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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 desirably indispensable measures to generate growing economy and confidence necessary to investments here without accompanying tighter monetary moves except for money rate increases. Secs need for world economic cooperation and, in time, for increased liquidity.

The basic philosophy and general approach which will characterize 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 alliances, 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 political stability — for maintaining secure defense, for 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.

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 restrain 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 in—

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Resident Manager, Reynolds & Co., New York, N. Y.

Eastern Air Lines
An excellent case can be made out for Eastern Air Lines as a potential speculative stock for capital gains. This is one of the few airlines that to date has not participated in the recent upward trend and has not returned any excess to prosperity in this industry.

The two main factors contributing to the recent upward 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 $3.104 to a high of $5.35 per share. During these seven years, additional cash flow via depreciation amounted to $170,000,000. In the three years 1960 to 1962, Eastern had deficits aggregating approximately $28,570,000 but during these years depreciation amounted to over $123,000,000.

Eastern Air Lines routes are many and varied; New York to Montreal, Canada, Bermuda, Puerto Rico and nonstop flights from New York and Washington to Mexico City and San Diego, Los Angeles. Among other routes are Boston, Chicago and Detroit to Miami, also New York to Brownsville, Texas. Eastern has about 173 planes and is purchasing new Boeing 727 jets for 1963 deliveries.

It is not generally recognized how air freight is increasing. About one third of a large jet airliner is used for cargo, for passengers but is used for cargo. Some of the airlines already have planes with a cargo capacity and these should grow in number. Eastern has four new jet passenger planes and a number of used planes 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 off government subsidy. However, instead of improving Northeast's situation the line has shown continuous large deficits ever since until now it is barely breaking even and should now increase should in freight, Eastern has four new jet passenger planes and a number of used planes now used entirely for cargo. It would seem a certainty that the next five years will show substantial gains in freight shipped by air.

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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 Executive sessions. In response to queries of what reasons the major banks gave for the proposed bank act changes, Mr. Mulholland explains how the public might benefit from competition, not only among banks but between banks and near-banks, in terms of the exchange crisis, and in the measure taken to reduce confidence in the economy and the currency, the banker comments on the economy's improving strength and on the need to watch expert price care.

The past year witnessed a full inquiry into monetary and financial matters by the Royal Commission on Banking and Finance and the year ahead will mark the start of a decade of changes in 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 devoted to the best interests of the Canadian people and the Canadian economy.

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 shaping 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 reference to the Royal Commission at a later point but 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 as regards the Canadian dollar and Canada's exchange reserves.

When we look back 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 selling a large volume of foreign paper at 95 cents U.S. Later, in May, a fixed par value had been re-established with the concurrence of the International Monetary Fund at 92½ cents U.S.

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. Tightness prevailed during the summer and early autumn, following which a gradual relaxation took place. The improving conditions were accompanied by changes in the Bank Rate. Having been set at the extremely high level of 6½ per cent in July to inaugurate the austerity program, the Bank Rate was held at this level until September 7 when it was reduced to 5½ per cent. There were several subsequent reductions and on May 6 of this year, the rate was dropped to 3½ per cent.

Underlying Strength of Economy

The fact that these reductions had been possible is an indication, at least in part, of the degree of recovery from the dollar crisis now experienced by this country only a year ago. That they could be made within such a relatively short time is a clear indication of the underlying strength and resilience of the Canadian economy and of the government's faith in Canada's future.

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CONTENTS

Thursday, July 18, 1963

Articles and News

Administration's Aggressive Plan to Solve Our Payments Problem Gap....Hon. Douglas Dillon

Canada's Banking Reform and Economic Outlook Prospects....R. D. Mulholland

Mortgage Banking Corporations...Mr. U. Cobleigh

Puerto Rico's Remarkable Growth Opportunities...J. Díaz-Hernández

Pension Contributions During a Period of Adversity...Frank L. Griffin, Jr.

Predominant Significance of Price-Earnings Ratios...Gary E. Mede

Why Travel Today Is A Good Investment...Roger W. Babson

IBA Training Course Opens...21

NYSE Changing Preferred Stock Symbols...33

Canadian Unemployment Rate Studied by Conference Board...35

MORE ARTICLES IN SECTION TWO

The following articles appear, on pages indicated, in Section Two of today's "Chronicle," which is devoted to the 41st Annual Convention of the Investment Dealers' Association of Canada:

Canada: Securities Industry and the Economy...David S. Beaty

Managing the Investment Firm Profitably Today...Gary B. Sachjen

Federal-Provincial Fiscal Relations Need Updating...Hon. Duff Roblin

Regular Features

As We See It....(Editorial) 1

Bank and Insurance Stocks 20

Businessmen's Bookshelf 33

Coming Events in the Investment Field 18

Current News in the Field 12

Dealer-Broker Investment Recommendations 8

Executive: "Will British Banks End Gentlemen's Agreement?" 7

From Washington Ahead of the News 4

Indications of Current Business Activity 25

Market and You (The Markets) 16, 10

Mutual Funds 29

News About Banks and Bankers 18

Our Report on Governments 19

Public Utility Securities 21

Securities Market News 26

Prospectus Security Offerings 31

Security I Like Best (The) 2

Seventy-Sixman's Corner 16

State of Trade and Industry (The) 12

Tax-Exempt Bond Market 6

Washington and You 36

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Thursday, July 18, 1963

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New York Trap Rock Corp.
Mtg. Banking Corporations
By Dr. Ira U. Cohnberg, Economist

The troubled railroad strike gives Mr. Kennedy the most serious problem he has faced to date. It is all very well to say that the railroad men are being overpaid, but when every tribunal has ruled against them, but the facts are, they stand to lose their jobs and the responsibility of representing the public interest of all the people of the Nation.

If the Morse and Judge states were promptly conveyed to the President and the Congress, they would have had their effect. But one thing seems certain: If Senators Morse and Javits have said it, there is no reason to doubt that if Congress is considering this year's legislation, it will act, despite all the talk about it, to get a bill through that body.

Dillon, Read Names Exec. Vice Pres.

Arthur L. Wadsworth has been named Executive Vice President of Dillon, Read & Co., Inc., 46 William Street, New York City, member of N. Y. Stock Exchange. It was announced by Frederic H. Brandt, Chairman since joining Dillon, Read & Co., Inc. in 1935, Mr. Wadsworth has been engaged in corporate finance work. He was elected a Vice-President in 1940. Mr. Wadsworth is a director of Copperweld Steel Co., the Jeffrey Co., and United States Steel Corp. He is a former President of the Investment Bankers Association of America and a former Chairman of the association's Foreign Investment Committee.

Kalb, Voorhis To Admit Hipkins

On Aug. 1 Kenneth A. Hipkins will become a partner in Kalb, Voorhis & Hipkins, member of the New York Stock Exchange. Mr. Hipkins is 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-investigated reform steps via-a-via the use of machinery in a major way. Today (Wednesday) the SEC submitted the long-promised, anticipated, and heralded second tranche of its Special Studies group's findings to the House and Senate banking committees. 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 mergers and other forms of market control. 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 apparently still left a gristy content.

Among the harsher parts of today's data are the recommendations of the subsections which have a highly critical view of the Exchange special committee's caustic language about the odd-ball traders—"they are not intrinsically bad, but are 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 the extension of the SEC expanded authority to regulate, over-the-counter trading and corporate securities transactions on unlisted companies.

ON MULTIPLE TAXATION

This space has received the following communication containing a proposal for removing the alleged abuse of the so-called double taxation of earnings, first from public utility companies, and again when paid out as dividends.

I have found your writings on taxation particularly stimulative. 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. Howver they did not come up much with an answer.

I have an answer which may not be perfect, but does go away with double taxation. For every dollar per share of profits, the company would pay out fifty cents in dividends. Then 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 income tax at whatever rate was applicable and the corporation would keep 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.

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 in general could group 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 enterprise. 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 achievement, 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.

Howard, Weil Names

NEW ORLEANS, La. — Bryson Woods has been named a registered representative in the New Orleans office of Howard, Weil, Labouisse, Friedricks & Co., 211 Carondelet Street, New Orleans, which is a division of Howard, Weil, Weil & Co., Inc., San Francisco, Calif.

A native of Cincinnati, Mr. Woods attended Princeton University, and received his degree 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 President's 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 Hill and a recipient of the Wall Street Journal Scholastic achievement Award in Finance at the University of Oklahoma.

We are pleased to announce that

DAVID F. BOLGER and
ROBERT GALLAGHER
have become associated with us in our New Business and Underwriting Department and that

JOHN J. BURNS, JR.
has joined our Institutional Sales and Syndicate Department.

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July 16, 1963
Tax-Exempt Bond Market

BY DONALD D. MACKEY

Since reporting a week ago, the market for municipal and other general obligation bond issues has been struggling about, at one time firming, then looking better and better, then off slightly, then at times altogether quiet and thin. The only adjectives used by one type of investor another in describing the market in the past few days have been "strong." Since the rumor was leaked or otherwise communicated about the Federal Reserve's intention 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 unusual tone and a sense that dealers reacted to the cool caution exhibited by most of the professional investors.

**Price Reductions Resorted To**

In some cases, 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 prevailed in the secondary market earlier. These procedures have stimulated some substantial business during the past few days, but it is generally recognized that this market has been quite inactive and has not had the activity and support that investors expected and that rate changes that were seemingly slow in coming were not.

However, the change has now been announced. The rediscount rate at the Federal Reserve Bank of New York and six other Reserve District Banks has been raised from 3 1/2 to 3 3/4% effective Wednesday, July 17. The rate change has been approved by the Federal Open Market Committee, Washington. The Board also raised the maximum interest rate at which member banks may pay on time deposits, with maturity certificates, with maturities in excess of one year, to 4%. This change is designed to permit the banks to cover more effectively the increased demand on the international short-term money market.

**Municipals Had Already Anticipated FMR Reductions**

To what further extent this was anticipated 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 a little affected, but federal government and agency issues will fare better, and dealers will be able to cover the roll-off in long-term Treasury issues as well as high grade corporate issues.

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

**Tenting Yields**

The Commercial and Financial Chronicle index of average yields on primary and secondary market Treasury security, which is derived by averaging the yields obtained from a list of previously quoted medium maturity bonds, averaged at 3.10% as of July 17. This would indicate that the secondary market's yield curve is down about 3/8% of a point over the past week. This week's index stood at 0.70%. Since spreads were widened in the secondary market, it seems fair to judge the bid side as easier than it has been in 12 months. It was on Aug. 8 last year that the market bottomed at 3.125%. The outlook is, however, clouded at the present time for several reasons. As noted, we expect no quick change in the market and do so at least to a fare of quiet optimism by guessing that the market for municipal and other general obligation bonds should steady in the traditionally quiet month of July. We expect the clearing-out of financial air seems likely to attract further investor attention at the present time, and in fact, positive news that have prevailed in close to a year.

**Managable Calendar**

The new issue calendar over the next month now totals around $600,000,000. The largest scheduled bond issue for the month is the $125,000,000 New York City (ninth series) bonds scheduled for sale July 26; $100,000,000 State of California serial (1964-1983) bonds were sold for August 7 and $116,000,000 New Housing Authority long term serial bonds scheduled for Aug. 14.

This average schedule of new issue offerings seemingly poses no problem in underwriting, industry, outside the normal rate structure which on time will accurately delineate.

**Realistic Bidding Necessary**

The street inventory situation is about on par with the past week, so far as can be ascertained. The Blue List status of both state and municipal bond issues has been on the $357,000,000 area. Current total is $605,000,000. The Street should have much trouble handling this sort of volume providing the easy market trend is in some manner stemmed. The recent issues in the near future will have much to do with this. The time is definitely at hand for realistic new issue bidding.

**Bond Dollar Firmer**

The toll road, toll bridge, public utility, and corporate bond issues on the primary and secondary market yield curve issues are little changed from the week's opening issues. Some of the issues of a week ago are tight to below 1/5% up on the week. These include the New York City (N.Y.C.) 5% ($200,000,000) P.U. D. 5% Chesapeake Bay Bridge and Tunnel 5% Grill (June 1983 to July 1983) and Illinois Toll Highway 3% (July 1983 to July 1983), and Mackinac Bridge 4%; Maine Turnpike 4 1/2%.

Earlier this week the quotations were largely lower with the markets very thin. The markets now are fortuitously more alive and offer a bit more press. It is reported that some of the dollar buyers may return next week. We feel the prior half on the day (Wednesday)...

**Project Revenues on Rise**

The May and June statements for most of the toll roads indicate that they have made progress. As we go into the vacation period it would seem that most of these roads are making records again this year. The Maine Turnpike covered interest and maintenance 1.34 times in the month of May, 1982. The Kansas Turnpike has shown a good improvement in the month of July covering better in May than the Illinois or the Indiana toll roads. Altogether, the showings, the statements indicate that they are still doing quite well.

**Grant County Issue Awaits**

The approximately $32,000,000 Grant County, Washington, P.U. D. (2) (Main line Hydro-Electric Reclamation) serial bond issue remains as the only large negotiated issue slated for July flotation. Although price levels have prevailed in close to a year.

**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 (1969-1989) bonds were sold at a net interest cost of 3.066%. The New York City (N.Y.C.) third series, a net interest cost of 3.02% and there were several other competitive bids.

**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.

**Tax-Exempt Bond Market**

<table>
<thead>
<tr>
<th>State</th>
<th>Rate</th>
<th>Maturity</th>
<th>Bid</th>
<th>Asked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calif., California</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
<tr>
<td>Conn., Connecticut</td>
<td>3%</td>
<td>1983-1984</td>
<td>3 3/16%</td>
<td>3 3/16%</td>
</tr>
<tr>
<td>N.Y., New York State</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
<tr>
<td>Wash., Washington</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
<tr>
<td>D.C., District of Columbia</td>
<td>3%</td>
<td>1983-1984</td>
<td>3 3/16%</td>
<td>3 3/16%</td>
</tr>
<tr>
<td>Del., Delaware</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
<tr>
<td>N.Y., New York State</td>
<td>3%</td>
<td>1974-1975</td>
<td>2.85%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Md., Maryland</td>
<td>3%</td>
<td>1981-1982</td>
<td>3 3/16%</td>
<td>3 3/16%</td>
</tr>
<tr>
<td>Ind., Indiana</td>
<td>3%</td>
<td>1983-1984</td>
<td>3 3/16%</td>
<td>3 3/16%</td>
</tr>
<tr>
<td>Ohio, Ohio</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
<tr>
<td>Pa., Pennsylvania</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
<tr>
<td>N.Y., New York City</td>
<td>3%</td>
<td>1981-1982</td>
<td>5 3/4%</td>
<td>6 1/4%</td>
</tr>
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**Contd. on page 23**
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: higher interest rates. Dr. Einzig foresees rising costs eating into present satisfactory earnings and jeopardizing high stock market quotations for banks' securities and depositors' profits if deposit rates were raised in the face of accompanying, unpopular lending rates' increase, imposed by cash reserves and Euro-dollar deposits subject to U. K. exchange control restrictions.

LONDON, England — When some weeks ago the Governor of the Bank of England, Lord Cromer, sympathizing with the British commercial banks for not being sufficiently competitive for deposits, he proceeded unadvised. Opinion 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 "gentlemens 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 field 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 4½% 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 interest on bank loans is above 6%. But the 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 2% and 3% and even more, 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 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 28, 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 included.

Commenting on the bill was Kenji Hatanaka, President of Nikko-Kashiwa Securities Co., San Francisco, Japanese securities specialists and a leading California foreign securities houses. Mr. Hatanaka stated on July 16 that the bill is being looked upon most favorably by many 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.

This advertisement appears as a matter of record only.

July 18, 1963

$12,500,000
ASSOCIATED OIL & GAS CO.

Promissory Note

Private placement of this Note with an institution was negotiated by the undersigned.

ALLEN & COMPANY

NEW ISSUE

July 18, 1963
$6,600,000
ASSOCIATED OIL & GAS CO.

6% Convertible Subordinated Debentures
due July 1, 1975

Convertible into Common Stock of the Company at $5.50 per share from November 1, 1965 through July 1, 1966; at $6.50 per share through July 1, 1971 and at $7.50 per share thereafter, subject to adjustment as provided in the Indenture.

Price 100% plus accrued interest

Copies of the Prospectus may be obtained from the undersigned only in states where the undersigned may legally offer these securities in compliance with the securities laws thereof.

Allen & Company
Scherck, Richter Company  Strauss, Blesser & McDowell  Incorporated
  Jesup & Lamont
DEALER-BROKER
INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRM 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 industry, consumer electronics, and more.

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

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

Canadian Market—Report—Equitable Securities Canada Limited, 60 Tenge Street, Toronto, 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 booklet on data on 32 companies—First Boston Corporation, 20 Broadway, New York 6, N.Y. Also available is the 11th annual edition of data on Life Insurance Company stocks covering 24 issues.

Funk & Scott Index of Corporations & Investments—Index of articles on corporations, industries, and general business subjects taken from over 300 financial publications, 350 broker's reports, and speeches before analysts societies—1966 Revised, Cumulative Volume 30. Further information on the market or monthly issues available in the Investment Index Co., 206 F Colonade Building, Cleveland 6, Ohio.


Marriott Fund Management Company—Reviews—Maxwell Ohlman & Company, 120 Broadway, New York 6, 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 Stock—Comparison and analysis of 10 New York bank stocks—First Boston Corporation, 20 Broadway, New York 5, N.Y.

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

Oil & Gas Industry in Canada—Review—Royal Securities Corporation Limited, 244 St. James Avenue, Toronto 1, Ontario, Que., Canada.

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 Market Bulletin of the Federal Reserve Bank of New York, 4th Street, New York 4, N.Y.


Reinforced Plastics Industry Study—Analysis of size of reinforced plastics manufacturing industries with historical and projected data of industry production, raw materials usage and a brief analysis of companies active in the field—Economic Index & Survey, 1236 Vine Street, Cleveland 6, Ohio, $100.

Revised Canadian Budget—Study—Greenhills Incorporated, 107 Place d'Armes, Montreal, Que., Canada.

Selected Stocks—Bulletin of issues in various categories which appear attractive—The Illinois Company Incorporated, 253 South La Salle Street, Chicago 3, Ill.


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


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

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

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

American Cyanogenes, Inc.—Memorandum—New York Hanseatic Corporation, 60 Broadway Street, New York 4, N.Y.


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

Carter Products—Comments—Hefrzed, 30 70 Madison Street, New York 4, N.Y. Also available are comments on Rayener and Sinclair Oil Corporation.


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


Consolidated Foods—Comments—Dept. DB, Commercial & Financial Chronicle, 1 Park Place, New York 7, N.Y. Also available are comments on Caterpillar Tractor Corporation, Chicago Pneumatic Tool, Sinclair Oil, and Warburg, Brothers Company, Carter Products and Dower Corp.

Cove Vitamin & Pharmaceutical—Co.—Memorandum—J. S. & Co., Inc., 70 Wall Street, New York 5, N.Y.

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

Dove-Way—Memorandum—E. W. Hutton & Company, Inc., 1 Chase Manhattan Plaza, N.Y.

Duncan, Gonthier & Grier—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Eaton, Gardiner & Company—Memorandum on Bowman Instruments.

Equitable Telephone—Memorandum—Lieberman & Co., Inc., 50 Broadway, New York 4, N.Y.

Franchise Airline—Analysis—Peters, Writer & Christiansen Corporation, 724 17th Street, Denver 10, Colo.

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


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


Heublein, Inc.—Analysis—Mitchum, Jones & Templeton, Incorporated, 600 South Spring Street, Los Angeles 14, Calif.

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

Laibro Steel Co.—Memorandum—Kerr & Co., Box 727, Lagune Beach, Calif.

Long Locomotive Corporation—Analysis—Rutner, Jackson & Gray, Inc., 770a West Seventh Street, Los Angeles 7, Calif.

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

J. Ray McDermott & Co.—Report—Bittner, Vogel & Co., 40 Exchange Place, New York 5, N.Y. Also available are reports on TeXtron, Inc and Pennzoll Oil Co. and memoranda on Colonial Corp. of America and Capitall Baking.

National Biscuit Analysis—Robert W. Baird & Co. Incorporated, 731 North Water Street, Milwaukeo, Wis. Also available are analyses of Standard Oil of Indiana, Larson Company and Greyhound Lines.

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


Parke, Davis & Co.—Bulletin—Oppenheimer, Newburg & Neu, 120 Broadway, New York 5, N.Y.

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


Radio Corporation of America—Analysis—The Palace, 5 Hanover Square, New York 5, N.Y. Also available is a memorandum on Germany and a memorandum on Berman Industries.

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

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

Singer Company—Analysis—Hemphill, Noyes & Co., 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, Collet & 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 5, Wis.

Tite Roofing and Trust Company—Report—Pacific Northwest Company, 1002 Second Avenue, Seattle 24, Wash.


BROKERS REPORTS

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A subscription to the WALL STREET TRANSCRIPT will entitle you to ALL the IN-DEPTH, TEXT OF brokers' reports at an overall cost of $5. All reports, complete with charts and other data, are included in your one year subscription to the WALL STREET TRANSCRIPT. Your subscription is your passport to the world of Wall Street.

Wall Street Transcript

Dept. 928

54 Wall Street

New York 5, N.Y.

72-24010

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info@fraser机构.org
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, well-balanced, competitive, and thriving economy. High levels of imports, large-scale infrastructure projects, and government policies have helped to increase productivity and create jobs.

I remember the days when no investor would risk capital in Puerto Rico...as part of the world community. Puerto Rico was a sugar island, with all that the term implies. Much poverty; a negligible middle class; thousands of families living on the edge of subsistence; a future without security and more than a few thousands of families living on the edge of subsistence; a future without security and fewer than a thousand. Puerto Rico was, indeed, a sugar island.

Today, twenty "Bootstrap" years later, Puerto Rico appears on the world economic scene as a self-help industrialization program, achieved in a climate of democratic free enterprise. Our growth rate has been nearly 11% and the average for the past ten years has nearly been 8%. There are more than 3,000 manufacturing plants on the island. The actual gross national product, approximately half that number, has been more than the African continent and much more than the United States. The growth of Puerto Rico is phenomenal. The new growth of the Puerto Rican economy is a reflection of the successful transformation of the Puerto Rican economy from a sugar-dependent economy to a diversified, high-growth economy.

Our export growth has been stronger than our import growth, and our import growth has been stronger than our export growth. The island's gross national product has increased by seven times since 1950, and our export growth has increased five-fold since 1940 to about 600 million — more than double the Latin American average.

The island's gross national product has increased by seven times since 1950, and our export growth has increased five-fold since 1940 to about 600 million — more than double the Latin American average. New investment has been flowing into Puerto Rico from all over the world, and the island is well on its way to becoming a truly competitive, diversified, high-growth economy.

Copies of the Prospectus may be obtained from the undersigned and other underwriters may lawfully offer these securities in this State.

Walston & Co.
A. C. Allyn & Co.
Bache & Co.

Shearson, Hammill & Co.
Pension Contributions During a Period of Adversity

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

There are various types of financial inducements to executives. Mr. Griffin deals with the inducements enjoyed by executives and the advantages of having some funded flexibility and a portfolio balanced between bonds, mortgages and equities, and also with the adverse impact of the reduction in keeping the program above water during periods of adversity which hit the economy as a whole and/or the firm specifically because of changes in actuarial assumptions and suggests six stages in the examination of the problem of determining pension contribution during an adversity period.

The topic, "Determining Contributions To Pension Funds In Periods of Adversity" may seem to connect rather tensely to "Executive Rewards." Unlike direct compensation, bonuses, and even deferred profit-sharing plans, a reduction in contributions is likely to fall at the bottom line. The ultimate benefits of a pension plan, however, depend on the firm's overall financial well-being. Fluctuations in the company's financial position may be more closely related to the level of contributions and the size and timing of the lump sum, which may be less apparent. The ultimate benefits of an executive's plan may depend on the executive's ability to manage the firm's financial position, and the executive's company may be more likely to benefit from pension contributions if the firm's financial position is strong. A pension plan with a funded structure may also be more attractive to executives, as it reduces their risk of being left with a large portion of their pension benefits if the firm is unable to provide them. The firm may also be more likely to attract and retain executives with a pension plan that offers funded benefits, as they may be more confident that their benefits will be secure. In conclusion, pension contributions during a period of adversity may be more closely related to the executive's position and the firm's overall financial well-being than the direct compensation or bonuses. However, the executive may also be more likely to benefit from pension contributions if the firm's financial position is strong, and the executive's company may be more likely to attract and retain executives with a pension plan that offers funded benefits, as they may be more confident that their benefits will be secure.
Canada's Banking Reform & Economy Outlook Prospects

Continued from page 3

the effectiveness of international cooperation. As the banks continued to operate outside the confines of the national, there was a growing recognition that the local influence of the bank, particularly long-term capital, had been a reversal of the trend. As a result, a year ago and an indication of a restoration of confidence on the part of foreign confidence. I do not intend to make a general survey of economic factors at this time, but I believe that we 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 the net national product in 1962, even allowing for price increases, was most important. As a result, about a year after the events of the United States and Britain, are showing better prospects and this should continue to help our own economic betterment.

Much, however, remains to be done in the economic situation. I suggest that nowhere is this more true than in the area of our export trade, which continues to suffer from world markets. The devaluation of the dollar has assisted our export business, but a great many who do not fall into a sense of complacency. Our efforts must also be directed to world markets and our export price structure warrant continuing close attention. In addition, our attitude toward trade 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, I am brought to the point of 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 little more in the position we have taken, which is now clearly a matter of public record, would not be in order, bearing in mind the position and all the indications of the keen appreciation with which we look forward to the Commission's report, it could prove to be a milestone in the development and progress.

In appearance before the Commission, the banks make only one basic recommendation—to be freed from the restrictions that limit the amount of funds that are available to them, not only in the local financial needs of the Canadian people. We made that recommendation because of the increasing importance of the chartered banks. As a result, there has been 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 been definite indications in many other countries, institutions that carry out commercial functions which are 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 provided a full, full range banking service.

The Near-Banks

In line with the modern custom of institutions to cover new developments, the institutions that have come to be subject to the same restrictions and regulations that govern the banks, should in the view of governments, and, as a result, the structure of the banks, Canada through statutory cash reserve provisions. The associations, however, wish to serve the financial requirements of the Canadian people 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 mechanism that should be freed of all unnecessary rigidities, impediments and restrictions, and of normal competitive forces.

Removal of Lending Ceiling

It was against that background I am making the comments before the Royal Commission. As one of the recommendations 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 the rate of lending be removed 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 freedom as the others; the law should not unnecessarily curb, and confine one set of institutions within the bounds of others who are freer. 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 base than would 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 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 employment of the powers of the banks to lend on mortgage security would be doubly beneficial in one, the banks expanding the area of usefulness of the banks and, on the other hand, in affording the banks the opportunity to do more in the 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 wider, broader base 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 faced by the banks is one that is best for the banks or what will be good for the country. We are committed to 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. Malbourn before the Canadian Bankers' Association, Montreal, Quebec, Canada, June 13, 1963.*

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 2½, 6%, 000,000 of 6% and External Sinking Fund Bonds due 1962 and 1967, The Sinking Fund Bonds are being offered by an underwriting group managed by Kuhn, Loeb & Co. Incorporated and The First Boston Corporation, and the Serial Bonds by the managing underwriters only. The Sinking Fund Bonds are priced at 97.7% and the Serial Bonds at 100.

Shown above at the signing of the documents covering the offering are, seated, left to right, Nathaniel Samuel, Senator Vice President of Kuhn, Loeb & Co. Incorporated; Manuel S. Valla-dares of Nacional Financiera, S.A., the Mexican Government's development bank; and Proespero Roho Hernaniillo of the Mexican Ministry of Finance and Public Credit, Standing, left to right, are Jose Oljouq, of the Ministry of Finance, N. Overby, Vice-President of The First Boston Corporation; and Jose Calero, Deputy Director of Finance, 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 Arcade.

**NEW ISSUE**

These securities are offered as a speculation.

100,000 SHARES

CAREER-WAYS SYSTEM, INCORPORATED

COMMON STOCK

(Par Value $1e Per Share)

PRICE: $3.00 PER SHARE

Copies of the offering circular may be obtained from such of the undersigned only in such states where the securities may be legally offered.

CHASE SECURITIES CORPORATION

Empire State Building

New York 1, New York . . . PE 6-5586
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; W. L. Thompson, Carl T. Smith, Vice-Presidents, and Alfred E. Sweeney, Secretary and Treasurer. The firm will be operat-

NEW BRANCHES
BROWNSVILLE, Texas—Dittmar & Co., 301 East Lewis Street, Richard J. Settle is Manager.

CHATTANOOGA, Tenn.—McNeil & Company Incorporated, Macellan Building, B. Claborn Mc-

FAIRFIELD, Calif.—Hannond & Talbot, 712 Texas Street, Frank W. Williams is Manager.

LEWISTON, Wash.—Pacific Northwestern Company, Weiberther W. S. Miller, John A. Patullo is in charge.

PHILADELPHIA, Pa.—Parker Corporation, Fidelity Philadelphia Trust Building, William M. Kin-

ARIZONA—Variable Life Insurance Company, 14th and Van Buren Towers Building, Richard Hop-

PERSONNEL
ASHVILLE, N.C.—George D. Seibels is with Abbott, Procter & Paine, 27 Page Street.

CHATTANOOGA, Tenn.—Donald McNeil & Company, Incorporated, Macellan Building.

DENVER, Colo.—James R. Cox has been appointed Manager of both the Boetcher and Com-

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

DENVER, Colo.—Lawrence Shaw-

DENVER, Colo.—Lawrence Shan-

GREENSBORO, N.C.—Lawrence B. Reynolds has been added to the staff of Lewis & Co., First National Bank Building.

MILWAUKEE, Wis.—August Koch has been added to the staff of The Milwaukee Co., 207 East Michigan St., Milwaukee, Wisconsin.

MINNEAPOLIS, Minn.—Gerald R. Johnsson has been appointed Resident Manager of the Min-

NEW YORK CITY—New York Stock Exchange, 50 Wall Street.

NEW YORK CITY—Federal Reserve Bank of St. Louis, 130 Broadway, Officers are Everett A. Hartung, President; W. L. Thompson, Carl T. Smith, Vice-Presidents, and Alfred E. Sweeney, Secretary and Treasurer. The firm will be operat-

BEVERLY HILLS, Calif.—Law-

BIRMINGHAM, Ala.—Robert P. Gordon & Co., 1422 South 18th St. Robert P. Gordon is sole pro-

DOVER, Del.—T. Clayton Cleaves, Highview Building.

HAMPTON, Mass.—Neil Asso-

HUSTON, Tex.—Walter L. Van-

CITY—J. E. Jennings & Company, 555 Pacific Avenue, Calif.

INGLEWOOD, Calif.—United Fi-


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

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

NEW YORK CITY—Arthur Swarts, 130 East 18th St.

NEW YORK CITY—Carey Inter-

RAWLINS, Wyo.—Western Se-

REDWOOD CITY, Calif.—L. E. Eppler, 2120 Willow Street. Officers are John W. Hennessy, President; Mabel V. Eppler, Vice-President, and Joseph E. Eppler, Jr., Secretary and Treasurer.

STONE, Altamont

G. R. Harris Joins

of Predictive Significance

Of Price-Earnings Ratios


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 worthless low P/E stocks with earnings potential studies should be made of bear market performance and relationship of P/E to cyclical business conditions.

Profitability 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 worthless low P/E stocks with earnings potential studies should be made of bear market performance and relationship of P/E to cyclical business conditions.

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The State of TRADE AND INDUSTRY

Personal income in the United States has risen almost 2% per year during the past few years, but after adjustment for price in¬
creases and the growth of popula¬
tion, the Federal Reserve Bank of Chicago notes in the July issue of Business Conditions.

At the national level, personal income was running at an annual rate of about $460 billion compared with $189 billion in 1947. The compounded rate of rise before adjust¬
ment for population and price is nearly 6% during this interval.

Income Rose Kept Downstairs From Plummeting

The increase in personal income provides striking evidence of the continued expansion of the United States economy and has made possible the stable growth in con¬
sumer purchases that has played a major role in keeping capital down in activity from de¬
volution into full-scale deflation.

Consumer purchases can be credited with helping to maintain the relatively high level of business activity during 1962 and early 1963. Business investment in inventory and structures was sluggish during much of this pe¬

Developments thus far in 1963 suggest that personal income will be about 3% per year this year. The rise in per capita per¬
sonal income, after adjustment, will probably be in the neighborhood of slightly above the average for the postwar period.

Regional U. S. A. Analysis

All states and regions of the United States have recorded sub¬
stantial increases in personal income during the postwar period, but the relative contributions have varied. The Southeast, Southwest, Rocky Mountain and West Coast states have obtained larger shares of total income while the states in the Northeast and the rest of the nation have declined.

Two principal, interrelated fac¬
tors—already at work prior to World War II—have led to ac¬
celerated growth in personal population growth and industri¬
alization of primarily agricultural states.

The Far West led by California, accounted for about 9% of total personal income in 1947. In 1966 its share rose to 12% in 1947 and 14% in 1962.

At the other extreme, the group of midsouthern states including New York and Pennsylvania, accounted for 22% of total personal income in 1929, 27% in 1947 and less than 25% in 1962.

The trend in the share of in¬
come accounted for by some re¬
gions has shifted during the past 18 years. New England's share has been quite steady since 1957 after declining for many years. The share of the 10 states in the Southwest states, a long-term rise in the proportion of total personal income, has not been particularly large, but at about the same time.

Changes in Income Sources

Sources of personal income also have shifted in the postwar period. The chief causes were a continuing tendency toward the use of personal income for savings, and a reduction in the proportion of total income contributed by consumer purchases, probably at about the same time.

Industrial production rose to a record high 1961 as a point of about 100 in 1959. This level has been maintained through the 1959-62 average. Output, was 18.3% higher in the period than in the 1947 level. During this period, output of final products increased by about 3% per year, but intermediate goods expanded more rapidly.

Production of consumer goods increased in January reflecting main¬
tenance of production of the same or an already advanced level. Sched¬
ules for July indicate that auto manufac¬
turing will increase slightly above the level in the next two months, and at the level in the first two months of the year. Output of machinery, which fell 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. Output of iron and steel products fell below the previous year's level, and may be expected to continue to fall even further.

Public consumption remains generally at the level of January-February, and is in the neighborhood of 2.6% of the total output.

National Consumption Prices

National Consumption Prices remained strong in late June and early July, and prices of lead, zinc, copper and iron ore were very strong. However, prices declined further for steel scrap and many other materials.

The fall of 1964 has been accompanied by a sharp rise in the prices of industrially produced materials, and the prices of manufactured materials.

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Bank Creditor, Money Supply, and Interest Rates

Semiannual adjusted commercial bank credit increased $4.6 billion during the second quarter. This was a substantial increase, but in comparison with the substantial growth in consumer income, it continued to be a moderate increase.

Industrial Output Advances in Fifth Month to Record High of 1952

According to the Federal Re¬
serve Bank's mid-July summary, industrial production and construction ac¬
vity rose further in June while retail sales were again unchanged. Reversing developments in May, increases in industrial production and construction rose more rapidly than in May.

The money supply increased slightly at a 2.7% annual rate, and credit rose sharply. The money supply, together with savings de¬
positions at commercial banks increased, and U.S. Government deposits and money supply increased sharply in late June and at the month's end above $11 billion, an unusually high level.

Total reserves increased in June. Excess reserves declined and member bank bor¬
rrowing from the Federal Reserve decreased. Reserves were ab¬
sorbed principally through an out¬
flow of currency and were suppli¬
ed through an increase of $400 million in the total reserves of U.S. Government securities.

Security Markets

In early July market expecta¬
tions of higher interest rates de¬
creased, and the rate on 3-month Treasury bills rose from 3% at the end of June to around 2.5% in the second week of July. Yields on Treasury bonds and those on corporate and State and local govern¬
ment issues increased moder¬
ately.

Between mid-June and mid¬
July common stock prices showed little net change, within a range of 2% below the peak reached in late May. The volume of trading declined somewhat.

Bank Clearings 43% Above 1962

The National Clearing House

Bank clearing in the latest statement were up 43% above a year ago. Preliminary figures compiled by the Chronicle, based on graphic advice from the chief cities of the country, indicate that for the week ended Saturday, July 13 clearing for all cities of the United States were up 12% above the previous week's clearing. We are unable to obtain weekly clearing figures 43% above those of the previous year.

Banking construction, however, has not been as rapid as in the previous year. Preliminary totals stand at $33,323,961,908 against $31,038,927 for the same period in 1962.

Our comparative summary for some of the principal money cen¬
ters follows:

Notable actual construction activity during the second quarter advanced rate reached last October—1961 level. Activity is already at record rate in May, with increases to be expected to increase while most other types of private construction will be slow.

Public construction advanced moderate further but remained ap¬

Continued on page 34

HOSPITAL FIRST MORTGAGE 5% 5% S140
SERIAL BONDS

ST. LUKES HOSPITAL MORTGAGE ASSOCIATION, INC.
Maturity Amount Coupon Price
June 1, 1965 to Dec. 1, 1966 $2,080,000 4% $1,040,000
June 1, 1965 to June 1, 1976 $700,000 4% $350,000
Sept. 1, 1965 to Dec. 1, 1975 $700,000 4% $350,000
Mar. 1, 1965 to June 1, 1983 $2,080,000 4% $1,040,000

PRICE: Accrued Interest to be added

Bonds are in denominations of $1000, $2000 and $5000

$5,500,000 for fully registered bonds.

Dated June 1, 1963

Offering Prospectus is available at the office of:
B. C. ZIEGEL AND COMPANY
Security Building Telephone Federal 4-5351
2 West Wisconsin, Madison, Wisconsin

BRANCH OFFICE:
New York—253 East 42nd St.
Chicago—Two Liberty Plaza
La Jolla, Calif. 2925 Juno Ave.
Minneapolis—607 Marquette Ave.
Indianapolis—1500 Penn Ave.
St. Louis—154 S S 6th St.
$100,000 and multiples of $1000

1.884-5243
565-0387
4-7411
9175-3263
565-0387
6-7000
4-7411
13-1533
10-1114
4-7411
10-1114

Steel's Weekly 1.6% Gain Follows Six Prior Consecutive Weekly Dips

For the Year-End Week

According to data compiled by the American Iron and Steel In¬
dustry, production for the week ended July 13 was 2,077,000 tons ($111.5) as against 2,045,000 tons ($110.80) in the July 6 week. The end of the week output gained 1.6% compared to the second week, but sharp, 11.6% drop in the July 4-holiday week, and it followed six previous con¬
ssecutive weekly declines. Prior to this, last week's output ex¬
ceeded every week's going back three years until mid-May.

The weekly's high was 2,626,000 net tons achieved May 25, followed by five weeks of declining output, July 13-end¬

Out of the 28 weeks of this period, weekly output, production declined in eight of those weeks and rose for 13 consecutive weeks. The latest weekly, July 6, 1963, was up 21,000 tons above the July 23-27 week.

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Why Travel Today Is a Good Investment

By Roger W. Babson

Dear of American financial writers for years has imparted sagacious investment advice to individuals which involved profit with investment opportunities waiting to be had within reach of the investor. This time he switches the investment focus closer at hand— in fact you can get at any close at hand.

His advice today is to invest in some personal traveling— a most worthwhile investment in view of the decreasing costs and increasing opportunities for travel 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 spent close to $2.9 billion for foreign travel during that year, an impressive gain of 10% over 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 now 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 prominent, 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 oceans 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 350,000. There was a somewhat smaller increase from the 307,000 travelers who visited the West Indies and Central and South America during 1961 to the 300,000 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, inns, motels, and apartments in the West Indies that the Haitian islands have had 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. At the same time, 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 wonder the world. New friends and a wider outlook on life, and they never would know otherwise, and will become more far aware of the ins and outs of the countries among the various peoples of the earth. What could be broader and more exciting for young people than such a wonderful experience? I consider this trouble has done his vestments 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 the increase. The Iron Curtain. Never have I taken a trip without coming home with the feeling that I have learned a great deal. I could not possibly have learned anything 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 it is to fly, by bus, 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.

Ben Bratter Joins Dempsey-Tegeler Co.

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

Customers' Brokers To Hear

The Association of Customers' Brokers is to hold as an educational forum on the outlook for the market and industry July 23 at 15 William Street, New York City. Lawrence T. Murphy, a senior vice-president of the bank, will preside. The program will begin at 11 a.m. with an address by Mr. Murphy. The session will include a panel discussion of the outlook for the commodity market. The program will be closed by a general session of the association.

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 Company, is being made by Allen & Co., New York, and Leroi & Co., New York, with LaSalle & Co., New York, assisting in the placement in a $12,500,000 promissory note with the Chase Manhattan Bank.

The proceeds from the financing will be used by the company to redeem capital stock outstanding, and by the government, for working capital, to retire loans due the Bank of the Southwest N.A., Houston, Tex., and to purchase the assets of Long Island Rubber Corp., Dallas.

Associated Oil & Gas Company

Two Brokers To Hear

Public offering of 200,000 common shares of Evans, Inc., at $12 per share is being made by Walton & 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 items and services in department stores in 14 stores in 11 other cities. Fur coats, furs, jackets, coats and fur apparel constitute approximately 11% of its sales. Cloth coats, suits and other apparel items constitute about 11% of its sales. The balance represents primarily sales of services, including storage, cleaning and repairs.

Ben Bratter Joins Dempsey-Tegeler Co.
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.
A Diversion—Rail
Illinois Central is one of the railroads that paved the way for diversification outside the railroad industry for Illinois Central Industries. And there is no lack of evidence that diversification is widely viewed as an opportunity. While Illinois Central has seen its share price rise, there has been no sign of the company being over-valued.

Right Thinking!
Today’s 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 which were rather trenchant in the prevailing chorus of gloom and pessimism, he looked upon that period of panic selling as an opportunity. He suggested that his clients sell relatively “strong” stocks for savings accounts, sell airline and railway securities, and reinvest the proceeds in certain “uncommon” stocks. Those who followed his advice have accumulated profits, from the public’s point of view, which have not been very gratifying to them. He has performed a valuable service.

The key is to trust your judgment and don’t allow your negative thinking to influence your own sound judgment.

Take Position
Another “mental block” that is easy to acquire but detrimental to progress, is to listen to other salesmen who tell you that you are too risky, or that the future looks like a wash. For the man who is lazy it is difficult to find excuses for the future. He believes that the public isn’t in the market, or people are on vacation, or the market is too volatile, and other unproven generalized statement is the rationalization for inactivity. We are all susceptible to the power of suggestion, but negative thinking should be disregarded and avoided. Sometimes, after a man has been in the investment business for ten years he allows himself to take things easy. If you want to make money, you are going to have to struggle and continue to prosper, it is important that you meet new, prospective customers continually. Never think that you have run out on yesterday’s laurels. You must keep alert and interested in meeting everyone in the world of business, follow every account, and constantly seek new contacts. Otherwise, your results six months and a year from now will certainly be in pari with your former results.

Increase Your Knowledge
No longer a superficial understanding, plans, play¬ing it by ear, or skimming the headlines suffice, if you expect to make money. Any man who has a “mental block” on this score had better take another look. Especially, in this field of competition in the security business is becoming more intense. Highly trained in¬

vestment men, are backed up by professional research departments and are developing new ways of do¬

Merrill, Turben Treas.
Cleveland, Ohio—Raymond T. Merrill has been elected Treasurer of Merrill, Turben & Co., Inc., under the New York Stock Exchange rules.
warding opportunity in the years that lie ahead. But don’t acquire that “mental blind” 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 fruits of his labors... a holding 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.

St. Luke’s Hospital Assn. Bonds Offered

B. C. Ziegler & Co., West Bend, Wis., is offering publicly $8,500,000 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 4.5% to 5.5%, and are available in denominations of $1,000, $5,000, $10,000 and $25,000 for coupon bonds, and $1,000, $5,000 and multiples of $5,000 for fully registered bonds.

Proceeds of the sale will be used to finance major additions and improvements at St. Luke’s Hospital costing an estimated $4,620,000. Upon completion of the current building program, St. Luke’s will have 551 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 Lionet 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 advice 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. Stephenson to partnership.

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 principle 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 St. Louis. Blair & Co. dates back to a firm founded in 1868 and Granbery, Marache & Co. to one founded in 1935.

The principal office of the combined firm will be located at the present Blair offices at 20 Broad St., New York City. The organization supplements 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 & Hanover, 60 Wall Street, New York City, members of the New York Stock Exchange, as a public utilities consultant. He was announced by B. J. Levy, Senior Partner of the firm. Mr. Kraemer was formerly a Vice-President of Commonwealth & Southern Corporation, Inc., for nine years serving as head of the financial and economics department. Previously, he was public utility economist for Lionel D. Eckle & 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 Perspectively." He is active in the Edison Electric Institute and the American Gas Association.

The first telephone call ever made was a call for help as Alexander Graham Bell spilled acid on his clothes: "Come here, Mr. Watson, I want you!"

Ever since that fateful evening in 1876, telephone people have been responding to calls for help—and training to supply it.

A tradition of service—a knowledge of first aid—an instinct to help—these keep operators at their posts in fire or flood—and listen out to battle blizzards or hurricanes—and save lives many times in many ways.

Over the years, the Bell System has awarded 1,896 medals to employees for courage, initiative and accomplishment—for being good neighbors both on the job and off it. Here are some recent winners:

Kenneth E. Ferguson, Installer-Repairman, Newport News, Virginia. On route to a repair job, he came upon a burning house where a father and daughter were helpless. Ripping out a window, he and a policeman entered the flaming room. They were forced out by intense heat and smoke, but rescued the knob near house for blankets. Wrapped in wet blankets, the two men re-entered and rescued the woman.

Mrs. Dorothy Creasy, Operator, San Rafael, California. She took a call from a frantic mother whose small son had stopped breathing, after nothing both ambulance and fire department, Mrs. Creasy realized that traffic was heavy and time short. Over the telephone, she taught the mother mouth-to-mouth resuscitation. The boy was breathing within five minutes. Doctors credit his life to her alertness.

Charles J. Gilman, Communications Service-man, Beltwood, Illinois. Driving to an assign-ment, he saw an overturned car and found a man under it bleeding profusely. Cautioning bystanders not to smoke, he helped remove the victim. The man’s arm was almost severed below the shoulder and he seemed in shock. Mr. Gilman applied a tourniquet and kept pressure on it until an ambulance arrived.

Leonard C. Jones, Supplies Serviceman, Morgantown, West Virginia. He noticed a neighbor- ing house on fire. Rushing to it, he helped a father rescue three young children. Then he plunged back into the burning building and, guided only by the crying of the baby, found and saved another child who was hiding under a couch in the blazing living room. Min- utes after he left, the wooden house collapsed.

Franklin Daniel Gartner, Station Installer, Auburn, Washington. He heard a request for emer-gency breathing equipment on his radio monitor and hurried to the address, where a baby was strangled. He found the child’s air passage was blocked, cleared it, and successfully ad-ministered mouth-to-mouth resuscitation. Then the fire department arrived and applied oxygen to help overcome shock.

BELL TELEPHONE SYSTEM

Owned by more than two million Americans
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 management 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 will be announced July 15. He is in the municipal bond division of the investment department.

Also made known were the appointments of John E. Moore 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. Parry and Allan H. Purdy Vice-Presidents. It was announced today by Harold H. Helm, Chairman.

Stockholders of The Bank of New York have authorized it to issue a special meeting a proposal of management in 1957 for 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 $50 per share and the number of shares of capital stock will be increased from 270,000 shares of $100 par stock to 540,000 shares of $50 par value each.

Stockholders of record July 12, 1957 will receive preferential on the capital stock will be changed from $100 per share to $50 per share and the number of shares of capital stock will be increased from 270,000 shares of $100 par stock to 540,000 shares of $50 par value each.

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

The Comptroller of the Currency J.J. Saxon on July 9 announced that he has given preliminary approval to organize the National Bank in Oklahoma City.

The Comptroller of the Currency J.J. Saxon on July 10 approved the opening of a Commercial Bank at Fort Pierce, Florida, under the name of "First National Bank of Fort Pierce." The bank will be operated by its present office of the Commercial National Bank in Fort Pierce.

The capital structure for the new banks 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 J.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 Comptroller of the Currency J.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 Bank of Commerce, Dallas, Texas, elected John E. Falco a Vice-President. The Comptroller of the Currency J.J. Saxon on July 11 announced that he has given preliminary approval to organize a National Bank in California.

The initial capitalization of the new bank will amount to $750,000, and it will be operated under the title "State National Bank of Dallas.

Robert L. Shurn has been appointed Senior Vice-President and Manager of the San Francisco Main Branch of California National Bank, San Francisco, California.

Edward Lewis Tebben, Assistant Vice-President at The Bank of California, San Francisco, Calif, died yesterday at the age of 40. Mr. Tebben was associated with the bank in 1929 and became Assistant Vice-President in 1939. The Crocker-Angle National Bank, Columbus, Ohio, announced that Emmett G. Solomon, who has been President of the Institution since Feb., 1922, retired that title, but has assumed chief executive responsibilities from Paul E. Hofer, who has reached the age limit imposed by the bank’s by-laws.

Mr. Hofer, who will remain as Chairman of the Board, will continue to serve as President of the Executive Committee.

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

The First Western Bank & Trust Co., Los Angeles, Calif., elected Carl C. Gregory a Vice-President.

The United California Bank, Los Angeles, Calif., elected Herman L. Smith a Vice-President, effective Aug. 1.

As We See It

survive the conflict and then to rehabilitate them.

Meanwhile, upon the insistence of the Washington Government, a "United Nations" was created, intended to force the world in order again and to steer it away from such devastating conflicts as it had experienced within this century. Since the United Nations from the first was still and is primarily centered upon pushing forward with its-age-old imperialistic policies, 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 or not to what extent the organization has proved itself worthwhile despite the limitations under which it has to work, is a matter not to be undertook to say. The fact is that it quite obviously is not fulfilling the hopes and ambitions of such

REPORT ON CONDITION OF Underwriters Trust Company

of 50 Broadway, New York 4, N. Y., at the close of business April 11, 1936, with a call made by the President of the Board of Directors of the Superintendence of Banks for the State of New York.

Cash, balances with other banks, and cash items in process of collection on account of banks and financial institutions, 85,706,218.65

United States government obligations, direct and guaranteed, 14,702,569.97

Public and private obligations and political subdivisions, 9,315,803.77

Local government obligations, 11,577,347.69

Business operators, partnerships, and trust accounts, 7,924,974.37

Deposits of United States government and reserves therefor, 905,271.68

Deposits of States and political subdivisions, 97,374,479.78

Deposits of banks, trust and savings banks, 1,555,874.97

Certificates and other securities, 3,185,863.03

LIABILITIES

Demand deposits, including member and nonmember, 1,000,000

Time deposits, including individuals, partnerships, and trust accounts, 1,217,544.02

Deposits of United States government and reserves therefor, 1,798,371.68

Deposits of States and political subdivisions, 97,374,479.78

Deposits of banks, trust and savings banks, 1,555,874.97

LIABILITIES

Total liabilities, 237,776,018.16

EQUITY ACCOUNTS

Capital stock, 1,600,000

Paid-in capital, 1,600,000

Reserves for future net income, 1,000,000

Total equity accounts, 4,277,707.99

MEMORANDUM

Assets pledged consist of the following:

Securities as to which there are no restrictions as to disposition, 4,534,512.67

Securities as to which there are restrictions as to disposition of 266,072.18

Restricted investments, the above-named securities, 984,375.84

Securities as to which there are restrictions as to disposition of 132,845.32

Thirteen and one-half per cent. bonds, 9,000,000

Current—Attest: IMPERIAL WAY FIDELITY SUMNER FORD HENRY T. V. TANNERS

SUMNER

The very fact and sizable jump in short-term rates to new highs this year and next has caused most people to assume that the year took the money market pretty much by surprise, so much so that an immediate increase in the discount rate was apparently anticipated in the very near money market rates. It was evident that the Central Bank rate was not going to be increased with Treasury bills giving yields which will make discount profitable.

Discount Rate Now 3 1\% Accordingly, the Federal Reserve Board voted to raise the discount rate from 3\% to 3 1\%. In addition, member banks of the system were asked to increase to 4\% the interest rate which they can pay on time deposits and other certificates of deposit with maturities of 90 days or less.

The capital market so far has not been affected to any great extent by the rise in short-term rates because of the very large amount of money seeking an outlet for investment in long-term securities.

Help Balance of Payments

The sharp increase in short-term rates, as justified by the fact upturned movement of Treasury bills and then the discount rate increase to 3 1\% was to help the worst in 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 Dul on and Secretary Underwood before a Congressional Committee pointed out that higher short-term rates would relieve some of the pressure for the balance of payments problem.

It is evident that higher near-term rates on near-term liquid Government obligations will be one of the methods by which the Government will stimulate or encourage the use of presently 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 Treasurer officials before the Senate Judiciary Committee that the (continued) unfavorable balance of payments problem has now reached the point where immediate and constructive attention must be given to it. The one expedient favored at this time seems to be through the medium of making the liquid Government obligations a more attractive outlet to the one-year area, so attractive that funds here will continue to stay here and not seek an outlet in other free world money 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.

No penalty Rate

The discount rate, according to the action of the short-term market, had to be increased 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 loan purposes. However, the Central Banks have great power over the selection of eligible collateral and ways and means might have been found so that there would be no great use made of this privilege.

In the case of 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 here to help the worst in the international monetary situation is not without some sponsorship since the recent testimony of Treasury Secretary Dul on and Secretary Underwood before a Congressional Committee pointed out that higher short-term rates would relieve some of the pressure for the balance of payments problem. It is evident that higher near-term rates on near-term liquid Government obligations will be one of the methods by which the Government will stimulate or encourage the use of presently 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.

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The Way of a Pioneer

The 32nd annual report of Investment Trust of Boston, one of the oldest and largest closed-end funds employing leverage, has gone out to its 19,209 stockholders and it tells a story of profitable reinvestment and professional investment management, as practiced here, netting veritable racing speed. These facts are outlined and guided by an advisory board. This board of its shares will be on buying and selling equities.

Members of the advisory board are: Frederick H. Bliss, Trust as men who are also officers and directors of institutions which, in aggregate, own or administer investments whose total value exceeds $1 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, which is a wise, by bank borrowings. A normal consequence of leveraging, gearing, which is the practice of providing fresh funds for investment, is that the value of the funds 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 without any borrowings. It is clear that the advisory board of the Trust is absolutely hostile to its leverage, whatever the size of this wise, by bank borrowings. A normal consequence of leveraging, gearing, which is the practice of providing fresh funds for investment, is that the value of the funds will increase more in a rising market and fall faster in a declining market.

The Funds Report

Ax-Houghton Fund A, Inc., 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.

E. Eberstadt & Co., manager and distributor, announces a special offering of 1,000,000 shares of the Putnam Investment Trust. The trust is being offered to investors of the fiscal year, not a single new name was tucked into the portfolio. The shares were bought in the stock market and invested in the Putnam Trust with the proceeds of the sale.

The Funds Report

Investment Trust during the same quarter did a bit of selling too. It liquidated North American Aviation, Southern Railway, Standard of California, Seeco Moplin and Royal Bank of Canada. Among the utilities were: Commonwealth Edison, Illinois Power, Public Service of Indiana, Philadelphia & Southern and Electric. The other two were General Electric and International Paper.

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This, then, sums up the recent activity of the fund in a word: Tidiness. It is a fine example of flexibility, stressing long-term growth of capital and income of the fund. The first day of the fiscal year were nearly $75 million, against $63 million at the beginning of the quarter. Bank loans totaling $3.5 million on May 31, 1962, are $6.5 million.

During the past year the price of its shares rose to $11.68 at May 31, 1962. The average of the 52 weeks was $11.04. During the year the dividend on its common stock was raised from $1.50 million to $2.00 per share. On Dec. 31, 1961, assets amounted to $24,212,000, 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 $121.5 million, or $6.75 per share. On Feb. 28, 1963, assets totaled $158.3 million and value per share was $7.74.

During the latest quarter the fund received the following distributions: Fertilizers, $1.49; Pan American World Airways, $1.49; Ford, $1.49; Standard Oil of New Jersey, $1.49; General Motors, $1.49; and Western Air, $1.49. The report does not mention any dividends on preferred stock.

The fund is now being offered to the public at a price of $15 per share. The offer is for 10,000 shares, which will be used to raise $150,000.

General American Investors report that June net assets were $64,329,135, or $31.02 a common share. This compares with net assets of $32,933,025, equal to $24.13 a common share, a year earlier and assets of $57,918,143, or $20.17 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 $74,515,195, against $18,032,659, or $7.24 a share, at the end of the same period a year earlier.

International Resources Fund reports net assets per share was $4.81, compared to $4.30 at the close of the same period a year earlier.


Public offering of the shares will be made through investment advisory companies.

United International Fund Ltd. reports total net assets of $34,287,835 at Dec. 31, 1962. The fiscal year, net assets totaled $13,792,965, or $9.78 a share, compared to net assets of $11.43 a share and $9.20 on Oct. 31, 1962.

TREASURY CONSIDERING MONTHLY AUCTIONS OF ONE-YEAR BILLS

The Treasury Department announced 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.

A Treasury bill program adopted the outstanding quarterly series of one-year bills (which matured Aug. 15, July 15, and Oct. 15) would gradually be retired as they were replaced by new issues.

The amount of one-year bills to be auctioned monthly would, of course, be substantially smaller than the amount auctioned on a quarterly basis. The monthly auctions would allow the Treasury to pay down its debt in smaller amounts, which is likely to affect the yields on Treasury bills.

Before proceeding further in its consideration of a monthly auction of one-year bills, the Treasury requests comments from its advisory committee on the economy 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 ten days, addressed to:

Mr. F. E. Morris
Assistant Secretary (Debt Management)
Room 3321
Department of the Treasury
Washington 25, D. C.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

Below are shown earnings of selected banks covering the largest and principal areas of commercial banking. In the first six months of 1963 New York City banks and New England banks continued to report above-average earnings 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 5% increase in earnings over the first quarter, which helped offset the decline in the first quarter. The banks in the Mid-West continued to show stable 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 35%. The northeastern and New York City banks with low ratios of time and savings deposits were not unduly penalized at the initial cut-off date, which 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 rate yields implies a continuation of the high 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 higher than comparatives in previous recessions.

In recent weeks the problems confronting New York and West Coast banks have been explored. Certainly these factors will, for the immediate future, be detrimental as further suburban mergers may be slowed and lend support to the view of the recent Justice Department suit against the Manufacturers Hanover Trust Co. Chicago banks are prohibited from branching at the present time and those in Mid-West are penalized by prejudice of area. Once these prohibitions are lifted or if they appear to work, they will have that area have better long-term growth potential. The one large area which is well situated in 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 not the south. Both North Carolina and Georgia have large banking institutions which are not affected to a great extent by time or savings deposits. The earnings trend in this area are yet reported they are expected to be favorable. Some of these banks still represent good values due to ability to branch and the expectation of developing growth at a high rate.
PUBLIC UTILITY SECURITIES

By OWEN ELY

Western Union Telegraph Company

Western Union Telegraph Company is probably the oldest communication company that now have been incorporated in the United States. Its first telegraph service was established in 1844, and by 1851 it had over 3,000 miles of wire. During the past decade or so, the company’s profit margins have been squeezed due to increased competition from the telephone companies. Revenue from regular message services, which had been increasing in earlier years, reached a peak in 1907 of $194 million and in 1911 dropped to $118 million. However, the company was able to offset this with a steady rise in its private wire and facsimile services, revenues from which increased during the 1910’s from $36 million in 1910 to over $100 million in 1922. There were also modest gains in revenues from money order and express services, which totalled $34 million in 1922 vs. $23 million in 1913.

The communications business had been going through a technological revolution in recent years, and to maintain its position Western Union has been developing and installing new services which are eventually expected to prove profitable. The private wire and facsimile services, including the Deskex, the Trumex, and the Tele-Fax, an automatic teleprinter service called “Teletex” connects customers in some 100 cities, and also reaches subscribers in 75 foreign countries and possessions. The company has spent over 4 million annually and continues to increase.

The first Western Union private wire and alternate record voice service, the Teletex, has been especially designed, alternate record voice equipment for the new Broadband Switching Service in production. The nationwide “bomb-alarm” system was completed and is now in service which is capable of handling all methods of communication (including voice) at high speed and in large volume. The introduction of these services has been going on for the entire Department of Defense and should yield additional revenues of over $25 million a year when in full service.

Western Union has also been constructing a huge transcontinental microwave system for its simultaneous service capable of handling all methods of communication (including voice) at high speed and in large volume. The introduction of these services has been going on for the entire Department of Defense and should yield additional revenues of over $25 million a year when in full service.

As a result of increased profits margins and heavier interest charges, net operations on fee, has declined in 1961-62. This has had substantial financial, including an issue of $50 million debentures 5½’s in 1962 following the sale of 1,000,000 common shares in 1951. In addition, the company has borrowed $68 million from the banks. In 1962-65, the total amount of available bank credit was $108 million, and eventually these loans will be paid back. The interest on these short-term loans is $24 million other new capital may be required in 1963-64 but additional equity financing is not expected to be necessary.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (Millions)</th>
<th>Dividends</th>
<th>Earnings (as reported by Standard &amp; Poor's)</th>
</tr>
</thead>
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<td>1962</td>
<td>$276</td>
<td>$1.42</td>
<td>$1.40</td>
</tr>
<tr>
<td>1963</td>
<td>$278</td>
<td>$1.40</td>
<td>$1.40</td>
</tr>
<tr>
<td>1964</td>
<td>$278</td>
<td>$1.40</td>
<td>$1.40</td>
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<tr>
<td>1965</td>
<td>$255</td>
<td>$2.01</td>
<td>$1.20</td>
</tr>
<tr>
<td>1966</td>
<td>$260</td>
<td>$2.33</td>
<td>$1.10</td>
</tr>
<tr>
<td>1967</td>
<td>$262</td>
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<td>1971</td>
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<td>$2.01</td>
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</tr>
</tbody>
</table>

SECURITY I LIKE BEST...

Continued from page 2

able to do a tremendous job for Sterling over a period of time. While earnings may not change much around $190 a year or so for the next year or two, the long run appears promising.

In the first quarter of 1963, Gillette reported a profit of $70.2 million against the $70.2 million a year ago, an increase of 9.5%. Preliminary figures show that the 1963 earnings were close to 34.8% to 32.4% and the effective tax rate was also slightly higher. This was due to an increase in foreign taxes. The decrease in the operating margins of 1.2% to 1.8% from earnings that were up substantially and from an increase in the more liquid Gillette, and the further progress of the expansion of the Intra-Fax equipment, and the prospect of new use of the IBA-8. The company is expected to introduce new products for the entire 8.5 million a year in 1962, and with the 9.5% increase in earnings this year, the share price might be expected to reach $27 to $30 a share in the coming year.

Research expenditures are believed to be running at $17.5 million for the shaving and toiletry line and $8 million on all lines on a world-wide basis. This also includes research for process development, packaging, engineering and other studies.

My guess is that consolidated sales in 1963 should exceed $500 million against $276 million in 1962. Profits this year may be around $75 million or so. The year's share price against $1.60 in 1962. My guess of $300 million in sales for this year, assuming the operating side if the new razor blade is brought out in the early part of the first quarter of 1962, I would expect the share price to go up 25% to a good growth reception this year. In any case, the dividend is now 90% of the year of the increase and the yield is almost 3% at the primary.

Population growth in this company's home markets is now running at a 10% per year in the United States, and though completion may depend somewhat on necessary financing.

These huge projects have required heavy expenditures, approximately $250 million in 1961-62. This has involved substantial financial, including an issue of $50 million debentures 5½’s in 1962 following the sale of 1,000,000 common shares in 1951. In addition, the company has borrowed $68 million from the banks. In 1962-65, the total amount of available bank credit was $108 million, and eventually these loans will be paid back. The interest on these short-term loans is $24 million other new capital may be required in 1963-64 but additional equity financing is not expected to be necessary.

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IVA Training Course Opens

EVANSTON, Ill.—The Investment Banking Companies Association of America and the New York Stock Exchange are cooperating in offering a five-week five-week program of two courses for training in the securities business, now being in session at Northwestern University. Over thirty registrants from all parts of the country are enrolled on the first course for 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 college graduate with a thorough knowledge of the securities markets, and investment principles and practices which is essential to a person training to become a registered representative of a securities organization, according to Avery Rockefeller, Jr., Partner, Dominick & Dominick, New York, President, and Chairman of the IBA Education Committee. In addition to preparing registrants for entry into the New York Stock Exchange and the National Association of Securities Dealers qualifying examinations, the program will provide comprehensive background information and a sound basis for substantive areas of study, and shall be advanced study as the representative matures through experience.

Fundamental to the education of the Investment Banking represents training in the 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. Torger- son and Bion P. 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

Electronic Data Processing and Securities and Their Analysis

Marketing New Corporate Issues

Secondary Markets

Market Analysis

Government Bond Markets

Investment Policies and Programs

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

The first course in Stock Exchange Operations is offered currently during the first four weeks, and the second course, which is conducted from Aug. 10-16 is devoted solely to this subject. Professor Loring C. Far¬

R. I. Cummins, Now With Hallgarten

Hallgarten & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, an¬
ounced that Robert I. Cummins has joined the firm as Director of investment research activities.

Mr. Cummins, formerly Vice-President of Wellington Management Company and member of the investment committee of Wellington Fund and Wellington Fund for Education, Inc., and he was investment officer of Bulova Watch Company in New York City and had been associated with the investment firm of Reynolds, Kellogg & Co. for many years. In New York, beginning in 1933.

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

Hallgarten & Co., with headquarters in New York City, main¬
Administration's Aggressive Plan to Solve Payments Gap

Continued from page 22

The immediate situation is one of long-term inflation. We are taking hold of the Federal Reserve Bank of St. Louis

Aggressive tax policy, we must pursue vigorously a wide range of tax changes to stabilize the domestic economy and to reduce the deficits in our international balance of payments. In the United States, an emerged into a state that is as serious as any with which the United States has ever had to cope.

In order to reduce the deficit, it will be necessary to increase tax revenues and to reduce the growth of government spending. The objective must be to bring the budget deficit down to a manageable level. This will require a comprehensive program of tax reform and spending cuts.

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

The primary opportunity today for action to reduce the budget deficit is through tax reform. One of the main features of our economy, as it has been for many years, is the high level of government spending. This has led to a large deficit in the federal budget, and the deficit has increased steadily over the past several years.

One of the key factors contributing to the deficit is the high level of government expenditure on transfer programs and entitlements. These programs include social Security, Medicare, Medicaid, and various other programs designed to provide income support and benefits to individuals in need.

The deficit is also fueled by the cost of defense, which includes military personnel, equipment, and operations. The United States spends more on defense than any other country in the world, and this expenditure has been increasing in recent years.

To address these challenges, the government needs to take action to reduce the deficit. This can be achieved through a combination of tax reform and spending cuts, as well as measures to increase economic growth and productivity.

The importance of tax reform cannot be overstated. Tax reform is essential to achieving economic stability and reducing the deficit. It is necessary to ensure that the tax system is fair and efficient, and that it encourages economic growth and innovation.

Reducing tax rates can stimulate the economy and increase tax revenues. By lowering the tax burden on individuals and businesses, tax reform can encourage investment, job creation, and economic growth. Additionally, reducing tax rates can make the United States more attractive to foreign investors and tourists, which can boost economic activity and contribute to the country's overall health.

Another key aspect of tax reform is the simplification of the tax code. A complex and burdensome tax system discourages investment and innovation, as businesses and individuals are forced to spend time and money on tax preparation and compliance. Simplifying the tax code can alleviate this burden and allow the government to focus on more productive and efficient policy measures.

In conclusion, tax reform is an essential component of any comprehensive strategy to reduce the deficit and promote economic growth. By lowering tax rates and simplifying the tax code, the government can create a more favorable environment for business and investment, which will ultimately lead to a stronger and more prosperous economy.

The Role of Bilateral and Multilateral Agreements

All of these bilateral arrangements are further buttressed by the adoption 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 additional subscriptions were made. The resources of the Fund have been used to provide short-term facilities to countries that have experienced balance of payments difficulties. The total resources of the Fund are now $630 million, and these resources have been used to provide assistance to many countries in need.

In conclusion, the actions taken by the Administration and Congress have been directed towards the goal of reducing the deficit and promoting economic stability. Through tax reform, cost containment, and export promotion, the government is making significant efforts to address the challenges facing the economy.

The future is uncertain, and the path to economic stability will require continued vigilance and action. However, with the right strategies in place, there is reason to hope for a brighter future.
meet sizable drawings without exhausting its supply of usable currency.

Thus, bilateral and multilateral facilities are being built up to accommodate the needs of the world. The United States has been the first to meet them. It has been to strengthen these facilities through international trade agreements, and a slate management of international reserves 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. While the flow of surpluses has tended to concentrate, first in one country and then another. The countries which happen to be experiencing these surpluses are a given at a time those which are accumulating deficits, often beyond their immediate needs. I should also point out that these pressures-inasmuch as they can be focused—more precisely to the point of need. The rise of the Bretton Woods—renewed importance of gold. It is apparent that the leading countries have also identified by their own policies.

Amenable to Improving Liquidity Of International Monetary System Multilateral arrangements, on the other hand, have not been yet—so I should say essentially—when ever it becomes desirable or necessary. I should also point out that these pressures are not the same as much as how they can be focused, more precisely to the point of need. The rise of the Bretton Woods is a major step forward, but it is not the end of the story. Other countries have also identified their own policies.

olume during the last fall and abroad who actively deal in foreign exchange.

The case of long-term port-folio investment is similar. On the one hand, the effects of interest rates are much less clear, and this is mostly a result of long-term foreign-exchange market relations. The interest rate differential in long-term rates would be likely to improve our balance of payments by perhaps $500 million or more. In addition, countries with an abundance of foreign exchange—dollars are strongly interested in interest rate differentials to affect our balance of payments figures but would substantially support the position if foreign lenders would retain their large amounts of dollars rather than turn them over to official holders who alone have the real balance of payments.

Sample Large Banks' Confidential Confirmation One more piece of confirming evidence is that not all a fall a large banks have re ported to the Federal Reserve Bank of New York the studies of their short-term transactions involving transfers to and from their customers. Such transfers are clearly interest induced and have continued at a high level during the first six months of this year. The sample, which makes no pretension to be anything like the $220 million of such transfers so far indicated.

For all these reasons, we are convinced that substantial amounts of capital 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.

Long Term Funds' Interest Rates Held Not Determining In the case of long-term portfolio investments, we find, on the one hand, the effects of interest rates are much less clear, and this is mostly a result of long-term foreign-exchange market relations. The interest rate differential in long-term rates would be likely to improve our balance of payments by perhaps $500 million or more. In addition, countries with an abundance of foreign exchange—dollars are strongly interested in interest rate differentials to affect our balance of payments figures but would substantially support the position if foreign lenders would retain their large amounts of dollars rather than turn them over to official holders who alone have the real balance of payments.

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Continued from page 23

amount of long-term portfolio capital which we can prudently supply to the world is not limited to the purely financial markets of New York and London. A balance of payments surplus is inherently inflationary, when in a world of large trade imbalances and pressure on available resources, more goods and services are demanded than are available.

As a result of pressures generated by balance of payments surpluses, which are combined with a general shortage of foreign exchange, the prices in Europe have been rising for the past few years far more rapidly than in the United States, until recently, and profit margins have declined. This offers us an opportunity to compete more effectively. But, it would be foolishly to expect European authorities to sit back, and permit this inflation to proceed unchecked.

European Governments are already exercising themselves to restrict current imports in order to damp down the rate at which what has come to be known as "incomes" policy. However, the cumulative effect of such efforts has not been powerful enough to have succeeded in somewhat modulating the pressure of the inflationary process. Thus, should this process proceed to a point where the surpluses cease to be balanced, and the pressure of payments to be en
dangered, we can expect to see major changes take place in the domestic economies. However, the pressures of a cumulative balance of payments surplus would almost inevitably lead to a limit on the inflow of funds which are needed to service our deficit. Meanwhile, the continuation of this moderate controls program, contrary to the belief of the President, gives us an opportunity to bring our own payments into balance, that is by laying the essential groundwork for the strengthening of the whole international payments market. Such a measure would not only ease our imbalance but would help to maintain a measure of the balance of payments—on the "trade" side, to curb spending abroad, and the capital account.

The Surplus Countries

In assessing the outlook for our trade in goods and services, we also look at developments in the balance of payments. 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. Ordinarily, of course, such surpluses are due to economic conditions in the surplus countries which produce advantages in the exchange rate, and our debt position, but it would be wrong to assume that the surplus countries do not share in the burden of overcoming our difficulties. The payment deficit is a serious threat to the economic health of Europe, and in the recent past the European countries have taken steps to reduce their surpluses.

In addition, it would be appro
ciable for them to work to lower interest rates, particularly long-term rates, offsetting the effect of increased demand in the surplus countries, by restrictive fiscal measures. And, finally, it would be helpful if those countries would continue to share more fully in the burden of providing for our common defense, which is an essential part of the development of less fortunate areas of the world.

The Need for Further Action

We have seen that our 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 those surpluses are not limited to the purely financial transactions. The balance of payments surplus is inherently inflationary, when in a world of large trade imbalances and pressure on available resources, more goods and services are demanded than are available.

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

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Securities Now in Registration

**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." This change is shown in parenthesis alongside the company's name, and in the index, reflects the expectations of the underwriters but are not, in general, firm offering dates. Also shown under the caption "Effective Registration" are those issues which became effective this week and were offered publicly.

Airway Hotels, Inc.

All-State Properties, Inc.

Amerold Mining Co. Ltd.

American Greetings Co.

American Mortgage Insurance Co.

Ampex Corp.

Atlantic International Corp.

**EARN TRADING MARKETS in over-the-counter securities**

**specializing in**

all NEW ISSUES

**Bought—Sold—Quoted**

J. Sidney SIGEL & Co., Inc.

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Daily 4:30 PM TWX: 212-573-0202

Direct Wires to R. J. REYNOLDS INC., Los Angeles

WOODCOCK, MOYER, FRICKS & FRENCH, INC., Philadelphia

**Atlas Management Co.**

**Bay State Exchange Fund, Inc.**
May 28, 1963 filed 10,000 $1 par capital shares to be offered for subscription by stockholders on the basis of one share for each $25 of capital stock held. Proceeds—for general corporate purposes. Offer—112 California Ave., Reno, Nev. Underwriter—None.

**Beneficial Standard Life Insurance Co. of N. Y.**

**Burroughs Corp. (7/19)**

**Cancer Research Foundation, Inc.**
April 12, 1963 filed 150,000, of which 100,000 common, $300,000 of 7% subordinated debentures. Price—$15. Business—For investment, sales promotion, and other corporate purposes. Offer—400 Aurora Ave., Seattle, Wash. Underwriter—None.

**Community Public Service Co. (7/23)**

**Continental Reserve Co.**

**Cranston Rubber Co. (7/30)**

**Defenders Insurance Co.**

**Deuterium Corp.**
Sept. 29, 1962 filed 120,000 common with attached warrant. Price—$10. Business—Research, development and construction of experimental helicopters. Proceeds—for general corporate purposes, to be offered for subscription by holders of its stock and debentures. Proceeds—for general corporate purposes. Offer—77,050 units on basis of 3 units for each 5% preferred share held, $25.00 par value, $15.00 per unit. $4,200,000 for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company filed 418,680 common, 400,000 preferred stockholders. Proceeds—for the development of a commercial and experimental plant for the limited manufacture of deuterium and related products, and to establish and equip a general research laboratory. Proceeds—for working capital, construction, equipment and other corporate purposes. Underwriter—None.

**Diversified Collateral Corp.**

**Domaini Helicopters, Inc.**
April 19, 1962 filed 419,650 common to be offered for subscription by stockholders on the basis of two new shares for each three held. Price—By amendment (max. $15.00). Business—Research, development and construction of experimental helicopters. Proceeds—to obtain certification for the company's new model, repay debt, etc. Address—Municipal Airport, Danbury, Conn. Underwriter—None. Note—The SEC has issued a stop order to this company's registration.

**Dri-Zit Corp.**

**Duval Corp.**
Feb. 6, 1963 filed $10,000,000 of 4½% convertible subordinated debentures due Aug. 1, 1983 being offered for subscription by stockholders on the basis of one $100 for each $1000 of capital stock held. Proceeds—for general corporate purposes. Underwriter—Edward D. Jones & Co., St. Louis. Offering—Indefinite.

**Electronic Service Co.**

**Electronic Specialty Co.**

**Electrical Health Associations, Inc.**
Feb. 19, 1963 filed 150,000, of which 100,000 common, $200,000 of 1% subordinated debentures due July 1, 1969. Business—For loan repayment, expansion, and other corporate purposes. Offer—111 E. Wacker Dr., Chicago. Underwriter—None.

**Federal Reserve Bank of St. Louis**
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July 18 (Thursday)

**Continental Telephone Co.**

- **Debentures.** 
  - 6%, 1978, sold at 99.875.

**International Seaway Trading Co.**

- **Debentures.** 
  - 6%, 1968, sold at 100.

**Lease Plan International Corp.**

- **Debentures.** 
  - 6%, 1971, sold at 92.625.

**Livestock Financial Corp.**

- **Debentures.** 
  - 6%, 1973, sold at 90.75.

**Unis Building Corp.**

- **Debentures.** 
  - 5 1/2%, 1973, sold at 95.

July 20 (Monday)

**Burroughs Corp.**

- **Common.** 
  - 2,700,000 shares, sold at 70 1/4.

**Hardee's Food Systems, Inc.**

- **Common.** 
  - 2,700,000 shares, sold at 25.

**Hardee's Food Systems Co.**

- **Debentures.** 
  - 6%, 1971, sold at 98 7/8.

**Interstate Securities Co.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Mill National Corp.**

- **Debentures.** 
  - 6%, 1973, sold at 92.5.

**Mutual Finance Co.**

- **Debentures.** 
  - 6%, 1973, sold at 92.5.

**NuTone, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 92.

**Top Dollar Stores, Inc.**

- **Debentures.** 
  - 7 1/4%, 1973, sold at 98.25.

July 22 (Tuesday)

**Community Public Service Co.**

- **Bonds.** 
  - 4 1/8%, 1963, sold at 103.

**Eaton Manufacturer Co.**

- **Debentures.** 
  - 6%, 1971, sold at 97.25.

**Northern Illinois Gas Co.**

- **Bonds.** 
  - 3 1/4%, 1973, sold at 102.

**Northwest Natural Gas Co.**

- **Debentures.** 
  - 6%, 1973, sold at 91.

July 24 (Wednesday)

**Chicago, Rock Island & Pacific RR.**

- **Eq. Tr. Cfs.** 
  - 7 1/4%, 1963, sold at 93.75.

**Nippon Tel. & Tel. Co., Ltd.**

- **Bonds.** 
  - 3 1/4%, 1971, sold at 91.75.

**Thermo-O-Disc, Inc.**

- **Common.** 
  - 75,000 shares, sold at 10.

**Tupperware Corp.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's International, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 124,000 shares, sold at 23.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.

**Wendy's Restaurants, Inc.**

- **Debentures.** 
  - 6%, 1973, sold at 90.

**Wendy's Restaurants, Inc.**

- **Common.** 
  - 1,000,000 shares, sold at 25.
Electric Power Service Corp., 2 Broadway, N.Y. Information—Meetings, 1930, advance address.

International Book Distributors, Inc.

International Seaway Trading Corp. (7/18)
May 24, 1963 filed $75,000 of convertible subordinated debentures, interest $6.00 on $100, which $75,000 are to be offered by the company and 115,000 by others. Proceeds—For investment purposes. Address—First National City Bank, New York, N.Y. Underwriter—Goldman, Sachs & Co., New York, N.Y. Underwriter—Hayden, Miller & Co., Cleveland.

Great Continental Real Estate Investment Trust

Great Miller Industrial Park, Inc.

Hardigan & Co., Inc. (7/22-26)

Hecate, Inc. (8/12-16)

Hill Street Co.

Holiday Mobile Home Resorts, Inc.
March 17, 1963 filed 60,000 common, subdiv. 4,000 subser, due Aug. 15, 1963, and 75,000 common to be offered in units consisting of one share, one common, and $6 per unit. Business—Development and operation of mobile home parks and trailer parks for use in connection with the retail sale of mobile homes for debt repayment, construction, and other corporate purposes. Address—6444 East Indian School Rd., Phoenix, Ariz. Underwriter—K. R. Williston & Beene, New York, N.Y. Note—This registration will be withdrawn.

Homestead Packers, Inc.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, 50,000 of which 80,000 are to be distributed among shareholders and 120,000 by stockholders. Price—$12.50. Business—Writing of life, accident and health insurance. Proceeds—for debt repayment, construction, and other corporate purposes. Address—244 East Indian School Rd., Phoenix, Ariz. Underwriter—K. R. Williston & Beene, New York, N.Y. Note—This registration will be withdrawn.

Independent Shoe Discounters Association, Inc.
(7/31)

Indiana & Michigan Electric Co. (8/6)

International Book Distributors, Inc.

International Seaway Trading Corp. (7/18)
May 24, 1963 filed $75,000 of convertible subordinated debentures, interest $6.00 on $100, which $75,000 are to be offered by the company and 115,000 by others. Proceeds—For investment purposes. Address—First National City Bank, New York, N.Y. Underwriter—Goldman, Sachs & Co., New York, N.Y. Underwriter—Hayden, Miller & Co., Cleveland.

Great Continental Real Estate Investment Trust

Great Miller Industrial Park, Inc.

Hardigan & Co., Inc. (7/22-26)

Hecate, Inc. (8/12-16)
June 12, 1963 filed 180,000 Class A common. Price—$25.20. Business—Company plans to construct and operate a small retail store. Proceeds—to provide facilities and inventory for the store, and for general corporate purposes. Address—100 W. S. Hill St., Los Angeles. Underwriter—None.

Holiday Mobile Home Resorts, Inc.
March 17, 1963 filed 60,000 common, subdiv. 4,000 subser, due Aug. 15, 1963, and 75,000 common to be offered in units consisting of one share, one common, and $6 per unit. Business—Development and operation of mobile home parks and trailer parks for use in connection with the retail sale of mobile homes for debt repayment, construction, and other corporate purposes. Address—6444 East Indian School Rd., Phoenix, Ariz. Underwriter—K. R. Williston & Beene, New York, N.Y. Note—This registration will be withdrawn.

Homestead Packers, Inc.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, 50,000 of which 80,000 are to be distributed among shareholders and 120,000 by stockholders. Price—$12.50. Business—Writing of life, accident and health insurance. Proceeds—for debt repayment, construction, and other corporate purposes. Address—244 East Indian School Rd., Phoenix, Ariz. Underwriter—K. R. Williston & Beene, New York, N.Y. Note—This registration will be withdrawn.

Independent Shoe Discounters Association, Inc.
(7/31)

Indiana & Michigan Electric Co. (8/6)
Scheib, Inc. (E & E/5-9)  

Selective Life Insurance Corp.  
Feb. 20, 1963 filed 500,000 common, of which 450,000 are to be sold. Proceeds—for subscription by holders of the A and B stock of Selective Life Insurance Co., for issue of more of the same class A and B stock. Underwriter—four members of the issuing corporation.

Sierra Pacific Power Co.  
July 6, 1963 filed 1,722,341 common being offered for subscription by stockholders on the basis of one new share for each $10 worth of bonds held of record July 9. Rights will expire July 29. Price: $1.30. Proceeds—to acquire and operate several new hydroelectric projects.

Southern Bell Telephone & Telegraph Co. (7/31)  

Stein Roe & Famoyt Farm Fund, Inc.  
July 1, 1963 filed 1,000,000 capital shares. Price—Net asset value. Proceeds—for investment in real estate, insurance, industrial, and other business areas. Proceeds—For investment. Address—135 S. LaSalle St., Chicago, Ill. Underwriter—None.

Suro Mortgage Investment Trust  

Sylvan Beach Insurance Co.  

United Aircraft Corp. (8/6)  
July 29, 1963 filed 12,000,000 common, par $1. Proceeds—for payment of $70,000,000 of corporate purpose.
Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering dates are referred to in the Monday issue of the "Chronicle."

Associated Oil & Gas Co.
$6,680,000 of 6% convertible subordinated debentures due July 1, 1976, offered at par and accrued interest by Allen & Co., New York.

Career-Ways Systems, Inc.
180,000 capital shares offered at $3 per share by Chase Securities Corp., New York. (Issue was exempt from SEC registration.

Duval Corp.
$10,000,000 of 4% convertible subordinated debentures due July 1, 1985, offered in share blocks of $100,000 at par and accrued interest by stockholders, at par, on the basis of one $100 debenture for each 50 shares of stock held. Rights will expire Aug. 9. No underwriting is involved.

Evanaid
180,000 common offered at $12 per share by Allen & Co., Chicago.

Masco (Government of)
$25,000,000 of 6% external sinking fund bonds due July 15, 1973, and $15,000,000 of 4% external sinking fund bonds due July 15, 1966-68, offered at 97.70% and 106%, respectively, by Kuhn, Loeb & Co., Inc. and First Boston Corp., New York.

Michigan Wisconsin Pipe Line Co.
$30,000,000 of 5% mortgage bonds due July 15, 1971, offered at 98.55% and accrued interest, in units of $10,000, to yield 4.70% by Balsey, Stuart & Co., Inc., N. Y. B. & S.

Michigan Cracker Co.
$3,500,000 of 4 1/2% first mortgage serial bonds, series A, due June 1, 1965-66-67 offered at 100.01% by B. C. Ziegler & Co., West Bend, Wisc. (Issue was exempt from SEC registration.)

Sentinel Life Insurance Co.
217,643 common shareholder shares offered at $5.50 per share by Western Life Insurance Co., Minneapolis.

Siera Pacific Power Co.
$8,000,000 of 5% debentures due July 1, 1988 offered at par and accrued interest by Kuhn, Loeb & Co., New York.

ATTENTION UNDERWRITERS:
Do you have an issue you're planning to register? Our Corporation News Department would like to have the preliminary prospectus form for your issue submitted to us in the form similar to those you'll find hereunder.

Woodrow Wilson, Jr. at 25 Park Place, New York 7, N. Y.

Prospective Offerings

Atlantic Coast Line RR. (8/13)

Chesapeake & Ohio Ry. (7/25)
July 16, 1963 it was reported that the company plans to sell $5,000,000 of equipment trust certificates due Aug. 1, 1964-74. This is the first installment of a total of about $25,000,000 which will be issued. Underwriters—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; Blyth & Co. Ltd.; Merrill Lynch; Pierce, Fenner & Smith Inc.; New York.

Chesapeake & Ohio Ry. (8/29)
July 16, 1963 it was reported that the company plans to sell $5,000,000 of equipment trust certificates due Aug. 1, 1964-74. This is the first installment of a total of about $25,000,000 which will be issued. Underwriters—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; Blyth & Co. Ltd.; Merrill Lynch; Pierce, Fenner & Smith Inc.; New York.

Chesapeake & Ohio Ry. (10/1)
July 18, 1963 it was reported that the company plans to sell $5,000,000 of equipment trust certificates in October. Underwriters—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; First Boston Corp., New York. (Expected October 12.)

Chicag0, Rock Island & Pacific RR. (7/24)
July 18, 1963, it was reported that the company plans to sell $3,000,000 of equipment trust certificates in July. Underwriters—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.; Blyth & Co. Ltd.; Merrill Lynch; Pierce, Fenner & Smith Inc.; New York.

Columbia Gas System, Inc. (10/3)

Connecticut Light & Power Co.

Connecticut Yankee Atomic Power Co.

Gulf, Mobile & Ohio RR. (8/8)
June 12, 1963 it was reported that this road plans to sell $3,000,000 of equipment trust certificates. Offering—104 St. Francis St., Mobile, Ala. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc., New York; Blyth & Co. Ltd., New York. (Aug. 12 (10:00 CDST) it is expected.

Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100, 1,000,000 shares of $50 par value common stock at a public offering of common stock. The sale will include both a previously-registered offering of 1,000,000 shares of common stock and a public offering of 1,000,000 shares of common stock. Proceeds—for expansion, reorganization and other purposes. Underwriters—(Competitive). Probable bidders: Bache & Co., New York; W. S. Scranton & Co.-Estabrook & Co. Ltd., New York; Merrill Lynch, Pierce, Fenner & Smith Inc., New York; Kidder, Peabody & Co., New York.

Hartford Electric Light Co.

Hawaii Telephone Co.

Iowa Power & Light Co.
Jan. 18, 1963 it was reported that the company plans to increase its stock offering to shareholders in order to subscribe for an additional 100,000 shares of common stock recently sold. Offering—211-213 Alakes St., Honolulu. Underwriters—Kidder, Peabody & Co., New York.

National Milling Co.

Iowa Power Co.
Jan. 18, 1963 it was reported that the company plans to sell $12,000,000 of first mortgage bonds in September. Proceeds—for expansion, reorganization and other purposes. Underwriters—(Competitive). Probable bidders: Kidder, Peabody & Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities Co.; Equitable Securities Corp.; Blyth & Co. Ltd.; Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Iowa Public Service Co. (9/5)
July 25, 1963 it was reported that the company plans to sell $12,000,000 of first mortgage bonds in September. Proceeds—for expansion, reorganization and other purposes. Underwriters—(Competitive). Probable bidders: Kidder, Peabody & Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities Co.; Equitable Securities Corp.; Blyth & Co. Ltd.; Merrill Lynch, Pierce, Fenner & Smith Inc., New York.
New England Power Co. (1/19)

July 12, 1963, it was reported that the utility plans to sell $100,000,000 of preferred stock in the fourth quarter. Office—441 Stuart St., Boston, Underwriters—(Competitive). Probable bid: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; First Boston Corp., Dear Witter & Co.; Blyth & Co. Underwriters—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co. & Kidder, Peabody & Co. (12 noon EDT) at the company's Philadelphia office.

Ohio Power Co. (1/19)

July 13, 1963, it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. Office—3100 Field Bldg., Pittsburgh, PA. Underwriters—(Competitive). Probable bid: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.—(jointly); Kidder, Peabody & Co. & Morgan Housel & Co.—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co. & Kidder, Peabody & Co. (12 noon EDT) at the company's Philadelphia office.

Northern States Power Co. (1/19)

May 14, 1963, it was reported that this company plans to sell $15,000,000 of debentures due April 1, 1993, to raise an estimated $15,000,000,000 of which $11,000,000 will be the company's 2.5% 1993 serial bonds. The company is expected to sell about $10,000,000 of the bonds. Office—500 Michigan Ave., Chicago. Underwriters—(Competitive). Probable bid: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.—(jointly); Kidder, Peabody & Co. & Morgan Housel & Co.—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co. & Kidder, Peabody & Co. (12 noon EDT) at the company's Philadelphia office.

Progressive Corp. (1/19)

March 28, 1963, it was reported that this company plans to sell about $75,000,000 of bonds in the second quarter of 1964. Underwriters—(Competitive). Probable bid: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.—(jointly); Kidder, Peabody & Co. & Morgan Housel & Co.—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co. & Kidder, Peabody & Co. (12 noon EDT) at the company's Philadelphia office.
Businessman's BOOKSHELF

A. P. Giansanti: Building the Bank of America—Paul Rink—Encyclopedia Britannica, 422 Michigan Avenue, Chicago 11, Ill. 2.95

Abolition of War—William Mills and James M. McPherson—This treatment of the promise of disarmament, the risks of nuclear stalemate and the hopes for peace in the 20th Century. Macmillan Company, 69 Fifth Avenue, New York 3, N. Y. 9.95


American Bureau of Metal Statistics—David W. Willard—New York, 4 (paper), $4.50; (cloth), $7.


Capital and Rates of Return in Real Estate—J. Stigler—Princeton University Press, Princeton, N. J. (cloth), $8.95


Constitutional Discussion: The Inaugural Address of Andrew Hacker—J. 175 Massachusetts Avenue, Cambridge, Mass. 2. D. (cloth), $3.50; (paper) $1.65.

Corporate Management: Its Power and Responsibility—a bibliography plan is included—Industrial Relations Section, Princeton University, Princeton, N. J.

Cost Approach to Appraisals of Property Insurance—Alfred V. Persaud—A method of evaluation of the development of fire and property insurance appraisal theory, practice and results, and a distinction between fair market value and actual cash value—The book also discusses how a property insurance policy can be insured to more precise values generally than being generally attained at present and teaches the expert professional appraisals for small ownerships and completely little commercial and industrial property—Prentice-Hall Inc., Englewood Cliffs, N. J., $15.


Focus on Foreign Aid—In "Inter-

com" vol. 5, No. 4—Foreign Policy Research Institute, 2000 Center Street, New York 17, N. Y.


Ohio Express System, Inc.

Yale Express System, Inc.

May 14, 1963, Gerald W. Enkou, President, told the an-

nual meeting of stockholders that, "precisely different-

observations have been held with stockholders on the

proposition of arranging for long-term financing. Business—A holding company for subsidiaries engaged in motor vehicle freight transportation, nationwide freight forwarding, truck leasing, etc. Office—400 12th Ave., New York. (cloth) $5.95


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 and D so on. When necessary, special "trailers" will be used to identify situations, such as convertible, detachable or 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 available symbols and make them more readable and to establish a uniform format better suited to data processing and electronic communications equipment used increasingly in the securities industry.

The bearer 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

The new identification would be:

XYZPRA

XYZPRA

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

Present

New

Symbol

Price

Symbol

Price

3.80 Ser.

MTTP

MTTPRA

3.90 Ser.

MTTP

MTTPRRA

4.35 Ser.

MTTP

MTTPRRA

4.45 Ser.

MTTP

MTTPRRA

Announcements will be made of changes in other preferred symbols in advance of their being put into effect.

Volume 118 Number 6282 The Commercial and Financial Chronicle (377) 33
STATE OF TRADE AND INDUSTRY

Continued from page 13

More Steel Price Competition Expected

Steelmakers are anticipating increased competition in steel prices, which may force 
lowering of prices in order to meet the 
price drive. Steel producers have reacted to the 
price increase and are meeting it in the 
early stages of the market. Steel prices have 
dropped sharply in recent weeks, and this is 
expected to continue. Steel prices are down 
$1 for grade C, $2 for grade B, and 
$3 for grade A. Steel prices are now $4.00 per ton for grade A, 
$3.90 per ton for grade B, and $3.80 per ton for grade C.

State of Trade and Industry

Steel production is down for the third straight week, with 
steelmakers reporting a drop in production of 75,000 tons. 
This is attributed to the strike in the steel industry, 
which has effectively shut down production and 
caused a decrease in demand for steel products. 

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resorts the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-saving 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 spurge of pre-July 4 buying subsided to a marked ripple in the week ended Wednesday, July 5, 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 good volume run 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 the market.

Nationswide 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 indexwere up (adjusted) for the July 6-ending week compared with the like period in 1962. The impressive leveling off of 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 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 plus 8% increase notwithstanding the sales tax increase from 3% to 4% effective last June 1. The July 13 week was up 7%. In every week since June 1, there have been a gain for the Y. C. department stores. No one can survive, 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 up 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 of the comparable period a year ago.

A broader set of data encompassing various retail sales, compiled by the Bureau of the Census, U.S. Department of Commerce put the July 13 week's store sales up 8% over the week last year. The July 6 week was up 7 1/2% in a year, 16 percentage points better than for department stores in the largest 49 non-urban markets.

The year-to-year contrast for the national retail market showed a gain of almost 5%, one percentage point more than department store sales for the same period.

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**Canadian Unemployment Rate Studied by Conference Board**

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 how the unemployment rate has fluctuated widely from year to year.

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-1960'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 was 2.4%—notwithstanding the presence of all major national industries, leading the United States (5.6%), Italy (4.3%), United Kingdom (3.4%), 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, as caused by new industries, expansion, advances and shifts in demand, will require a continuous process of adjustment in the labor market.

New job opportunities are expected to grow more rapidly in the service and wholesaling and the goods-producing industries and in the office than in the plant. This would continue the trend of the last 15 years, since service jobs have 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 skilled and less-emphasized. In the last 10 years, professional and technical workers have increased by 70% and skilled positions by almost 45%, while gains of less than 25% in semi-skilled and unskilled jobs and significant declines in agricultural employment.

The changing economic environment requires that great emphasis be given to education, trade training and retraining, and the retraining of displaced workers.

The corresponding positions for women are 8%, 3% and 2%.

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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 industrial leaders. Despite the fact that they are, some of the actions have attracted little or no attention beyond the headlines in today's newspapers. On Sept. 1 the U.S. Tariff Commission is going to release a very important report on individual industries. The report 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 get 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 allowing of protection for individual industries in this country. The Tariff Commission report 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 in Business of Form Filling

Most individual taxpayers know the burdens of keeping records for their tax returns. However, the burdensome task is 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 been got 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 lawmakers 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 surveys if 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 (D., Wash.) of the Senate’s Committee on Commerce and Transportation, of which he is chairman, introduced a bill “to amend the Motor Vehicle Act of 1964 to provide for the establishment of a Committee to study the provisions of the Act as determined by the Secretary of Transportation.”

The bill provides that the FTC is going to have to prove absolutely no need for the questionnaire, Senator Magnuson declared:

“It seems to me we have become questionnaire-happy... this endless sequence of questionnaires is a waste to the agency, taxpayer, and to the business enterprise which must divert time and money from filling out extensive forms.”

The proposed questionnaire alone companies believe that businesses feel strictly their business without the government pitying further into their affairs.

It would not be surprising to see "hills of daisies growing. 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 report that Argentina is expected to tighten controls on U.S. investments. However, 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 investments made in that country by U.S. industry. Dr. Illia insists that capital will continue to be provided by the US. and by the bank.

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 latest Federal buildings in Washington, department economists are insisting that the Washington “by-passers” are flooding 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 proposed foreign aid bill. General Lucius D. Clay, (U.S. Army retired) who was appointed by President Kennedy to evaluate the whole overall pro-

"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!"

The Senator, one of the oldest men in the Senate, spoke to the Federal questionnaires maintained that France and Britain and some of our Allies should be spending more of the burden of assistance to underdeveloped countries.

"In pouring out billions and millions and billions of dollars, much of it going down the drain, we act just plain stupid at times," said the Senator.

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 not coincide with the “Chronicler’s own views.”]

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 have to catch the bag of one of these days."

The commercial and Financial Chronicle... Thursday, July 18, 1963

COMING EVENTS

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