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EDITORIAL

As We See It

By the end of World War I, Woodrow Wilson the idealist had become convinced that the world had to be made safe for democracy, and that the only way that such an end could be reached was by international action of a sort that would in effect usurp some of the "sovereignty" which each and every nation in the world had for time out of mind cherished above almost everything else. The whole world now knows that Wilson's own country did not support him or his ideas. His was, of course, at the time a minority party, but it is fairly certain that even had he been the head of the then majority party the result would not have been very different. The League of Nations, far from what Wilson wanted, survived for some decades as a sort of statistical agency and not very much more.

By the time World War II was over the President of the United States, then the head of the dominant party, was ready to make a determined effort to create and vitalize an international organization which was to serve more or less as Wilson had originally conceived of the League of Nations doing. The world, far from being merely in need of being safe for democracy, had to be made safe for the very existence of a number of countries and peoples, so it was believed. It was concluded by those who were directing the affairs of this country that so great had been the damage—in very considerable part by our own armed forces—that we, the only remaining nation really solvent, could not avoid laying out vast funds for reconstructing large areas, much of which lay within the borders of our former enemies. It would be difficult to say just how many billions of dollars, nay hundreds of billions of dollars of our hard earned wealth went into helping other nations to (Continued on page 19)

Administration's Aggressive Plan To Solve Our Payments Problem Gap

By Hon. Douglas Dillon, Secretary of the Treasury Washington, D. C.*

Reasons for yesterday's rediscount and time deposit interest rate rises, and confidence in dollar's strength, dominate Administration's definitive statement of its short-run program to defend the dollar until longer-run proposals take over. Tax-cut and revision are latter's decisively indispensable measures to generate growing economy attractive to investments here without accompanying tighter monetary moves except for money rate increases. Sees need for world economic cooperation and, in time, for increased liquidity.

The basic philosophy and general approach which will continue to underlie our program for closing the deficit were first set down in the President's Message to Congress on the Balance of Payments of February 1961. As he has made clear, our firm intent is to attain a satisfactory and durable balance in our over-all payments by means consistent with other basic national interests. We cannot seek solutions at odds with our traditional reliance on a decentralized free enterprise economy. We must recognize the clear need for reducing unemployment and for more rapid economic growth at home. In our own interests, and those of other nations, international trade must be expanded rather than restricted. And we cannot abandon our central responsibilities of world leadership — for maintaining secure defenses, for contributing to the development of less favored nations, and for conducting our affairs in a way that will maintain freedom of capital movements and strengthen the fabric of the international monetary system.

Douglas Dillon

These basic requirements, combined with the simple fact of our dominant role in world trade and finance, have meant that we could not either prudently or effectively utilize many of the simpler and more direct types of action by which other countries have sometimes dealt with their payments deficits. Currency devaluation, import restrictions, exchange controls, substantial restriction of credit designed to raise interest rates and reduce domestic consumption, or abandonment of our commitments for the protection of the free world are all out of the question. Instead, we have recognized that:

First, a satisfactory and lasting balance in our payments can be achieved only as substantial adjustments are made in countless transactions by our private citizens and business firms, each responding freely and vigorously to new market incentives and opportunities;

Second, these necessary market adjustments must be supported and encouraged by an appropriate fiscal and monetary environment, by effective government trade promotion programs, and by firm discipline in the maintenance of price and cost stability;

Third, because the full benefits of these market adjustments will become evident only over a period of years, there is a continuing need to seek additional and more immediately effective reductions in, or offsets to, those large foreign payments that can be subjected to direct administrative action, particularly in the areas of defense and aid;

Fourth, as a further means of assuring our capacity to deal with the im- (Continued on page 22)

I. D. A. C. CONVENTION SUPPLEMENT: Section Two

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.

H. PAUL ALTHAUS
Resident Manager, Reynolds & Co., York, Pa.

Eastern Air Lines

An excellent case can be made out for Eastern Air Lines as a promising speculation for capital gains. This is one of the few airlines that to date has not participated in the general return to prosperity in this industry.

The two main factors contributing to the recent poor record of Eastern since 1959 have been the transition from piston planes to jet equipment and the addition of Northeast Airlines to the profitable east coast route to Florida, which route was one of the lines best money makers.

In the seven years from 1953 to 1959, Eastern earned an average of $3.67 per share ranging from a low of $2.34 to a high of $5.32 per share. During these seven years, additional cash flow via depreciation equalled over $170,000,000. In the three years 1960 to 1962, Eastern had deficits aggregating to $8.22 per share or $26,570,000 but during these years depreciation amounted to over $123,000,000.

Eastern Air Lines routes are many and varied; New York to Montreal, Ottawa, Bermuda and Puerto Rico and nonstop flights from New York and Washington to New Orleans and Mexico City. Among other routes are Boston, Chicago and Detroit to Miami. Also New York to Brownville, Texas. Eastern has about 173 planes and is purchasing new Boeing 727 jets for 1963-65 delivery.

It is not generally recognized how air freight is increasing. About one-third of large jet planes is unsuitable for passengers but is used for cargo. Some of the airlines already have planes solely for freight and these should grow in number. Eastern has four Lockheed Constellations now used entirely for cargo. It would seem a certainty that the next five years will show substantial gains in freight shipped by air.

About five years ago the CAB gave a small New England regional carrier, Northeast Airlines, additional routes including eastern seaboard cities to Florida. This was done in order to take it off government subsidy. However, instead of improving Northeast's situation, the line has shown continuous large deficits ever since until now it is in such dire financial difficulties that it may not be able to continue operating the Florida route. Its renewal certificate for this is now being considered by the CAB. There seems to be much better than even chance that this will not be renewed. In this event, it will be a bonanza for the other lines operating these routes, including Eastern, and could change Eastern's earning picture substantially.

Altogether the outlook for Eastern Air Lines would seem to make the stock an interesting speculation. Business this year is excellent and will probably be at a new high volume. The industry is certainly going to show steady and rapid growth, both passengers and freight. Due to the low load factor now being experienced, considerable additional business could be cone with little extra expense. It is in this factor that large earnings potential lies. If the competitive situation on the Florida route is improved, it could really mean "GO" for Eastern Air Lines and the substantial tax loss carry forward will further improve future earnings potential.

There are 3,233,851 common shares selling around 20½ on the New York Stock Exchange.

N. LEONARD JARVIS
Partner, Hayden, Stone & Co., Inc., New York City

The Gillette Company

In 1961, when Gillette sold at 57⅝s, it then sold at 38 times its earnings for that year. Currently selling at approximately 34, it is selling for about 21 times 1962 earnings. Several months ago I discussed the progress which Gillette was making in the stainless steel razor blade industry. It is my understanding that Gillette is now actually making stainless steel blades, but may not be ready to introduce them to the American market until possibly some time after Labor Day, but it would be my personal guess that this will happen some time before the end of the year, perhaps in time to take advantage of the Christmas buying season. Meanwhile, the company still appears to be making progress with its Super Blue Blade which now represents some 63% of its American blade business, whereas the ordinary blue blades are doing about 16% and the thin red blade approximately 21%. When the new stainless steel blade is introduced, the price, of course, will be somewhat higher.

Last year, approximately 10 million blades were imported from the U. K. into the U. S. It is possible that some of these may have included the Personna Blade for ASR, a subsidiary of Philip Morris. In the first four months of this year, 19 million blades were imported from Great Britain. The question is frequently asked, what impact would this have on Gillette? Actually, Gillette sold 2,600 million blades in the U. S. last year and in foreign markets it sold 4,150 million blades. Gillette has only one plant in the U. S., located in Boston, where its razor blades are made. A new plant, however, is being constructed at a cost of approximately $8 million. Production and packaging machines have been transferred from the old plant to the new plant. However, the old plant will be used for other operations.

Approximately 8 million blades are used daily in the U. S. Gillette now controls approximately 70% of the American shaving blade market. Sales abroad of Super Blue Blades were increased from 22% at the end of 1962 to 30% currently. The cost of manufacturing razor blades is not the predominant cost, strangely enough, since packaging expenses represent about 50% of the cost of a Super Blue Blade.

This Week's Forum Participants and Their Selections

Eastern Air Lines—H. Paul Althaus, Resident Manager, Reynolds & Co., York, Pa. (Page 2)

Gillette Company — N. Leonard Jarvis, Partner, Hayden, Stone & Co., Inc., New York City. (Page 2)

The figures cited as to imports of stainless steel blades and the competition now being incurred by Gillette from the Krona Blade made by Eversharp may not have any tremendous impact on Gillette's overall position. Undoubtedly, when Gillette introduces its new blade it will be a first-class quality product. It will be supplemented by a tremendous advertising campaign. Last year's world-wide advertising expenses totalled approximately $43.5 million.

Gillette, through its Toni Division, ranks fifth in the cosmetics industry from the point of view of sales. Three new hair sprays were added to the Toni line last winter.

Perhaps of great importance, is a new product now being developed to straighten hair. It is said that there are millions of women who have very curly and unmanageable hair. It is believed that Gillette, through Toni, has developed a chemical product which will do the job effectively and safely. Some statistics have been issued outlining the fact that two out of three white women spend an average of $45 yearly in beauty parlors. These statistics have also pointed out that colored women spend some $80 annually, but primarily on hair straightening. If Gillette is successful in developing a home type of hair straightener, which could sell in the neighborhood of $2.50-$3.00 per treatment, it is easy to see that such a product would have a tremendous impact on Gillette's sales over a long period of time and would be a good repeat item. Obviously, care should be made in order that the hair should not be damaged, that the chemical will not hurt the eyes or skin and that it will do a completely satisfactory job.

Gillette also has another interesting division called Paper-Mate, makers of ballpoint pens and refills. While it is not the leader from the point of view of units, it the largest seller of any brand of ballpoint pens from a dollar volume point of view.

In addition to making shaving creams and men's deodorants, Gillette is bringing out a new product called "Sun Up" as an after shave lotion. A men's hair groom will come in time and undoubtedly the company will introduce other toiletry articles for men and a shampoo would appear to be a logical item.

Last year, Gillette acquired a company in the disposable hospital field called Sterilon, makers of intravenous and blood administration equipment, catheters, feeding drainage and oxygen tubes, pediatric, surgical and other special clinical items as well as sterilization and packaging facilities. While a small company, it caters to a market which totals at least $100 million on an overall basis, with sales growing. The Gillette management should be

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

Canada's Banking Reform & Economic Outlook Prospects

By R. D. Mulholland, President, The Canadian Bankers' Association, and Vice-President and General Manager, Bank of Montreal, Montreal, Canada*

Canadian bankers' spokesman is hopeful that the Royal Commission on Banking and Finance's forthcoming report on banking reform will recommend removal of the interest rate ceiling on loans and of the restriction on mortgage loans urged by the chartered banks during the Commission's decennial review. In recapitulating the urgent reasons for the proposed banking act changes, Mr. Mulholland explains how the public would benefit if competition, not only among banks but between banks and near-banks, were permitted. Turning to the remarkable change since the year-ago Canadian dollar-exchange crisis, and to the measures taken to restore confidence in the economy and the currency, the banker comments on the economy's improving strength and on the need to watch export prices carefully.

The past year witnessed a full enquiry into monetary and financial matters by the Royal Commission on Banking and Finance and the year ahead will mark the ninth in the series of decennial revisions of the basic banking law, a system of keeping the Bank Act up to date and in step with economic developments and growth, which has been followed for almost a century. Just as the banks cooperated fully with the Royal Commission, we look forward to the revision proceedings with complete confidence that a banking law will emerge that is dedicated to the best interests of the Canadian people and the Canadian economy.

R. D. Mulholland

The method that is followed in the review of banking legislation involves public hearings before the Banking and Commerce Committee of the House of Commons and is unique with Canada. Since the original Bank Act was passed in 1871 there have been eight revision proceedings, usually at 10-year intervals. Down through the years they have played an important part in fashioning a banking system that has a world-wide reputation for strength and stability, a banking system that is the envy of many nations.

Improved Economic Climate

I intend to make further references to the Royal Commission at a later point but, first, I would like to go back to June 21, 1962. I would ask you, especially, to think of the remarkable change in the economic climate then and now, particularly with respect to the Canadian dollar and Canada's exchange reserves.

When we met here last year there were severe and mounting pressures against the dollar, a flow of capital draining away from this country and a steady and alarming diminution of the exchange reserves. There had been downward pressure on the dollar during the last half of 1961, partly because of a decline in offerings of foreign exchange arising from borrowings outside Canada, and the authorities early in 1962 had attempted to arrest its further fall by an informal peg at 95 cents U. S. Later, on May 2, a fixed par value had been re-established with the concurrence of the International Monetary Fund at 92½ cents U. S.

Last year at this time, the exchange crisis was almost at its peak. In fact, our annual Canadian Bankers' meeting was only three days before the government announced, on Sunday, June 24, a series of measures designed to stop a further loss of foreign exchange reserves and to restore confidence in the Canadian dollar and the Canadian economy.

The successful implementation of this program involved the application of a more restrictive monetary policy by the Bank of Canada, which had already begun to tighten the reins before the austerity program was announced. Extreme tightness prevailed during the summer and early autumn, following which a gradual relaxation took place. The improving conditions were accompanied by several changes in the Bank Rate. Having been set at the extremely high rate of 6% cincident with the inauguration of the austerity program, the Bank Rate was held at this level until September 7 when it was reduced to 5½%. There were several subsequent reductions and on May 6 of this year, the rate was dropped to 3½%.

Underlying Strength of Economy

The fact that these reductions have been possible is an indication, at least in part, of the degree of recovery from the dollar crisis that faced this country only a year ago. That they could be made within such a relatively short time is a clear illustration of the underlying strength and resilience of the Canadian economy and of

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Articles and News

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Mtge. Banking Corporations

By Dr. Ira U. Cobleigh, Economist

Containing a brief description of the mortgage banking industry and reference to interesting and, possibly, rewarding opportunities for equity investment therein.

Mortgage banking corporations perform vital functions in our national economy. Primarily they originate, offer, sell and service mortgage investments to institutional investors such as savings banks, savings and loan associations, insurance companies, endowment and pension funds. Mortgage bankers make it possible for these institutions to purchase sound mortgages in any part of the United States with a minimum of effort and risk. They further serve to channel funds from those sections of the country with surplus savings, into other areas where the demand for mortgage loan accommodations substantially exceeds the local savings supply. This "migration" of thrift funds especially to the West and the Southwest, in recent years has been a subject of great interest and concern to the entire banking industry. As a further function, mortgage bankers help to create and maintain a national market in residential and commercial mortgages.

Mortgage loans are of two basic varieties, (1) insured mortgages, protected in whole or in part against loss of principal by Federal Housing Administration (FHA) or Veterans Administration (VA) and, (2) "conventional" mortgages which lack this insurance protection. Insured mortgages, because of their uniform provisions and features, and because they may be traded in the broad national market, are widely preferred by national financial institutions and provide the primary business volume of the industry.

Origination of Mortgages

Mortgage bankers may originate loans on residential, commercial or industrial property, provide "interim" financing to builders through construction loans, make funds available for modernizing, improving and financing of real property, and sometimes engage in real estate development and building operations which generate demands for mortgage money. Origination consists of finding the borrowers, evaluation of property, completing the mortgage documents and disbursing the loan money. Loans may be on existing structures or construction loans to accommodate builders. Residential mortgages are by far the most important part of the business and are naturally in greatest demand in those sections of America which are experiencing the most rapid growths in population.

Mortgage Servicing

The servicing of mortgages is a vital part of a mortgage company's business, accounting usually for more than half of its annual income. Servicing consists of seeing that the property and the mortgages are properly and continuously maintained, taxes and insurance paid, etc. The annual fee for this service is customarily ½% of the mortgage balance. These service fees create an annuity-type income and grow, hand in hand, with the volume of mortgages placed with clients year after year. If a service contract is terminated by the investing client the company is generally paid a terminal fee to compensate for loss of future income.

Other income sources for mortgage companies include origination fees, sales commissions, interest on mortgages "warehoused" (held in investory awaiting placement with, or delivery to, investor clients); processing fees, late fees, escrow agreements, insurance income, and profits from mortgage resale.

Capital Employed

A mortgage company operation is financed by its own capital funds, and by the substantial use of short term bank credit. There is generally an interval of several months between the "closing" of a mortgage (which includes paying over of the money to the borrowers) and the actual delivery of the mortgage to the buyer. This period allows for preparation and completion of required documents and their inspection by the investors. Sometimes, too, institutions have to wait for savings funds to flow in, before completing a mortgage purchase commitment. During this period of "warehousing," bank funds are borrowed with the mortgage as collateral. The working capital funds of the mortgage company create the base for this credit, and in an average case, bank borrowings may total one-third of the company's volume of mortgages.

Business Durability

Mortgage banking is a long term business, with servicing contracts running for years, and long lasting client relationships. Quite frequently the mortgage banker becomes the "correspondent" in his geographic area for client institutions; and, of course, on the number and size of these institutional investors depends the volume and growth of the business.

Originally, mortgage banking firms were small local enterprises, usually privately owned but sometimes divisions of larger companies or adjuncts of a real estate development. In recent years, quite a few have become public companies with their shares trading, in most instances, in the Over-the-Counter market.

Publicly Owned Companies

Companies are generally rated according to the volume of mortgages serviced. On this basis perhaps the largest is T. J. Bettes Co., (privately owned) with an indicated volume of $1.3 billion. A partial list of companies with stocks publicly held and traded, would include Advance Mortgage Co., Associated Mfg. Co., Charter Mortgage and Investment Co., Colonial Mortgage Service, Colwell Co., Detroit Mortgage and Realty, Jersey Mortgage Co., Kissel Company, Lomas and Nettleton Co., Mortgage Associates, Palomar Mortgage Co., Securities Intermountain Co., Stokton Whatley Davin Co., Wallace Investment and United Improvement and Investing Co.

Some sizable companies are divisions of publicly owned Savings and Loan holding companies. For example, State Mortgage Co., with a $110 million mortgage volume, is controlled by San Diego Imperial Corp.; and Kassler and Company with a $180 million mortgage volume is a wholly owned subsidiary of Midwestern Financial Corporation, a major Savings and Loan holding company in the Rocky Mountain region.

Most of these mortgage companies have common stocks as their sole capitalizations. For valuations of these stockholder interests, analysts have developed a rule of thumb that appraises equities at their book value with added allowance of approximately 1½% of the mortgage service volume. Thus, if a company had a book value of $2 million, and $100 million in mortgage volume, you would add $1½ million (an evaluation of future mortgage service income) and reach a total value for the stockholders' equity of $3½ million. Dividing this by the number of outstanding shares, would indicate in a rough calculation intrinsic per share value.

Because of the expansion in mortgage banking and the business getting and cost-saving advantages enjoyed by larger companies, there is a strong merger trend in the industry toward companies serving steadily broader geographic areas. In any event, here is a stable, but expanding business in a rising profit trend, that may well reward investors in search of equities for growth and gain. If interested, get the facts about some of the companies mentioned above.

FROM WASHINGTON . . . Ahead of the News

BY CARLISLE BARGERON

The threatened railroad strike gives Mr. Kennedy his most serious problem short of war or peace, facing the country to-day. It is all very well to say that the railroad men are foolish to be striking when every tribunal has ruled against them, but the fact is, they stand to lose their jobs.

If there is no negotiated settlement in the cooling off period set aside by the President and the workers alike, it is unthinkable that the President and the Congress will not act. Regardless of the President's friendship for labor, this is no time to play politics for the labor vote or any other vote. The President has made it clear his legislative proposals, whatever they are, will apply only to this particular case. In other words, there will be no attempt for a general labor law amendment. That will have to come later, if anyone has the courage to tackle the job.

The President has tried to bring about voluntary arbitration in this railroad crisis, with Associate Justice Arthur Goldberg of the Supreme Court as arbitrator. The railroads accepted and the brotherhoods turned down the proposal. Obviously any legislation proposed by the President looking to voluntary arbitration would be futile with the brotherhoods feeling as they do. There remains a proposal for compulsory arbitration. Neither the railroads nor the brotherhoods like that. Such a legislative proposal might have great persuasive power, might even force a negotiated agreement, if Congress promptly showed its intention to pass such a law.

In a debate in the Senate before the President announced he had won from the brotherhoods and the roads an agreement for delay of the announced strike, two of organized labor's strongest friends on Capitol Hill—Democratic Senator Wayne Morse of Oregon and Republican Senator Jacob K. Javits of New York—both said the brotherhoods had made a mistake in turning down the President's proposal for voluntary arbitration of the dispute with the roads by Justice Goldberg. But more important, both said that if the time ever came when they had to choose between voting for compulsory arbitration and permitting the country to be greatly harmed by a railroad strike, they would vote for compulsory arbitration. They both expressed hope they would not have to make such a choice. Also, they agreed that the brotherhoods were making a serious mistake if they believed they could better their cause by forcing the government to take over and operate the railroads.

Senator Morse said the President's proposal for voluntary arbitration had nothing whatever to do with compulsory arbitration, that he regretted the brotherhoods had failed to recognize this or admit it. He insisted he would fight for their right to strike if necessary, but he added that the right to strike is not absolute, that it bears its responsibilities not only on the part of the brotherhoods but also on the part of those who serve in Congress. "For those of us who serve in the Congress do not sit here as representatives of the railroad brotherhoods or as representatives of the railroad carriers, save and except that the members of the brotherhoods and the members of the carriers are members of the general citizenry." Senator Morse continued. "We serve here with the primary responsibility of representing the public interest of all the people of the Nation."

If the Morse and Javits statements were promptly conveyed to the brotherhood leaders, they may have had their effect. But one thing seems certain: If Senators Morse and Javits feel this way and they have said it—there seems little reason to doubt that if Congress has to act within a week on President Kennedy's recommendations even if these contain a compulsory arbitration clause, it will act, despite all the talk about its taking 30 days or more to get a bill through that body.

Dillon, Read Names Exec. Vice Pres.

Arthur L. Wadsworth has been elected Executive Vice-President of Dillon, Read & Co. Inc., 46 William Street, New York City, members of the N. Y. Stock Exchg., it was announced by Frederic H. Brandi, Chairman. Since joining Dillon, Read & Co. Inc. in 1935, Mr. Wadsworth has been engaged in corporate financing. He was elected a Vice-President in 1949. Mr. Wadsworth is a director of Copperweld Steel Co., The Jeffrey Co., and Littleford Bros. Inc. He is a former Vice-President of the Investment Bankers Association of America and a former Chairman of the association's Foreign Investment Committee.

A. L. Wadsworth

Mr. Wadsworth served during World War II from July, 1942 through June, 1943 on the War Production Board. He served in the U. S. Naval Reserve from July, 1943 to March, 1946, separating from the service with the rank of Commander. He was awarded the Legion of Merit.

Kalb, Voorhis To Admit Hipkins

On Aug. 1 Kenneth A. Hipkins will become a partner in Kalb, Voorhis & Co., 27 William Street, members of the New York Stock Exchange. Mr. Hipkins, a member of the American and Montreal Stock Exchanges, is a partner in Charles King & Co.

OBSERVATIONS...

BY A. WILFRED MAY

"RE-WIGGLE ON" REFORM

Both the SEC and the Congress have re-invigorated reform steps vis-a-vis the investment industry in a major way. Today (Wednesday) the SEC submitted the long-promised, since the end of May, second tranche of its Special Studies group's findings to the House and Senate. Included are Chapters V, VI, VII and VIII, dealing with the trading markets, the exchange market and the over-the-counter market.

(Coming at the end of July will be sections dealing with margins and other forms of market credit, Contractual Plans of mutual funds; the relationship of the SEC to self-regulation by the Exchanges, etc.)

The three-week delay because of toning-down operations has assuredly still left a grisly content.

Among the harshest parts of today's data are the recommended abolition of all floor traders, a highly critical view of the Exchange specialists' activities; and caustic language about the odd-lot traders—"they are not intrinsically more immune from featherbedding than any other business"—with the added suggestion that they be supplanted by automation.

We will comment more fully in succeeding columns.

Meanwhile the Senate Banking Committee yesterday unanimously approved legislation giving the SEC expanded authority to regulate over-the-counter trading and corporate supervision over unlisted companies.

* * *

ON MULTIPLE TAXATION

This space has received the following communication containing a proposal for removing the alleged abuse of the controversial so-called double taxation of earnings, first when acquired by the company, and again when paid out as dividends.

"I have found your writings on taxation particularly stimulating. I am primarily interested in the subject of double taxation of dividends.

"I have read with a good deal of interest 'The Income Tax Burden on Stockholders' by Daniel M. Holland, a study by 'The National Bureau of Economic Research.' However they did not come up with much of an answer.

"I have an answer which may not be perfect, but does do away with double taxation. For every dollar per share of profits, the company would pay out fifty cents on which the stockholder would pay his tax according to the bracket in which he fell.

"On the remaining fifty cents the corporation would pay the corporate tax and the remainder would be kept by the corporation.

"The corporation pays tax on its share, the stockholder pays tax on his share, but there would be no double taxation. And the paper work would not be much greater than it is now. Seems very simple to me, maybe too simple.

Query

"I would be interested in your opinion and to hear what you have to say against the idea; and how it would affect Mutual Funds."

WALTER J. NICKEL
Sheboygan, Wisconsin

Consideration Before the House Committee

The manner of taxing corporate income and dividends is particularly timely now in the light of their inclusion in the proposed tax legislation. The House Committee on Ways and Means after extensive hearings on the President's proposal to repeal the existing dividend credit voted to continue it.

Under the present statute, the provision, now practically certain to be retained, allows an exclusion from income of the first $50 of dividends received from domestic corporations and a credit against tax equal to 4% of dividend income in excess of $50.

This existing provision was demonstrated as pleasing no one; not the stockholder nor the company officer, who consider it insufficient, but would retain it as better than nothing; nor satisfactory to objective economists; nor to President Kennedy or Secretary Dillon.

Columbia University Economics Professor Carl S. Shoup, testifying before the Ways and Means panel complained that the existing type of dividend credit "is unsuitable because it widens the disparity of low income stockholders and high income stockholders"; and hailed the President's proposal for its repeal as being included in the measures aimed at "providing horizontal justice among the well-to-do."

But Professor Shoup, in line with our correspondent, also cited "the formidable problem" of double taxation of distributed corporate income and undertaxation of undistributed corporate earnings, remaining largely unsolved in the tax proposals; and advocated a "true credit" to the stockholders for part of the corporate income tax, "credit on a grossed-up dividend basis."

Professor R. A. Musgrave of Princeton, likewise urged on the House Committee repeal of the existing dividend credit arrangement, with the view that it "is indeed a poor way of meeting the so-called problem of double taxation."

While Mr. Musgrave believes that the credit should be repealed, to the extent that double taxation exists, he would prefer to substitute an alternative arrangement, making a modest beginning toward a dividend paid credit at the corporate level — presumably a mild version of our correspondent's suggestion of a full credit for 50% of the corporate earnings.

Political Influence

While it was practically unanimously testified that the present dividend credit is unsatisfactory, politics in "protecting the little fellow" will barely let the present compromise arrangement remain as the rule — a far cry from the 50% of earnings which our correspondent, Mr. Nickel, advocates for exemption from dividend tax; as well as from the plea for greater straight exemption, $50-plus-4% credit envisaged by Messrs. Shoup and Musgrave.

Secretary Dillon's Approach

Surely the approach taken by Secretary Dillon advocating repeal is the more likely to be adopted in the event of future change. "Even assuming double taxation," asserted Secretary Dillon★ after complaining of the $460 million revenue loss, "the fact remains that the dividend credit and exclusion provide considerably more relief to high income dividend recipients than to individuals with low incomes.

"Under the individual tax rates recommended by the President and present corporate tax rates," he explained, "the dividend credit and exclusion will reduce double taxation by 10.4% for the highest bracket stockholder, 4.5% for those subject only to first bracket rate, and zero for the dividend recipient whose income is below taxable levels."

"On the other hand," the Secretary continued, "the five point corporate tax reduction contained in the President's proposals will not only make investment funds directly available to corporations but will also provide relief from double taxation of approximately 10% for all shareholders irrespective of their income."

And the Secretary significantly added: "Finally, because the benefits of the dividend credit and exclusion go largely to those in the middle and upper income brackets, their repeal is necessary to justify the rate schedule recommended by the President. Should no action be taken on the repeal of the dividend credit and exclusion, a higher individual tax rate schedule designed to yield *by way of restoration* an additional $460 million from the middle and upper brackets would be appropriate."

Nomenclature

Also serving to block relief legislation is the controversy over, and the public's ignorance of, the actuality of double taxation. Disagreement over the assumption runs the gamut from those contending that there is no double taxation to those who assert that double taxation has been caused in the House Committee's cancellation of the income tax deduction for several state and local taxes, including sales, (gasoline, auto registration etc.); to the savings banks who assert relief from double taxation as justifying their preferential tax rate, along with intercorporate titles, of 15% on the dividend receipts from their common stock holdings.

To Our Correspondent

Thus we are forced to the conclusion that while correspondent Nickel's proposal to excuse up to 50% of total earnings from dividend taxation is generally sound, it is a compromise which is not politically practicable. (It also has the defect of taxation of undistributed profits, in substituting an inflexible statute for sound business and fiscal judgment, in determining dividend pay-out; particularly if Mr. Nickel means that exactly half of the gross earnings must be uniformly paid out.)

Answering our correspondent's query concerning the effects of his suggested routine on the mutual funds: it would be extremely helpful to shareholders of the regulated investment companies. Receiving their portfolio stocks' dividends via the conduit routine they would gain major relief from the present tax payable by them at ordinary income rates. This would enhance the relative popularity of the Common Stock Funds, causing a shareholder switch to them.

* * *

QUOTE-OF-THE-WEEK?

"Even the choice of a name took on serious overtones. The phrase 'Peace Corps' was used in the original San Francisco speech, but many of our advisers disliked it. 'Peace,' they claimed, was a word the Communists had pre-empted, and 'Corps' carried undesirable military connotations. We did not want a name contrived out of initials which a public relations firm might have devised; nor did we want to restrict participation in the program by calling it a 'Youth Corps.' What we did want was a name which the public at large could grasp emotionally as well as intellectually. Whatever name we did choose, we would give it content by our acts and programs. We wanted it, also, to reflect the seriousness of our objectives. We studied dozens of other names and finally came back to the original. Peace is the fundamental goal of our times. We believed the Peace Corps could contribute to its attainment, for while armaments can deter war, only men can create peace."

From "Two Years of the Peace Corps" by SARGENT SHRIVER, in "FOREIGN AFFAIRS," July, 1963.

★Earnings on the President's Message; House Ways and Means Committee Eighty-fifth Congress, first session Feb. 6, 7 and 8, 1963, Part 1 pp. 51-52.

Howard, Weil Names

NEW ORLEANS, La. — Bryson Woods has been named a registered representative in the New Orleans office of Howard, Weil, Labouisse, Friedrichs & Co., 211 Carondelet Street, New York Stock Exchange members.

A native of Cincinnati, Mr. Woods attended Princeton University and graduated from the University of Oklahoma.

An army veteran with more than 12 years active service, Mr. Woods was a lieutenant of tank destroyers in World War II. As a captain of artillery in Korea, he won the Bronze Star Medal and the Republic of Korea Presidential Unit Citation. He resigned from the service with the rank of Major in 1961.

Between World War II and the Korean conflict, Mr. Woods was engaged in the metal building products business in Cincinnati.

He is a former president of the Growth Investment Club of Fort Sill and a recipient of the *Wall Street Journal* Scholastic Achievement Award in Finance at the University of Oklahoma.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

Since reporting a week ago, the markets for state and municipal bonds have generally floundered about, at one time firming, then looking better, then easier, then off slightly, then at times altogether quiet and thin. The only adjective not used at one time or another in describing the market in the course of the week has been "strong." Since the rumor was leaked or otherwise communicated about two weeks ago to the effect that the Federal Reserve was planning to increase the rediscount rate, our markets have been fairly orderly but there has been underlying an ominously easier tone as dealers gradually reacted to the cool caution exhibited by most of the professional investors.

Price Reductions Resorted To

Under the circumstances, bidding in most instances was further moderated, while dealers made secondary market offerings to institutions and others at yields up to 10 basis points higher than had previously been the case. These procedures have stimulated some substantial business during the past few weeks but overall the market has been quite inactive and heavy, while dealers and investors expectantly awaited a rate change that was seemingly slow in coming.

However, the change has now been announced. The rediscount rate of the Federal Reserve Bank of New York and six other Reserve District Banks has been raised from 3 to 3½% effective Wednesday, July 17. The rate change has been approved by the Federal Reserve Board in Washington. The Board also raised the maximum interest rate that member banks may pay on time deposits and certificates, with maturities of from 90 days to a year, to 4%. This change is designed to permit the banks to compete more effectively for deposits in the international short term money market.

Municipals Had Already Anticipated FRB Action

To what further extent this presumed tightening up of the short-term money market will affect the long-term bond market remains to be fully answered. It would appear that the state and municipal bond market may have largely discounted the rate increase since the general sell-off of the past two or three weeks has been strenuous when related to the sell-off in long-term Treasury issues as well as high grade corporate issues.

Given some respite from lurid, and sometimes damaging financial headlines, municipals might well prove attractive at present yield levels to many who have been priced out of the market in recent months.

Tempting Yields

The Commercial and Financial Chronicle's yield Index, which is derived by averaging the yields obtainable from a list of preselected high grade medium maturity bonds, averages out at 3.10% as of July 17. This would indicate that the market's offered side is down about ⅜ths of a point over the past week. Last week the Index stood at 3.075%. Since spreads were widened in the secondary market area, it seems fair to adjudge the bid side as easier than it has been in 12 months.

It was on Aug. 8 last year that the market bottomed at 3.123%. It could be that we are now close to the bottom for awhile. As noted, we expect no quick change in the market but we do at least rise to a note of quiet optimism by guessing that the market for municipals may be relatively steady in the traditionally quiet weeks ahead. The clearing of the financial air seems likely to attract further investor attention at the most attractive price levels that have prevailed in close to a year.

Manageable Calendar

The new issue calendar over the next month now totals around $600,000,000. The largest scheduled items continue to be $103,000,000 New York City serial (6½ year average) bonds scheduled for sale July 26; $100,000,000 State of California serial (1964-1988) bonds set for August 7 and $116,160,000 New Housing Authority long term serial bonds scheduled for Aug. 14.

This average schedule of new issue offerings seemingly poses no strain for the underwriting industry despite the subtle changes in the money rate structure which only time will accurately delineate.

More prominent discussion of a tax cut seems again to be pressed for. Right now it wouldn't seem to be an important tax exempt bond market factor. Were a compromise type bill passed later in the year, reductions would not take effect until 1964 and in this nebulous context, the market impact if any, is hardly worth pondering.

Realistic Bidding Necessary

The street inventory situation is about unchanged in the past week so far as can be ascertained. The *Blue List* total of state and municipal bond offerings has generally been in the $575,000,000 area. Current total is $565,806,000. The Street shouldn't have much trouble handling this sort of volume providing the easy market trend is in some manner stemmed. The pricing of new issues in the near future will have much to do with this. The time is definitely at hand for realistic new issue bidding.

Dollar Bonds Firmer

The toll road, toll bridge, public utility and other long-term revenue issues are little changed from the quotations of a week ago. Some of the issues are from ⅛th to ¾s up on the week. These include Chelan County, Washington P. U. D. 5% Chesapeake Bay Bridge and Tunnel 5¾%; Grant County, Washington 3⅞%; Illinois Toll Highway 3¾%; Indiana Toll Road 3½%; Mackinac Bridge 4%; Maine Turnpike 4%; and Oklahoma Turnpike 4¾%.

Earlier this week most of the quotations were fractionally lower with the markets very thin. The markets now are fortunately more robust and, as we go to press, it is reported that some of the dollar bond quotations are up another half on the day (Wednesday).

Project Revenues on Rise

The May and June statements for most of the toll roads indicate gratifying progress. As we go into the vacation period it would seem that most of these roads are breaking records again this year. The Maine Turnpike covered interest and maintenance 1.34 times in May as against 1.13 times in May, 1962. The Kansas Turnpike has shown a good improvement in revenues, covering better in May than the Illinois or the Indiana toll roads. Altogether, the show is improving.

Grant County Issue Awaited

The approximately $200,000,000 Grant County, Washington P.U.D. No. 2 (Manapum Hydro-Electric Revenue Refunding) serial and term bond issue remains as the only large negotiated issue slated for July flotation. Although wires have gone out and the syndicate formed up, no definite date has been set for the reoffering.

The City of Los Angeles continues to seriously study its rapid transit problems. The Transit Authority is considering the construction of a 60-mile rapid transit system that may include a monorail system.

Recent Awards

There were very few new issues up for sale during the past week and none of these were of very large dimension. On Monday (July 15) the Minneapolis-St. Paul Metropolitan Airports Commission awarded $1,000,000 Airport Improvement, general obligation (1966-1985) bonds to *The First Boston Corp.* on a net interest cost bid of 3.0166%. The Northern Trust Co. group was the second bidder with a net interest cost of 3.03% and there were several other competitive bids.

The bonds were reoffered to yield from 2.10% in 1966 to 3.20% in 1985. This small, high grade issue has gone extremely well.

Substantial Transactions

On Tuesday, there were several notable issues brought to market. $20,000,000 University Systems Building Authority, Ga. (1964-1989) bonds were purchased by the *First Boston Corp.* and *White, Weld & Co.* syndicate on a net interest cost bid of 3.389%. The runner-up bid was made by the

Continued on page 35

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.20%
*Connecticut, State	3¾%	1981-1982	3.20%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.15%	3.00%
*New York State	3¼%	1981-1982	3.10%	3.00%
*Pennsylvania, State	3⅜%	1974-1975	2.85%	2.75%
*Delaware, State	2.90%	1981-1982	3.20%	3.10%
New Housing Auth., (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.40%	3.30%
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	3.40%	3.30%
New York City	3%	1980	3.14%	3.09%

July 17, 1963 Index=3.10%

*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 18 (Thursday)			
Bethel Park School Authority, Pa.	1,560,000	1966-1995	8:00 p.m.
Griffith Sch. Bldg. Corp., Ind.	3,235,000	1965-1989	2:00 p.m.
Harris Co. Flood Control Dist., Tex.	6,000,000	1964-1983	11:00 a.m.
July 19 (Friday)			
Provo City Sch. Dist., Utah	2,495,000	1964-1976	4:00 p.m.
July 22 (Monday)			
Akron, Ohio	3,000,000	1964-1983	1:00 p.m.
Dallas, Texas	13,600,000	1964-1983	1:45 p.m.
San Bernardino Sch. Dists., Calif.	3,100,000	1964-1983	-------
Santa Barbara H. S. D., Calif.	5,388,000	1964-1988	9:30 a.m.
July 23 (Tuesday)			
Anchorage Indep. S. D., Alaska	1,215,000	1963-1973	11:00 a.m.
Durand Area S. D., Mich.	1,730,000	1965-1972	8:00 p.m.
Fitchburg, Mass.	2,120,000	1964-1983	11:00 a.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.			
Grossmont Jr. College Dist., Calif.	2,000,000	1966-1983	10:30 a.m.
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.
Pasadena, Texas	1,340,000	1965-1983	7:00 p.m.
Windsor, etc., Cen. SD No. 1, N. Y.	1,970,000	1964-1993	3:30 p.m.
July 24 (Wednesday)			
Arkansas State Highway Comm.	5,550,000	1967-1984	10:00 a.m.
Camden, N. J.	1,130,000	1965-1997	8:00 p.m.
Garden City Sch. Dist., Mich.	2,500,000	1966-1989	8:00 p.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.
San Juan, Puerto Rico	4,000,000	1968	11:00 a.m.
July 25 (Thursday)			
Brownstown Sch. Bldg. Corp., Ind.	1,645,000	1965-1994	2:00 p.m.
Kingston Sch. Dist., N. Y.	1,045,000	1964-1972	2:00 p.m.
Winchester, Ky.	2,333,000	1964-1987	11:00 a.m.
July 29 (Monday)			
Bay County, Mich.	1,305,000	-------	2:30 p.m.
Richmond, Ky.	2,000,000	-------	7:30 p.m.
St. Louis Co. Unorg. Terr. SD, Minn.	1,290,000	1965-1970	2:00 p.m.
July 30 (Tuesday)			
Eastlake, Ohio	1,679,900	1964-1983	1:00 p.m.
Easton, Mass.	1,190,000	1964-1983	11:00 a.m.
Kern Co. Jt. Union H. S. D., Calif.	6,930,000	1964-1973	11:00 a.m.
West Virginia (State of)	4,000,000	1964-1988	1:00 p.m.
July 31 (Wednesday)			
Peabody, Mass.	3,470,000	-------	-------
August 1 (Thursday)			
Beverly, Mass.	2,300,000	-------	-------
Mississippi (State of)	5,000,000	1975-1982	10:00 a.m.
New Hampshire (State of)	23,560,000	-------	-------
Oregon State Board of Higher Education	9,600,000	1966-1993	9:00 a.m.
University of Alaska	1,106,000	-------	-------
Wichita Falls Various G. O., Texas	3,000,000	-------	-------
Wichita Falls W & S Rev., Texas	5,585,000	-------	-------
August 6 (Tuesday)			
Camden County, N. J.	3,093,000	1964-1987	2:00 p.m.
Clearwater, Fla.	1,800,000	1964-1990	2:00 p.m.
Golden Valley, Minn.	3,131,000	-------	-------
New Mexico, State Capital Building & Boy's School	6,400,000	1964-1973	10:00 a.m.
Phoenix, Ariz.	12,000,000	-------	10:00 a.m.
Shreveport, La.	4,119,000	1966-1983	10:00 a.m.
August 7 (Wednesday)			
California, Water	100,000,000	1964-1990	-------
Cincinnati, Ohio	9,000,000	1965-1998	Noon
Vero Beach, Fla.	1,200,000	1966-1992	11:00 a.m.
August 8 (Thursday)			
Arlington Ind. Sch. Dist., Texas	1,000,000		
August 9 (Friday)			
Saxman, Alaska	1,500,000	1966-1988	2:00 p.m.
August 14 (Wednesday)			
Local Housing Authorities	116,160,000		
Woodbridge Twp. S. D., N. J.	4,300,000	1965-1981	8:00 p.m.
August 19 (Monday)			
Dallas County Rd. Dist. No. 1, Tex.	3,000,000	-------	10:00 a.m.
Las Virgenes Municipal Water Districts, Calif.	3,500,000	-------	-------
Sacramento Redev. Agency, Calif.	2,800,000	-------	11:00 a.m.
August 20 (Tuesday)			
Alexandria, La.	11,350,000	1965-1993	11:00 a.m.
August 22 (Thursday)			
Slidell, La.	1,100,000	1967-1993	7:00 p.m.
September 3 (Tuesday)			
Houston, Texas	11,070,000	-------	-------
South Co. Jt. Jr. Col Dist., Calif.	8,250,000	-------	-------

Will British Banks End "Gentleman's Agreement?"

By Paul Einzig

British commercial banks are somewhat in the same bind as that faced by our banks prior to January, 1962, lifting of Reg. "Q" ceiling rates. Dr. Einzig foresees rising costs eating into present satisfactory earnings and jeopardizing high stock market quotations for banks' equities, and depicts dilemmatic problem of effect upon profits if deposit rates were raised in the face of accompanying, unpopular lending rates' increase. Discuss:d are profit-limitations imposed by current liquidity and cash ratios, and competition of Euro-sterling and dollar deposits which does not effect resident-sterling deposits subject to U. K. exchange control restrictions.

LONDON, England — When some weeks ago the Governor of the Bank of England, Lord Cromer, upbraided the British commercial banks for not being sufficiently competitive for deposits, he is proceeding unabated. Opinion is proceeding unabated. Opinioo in banking circles is sharply divided on the question whether it is worthwhile for the commercial banks to adhere to the existing cartel arrangements know under the name of "gentleman's agreement." Under the terms of that agreement, commercial banks are not allowed to pay interest on deposits in excess of 2% below the bank rate of the day. With the bank rate at 4% this means that the deposit rate is only 2%. Evidently such a yield is not very attractive, and many holders of larger deposits and even of medium size and small deposits, prefer to deposit their money with various other kinds of financial institutions.

Moreover, the fixing of rigid deposit rates also precludes competition among the commercial banks themselves. From the depositors point of view there is indeed nothing to choose between these banks. They usually decide on the bank whose branch is nearest to their residence or their place of business. Occasionally they change over, if they have some real or imaginary grievance against their bank—if for instance they are paid out particularly dirty notes which is looked upon as a sign that the cashier dislikes them — but, generally speaking, there is very little inducement to prefer one bank to another.

Although the gentleman's agreement applies also to lending rates which are supposed to be 1% above the bank rate, in this respect the cartel is not nearly as rigid as in respect of deposit rates. On the one hand, favored big customers are charged only ½% above the bank rate. On the other hand, charges to small customers run into a very high percentage even if they are disguised under the heading of "commission" rather than interest. The standard rate of 1% above the bank rate is charged to small and medium sized business firms.

Stock Market Quotations

The question is, would the banks be prepared to be content with a narrower profit margin? At present the profit margin is between 2½ and 3% and, even though the banks are not doing badly, their overhead costs are rising rapidly so that it is by no means easy for them to earn a sufficiently attractive profit to justify the present high quotations of their equities. They are not likely to be prepared to accept a narrower profit margin, which means that if, as a result of the termination of the cartel, deposit rates should be raised, lending rates would have to be raised in sympathy.

Those in favor of competition argue that, since more attractive deposit rates would mean an increase in the volume of their deposits, it would mean a larger turnover, so that lower profit margins would bring them the same amount of profits, or even increased profits. The trouble with the argument is that it overlooks the fact that under the traditional requirements of 30% liquidity ratio and 8% cash ratio the banks would not be able to increase their deposits materially without running against the ceilings imposed on them by those requirements. As things are, they are in a position to increase their deposits at will by simply lending more to their customers. The reason why their ability to do so is limited, lies in the provisions of liquidity ratio and cash ratio.

If the banks should decide to abandon the gentleman's agreement it would inevitably lead to higher lending rates to the detriment of industry, commerce and consumers who avail themselves of bank credit facilities to finance their purchases. It is no wonder there is little enthusiasm for the idea in many quarters.

Competition of Euro-Sterling Deposits

One argument used in favor of doing away with the cartel concerns sterling deposits held by non-residents in Britain. They are at present able to get between 4 and 4½% for Euro-sterling deposits in Paris against 2% from the commercial banks in London. It is inconceivable, however, that commercial banks would be able to raise their deposit rates sufficiently to compete with Euro-sterling rates. In any case the amount of sterling on non-resident account which qualifies for being lent in the Euro-sterling market is a mere fraction of that of total domestic deposits. While in the case of the United States, attractive Euro-dollar rates might tempt American residents to switch into Euro-dollars, in the case of Britain exchange restrictions on sterling owned by residents in the United Kingdom prevent such transactions.

Most of those arguing in favor of removing the cartel appear to be unaware that wherever sterling is deposited the bulk of it has to remain with the commercial banks. Even if it is deposited with merchant banks or with foreign branches in London, they must keep large accounts with a clearing bank. The only way in which the commercial banks as a whole are liable to lose deposits is if holders transfer their money to savings banks which invest it in government loans or if holders themselves invest their money in government loans. This would enable the government to reduce the amount of Treasury bills, thereby reducing the liquid resources of the banks. But such deflationary effect could always be prevented by means of defunding.

California Insurance Companies May Buy Foreign Securities

As the result of a new bill signed by Governor Edmund G. Brown, California based insurance firms will soon have an opportunity to include investments abroad in their company portfolios.

According to the provision of the bill, effective on or about September 20, any California Insurance Company may invest up to an aggregate 4% of its capital and surplus, or 2% of its assets—whichever amount is less—in the securities of foreign based companies. Certain other provisions are also required.

Commenting on the bill was Kenji Hatanaka, President of Nikko Kasai Securities Co., San Francisco, Japanese securities specialists and a leading California foreign securities house. Mr. Hatanaka stated on July 15 that the bill is looked upon most favorably by Japanese securities dealers. Japan has always been one of California's prime export markets, particularly for agricultural goods, he said, and he views this liberalization of insurance company investment opportunities as a step toward even closer commercial relationships between California and Japan.

Mr. Hatanaka also noted that Japan, the fastest growing economy in the world today, has long had the great appeal, throughout the United States, as a land of vast investment opportunities. Foreign investment in Japanese securities in May of this year, he continued, hit an all-time high of $14,664,000. The majority of this was made by United States investors, he concluded.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

A Look at the Future—20th anniversary issue of "Investor's Reader" discusses possibilities for appliance industry, automated education, service industries, drug and chemicals, etc.—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y.

Automotive Review — Bulletin — Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Canada—Monthly investment bulletin—Ross, Knowles & Company Ltd., 105 Adelaide Street, West, Toronto, Ont., Canada.

Canadian Business Guide—Revised edition of booklet on income taxes in Canada designed to assist the businessman with interests in Canada—The Bank of Nova Scotia, Business Development Department, 44 King Street, West, Toronto 1, Ont., Canada.

Canadian Investor's Digest—Monthly bulletin on Canada—Wills, Bickle & Company Limited, 44 King Street, W., Toronto 1, Ont., Canada.

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

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

Fire and Casualty Insurance Company Stocks—11th annual edition of brochure of data on 32 companies—First Boston Corporation, 20 Broad Street, New York 5, N. Y. Also available is the 11th annual edition of data on **Life Insurance Company** stocks covering 24 issues.

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.

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—Review with particular reference to **North American Life and Casualty Company, TransAmerica Corporation,** and **U. S. Life Insurance Company**—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

Mutual Fund Management-Distributing Companies — Review — Maxwell Ohlman & Company, 120 Broadway, New York 5, N. Y.

Natural Gas Pipeline Industry—Bulletin — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **White Motor Co.**

New York City Bank Stocks—Comparison and analysis of 10 New York City bank stocks — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—125th quarterly comparison—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y.

Oil & Gas Industry in Canada—Review—Royal Securities Corporation Limited, 244 St. James Street, West, Montreal, Que., Canada. Also available is a review of the Canadian business outlook and analyses of **Great Lakes Paper Company Ltd.,** and **Dominion Stores Limited.**

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 25-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Pharmaceutical Industry — Bulletin—David L. Babson and Company Inc., 89 Broad Street, New York 4, N. Y.

Reinforced Plastics Industry Study —Analysis of structure of reinforced plastics and supplying industries with historical and projected data of industry production and materials usage and a brief analysis of companies active in the field—Economic Index & Surveys, Colonnade Building, Cleveland 6, Ohio, $100.

Revised Canadian Budget—Study —Greenshields Incorporated, 507 Place d'Armes, Montreal, Que., Canada.

Selected Stocks—Bulletin of issues in various categories which appear attractive—The Illinois Company Incorporated, 231 South La Salle Street, Chicago 4, Ill.

Silver's New Pattern—1963—Review—First Security Bank of Utah, Salt Lake City, Utah.

Sugar — Memorandum — Bishop Securities Ltd., King & Bishop Streets, Honolulu 13, Hawaii.

Tax Exempt Bond Market—Midyear survey (Folder BJ73) — Halsey, Stuart & Co. Inc., 123 South Broad Street, Chicago 90, Illinois.

Uncommon Values in Common Stocks—Comments on **American Smelting & Refining, First National City Bank of New York, Gulf Oil Corp., Illinois Central Industries, McDonnell Aircraft Corp., Norhern Indiana Public Service Co., Olin Mathieson Chemical Corp., Sunbeam Corp., Union Oil Co. of California** and **Western Airlines** — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

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

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Allied Chemical Co.—Memorandum—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y.

American Cryogenics, Inc.—Memorandum—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y.

American Enka Corporation—Report—Bregman, Cummings & Co., 4 Albany Street, New York 6, New York.

Caldor Inc.—Report—Associated Investors, 15 William Street, New York 5, N. Y.

Carter Products—Comments—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y. Also available are comments on **Rayonier** and **Sinclair Oil Corporation.**

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

Cities Service — Comments — Edwards & Hanly, 100 North Franklin Street, Hempsted, N. Y. Also available are comments on **Kaufman & Broad,** and **Litton Industries.**

Colonial Sand & Stone—Memorandum—Higas & Co., The Wellington, Rittenhouse Square, Philadelphia 3, Pa.

Columbia Broadcasting System—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **Zenith Radio Corp.**

Consolidated Foods—Comments—Dept. DB, Commercial & Financial Chronicle, 25 Park Pl., New York 7, N. Y. Also available are comments on **Continental Baking, Caterpillar Tractor, Chicago Pneumatic Tool, Sinclair Oil,** and **Warner Brothers Company, Carter Products** and **Dover Corp.**

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

Diamond Alkali Company—Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a review of **McNeil Machine & Engineering.**

Divco-Wayne—Memorandum—E. F. Hutton & Company, Inc., 1 Chase Manhattan Plaza, New York 5, N. Y.

Edgerton, Germeshausen & Grier —Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Bowmar Instruments.**

Ericsson Telephone — Memorandum—Lieberbaum & Co., Inc., 50 Broadway, New York 4, N. Y.

Frontier Airlines—Analysis—Peters, Writer & Christensen Corporation, 724 17th Street, Denver 2, Colo.

Fruehauf Corp.—Analysis—Ross & Hirsch, 120 Broadway, New York 5, N. Y.

General Motors Corporation—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reports on **A. C. Nielsen Company, Philips Lamp** and **Jim Walter Corp.**

Great Western Financial—Bulletin—Purcell, Graham & Co., 50 Broadway, New York 4, N. Y.

Walter E. Heller & Co.—Analysis —Colby & Company Inc., 85 State Street, Boston 9, Mass. Also available is a report on **Safeway Stores.**

Heublein, Inc. — Analysis — Mitchum, Jones & Templeton, Incorporated, 650 South Spring Street, Los Angeles 14, Calif.

Kendall—Memorandum—Chas. W. Scranton & Co., 209 Church Street, New Haven 7, Conn. Also available are memoranda on **Spencer Chemical** and **Champion Spark Plug.**

Latrobe Steel Co.—Memorandum —Kerr & Co., Box 727, Laguna Beach, Calif.

Long Lok Corporation—Analysis —Rutner, Jackson & Gray, Inc., 811 West Seventh Street, Los Angeles 17, Calif.

Max Factor & Co.—Report—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a report on **Columbia Gas System.**

J. Ray McDermott & Co., Inc.—Report—Rittmaster, Voisin & Co., 40 Exchange Place, New York 5, N. Y. Also available are reports on **Textron, Inc** and **Pennzoil Oil Co.** and memoranda on **Colonial Corp. of America** and **Capital Cities Broadcasting.**

National Biscuit—Analysis—Robert W. Baird & Co. Incorporated, 731 North Water Street, Milwaukee 1, Wis. Also available are analyses of **Standard Oil of Indiana, Larsen Company** and **Greyhound Corp.**

Otis Elevator Co.—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Pan American World Airways—memorandum—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

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Portland General Electric—Analysis—Birr, Wilson & Co., Inc., 155 Sansome Street, San Francisco 4, Calif. Also available is an analysis of **Interstate Life & Accident Insurance Company.**

R. I. C. Group Inc. — Analysis — Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Radio Corporation of America—Review—D. H. Blair & Company, 5 Hanover Square, New York 4, N. Y. Also available is a analysis of **Mead Johnson and Company** and a memorandum on **Berman Leasing Co.**

Rexall Drug & Chemical—Analysis—Hill Richards & Co. Incorporated, 621 South Spring Street, Los Angeles 14, Calif.

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

Singer Company—Analysis—Hemphill, Noyes & Co., 8 Hanover Street, New York 4, N. Y.

Skelly Oil-Mission Corp.—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Suburban Gas—Memorandum—Penington, Colket & Co., 70 Pine Street, New York 5, N. Y. Also available is a memorandum on **Suburban Propane Gas.**

Swank, Inc.—Analysis—Bell & Farrell, Inc., 119 Monona Avenue, Madison 3, Wis.

Title Insurance and Trust Company—Report—Pacific Northwest Company, 1000 Second Avenue, Seattle 24, Wash.

United Air Lines—Bulletin—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Woolworth—Memorandum—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are memoranda on the **Banking Industry, Avco, Columbia Gas, Interstate Motor Freight, Mesabi Trust** and **Mercantile Stores.**

Puerto Rico's Remarkable Growth Opportunities

By J. Diaz-Hernandez,* *Executive Director, Continental Operations Branch, Economic Development Administration Commonwealth of Puerto Rico*

Almost unbelievable as the statistics are, the fact is they are correct and accurately portray the phenomenal transformation of the Island Commonwealth from a sugar dependent, poor economy to a growing, diversified domestic and, now, international one. Short, incisive depiction is provided here on the 20 years of "Bootstrap" changes and the reasons for them including the investment surge by "blue chip" companies, the growth of securities' listing and trading, and the soundness of banking and investment activities.

I remember the days when no investor would risk capital in Puerto Rico . . . except perhaps in (Government Bonds and) sugar. That was, of course, before "Operation Bootstrap," our economic development program, which last year celebrated its 20th anniversary. In those pre-"Bootstrap" days Puerto Rico was a "Sugar" island, with all that the term implies. Much poverty; a negligible middle class; illiteracy 32%; life expectancy 46 years; per capita income, $120. And prospects that, according to a Congressional subcommittee study, were hopeless. The island's economic problems, they declared, were "without solution."

J. Diaz-Hernandez

Today, twenty "Bootstrap" years later, Puerto Rico appears on the world economic map as a result of our self-help industrialization program, achieved in a climate of democratic free enterprise. Our growth rate last year was nearly 11% and the average for the past ten years has been nearly 8%. There are more than 2,000 manufacturing plants on the island, approximately half that number promoted or assisted by "Bootstrap." Sugar is no longer king—industry last year surpassed agriculture as a source of income by more than 60%. Today life expectancy is 70 years; literacy is nearly 90%; and per capita income has increased five-fold since 1940 to over $700 — more than double the Latin American average. The island's Gross National Product has increased by seven times since 1940 and has almost doubled since 1955 to reach the $2 billion mark last year.

Now a Billion Dollar Domestic Market

The growth of our middle class is reflected in the fact that one out of every two families in Puerto Rico has a TV set and one out of every three has a car. Dozens of new hospitals and hundreds of new schools dot the island, not to mention tens of thousands of new homes. Over $300 million went into construction last year, more than 80% of it private. Total bank deposits in the past ten years have tripled and private savings have increased fourfold. Over the same decade Puerto Rico has become one of the world's foremost purchasers. Since 1952 the value of imports to the island has more than doubled and last year Puerto Rico became a billion-dollar market for the first time.

The overall growth of the island's trade — the development of the island's ability to produce, sell and buy—offers, I think one of the most dynamic examples of the strength and significance of our economic drive.

In 1952 the island's total trade was valued at $709 million. By 1955 it had reached $928 million. It passed the billion dollar level in 1956 and last year it topped $1.8 billion. Even more impressive is the growth of Puerto Rico's purchases from the United States. In 1947 Puerto Rico bought $311 million in goods from the U. S. Last year it bought $950 million worth of U. S. products, or as much as the entire African continent and more than the hundred million inhabitants of Brazil, Argentina, Uruguay and Paraguay combined. Only Canada, Japan, West Germany, and the United Kingdom bought more from the U. S. than did Puerto Rico last year. Our purchases from New York State alone topped $100 million.

All these figures — figures that roll so easily off the tongue—are more, much more, than entries in a ledger or symbols in a computer system. They represent a transformed economy, a whole new way of life, and explain why during the past ten years more than 20,000 officials and representatives from over 100 countries have come to see this transformation at first hand.

Without U. S. Aid Funds

It is significant, we believe, that our economic position has been gained without the use of foreign aid funds with which to purchase U. S. goods.

We have, it is true, received money from the U. S., but this money is either investment capital from expanding mainland industry or borrowed funds to help finance our development. During its twenty-year history the Puerto Rico Government Development Bank has acted as agent in the contraction of loans valued at more than $1.3 billion, the greatest proportion of which has been used to augment capital investment which, as is well known, represents the mainstay of economic progress. Although the debt-incurring capacity of Puerto Rico was raised in 1961, the per capita Commonwealth debt is only $75.

More significant in a sense, because it is the bedrock of our continuing growth, is the capital invested by U. S. industry which, attracted by the tax exemptions and industrial incentives of "Bootstrap," has invested hundreds of millions of dollars in manufacturing operations on the Island. Our gross fixed investment — that is, new construction, machinery and equipment — has averaged over 20% of our GNP for the last five years and has more than doubled since 1955, from $203 million to $443 million in fiscal 1962.

The continued influx of U. S. industry to Puerto Rico is potent proof that these investments have paid off. The average return on equity investment for a tax-exempt manufacturer is 25.2% as compared to 14.4% in the U. S. before taxes and 6.9% after taxes —almost four times as great.

Word of High Profits Get Around

The high profits on the island have a way of getting around—we help spread the news a little—and investments in "Bootstrap"-promoted plants have risen to over $700 million, most of it from the U. S. "Blue Chips" alone have invested nearly $300 million in manufacturing operations in Puerto Rico. It is significant that of the 50 U. S. "blue chips" now on the island over half have come to Puerto Rico since 1960. These 50 "blue chips," incidentally, operate some 80-odd plants and include 14 of the 50 largest U. S. corporations, as listed in *Fortune* Magazine's survey last year.

Since 1955 net manufacturing income on the island has more than doubled, from $169 million to $381 million last year. And, though more and more manufactured goods are consumed on the island itself, the value of manufactured goods shipped to the U. S. in 1962 rose 20% over 1961 to $497 million. Total exports in 1962 rose by 11% to $792 million.

Another reflection of the island's economic boom is the fact that the number of Puerto Rican corporate equity securities available to the general public has doubled over the past ten years to twenty listings and their value has quadrupled, from $50 million to $200 million. Securities trading has grown 400% in the same period.

It would seem that in Puerto Rico — to borrow a phrase from our spacemen — "all systems are go."

Of course, we have the right climate — industrial climate, that is, carefully developed and nurtured by the Commonwealth government and "Operation Bootstrap." And as we have incentives for industry, so do we also have investment incentives.

As a part of the U. S., Puerto Rico is within the U. S. legal, currency and postal area; but, lacking voting representation in Congress, we are outside the Federal tax jurisdiction. Thus, for corporate tax purposes, Puerto Rico has all the tax advantages of a foreign country but presents none of the collateral risks, such as political instability, exchange controls, devaluation and expropriation.

Banking-Investment System

Our banking-investment system provides all the security of the United States. Our banks are members of the Federal Deposit Insurance Corporation, and the services of the Federal Reserve System are available to them. There is due process of law, as there is here; and the island is within the jurisdiction of the U. S. Federal District Court.

Appeal may be made from the Puerto Rico Supreme Court directly to the U. S. Supreme Court. And, over and above all, there are the rights guaranteed to every citizen by the Constitution of the United States and by the Commonwealth Constitution, which is modeled after that of the U. S.

Specifically to encourage the Capital Market, steps have been taken to modernize financial legislation. We have a Uniform Trust Receipt Act, a Factors' Lien Act, an Accounts Receivable Act. A new Corporation Law, including the provisions of a Uniform Stock Transfer Law, was enacted after much study in 1956 and modeled after the Delaware Corporation Law. An Investment Company Act in 1954 laid the groundwork for the establishment of mutual funds or investment trusts.

Mainstay of our financial system is the commercial bank. There are 14 commercial banks in Puerto Rico with 141 banking offices and 34 mobile banking units for small communities. These banks have total assets of $932 million, an increase of 13% over 1961. We try to encourage savings. Total private time and savings deposits in commercial banks rose from $52 million in 1950 to nearly $368 million in 1962.

We also have Federal Saving & Loan Associations; Puerto Rico Industrial Development Company; Insurance companies and mortgage brokers. I think it is worth noting that losses incurred on FHA mortgage foreclosures in Puerto Rico have been negligible —only about three-tenths of one per cent on the average.

This, in brief, is our story. There is, of course, much more that is worth knowing, much more that I would like to relate but cannot because of this paper's size. So let me close by saying that we have had people come to Puerto Rico from all over the world—to learn, to teach, to enjoy themselves, to make money. We welcome visitors and their inquiries.

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*An address by Mr. Diaz at the Forum "Growth Opportunities in Puerto Rico," sponsored by Jesup & Lamont, New York City.

Clark Pres. of Carriers & Gen.

The board of directors of Carriers & General Corporation, a closed-end investment company, has announced the election of Robert E. Clark as President. Mr. Clark succeeds Hugh Bullock who has been named Chairman.

Robert E. Clark

Mr. Clark, who has served as Vice - President of the corporation for four years, is Executive Vice-President of Calvin Bullock, Ltd., 1 Wall Street, New York City, investment managers, who serve as investment advisers to Carriers & General Corporation. The new President has been associated with Calvin Bullock for over 33 years. He is a Governor of the Investmnt Company Institute and a former President of its predecessor.

Pension Contributions During a Period of Adversity

By Frank L. Griffin, Jr.* *Vice-President and Actuary, The Wyatt Company, Chicago, Ill.*

There are various types of financial inducements to executives. Mr. Griffin deals here with long range funded pension programs generally preferred by executives and the advantages of having some funded flexibility and a portfolio balanced between bonds, mortgages and equities. The actuarian also covers various aspects of the problem of keeping the program above water during periods of adversity which hit the economy as a whole and/or the firm specifically. Paper examines disadvantages of combined programs and suggests six stages in examining the problem of determining pension contribution during an adverse period.

The topic, "Determining Contributions To Pension Funds In Periods of Adversity" may seem to connect rather tenuously to "Executive Rewards." Unlike direct compensation, bonuses, and even deferred profit-sharing plans, a reduction in company outlay during a temporary period of economic stress need have no effect at all on the ultimate benefits of a pension plan. The "reward" and the period of adversity are in this sense independent, provided only that the company has selected a flexible funding arrangement and will make sufficient contributions *in the long run* to meet pension obligations with respect to the entire group of employees.

Frank L. Griffin, Jr.

Certain Considerations

The fact that we are now discussing executive rewards in terms of benefits which are fixed and independent of the short-range level of financing (if a suitable funding vehicle is used)—opens a new door of inquiry. This door leads to consideration of provisions and financing flexibilities which will safeguard the executive's expectations on a long-range rather than short-range basis. It also suggests the possibility that a properly conceived pension plan, by removing emphasis from *this* year's contribution and placing it on long-range financial requirements, may be more apt to induce the same kind of long-range planning on the part of top executives than might be the case if their own benefits depended heavily on short-range financial results. The opposite may be true of profit-sharing, or even of a pension plan funded by individual insurance policies, if top management has only a few years of active service remaining when the plan first goes into effect. These possibilities should at least be borne in mind in designing a plan and in selecting a funding vehicle.

In designing a pension plan in the first instance, with the executive in mind, the company may be assumed to have taken care of such points as these:

(a) (An appropriate formula which will emphasize so-called final rates of pay, thus providing continual incentive to move up in management, right up to the end of active service.

(b) An appropriate definition of such "final pay," to prevent dilution of pension benefits during temporary periods when salaries might have to be reduced—(one method is to use the five consecutive years during which compensation is highest).

(c) Provision for vesting of accrued benefits according to a formula considered to be attractive to executives and potential executives.

These and similar points fall outside the scope of our topic, but deserve mention.

Flexible Balanced Funding Vehicle

The executive who makes the decisions on funding the company's pension plan may have to choose between the tight funding requirements of individual policies or group permanent insurance, on the one hand, and the more adaptable requirements of deposit administration group annuities and trust funds. If—as indicated earlier—he has identified his pension interest with the company's long-range rather than short-range funding abilities, the executive will likely consider his most meaningful pension guarantee to be the company's latitude to vary contributions—not only in phase with its earnings cycle, but also to accommodate more pressing corporate financial needs from time to time. Such an executive is almost certain to decide in favor of a flexible funding vehicle. He is also virtually certain, in my opinion, to decide on a pension fund portfolio balanced between bonds, mortgages and equities.

Mr. Fellingham's paper "Managing Pension Funds in Periods of Adversity"[1] on how pension contributions may be reduced in periods of low profits is "bottomed" on two principal assumptions—**First**, that reserves in excess of minimum requirements have been built through previous funding, or by virtue of outstanding investment results; and **Second**, that a flexible funding medium is used to finance the pension plan. The proposition therefore can be turned into a question "Does the company now find itself in a favorable position on these two points," If not, should it now take steps to move in this direction, before it encounters a period of adversity?

One might suppose that every company would seek an affirmative answer to these questions. In this regard, we should not lose sight of the fact that there are two interpretations of this word "adversity," each affecting in a different way changes in experience bearing on the costs of a pension plan.

Specific or General Business Slump

If there is a general economic slump, there may not be sufficient volume of unrealized capital gains from which to draw to effect a significant reduction in contributions, as suggested earlier by Mr. Fellingham. Yields may be down. Voluntary terminations among employees will be very low, but there may be mass layoffs or firings to increase the turnover credits. Salaries and wages will stabilize and may even decrease, which would act to lower the costs of any pension plan based on compensation.

If the "adversity" applies only to the particular company, without there being a general economic slump, then, in addition, there would normally be a considerable volume of unrealized capital gains which could be converted into significant cost reductions.

To deal with the question of deliberate variation in pension contributions through good times and bad, the I. R. S. has established some ground rules, within which we are permitted to work:

(1) An initial maximum tax deductible contribution equal to the current accruing cost, plus 10% of the accrued past-service liability;

(2) An initial minimum contribution equal to the current accruing cost, plus interest (at the actuarial valuation rate) on the accrued past-service liability; and

(3) Over a period of years the cumulative contributions must be sufficient to have met the minimum requirements.

This third point is construed to permit borrowing from previously funded costs to the extent that payments in excess of the minimums were made in previous years. Thus, it is entirely possible under some funding vehicles for a company to build a cushion sufficient to permit it to skip contributions entirely for one, two or even more years. This was mentioned by Mr. Fellingham.

There is nothing unsound about this practice. It is like drawing down a reserve built from contributions previously made in excess of the long-range annual requirements of the plan, in a time of financial stress, which may be viewed as a prime reason for such a reserve. An ability to vary contributions in this manner, from good times to bad, actually enhances the company's ability to maintain the plan permanently, and therefore enhances the pension security of the employee group as a whole.

Argument Against Fully Funded Status

Moreover, responsible managements and their consultants have cited many good arguments why a pension plan should not reach a fully funded status unless the company expects to go out of business. Among these are the following four:

(1) More equitable treatment of different generations of stockholders;

(2) The possibility that superior yields will themselves fund much of the liability in future years;

(3) A possible barrier to unreasonable union demands for increased benefits; and

(4) Retention of greater financing flexibility by management.

Life insurance, one of the attractive "executive rewards," has so frequently been included in pension plans, and used as an excuse for individual policy or group permanent insurance coverage, that it should be mentioned in connection with this question of funding flexibility. If insurance is combined with pension benefits under a single funding medium, it is necessary to accept all of the rigidity of the costing method associated with the insurance contracts, with respect to the pensions as well. Under such forms of insurance, where the premium is not expressible in terms of a range but is a single fixed amount, there is no way to pay and deduct for tax purposes a double insurance premium one year and none the next, as may in effect be done under certain vehicles used to provide pensions alone.

Disadvantages

True, these coverages usually permit borrowing against the cash values to pay the current premium, but such borrowing is accomplished at a rather high interest rate compared to the rate being credited on policyholder funds. Moreover, in the case of individual policies, any loan impairment of cash values on policies maturing at retirement will impair the benefits to be provided, and there are situations where the same could be true under group permanent insurance.

Because of these and other disadvantages of such combined coverages, in recent years it has become customary to separate the insurance and pension vehicles, thereby making possible the independent determination of both the benefits and the financing objectives. This has been done, to the extent possible, by the writing of substantial amounts of group term insurance, where a so-called "nondiscriminatory" formula need not be employed and where benefit objectives can be established and changed independently of the pension program. An exception to this practice is to provide widow's pensions in lieu of straight insurance benefits, and to fund these through the pension plan (if a trust) with essentially the same flexibilities that an ordinary pension plan possesses.

Under trust funds and under deposit administration group annuities, there exists virtually as much flexibility as could ever be desired within the limits of I. R. S. regulation. The trust fund offers the greatest latitude—not only because of conditions which may sometimes warrant special assumptions and methods—but also because in the extreme case pensions may be provided on a pay-as-you-go basis. Moreover, special methods of valuing assets in order to reflect unrealized capital gains and thereby effect a reduction in contributions, could be adopted at the discretion of the employer and his actuary under trust fund financing, whereas they would be subject to insurance company assent, if permitted at all, under deposit administration and equity fund financing through an insurance company.

Suggested Stages

In determining pension contributions in a period of adversity, therefore, I would suggest looking at the problem in the following stages:

First, Determine whether a change in funding vehicle would be in order, to establish the flexibility necessary to lower or suspend contributions.

Second, Review the plan's experience with regard to the various actuarial factors, project reasonable assumptions for the future, and determine what latitude, if any, exists for reducing costs through changes in the existing assumptions.

Third, If the plan is financed through a trust fund, review the basis of valuing assets for cost purposes and, if the market value is well in excess of book value, consider alternative available methods of converting these unrealized gains into lower contributions. There are several methods from which to choose.

Fourth, After exhausting the possibilities represented by the three foregoing points, establish the range of contributions acceptable within the I. R. S. "ground rules." In particular, establish the lower limit of contribution; if this limit is zero, determine how much longer than one year the plan could thus be carried without *any* contribution.

Fifth, If the four preceding steps do not accomplish the desired result, consider altering certain of the methods used in the valuation; for example, consider the possibility of stretching the funding of benefits to an age somewhat beyond normal retirement.

Sixth and Finally, If none of the above experiments produces a current cost which the company is in a position to pay, effect a temporary curtailment of the plan (with benefits themselves temporarily reduced), with appropriate disclosure to I. R. S. of "business necessity," and hope that the curtailment may be lifted at an early date.

Only if the drastic step represented by a temporary curtailment of the plan must be taken, will the benefit expectations of executives be impaired. In such a case, all employees would be in essentially the same boat, and both the solvency of the company and current job security could well be argued to have higher priority than future pensions.

*An address by Mr. Griffin at the Second Annual Institute on Finance, University of Southern California, Los Angeles, Calif.

[1] See article by Warren L. Fellingham in July 4, 1963 issue of the *Chronicle*—Ed.

Taylor, Rogers Becomes NYSE Member

CHICAGO, Ill.—Taylor, Rogers & Tracy, 105 South La Salle Street, Chicago investment firm, has become a member of the New York Stock Exchange, it was announced by William L. Taylor, Jr., President.

Clyde H. Keith

Clyde H. Keith, Executive Vice-President, will be the firm's Exchange member.

Taylor, Rogers & Tracy, successor to a firm established in 1924, also is a member of the Midwest Stock Exchange and has branches in Aurora, Elgin, Joliet, and Champaign.

Officers of the firm include Ralph S. Longstaff, Chairman; Harold S. Bott, Thomas M. Hoyne II, John V. Maloney, Edmund A. Krider, and Fred T. Rahn, Vice-Presidents; and Armand L. Primeau, Secretary & Treasurer.

Canada's Banking Reform & Economic Outlook Prospects

Continued from page 3

the effectiveness of international cooperation. I do not say we are completely out of the woods—there is still much to be done—but the improvement in our balance of payments has been clear and continuous for some time and the inflow of capital, particularly long-term capital, has been a reversal of what was happening a year ago and an indication of a restoration of confidence on the part of foreign investors.

I do not intend to make a general survey of economic factors at this time, but I believe I should point out that more favorable signs exist today than were forecast at the first of the year, again evidence of the basic strength of the economy. The increase in gross national product in 1962, even allowing for price increases, was most heartening and since the turn of the year other factors have been showing strength, particularly manufacturing production and capital investment intentions. In addition, there are distinct signs that economic conditions in Canada's major export markets, particularly the United States and Britain, are showing better prospects and this should contribute to our own economic betterment.

Much, however, remains to be done in the economic sphere and I suggest that nowhere is this more true than in the area of our export trade and our accessibility to world markets. The devaluation of the dollar has assisted our export business, but this should not lull us into a sense of complacency. Our competitiveness in world markets and our export price structure warrant continuing close attention. In addition, our attitude toward tariff and trade negotiations could be a determining factor of major importance in the further development of our international trade.

Recommendations to Royal Commission

I have already made reference to the Bank Act revision proceedings and in examining this subject a little further, it might be revealing to look over some of the recommendations made by the chartered banks to the Royal Commission.

In reviewing our proposals at this time, I realize that the Commission is now in the process of preparing its report and that many of the issues before it are, therefore, in a sense sub judice. However, a simple restatement of the position we have taken, which is now clearly a matter of public record, would, I am sure, be regarded only as an indication of the keen anticipation with which we look forward to the Commission's report. It could prove to be a milestone in Canadian financial development and progress.

In appearances before the Commission, the chartered banks made one basic recommendation—to be freed from the restrictions that limit our ability to serve the financial needs of the Canadian people. We made that recommendation because we know that each limitation imposed on the chartered banks means a reduction in the financial services that a bank can extend to the Canadian people and a reduction in the sources of financing available to the Canadian people.

Over the years, and particularly in recent times, there have developed in this country, as in many other countries, institutions that carry out financial functions which at one time were considered part of the role of banks. institution to institution; they include both the taking of deposits and the lending of money. But these institutions never provide, of course, a full-range banking service.

The Near-Banks

In line with the modern custom of coining a word or phrase to cover new developments, the institutions that have come to assume some of the functions of traditional banking often are called near-banks, an apt phrase, and it includes, among others, credit unions and caisses populaires, small loan companies, trust companies, mortgage companies and government savings institutions.

In appearing before the Royal Commission, The Canadian Bankers' Association could have suggested — but did not — that the near-banks should be subject to the same restrictions and limitations that govern the banks, particularly the requirements of governmental inspection, liquidity, and being subject to the monetary control of the Bank of Canada through statutory cash reserve provisions. The association did not do that; we believed then, and still believe, that, subject to proper regulations to safeguard the public interest, the field to serve the financial requirements of the Canadian people should be, as far as possible, wide open to banks and near-banks alike, having regard to the distinguishing characteristics of each type of business. We believe also that the financial mechanism should be freed of all unnecessary rigidities, impediments and restrictions against the full play of normal competitive forces.

Removal of Lending Ceiling

It was against that background and in that spirit that the association made its recommendations to the Commission. I do not intend to go into details of all proposals made by the association. I do, however, wish to mention two of the recommendations because they have a distinct bearing on some of the things I have been discussing. I refer to our proposals that the 6% ceiling on lending rates be removed from the Bank Act and also that banks be empowered to take mortgage security in the ordinary course of business.

These proposals were based on the fundamental belief that banks should have the same competitive flexibility as near-banks; that the law should not unnecessarily curb and confine one set of institutions while leaving competitors free.

The rate of growth of deposits in many institutions that are competitive with the banks has been much greater in the last 10 years than in the chartered banks. The chief reason is that these institutions, by reason of their ability to take mortgage security, and at the same time to charge rates appropriate to the nature of the risks assumed, have been able to place more of their assets in higher yielding investments and have, therefore, been in a position to pay more for the deposit funds that form the basis of their business.

Conventional Mortgage Security

The banks believe that the power to take conventional mortgage security would broaden their area of usefulness to the Canadian borrowing community. The lifting of the present 6% ceiling would, of course, be a necessary accompaniment to such a constructive step. Removal of the ceiling would also permit the banks to respond more fully and more flexibly to broad monetary influences initiated by the central bank and designed to affect the general level of interest rates.

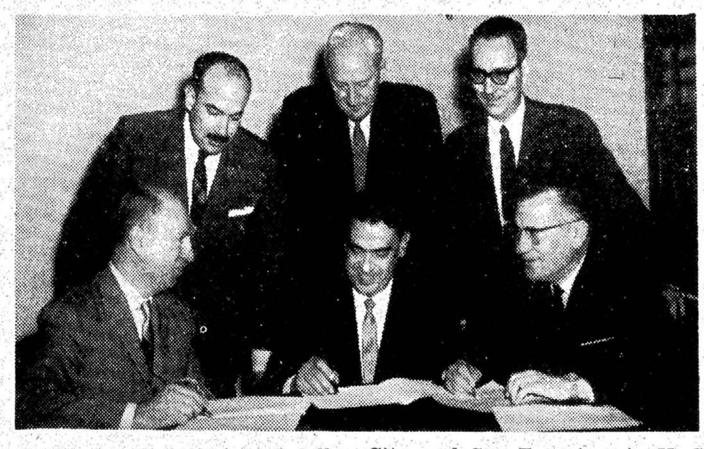
Removal of the interest rate ceiling would also be conducive to a wider spread or distribution of lending rates as between prime and less than prime risks. The limitations of the ceiling rate in this latter respect were vividly illustrated at the time of tight money in 1962 when both the Bank Rate of the Bank of Canada and the prime lending rate of the chartered banks were at 6%, which is in turn the maximum lending rate permitted under the Bank Act.

As a practical banker, I think I can say without fear of contradiction that the removal of the lending rate ceiling and the empowering of the banks to lend on mortgage security would be doubly beneficial in, on the one hand, extending the area of usefulness of the banks and, on the other hand, in affording the banks more scope for flexibility in respect of interest paid on deposits. Competition, not only among banks but between banks and other institutions, would create an effective control over bank lending rates and, under the widespread branch system that Canada has had for well over 100 years, this would apply to every section of the country.

The fundamental issue that must be resolved is not what will be best for the banks or what will be best for the near-banks. The fundamental issue is what is best in the public interest and on that basis I have every confidence that the right decisions will be made.

*An address by Mr. Mulholland before the Annual Meeting of the Canadian Bankers' Association, Montreal, Quebec, Canada, June 13, 1963.

Sign Documents on Mexico Dollar Bond Offering



The first public offering of dollar bonds of the Government of Mexico to be made in the United States in over fifty years took place July 17, with the sale of $40,000,000 Government of Mexico External Bonds, comprising $25,000,000 of 6¾% External Sinking Fund Bonds due 1978 and $15,000,000 of 6% External Serial Bonds due in equal amounts on July 15, 1966, 1967 and 1968. The Sinking Fund Bonds are being offered by an underwriting group managed by Kuhn, Loeb & Co. Incorporated and The First Boston Coropration, and the Serial Bonds by the managing underwriters only. The Sinking Fund Bonds are priced at 97.70% and the Serial Bonds at 100%.

Shown above at the signing of the documents covering the offering are, seated, left to right, Nathaniel Samuels, Senior Vice-President of Kuhn, Loeb & Co. Incorporated; Manuel S. Valladares of Nacional Financiera, S.A., the Mexican Government's development bank; and Proxedes Reina Hermosillo of the Mexican Ministry of Finance and Public Credit. Standing, left to right, are Jose Olloqui, of the Ministry of Finance and Public Credit; Andrew N. Overby, Vice-President of The First Boston Corporation; and Luis Calero, of Banco Nacional de Mexico, S.A., agent and adviser of the Government of Mexico in connection with the issuance of the bonds.

Principal and interest on the bonds are payable in New York City and San Francisco in U. S. currency. The bonds are direct, unconditional and general obligations of the Government of Mexico, and are exempt from any present or future taxes, duties or other charges levied by Mexico.

The major portion of the proceeds will be applied to the expansion and improvement of the country's electric power system; the remainder of the proceeds will be applied to public works, principally highway and irrigation projects. The funds will be used for foreign exchange expenditures required for the purchase of capital equipment already ordered or to be ordered for use in the programs.

J. C. Wheat & Co. To Admit Partners

RICHMOND, Va.—Effective Aug. 1, C. Randolph Hodgins, Jr., John Lee McElroy, Jr., Moreland R. Irby, Jr. and N. William Bullington, Jr., will be admitted to partnership in J. C. Wheat & Co., 1001 East Main Street, members of the New York Stock Exchange.

Mr. Irby is in the trading department and Mr. McElroy is sales manager in the Richmond office of the firm. Mr. Bullington is sales manager of the Roanoke office, 307 First Street, Southwest. Mr. Hodgins is sales manager of the Norfolk office, 15 Selden Arcade.

Current News in the Field

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

NEW FIRMS

ANDERSON, Ind.—**Laymen Securities Corporation**, 1047 Broadway. Officers are Everett A. Hartung, President; Robert A. Walz and Carl T. Smith, Vice-Presidents, and Alfred E. Sweeny, Secretary and Treasurer. Mr. Walz was formerly with Patterson Securities & Investment Co., Inc. of Ft. Wayne.

BALTIMORE, Md.—**Barrett & Co. Inc.**, 114 West 21st Street. Officers are Benjamin Greenberg, President; Sylvian Greenberg and Marion Oletsky, Vice-Presidents; and Samuel Oletsky, Secretary and Treasurer. All were formerly officers of Old Line Securities Inc.

BEVERLY HILLS, Calif. — **Lawrence M. Lawrence & Company**, 186 North Canon Drive. Lawrence M. Lawrence is sole proprietor. He was formerly President of Kolb & Lawrence Inc.

BIRMINGHAM, Ala. — **Robert P. Gordon & Co.**, 1432 South 18th St. Robert P. Gordon is sole proprietor.

DOVER, Del.—**T. Clayton Cleaves**, Highview Avenue & State Street.

HAMPDEN, Mass. — **Neff Associates**, 112 North Road. Howard S. Neff, Jr. is proprietor. He was formerly with Walston & Co., Inc. and Shearson, Hammill & Co.

HOUSTON, Tex.—**Walter L. Vansickle, Jr.**, Bank of the Southwest Building. Mr. Vansickle was formerly with Walston & Co. Inc.; Eddleman, Pollok & Fosdick Inc., and Rowles, Winston & Co.

INGLEWOOD, Calif.—**United Financial Corporation of California**, 425 South La Brea Avenue. Officers are George A. Thatcher, President; Kline M. Dolan and Harold L. Osborn, Vice-Presidents; John H. Hale, Vice-President and Treasurer, and William E. Hanman, Secretary.

LOS ANGELES, Calif.—**Claggett Offutt**, 3730 Potomac Avenue.

MIAMI BEACH, Fla.—**S. Norman Maser**, 1101 Lincoln Road Bldg.

NEW YORK CITY—**J. E. Jennings & Company, Inc.**, 63 Wall Street.

NEW YORK CITY—**P. K. Hickey & Company**, 45 Wall Street. Partners are Paul K Hickey and Lewis L. Colasurdo.

NEW YORK CITY—**H. S. Caplin & Company**, 80 Pine Street. In the **Chronicle** of July 4 the firm name was incorrectly printed as H. S. Chaplin & Company.

NEW YORK CITY—**Schmidt Brokerage Corporation**, 575 Lexington Avenue. Officers are Roger W. Schmidt, President and Treasurer, and Albert H. Blumenthal, Secretary.

NEW YORK CITY — **Arthur Swartz**, 130 East 18th Street.

NEW YORK CITY—**Carey International**, 545 Fifth Avenue. William P. Carey is sole proprietor.

PITTSBURGH, Pa. — **Winchester Securities Corporation**, 200 South Craig Street. George R. Rutledge is a Principal.

RAWLINS, Wyo.—**Western Securities, Inc.**, 1314 Weaver Street. Alfred E. Reeves, Jr. is a Principal of the firm.

REDWOOD CITY, Calif.—**Avery L. Eppler Co.**, 601 Marshall Street. Officers are John V. Hennessy, President; Mabel V. Eppler, Vice-President, and Avery L. Eppler, Jr., Secretary and Treasurer.

RENO, Nev.—**First Nevada Securities Corp.**, 551 South Center Street. Officers are Donald J. Todd, President; Thelma L. Fox, Vice-President, and Jane L. Loris, Secretary and Treasurer.

SAN FRANCISCO, Calif.—Berenice M. Forsyth is continuing the investment business of Walter D. Forsyth, 221 Sansome St., under the firm name of **Walter D. Forsyth Co.**

NEW BRANCHES

BROWNSVILLE, Texas—**Dittmar & Company, Inc.**, 754 East Levee Street, Richard J. Settle is Manager.

CHATTANOOGA, Tenn.—**McNeel and Company Incorporated**, Maclellan Building. B. Claiborne McCall is Resident Manager.

FAIRFIELD, Calif.—**Hannaford & Talbot**, 712 Texas Street, Frank M. Williams is Manager.

FT. LAUDERDALE, Fla.—**Clayton Securities Corporation**, 3233 Northeast 34th Street. C. Comstock Clayton will direct the operations of the new office.

LEWISTON, Wash. — **Pacific Northwest Company**, Weisberber Building. John A. Pattullo is in charge.

PHILADELPHIA, Pa.—**Parker Corporation**, Fidelity Philadelphia Trust Building. William M. Kimbrough is in charge.

PHOENIX, Ariz.—**Variable Equities, Incorporated**, Central Towers Building. Richard Hopwood is Manager.

PERSONNEL

ASHEVILLE, N. C.—George D. Sells is with **Abbott, Proctor & Paine**, 27 Page Street.

CHATTANOOGA, Tenn.—Donald A. Shillinglaw is now with **McNeel & Company, Incorporated**, Maclellan Bldg. He was formerly with Mid-South Securities Co.

CLEVELAND, Ohio—Thomas B. Redinger has become associated with **Ball, Burge & Kraus**, Union Commerce Building, members of the New York and Midwest Stock Exchanges. He was formerly with Wm. J. Mericka & Co. Inc.

CLEVELAND, Ohio—Luebomir G. Popoff has joined the staff of **Eastman Dillon, Union Securities Co.**, Union Commerce Building.

DAYTON, Ohio—Daniel J. Dreyer and Edward C. Simms are now with **First Ohio Securities Company** of Columbus.

DENVER, Colo. — James R. Cox has been added to the staff of **Boettcher and Company**, 828 17th Street, members of the New York Stock Exchange.

DENVER, Colo—Lawrence Shawyer and Bernard H. Waldman have become affiliated with **J. A. Hogle & Co.**, 1630 Stout Street. Mr. Shawyer was previously with the Colorado Industrial Bank.

GREENSBORO, N. C.—Lawrence B. Reynolds has been added to the staff of **McDaniel Lewis & Co.**, Jefferson Building, members of the Midwest Stock Exchange.

HARTFORD, Conn. — Hugh C. Ferguson has been appointed resident manager of **Stone & Webster Securities Corp.**, 75 Pearl St.

MACON, Ga.—Oliver N. Worley, Jr. has become connected with **Kohlmeyer & Co.**, First National Bank Building.

MILWAUKEE, Wis—August Koch has been added to the staff of **The Milwaukee Co.**, 207 East Michigan St., members of the New York and Midwest Stock Exchanges.

MINNEAPOLIS, Minn. — Gerald R. Johnson and Arloine H. Stearns have been added to the staff of **Kalman & Company, Inc.**, 501 Second Avenue, South.

MINNEAPOLIS, Minn. — Paul E. Lyons has become connected with **Paine, Webber, Jackson & Curtis**, Pillsbury Building.

NEWTON, N. C. — Richard J. Parker, Jr. has become associated with **McCarley & Co., Inc.** He was formerly Newton representative for Southern Investment Co., Inc.

NEW YORK CITY — Ronald S. Berger and Henry Kalish have been added to the staff of **du Pasquier Seskis & Co., Inc.**, 61 Broadway, members of the New York Stock Exchange.

NEW YORK CITY—Ronald M. Bloom has become affiliated with **F. L. Salomon & Co.**, 50 Broadway, New York City, members of the New York Stock Exchange, as a Registererd Representative.

OMAHA, Neb.—William J. Gourley has become connected with **J. Cliff Rahel and Company, Inc.**, First National Bank Building.

PORTLAND, Maine — Joseph A. Coffin has joined the staff of **H. M. Payson & Co.**, 93 Exchange St., members of the Boston Stock Exchange.

SAVANNAH, Ga.—H. B. Judkins, Jr. and Emmet G. Nesbit have joined the staff of **Merrill Lynch, Pierce, Fenner & Smith Incorporated**, 7 Drayton Street. Mr. Nesbit was formerly with the Savannah Bank & Trust Co.

TOLEDO, Ohio—John E. Thompson has been added to the staff of **Merrill Lynch, Pierce, Fenner & Smith Incorporated**, 607 Madison Avenue.

WAUSAU, Wis.—Robert G. Heck has become connected with the **Marshall Co.** He was formerly with the local office of A. C. Allyn & Co.

WINSTON-SALEM, N. C. — William J. Leinbach is now associated with **Reynolds & Co.**, Reynolds Building. He was formerly Representative for Interstate Securities Corp.

WORCESTER, Mass.—**Stanley Rem** is now affiliated with **H. L. Robbins & Co., Inc.**, 37 Mechanic Street.

YOUNGSTOWN, Ohio—John E. Foust, Jr. is now with **Merrill, Turben & Co., Inc.**, Union National Bank Building.

ZANESVILLE, Ohio—John W. Roemer and Nicholas Theodosopoulos have joined the staff of **Hay & Company**, 47 North Fourth Street, members of the Pittsburgh Stock Exchange.

ZANESVILLE, Ohio—Martin E. Maier has become connected with **Hay & Company**, 47 North Fourth Street, members of the Pittsburgh Stock Exchange.

G. R. Harris Joins Stone, Altman

DENVER, Colo.—George R. Harris has become associated with Stone, Altman & Company, Inc., First National Bank Building. Mr. Harris was formerly with J. K. Mullen Investment Co. and Peters, Writer & Christensen, Inc. and prior thereto conducted his own investment business in Denver.

Predictive Significance Of Price-Earnings Ratios

By Gary E. Mede, Investment Analyst, Country Life and Country Mutual Insurance Companies, Bloomington, Ill.

Performance analysis of randomly selected stocks during 1951-61 bull market finds little investment merit in stocks of low—compared to high—P/E ratios. Moreover, concludes, only worthwhile low P/E stocks are those with earnings potential, and advises study should be made of bear market performance and relationship of P/E cycle to general business conditions.

One of the favorite topics of discussion among financial analysts centers around the subject of price-earnings ratios. In a recently completed study of 84 common stocks which I selected at random from Moody's Handbook of Widely Held Common Stocks, the following characteristics of P/E ratios were noted: (1) The average P/E ratio of the stocks studied advanced during the period covered (1951-1961) from 10.9x to 21.2x earnings.

(2) The price-earnings ratio at the beginning of the period was an excellent indication of the future growth of both the earnings and the price of a stock. Stocks beginning the period in the lower P/E category had a greater chance of having a decline of earnings and fewer stocks in this category appreciated in price. Therefore, in general, future price and income growth is positively related to the P/E ratio. Table I illustrates this relationship.

(3) The beginning P/E ratio seemed to evaluate not only what percent of a group would have per share price increases, but also the rate of growth in the average per share price of the group. In general, stocks beginning the period in the highest P/E category grew at a higher rate than did those in the lowest P/E category.

(4) Contrary to the findings in Table II, the investor is more amply rewarded by selecting stocks in lower P/E categories if he can determine which of these stocks will be able to improve earnings. Table III illustrates that the rate of growth in the price per share of those companies with earnings growth increases as the P/E ratio decreases, except in the over 20x group.

(5) In general, the yields of the stocks examined declined as the P/E ratio increased but since there was such a variety of yields in each category, no relationship between yields and P/E ratios can be drawn from this factor.

In summary, it appears that during the bull market of the 1950's, earnings declines rarely brought about a downward readjustment in P/E ratios whereas increases in earnings did generally result in higher P/E ratios. Thus, prices appear to decline less rapidly than earnings when earnings decline and advance more rapidly than earnings when earnings increase.

Price-earnings ratios were a good indication of the future rate of growth in the price of a company's stock. But, an analyst who could find values in the lower P/E categories was more amply rewarded than purchasers of stocks in any other group.

If any lessons can be drawn from this study, it is that there is more safety in high P/E ratios and greater chance of gain by buying low P/E stocks which have the potential of increasing earnings.

The questions left unanswered are, how will investors evaluate P/E ratios in a bear market (will prices decline faster than earnings and advance less rapidly than earnings), and is there a general P/E cycle independent of business conditions which would cause a decline or a plateau in stock averages despite earnings growth.

TABLE I

Relationship of P/E Ratio to Future Earnings and Price

P/E Category 1951	% of Stocks in Category: Having an Increase in Earnings 1951-1961	% of Stocks in Category: Moving to higher P/E Ratio Category	% of Category Having Price Increase During Period
0-5	25.0	75.0	75
5.01-10	57.5	90.8	91
10.01-15	97.0	90.3	97
15.01-20	100.0	100.0	100
20.01-Over	100.0	----	100

TABLE II

Relationship of Price-Earnings Ratio to Per Share Price Increase

Beginning P/E Category	% Growth in Per Share Price
0-5	84
5.01-10	135
10.01-15	143
15.01-20	146
20.01-Over	215

TABLE III

Growth Rate for Stocks With Earnings Increases

Beginning P/E Category	% Growth in Per Share Price of Stocks Which Had Increased Earnings
0-5	346
5.01-10	319
10.01-15	190
15.01-20	146
20.01-Over	215

To Be V.-P. of Walston & Co.

LOS ANGELES, Calif.—Effective Aug. 1, Edward J. McNary will become a Vice-President of the New York Stock Exchange firm of Walston & Co., Inc. He will make his headquarters at the Los Angeles office, 731 Wilshire Boulevard.

DeHaven and Townsend Adds

PHILADELPHIA, Pa. — DeHaven & Townsend, Crouter & Bodine, members of the New York Stock Exchange and other leading exchanges, announce that William B. Harvey is now associated with the investment department in their Philadelphia office, Land Title Building.

The State of TRADE and INDUSTRY

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

Personal income in the United States has risen almost 2% per year during the postwar period after adjustment for price increases and the growth of population, the Federal Reserve Bank of Chicago notes in the July issue of *Business Conditions*.

At present, personal income is running at an annual rate of about $460 billion compared with $189 billion in 1947. The compounded rate of rise *before* adjustment for population and price increases was nearly 6% during this interval.

Income Rise Kept Downturns From Plummeting

This rise in personal income provides striking evidence of the continued expansion of the United States economy and has made possible the stable growth in consumer purchases that has played an important role in preventing downturns in activity from developing into full-scale depressions, the Bank stated.

Consumer purchases can be credited with helping to maintain the relatively brisk pace of business activity during 1962 and early 1963. Business investment in inventory and capital goods was sluggish during much of this period.

Developments thus far in 1963 suggest that personal income will be about 5% higher than last year. The rise in per capita personal income, after adjustment, will probably be about 2% or slightly above the average for the postwar period.

Nationally, personal income during 1962 is estimated to have been $5,024 per full-time employee and, as many families have more than one person with an income, the average per family income was $7,140. On a per capita basis, personal income has set a new record each year since 1954 and in 1962 averaged $2,357.

Regional U. S. A. Analysis

All states and regions of the United States have recorded substantial and more or less continuous increases in personal income during the postwar period, but the relative rates of growth have varied. The Southeast, Southwest, Rocky Mountain and West Coast states have obtained larger shares of total income while the shares of the Midwest and the rest of the nation have declined.

Two principal, interrelated factors—already at work prior to World War II—have led to accelerated gains in income: rapid population growth and industrialization of primarily agricultural states.

The Far West led by California, accounted for only about 9% of total personal income in 1929, but its share rose to 12% in 1947 and 14% in 1962.

At the other extreme, the group of mideastern states including New York and Pennsylvania, accounted for 32% of total personal income in 1929, 27% in 1947 and less than 25% in 1962.

The trend in the share of income accounted for by some regions has shifted during the past 16 years. New England's share has been quite steady since 1957 after declining for many years prior to that. In Texas and other Southwest states, a long-term rise in the proportion of total personal income was halted—at least temporarily—at about the same time.

Changes in Income Sources

Sources of personal income also have shifted in the postwar period, mainly in a continuance of trends discernible since the late Twenties. Wages and salaries and fringe benefits accounted for only 60% of the total in 1929 but reached about 65% in 1947 and have been about 70% in recent years.

In the wages and salaries category, the most significant changes have been in the government sector including compensation of civilians and members of the armed forces. The proportion of total payrolls accounted for by government disbursements rose from less than 6% of the total in 1929 to 13% in 1947 and to 19% in 1962.

Income from such sources as social security, welfare and unemployment compensation payments was less than 2% of the total in 1929 but rose to 6% in 1947 and to 8% in 1962.

These increases were accompanied by a decline in the share of income accounted for by the net earnings of farm proprietors, unincorporated businesses and property income from rents, dividends and interest.

However, the trends in these segments have not been steady—the property income share which dropped from 1929 to 1947 recovered some ground by 1962. Evaluation of the trend in property income must take into account the fact that capital gains are not counted as personal income whether realized in cash or not. Many owners of farms, small businesses, stocks and real estate have benefited substantially from increases in the prices of these assets.

Predicts Steady Income Growth

What of the future? The long-run outlook is for a continuance of the steady uptrend in personal income, the Bank reported. Many analysts foresee an improvement in the economic growth rate during the next five to ten years.

Increases in activity are not likely to be hampered by material or manpower bottlenecks and vast opportunities exist in the exploitation of recent scientific and technological advances in the production of goods and services.

There seems to be no reason to expect appreciable changes in the proportion of income received from various sources in 1963 or subsequent years. If the pattern of income distribution since World War II has contributed to stability and growth, it can be expected to continue to do so.

Industrial Output Advances for Fifth Month in a Row to Record High of 125%

According to the Federal Reserve Bank's mid-July summary of business conditions, industrial production and construction activity rose further in June while retail sales were again unchanged. Reversing developments in May, young people entered the labor market in less than expected numbers and the unemployment rate declined slightly to 5.7%. Bank credit rose sharply. The money supply and time and savings deposits at commercial banks increased, and U. S. Government deposits rose to an unusually high level. In early July interest rates, particularly short-term rates, increased.

Industrial production rose to a record high advancing 1 point further in June to 125.1% of the 1957-59 average. Output was 124.1% in May and was well above the 118.4% for the year-ago period. Output of final products—both consumer goods and business equipment — increased and was 2½% higher than during the second half of 1962. Although steel ingot production turned down early in June in anticipation of the new labor contract that was signed late in the month, overall output of materials was unchanged.

Production of consumer goods increased in June reflecting mainly a rise of a tenth in autos from an already advanced level. Schedules for July indicate that auto assemblies will return to about the level in most earlier months of the 1963 model-year. Output of business equipment, which turned up in May after several months of little change, rose further in June and was slightly above the previous high reached last October.

Iron and steel production was down 5% in June, and the decline is continuing in the current month. Also, in June, production was curtailed in the lumber industry because of strikes. Meanwhile output of parts for business equipment and for consumer durable goods increased, and production of nondurable materials changed little.

Construction

New construction activity rose 2% further in June to about the advanced rate reached last October. Residential activity, already at a record rate in May, continued to increase while most other types of private activity changed little. Public construction advanced moderately further but remained appreciably below earlier highs.

Commodity Prices

Demands for nonferrous metals remained strong in late June and early July, and prices of lead, zinc, and some aluminum products increased. However, prices declined further for steel scrap and continued to change little for most other sensitive industrial materials. There were few changes in prices of fabricated industrial materials and products, following a number of increases over the previous two months. Among foodstuffs, prices of livestock and meats changed little through June, but prices of steers rose sharply in early July.

Bank Credit, Money Supply, and Reserves

Seasonally adjusted commercial bank credit increased $4.6 billion in June, reflecting to some extent Treasury financing activity. Holdings of U. S. Government securities rose sharply as banks acquired Treasury bonds offered in a cash financing. Holdings of other securities continued to expand rapidly and loans, particularly security loans, rose substantially. The money supply increased, and time and savings deposits at commercial banks rose further, although less rapidly than early this year and in 1962. U. S. Government deposits increased sharply in late June and at the month's end were about $11 billion, an unusually high level.

Required and total reserves increased in June. Excess reserves declined and member bank borrowings from the Federal Reserve rose somewhat. Reserves were absorbed principally through an outflow of currency and were supplied through an increase of $400 million in System holdings of U. S. Government securities.

Security Markets

In early July market expectations of higher interest rates developed, and the rate on 3-month Treasury bills rose from about 3% at the end of June to around 3.20% in the second week of July. Yields on Treasury bonds and those on corporate and State and local government issues increased moderately.

Between mid-June and mid-July common stock prices showed little net change, within a range 3 to 4% below the peak of December 1961. The volume of trading declined somewhat.

Bank Clearings 4.2% 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, July 13 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 4.2% above those of the corresponding week last year. Our preliminary totals stand at $32,332,981,896 against $31,038,888,627 for the same week in 1962.

Our comparative summary for some of the principal money centers follows:

Week End. July 13—	1963 (000s omitted)	1962 (000s omitted)	%
New York	$17,795,074	$16,976,166	+ 4.8
Chicago	1,421,200	1,401,303	+ 1.4
Philadelphia	1,152,000	1,129,000	+ 2.0
Boston	843,899	835,681	+ 1.0
Kansas City	636,092	580,385	+ 9.6

Steel's Weekly 1.6% Gain Follows Six Prior Consecutive Weekly Declines, Stays at Three-Year High and 51.6% Over Year-Ago Week

According to data compiled by the American Iron and Steel Institute, production for the week ended July 13 was 2,077,000 tons (*111.5%) as against 2,045,000 tons (*109.8%) in the July 6 ending week. The week to week output gained 1.6% compared to the seasonal, but sharp, 11.6% drop in the July 4-holiday week, and it followed six previous consecutive weekly declines. Prior to then, last week's output exceeded every week's going back three years until mid-May, 1960.

The years' weekly high was 2,626,000 net tons achieved May 25-ending week. The July 13-ending week's output exceeded last year's week by 51.6% and almost equalled 2,086,000 tons produced last Feb. 23-week.

Out of the 28 weeks of this year's steel output, production declined in eight of those weeks and rose for 13 consecutive weeks from the week ending Feb. 2 through April 27 out of 17 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).

Since the June 21 steel labor-management contract settlement, the output decline which had commenced mid-May in anticipation of an amicable (non-strike) agreement became more marked.

Continued on page 34

DIVIDEND NOTICES

R. J. Reynolds Tobacco Company

Makers of
Camel, Winston, Salem & Cavalier cigarettes
Prince Albert, George Washington Carter Hall smoking tobacco

QUARTERLY DIVIDEND

A quarterly dividend of 40c per share has been declared on the Common Stock of the Company, payable September 5, 1963 to stockholders of record at the close of business August 15 1963.

WILLIAM R. LYBROOK, *Secretary*

Winston-Salem, N. C.
July 11, 1963.

Sixty-three Consecutive Years of Cash Dividend Payments

Sinclair

COMMON STOCK DIVIDEND No. 131

On July 16, 1963 a quarterly dividend of 50 cents per share was declared on the Corporation's Common Stock, payable September 10, 1963 to stockholders of record at the close of business on August 9, 1963.

SINCLAIR OIL CORPORATION
600 Fifth Avenue New York 20, N. Y.

SPS COMPANY

DIVIDEND NOTICE
Common Stock Dividend No. 84

A regular quarterly dividend has been declared on the Common Stock of this Company, payable September 1, 1963, to holders of record August 15, 1963.

Common..........26½¢ per share

Preferred Stock

The regular quarterly dividends have been declared on all Series Preferred Stocks of this Company payable November 1, 1963, to holders of record October 18, 1963.

DON D. LODEN
Vice-President and Secretary

July 16, 1963

SOUTHWESTERN PUBLIC SERVICE COMPANY

Why Travel Today Is a Good Investment

By Roger W. Babson

Dean of American financial writers for years has imparted sagacious investment advice to individuals which invariably dealt with investment opportunities waiting to be had within reach of the investor. This time he switches the investment locus closer at hand—in fact you can not get any closer—to within the individual himself. His advice today is to invest in some personal traveling—a most worthwhile investment in view of the decreasing costs and increasing opportunities for traveling containing untold gain and definitely no loss prospects.

Last fall in these pages I discussed the bargains available in foreign travel, and I pointed out that the cost of touring was still on the way down while the cost of practically everything else was on the way up. This trend still continues. The reason is, in large part, the bitter competition not only between the airlines and the shipping companies, but also among the various ambitious concerns within those two categories.

Many Buying Travel Bargains

Final figures for 1962 show that Americans shelled out close to $2.9 billion for foreign travel during that year, an impressive gain of 10% after the temporary leveling off seen in 1961. Preliminary figures for the first part of 1963 indicate that the curiosity of Americans to visit foreign countries is still growing. The travel-now pay-later psychology is leading many lower-budget Americans—who would never have dreamed of traveling abroad a few years ago—to give themselves a royal treat "on the cuff."

Jet flights to faraway lands are so fast that nearly all of one's vacation can be spent in romantic climes new to the traveler, instead of on a slow boat getting there. Man-and-wife or entire-family bargain packages are very popular, with the cost often little more than that of a trip to some distant national park or seashore in this country. Visits to neighboring Canada and Mexico are steadily on the increase; but I am more interested at the moment in the tendency of Americans to go farther afield, to cross the open seas for new experiences.

Where People Are Going

The most popular parts of the world for travelers right now are the European and Mediterranean countries. During 1961 about 299,000 Americans visited these areas, while last year the total zoomed to 353,000. There was a somewhat smaller advance from the 238,000 travelers who visited the West Indies and Central and South America during 1961 to the 268,000 who toured there in 1962. Indications are that the same tendencies exist in 1963, and will for some time to come.

I am told by a friend who is interested in hotels, motels, and apartments in the West Indies that the Haitian trouble has done his business more good than harm. True, many people have moved away from the immediate area of Haiti and the Dominican Republic—also from the countries closest to Cuba. However, as a result, tourists have concentrated more heavily in other sections of the West Indies. Both the climate and the nearness of these islands make them particularly attractive to Americans, *despite* local political tensions in Haiti and international tensions in Cuba.

Travel a Wonderful Gift

With world travel such a bargain, now is a perfect time for parents to give their children and/or their grandchildren trips abroad. They will make wonderful new friends whom they never would know otherwise, and will become far more aware of the differences—*and the similarities*—among the various peoples of the earth. What could be more broadening for young, alert minds than such a wonderful experience? I consider this one of the finest investments that older people can make in the future of their younger heirs.

I have traveled widely myself, having been to most of the important countries on both sides of the Iron Curtain. Never have I taken a trip without coming home with the feeling that I have learned a great deal that I could not possibly have learned any other way. If you want to take a trip yourself, or if you want to give a trip to a relative as a gift, I advise you to deal with a travel agency in or near a city close to where you live. Details will be taken care of for you, whether the trip is to be by ship, plane, or some of each. You will find that you can often get alternative possibilities, making the actual decisions later. Your local travel agency will keep you posted.

DIVIDEND NOTICES

COMMON STOCK DIVIDEND

The Board of Directors of Central and South West Corporation at its meeting held on July 17, 1963, declared a regular quarterly dividend of twenty-nine and one-half cents (29½c) per share on the Corporation's Common Stock. This dividend is payable August 30, 1963, to stockholders of record July 31, 1963.

LEROY J. SCHEUERMAN
Secretary

CENTRAL AND SOUTH WEST CORPORATION
Wilmington, Delaware

Public Service Electric and Gas Company
NEWARK, N. J.

QUARTERLY DIVIDENDS

The Board of Directors has declared the following dividends for the quarter ending September 30, 1963:

Class of Stock	Dividend Per Share
Cumulative Preferred	
4.08% Series	$1.02
4.18% Series	1.045
4.30% Series	1.075
5.05% Series	1.2625
5.28% Series	1.32
$1.40 Dividend	
Preference Common	.35
Common	.60

All dividends are payable on or before September 30, 1963 to stockholders of record August 30, 1963.

MALCOLM CARRINGTON, JR.
Secretary

NJ PUBLIC SERVICE
CROSSROADS OF THE EAST

DIVIDEND NOTICES

RAYON • ACETATE • CELLOPHANE • AVISTRAP® • AVICEL®

DIVIDEND AVISCO NOTICE

AMERICAN VISCOSE CORPORATION

Directors of the American Viscose Corporation, at their regular meeting on July 3, 1963, declared a dividend of fifty cents (50c) per share on the common stock, payable on August 1, 1963, to shareholders of record at close of business on July 17, 1963.

Vice President and Treasurer Wm. H. Brady

RAYON • ACETATE • CELLOPHANE • AVISTRAP® • AVICEL®

BENEFICIAL FINANCE CO.

137th CONSECUTIVE QUARTERLY CASH DIVIDEND

The Board of Directors has declared a quarterly cash dividend of

$.30 per share on Common Stock

payable September 30, 1963 to stockholders of record at close of business September 13, 1963.

Finance offices in U. S.—Canada England—Australia

BENEFICIAL FINANCE SYSTEM

Wm. E. Thompson
Vice-President & Secretary
July 12, 1963

Associated Oil & Gas Company Securities Sold

An offering of $6,600,000 of 6% convertible subordinated debentures due July 1, 1975 of Associated Oil & Gas Co., is being made by Allen & Co., New York, and associates. Allen & Co., also assisted the company in placing a $12,500,000 promissory note with The Chase Manhattan Bank.

Proceeds from the financing will be used by the company to redeem certain outstanding debentures, for working capital, to retire loans due the Bank of the Southwest N.A., Houston, Tex., and to purchase the assets of Long Mile Rubber Corp., Dallas.

Headquartered at 3703 Yoakum Blvd., Houston, the company is primarily engaged in the acquisition, exploration and development of oil and gas properties, the production and sale of such oil and gas, the processing of gas through its processing plants for the extraction of natural gasoline and other hydrocarbons, and the transportation and distribution of natural gas to residential, commercial and industrial customers.

Evans, Inc. Common Sold

Public offering of 200,000 common shares of Evans, Inc., at $12 per share is being made by Walston & Co., Inc., Chicago. Proceeds will go to the selling stockholders.

Headquartered at 36 South State St., Chicago, the company is engaged in the retail sale of fur apparel, cloth coats, suits, dresses and related items and services in the Evans store in Chicago, and of fur apparel and related services in leased departments in 14 stores in 11 other cities. Fur coats, capes, jackets, stoles and other fur apparel constitute approximately 11% of its sales. Cloth coats, suits and other apparel items constitute about 11% of its sales. The balance represents principally sales of services, including storage, cleaning and repairs.

Ben Bratter Joins Dempsey-Tegeler Co.

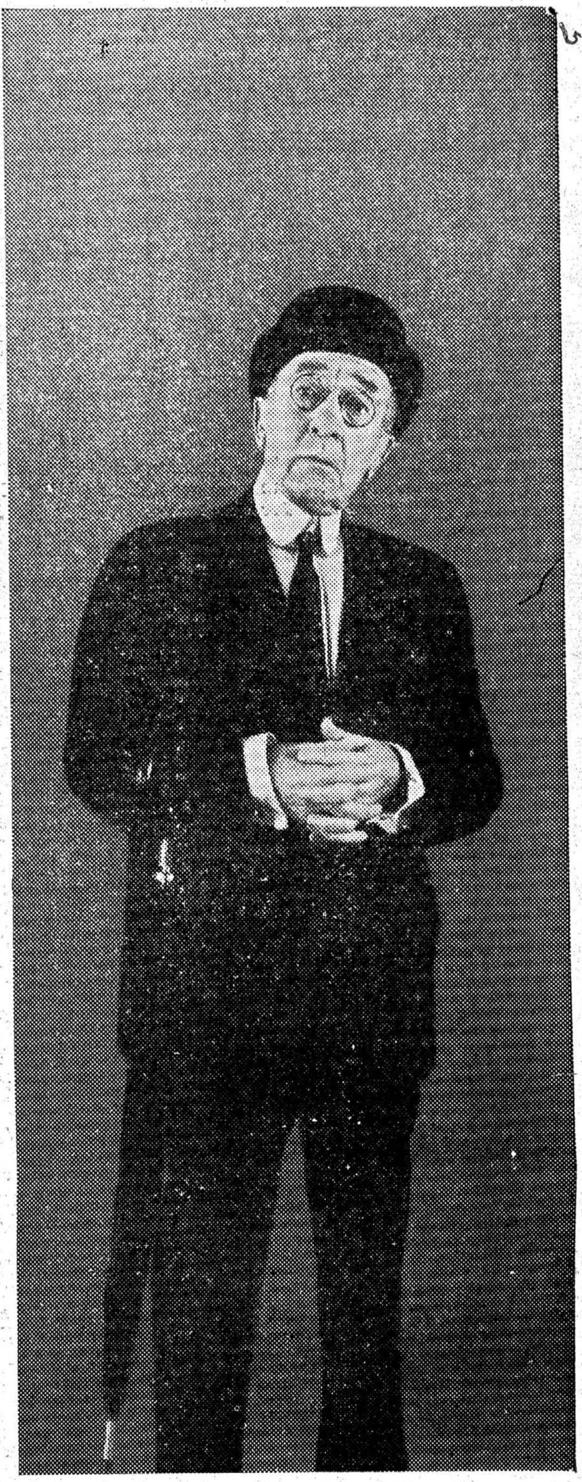
MINNEAPOLIS, Minn. — Ben Bratter, Jr. has become associated with Dempsey-Tegeler & Co., Inc., Foshay Tower. Mr. Bratter was formerly President of Bratter & Co., Inc. and prior thereto was an officer of John Phillips Co., Inc.

Customers' Brokers To Hear

The Association of Customers' Brokers will hold an educational forum on the outlook for the market and industry July 23 at 15 William Street, New York City. Lawrence R. Iahn, senior Vice-President of investments, National Securities & Research Corporation, and Edmond W. Tabell, officer of Walston & Co., Inc., will be speakers.

EMPLOYEES

STOCKHOLDERS



TAX COLLECTOR

Who profits most from Union Oil?

Our employees do the work; our stockholders put up the money; but the tax collectors get more than either.

In 1932, Union Oil Company's taxes (City, County, State and Federal) added up to $1.6 million. By contrast, our employees that year received a total of $13 million in wages and salaries. And our stockholders got $5.2 million in dividends.

In 1962—30 years later—our employees received $57 million in salaries and wages; our stockholders got $20 million in dividends; but our taxes amounted to $34.5 million.

Payroll and dividends have increased approximately fourfold over the last 30 years, but taxes are over 21 times higher.

Still, this only tells part of the story. The company was also required to withhold $9.6 million from our employees' paychecks, and pay another $1.9 million in company payroll taxes.

If we add to all this the amount of income taxes our stockholders paid on their dividends—even at the minimum tax rate of 20%—we find that the tax collectors got approximately $50 million from Union Oil's 1962 operations. The stockholders got $16 million. And the employees, who work full time at the job of running the company, got $47.4 million—$2.6 million less than the tax collectors.

Who profits most from Union Oil? GOVERNMENT.

YOUR COMMENTS INVITED. *Write: The President, Union Oil Company, Union Oil Center, Los Angeles 17, California.*

Union Oil Company of California

76 UNION

MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL

The Market . . . And You

BY WALLACE STREETE

The market's slow retreat continued this week but it was still a case of more neglect than it was any sizable offerings to be absorbed. Volume dwindled in the process, for the second time this summer dipping below three million shares. That had happened before this year only on the first trading session.

The Discount Rate's Rise

The hike in the discount rate was far from unexpected. The market's internal situation, far more than any external influences, was considered far more paramount in shaping the immediate future. And with the industrial average toying with a reaction low, caution was the keynote.

To technicians, a dip below 700 had been anticipated for some time and would not breed any great chagrin. What it will take to stir up a new advance was a moot question since public participation is still lagging, and without wider interest among the general public the chartists saw little hope of any sustained advance.

Earnings reports are about to reach the quarterly flood tide and could spark a new bid for a resumed summer rally. The good second-quarter results experienced by the steel companies were becoming apparent, but that was anticipated and the question in this regard was how the steel giants will fare in the third and fourth quarters.

The second quarter was marked by a high level of hedge buying by steel customers pending the outcome of the wage reopening with the union. And when that was settled speedily without any strike, the orders fell off somewhat; but how much was due to the normally slow summer period was not clear. The questions of the steel industry's future prospects won't be settled until fall.

Auto Business Bubbling

Auto business continued to bubble and promise good reading when the earnings statements are issued. There was little rush on the part of investment advisers to recommend the motor shares since they had come such a long way in recovering from last year's market break, Chrysler in particular.

Nevertheless, the colossus of them all, General Motors, was still available at an indicated yield of 5% at a time when quality investments offering a return that high were rare.

Rails were quiet after having, for a brief period, even outperformed the coasting industrials. The prospects of a strike, or restrictive legislation to prevent one, naturally dampened enthusiasm — at least temporarily. So there was little in their action to cause concern.

High-Yielding Item

The high-yielding item in this section was New York Air Brake which, in fact, has outgrown its generally accepted status as a rail supply firm primarily. It currently has a broad product line of pumps, electronic monitoring equipment, hydraulic systems for earth moving machinery and equipment for water and waste treatment plants.

Since companies identified as rail supply firms have not been in investor favor for some time, the shares of New York Air offer a yield comfortably over the 5% level. The shares have been largely inactive this year, hovering in about a five-point range, and lately holding about in the middle of the range.

Helping chill investor enthusiasm was the fact that New York Air Brake failed in the first quarter to cover its dividend commitment, although for the first half it is expected to make up for this deficiency and cover the dividend requirement for the half year. So to students of the company the dividend is "safe" with its well above average return. Management's projections are for full year results comparable with last year which, again, indicates that the dividend is not in jeopardy.

A Promising Oil

The oils haven't had much popularity in a long time, although they offer substantial returns and good quality and haven't been over-exploited. Gulf Oil, third largest crude producer in the world, has hovered in a 10-point range this year and lately has been toying with its 1963 high.

Last year's earnings of Gulf were depressed by the expenses of introducing its economy gasoline, so it is generally assumed that the company will show an appreciable increase in profit this year. This makes the company a candidate for a liberalized dividend on top of the higher rate adopted in last year's fourth quarter payout. The indicated $1.60 rate now in effect should be earned more than twice over this year. At the present rate the yield is around 3½%. The price-earnings ratio is a subnormal one, less than 13 times the expected per-share results to be posted this year.

The unknown item as far as yield is concerned is Eltra, which is what the company is now known since the merger of Merganthaler Linotype and Electric Autolite Co. last month. The analysts who have studied this situation put the pro forma earnings last year at a shade better than $2 a share. With the shares available lately in the mid 20's, their conclusion is that the stock is reasonably priced on the basis of earnings. No dividend policy has been established yet.

Martin Marietta is an issue where the opposing schools of thought have taken definite sides. The company has a policy of disposing of its businesses that are foreign to the aerospace, cement and electronic fields where it intends to concentrate.

With disposal of its various divisions, lower defense work and unfavorable prices in the cement industry, Martin certainly is no candidate for any startling earnings picture. In fact, there is near agreement that its earnings will be substantially below last year's. The question is how safe the $1 dividend is which is why the yield is above 5% in this issue. The company's latest switch was in picking up a stock interest in Sperry Rand with an eye on its data-processing operations.

A Diversifying Rail

Illinois Central is one of the railroads that paved the way for diversification outside the railroad industry by setting up Illinois Central Industries.

And the future here is unpredictable. At the moment its sole investment is the railroad company although even that was fairly well diversified before the share-for-share exchange for Illinois Central Industries shares, owning extensive real estate in Chicago.

With the strike threat still holding over the rail industry there was no rush for any securities connected with railroads. However, since the Industries operation plans to pass along the dividends received from the consistently profitable railroad, a yield of better than 3½% is indicated pending new developments in its future.

Featherbed—Less Carrier

Canadian Pacific, operating above the border and not involved with the featherbedding issues faced by American roads, also joined the trend to diversification last year when it organized a wholly-owned investment company, initially taking over the natural resources of the railroad. Long before that it was spread widely over various businesses, including hotels, steamships, an airline and a communication network, along with various investments. The shares are a high-yield item, offering better than 5%.

[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.]

NY Secs. Co. Adds Two

New York Securities Co. has announced the addition of two new members to its staff.


David F. Bolger


John J. Burns, Jr.

David F. Bolger has become associated with the firm in its new business and underwriting department. Mr. Bolger was formerly in the new business department of Stone & Webster Securities Corporation, and was Vice-President and Director of Broadstone Realty Corporation.

John J. Burns, Jr. has joined the firm's institutional sales and syndicate department. He was formerly associated with Goldman, Sachs & Co.

New York Securities Co., an investment banking firm and members of the New York Stock Exchange, is located at 52 Wall St., New York City.

Merrill, Turben Treas.

CLEVELAND, Ohio—Raymond T. Castle has been elected Treasurer of Merrill, Turben & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Right Thinking!

Do you remember the story of the man who couldn't walk across a board that was a foot wide when it was placed high in the air between two ten story buildings, but he had no difficulty doing it when it was only a foot off the ground? Sometimes security salesmen, as well as many others, also allow "mental blocks" to condition their thinking. As a result, a negative attitude prevents constructive action.

Last year, during the May market break, one of my friends who has had many years of experience in the management of his client's securities, made this remark, "If this keeps up another day, there are going to be some excellent bargains available." Then he showed me letters he had written to his clients. Instead of joining in the prevailing chorus of gloom and pessimism, he looked upon that period of panic selling as an opportunity. He suggested that his clients withdraw reserve funds from savings accounts, sell senior securities, and reinvest the proceeds in certain high grade common stocks. Those who followed his advice have accumulated profits during the past year that have been very gratifying to them. He has performed a valuable service. He established a sound foundation of confidence and good-will among his clients because he did not "follow the crowd". . . he did not allow their negative thinking to influence his own sound judgment.

Other investment men sat at their desks. They watched the tape tell its story. They acquired a "mental block" of gloom and pessimism that caused them to miss an opportunity to buy good common stocks for their customers at bargain prices. Meanwhile, this other investment man who refused to be affected by the emotional atmosphere around him, also sat at his desk. . . but he contacted clients, by phone and by mail, and all he could see was an opportunity . . . which was the correct approach.

Take Positive Action

Another "mental block" that should be recognized and discarded immediately, is a natural reticence to inform a client if it appears that a mistake has been made in the original recommendation of a particular security. The first impulse is to avoid this unpleasant task as long as possible. But this is the one sure way to do a disservice to a client. . . and possibly lose his good-will and future business.

First of all, no security should be over-sold when it is initially brought to the attention of a client. There is risk in every commitment and it should be recognized but not over-stressed. The best analysts who exercise the most dilligent care in their recommendations cannot guarantee the future. If the situation has changed, if a mistake has been made, bring it to the attention of your customer. Place the new set of facts in perspective, present your opinion, and give your viewpoint. . . then leave it up to the client. If he decides to follow your suggestion well and good. . . if not you have definitely fulfilled your obligation. . . which is to place the welfare of your customers ahead of every other consideration.

Very few salesmen have lost business because they admitted a mistake. The best way to service an account is to start with a complete understanding of your responsibilities. As one experienced investor put it when he opened an account, "Do the best you can, try to help me select good investments, but don't hesitate to give me the facts, especially if you think I should take a loss. I know that losses as well as profits are part of 'risk taking'. . . I won't 'second guess' you. . . let's do the best we can."

"This Isn't the Time"

Another "mental block" that is easy to acquire but detrimental to progress, is to listen to other salesmen who tell you that now isn't the time to develop new business. For the man who is lazy it is not difficult to find excuses for not working. Either the public isn't in the market, or people are on vacation, or the market is too unsettled, or some other unproven generalized statement is the rationalization for inactivity.

We are all susceptible to the power of suggestion. . . but negative ideas such as this should be disregarded and avoided. Sometimes, after a man has been in the investment business for five to ten years he allows himself to take things easy. If you want to enjoy your business and continue to prosper, it is important that you meet new, prospective customers continually. Neglect your accounts for even a few months and you will lose many of them. Never think that you can rest on yesterday's laurels. . . you must keep up with the ever changing events in the world of business. . . follow every account. . . and constantly seek new business. Otherwise your results six months and a year from now will certainly be impaired. Today is the day to seek new contacts. . . develop new accounts. . . there is no better time!

Increase Your Knowledge

No longer will a superficial knowledge of investments, playing it by ear, or skimming the headlines suffice, if you expect to hold your accounts. Any man who has a "mental block" on this score had better take another look. Day by day the competition in the security business is becoming more intense. Highly trained investment men are backed up by professional research departments that are doing a quality job for clients on a scale never before attempted in the security business. Specialists in every field are offering their services to your clients. Mutual fund salesmen who are trained and capable are calling on investors, specialists in tax exempt bonds and institutional securities, as well as portfolio management, are offering the public services that were unknown even five years ago. This is all to the good.

Those who are equipped by experience, knowledge and training will have a challenging and rewarding opportunity in the years that lie ahead. But don't acquire that "mental block" that you don't have to study and learn more constantly. . . no matter how long you have been in the investment business. If there is any profession where knowledge is "power" you are in it! The security salesman who is optimistic about the future of his business. . . who enjoys the challenge of keeping abreast of the constantly changing factors which affect investment values. . . and who thinks clearly and unemotionally when those around him may be inclined to waver and become indecisive. . . will build his clientele on a solid foundation of superior investment performance.

Blair & Co., Granbery, Marache Agree To Merge

Blair & Co. Incorporated and Granbery, Marache & Co. Incorporated, both long-established firms and members of the New York Stock Exchange and other leading exchanges, have reached an agreement in principal to merge their businesses, it has been announced by Herbert W. Marache, Chairman and President of Granbery, Marache & Co. and Oliver DeG. Vanderbilt, Chairman of Blair & Co. The agreement is subject to the approval of the New York Stock Exchange and to legal and other details.

Blair & Co., Inc. has its headquarters in New York City and operates eighteen offices in the east, midwest and south. Granbery, Marache & Co., Inc., headquartered in New York City, has branches in Philadelphia, Boston and Stamford, Connecticut. Blair & Co. dates back to a firm founded in 1890 and Granbery, Marache & Co. to one founded in 1935.

The principal office of the combined firms will be located at the present Blair offices at 20 Broad St., New York City. The organizations supplement each other exceptionally well and will offer expanded facilities, particularly in research, to the clientele of both companies, Messrs. Marache and Vanderbilt said.

Consummation of the consolidation is expected prior to Sept. 1, 1963, the exact date to be announced later. In the interim period the businesses will be conducted at their present addresses.

Kraemer Joins Salomon Brothers

Michael J. Kraemer has joined Salomon Brothers & Hutzler, 60 Wall Street, New York City, members of the New York Stock Exchange, as a public utilities consultant, it was announced by B. J. Levy, Senior Partner of the firm. Mr. Kraemer was formerly a Vice-President of Commonwealth Services Inc., for nine years serving as head of the financial and economics department. Previously, he was public utility economist for Lionel D. Edie & Co. Inc., and before that was associated with Hayden, Stone & Co., where he managed the research department.

Mr. Kraemer has been a contributor to many publications and is the author of "Public Utilities Perspective." He is active in the Edison Electric Institute and the American Gas Association.

St. Luke's Hospital Assn. Bonds Offered

B. C. Ziegler & Co., West Bend, Wis., is offering publicly $5,500,000 of first mortgage serial bonds for St. Luke's Hospital Association, Inc., Milwaukee.

The bonds are dated June 1, 1963, and mature serially June 1, 1965-83. They are priced to yield at from 4½% to 5¼%, and are available in denominations of $1,000, $5,000, $10,000 and $25,000 for coupon bonds, and $1,000, $5000 and multiples of $5,000 for fully registered bonds.

Proceeds of the issue will be used to finance major additions and improvements at St. Luke's Hospital costing an estimated $8,462,000. Upon completion of the current building program, St. Luke's will have 451 beds and will be one of the largest private hospitals in the Milwaukee area.

Corp. Financing Firm Opens

A new corporate financing firm, Cowen-Wolfe, Inc., 64 Wall St., New York City, has been established by Lawrence Cowen, who is Chairman of the Board, and Gordon Wolfe, President.

Mr. Cowen, a former member of the New York Stock Exchange, was the President and Chairman of the Board of The Lionel Corporation and, more recently, served as Board Chairman and Chief Executive Officer of Schick, Inc. Mr. Wolfe is a founder and former Vice-President and Director of Nationwide Leasing Company, one of the nation's largest equipment leasing firms.

Cowen-Wolfe, Inc. will provide financial advisement and planning for domestic and foreign business firms through customized programming.

Alex. Brown Will Admit Partner

BALTIMORE, Md.—Alex. Brown & Sons, 135 East Baltimore Street, members of the New York Stock Exchange, and other leading Exchanges, on Aug. 1 will admit Clinton B. Stephens to partnership.

NEWS ABOUT BANKS AND BANKERS

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

Timothy J. Kelly, Assistant Vice-President of the **Chase Manhattan Bank, New York,** died July 13 at the age of 57.

Mr. Kelly began his career with the **Equitable Trust Co.** in 1924.

He became Assistant Treasurer of Chase in 1946. He later joined the metropolitan department and was assigned to the New York district. He became an Assistant Vice-President in 1950.

The promotion of Robert P. Hearty to Assistant Treasurer of the **Chase Manhattan Bank, New York,** was announced July 15. He is in the municipal bond division of the investments and financial planning department.

Also made known were the appointments of Joseph E. Morris, Jr., to Investment Officer and Thomas Edridge, Jr., to Pension Trust Officer. Both men are in the trust department.

* * *

The Chemical Bank New York Trust Company, New York, has elected W. Robert Moore, David W. T. Patterson and Alan B. Purdy Vice-Presidents, it was announced today by Harold H. Helm, Chairman.

* * *

Stockholders of The **Bank of New York** on July 11 approved at a special meeting a proposal of management to increase the Bank's capital from $27,000,000 to $30,000,000.

Under the plan, the par value of the capital stock will be changed from $100 per share to $40 per share and the number of shares of capital stock will be increased from 270,000 shares of $100 par value each to 750,000 shares of $40 par value each.

Stockholders of record July 12, 1963 will receive one and seven-ninths shares of the new $40 par value stock for every share of the old $100 par value stock held as of the record date.

This will be the result of splitting the present stock 2½ shares for one, and the simultaneous payment of a stock dividend of one share of new stock for each 9 shares held.

The additional shares will be mailed on or about July 24 and no fractional shares will be issued.

With these changes, the Bank has a capital of $30,000,000; surplus of $30,000,000; and undivided profits of approximately $5,000-000.

* * *

The Commercial Bank of North America, New York, promoted Jack Dorfman, Russell M. Clark and Rubin Metz to Assistant Vice-Presidents. Frank Donofrio was promoted to Assistant Secretary.

* * *

James Smith Bush has been elected President and Manager of the recently organized **Northwest International Bank, New York.**

Mr. Bush's resignation from the Export-Import Bank is effective Aug. 31. His election as president will become effective Sept. 1.

Northwest International Bank was organized earlier this year and has initial paid in capital and surplus of $2,500,000. Opening of its New York headquarters is expected in the near future.

* * *

UNDERWRITERS TRUST COMPANY NEW YORK

	Jun. 29, '63	Mar. 31, '63
Total resources	$57,053,724	$53,182,094
Deposits	52,524,260	48,307,027
Cash and due from banks	5,766,218	11,408,953
U. S. Govt security holdings	17,852,600	19,464,721
Loans & discounts	30,404,730	18,550,352
Undivided profits	977,708	958,874

* * *

THE CORPORATION TRUST COMPANY, NEW YORK

	June 29, '63	Dec. 28, '62
Total resources	$5,909,614	$4,763,690
Deposits	1,613,028	729,136
Cash and due from banks	3,285,807	2,317,311
U. S. Govt. security holdings	600,288	600,216
Undivided profits	975,679	464,144

* * *

William J. Bogardus has joined **National Bank of Westchester, White Plains, N. Y.,** as a Vice-President.

* * *

The **Boston Safe Deposit & Trust Co., Boston, Mass.** advanced Robert K. Geiger, to Vice-President.

* * *

RHODE ISLAND HOSPITAL TRUST CO. PROVIDENCE R. I.

	Jun. 30,'63	Dec. 31,'62
Total resources	393,217,457	389,853,479
Deposits	341,684,106	336,988,738
Cash and due from banks	49,552,344	66,401,058
U. S. Govt. security holdings	62,645,865	73,003,781
Loans & discts.	241,403,247	219,471,890
Undivided profits	6,467,522	5,888,618

* * *

The **First National Iron Bank of Morristown, N. J.,** elected Charles F. French Jr. President, succeeding Alfred J. Mackin, who was elected Chairman.

Mr. French, Executive Vice-President since 1958, had been with the **Manufacturers Trust Co. in New York.** Mr. Mackin has been with the Iron Bank since 1914. He became President in 1953.

* * *

Albert Fioravanti President of the **State Bank of Plainfield, New Jersey,** died July 10 at the age of 56.

* * *

The merger of the **Matawan Bank, Matawan, N. J.,** into the **Central Jersey Bank and Trust Co., Freehold, N. J.,** was approved July 8 by the New Jersey Banking and Insurance Commissioner.

* * *

The **Central National Bank of Cleveland, Ohio** made Robert C. Bensing a Vice-President in the trust department.

* * *

The **National City Bank, Cleveland, Ohio,** elected Anker G. Studsgaard Vice-President and Comptroller.

* * *

The **Kane Bank and Trust Co., Kane, Pennsylvania,** was absorbed by **Hamlin Bank and Trust Co., Smethport, Pennsylvania.**

* * *

The Comptroller of the Currency James J. Saxon on July 9 announced that he has given preliminary approval to organize a National Bank in Aberdeen, Maryland.

The new bank will be operated under the title **"The Aberdeen National Bank, Aberdeen, Maryland."** and will have an initial capitalization of $500,000.

* * *

John D. deButts was elected a Director of **Continental Illinois National Bank and Trust Co., Chicago, Ill.,** succeeding Frank W. Jenks.

* * *

Wayne O. Viner, Assistant Vice-President and head of the savings department, **Harris Trust and Savings Bank, Chicago, Ill.,** completed 35 years with the bank July 16.

Mr. Viner joined Harris Bank in 1928 and was elected Assistant Cashier in 1951 and Assistant Vice-President in 1961.

* * *

The Comptroller of the Currency James J. Saxon on July 12 announced that he has given preliminary approval to organize a National Bank in Oklahoma City, Oklahoma.

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

* * *

The Comptroller of the Currency James J. Saxon on July 10 approved the conversion of the **Commercial Bank at Fort Pierce, Fort Pierce, Florida,** into a National Banking Association. The bank will be operated by its present management under the title **"First National Bank of Fort Pierce."**

The capital structure for the converted bank remains the same $645,867.97.

* * *

The Comptroller of the Currency James J. Saxon on July 11 announced that he has given preliminary approval to organize a National Bank in Tavernier, Florida.

Initial capitalization of the new bank will amount to $425,000, and it will be operated under the title **"First National Bank of the Upper Keys."**

* * *

The Comptroller of the Currency James J. Saxon on July 11 announced that he has given preliminary approval to organize a National Bank in Manatee County, Florida.

Initial capitalization of the new bank will amount to $400,000, and it will be operated under the title **"West Side National Bank of Manatee County."**

* * *

The **National Bank of Commerce, Dallas, Texas,** elected John E. Falco a Vice-President.

* * *

The Comptroller of the Currency James J. Saxon on July 9 announced that he has given preliminary approval to organize a National Bank in Dallas, Texas.

Initial capitalization of the bank will amount to $750,000, and will be operated under the title **"Inwood National Bank of Dallas."**

* * *

Robert L. Shearn has been appointed Senior Vice-President and Manager of the San Francisco Main Office of the **Bank of California, N. A., San Francisco, California.**

Edward Lewis Tebbetts, Assistant Vice-President at The **Bank of California, San Francisco, Calif.** died on July 10, at the age of 49.

Mr. Tebbetts joined The Bank of California in 1957, after having begun his banking career in 1945. He was appointed Assistant Cashier in 1959 and became Assistant Vice-President in 1962.

* * *

The **Crocker - Anglo National Bank, San Francisco, Calif.** announced that Emmett G. Solomon, who has been President of the institution since Feb., 1962, retains that title, but has assumed chief executive responsibilities from Paul E. Hoover, who has reached the age limit for such responsibilities under the bank's by-laws.

Mr. Hoover, who will remain as Chairman of the Board, had served as the Bank's principal officer since 1956, the year that the former **Anglo California National and Crocker First National Banks** were consolidated. He had been President of the Anglo Bank since 1951 and its President and Chief Executive Officer since 1954.

Paul B. Kelly has attained retirement age and has retired as Vice-Chairman of the Board, but will continue to serve the Bank as a member of its Board of Directors.

Joseph F. Hogan will continue in his capacity as First Vice-President,

Darrel R. Purcell was also named Vice-President of the Sacramento office.

* * *

The **United California Bank, Los Angeles, Calif.** elected Carl C. Gregory a Vice-President.

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The **First Western Bank & Trust Co., Los Angeles, Calif.** made A. Herman Lynch a Senior Vice-President, effective Aug. 1.

Detroit Analysts Elect Officers

DETROIT, Mich. — Robert F. Taylor has been elected President of the Financial Analysts Society of Detroit. Mr. Taylor, Vice-President and a director of Investment Counsel, Inc., an investment counsel firm, has served the Analysts Society as Vice-President and Secretary-Treasurer.

Robert F. Taylor

Also elected by the Society as Vice-President of the coming year is Warren L. Carlson, of Heber-Fuger-Wendin, Inc.; and as Secretary-Treasurer, John B. Watkins, of The Detroit Bank & Trust Company.

The Society consists of 162 members, including financial analysts and portfolio managers from leading banks, insurance companies, brokers, and investment counsel firms.

Brown, Lisle, Marshall Admits Two Partners

PROVIDENCE, R. I.—George F Bliven, Jr. and John W. Drought have been admitted to partnership in Brown, Lisle & Marshall, Turks Head Building, members of the Boston Stock Exchange.

T. Y. Lee With Hutton

T. Y. Lee has become associated with W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, as manager of the newly formed Far Eastern division. Mr. Lee was formerly manager of the New York Agency of the Bank of China.

Career-Ways System, Inc. Shares Offered

Chase Securities Corp., New York, is offering publicly 100,000 shares of Career-Ways System, Inc., at $3 per share.

Proceeds will be used for equipment, sales promotion, working capital and other corporate purposes.

The company, headquartered at Route 206 Center, Princeton, N. J., will act as an employment agency and information center providing confidential treatment of member's identity by use of code identification numbers. The company will solicit memberships from male and female adults who will pay a fee to the company. Such solicitation will be directed primarily to persons in professional, supervisory, technical and management fields. The process and methods of the company are designed to create and currently maintain an "electronic library," or reservoir of members keyed to their qualifications, skills, education, experience and wants. The library will be kept current and readily available for submission to potential employers.

Bioren & Co. To Admit Partner

PHILADELPHIA, Pa. — Bioren & Co., 1424 Walnut Street, members of the New York Stock Exchange and other leading Exchanges, on Aug. 1 will admit Francis J. Bagnell to partnership.

As We See It

Continued from page 1

survive the conflict and then to rebuild themselves.

Meanwhile, upon the insistence of the Washington Government, a "United Nations" was organized to help place the world in order again and to steer it away from such devastating conflicts as it had experienced within this century. Since the Soviet Union from the first was and still is primarily centered upon pushing forward with its age-old imperialistic notions, the success of the world organization almost from the very first day has been far from complete, and as time has passed the outlook for it ever being able to produce as had been planned by our idealists has failed to improve a great deal. Whether and to what extent the organization has proved itself worthwhile despite the limitations under which it has to work, we do not undertake to say. The fact is that it quite obviously is not fulfilling the hopes and ambitions of such idealists as Wilson or Franklin Roosevelt, and that it now gives little promise of ever being able to do so.

The reasons for its indifferent success lie deep in human nature and in the traditions of men with respect to their countries—and here lies the explanation of much that now vexes the world. This development is now quite evident in many spheres throughout all parts of the globe. We have seen and still see another revival of nationalism — perhaps, we might even say hyper-nationalism. In this sense history since the end of World War II is repeating its course after the earlier world conflict. It is manifesting itself not only in the affairs of the United Nations, not only in the various conflicts between what is now commonly termed "the West" and the communist countries. Its influence is as plain as a pikestaff in the various negotiations among the countries of the West and is at the bottom of the so-called Russian-Chinese rift.

Communist Satellites Unhappy

The so-called communist countries of eastern Europe are far from happy for a number of reasons and no amount of communist propaganda is likely to make them much more contented. If they had it easier in the economic field, some difference might well be evident, but it is a safe guess that these people having tasted of national freedom—some of them had been enslaved in one way or one degree or another during much of their lives—do not relish having to take orders from Moscow even if they come through renegade members of their own numbers. And it is highly probable that as time passes old-fashioned Russian imperialism and its "ideology" will more and more replace the fire of the so-called communist notions and communist aims and methods. Russian nationalism has reached full flower again. As a matter of fact it has never suffered much diminution. And the Chinese have their own national ends to serve, and their main discontent at this moment is that they are not reaching them fast enough and have not had as much help in doing so as they feel they should have from Russia.

Apart from difficulties in the United Nations, the chief area in which this revived nationalism shows itself most plainly in the West is perhaps in the negotiations among the various countries concerning tariffs and the like. It is all very well to condemn France for its obstruction of Common Market hopes and aspirations and for other actions which tend to make the sort of joint progress desired by, say Britain and the United States, the more difficult. The fact is though that various restrictions on the international movement of goods still exist throughout the western world, and tariffs are designed to check such movements when they are regarded as damaging or likely to be damaging to the nationals of the various countries. Negotiations to alleviate the situation—it appears to be out of the question to do more than that—are proceeding or are about to proceed, and the same old difficulties are once more making themselves felt. Nationalism, far stronger than desire to try to stimulate progress by joint effort among nations, is still a fact of every day life.

Nationalism Rampant

Of course, the spirit of nationalism is rampant in such colonies as still exist and in those numerous new nations which have come into being through liberation of former colonies or other possessions. It is this spirit which has given such momentum as the Russian drive against "colonialism" has been able to attain. It ought not to be necessary to point to the fact that a great deal more is required than mere formal release of these backward colonies, more, that is, if these peoples are to maintain their freedom and improve, or even to maintain, their existing levels of living. Chaos can, and on occasions actually has followed premature release of such inexperienced and often backward peoples from the bonds of their colonial masters—if masters they may be called.

But this thing we call nationalism is really but a manifestation of human nature under certain circumstances, and it would be wholly unwise to suppose that it can be wiped out overnight or even put under full control. This whole field is one which demands all but infinite patience, and cool heads.

A. L. Greenberg With Birkenmayer & Co.

DENVER, Colo.—Arnold L. Greenberg has become associated with Birkenmayer & Co., 734 Seventeenth Street. He was formerly President of A. L. Greenberg & Co.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The very fast and sizable jump in short-term rates to new highs for the year took the money market pretty much by surprise, so much so that an immediate increase in the discount rate was apparently dictated by this sharp uptrend in money market rates. It was evident that the Central Bank rate was not going to remain at 3% with Treasury bills giving yields which will make discounting profitable.

Discount Rate Now 3½%

Accordingly, the Federal Reserve Board on Tuesday gave approval for the Central Banks to raise the discount rate from 3% to 3½%. In addition, member banks of the system were allowed to increase to 4% the interest rate which they can pay on time deposits and certificates of deposit with maturities of from 90 days to one year.

The capital market so far has not been affected to any great extent by the upward flurry in short-term rates because of the very large amount of money seeking an outlet in long-term bonds

Help Balance of Payments

The sharp increase in short-term rates, as typified by the fast upward movement in yields of Treasury bills and then the discount rate increase to 3½% was due entirely to the international monetary situation.

The explosive increase in yields of near-term liquid Government securities is not without some sponsorship since the recent testimony of Treasury Secretary Dillon and under Secretary Roosa before a Congressional Committee pointed out that higher short-term rates would relieve some of the pressure on our balance of payments problem.

It is evident that higher near-term rates for the most liquid Government obligations will be one of the methods by which the Government hopes to keep the readily transferable funds here. In this way the dollar and our gold holdings would not be in as much jeopardy as would be the case were some of the monies presently in this country to be taken to other free nation money centers.

Only a Palliative

It would also appear from the recent testimony of these Treasury officials before the House-Senate Economic Committee that the (continued) unfavorable balance of payments problem has now reached the point where immediate and constructive attention must be given to it. And the one expedient favored at this time seems to be through the medium of making the most liquid Government issues, namely, those with maturities out to the one year area, so attractive that funds here will continue to stay here and not seek an outlet in other free world monetary areas.

However, this appears to be only a palliative which would not get to the heart of the problem that has to be solved one way or another in the not too distant future.

Not a Penalty Rate

The discount rate, according to the action of the short-term market, had to be raised because the Central Bank rate could not remain under the bill rate for an extended period of time since it would be profitable to discount these issues with the Reserve banks and use the proceeds for other investment or loaning purposes. However, the Central Banks do have great power over the selection of eligible collateral and ways might have been found so that there would be no great use made of this privilege.

In the past the discount rate in this country as a whole has not been a penalty rate, even though there is no way of knowing when it will be used for just such a purpose.

How Significant?

A revision in the discount rate usually signifies a very definite change in monetary policy on the part of the powers that be. In the present instance, however, there is some question as to whether the increased Central Bank rate brought about by measures taken by the monetary authorities to give aid to our unfavorable balance of payments problem has the same significance as in the past. In addition, the Treasury officials talked about bringing short-term rates down if the uptrend should not be favorable to our economic pattern. This might almost mean a pulsating discount rate which would be a departure from what has gone on in the past.

In addition, rising short-term rates ultimately will have somewhat of an adverse effect on the capital market and long-term interest rates in spite of the large supply of funds available for investment in long-term bonds.

MUTUAL FUNDS

BY JOSEPH C. POTTER

The Way of a Pioneer

The 32nd annual report of Investment Trust of Boston, one of the oldest funds in this country employing leverage, has gone out to its 19,209 stockholders and it tells an interesting story. Professional investment management, as practiced here, means vesting responsibility in six trustees who are guided by an advisory board. This board makes the decisions on buying and selling equities.

Members of the advisory board are described by Investment Trust as men "who are also officers and directors of institutions which, in aggregate, own or administer investments whose total value exceeds $11 billion." They meet with trustees at least twice monthly to consider investments, policies, business conditions and the general economic outlook.

From its beginnings, Investment Trust has exercised the power of leverage, when it deemed this wise, by bank borrowings. A normal consequence of leverage-creating loans, which provide fresh funds for investment, is that the value of its shares will increase more in a rising market and fall faster in a declining market.

In this latest annual report, covering the year ended May 31, Investment Trust notes that as the fiscal year ended there were no borrowings. It is clear that the advisory board has managed of late to control its enthusiasm for stocks. Indeed, from March 1 to May 31, marking the last quarter of the fiscal year, not a single new name was tucked into the portfolio. Purchases were confined to stocks in which Investment Trust already had a position and in each case the addition was a top-flight holding.

All told, there were 10 additions. Four of these were oils: Standard of New Jersey, Standard of California, Secony Mobil and Royal Dutch. Another four were utilities: Commonwealth Edison, Illinois Power, Public Service of Indiana and San Diego Gas & Electric. The other two were General Electric and International Paper.

Investment Trust during the same quarter did a bit of selling too. It eliminated North American Aviation, Southern Railway, Standard of Indiana and Union Electric. And the company pared holdings of Santa Fe, General Motors and Deere.

This, then, sums up the recent activity of a group which prides itself on flexibility, stressing long-term growth of capital and income. Net assets at the end of the fiscal year were nearly $75 million, against $63 million at the beginning of the year. Bank loans totaling $3.7 million on May 31, 1962, were paid off.

During the past year the price of its shares rose to $11.68 at May 31, 1963, from $10.29. Four quarterly dividends totaling 31 cents were paid and a capital gains distribution of 31 cents was made at the end of the fiscal year.

In reviewing the year, the trustees stated:

"The trustees have used the 12-month period to consolidate holdings into fewer common stock issues of the type which they believe can be held with confidence at current price levels. In doing so, stocks of 18 companies were eliminated from the portfolio and only five were added, three of them in the electric public utilities group. Approximately $2.5 million in net additions were made to this group, followed by nearly $1 million each in the oil and the electric - electronics groups. The aircraft manufacturing group and the tobacco stocks were eliminated, and the rubber stocks were substantially decreased. Current investment policy is to remain fully invested in common stocks and to continue along the line of improving quality wherever the opportunity occurs to do so."

It will be interesting to see how the trustees use the current 12 months, which promises no less to be a time of trial for the fund fraternity.

The Funds Report

Axe-Houghton Fund A, Inc., reporting for the six months ended May 31, announces that total net assets increased by $4.5 million to $46,682,061. Net asset value of its shares rose to $5.79 from $5.05.

* * *

F. Eberstadt & Co., manager and distributor, announces a special offering of shares of **Chemical Fund** during the period from July 1 to Aug. 31, with the right at its option to extend the offering for an additional period or periods not exceeding in aggregate 90 days. During the special offering, the present dealer concession on sales of the fund will be increased to 7½% from 6% for transactions of less than $5,000, with increases in dealer concessions on larger sales. Increased dealer concessions involve no additional cost to the purchaser or to the fund, since the gross sales charge remains unchanged at 8%.

* * *

Federated Growth Fund Ltd. reports that at June 30 assets totaled $5,351,669, or $4.91 a share, compared with assets of $2,138,714, or $4.22 a share a year earlier. On March 31, 1963, assets were $4,212,503, or $4.77 per share.

* * *

Fidelity Capital Fund reports that at the close of the quarter on May 31 total net assets amounted to $154.4 million, or $8.75 per share. A year earlier assets were $132 million, equal to $7.51 a share. On Feb. 28, 1963, assets totaled $136.5 million and value per share was $7.74.

During the latest quarter additions to the portfolio included American Enka, Pabst Brewing, Pan American World Airways, Polaroid, Texas Gulf Producing and U. S. Freight. Eliminations over the same span included Aldens, American Distilling, Avco, Commerzbank A. G. (ADR), Eastman Kodak, Gem International, Great Atlantic & Pacific Tea, Kellogg Co., R. J. Reynolds, Taylor Publishing, Texas Pacific Coal & Oil, United Aircraft and Varian Associates.

* * *

General American Investors reports that at June 30 net assets were $64,329,185, or $31.02 a common share. This compares with assets of $49,523,025, equal to $24.15 a common share, a year earlier and assets of $57,918,143, or $29.17 a share, at the close of 1962.

* * *

Imperial Capital Fund reports net assets at the end of the second fiscal quarter ended May 31 were $23,034,896, or $8.07 a share, against $18,532,839, or $7.24 a share, at the end of the same period a year earlier.

* * *

International Resources Fund reports that at May 31 net asset value per share was $4.81, compared to $4.30 at the close of the fiscal year ended Nov. 30, 1962. Total net assets increased to $19,833,145 from $18,279,157 during the period.

* * *

Formation of **Putnam Income Fund**, a new mutual investment fund with emphasis on current income, is announced by **The Putnam Management Co., Inc.**, manager of **The George Putnam Fund of Boston** and **The Putnam Growth Fund**. Public offering of the shares will be made through investment dealers nationally.

* * *

United International Fund Ltd. reports that at April 30, close of the fiscal year, net assets totaled $15,792,968, or $9.78 a share, against value per share of $11.43 a year and $9.20 on Oct. 31, 1962.

Treasury Considering Monthly Auctions of One-Year Bills

The Treasury Department announced July 15 that it is giving consideration to the establishment of monthly auctions of one-year Treasury bills in the interest of a more orderly scheduling of its short-term debt maturities.

Under such a program, if adopted, the outstanding quarterly series of one-year bills (which mature on Jan. 15, April 15, July 15, and Oct. 15) would gradually be retired as they were replaced by monthly issues.

The amount of one-year bills to be auctioned monthly would, of course, be substantially smaller than the amounts currently auctioned on a quarterly basis. The monthly auctions, although they might be varied in size to meet both market conditions and Treasury cash needs, would probably be in the neighborhood of $1 billion. It is contemplated that the monthly one-year bill series might be dated to mature on the last day of each month.

Before proceeding further in its consideration of a monthly auction of one-year bills, the Treasury requests comments from members of the financial community and other interested parties concerning the desirability, the feasibility and the technical market aspects of such a program.

Comments should be submitted within the next thirty days, addressed to:

MR. FRANK E. MORRIS
Assistant to the Secretary
(Debt Management)
Room 3321
Main Treasury
Washington 25, D. C.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

MID-YEAR EARNINGS AND THE EARNINGS OUTLOOK

Below are shown earnings of selected banks covering the largest and principal areas of commercial banking activity. In the first six months of 1963 New York City banks and New England banks continued to show slight earnings increases or decreases over the same period of 1962 but increases at a somewhat slower rate than during the first quarter. For example, First National City Bank had an earnings increase of 12% in the first quarter of 1963 whereas the increase in the second quarter was down from this peak. The one exception was the Morgan Guaranty Trust Co. which showed a slight increase in the second quarter to help offset the decline in the first quarter. The banks in the Mid-West continued to show sizable gains over the year 1962 as did the banks on the West Coast.

Much of the current earnings performance of the commercial banks may be traced to 1962 when those banks with high time and savings deposit ratios were penalized due to regulation Q. This high deposit ratio was more common in the mid-west and on the West Coast where the percentage in this category ranged from 30 to 50%. The northeastern and New York City banks with low ratios of time and savings deposits were not unduly penalized at the initial onset of the change in Regulation Q. The subsequent flow of savings deposits into these institutions with no sharp acceleration in loan demand has eventually resulted in penalized earnings.

At mid-year the earnings outlook for banks continues to be generally favorable for the remainder of 1963. The recent concern regarding the balance of payments, the somewhat stronger loan demand, and the recent rise in short money rates implies a continuation of the upward earnings trend—not only over the remainder of the year but also for 1964. Because of this favorable near-term outlook bank stock prices are selling at historically high multiples and low yields as compared with any period since World War II. Therefore, it appears that any investment in bank stocks, other than for the longer term, should be made selectively.

In recent weeks the problems confronting New York City banks have been explored. Certainly these factors will, for the immediate future, be detrimental as further suburban mergers may be much more difficult in the wake of the recent Justice Department suit against the Manufacturers Hanover Trust Co. Chicago banks are prohibited from branching at the present time and those institutions in Michigan and Ohio are restricted by prescribed area. Once these prohibitions are lifted or it appears they will be, these banks will have better long-term growth potential. The one large area which is unrestricted is the West Coast. Continuation of growth is anticipated there at much higher rates than elsewhere.

The one area which is not represented in the following table is the south. Both North Carolina and Georgia have large banking institutions which are not affected to a great extent by time or savings deposits. Although few earnings of banks in this area are yet reported they are expected to be favorable. Some of these banks still represent good value due to ability to branch and the expectation of deposit growth at a high rate.

PER SHARE EARNINGS

	1961-1962 % Change	—First Half— 1961	1963	% Change
First National Bank of Boston	+ 0.1	$2.73	$2.64	— 3.3
Bankers Trust Company	+ 0.3	1.71	1.73	+ 1.2
Chase Manhattan Bank	+ 2.2	2.50	2.68	+ 7.2
Chemical Bank-N. Y. Trust	+ 2.3	2.68	2.57	— 4.1
First National City Bank	+ 1.2	2.70	2.96	+ 9.6
Manufacturers Hanover	— 5.4	1.66	1.73	+ 4.2
Morgan Guaranty	+ 2.0	2.93	2.85	— 2.7
First National Bank of Chicago	---	2.09	2.09	---
Continental Illinois National Bank	+ 0.8	1.16	1.25	+ 7.7
National Bank of Detroit	— 2.3	2.21	2.45	+10.9
National City Bank of Cleveland	+ 1.5	1.63	1.70	+ 4.3
Bank of America	— 5.2	1.39	1.49	+ 9.6
Crocker-Anglo National Bank	+ 0.4	1.18	1.23	+ 4.2
Security First National Bank	— 2.5	1.67	1.82	+ 9.0
Wells Fargo Bank	—10.6	1.57	1.89	+20.4

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Western Union Telegraph Company

Western Union Telegraph is probably the oldest communication company, having been incorporated in 1851 wheras American Tel. & Tel. dates only from 1835. The company had had a varied career but paid some dividends—as high as $8 on the old $100 par shares in 1926-31—during the entire period 1888-1933, when payments had to be suspended for three years. They were omitted again in 1938-39 but payments were made in each of the past 14 years.

While the company had some dificits in the 1930s and 1940s it has earned money in each of the years since 1949, although there has been considerable irregularity (see table below). During the past decade or so, the company's profit margins have been squeezed by union demands for higher wages, the average hourly wage having increased from $1.77 in 1953 to $2.57 in 1962 and the weekly wage from $73 to $103 (these figure relate to non-supervisory telegraph employees, except messengers). The number of employees was reduced from 40,398 to 31,502 so that the percentage of salaries, wages and fringe benefits in relation to gross income has been held to about 64%.

In addition to its wage problem (union employees have demanded a wage increase every two years, but 1963 is an off year) Western Union has had to contend with increased competition from the telephone companies. Revenue from regular message services, which had been increasing in earlier years reached a peak in 1957 of $194 million and in 1962 dropped to $181 million. However, the company was able to offset this with a steady rise in its private wire and facsimile services, revenues from which increased steadily from $19 million in 1953 to nearly $63 million in 1962. There were also modest gains in revenues from money order services and other services which totaled $34 million in 1962 vs. $28 million in 1953.

The communications business had been going through a technological revolution in recent years, and to maintain its position Western Union has been developing new methods of service which are eventually expected to prove profitable. The private wire and facsimile services include Desk-Fax, Intra-Fax and Ticket-Fax. An automatic teleprinter service called "Telex" connects customers in some 100 cities, and also reaches subscribers in 75 foreign countries. Domestic revenues from this source were running in excess of $4.3 million annually and continue to increase.

The first Western Union private-wire voice and alternate record-voice systems have now been leased to customers, and specially designed, alternate record-voice equipment for the new Broadband Switching Service is in production. The nationwide "bomb alarm" system was completed and turned over to the Air Force in September 1962; it is expected to yield revenues of over $5,000,000 annually. Western Union has also been engaged in constructing a nationwide data transmission network for the Air Force (formerly called Datacom and now renamed Autodin) which was completed in February this year. It will be used by the entire Department of Defense and should yield additional revenues of over $29 million a year when in full service.

Western Union has also been constructing a huge transcontinental microwave beam system for its own use which will be capable of handling all methods of communication (including voice) at high speed and in large volume. The Pacific Coast section is already in service and the transcontinental trunk route should be completed by the end of 1963; the entire 6,800 mile system is expected to be in operation in 1964, though completion may depend somewhat on necessary financing.

These huge new projects have required heavy expenditures, approximating $235 million in 1961-62. This has involved substantial financing, including an issue of $50 million debenture 5¼s in 1962 following the sale of 1,069,000 common shares in 1961. In addition, the company borrowed $66 million from the banks, repayable in 1964-66; the total line of available bank credit was $100 million, and eventually these loans will probably be permanently refinanced. In addition to the bank loans some $24 million other new capital may be required in 1963-64 but additional equity financing is not considered likely.

As a result of narrowed profit margins and heavier interest charges, net from operation has declined, but in 1961-62 a bookkeeping credit from interest charged to construction helped to offset higher interest costs. In 1962, also, a Federal income tax credit of $3.5 million sustained earnings at a level slightly above the $1.40 dividend.

In order to successfully complete its construction program, the company advised the FCC a short time ago that it needed a 10% increase in rates. This was promptly granted by the Commission and has now gone into effect. The increase is expected to yield about $16.5 million per annum. In 1960 the company had obtained an increase of about $12 million to take care of wage increases at that time. The similar wage increase allowed last summer had not been fully offset by rate increases, accounting in part for the poor showing of operating earnings last year.

Western Union has been selling recently around 28 compared with this year's range of about 33-25. At this price the stock yielded 5% and was selling at about 20 times last year's reported earnings.

Year	Revenue (Millions)	—Common Stock Record*— Earnings	Dividends	Approximate Price-Range
1962	$278	$1.42	$1.40	42 - 22
1961	279	1.63	1.40	55 - 38
1960	276	1.72	1.40	57 - 38
1959	276	2.62	1.20	54 - 30
1958	255	2.01	1.20	35 - 15
1957	260	2.33	1.10	20 - 15
1956	253	2.28	1.00	23 - 18
1955	242	1.88	.94	29 - 19
1954	222	1.27	.75	21 - 9
1953	220	2.91	.75	12 - 10
1952	195	.26	.75	11 - 9

*Adjusted for 4-for-1 split in 1955. Earnings (as reported by Standard & Poor's) are after special credits or charges in same years.

THE SECURITY I LIKE BEST...

Continued from page 2

able to do a tremendous job for Sterilon over a period of time. While earnings may not change much for the next year or two, the long run appears promising.

In the first quarter of 1963, Gillette reported sales of $77.1 million against $70.2 million a year ago, an increase of 9.8%. Pretax profit margin was down from 34.8% to 32.4% and the effective tax rate was 53.3% against 52.5%. This was due to an increase in foreign taxes. The decrease in the profit margin was perhaps due to introductory expenses of a Lady Gillette razor and the further promotion of "Rights Guard," a deodorant for men, since these products do not earn the high blade margins.

Research expenditures are believed to be running at $4.7 million for the shaving and toiletry line and $8 million on all lines on a world-wide basis. This figure also includes research for process development, packaging, engineering and other expenses.

My guess is that consolidated sales in 1963 should exceed $300 million against $276 million for 1962. Profits this year may be around $1.55-$1.60 per share against $1.60 in 1962. My figure of $300 million in sales for this year could be on the conservative side if the new razor blade is brought out in the early part of the fourth quarter and if "Sun Up" gets a fairly good reception this year. In any case, the dividend of $1.20 appears to be well covered and at current levels of around 33 a share, it would seem that the yield is attractive, almost 3.7%. Population growth in this country is tending to expand slowly, but the population reaching the shaving age is now expanding at a rate much greater than the average. In the 10 years, 1950-1960, there was a net gain of 5,200,000 in the shaving population in America. In the 10-year period, 1960-1970, we should record a net increase of approximately one million shavers each year. But statistics now being worked out should indicate that there should be an increase of over 11,000,000 more shavers in our population in America in 1970 than in 1960. The total people now shaving in the U. S. numbers approximately 63,000,000 and in 1970 this figure should reach 71,000,000.

I had originally thought that when the new blade is introduced it will be given national distribution all at once. This factor, however, may not be necessary. Perhaps the company may hit the heavily concentrated cities first and leave the country areas for introductions later. It is expected that the new blade will also be made in Europe after it has been introduced in the U. S. Obviously, this year's earnings will involve expenses in connection with the introduction of the new blades. Therefore, it is my opinion, that earnings may be no greater than $1.55 and may possibly be a little bit less. This, however, may not be the major point as I see it. The major point is that they will bring out a competitive new blade soon and that it should be a high quality blade. Therefore, any decline in earnings this year, which may be no more than 5c-10c a share from a year ago, may be meaningless, or of no great consequence as this year is a transition year for Gillette. My feeling, however, is that Gillette should not be bought with the idea of making any important short-term gains, but that from the long-term point of view, the stock should be a worthwhile investment.

IBA Training Course Opens

EVANSTON, Ill.—The Investment Bankers Association of America and the New York Stock Exchange are cooperating in offering a concentrated five-week program of two courses for trainees in the securities business, now in session at Northwestern University. Over thirty registrants from all parts of the country are enrolled on the Evanston campus for the first course on Fundamentals of Investment Banking. The second course in this dual program is devoted to Stock Exchange Operations.

This resident training program is designed to provide the general knowledge of securities, securities markets, and investment principles and practices which is essential for a person training to become a registered representative of a securities organization, according to Avery Rockefeller, Jr., Partner, Dominick & Dominick, New York, and Chairman of the IBA Education Committee. In addition to preparing registrants for the New York Stock Exchange and the National Association of Securities Dealers qualifying examinations, these two courses provide comprehensive background information and a sound basis for subsequent, more advanced study as the representative matures through experience.

Fundamentals of Investment Banking provides trainees with an intensive basic indoctrination so that they may be integrated into the securities business much more rapidly. This four-week course will be conducted through Aug. 9 by Professors Harold W. Torgerson and Bion B. Howard with the assistance of other faculty members in the Northwestern Finance Department. The following topics are covered in detail:

Economic Role of Investment Banking.
How to Read Financial Statements and Corporate Reports.
Elements of Finance.
Securities and Their Analysis.
Marketing New Corporate Issues.
Secondary Markets.
Mutual Funds.
Government Bond Markets.
Investment Policies and Programs.

Various supplementary addreses will also be given during the course by prominent investment bankers on specialized aspects of the business.

The second course in Stock Exchange Operations is offered concurrently during the first four weeks, and the final week of Aug. 10-16 is devoted solely to this subject. Professor Loring C. Farwell of the Northwestern School of Business conducts this portion of the dual program. Speakers experienced in various phases of stock-brokerage will supplement his instruction. This course is designed to acquaint the registrant with the rules, practices and procedures of the organized exchanges, with particular reference to the New York Stock Exchange. It also covers the regulations of the Securities and Exchange Commission and the National Association of Securities Dealers pertaining to market and brokerage office procedures, and emphasizes sound business practices essential to good broker-customer relationships. Specific topics covered:

Securities Marketing Procedures.
Constitution and Rules of the New York Stock Exchange.
Listing Requirements of the New York Stock Exchange.
Stock Exchange Procedures.
Stock Delivery and Transfer.
Broker-Customer Relationships and Protection of Customers.
Other Security Markets.
Current Problems of the Securities Business.

A field trip to the Midwest Stock Exchange and other Chicago financial institutions is included as part of the program.

R. I. Cummin Now With Hallgarten

Hallgarten & Co., 44 Wall Street, New York City, members of the New York Stock Excange, announced that Robert I. Cummin has joined the firm as Director of investment research activities.

Mr. Cummin was formerly Vice-President of Wellington Management Co. and a member of the investment committees of Wellington Fund and Wellington Equity Fund. Prior to that, he was investment officer of Bulova Watch Company in New York City and had been associated with the investment firm of Reynolds & Co. in New York, beginning in 1935.

He formerly served on the boards of directors of several corporations, including Birdsboro Corporation and Greenwich Gas Company.

Hallgarten & Co., with headquarters in New York City, maintains domestic offices in Chicago and Reading, Pa., and overseas branches in London, Geneva and Brussels.

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mediate situation while our longer-term program is taking hold, we must pursue vigorously a wide variety of measures to assure adequate financing of our remaining deficits in a manner consistent with an improved payments system and the role of the U. S. dollar as an international reserve currency.

In its particulars, our program has encompassed a broad range of action and policies, of widely varying character and timing. Its most important components have been, and will continue to be, measures that will improve the competitive position of our economy, not only in terms of efficient production at reasonable prices of the goods and services in demand in world markets, but also in terms of its attraction to capital, both foreign and domestic. Basically, this means a rapidly growing economy attractive to new investment—an economy in which our industry provides clear leadership to the world in product design and development, as well as in production methods. And it also must mean stability or reductions in costs and prices.

The Long Range Program — Tax Policy, Cost and Price Stability, Export Promotion

The primary opportunity today for action of major and lasting importance to support these goals lies in the area of taxation. The investment credit enacted last year and our thoroughgoing administrative liberalization and modernization of the regulations governing depreciation have given a strong boost to the international competitive position of American industry. But more is needed. We must strike from our economy the shackles of wartime tax rates which were originally designed to curb excess demand and combat the strong inflationary pressures of the war and early postwar years. The $10 billion net reduction in personal and corporate income taxes recommended by the President will do just this. Not only is this tax reduction program the keystone of our effort to lift the growth of our domestic output and employment, but it has a direct bearing on our prospects for eliminating our balance of payments deficit.

Of course, one of the effects of any stimulus to domestic growth, whether induced by tax reduction or otherwise, will be some increase in imports to feed the production process and to meet the demand generated by higher incomes. But added investment in new plant and equipment, responding to the stimulus of tax reduction should help us to reduce costs through the installation of new and up-to-date machinery. And a rapidly growing economy will offer a favorable environment for the introduction of new products and for pioneering in new production processes. This will help make American businessmen more competitive not only in foreign markets, but also in our own home market, where we face substantial and aggressive foreign competition.

Even more important in terms of the balance of payments, tax reduction will greatly improve the investment climate in the United States. Incentives for the American businessman to utilize his funds in expanding facilities at home rather than abroad will increase. Foreigners are likely to respond to the increased opportunities as well, and securities of U. S. firms, attracting the increasing funds of foreign savers, could become one of our best selling exports. At the same time, the huge flow of savings generated by American citizens will more readily find employment within our own borders, reducing the present spillover of surplus savings to other markets.

The ability to employ our savings fully, and to attract investment from abroad, fundamentally rests on the growth and profitability of our economy. There are indications that profit margins are now shrinking in Europe, under the pressure of rising costs. If we can improve the growth prospects and profitability of our economy, this should be a powerful factor favorably influencing the long-term capital account in our balance of payments.

The past year has seen important progress in reducing the tax incentives for direct investments abroad by American business. One of the substantial tax advantages of foreign investment has been the more favorable treatment of new investment through special tax credits and accelerated depreciation. The investment credit enacted last fall, which was limited to domestic investment, and our accompanying administrative reform of depreciation have gone a long way to remove this differential. Enactment of the corporate tax reduction recommended by the President will be a substantial further step in equalizing the tax status of investment at home and abroad—in fact, with a reduction of the corporate income tax to 47%, the tax incentive to foreign investment in most industrial countries as compared to domestic investment will have been so reduced as to be only a very minor element in business decisions to invest abroad.

The Revenue Act of 1962 also revised our laws so as to strike hard at the use of tax havens for purposes of tax avoidance. While it is still much too soon to be able to quantify the results of this action in balance of payments or revenue terms, there is evidence of declining interest in the establishment of new subsidiaries in tax haven countries.

In considering the relationship of our current tax program to the balance of payments, it is also important to point out that tax reduction will accomplish a needed redistribution, between fiscal and monetary policy, of the responsibilities for encouraging business expansion. Readily available credit is of little avail if the incentives are weak for using that credit to make new investment. But, when incentives to invest are strong, minor changes in interest rate may go relatively unnoticed, and the monetary authorities can have more freedom to influence those rates that are significant in terms of international capital flows.

Clear "No" to Query on Tighter Monetary Policy

You have inquired specifically as to whether a tax cut would require a tighter monetary policy to prevent a deterioration in our international accounts. To this in my view the answer is clearly no. Under present circumstances, with our economy operating well below its capacity and with high unemployment, the stimulus of the substantial tax cut we have recommended would not be inflationary. Consequently a tight credit policy designed to slow consumption and counter inflation would appear to be most inappropriate in the present setting. The relation of a tax cut to monetary policy is quite different.

As I will point out in detail later, there is strong evidence that a substantial portion of short-term capital flows are markedly sensitive to interest rate differentials. Because of this fact, and in the light of the size of our continuing over-all balance of payments deficit, we must recognize the possibility that the monetary authorities may at some point feel obliged to take further action designed to influence those rates that are particularly significant for our balance of payments. A tax cut would be most helpful in offsetting any possible adverse effect of such action on our domestic economy. To put it in a nutshell, my view is that a tighter monetary policy will not be required by the results of a tax cut, but that a tax cut would prove most helpful should the monetary authorities feel obliged to take further action for balance of payments reasons.

Wage-Price Stability

Tax reduction to improve our industrial efficiency and our balance on international investment flows must be paralleled by vigilant maintenance of wage and price stability. Our success in holding costs and prices steady during the current expansion has been gratifying. Over recent years the annual rate of wage increase in manufacturing has dropped steadily, and for the past two years has been slightly below the yearly gains in productivity. That in turn has made possible a small decline in wholesale prices since 1960. Nevertheless, the major test still lies ahead, as our economy returns closer to its full potential. That is why we have placed so much emphasis on the wage/price guideposts developed by the Council of Economic Advisers as an appropriate benchmark for evaluating the longer-run behavior of wages and prices —recognizing at the same time that any tendency for productivity to exceed wage gains, when accompanied by a parallel fall in prices, would help speed the needed process of adjustment.

Finally, to be sure that our improving competitive position is translated as quickly and fully as possible into growth in our trade surplus, we must also provide all appropriate governmental stimulus and assistance to the actual process of exporting. Many more American businessmen must be made aware of the large and profitable opportunities offered by foreign markets. They should be assisted with all the market information that government can provide, and with intensive official promotion of American products abroad. And they must continue to be provided with ample facilities for export financing, fully comparable to those available in the other industrialized countries.

Our programs aimed at these objectives have already been greatly expanded, and we anticipate that the results will be cumulatively favorable as more and more American firms are brought into contact with export markets. However, I might note at this time that the House of Representatives just last month failed to approve the appropriations requested by the Department of Commerce to strengthen these efforts to stimulate our exports. I earnestly hope that the comparatively small amount of funds involved, less than $6 million in all, will be restored by the Senate and included in the final appropriation bill—for it surely will be returned to us many times over in additional earnings from exports. Failure to approve these funds can only ensure a smaller trade surplus and a larger deficit in our balance of payments.

Effective action in these three areas—tax reduction, price and cost stability, and an intensified export effort—provides the core of our longer-run program to restore balance in our international payments. In addition, in view of the trenchant analysis in the March report of this Committee, I need not emphasize here the importance of successful trade negotiations to assure that foreign markets are open to our products, and I will not discuss this problem further today.

But these measures will necessarily require time to take effect through the working of market forces; their impact on our international payments is as yet insufficient; and it would not be possible or prudent to rest on these actions alone.

More Direct Government Action To Reduce and Finance the Deficit

This is why we have undertaken a great variety of more direct actions that promise prompt results. While some of these measures will be of value for years ahead, others provide only temporary benefits, or would not be desirable as permanent programs. But all of them are urgently necessary today to achieve a reduction in foreign expenditures, to provide additional foreign receipts, or to facilitate the financing of our deficits in a manner which will strengthen rather than disturb the world payments system.

As I suggested earlier, methods of reducing foreign exchange costs in the two largest areas of governmental foreign expenditures—military spending and foreign aid — have been pursued vigorously. But further progress must and will be made. As we review these programs intensively, opportunities for additional savings are being found, without jeopardizing essential national security objectives. In addition, we are subjecting the foreign transactions of every other Federal agency to a periodic screening and justification procedure centered in the Bureau of the Budget. While the total of these expenditures is not nearly so large as those for defense and aid, moderate further balance of payments savings will be possible in this area. New International marketing procedures by the Department of Agriculture—as, for example, the new cotton auction program—can also be expected to make a significant contribution.

Deficit's Residual Financing

No less significant are satisfactory arrangements for the residual financing of the deficit, and ample protection for the dollar against speculative pressures or other emergencies. In developing facilities for these purposes, we have also been alert to their implications for longer - range strengthening of the international monetary and payments system.

Prepayment of debt has reduced the deficit by about two-thirds of a billion dollars in each of the years 1961 and 1962. These payments have been mutually beneficial. They provide a capital inflow into the United States that is definite and final. From the point of view of the surplus country, these repayments, eliminating holdings of dollars that at the time are excessive, avoid a future stream of payments that might fall due at less opportune times. When there are traditional or other pressures to maintain a particular ratio of gold to dollar holdings in official reserves of some countries, these debt prepayments also serve to avoid unnecessary movements of gold.

$1.5 Billion "Swap" Facilities

The sale of medium-term Treasury securities to foreign monetary authorities can serve somewhat similar purposes, although these transactions do not have the permanence of debt prepayment. A special feature of these securities is that they can, where both countries consider this appropriate, be denominated in the currency of the lending country. These securities thus provide surplus countries a third alternative to gold or dollar-denominated securities in making use of their dollar accruals. The foreign currency issues must still be considered experimental, and their future depends in large measure upon the response which they evoke from the leading official holders of dollars. But, there are $630 million of these special foreign currency medium - term issues outstanding at the present time. Without the introduction of this instrument, transfers of gold into foreign reserves would probably have been substantially higher.

In addition to these arrangements, the Federal Reserve has further developed its network of reciprocal currency agreements, providing foreign exchange facilities to either party if needed to meet temporary strains. The aggregate of these "swap" facilities now totals $1,550 million.

The Role of Bilateral and Multilateral Arrangements

All of these bilateral arrangements are further buttressed by the resources of the International Monetary Fund, which can provide credit in case of need on terms of 3 to 5 years. The resources of the Fund were supplemented during 1962, when the necessary ratifications were completed to establish the special borrowing arrangement agreed to by 10 of the leading industrialized countries. This arrangement makes up to $6 billion of supplementary resources available to be used, if needed by any of the participating countries, to meet threats to the stability of the international payments system. Of these resources, $4 billion are available in currencies other than U. S. dollars, importantly bolstering the ability of the Fund to meet sizable drawings without exhausting its supply of usable currencies.

Thus, bilateral and multilateral facilities are playing complementary roles in meeting our needs—and the needs of other nations—for liquidity and credit resources. Because of the particular nature of the problem facing us, our main effort over the past year has been to strengthen these facilities through bilateral arrangements that could be selectively tailored to meet immediate needs.

Our deficits have a counterpart in surpluses in other countries, but these surpluses have not been evenly distributed, nor are their size and location predictable. With one or two exceptions, the surpluses have tended to concentrate first in one country and then another. The countries which happen to be experiencing these surpluses at a given time are also those which are accumulating dollars, often beyond their immediate needs, thus creating pressure to turn these surplus dollars into gold. The flexibility of bilateral arrangements makes them particularly appropriate and useful in reducing these pressures, inasmuch as they can be directed more precisely to the point of need. Moreover, certain techniques—repayment of debts, for instance—can only be arranged on a bilateral basis.

Amenable to Improving Liquidity Of International Monetary System

Multilateral arrangements, on the other hand, are more useful —I should say essential—whenever it becomes desirable or necessary to strengthen the international payments system as a whole by adding to international liquidity generally. As the President stated in addressing the Annual Meeting of the International Monetary Fund and the World Bank in Washington last year, and as he confirmed last month in Europe, the United States welcomes continuing study of methods to improve further the functioning and stability of the international monetary system. The financial ministers of the 10 countries participating in the special IMF borrowing arrangements also stated last September that they were ready to contribute to such studies. Clearly, it is important, even while the pressures of our own imbalance are still upon us, to examine carefully all manner of proposals that may be useful to us, and to the world, once the current imbalance has been corrected and new problems emerge. But these global plans cannot and should not be regarded as specific correctives for our present problems. I should also point out that there is widespread agreement that no general shortage of international liquidity is evident at the moment. That is partly because of the special resources arrangements in the IMF, in the establishment of which the United States took the lead during 1961 and early 1962. But it also seems clear that the time will come when new facilities or arrangements will be required to ensure for the future an adequate over-all growth in monetary reserves and credit availability.

This problem has already been studied very carefully by the Joint Economic Committee's own Subcommittee and I hope that the studies continue. Similar studies are in process, of course, within the Administration, as well as in most of the other leading countries and international organizations.

The path ahead is not clear and much further work will be required, but experience with the even more difficult problems following World War II gives one confidence that as the nature and magnitude of future needs become clearer to most of us, ways to cope with those needs can and will be developed. The international payments system has evolved remarkably well since the days of Bretton Woods, and this process of evolution toward a stronger system has certainly not been completed.

But as I have already noted, in considering the long-run need for improvements in the international payments mechanism, we must avoid the error of thinking that the solution to our present balance of payments difficulties can be found in such improvements. No international payments system will relieve countries of their individual responsibilities to achieve balance in their international payments over a reasonable period of time. It is, of course, most important that there be an adequate amount of reserves, suitably distributed, to allow a reasonable period of time during which the adjustments needed by any particular country can be made. The United States is prepared to work with other countries to strengthen and improve the international payments mechanism in this direction. But such efforts will be doomed to failure if other countries feel that we look upon them as a means of avoiding the steps we ourselves must take now to bring our payments into balance.

Opposes Flexible Exchange Rates

Nor can we afford to delay in the illusion that some system of flexible exchange rates may somehow offer a painless and acceptable method of adjustment. Visionary proposals of this kind, which I know have been mentioned from time to time, ignore the basic fact that the world payments system today—and with it the prospects for expanding trade —rests upon the interchangeability of gold and the dollar at a fixed price, and confidence in the stability of other leading currencies. A regime of flexible rates among the major trading nations has never, through the years, successfully met the test of use and experience. The cost in greater uncertainty, disruption of the highly integrated world trading community, and a lessened flow of trade and investment would be far too high a price to pay. The United States, together with every other leading nation, is for that reason fully committed to preservation of the system of fixed exchange rates as the essential underpinning for freely flowing and expanding trade. That commitment is embodied in the Bretton Woods Agreements.

Capital Flows and Interest Differentials

In addition to developing facilities for financing our deficit and working toward a stronger payments system, the United States has over the past two years participated to an unprecedented degree in active and extensive debate, discussion, and consultation with the other industrial countries on national economic policies affecting mutual international objectives. This has been particularly true with respect to factors affecting the international movement of long-term and short-term capital.

It is evident in these discussions that European financial circles feel that the differentials between the higher interest rates prevailing in many West European countries and those in the United States are contributing importantly to the outward flow of capital from this country, and that these differentials should be narrowed. For our part, we have recognized that there is a considerable sensitivity of movements of short-term capital to interest rate levels in the various leading countries—a sensitivity that has repeatedly been confirmed by those in close touch with the market, and is often observable in reported data, despite the variety of other influences at work at any time.

I would like at this point to address myself in some detail to the question relating to the degree of sensitivity of short-term capital movements to interest rate differentials. Our conclusion, after studying this matter intensively, is that there are substantial sums of liquid funds that are potentially sensitive to differentials between interest rates here and interest rates in the Euro-dollar market, and also between rates here and those on British and Canadian Treasury bills and on other short-term paper in those as well as in Continental European money markets. This is particularly true when the forward exchange rates fail to offset most of the actual interest rate differential. Financing of third country trade through acceptances also appears rather sensitive, while bank loans to official borrowers or preferred customers and financing of American exports appear much less so.

Sensitivity to Euro-Dollar Competition

Despite much that has already been accomplished through cooperative action, both in keeping our short-term rates at somewhat higher levels and in keeping foreign money market rates as low as practicable, existing differentials are still causing substantial outflows of the more sensitive types of capital. Much of the outflow in April and May, for instance, appears to reflect increased deposits of American firms in Canadian banks and a sharp increase in American acceptance financing of trade between foreign countries. To illustrate the problem, the pull of the Euro-dollar market—with three-month money returning just under 4% in London—is apparent; prevailing yields for roughly comparable types of money market instruments in New York are around 3¼%. While existing differentials with respect to most of the important foreign markets are not large, it is important that we continue to do all that is reasonable to narrow them further in order to reduce significant outflows, and perhaps in time reverse the direction of some of these flows.

I am aware of the fact that the only detailed study heretofore submitted to the Committee—that made last summer by Professor Bell—has been interpreted as indicating a lack of interest rate sensitivity in over-all short-term capital movements. This is an area that has until recently received comparatively little study. This is perfectly understandable since the free and large scale movement of short-term capital dates only from the end of 1958, when the currencies of most of the major industrialized countries became convertible.

The Treasury has, of course, had a close interest in this matter for some time. In order to increase the availability of information regarding capital movements, and thus facilitate improved understanding and knowledge, the regular reporting forms for banks and non-financial institutions have been modified and improved. A supplementary form for non-financial institutions was introduced last fall and revised forms for banks were introduced about a month ago. We expect much new and hitherto unavailable information from these new forms.

New Study by Dr. Edward Bernstein

In a further effort to broaden the content and coverage of our balance of payments statistics and to improve their presentation, the Director of the Bureau of the Budget has recently appointed an eminent committee of business and academic economists to study all aspects of our balance of payments statistics. This committee is chaired by Dr. Edward M. Bernstein and is due to file its report next spring after a full year of study.

Paralleling our work on the new reporting forms, we also undertook early last summer a staff study to examine short-term capital movements as fully as possible with the available data. We engaged an outside consultant to assist us—Professor Peter Kenen of Columbia University. This study was completed last fall, and indicates a clear sensitivity of certain short-term capital movements to interest rate differentials. We will be glad to make this technical study available to the Committee.

Since the completion of this staff study, the sensitivity of short-term capital flows has been confirmed by a detailed investigation which has just been completed by the research department of the Federal Reserve Bank of New York. This report, which the Bank has authorized us to furnish to the Committee, attempts—successfully, in my opinion—to reconcile the apparent divergencies in the Treasury - sponsored and Bell studies. It points out that short-term capital movements include a wide variety of capital flows, some of which are sensitive to interest considerations and others not. It further shows that those types of flows in which our study found a close correlation with interest rate differentials are precisely the same flows for which Professor Bell was unable to find any correlation with trade movements.

Sensitively Flowing Funds

The types of short-term flows which these studies indicate are sensitive to interest rate differentials include the following:

(1) Dollar claims of non-financial concerns on Canada and Europe;

(2) Foreign currency claims of banks and non-financial concerns on Canada and Europe;

(3) "Other" bank - reported short-term claims on Canada and Europe; and

(4) Errors and omissions for all areas combined.

These four items accounted for between $1.2 billion and $1.4 billion of our over-all balance of payments deficit during each of the three years 1960-1962 when interest rate differentials favored Canada and Europe. In 1959, on the contrary, when interest rate differentials were favorable to the United States, these same four items accounted for an inflow of funds that reduced our over-all deficit by some $500 million. A sizable part of this difference may be attributed to the interest rate factor.

The New York Federal Reserve Bank study suggests that a reasonable reduction of the current differential in short - term rates would be likely to improve our annual balance of payments by $500 million or more. In addition, this study shows that private foreign holders of dollars are strongly influenced by interest rate differentials. This would not affect our balance of payments figures but would substantially reduce the gold drain, since private foreign holders would retain their dollars in larger amounts rather than turn them over to official holders who alone have the right to convert them into gold.

Sample Large Banks' Confidential Confirmation

One more piece of confirming evidence is available. Since last fall a few large banks have reported to the Federal Reserve on a confidential basis the totals of their short-term transactions involving transfers to Canada and the U. K. on a fully covered basis. Such transfers are clearly interest induced and have continued at a substantial pace throughout the first six months of this year. The sample, which makes no pretense of being complete, shows over $220 million of such transfers so far this year.

For all these reasons, we are convinced that substantial amounts of short-term flows are sensitive to interest rate differentials. This opinion is also fully supported by the unanimous views of those here and abroad who actively deal in foreign exchange on a daily basis.

Long Term Funds' Interest Rates Held Not Determining

In the case of long-term portfolio investment, on the other hand, the effects of interest rates are much less clear. Such studies as have been made, mostly by various Federal Reserve banks, fail to show any consistent correlation between the volume of United States purchases of foreign long-term securities and existing long-term interest rate differentials. However, these studies do show that whenever long-term rates in the United States are relatively high, as in 1959, portfolio purchases tend to decrease. In spite of these inconclusive findings, European authorities are categoric in their views that our present long-term rates, which are substantially below those in Europe—except only for Switzerland and the Netherlands—are largely responsible for the increasing volume of foreign long-term borrowing in our markets. Thus, while there is evidence on both sides regarding the sensitivity of long-term portfolio investment to interest rates, it seems clear that interest rates are not by any means the only factor involved.

The ready availability of American capital and our well-developed market facilities are also important. As I pointed out in Rome over a year ago, our balance of payments problem limits the

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amount of long-term portfolio capital which we can prudently supply to others. It is essential for other industrial countries to develop their own capital markets so that they can do a more complete job in meeting their own requirements. While the last year has seen some progress in this direction—most notably in Germany, Italy, and perhaps now in France—it has not been adequate and the demands on our markets are still much too heavy.

Looking at our payments as a whole, it is clear that if we are to achieve balance there must be a substantial reduction in the net outflow of long-term portfolio capital as well as a reduction in the outflow of short-term funds. One means of approaching this objective is to see to it that our capital market is utilized to mobilize foreign savings to the maximum extent possible—that is, we need to export securities as well as goods, and to take advantage of the interest of foreign investors in new dollar issues. We have noted that a large part of the extensive recent activity in new foreign issues has been carried out through private placements. These private placements, many of which are Canadian issues, normally foreclose the possibility of foreign participation that always exists in a public offering. We have urgently invited the financial community to explore this problem further in the hope that it will be feasible for them to make wider use of public offerings.

Capital Flows and Our Position As World Banker

On the subject of longer-term capital flows and interest rates, I would like to make two general points of basic importance. First, purchases of foreign securities are a very small fraction of the very large total of $50 to $60 billion that is annually placed in mortgages and other long-term securities in this country. With confidence in price stability restored, the willingness of savers to place money at savings institutions and to commit funds for longer-term investment is growing, and interest rates have been reflecting this increase in savings. Long-term interest rates in this country may well respond over time to growing investment demand in the normal market manner. However, the approach taken in some quarters abroad that a drastic effort should be made by public policy to raise the entire structure of long-term interest rates by a sizable amount in an effort to slow down the outflow of long-term capital does not seem to me to be realistic. It fails to recognize both the practical difficulties of reversing the current pressure of savings flows seeking investment outlets in this country, and the great hazards for the domestic economy implicit in any such attempt.

Opposes Exchange Control

My second point concerns our position as world banker, and, the question raised concerning the applicability of exchange controls on capital flows to our situation. Exchange controls would directly violate one of the precepts upon which our whole effort is predicated—that, in our economy, we must rely primarily upon decentralized decision making by millions of individuals and businesses responding to market forces. Government, to be sure, must accept the responsibility for influencing these market forces in ways consistent with national objectives, but always without attempting to direct individual transactions.

Moreover, a partial system of exchange controls would soon break down as funds flowed through uncontrolled channels—spurred by the fear of still further controls. In the end, a complete system of exchange controls would be required. This would seriously prejudice the position of the dollar as the world's chief reserve currency, would tend to shrink world liquidity and reduce the volume of world trade, thus bringing in its train grave dangers of a world-wide economic recession. For these reasons, the institution of exchange controls, even though supposedly applicable only to certain types of transaction, is not a practicable or acceptable policy for the United States.

Instead, we must continue to meet our special responsibility as world banker. Essentially, this is to pursue policies that assure maintenance of the stability of the dollar free from exchange controls. In return, foreign countries have freely and willingly provided us with huge resources—aggregating some $21½ billion in liquid dollar balances alone. The rise in these balances of over $15 billion since 1949 has financed 58% of our cumulative deficits over the past 13 years. Had it not been for our position as banker to the world, this credit would not have been extended to us, and we would long ago have been faced with the hard necessity of curtailing imports, reducing foreign investment, and cutting into the substance of our defense and aid spending abroad.

The Surplus Countries

In assessing the outlook for our balance of payments, we must also look at developments in the surplus countries. The surpluses that are the counterpart of our payments deficit have for the most part been accruing to the other industrial countries of continental Western Europe. Orderly and constructive elimination of payments imbalances requires that these surplus countries accept a responsibility for pursuing policies which will reduce their surpluses, thus paralleling U. S. efforts to eliminate our deficit. These countries should continue to eliminate trade barriers which discriminate against our exports. In addition, it would be appropriate for them to work toward lower interest rates, particularly long-term rates, offsetting the effects on domestic demand, if need be, by restrictive fiscal measures. And, finally, it would be helpful if these countries would continue to share more fully in the burdens of providing for our common defense and of assisting in the development of less fortunate areas of the world.

Balance of payments surpluses have very real advantages for the Western European countries, but they create some problems as well. In particular, they contribute to inflation in these countries, and this inflationary impact is not limited to the purely financial implications of the surplus. A balance of payments surplus is inherently inflationary, when in a time of general labor shortage and pressure on available resources, more goods and services are sold outside the economy than are imported.

As a result of pressures generated in part by these surpluses, combined with a general shortage of labor, wages and prices in Europe have been rising for the past few years far more rapidly than in the United States, unit costs have been increasing, and profit margins have declined. This offers us an opportunity to compete more effectively. But, it would be foolhardy to expect European authorities to sit back, and permit this inflation to proceed unchecked.

European Governments are already exerting themselves to restrain wage increases through what has come to be known as "incomes" policy. However, the natural inflationary forces are so powerful that their efforts have only succeeded in somewhat moderating the tempo of the inflationary process. But should this process proceed to a point where European countries find their balance of payments to be endangered, we can expect them to take strong action irrespective of of the domestic consequences. However, a general disappearance of European balance of payments surpluses would almost inevitably mean the simultaneous disappearance of our deficit. Meanwhile, the continuation of this moderate inflationary tendency in Europe gives us an opportunity to bring our own payments into balance, thus laying the essential groundwork for the strengthening of the whole international payments system. But this opportunity must be seized. And we must be prepared to take those further actions that our needs require. For it is clear that further action and renewed impetus are needed to improve each of the major sectors of our balance of payments—our trade balance, Government expenditures abroad, and the capital account.

The Need for Further Action

In view of the broad authority and influence of The Joint Economic Committee on the economic policy of the Congress, I should like to take advantage of this opportunity to stress with all the conviction I can summon, the indispensable importance of decisive action by the Congress to enact during this session a program of tax reduction and revision along the lines generally proposed by the President at the beginning of this year.

The continued progress in our economy since that time, as measured by the increase in Gross National Product and other indicators, serves to accentuate rather than diminish, the desirability and feasibility of that forward step. This progress in some part is built on expectations by businessmen of the dynamic stimulus to investment and consumption inherent in the tax program. Should it fail of enactment, the frustrations of these expectations might well arrest the progress and invite a recession. Moreover, this progress, promising increased revenues for the fiscal year 1964 over those earlier estimated in the President's January budget, complemented by reductions in projected appropriations by the President and the Congress, should ease the concern of those who were troubled by the size of the deficit as originally projected for fiscal 1964.

Job Creation Must Be Doubled

The passage of the tax program, by adding to the momentum of an advancing economy, offer the greatest opportunity in years to move our economy to full employment. Despite our recent progress, the rate of unemployment has remained undiminished; last month it was slightly higher than in June a year ago. While our labor force increased over the year by 1,200,000, only 800,000 new jobs were created. Yet, the Nation is a year closer to its responsibility to provide work for the floodtide of youth born in the aftermath of World War II. Twice as many jobs must be created in each of the remaining years of the Sixties as have been created in the last two years of an expanding economy if we are to meet the mandate of the Employment Act of 1946.

The boiling over of racial tensions witnessed in recent months should not impair the priority of the tax program on the legislative agenda. For who can doubt that an overriding element in the quest for equal opportunity and in the frictions resulting therefrom is the need for jobs and the chance to provide a better standard of living, housing and education for Negro and white alike. Discrimination is not likely to be dissipated by pushing whites out of jobs for Negroes, but rather by creating adequate job opportunities for both.

And, finally, for reasons I have analyzed briefly in my statement, the enactment of the tax program is central to our basic objective of achieving balance in our international accounts and maintaining confidence in the dollar. A vigorous dynamic and growing American economy is the necessary backdrop for achieving the sharp competitive edge that will increase our trade surplus—for reaching demand and profit levels that will invite the increasing investment that will bring our two-way capital flows into better balance—for assuring our friends abroad that putting dollars to work earning interest and profits is preferable to exchanging them for gold.

To meet both of our national economic objectives—growth and full employment at home, and a balance in our international payments—and to meet them simultaneously, within the framework of a market economy, clearly requires further effort. We cannot expect our problems to yield easily, but a solution is within our grasp.

To those who urge that balance of payments be given the top priority, as well as to those who urge that domestic growth be an exclusive preoccupation, I can only reply—we cannot achieve one without the other—we must achieve both if we are to be true to our national purpose and our international obligations.

*From a statement by Mr. Dillon before the Joint Economic Committee, U. S. Congress, Washington, D. C., July 8, 1963.

Aaron Pleasants Joins Boettcher

DENVER, Colo.—Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange have announced the appointment of Aaron W. Pleasants as Senior Consultant in their Government and Municipal Bond Department.

Aaron W. Pleasants

Mr. Pleasants, a veteran in the field for more than 43 years, recently retired as Vice President of the First National Bank of Denver where he was in charge of the Government and Municipal Bond Department.

Mr. Pleasants entered the banking field with the old International Trust Company in 1919 as a bond buyer. In January, 1934, he was named manager of the bond department and, a few years later, made a Vice-President. When the International Trust Co. merged with the First National Bank in 1958, he continued as head of the Government and Municipal Bond Department.

Mr. Pleasants is a former Governor of the Investment Bankers Association of America, a member of the Portfolio Committee of the Colorado Bankers Association, being Chairman for 20 years. He is also an active member of the Colorado and Denver Bar Associations.

Over the years he has been a popular speaker on the subject of Government and Municipal Bonds and has made numerous appearances at meetings throughout the Rocky Mountain Region.

Harris, Upham Appoints Henderson

Harris, Upham & Co., members of the New York Stock Exchange, have announced the appointment of Robert D. Henderson, Jr. to its Institutional Department to supervise block sales.

Mr. Henderson joined Harris, Upham in 1951 and the following year began specializing in Over-the-Counter trading. In June, 1961, he was appointed Manager of the Over-the-Counter Dept.

The move to the Institutional Department marks an expansion for Harris, Upham into the growing field of block sales for institutions and trusts. Mr. Henderson's specialty will be to find and place large blocks of securities through private channels at advantageous prices.

Mr. Henderson will remain at Harris, Upham's headquarters at 120 Broadway, New York City.

Hamershlag, Borg To Admit Three

Hamershlag, Borg & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on Aug. 1 will admit Shepard L. Alexander, E. Walter Katzenberg and Barnard Sachs Straus to partnership in the firm.

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)	July 13	2,077,000	2,045,000	2,464,000	1,370,000
Index of production based on average weekly production for 1957-1959	July 13	111.5	109.8	132.3	73.5
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	July 13	0.675	0.665	0.805	0.47
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 5	7,583,310	7,507,660	7,432,110	7,262,360
Crude runs to stills—daily average (bbls.)	July 5	8,802,000	8,755,000	8,872,000	8,632,000
Gasoline output (bbls.)	July 5	30,737,000	31,251,000	31,411,000	30,627,000
Kerosene output (bbls.)	July 5	2,966,000	2,955,000	2,682,000	2,477,000
Distillate fuel oil output (bbls.)	July 5	13,898,000	14,097,000	14,260,000	13,974,000
Residual fuel oil output (bbls.)	July 5	5,384,000	4,939,000	5,010,000	5,541,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	July 5	194,473,000	193,483,000	196,245,000	186,478,000
Kerosene (bbls.) at	July 5	31,668,000	30,878,000	28,622,000	30,257,000
Distillate fuel oil (bbls.) at	July 5	123,258,000	117,697,000	103,912,000	123,367,000
Residual fuel oil (bbls.) at	July 5	46,966,000	45,955,000	45,697,000	46,020,000
Unfinished oils (bbls.) at	July 5	90,686,000	89,740,000	90,621,000	87,389,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 6	440,795	601,879	606,084	420,046
Revenue freight received from connections (no. of cars)	July 6	459,750	509,014	503,479	442,435
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 6	1,990,000	*9,595,000	9,470,000	1,553,000
Pennsylvania anthracite (tons)	July 6	187,000	482,000	386,000	112,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	July 11	$648,300	$623,000	$473,300	$332,200
Private	July 11	356,000	447,300	278,300	180,400
Public	July 11	292,300	175,700	195,000	151,800
State and Municipal	July 11	259,300	154,900	142,800	146,200
Federal	July 11	33,000	20,800	52,200	56,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	July 6	93	102	120	85
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 13	17,437,000	17,076,000	17,839,000	16,749,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 7	273	228	303	253
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 8	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	July 8	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	July 8	$25.17	$25.17	$26.50	$25.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 12	30.600c	30.600c	30.600c	30.600c
Export refinery at	July 12	28.400c	28.450c	28.425c	28.500c
Lead (New York) at	July 12	11.000c	11.000c	10.750c	9.500c
Lead (St. Louis) at	July 12	10.800c	10.800c	10.550c	9.300c
‡Zinc (delivered at)	July 12	12.500c	12.500c	12.000c	12.000c
Zinc (East St. Louis) at	July 12	12.000c	12.000c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	July 12	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	July 12	115.625c	116.500c	120.000c	112.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 16	88.71	88.63	89.45	87.96
Average corporate	July 16	88.95	89.09	89.23	87.05
Aaa	July 16	92.06	92.64	92.64	91.19
Aa	July 16	90.34	90.63	90.77	88.95
A	July 16	89.37	89.37	89.51	86.78
Baa	July 16	84.30	84.17	84.43	81.78
Railroad Group	July 16	87.18	87.18	87.45	83.53
Public Utilities Group	July 16	89.92	90.06	90.34	89.09
Industrials Group	July 16	89.78	90.06	90.20	88.67
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 16	3.99	3.98	3.86	3.93
Average corporate	July 16	4.49	4.48	4.47	4.63
Aaa	July 16	4.27	4.23	4.23	4.33
Aa	July 16	4.39	4.37	4.36	4.49
A	July 16	4.46	4.46	4.45	4.65
Baa	July 16	4.84	4.85	4.83	5.04
Railroad Group	July 16	4.62	4.62	4.60	4.90
Public Utilities Group	July 16	4.42	4.41	4.39	4.48
Industrials Group	July 16	4.43	4.41	4.40	4.51
MOODY'S COMMODITY INDEX	July 16	369.9	373.8	374.9	369.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 6	303,004	342,491	390,796	294,844
Production (tons)	July 6	263,443	374,787	350,325	238,444
Percentage of activity	July 6	69	99	90	63
Unfilled orders (tons) at end of period	July 6	510,204	471,991	513,109	506,838
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	July 12	96.49	96.32	Not Avail.	96.00
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 21	2,745,880	3,039,100	3,159,780	3,055,870
Short sales	June 21	527,600	605,970	773,340	650,750
Other sales	June 21	2,210,560	2,304,310	2,285,140	2,708,270
Total sales	June 21	2,738,160	2,910,280	3,058,480	3,359,020
Other transactions initiated off the floor—					
Total purchases	June 21	564,400	662,400	702,700	610,330
Short sales	June 21	62,300	82,200	95,300	120,800
Other sales	June 21	493,700	606,250	562,200	605,230
Total sales	June 21	556,000	688,450	657,500	726,030
Other transactions initiated on the floor—					
Total purchases	June 21	1,032,160	1,260,850	1,113,459	963,721
Short sales	June 21	160,000	193,220	186,470	193,570
Other sales	June 21	963,436	1,139,390	1,170,326	1,117,070
Total sales	June 21	1,123,436	1,332,610	1,356,796	1,310,640
Total round-lot transactions for account of members—					
Total purchases	June 21	4,342,440	4,962,350	4,975,939	4,629,921
Short sales	June 21	749,900	881,390	1,055,110	965,120
Other sales	June 21	3,667,696	4,049,950	4,017,666	4,430,570
Total sales	June 21	4,417,596	4,931,346	5,072,776	5,395,690
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 21	1,304,436	2,531,279	1,639,971	1,981,342
Dollar value	June 21	$65,215,399	$74,392,194	$78,848,941	$95,423,688
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	June 21	1,648,781	1,913,936	2,005,425	1,744,680
Customers' short sales	June 21	11,358	8,676	17,012	112,929
Customers' other sales	June 21	1,637,423	2,905,260	1,988,413	1,631,751
Dollar value	June 21	$77,951,924	$88,818,630	$93,357,973	$92,073,594
Round-lot sales by dealers—					
Number of shares—Total sales	June 21	638,150	781,500	772,490	489,320
Short sales	June 21	------	------	------	------
Other sales	June 21	638,150	781,500	772,490	489,320
Round-lot purchases by dealers—Number of shares	June 21	315,660	369,710	401,070	665,330
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 21	1,026,760	1,057,130	1,259,110	1,771,720
Other sales	June 21	19,959,430	22,446,620	23,451,550	20,253,500
Total sales	June 21	20,986,190	23,503,750	24,710,660	22,025,220
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	July 9	100.4	100.2	100.1	100.3
Farm products	July 9	96.9	96.0	94.7	96.2
Processed foods	July 9	101.6	101.1	100.3	100.4
Meats	July 9	93.9	92.6	91.7	97.3
All commodities other than farm and foods	July 9	100.6	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. (a) Not available.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of May	192,868	181,329	184,211
Stocks of aluminum (short tons) end of May	88,195	101,660	137,764
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of May:			
New England	$39,372,282	$50,295,866	$41,410,193
Middle Atlantic	89,571,482	*113,860,757	95,594,011
South Atlantic	60,270,947	71,769,368	64,942,856
East Central	138,450,380	170,255,782	112,811,943
South Central	141,359,626	135,685,480	147,985,246
West Central	77,239,366	68,791,687	52,516,700
Mountain	40,721,043	42,938,133	47,203,879
Pacific	211,120,880	162,276,719	159,842,665
Total United States	$798,106,006	*$815,873,792	$722,307,499
New York City	45,526,943	60,928,898	52,078,175
Total outside New York City	$752,579,063	*$754,944,894	$670,229,324
CONSUMER PRICE INDEX — 1957-59=100—Month of May:			
All items	106.2	106.2	105.2
Food	104.2	104.3	103.2
Food at home	102.5	102.6	101.9
Cereal and bakery products	109.3	109.2	107.5
Meats, poultry and fish	98.0	98.3	99.6
Dairy products	102.8	102.9	103.0
Fruits and vegetables	113.9	112.0	109.4
Other food at home	94.5	96.2	94.4
Food away from home (Jan., 1958=100)	112.9	112.8	110.1
Housing	105.7	105.8	104.7
Rent	106.6	106.5	105.5
Gas and electricity	107.4	107.5	107.7
Solid fuels and fuel oil	102.4	104.2	100.1
Housefurnishings	98.4	98.5	99.0
Household operation	110.0	109.9	107.4
Apparel	103.7	103.8	102.7
Men's and boys'	104.2	104.1	103.1
Women's and girls'	101.1	101.4	100.0
Footwear	110.3	110.2	109.1
Other apparel	100.9	100.9	100.6
Transportation	107.4	107.0	107.3
Private	106.0	105.5	106.0
Public	116.5	116.5	115.6
Medical care	116.4	116.1	114.1
Personal care	107.8	107.6	106.4
Reading and recreation	110.7	111.0	109.5
Other goods and services	106.0	105.8	105.1
COPPER INSTITUTE — For month of June:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	109,438	*120,232	114,862
Refined (tons of 2,000 pounds)	139,655	150,512	159,062
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	139,053	138,417	138,555
Refined copper stocks at end of period (tons of 2,000 pounds)	75,349	87,957	69,838
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of May	892,612	809,472	713,371
In consuming establishments as of June 1	1,556,050	1,675,805	1,992,679
In pubic storage as of June 1	10,771,525	11,412,227	7,479,050
Linters—Consumed month of May	109,926	126,801	104,577
Stocks, June 1	714,918	786,162	655,000
Cotton spindles active as of June 1	15,737,000	18,586,000	16,901,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on June 1	19,402,000	19,395,000	19,501,000
Spinning spindles active on June 1	15,737,000	18,586,000	16,901,000
Active spindle hours (000's omitted) June 1	7,856,000	11,482,000	8,506,000
Active spindle hours for spindles in place June 1	392.8	390.8	425.3
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of June:			
Industrials (125)	3.25	3.15	3.82
Railroads (25)	4.22	4.21	5.86
Utilities (not incl. Amer. Tel. & Tel.) (24)	3.14	3.04	3.65
Banks (15)	3.22	3.14	3.74
Insurance (10)	2.55	2.50	2.86
Average (200)	3.22	3.13	3.79
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK—Month of June	£51,952,000	£48,977,000	£144,085,000
NEW YORK STOCK EXCHANGE—			
As of May 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$4,762,000	$4,553,000	$4,034,000
Credit extended to customers	24,000	27,000	35,000
Total of customers free credit balances	1,166,000	1,201,000	1,205,000
Market value of listed shares	382,082,000	383,589,658	326,781,550
Member borrowings of U. S. Govt. issues	547,000	859,000	384,000
Member borrowings on other collateral	3,909,000	3,362,000	2,963,000
PORTLAND CEMENT (BUREAU OF MINES)—Month of May:			
Production (barrels)	34,497,000	29,314,000	33,719,000
Shipments from mills (barrels)	34,913,000	29,918,000	33,398,000
Stocks at end of month (barrels)	40,704,000	41,398,000	40,000,000
Capacity used (per cent)	86	75	88
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of May:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	11,103,047	12,274,876	10,755,156
Production	10,705,969	11,102,189	10,353,772
Inventory	27,603,082	27,864,348	23,686,037
Tractor Implement Tires (Number of)—			
Shipments	328,890	443,699	442,630
Production	351,779	389,269	370,590
Inventory	1,133,058	1,113,040	950,775
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	3,167,778	3,500,358	3,223,447
Production	3,694,239	3,528,866	3,426,732
Inventory	10,110,626	9,439,593	9,074,531
Tread Rubber (Camelback)—			
Shipments (pounds)	40,819,000	47,951,000	43,069,000
Production (pounds)	41,928,000	45,955,000	43,491,000
Inventory (pounds)	15,920,000	14,779,000	16,299,000
Truck and Bus Tires (Number of)—			
Shipments (pounds)	1,400,106	1,568,600	1,328,936
Production	1,427,723	1,455,421	1,357,984
Inventory	4,316,402	4,273,047	3,820,397
U. S. GOVT. STATUTORY DEBT LIMITATION			
As of June 28 (000's omitted):			
Total face amount that may be outstanding at any time	$307,000,000	$307,000,000	$300,000,000
Outstanding—			
Total gross public debt	305,859,632	305,203,811	298,200,822
Guaranteed obligations not owned by the Treasury	606,610	576,987	444,218
Total gross public debt & guaranteed obligations	$306,466,243	$305,780,799	$298,645,041
Deduct—Other outstanding public debt obligations not subject to debt limitation	367,743	368,242	433,274
Grand total outstanding	$306,098,500	$305,412,557	$298,211,767
Balance face amount of obligations issuable under above authority	901,499	1,587,442	1,788,232

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.

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 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.

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.

● **Associated Oil & Gas Co.**
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. **Offering**—Imminent.

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.

● **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**—Indefinite.

Beneficial Standard Life Insurance Co. of N. Y.
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 of record July 19. Rights will expire Aug. 5; 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.

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.

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. (7/29-8/2)
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**
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. **Offering**—Indefinite.

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** — Yazoo City, Miss. **Underwriter**—None.

Coleridge Press Inc.
June 19, 1963 ("Reg. A") 50,000 common. **Price** — $5. **Business** — General book publishing. **Proceeds** — For working capital and purchase of equipment. **Office**—60 East 42nd St., New York. **Underwriter**—Hannibal Securities, Inc., New York.

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 5⅝% 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. (7/18)**
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.

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

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

● **Duval Corp.**
June 18, 1963 filed $10,000,000 of 4⅝% of convertible subordinated debentures due Aug. 1, 1983 being offered for subscription by stockholders on the basis of one $100 debenture for each 13 shares held of record July 18. Rights will expire Aug. 9. **Price**—At par. **Business**—Min-

ing, 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.

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.

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. (7/23)**
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.**
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. **Offering**—Expected in early August.

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 (8/5-9)**
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.**
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. **Offering**—Imminent.

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.

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.

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

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.

● **Founders Life Insurance Co. of Florida (7/29-8/2)**
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.

French Market Shopping Center, Inc.
June 24, 1963 ("Reg. A") $300,000 of 6% subordinated debentures due Aug. 1, 1978, and 30,000 common to be

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NEW ISSUE CALENDAR

July 18 (Thursday)
Continental Telephone Co.___Common
(E. F. Hutton & Co., Inc. and Allen & Co.) 400,000 shares
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
Livestock Financial Corp.___Common
(Charles Plohn & Co.) $1,000,000
Uris Buildings Corp.___Common
(Kuhn, Loeb & Co., Inc.) 50,000 shares

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)
Hardee's Food Systems, Inc.___Common
(Powell, Kistler & Co.) 37,500 shares
Hardee's Food Systems, Inc.___Debentures
(Powell, Kistler & Co.) $150,000
Interstate Securities Co.___Common
(Offering to stockholders—underwritten by A. G. Becker & Co., Inc.) 173,433 shares
Mil National Corp.___Common
(Herbert Young & Co., Inc.) $376,000
Mutual Finance Co.___Debentures
(Donald V. Stabell) $300,000
NuTone, Inc.___Common
(Lehman Brothers) 75,000 shares
Top Dollar Stores, Inc.___Common
(Van Alstyne, Noel & Co.) $1,200,000

July 23 (Tuesday)
Community Public Service Co.___Bonds
(Bids 11 a.m. EDST) $13,000,000
Eaton Manufacturer Co.___Debentures
(Merrill Lynch, Pierce, Fenner & Smith Inc.) $25,000,000
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 25 (Thursday)
Chesapeake & Ohio Ry.___Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,525,000

July 29 (Monday)
Chemair Corp.___Units
(Price Investing Co.) $180,000
Eastern Investors, Inc.___Class A
(Paul C. Kimball & Co.) $400,000
Founders Life Assurance Co. of Florida___Common
(Pierce, Wulbern, Murphy Inc.) 800,000 shares
National Fence Manufacturing Co., Inc.___Common
(Netherlands Securities Co., Inc.) $875,000

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
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
Lord Jim's Service Systems, Inc.___Common
(Keon & Co.) $100,000
Southern Bell Telephone & Telegraph Co. Debens.
(Bids 11 a.m. EDST) $70,000,000

August 5 (Monday)
Electronic Dispenser Corp.___Common
(L. D. Brown & Co.) $100,000
Enzyme Corp. of America___Common
(Bristol Securities Inc.) $240,000
Investors Trading Co.___Capital Shares
(Namrava & Co.) 200,000 shares
Juniper Spur Ranch, Inc.___Common
(V. E. Anderson & Co.) $300,000
Leeds Shoes, Inc.___Common
(Strathmore Securities, Inc.) $315,000
Resort Corp. of Missouri___Units
(R. L. Warren Co.) $4,000,000
Rollings Broadcasting, Inc.___Common
(New York Securities Co.) 166,376 shares
Scheib (Earl), Inc.___Common
(Shearson, Hammill & Co.) 200,000 shares

August 6 (Tuesday)
Indiana & Michigan Electric Co.___Bonds
(Bids 11 a.m. EDST) $45,000,000
United Aircraft Corp.___Debentures
(Offering to stockholders—underwritten by Harriman Ripley & Co., Inc.) $42,884,000

August 7 (Wednesday)
Minneapolis-Honeywell Regulator Co.___Debens.
(Eastman Dillon, Union Securities & Co.) $30,000,000

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

August 12 (Monday)
Burns (Wm. J.) Int'l Detective Agency Inc.___Cl. A
(Smith, Barney & Co., Inc.) 150,000 shares
Heck's, Inc.___Common
(Charles Plohn & Co.) $450,000

August 13 (Tuesday)
Atlantic Coast Line RR.___Equip. Trust Ctfs.
(Bids 12 noon EDST) $4,575,000

August 19 (Monday)
Natural Gas & Oil Producing Co.___Common
(Peter Morgan & Co.) $900,000
Warwick Fund___Units
(Wellington Co., Inc.) 300,000 units

August 27 (Tuesday)
Lone Star Gas Co.___Debentures
(Bids 11 a.m. EDST) $35,000,000
New England Telephone & Telegraph Co.___Com.
(Offering to stockholders—no underwriting) 2,099,858 shares

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 18 (Wednesday)
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) $18,525,000

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

November 19 (Tuesday)
New England Power Co.___Preferred
(Bids to be received) $10,000,000
New England Power Co.___Bonds
(Bids to be received) $10,000,000

December 10 (Tuesday)
Northern Pacific Ry.___Equip. Trust Ctfs.
(Bids 12 noon EST) $4,800,000

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offered in units of one $500 debenture and 50 common. **Price**—$500 per unit. **Business**—Operation of a discount type department store in the Greater Kansas City area. **Proceeds**—For working capital, and other corporate purposes. **Address** — 95th & Metcalf Sts., Overland Park, Kansas. **Underwriter** — Midland Securities Co., Inc., Kansas City, Mo.

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**—Postponed.

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.

● **Hardee's Food Systems, Inc. (7/22-26)**
June 21, 1963 ("Reg. A") $150,000 of 6½% subordinated convertible debentures due July 1, 1973; also 37,500 common. **Price**—For debentures, $10; for common, $4. **Business** — Operation of self-service, drive-in restaurants. **Proceeds**—For expansion, and working capital. **Office**—1901 Sunset Ave., Rocky Mount, N. C. **Underwriters**—Powell, Kistler & Co., Fayettville, N. C.; Allied Securities Corp., Greensboro, N. C.; McCarley & Co., Inc., Ashville, N. C.; Strader & Co., Inc., Lynchburg, Va.; Willis, Kenny & Ayres, Inc., Richmond, Va.; and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Heck's, Inc. (8/12-16)
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.

● **Holiday Mobile Home Resorts, Inc.**
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. **Note**—This registration will be 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).

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 & 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.

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. (7/18)**
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. (7/22)**
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 of record about July 22. Rights will expire about Aug. 5. **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 Inter-Continental Fund, Inc.
July 3, 1963 filed 3,000,000 capital shares. **Price**—Net asset value plus 7½%. **Business**—A new mutual fund which will succeed to business of Investors Group Canadian Fund Ltd., and invest in securities throughout the Free World. **Proceeds**—For investment. **Address**—1000 Roanoke Bldg., Minneapolis. **Distributor**—Investors Diversified Services, Inc. (same address).

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. (8/5-9)**
Jan. 17, 1963 filed 200,000 capital shares. **Price** — Net asset value (max. $5), plus 8% sales charge. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—460 Denver Club Building, Denver. **Distributor**—Nemrava & Co. (same address).

Israel American Diversified Fund, Inc.
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office**—54 Wall St., New York. **Distributor**—Israel Fund Distributors, Inc. (same address).

"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.

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.
June 7, 1963 filed 625,000 common being offered for subscription by stockholders on the basis of one new share for each two held of record July 10. Rights will expire July 24. **Price**—$9. **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.

● **Jefferson 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. **Note**—The company formerly was named New Industry Capital Corp. **N. B.**—This registration has become effective.

● **Juniper Spur Ranch, Inc. (8/5-9)**
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.**
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. **Offering**—Imminent.

● **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. **Offering**—Indefinite.

● **Krasnow Industries, Inc.**
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Manufacture of inexpensively priced men's and children's belts, and the distribution of men's gift sets. **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.

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. **Offering**—Indefinite.

● **Lease Plan International Corp. (7/18)**
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. (8/5-9)
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.

● **Livestock Financial Corp. (7/18)**
May 14, 1963 refiled 200,000 common. **Price**—$5. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds** — To form new subsidiaries. **Office**—26 Platt St., New York. **Underwriter**—Charles Plohn & Co., New York.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc. (7/31)
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.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

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

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc. Denver.

Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office**—Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

Meridian Fund, Inc.
March 4, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 5%. **Business**—A new mutual fund to be offered initially to members of the medical profession. **Proceeds**—For investment. **Office** — 714 Boston Bldg., Denver. **Underwriter**—Centennial Management & Research Corp., (same address).

Middlesex Water Co.
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. **Offering**—Indefinitely postponed.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business** — A closed-end management investment company. **Proceeds** — For general corporate purposes. **Office** — 2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

● **Mil National Corp. (7/22)**
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. (7/22-26)**
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.**
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. **Offering**—Imminent.

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. (7/29-8/2)**
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. (8/19-23)**
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.
See Jefferson Capital Corp.

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).

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.

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.

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.

NuTone, Inc. (7/22-24)
July 3, 1963 filed 75,000 common. **Price**—By amendment (max. $25). **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 Brothers, New York.

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

Philippine Oil Development Co., Inc.
June 11, 1963 filed 325,000,000 capital shares to be offered for subscription by U. S. resident stockholders on the basis of one new share for each two held. **Price**—By amendment (max. 1 cent). **Business**—Exploration for oil and gas in the Philippines. **Proceeds**—For debt repayment, and operating expenses. **Address** — Manila, The Philippines. **Underwriter**—None.

Pictronics, Inc.
Feb. 27, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Production of TV documentary films, and the processing of colored kodachrome film. **Proceeds**—For equipment, and working capital. **Office** — 56 Bennett Bldg., Wilkes-Barre, Pa. **Underwriter**—G. K. Shields & Co., New York. **Offering**—Indefinite.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest. **Price**—By amendment (max. $5). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—880 Bonifant St., Silver Spring, Md. **Underwriter**—None.

Powell Petroleum, Inc.
Sept. 28, 1962 filed 100,000 common. **Price**—$5. **Proceeds**—to drill for and operate oil wells. **Office**—418 Market St., Shreveport, La. **Underwriter**—None.

Power Cam Corp.
Jan. 28, 1963, filed 200,000 capital shares. **Price**—$4.75. **Business**—Company plans to manufacture a new type of brake unit for heavy duty automotive vehicles. **Proceeds**—For equipment, and working capital. **Office** — 2604 Leith St., Flint, Mich. **Underwriter**—Farrell Securities Co., New York.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. **Price**—$25. **Business**—Purchase and sale of real property, chiefly unimproved land. **Proceeds**—For debt repayment, and acquisition of additional properties. **Office**—195 Nassau St., Princeton, N. J. **Underwriter**—None.

Professional Men's Association, Inc.
Jan. 8, 1963 filed 40,000 common. **Price**—$5. **Business**—Company specializes in financial consulting, and servicing patients' accounts of member hospitals, physicians and dentists. **Proceeds**—For debt repayment and working capital. **Address**—100 W. Tenth St., Wilmington, Del. **Underwriter**—None.

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

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

Resort Corp. of Missouri (8/5)
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.

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. **Offering**—Expected in mid-August.

● **Rona Lee Corp.**
Sept. 26, 1962 filed $250,000 of 6¾% debentures and 50,000 common. **Price**—For debentures, by amendment; for stock, $4. **Business**—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. **Proceeds**—For debt repayment. **Office**—112 W. 34th St., New York. **Underwriter**—Reuben Rose & Co., Inc., New York.

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

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formerly was called Russell Manufacturing Co. Offering —Indefinite.

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.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. Price—To public $6; to stockholders, $5. Business—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. Proceeds — For general corporate purposes. Office—830 N. Central Ave., Phoenix. Underwriter—None.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest Price—$15. Business — A real estate investment trust Proceeds—For investment and working capital. Office —1956 Union Commerce Bldg., Cleveland, Ohio. Underwriter — McDonald & Co., Cleveland. Offering — Indefinite.

Sierra Pacific Power Co.
June 7, 1963 filed 172,341 common being 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—$31. Proceeds—To repay bank loans. Office—220 South Virginia St., Reno, Nev. Underwriter—None.

● Southern Bell Telephone & Telegraph Co. (7/31)
July 10, 1963 filed $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. Underwriters — (Competitive.) Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Bids—July 31 (11 a.m. EDST) in Room 2315, 195 Broadway, 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.

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.

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.

● Top Dollar Stores, Inc. (7/22-26)
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.

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.

United Aircraft Corp. (8/6)
July 10, 1963 filed $42,884,000 subord. debentures due Aug. 15, 1988 to be offered for subscription by stockholders on the basis of $100 of debentures for each 15 common shares held of record Aug. 5. Rights will expire Aug. 20. Business—Manufacture of aeronautical engines, propellers and aircraft. Proceeds—For loan repayment. Office—400 Main St., East Hartford, Conn. Underwriter —Harriman Ripley & Co., Inc., New York.

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

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. (7/18)
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.

● Warwick Fund (8/19-23)
June 17, 1963 filed 300,000 units of participation in the Fund to be offered in exchange for certain acceptable securities on the basis of one unit for each $100 of deposited securities. Business — A new exchange type mutual fund which plans to continue indefinitely to exchange its units for additional contributions of securities, and to seek long term growth of capital and income. Office — 3001 Philadelphia Pike, Claymont, Del. Distributor—Wellington Co., Inc., Philadelphia.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. Price—By amendment. Business—The carrying of liner-type cargoes Proceeds—For the purchase of vessels, and working capital Office—71 Saint Joseph St., Mobile, Ala. Underwriter—Shields & Co., Inc., N. Y. Note—This registration will be withdrawn.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. Price — $1 Business—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." Proceeds —For plant construction and general corporate purposes. Address—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. Underwriter—C. B. Hoke Agency, Cheyenne, Wyo. Note—The SEC has issued an order temporarily suspending this issue.

Western Union International, Inc.
March 29, 1963 filed $4,000,000 of 6¼% subordinated debentures due 1983, and 400,000 common. Price—For debentures, at par; for stock $3.50. Business—Company will take over and operate Western Union Telegraph's international telegraph operations. Proceeds—For selling stockholder, Western Union Telegraph Co., parent. Office—60 Hudson St., New York. Underwriters—American Securities Corp., and Glore, Forgan & Co., New York. Offering—Indefinite.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. Price—$220 per unit. Business—Company has been licensed to conduct harness racing with pari-mutual betting. Proceeds — For debt repayment and working capital. Office—3 Penn Center Plaza, Philadelphia. Underwriter—Stroud & Co., Inc., Philadelphia. Offering—Indefinite.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. Price—$4. Business —Design and manufacture of precision electrical and electronic measuring devices and test equipment. Proceeds—For debt repayment and other corporate purposes. Office—1005 First Ave., Asbury Park, N. J. Underwriter—To be named.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. Price—$500 per unit. Business—Real estate. Proceeds—For debt repayment and realty acquisitions. Office—10 East 40th St., N. Y. Underwriter —S. E. Securities, Inc., 10 East 40th Street, New York Note—This registration will be withdrawn.

Wyomont Petroleum Co.
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

★ Allegheny Ventura Corp.
July 12, 1963 filed 37,231 outstanding common shares to be offered for subscription by stockholders of Allegheny Corp., parent, on the basis of one Ventura share for each 25 Allegheny shares held. Price—By amendment (max. $10). Business—Car rental. Proceeds—Allegheny will receive the proceeds and loan them to Ventura. Address—Washington National Airport, Washington, D. C. Underwriter—None.

★ Burns (William J.) International Detective Agency, Inc. (8/12-16)
July 17, 1963 filed 150,000 class A common. Price—By amendment. Business—Company furnishes protective services to industrial and commercial clients, principally by means of uniformed guards. Proceeds—For selling stockholders. Office—235 E. 42nd St., New York. Underwriter—Smith, Barney & Co., Inc., New York.

★ Dorphin Corp.
July 3, 1963 ("Reg. A") 150,000 class A common. Price—$1. Business—Manufacture and sale of a new type wooden water craft. Proceeds—For working capital, equipment, inventories and other corporate purposes. Address—716 Executive Bldg., Portland, Ore. Underwriter—None.

★ Go Jet Services, Inc.
July 3, 1963 (Reg. A") 100,000 common. Price—$2. Business—Servicing of oil and gas wells. Proceeds—For equipment, working capital and debt repayment. Address—517 Liberty Bank Bldg., Oklahoma City. Underwriter—None.

★ Minneapolis-Honeywell Regulator Co. (8/7)
July 16, filed $30,000,000 s. f. debentures due 1988. Price —By amendment. Business—Manufacture of automatic control instruments, and electronic data processing systems. Proceeds—For loan repayment and working capital. Office—2747 Fourth Ave., South Minneapolis. Underwriter—Eastman Dillon, Union Securities & Co., New York.

★ Mitsui & Co., Ltd.
July 9, 1963 filed 10,000,000 common (represented by 500,000 A. D. S.) to be offered for subscription by stockholders on the basis of one new share for each two held of record July 20. Price—$2.78 per A. D. S. Business—Domestic and foreign trading in a broad range of goods and commodities. Proceeds—For expansion of trading activities, and new investments. Address—Tokyo, Japan. Underwriter—None.

★ Orcon Corp.
July 8, 1963 ("Reg. A") 8,571 capital to be offered for subscription by stockholders on the basis of one new share for each two shares held of record July 1. Price—$20. Business—Manufacture and sale of special type fabrics. Proceeds—For working capital. Office—66 South P St., Livermore, Calif. Underwriter—None.

★ Rollins Broadcasting, Inc. (8/5-9)
July 15, 1963 filed 166,376 common. Price—By amendment (max. $20). Business—Company and subsidiaries own seven AM radio stations, three VHF television stations and an outdoor advertising company. Proceeds—For selling stockholders. Office—414 French St., Wilmington, Del. Underwriter—New York Securities Co., New York.

★ St. John Co-Operative Telephone & Telegram Co.
July 2, 1963 ("Reg. A") 801 common to be offered for subscription by stockholders on the basis of three shares

for each share held. **Price**—$20. **Business**—Furnishes telephone service in the St. John, Wash. area. **Proceeds**—For general corporate purposes. **Address** — St. John, Wash. **Underwriter**—None.

★ Squire For Men, Inc.
July 9, 1963 ("Reg. A") $135,000 of 8% convertible debentures due 1969. **Price**—At par ($100). **Business**—Manufacture and sale of custom hair pieces. **Proceeds**—For new products and working capital. **Office**—328 S. Beverly Dr., Beverly Hills, Calif. **Underwriter**—None.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

Associated Oil & Gas Co.
$6,600,000 of 6% convertible subordinated debentures due July 1, 1975, offered at par and accrued interest by Allen & Co., New York.

Career-Ways Systems, Inc.
100,000 capital shares offered at $3 per share by Chase Securities Corp., New York. (Issue was exempted from SEC registration.)

Duval Corp.
$10,000,000 of 4⅝% convertible subordinated debentures due Aug. 1, 1983 being offered for subscription by stockholders, at par, on the basis of one $100 debenture for each 13 shares held of record July 18. Rights will expire Aug. 9. No underwriting is involved.

Evans, Inc.
180,000 common offered at $12 per share by Walston & Co., Inc., Chicago.

Mexico (Government of)
$25,000,000 of 6¾% external sinking fund bonds due July 15, 1978 and $15,000,000 of 6% external serial bonds due July 15, 1966-68, offered at 97.70% and 100%, respectively, by Kuhn, Loeb & Co., Inc. and First Boston Corp., New York.

Michigan Wisconsin Pipe Line Co.
$30,000,000 of 4⅞% first mortgage pipe line bonds due July 15, 1983 offered at 102.25% and accrued interest, to yield 4.70% by Halsey, Stuart & Co. Inc., N. Y.

St. Luke's Hospital Association, Inc. (Milwaukee)
$5,500,000 of 4½% to 5¼% first mortgage serial bonds, series A, due June 1, 1965-83 offered at from 100% to 101% by B. C. Ziegler & Co., West Bend, Wis. (Issue was exempted from SEC registration.)

Sentinel Life Insurance Co.
217,645 common capital shares offered at $5.50 per share by Paine, Webber, Jackson & Curtis, New York.

Sierra Pacific Power Co.
$8,000,000 of 5% debentures due July 1, 1988 offered at 102.50% and accrued interest, to yield 4.83%, by Francis I. duPont & Co., New York.

Prospective Offerings

★ Atlantic Coast Line RR. (8/13)
July 16, 1963 the company announced plans to sell $4,575,000 of 1-15 year equipment trust certificates in August. **Office**—220 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Aug. 13 (12 noon EDST) at above address.

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.

★ Chesapeake & Ohio Ry. (7/25)
July 16, 1963 it was reported that the company plans to sell $6,525,000 of equipment trust certificates due Aug. 1, 1964-78. This is the first instalment of a total $10,305,000 issue. **Address**—2813 Terminal Tower, Cleveland. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—July 25 (12 noon EDST) at above address.

★ Chesapeake & Ohio Ry.
July 16, 1963 it was reported that the company plans to sell about $3,780,000 of equipment trust certificates in late September. This will be the second instalment of a total $10,305,000 issue. **Address** — Terminal Tower, Cleveland, O. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. 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. **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 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.

International Milling Co.
July 8, 1963 the company announced that it expects to file a registration statement covering its first public offering of common stock. The sale will include both a primary and a secondary distribution. **Business**—Company is one of the world's largest flour millers with operations in five countries. **Proceeds**—For expansion, research and debt repayment. **Address** — 1200 Investors Bldg., Minneapolis. **Underwriter** — Kidder, Peabody & Co., Inc., 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.;

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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 20 Pine 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)**
July 16, 1963 the company announced plans to sell $18,525,000 of first mortgage bonds due 1993. **Proceeds**—For construction and refunding of outstanding 5⅝% bonds due 1990. **Address** — Madison Avenue, 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. **Information Meeting**—Sept. 26 (10 a.m. EDST) at same address.

● **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. **Information Meeting**—Oct. 10 (10 a.m. EDST) at same address.

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. (8/27)
July 2, 1963 the company announced plans to file a registration statement covering $35,000,000 of sinking fund debentures due 1988. **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 Bros. & Hutzler. **Bids**—Expected Aug. 27 (11 a.m. EDST) at Chemical Bank New York Trust Co., 20 Pine St., N. Y. **Information Meeting**—Aug. 22 (11 a.m. EDST), same address.

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)**
July 16, 1963 following the public offering of $40,000,000 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. (11/19)
July 10, 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. **Bids**—Expected Nov. 19.

★ **New England Telephone & Telegraph Co. (8/27)**
July 17, 1963 the company, 69.32% owned by A. T. & T., announced plans to offer stockholders the right to subscribe for about 2,099,858 common shares on the basis of one new share for each 12 held of record Aug. 27. Rights would expire about Sept. 23. **Proceeds**—To repay advances from A. T. & T., and for other corporate purposes. **Office**—185 Franklin St., Boston. **Underwriter**—None.

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.) (9/18)**
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. 18 (11 a.m. EDST).

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

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

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

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

Potomac Edison Co.
May 14, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to raise $12,000,000 in 1964, but has not determined the type of security to be sold. **Office**—200 East Patrick St., Frederick, Md. **Underwriter**—To be named. The last sale of bonds on May 8, 1957 was to a group headed by W. C. Langley & Co., and First Boston Corp. Other bidders were: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly).

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

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.

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. **Underwrit-**

ers (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.

Businessman's BOOKSHELF

A. P. Giannini: Building the Bank of America—Paul Rink—Encyclopaedia Britannica Press, 425 N. Michigan Avenue, Chicago 11, Ill., 2.95.

Abolition of War—Walter Millis & James Real—A study of the promise of disarmament, the risks of nuclear stalemate and the hopes for lasting peace—The MacMillan Company, 60 Fifth Avenue, New York 11, N. Y. (paper), $1.95.

Accounting Guide for Defense Contracts—Paul M. Trueger—4th Edition — Completely revised — Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill. (hard cover), $19.

Adventure of Language—Michael Girsdansky—A history of the great language families showing how people differ in their approach to the world as expressed in language and the psychology of diverse languages with the separate kinds of world's various languages build for their speakers; offers observations, comments and advice to assist learning a foreign language more easily or using your own tongue with greater appreciation and knowledge—Prentice-Hall Inc., Englewood Cliffs, N. J. (cloth), $5.95.

American Bureau of Metal Statistics 42nd Annual Year Book—American Bureau of Metal Statistics, 50 Broadway, New York 4, N. Y. (cloth), $4.50; (paper), $4.

Applying Modern Management Principles to Sales Organizations—Edited by David G. Bower Foundation for Research on Human Behavior, 1141 East Catherine Street, Ann Arbor, Mich. (paper), $3

Atlas on United States Military Contracts — Walter Isard and Gerald J. Karaska—World Friends Research Center, Inc., G. P. O. Box 7376, Philadelphia 1, Pa. (paper). 25c per copy when payment accompanies order (when payment is not made in advance there is an additional charge of 75c per order).

Banking and Monetary Developments and Their Application to Bank Asset Management—Revised —American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper), $2.

Business Data Processing & Programming — Robert H. Gregory and Richard L. Van Horn—Text on the fundamentals of data representation, processing equipment, systems analysis and design, and programming in both **Cobol** and machine language — Wadsworth Publishing Company, Inc., Belmont, Calif. (cloth).

Capital and Rates of Return in Manufacturing Industries—George J. Stigler—Princeton University Press, Princeton, N. J. (cloth), $5.

Complete Guide to the Robinson-Patman Act—The Hon. Wright Patman—An explanation of the basic principles and meanings of the Robinson-Patman Act and its applications to pricing practices in intra-state and inter-state commerce,— Prentice-Hall, Inc, Englewood Cliffs, N. J., $15.

Congressional Districting: The Issue of Equal Representation — Andrew Hacker—The Brookings Institution, 1775 Massachusetts Avenue, N. W., Washington 6, D. C. (cloth), $3.50; (paper $1.95).

Corporate Management: Its Power and Responsibility—A bibliography—Selected References, Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 40¢.

Cost Approach to Appraisals for Property Insurance—Alfred V. Perthou—A method of evaluation including the development of fire insurance appraisal theory, purpose and scope of appraisals, and distinction between fair market value and actual cash value—The book also discusses how properties can be insured to more precise values than generally being attained at present and touches on expert professional appraisals for small ownerships and comparatively little cost—Prentice-Hall, Inc., Englewood Cliffs, N. J., $15.

Farms and Farmers in an Urban Age—Edward Higbee—A study of the farm problem from the city man's point of view—The 20th Century Fund, 41 East 70th Street, New York 21, N. Y. (paper), $1.45.

Federal Income Taxation of Banks and Financial Institutions—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—Banking Law Journal, 89 Beach Street, Boston, Mass., $35.00.

Focus on Foreign Aid—In "Intercom" vol. 5, No. 4—Foreign Policy Association, 345 East 46th Street, New York 17, N. Y., $1.

Health Insurance Books, 1963—A current bibliography—Health Insurance Institute, 488 Madison Avenue, New York 22, N. Y. (paper), on request.

History of Interest Rates: 2000 B. C. to the Present—Sidney Homer—Rutgers University Press, New Brunswick, N. J. (cloth), $10.

How I Helped More Than 10,000 Investors to Profit in Stocks!—E. George Schaefer—Revised Edition —A discussion of new Dow Theory guidelines and a look at market research — Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $4.95.

Impact of Military Supply and Service Activities on the Economy — Hearings before the Subcommittee on Defense Procurement of the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.25.

International Finance — Max J. Wasserman, Charles W. Hultman and Laszlo Zsoldos—A presentation of the theory and problems of international finance and an outline of practices used in financing foreign trade and other international transactions, discussing the background and nature of modern international monetary systems and the role of the dollar in this system including a full explanation of the Euro-dollar market—Simmons-Boardman Books, 30 Church Street, New York 7, N. Y., $10.

Investment Companies, 1963—A compendium of information on Mutual Funds and other types of Investment Companies—Arthur Wiesenberger & Co., 61 Broadway, New York 6, N. Y. (cloth), $30.

New Argument in Economics: The Public versus the Private Sector —Edited by Helmut Schoeck and James W. Wiggins—D. Van Nostrand Company Inc., 120 Alexander Street, Princeton, N. J. (cloth), $5.95.

OECD Observer, June, 1963—Including articles on Improving the Financial Terms of Aid; Eastern Bloc Builds Up Its Fleets; Planning for Growth—The French Experiment; Work for Nuclear Safety in Europe; Fitting the Job to the Worker (Ergonomics), etc. —Organization for Economic Cooperation and Development, 1346 Washington Avenue, N W., Washington 6, D. C., 50¢ per copy.

Optima, June, 1963—Containing articles by Prof. Michael A. Heilperin: Does Current Prosperity Mask Basic World Instability?; Donald McKinnon; Minerals, the Key to Progress in Africa; R. J. Redrupp: Canada's Growing Mineral Industry; etc.—Anglo American Corporation of South Africa Limited, Johannesburg, Republic of South Africa, 25¢ (South African).

Policy on United States Investment in Latin America, a symposium volume — Tax Institute of America, 457 Nassau St., Princeton, N. J. (cloth), $7.

Practical Bank Credit—Herbert V. Prochnow and Roy A. Foulke —Second Revised Edition—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth), $18.50.

Reserve-Asset Preferences of Central Banks and Stability of the Gold - Exchange Standard—Peter B. Kenen—International Finance Section, Department of Economics, Princeton University, New Jersey (paper), $1.

Science and History: A Critique of Positivist Epistemology — Heinrich Rickert—D. Van Nostrand Company, Inc., Princeton, N. J. (cloth), $5.00.

Secured Transactions in Code and Non-Code States—1963 Edition—Lester E. Denonn—A study of how to handle secured transactions, with model instruments—Practicing Law Institute, 20 Vesey Street, New York 7, N. Y., $5.

Short Term Capi'al Movements Under the Pre 1914 Gold Standard—Arthur I. Bloomfield—International Finance Section, Department of Economics, Princeton University, Princeton, N. J (paper), $1.

Strategy of Creative Thinking—Bernard B. Goldner—Prentice-Hall, Inc., Englewood Cliffs, N. J., $5.95.

Taxation and Business Planning—Houstin Shockey, Henry W. Sweeney and Gerald P. Brady—Exposition of a program designed to enable the business community to plan strategies taking advantage of every known tax device within the limits of Federal tax laws, including a special section devoted to the clarification of those Internal Revenue Code provision holding the most danger for an unwary businessman—Prentice-Hall, Inc., Englewood Cliffs, N. J., $15.

Ten Days to a Great New Life—William E. Edwards—A program of self-improvement through written association and direction —Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $4.95.

World of Economics—Robert L. Heilbroner—Public Affairs Pamphlets, 23 East 38th Street, New York 16, N. Y. (paper), 25c.

Yearbook of the American Bureau of Metal Statistics—An international survey—42nd annual issue —American Bureau of Metal Statistics, 50 Broadway, New York 4, N. Y. (paper), $4; (hard cloth cover), $4.50.

N.Y.S.E. Changing Certain Symbols

The New York Stock Exchange has announced a new method of assigning ticker symbols to certain classes of preferred stocks.

Under the new system, numerals and letters which now identify different preferred issues of the same company—giving class, dividend rate or other identifying information—will be shortened to code letters A, B, C, D and so on. When necessary, special "trailers" will be used to identify situations, such as convertible (CV) and called (CLD) issues. The basic one, two or three-letter symbols identifying issuing companies, and the "Pr" symbol indicating a preferred stock, will remain unchanged.

The shortened symbols will be put into effect gradually, at a rate of about four or five a week. The new system was developed to shorten the symbols and transmission time, to make the tape more readable and to establish a uniform format better suited to data processing and electronic communications equipment used increasingly in the securities industry.

This is how two typical preferred symbols would be changed, for XYZ Corporation's $3.80 and $4.00 preferred issues. Currently, such stocks would be identified on the ticker tape as:

XYZ Pr 3.80   XYZ Pr 4.00

The new identification would be:

XYZPrA   XYZPrB

It is expected that the change will not affect the identifications of the preferred issues now used in newspaper stock tables and other publications.

The changeover will begin on July 22, with five cumulative preferred issues of Metropolitan Edison Co. of Reading, Pa. These changes will be:

Identification of Issue	Present Symbol	New Symbol
3.80% Ser.	MTT Pr 3.80	MTTPrA
3.85% Ser.	MTT Pr 3.85	MTTPrB
3.90% Ser.	MTT Pr 3.90	MTTPrC
4.35% Ser.	MTT Pr 4.35	MTTPrD
4.45% Ser.	MTT Pr 4.45	MTTPrE

Announcements will be made of changes in other preferred symbols in advance of their being put into effect.

STATE of TRADE and INDUSTRY

Continued from page 13

Evidence of a returning buyers' market is now beginning to appear and will dampen any further price hike thoughts until real demand resurges, as in the Feb.-May period just past, equivalent to, or more than, the totals, recently experienced as a result of real increase in demand and strike-hedge buying. European excess capacity will also serve to keep prices from rising until GNP growth in the ECM countries resumes its previous noteworthy pace.

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 seventh 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 63,523,000 net tons (*121.8%) which is 11.4% above the Jan. 1-July 13, 1962 production of 57,021,000 net tons.

District—	*Index of Ingot Production for Week Ending July 13	July 6
North East Coast	103	105
Buffalo	92	96
Pittsburgh	103	97
Youngstown	96	93
Cleveland	127	118
Detroit	157	150
Chicago	117	119
Cincinnati	133	133
St. Louis	104	92
Southern	118	117
Western	113	116
Total industry	111.5	109.8

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

Steel Market Shows Stability Signs

Achieving market stability probably will take several weeks, but some signs are already apparent, *Steel* Magazine said this week. Some mills say the downtrend has abated while others report a modest upturn.

Instead of canceling orders, most users are adjusting inventories by pushing part of their July tonnage into August and part of their August tonnage into September.

Automakers and appliance firms are spreading their sheet inventory adjustments over the balance of the year so as to minimize steel market distortions.

Items that are in best demand are those used in construction—galvanized sheets, bearing piles, and high strength steels. Others fairly active include semifinished products, plates, standard rails, long terne sheets, and alloy sheets.

Consumers are getting prompt delivery, but mills will ship no more than 16 million tons of finished steel this quarter—30% less than were shipped in the second quarter.

Users will consume about 18.7 million tons in the third quarter, taking 2.7 million tons from inventories built for a strike that was averted.

Although market analysts are in general agreement that about 75.5 mllion tons of finished steel will be consumed this year (vs. an estimated 74.8 million tons in 1962), they're at odds on the consumption pattern. Analysts who say second half consumption will exceed that of the first pin hopes on two premises: (1) Spending for plant and equipment will accelerate. (2) Spending for consumer durables will continue at a high level.

More Steel Price Competition Expected

Steelmakers are anticipating increasing competition for orders. Indicative of the tighter market developing: Some extra charges have been revised downward on hot rolled sheets and strip.

A weakness in prices of cold rolled strip persists. After weeks of shading posted prices, some producers have reduced list prices either to the pre-April level (when an average increase of $7 per ton of steel was announced) or, in some instances, have posted prices $2 a ton lower than they were before the April increase occurred. Converters are absorbing the $4 a ton April increase on hot rolled.

Scrap prices appear to be firming up. Traders think the market now is about on bottom. *Steel's* price composite on No. 1 heavy melting grade is unchanged for the third straight week at $24.83 a gross ton.

A Rail Strike Would Hit Hard

In the event of a showdown in the railroad labor impasse, large segments of the economy would grind to a halt, *Iron Age* magazine said. Steelmakers and users would be affected almost immediately.

Steel mills indicate they have adequate stockpiles of raw materials to continue operating. However, much of their production moves to users over the railroads, the national metalworking magazine pointed out.

Also, they have large stocks of semifinished steel on hand at a time when users are trimming their own large inventories. It's unlikely they would want to add further to these stocks. Mills would have to shut down.

Steel users face similar problems. But many companies indicate they have done little in the way of seeking alternate means of transportation. Truck and barge shipments could be substituted in some cases. Even in a short strike these would prove inadequate for many, an *Iron Age* check of metalworking industries shows.

The automotive industry is a case in point. Trucks are used extensively to transport new cars to market. However, assembly plants would have to start closing down, in some cases in a matter of hours. Most would be shut down in less than a week.

One large automotive parts supplier told *Iron Age* that it handles nearly 200 rail cars per day. It would take three times that many trucks. And the company isn't set up to handle 600 trucks.

Auto assembly plants wouldn't be able to handle the added number of trucks at receiving docks either. And, while automakers built large steel stocks prior to the steel labor settlement, they maintain low inventories of finished and semifinished parts and assemblies. Virtually any delay in a shipment can cause plants to shut down.

Even companies which don't use the railroads directly would feel the effects of a rail strike. One such company says it uses trucks exclusively, but would be forced to shut down anyhow. It points out there would be little point in the auto companies building up inventories of parts while assembly plants are closed. This would only increase inventory and handling costs.

Other large steel-using industries would also be affected. Fabricators of heavy structurals and fabricated plates use railroads almost exclusively to move heavy products. Their products are generally shipped directly to construction sites on a tight schedule.

However, a relatively short strike now would not have as severe effects as one later in the year, *Iron Age* pointed out. Many companies are now in their slow periods; some are on vacations. The auto industry is getting ready for its annual model changeover.

Three Auto Makers Output Already Exceeds Last Year's Model Run

Two more U. S. auto makers last week reported 1963 model passenger car production as having overtaken output for all of their respective 1962 model runs.

Ward's Automotive Reports said that General Motors Corp. and American Motors during the week joined Chrysler Corp. as producers having already assembled more cars in this model term than in the last one. In the industry aggregate, the '62 model run was overtaken a week ago.

The statistical agency estimated production of all '63 cars by end of the week would reach 6,893,800, and said this would include some 3,666,000 GM makes—most in any model year for that company since the '55 term.

American Motors, makers of the Rambler car, boosted its model year count during the week to an estimated 446,000 units, above its '62 total of 442,226 and highest for the company since 458,841 cars made in 1960 versions.

Meanwhile, Chrysler Corp. increased its current-model count to 900,000 cars, best for it since the 1957 model; Ford Motor Co., with 1.8 million 1963 cars at close of this week, will overtake the 1,867,611 units it made in all of 1962 by end of this month.

All of these producers are still in production. Studebaker Corp., which built 72,312 Lark and Hawks for 1963 before shutting down June 27, will still make a few more of its 1963 Avanti cars after July 22.

Last week's scheduled output was 161,216 cars, rising 27% from 126,630 units made in the previous week, when plants were closed on Independence Day. In the corresponding week a year ago, 146,392 cars were made.

Of car output programmed for last week, General Motors Corp., accounted for 54.4%; Ford 25.9%; Chrysler Corp., 13.4%; American Motors, 6.3%.

Combined, production of cars and trucks since Jan. 1 this week passed the 5,000,000-unit level.

Rail Loadings Up Ten Weeks in a Row Over Year-Ago and Ton Miles Rose 9.6% Over Last Year

Loading of revenue freight in the week ended July 6, which included the first week of the coal miners' annual vacation and the Independence Day holiday totaled 440,795 cars, the Association of American Railroads announced. This was a decrease of 161,084 cars or 26.8% below the preceding week.

The loadings represented an increase of 20,749 cars or 4.9% above the corresponding week in 1962, a gain for the tenth consecutive week over 1962's counterpart weeks, and an increase of 16,603 cars or 3.9% above the corresponding week in 1961.

Ton-miles generated by car-loadings in the week ended July 6, 1963, are estimated at approximately 9.4 billion, an increase of 9.6% over the corresponding week of 1962 and 14.5% over 1961.

There were 17,052 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended June 29, 1963 (which were included in that week's over-all total). This was an increase of 1,856 cars or 12.2% above the corresponding week of 1962 and 5,127 cars or 43.0% above the 1961 week.

Cumulative piggyback loadings for the first 26 weeks of 1963 totaled 391,118 cars for an increase of 46,304 cars or 13.4% above the corresponding period of 1962, and 104,813 cars or 36.6% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 60 one year ago and 58 in the corresponding week in 1961.

Truck Loadings Edge Ahead of Last Year's Week

Intercity truck tonnage in the week ended July 6 was 1.1% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. For the third consecutive week, truck tonnage has shown a gain on a year-to-year basis. Truck tonnage was 21.5% below the previous week of this year. However, the week-to-week decrease is largely attributable to the Independence Day holiday which depressed traffic during the latest week reported. This tonnage decline is consistent with that experienced during comparable periods in past years.

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 17 localities, with 16 points reflecting decreases from the 1962 level. One terminal city, Baltimore, showed no change from a year ago. Truck terminals at San Francisco, Houston, Los Angeles, Dallas-Ft. Worth, Detroit and Buffalo registered tonnage gains of more than 10%, while five trucking centers reflected decreases over 10%.

Compared with the immediately preceding week, all 34 metropolitan areas registered decreased tonnage over the holiday period.

Lumber Production Rises 4.4% Above 1962 Week

Lumber production in the United States in the week ended July 6 totaled 146,777,000 board feet compared to 194,650,000 in the year-ago week according to reports from regional associations.

Compared with 1962 levels, output gained 4.4%; new orders fell 1.5% and shipments rose by 4.1%.

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

	July 6 1963	June 29 1962	July 7 1962
Production	146,777	194,650	140,518
Shipments	181,399	220,858	173,930
New orders	186,471	213,008	188,439

Electric Output Advances 4.1% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 13, was estimated at 17,437,000,000 kwh., according to the Edison Electric Institute. Output was 361,000,000 kwh. more than the previous week's total of 17,076,000 kwh., and 688,000,000 kwh. above the total output of the comparable 1962 week or an increase over the year ago week of 4.1%.

Rebound in Business Failures After Holiday Downturn

Commercial and industrial failures rebounded to 273 in the week ended July 11 after their decline to 228 in the preceding week, reported Dun & Bradstreet, Inc. Casualties remained above the 1962 level of 253 for the similar week, although they did not equal the 1961 level of 304 and held even with the pre-war toll of 272 in the corresponding week of 1939.

Failures with liabilities topping $100,000 or more declined sharply to 29 in the latest week from 42 a week earlier and held even with the comparable week of 1962. Failures with losses under $100,-000 rose to 244 from 186 last week and 225 a year ago.

All industry and trade groups except construction suffered higher tolls during the week. Manufacturing casualties climbed to 40 from 35, retailing to 152 from 102, wholesaling to 27 from 20 and commercial service to 24 from 23. Trends from year-earlier levels were mixed, with manufacturing and construction mortality running below 1962.

Most of the week's increase from last week came from the Middle Atlantic, up to 93 from 50, the Pacific States up to 56 from 36, and the South Atlantic up to 37 from 25. In other areas, tolls held even or declined. Five out of the nine major geographic regions suffered as many or more casualties as in the similar week last year.

Wholesale Commodity Price Index Lowest Point Since Beginning Of April

Following four successive daily rises at the beginning of the week, the general wholesale commodity price level took a substantial downturn last Friday and then slipped slightly lower this Monday to 268.09, reported Dun & Bradstreet, Inc. Wheat declines continued due to hedging against an expanded harvest in the Southwest and the dim prospects for new legislation of 1964 wheat. Good weather conditions for crops were the partial cause of downturns in sugar, corn, and cotton. Offsetting these drops somewhat was an upturn in steer prices attributed to broad buying by packers, threat of a nationwide railroad strike, and expectations for lessening production in the next few weeks.

The Daily Wholesale Commodity Price Index fell to 268.09 on July 15, from 268.94 the prior Monday, 270.67 on the comparable date of last month, and 271.63 a year ago.

Wholesale Food Price Index Dips From Record High

After setting new 1963 records for three consecutive weeks, the Wholesale Food Price Index, compiled by Dun & Bradsteeet, Inc., dipped to $5.93 on July 16. The index fell 0.5% below the yearly high of $5.96 set last week, but remained above last year as it has since May 21, this week by 1.0%.

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.

Consumer Buying Moderates in Post-Holiday Week

The tidal splurge of pre-July 4 buying subsided to a moderate ripple in the week ended Wednesday, July 10, as the weather cooled and last week's frenzied purchasers took off with their newly bought sportswear and luggage for long holiday weekends or vacations. Tourist, resort and restaurant activity boomed under fair skies and pleasant temperatures, but there was an understandable waning in enthusiasm for downtown shopping. Nevertheless, clearances helped to hold purchases of men's wear to a strong upward course, while home goods volume ran even to ahead in all areas. Conventions bolstered retail business considerably in several cities. The full-fledged start of vacation periods gave still another push to surging auto sales.

Nationwide Department Store Sales Rise 9% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 9% (adjusted) for the July 6-ending week compared with the like period in 1962. This impressive leveling out (last week's gain over the year-ago week market the same rate of increase) marked the seventh encouraging weekly trend in a row.

In the four-week period ended July 6, 1963 sales gained 4% 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 July 6, gained 18% over the comparable year-ago week's figure. New York City's department store sales were up 15% for the four week-period ending July 6.

A *flash figure* for New York City's sales for the July 13 post-July 4 holiday sales week revealed a plus 8% increase notwithstanding the sales tax increase from 3% to 4% effective last June 1. The July 4 week was up 7%. 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 July 6), 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 the week's total sales 7% below a year ago, 16 percentage points below that for department stores in the latest statement week ending July 6. 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.

TAX-EXEMPT BOND MARKET

Continued from page 6

Morgan Guaranty Trust Co.-Bankers Trust Co. group with a net interest cost bid of 3.397%.

Other members of the winning syndicate include Mellon National Bank and Trust Co., Paribas Corp., L. F. Rothschild & Co., Shearson, Hammill & Co., Dick & Merle-Smith and others.

The bonds were reoffered to yield from 1.85% to 3.50% and the investor reception was good with more than 50% of the bonds placed initially.

Also on Tuesday, $6,082,000 Anne Arundel County, Md. (1965-1988) bonds were bought by the *Halsey, Stuart & Co., Inc., Phelps, Fenn & Co., Lehman Brothers* group on a net interest cost bid of 3.225%. The second bid was made by the Bankers Trust Co. group on a net interest cost bid of 3.232%.

Other members of the winning group are Stone & Webster Securities Corp., R. S. Dickson & Co., Inc., Paine, Webber, Jackson & Curtis, Hornblower & Weeks and others. The bonds were reoffered to yield from 2.00% to 3.40%.

The bonds due 1988 bear a 1/10% coupon and were reoffered to yield 4.40%. Balance at press time is $3,210,000.

Also on Tuesday, $1,500,000 Florida Development Commission, Dixie County Road and Bridge revenue (1965-1990) bonds were purchased by the *B. J. Van Ingen & Co., Inc., John Nuveen & Co.* group on a net interest cost bid of 3.588%. The runner-up bid was made by the Interstate Securities Corp. group with a net interest cost bid of 3.624%.

Other members of the winning group include Leedy, Wheeler & Alleman, Inc., Robinson, Humphrey Co., Inc. and W. H. Cates & Co.

The bonds were reoffered to yield from 2.20% to 3.65%. The issue met with good reception and the present balance is $725,000.

On Wednesday, $3,000,000 Springfield, Mo. Water Revenue (1965-1996) bonds were awarded to the *Halsey, Stuart & Co., Inc.* group on a net interest cost bid of 3.439%. The runner-up bid, a 3.44% net interest cost, was made by the Wertheim & Co. group.

Other major members of the winning account are G. H. Walker & Co., First of Michigan Corp., Weeden & Co. and Hemphill, Noyes & Co.

The bonds were reoffered to yield from 2.10% to 3.50%. As we go to press the account reports a balance of $495,000.

Week's Major Sale

The last of the week's important sales to be reported on involves the State of Connecticut. The State awarded $49,000,000 various purpose (1964-1983) bonds to the combined *First National City Bank* and *Lehman Brothers, Kidder, Peabody & Co., Drexel & Co., Philadelphia National Bank* groups on a net interest cost bid of 2.853%. The runner-up bid was made by the Chase Manhattan Bank group naming a 2.889% net interest cost.

Other members of the winning group include Halsey, Stuart & Co., Inc., Chemical Bank New York Trust Co., Harris Trust and Savings Bank, Kuhn, Loeb & Co., White, Weld & Co. and others.

The bonds were reoffered to yield from 1.80% to 3.05%. Considerable pre-sale interest was reported and we would surmise that the bonds are about half sold upon initial reoffering.

Price Mark-Ups Contemplated

As we pause to finish this report on late Wednesday, it has become apparent that the state and municipal bond market is doing better following the announced increase in the rediscount rate from 3% to 3½% by the Federal Reserve Board. In some instances, groups are being formed to mark-up blocks of bonds that have recently come to market.

Canadian Unemployment Rate Studied by Conference Board

Montreal branch of National Industrial Conference Board intensive study of Canada's unemployment problem sees it requiring continuous adjustment during the 1960's.

Canada's high unemployment rate represents one of the country's major economic problems in the 1960's, the National Industrial Conference Board shows in a comprehensive chart survey released recently.

Prepared by The Conference Board's Montreal office, the survey is one of several features on unemployment to be issued by the non-profit business research organization. It notes that the slackening in the pace of economic growth in Canada in the mid-1950's lifted the average rate of unemployment from 3.8% of the work force in the period 1952-57 to 6.3% in 1957-62. As recently as 1960, the Canadian unemployment rate (7%) was the highest of all major industrial nations, leading the United States (5.6%), Italy (4.3%), United Kingdom (2.4%), France (1.9%), Japan (1.1%) and West Germany (1%).

Needed: A Continuous Process of Adjustment

The NICB report emphasizes that changes in manpower needs, caused by dramatic technological advances and shifts in demand, will require a continuous process of adjustment throughout the 60s.

New job opportunities are expected to grow more rapidly in the service-producing than in the goods-producing industries and in the office than in the plant. This would continue the trend of the last 10 years, when service jobs increased by more than one million compared with a rise of only 50,000 in the goods-producing sector.

The job market is expected to continue favoring the highly trained and better educated. In the last 10 years, professional jobs increased by 70% and skilled positions by almost 40%, as against gains of less than 25% in semi-skilled and unskilled jobs and significant declines in agricultural employment.

The changing economic environment requires that great attention be given to education, trade training and retraining, and career counseling throughout the 1960's, the NICB report suggests. It also implies that the Canadian worker may need to become more flexible and be prepared to move to new locations, change jobs or train for new positions.

The Canadian labor force is expected to increase by approximately 25% in this decade—about as fast as it did in the 50's—but there will be some significant changes in the composition of the new work force, the report indicates. The rapid increase in the number of young people of working age and the rising participation of women in the labor force will be largely offset by the tendency for youngsters to stay in school longer and older people to retire earlier, as well as by a decline in immigration.

Some of the persistent employment problems of the past will doubtless continue during the 60's, such as cyclical variations in manpower requirements. This is especially true in some industries (for example, construction and durable goods manufacturing) where job opportunities are very sensitive to business recession and recovery.

Another factor expected to continue is seasonal unemployment, which is more pronounced in certain industries (such as forestry and construction) than in others (manufacturing, finance, insurance and real estate).

Unemployment More Severe Among Certain Groups, Regions

While the high level of unemployment adversely affects the entire economy, certain regions and groups of people are hit more severely than others. The Atlantic Provinces, for instance, led all regions with an unemployment rate of nearly 11% last year, followed by Quebec (7.5%) and British Columbia (6.8%). The lowest unemployment rate in Canada in 1962 was in the Prairie Provinces (less than 4%).

Unemployment is especially high among those with little schooling, and among the young and inexperienced:

In 1960, those who had not finished primary school accounted for almost half of the unemployed, although they comprised only one-fifth of the labor force. At the other extreme, those who had graduated from secondary school or better made up one-fourth of the work force in that year but less than one-twelfth of the unemployed.

The unemployment rate last year for male workers 14-19 years of age was over 14%, and for those 20 to 24 almost 10%, against 6% for men 25 to 44. (The corresponding proportions for women were 8%, 3½% and 2½%.)

WASHINGTON AND YOU

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

WASHINGTON, D. C.—There are numerous things taking place in the Nation's Capital that are of marked interest to business and industry. Important though they, are, some of the actions have attracted little or no attention beyond the industries themselves.

On Sept. 1 the U. S. Tariff Commission is going to release a very important report. The release will list various items which will be open to tariff reductions at the negotiations of the general agreement on tariff and trade.

There are numerous industries that are apprehensive of the effects of reductions in U. S. tariffs on their products. There are reports that some of them are getting ready to battle with the hope of getting some protection from the Federal Government.

Businessmen of the Nation will have their chance to make a case for their products before the U. S. Tariff Commission between September and February, 1964. Then in March President Kennedy will make his decision pertaining to allowance of protection for individual industries in this country. The Chief Executive's decisions will be based in part on a Tariff Commission report, plus recommendations by former Secretary of State Christian A. Herter, his special representative for trade negotiations.

Mounting Cost to Business of Form Filling

Most individual taxpayers know the burden, increasing all the time, of keeping records for their own tax reports. However, the burden is small indeed in comparison to what faces the average business or industry in this country.

The Government of the U. S. through various agencies and bureaus in recent years has been responsible for sending out many questionnaires to business. It has gotten to be not only a nuisance, but it costs money to supply them.

Businessmen are telling their Congressmen about this increasing burden and are asking the law-makers to seek to get the government to ease up on the questionnaires. They realize that some are important. Therefore, they are not trying to have the surveys stopped but they would like to have the situation alleviated.

As a result, pressure is building up on Capitol Hill to do just that. The subject immediately at issue grows out of a Federal Trade Commission's proposal to survey the corporate relationships of the Nation's largest businesses.

There is a move on that would deny the Federal Trade Commission any funds for the survey in the FTC budget. Appropriation subcommittees in both the House and Senate have been considering such a curb.

"Questionnaire Happy"

A few days ago Senator Warren G. Magnuson, Democrat of Washington, asked Paul Rand Dixon, Chairman of the Federal Trade Commission, to determine whether the information his agency is seeking is not already available in the files of other agencies. After telling Mr. Rand that the FTC is going to have to prove absolute need for the questionnaire, Senator Magnuson declared:

"It seems to me we have become questionnaire-happy . . . this endless sequence of questionnaires frequently is a waste to the agency, taxpayer, and to the business enterprise which must divert time and personnel to filling out extensive forms."

The proposed questionnaire would ask the tens of thousands of corporations questions that businesses feel are strictly their business without the government prying further into their affairs.

It would not be surprising to see the FTC drop the survey. Certainly the Federal Trade Commission has failed thus far to present a real valid need, on behalf of the people, for it.

Eyes on Argentina

Official Washington as well as trade circles in Washington are watching the new administration in Argentina because of the reports that Argentina is expected to tighten controls on U. S. investments. However, not all actions are expected to be harmful.

Dr. Arturo Illia, who will presumably become the new President of Argentina in October, is advocating tighter controls on investment capital made in that country by U. S. industry. Dr. Illia insists that capital will continue to be welcomed providing it is done "legally and not by the back door."

A number of our large industries have made large investments in Argentina for the manufacturing of automobiles, jeeps, tractors, airplanes, and other things. Kaiser Industries has been a prime example of investments. However, Kaiser has insisted that Argentinians put up part of the capital and that profits would be divided on terms that would meet the approval of the government and people of that country. Overall it has been a mutually beneficial proposition.

Ford, Goodyear, General Motors, and Lockheed, are among the large companies watching the political situation there.

Here in the Department of Commerce, one of the largest Federal buildings in Washington, department economists are insisting that "billions of dollars" are flowing into industry as the result of last year's broadened depreciation and investment credits which the Treasury Department announced.

The double reform provided corporations with an additional cash flow (in the form of income tax reductions) of some $2.3 billion during the last fiscal year. Income taxes were cut by about $1.3 billion, and corporations claimed investment tax credits of another $1 billion in their 1962 returns, according to economists at the department.

Foreign Aid to Be Reduced

Congressional committees are already chopping away at the President's $4.5 billion foreign aid bill. General Lucius D. Clay, (U. S. Army retired) who was appointed by President Kennedy to evaluate the whole overall program recommended that it be reduced to $4.3 billion.

Present indications are that by the time the Congress puts the finishing touches on the bill it will be reduced by about $1 billion under the recommendation of the White House.

Not only should the foreign assistance funds be reduced in some countries, but in others they should be stopped altogether, if reports of the healthy economy of those countries are correct. Some qualified members of Congress insist that some countries are playing the U. S. against the Soviet Union in order to get extra millions of foreign assistance from us.

Advocates We Trade With Communist Bloc

Senator Allen J. Ellender, probably the most traveled man in Congress, and a critic of foreign aid spending in most countries, made an eye-opening statement a few days ago.

Senator Ellender said flatly that the U. S. is making a grave mistake by not expanding its trade with Russia and all other Iron Curtain countries.

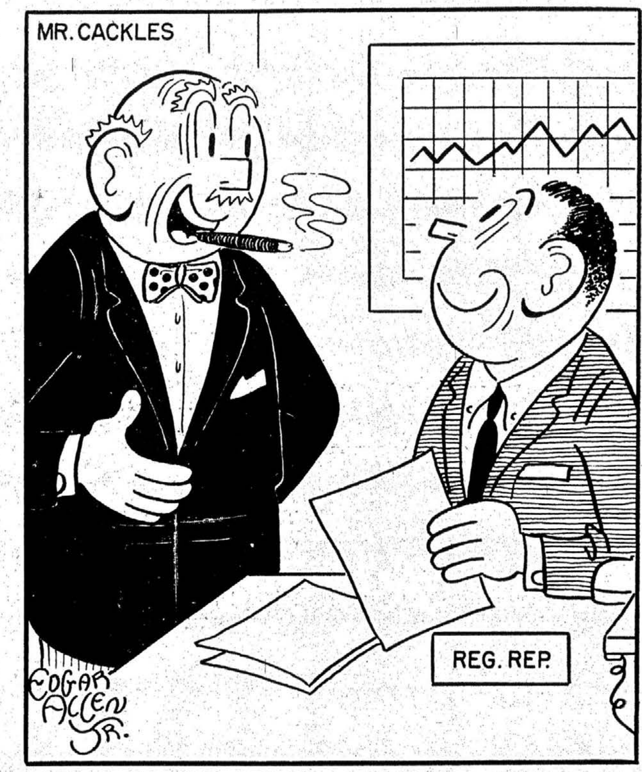
"All of our Allies are trading with the Russians," said the Chairman of the Senate Agriculture Committee. "I think our policy is wrong. It is time the State Department reversed its thinking. We are going to be caught holding the bag one of these days."

The Senator, one of the oldest men in the tenure of service in the Senate, maintained that France and Britain and some of our Allies should be shouldering more of the burden of assistance to under developed countries.

"In pouring out billions and billions of our dollars, much of it going down the drain, we act just plain stupid at times," said the Louisianian.

Many Americans in and out of government concur.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"You're coming along fine, young fellow, by the end of 1963 you'll be able to make just as many bad guesses as the rest of us!"

COMING EVENTS

IN INVESTMENT FIELD

Sept. 11-13, 1963 (Pebble Beach Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 27, 1963 (Philadelphia, Pa.)
Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City)
Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.)
National Association of Bank Women 41st annual convention at the Americana Hotel.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.

April 8-9-10, 1964 (Houston, Tex.)
Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.

May 16-24, 1964 (N. Y. City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

Dec. 7-8, 1964 (New York City)
National Association of Mutual Savings Banks 18th Annual Mid-Year meeting at the Commodore Hotel.

May 17-18-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual meeting at the Washington Hilton Hotel.

May 16-17-18, 1966 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 46th Annual meeting at the BellevueStratford Hotel.

May 22-23-24, 1967 (Boston, Mass.)
National Association of Mutual Savings Banks 47th Annual meeting at the Hotel America.