000	156,900,000
Policy dividends	179,600,000	144,200,000	177,800,000
Total	$885,000,000	$759,200,000	$830,800,000
MANUFACTURERS' INVENTORIES & SALES— Month of April (millions of dollars):			
Inventories—			
Durables	$33,190	*$32,920	$32,470
Nondurables	25,020	*24,990	24,220
Total	$58,210	*$57,910	$56,690
Sales	34,860	*34,330	33,480
MONEY IN CIRCULATION—TREASURY DEPT. As of April (000's omitted)	$34,600,000	$34,500,000	$33,200,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of May 15:			
All farm products	240	242	*241
Crops	246	*244	*239
Commercial vegetables, fresh	242	*243	*284
Cotton	275	278	*284
Feed, grain and hay	162	161	159
Food grains	233	239	230
Fruit	327	*308	*208
Oil-bearing crops	258	254	255
Potatoes	156	140	*172
Tobacco	500	501	543
Livestock	235	240	243
Dairy Products	234	240	*233
Meat animals	286	288	*304
Poultry and eggs	134	144	130
Wool	272	279	260
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of April (000's omitted):			
Exports	$2,057,300	$2,124,700	$1,885,700
Imports	1,461,300	1,462,800	1,322,600
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of April (000's omitted):			
Savings and loan associations	$1,412,080	$1,260,999	$1,210,274
Insurance companies	111,936	99,239	89,431
Banks and trust companies	539,341	466,741	481,510
Mutual savings banks	145,435	126,113	131,149
Individuals	300,627	286,212	299,869
Miscellaneous lending institutions	555,854	511,570	492,180
Total	$3,065,273	$2,750,874	$2,704,413