The COMMERCIAL and FINANCIAL CHRONICLE

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EDITORIAL — As We See It

In some ways, of course, a democracy is at a disadvantage in dealing with a dictatorship, especially a democracy which makes it a practice of dealing from the top of the deck and keeps no spare cards up its sleeve so to speak. We are being forcefully reminded of the fact in our dealings with the Soviet Union and in such relationships as we must have with Communist China. And candor forces the admission that not all of the difficulty originates in the dictatorships. The test ban agreement recently reached in Moscow is not always in all quarters being greeted with sweet reasonableness, high statesmanship or even full candor, or at least such appears to us to be the case. Current accounts of over-riding fear in opposition quarters that the Kennedy Administration may reap large dividends from this compact may or may not be fully in accord with the facts. In any event it would appear to us that if the agreement is so popular with the great rank and file of voters as is thus implied, then any and all who oppose it or make trouble about its ratification would be taking a very large political risk.

In any event, we shall assume that the opposition, particularly the more vocal and active members of it, are not really being goaded on by any such consideration but are quite sincerely in doubt about the wisdom of entering into any such pact with the Kremlin, which, as everyone knows, has not always been particularly scrupulous about fair dealing with anyone in the outside world. There are many facets of this situation, including a proposed non-aggression agreement, disarmament pacts, and any others that may grow out of current conversations with the Russian dictators—to say nothing of the activities of Mao and his puppets. Many of these we gladly leave to others better (Continued on page 28)

Fund Managers Remained Bullish Despite Slowdown in Market's Pace

CHRONICLE'S analysis of 100 leading investment companies' portfolio operations during the June quarter's narrowly moving stock market disclosed continued good demand for common stocks. Total net buying was up 10% over the comparable March quarter figures as fund managers continued to display overall bullishness. Stock selection became less concentrated and a more widespread buying policy evolved. Although the prime emphasis remained centered on quality issues, buying was also indicated in better-grade secondary issues. Preferred industry groups included Aircraft, Airline, Beverage, Chemical, Drug, Electronic, Finance, Insurance, Metal, Oil (international), Paper, Public Utility, Railroad and Rubber. Buying in Steel issues initially appeared. Most popular issue was Gulf Oil, with Standard Oil (N. J.) and Royal Dutch runners-up. Sold on balance were Natural Gas stocks. Most widely liquidated issue was Gillette. Interest in foreign securities abates. Ratio of share redemptions to funds' net assets was 1.64% in the second quarter.

[See page 18 for specific stocks purchased and sold by managements in June quarter. For Fund's portfolio position, cash vs. security holdings, on June 30, 1963 and March 31, 1963, see page 21.]

The CHRONICLE'S comprehensive analysis of the June quarter portfolio operations of the nation's predominant investment companies embraces a period in which business activity steadily expanded throughout various sectors of the economy. Similarly, it envelops a span during which the stock market was largely buoyant.

The favorable business trend during the three months period April through June is best reflected in the fact that the Federal Reserve Board's index of industrial production, the most significant barometer of business activity, climbed to a new high of 125.1 (1957-59=100) during the quarter.

Although the improvement in the economy took place on a broad front, much of the renewed rise in industrial activity resulted from the high level of automobile production and expanded output of basic materials, especially steel. At this point, there seems good reason to believe that 1963 auto production, which officially ends this Fall, will set records with an estimated 7.3 million cars built. This will constitute two banner back-to-back production years. Within the steel industry, where rising production had been experienced during most of the early months of the year, production has since leveled off as steel inventories built as hedges against a possible strike are being reduced. Other key areas of the economy also indicate that the upturn is continuing; construction and housing starts are rising, new orders for durable goods are in a vigorous uptrend and government expenditures have substantially increased. Another encouraging aspect is the pattern now developing for spending on new plant and equipment. Capital outlays over the balance of 1963 are expected to be especially strong with expenditures for the year going beyond $40 billion for the first time.

In retrospect, the economy has proved to be amazingly strong in the first half of 1963, and many businessmen will not be surprised if it continues to maintain this strength in the immediate months ahead.

In terms of the Dow Jones Industrial Average, which was 682.52 on April 1, the stock market subsequently rose to a high for the June quarter of 726.96 on May 31 (this to date has also been a 1963 high). Thereafter, the averages performed indecisively, evidencing neither the incipience of a sharp decline nor the attainment of new historic highs, and closed the (Continued on page 17)

QUARTERLY INVESTMENT COMPANY ISSUE

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

United Nuclear Corp.—M. C. Brittain, Analyst, Fahnestock & Co., New York City. (Page 2)

Standard Oil Co. (Indiana) — Analyst, W. C. Langley & Co., New York City. (Page 2)

M. C. BRITTAIN
Analyst, Fahnestock & Co., New York City
Members New York Stock Exchange

United Nuclear Corporation

To quote the Chairman of the Atomic Energy Commission in his 1962 year-end report to the President, "nuclear power is on the threshold of economic competitiveness in areas consuming a significant fraction of the nation's electrical energy; relatively modest assistance by the AEC will assure the crossing of that threshold and bring about widespread acceptance by the utility industry." With this quotation in mind, I decided to look to the nuclear energy field for an investment medium. After many weeks I decided that United Nuclear Corporation was a company fulfilling all of the requirements.

United Nuclear reached its present stage through several mergers. In 1961 Nuclear Development Corporation of America, an independent nuclear power company, backed by leading financial interests including Rockefeller, J. H. Whitney and William Borden Capital, combined its operations with the nuclear divisions of well known Olin Mathieson Chemical and Mallinckrodt Chemical to form United Nuclear. The merger last year with Sabre-Pinion Corporation was the final step to form the only fully integrated company in the nuclear power field. United Nuclear controls the full range of production cycle — from the raw materials through the design and building of the end product. Of the present outstanding stock, Olin owns 23% and Mallinckrodt owns 4.4%.

Besides the mining end of the divisions of the company include:

The Development Division in White Plains, New York, which holds a sub-contract from General Motors to build for the Army a 3000 KW Mobile Compact Reactor. One prototype is expected to cost between $50-$80 million of which United Nuclear has about 50% interest. If successful, this program could be far reaching both as to commercial users as well as defense agencies.

The Chemical Division in St. Louis, Missouri, converts enriched uranium into fuel elements which are sold to the manufacturers.

The Fuel Division in New Haven, Connecticut, fabricates nuclear fuel into its final form. This division provided the reactor cores for the Savannah, the world's first nuclear powered merchant ship and for the new generating plant at MOL, Belgium.

Reactor cores and fuel also have been produced for the Army's outpost at Camp Century, Greenland, for the U.S.S. Bainbridge and several atomic submarines.

The excellent management that exists at United Nuclear is shown by the fact that, at the time of the merger in 1962, these divisions had a tax loss of over $8 million. Yet for the first year of operations under United Nuclear, the loss was only $177,000. This loss was further reduced for in the first quarter of the current year the loss was $6,000.

The AEC recently modified its uranium concentrate procurement program. Under this plan domestic purchases at $8 a pound, originally scheduled to be made during the four-year period ending Dec. 31, 1966 are being stretched out over a six year period ending Dec. 31, 1968. Additional purchases at an annual level at a reduced price are being placed under contract for the two-year period ending Dec. 31, 1970. While this would give United Nuclear a firm contract for eight years instead of four, costs would have increased and profit decreased. To correct this condition, the management of United Nuclear on March 28, 1963 purchased the Phillips Petroleum Company's uranium interests in the Ambrosia Lake District of New Mexico. Recently, to further strengthen their ore reserves, the stockholders approved the acquisition of Quinta Corporation and the Bigbee and Stephenson Group Inc. which together own the Church Rock Uranium Properties in New Mexico.

As a result of the purchase of the Phillips' contract together with its 65% interest in the Homestake-Sapin Partners property, United Nuclear will deliver 25,000,000 pounds of yellow cake to the AEC between April 1, 1963 and Dec. 31, 1970.

In the wake of the outstanding performance of the nuclear powered aircraft carrier Enterprise during the recent Cuban crisis, the department of the Navy announced its desire to shift to nuclear powered surface fleet. The Maritime Administration has also indicated its interest in increasing the use of nuclear power for merchant vessels. Over the long range, nuclear power for utilities is a wide open field with seven nuclear power plants operating in the United States today. Many more are being built or considered. The growing need for fresh water in various parts of the world might be met by using nuclear power to desalinate water. This with the need for nuclear power in undeveloped countries, where fossil fuel is scarce, is another natural market.

Since United Nuclear deals largely in fuel and as more and more nuclear equipment is getting on stream, the replacement market increases. This kind of repeat business could reach a sizable magnitude especially when one considers the replacement of the fuel elements in a modern reactor cost between $7-$15 million. However, this fuel lasts up to three years and except for capital outlay, it has an important advantage to its users.

The overall earnings for the first year of the merger showed sales for the year ended March 31, 1963 of $45 million vs. $35 million. The earnings were 93c vs. a loss of $4 million during the previous period. Earnings for the first quarter ended June 30, 1963 were 32c with a cash flow of over 75c.

United Nuclear has the know how; it has adequate capital and uranium reserves and excellent management. Selling at 11 times estimated earnings for 1964, I believe that United Nuclear, which is qualified for listing on the NYSE, is unique for those seeking a growth situation. The stock is now traded in the Over-the-Counter Market.

CREIGHTON HARTILL
Financial Analyst, W. C. Langley & Co., New York City

Standard Oil Company (Indiana)

For several years the subject of "corporate image" has drawn growing attention from executives, and from the SEC. Perhaps this has been overdone. But it is true that in many cases stocks sell at substantially lower earnings multiples than closely comparable issues. Does this discrepancy represent only an informed qualitative appraisal by investors? Or is there also a large measure of prejudice and inertia which in time will dissolve to the benefit of patient buyers? We believe the latter is often the case. Standard Oil Company (Indiana) is in our opinion a stock comparatively undervalued by the market.

With 1962 revenues of $2.7 billion Indiana is the sixth largest American oil company. Comparable organizations are: Shell, Sinclair, Phillips, and Cities Service. Together these five constitute the leading domestic integrated companies. Currently all but Shell are active overseas as well. However, the earnings of all five have been and will likely remain closely related to their success in the U. S. market. This is a very large market even compared with their aggregate output. Together these five companies supply about one-fourth of total U. S. requirements.

Viewed over the past decade the economics of the domestic oil industry, and of Indiana, divide into two sharply different periods. From 1953 through 1957, U. S. consumption rose 16%. It was a very profitable time for the oil business. But in 1958 the situation changed drastically. Starting in 1957 the growth rate of U. S. demand slowed down. From 1958 through 1962 U. S. consumption rose only 13%. With ample capacity available, product prices and realizations eroded sharply until last year, when reasonable stability was attained.

Contrary to what might be expected, Indiana's experience over the past decade has been just the reverse of similar companies. From 1953 through 1957 it was a conspicuous laggard. Its product sales grew but 8%, a rate half the gain in U. S. demand. This represented a physical growth half that of Shell and Cities Service, one-third that of Phillips, and comparable to Sinclair. Indiana's cash flow and net income gains

Continued on page 9

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

What Lies Behind the Rail Merger Moratorium?

By Daniel P. Loomis,* *President, Association of American Railroads, Washington, D. C.*

Rail mergers to permit economies of scale and survival against competition, including governmentally subsidized or favored competition, have been grounded to a halt despite the Government's policy to encourage rational organization of our rail structure. In forceful arguments, Mr. Loomis calls for a complete educational airing of the issue to lay bare the basic problems behind the imperative need for mergers and "who is throwing monkey wrenches"; singles out Senator Estes Kefauver as a principal proponent of moratorium; traces long tedious studies that have been made and the laborious, time-consuming pace of ICC proceedings; and answers numerous real and fanciful charges raised against mergers. Points out that there are now four major consolidation cases before the ICC, of which one is three years old and the youngest 15 months, and 25 major railroads are now engaged in merger negotiations to combat rising internal costs and to meet intensified external competition.

A thick cloud of confusion currently surrounds the subject of railroad mergers. As state regulatory officials are aware, much of this has been created by calculated efforts on the part of some who seek to scare the public, to confound the authorities and thereby to delay, if not defeat, one of the most beneficial management moves in transportation history.

Daniel P. Loomis

The public deserves the truth in this vital area. The people deserve to have that cloud of confusion blown aside and to see clearly what is behind the merger movement, who is throwing monkey wrenches, and where mergers are taking the railroads and the vital services these carriers provide America.

Some 25 major railroads are now engaged in merger negotiations. This looks like a lot, and is in present-day terms. But not in historical context. Compared with the 400 line-haul railroads in the U. S. today, 103 of which are Class I systems, there were 1,300 railroads just half a century ago—and up to 6,000 since the first railroad was founded on this continent. So the urge to merge in railroading is as old as the industry itself.

In view of current proposals to halt mergers, just imagine the situation today if all these past consolidations had never taken place. Imagine, for instance, if instead of the integrated entity of the Pennsylvania Railroad, you still had the 600 original companies that went into the Pennsy's formation! Not only would competitive chaos exist, but every line would probably be bankrupt.

In contrast to Sen. Kefauver's resolution calling for a halt to major mergers pending further study, it is instructive to note that government policy in modern times has been pointed toward encouraging more rational organization of the railroad structure. This is certainly as it should be, for if you look at the reasons behind mergers, it becomes clearly imperative that the industry be given the maximum encouragement to continue on the present course toward shaping a less cumbersome and more efficient transport structure. Failure to do so could prove disastrous.

The Facts That Speak Alone

Why are so many railroads now merging? Mainly because of the giant squeeze exerted by rising internal costs on the one hand and intensified external competition on the other. It must seem ironic to rail labor officials that the upward pressure of wage rates, coupled with wasteful work practices, has done much to spur this movement which they now fear and so heatedly oppose. Indeed, if it were not for this opposition, we would probably not have a problem to discuss today.

Yet I don't want to imply that mergers are wholly an outgrowth of financial distress. Consolidations among general businesses are seldom based on that motive alone; they are aimed at eliminating duplicate facilities and unnecessary services, diversifying operations, cutting costs, improving earnings and strengthening competitive position. This is good for business generally; it is good for railroading as well.

Railroads are in particular need of a green light for mergers because of a unique problem not faced by other industries, however. The major transportation problem of today is seen most clearly as one of too many carriers and too much transport capacity and too little traffic. It's as though a rooming-house dinner table were set for five people, and seven or eight showed up to

Continued on page 28

CONTENTS

Thursday, August 8, 1963

Articles and News

Regular Features

*See article starting on first page analyzing investment companies' portfolio activities in the June quarter.

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Lead—Its Uses, Production, Producers, and Prospects

By Dr. Ira U. Cobleigh, Economist

A swift look at the demand for lead, production and price trends, and the investment merits of the shares of the two largest lead mining companies in North America.

Lead is a very ancient metal, one of the first used by man. Lead coins and medallions have been found in Egyptian ruins 4,000 years old. Lead water pipes, still in serviceable condition after 2,000 years, have been discovered in Roman excavations, and early use of lead pipes and castings has been documented in several regions on the globe. The durability, malleability, insulating and decorative properties of lead have created for it a steady demand over the centuries; while the applications in our industrial age, together with intensive research, have added new economic luster to lead in recent years.

Modern Uses of Lead

About 30% of the lead consumed in North America is for automobile batteries and about 17% is used as an additive (tetroethyl) to gasoline to reduce knocks and step up motor performance. The construction industry accounts for about 10% of consumption; 5% goes for lead cable covering (with increasing competition from plastics) and about 7% in chemical uses (paint principally in which production titanium oxide has taken considerable business away). Lead is also widely used for solders, type metal, ammunition and metal fabrication.

From these various demands, lead consumption has remained relatively stable, with newer uses making up for some of the decline in paints and cables. The most stable business has been in automobile batteries with 7 million car years creating excellent volume and about half of the 300,000 tons of lead used annually for batteries, going into replacements.

Newer Uses

There are some interesting, and even exciting, newer uses of lead which may, however, significantly increase its world wide demand. Lead is used, almost exclusively, as the shielding material in nuclear reactors and in containers for atomic wastes. Lead is now attracting wide architectural interest for its sound dampening qualities. Lead-lined doors, and lead sheets for ceilings, floors, and walls may substantially reduce sound and vibration in many types of structures. Lead is now strategically used in missiles for detection, guidance and control devices, and as a high temperature lubricant in rocket propulsion and missile launching. Because of its high thermal efficiency, lead is also important in heat-electric conversion technology. Powdered lead, mixed with plastic, may create a greatly improved insulation. These and many other new uses are being energetically researched by principal lead mining companies, and expanded horizons of total demand seem likely to result.

Production and Prices

In the 1950-60 decade worldwide output of lead increased from 1.8 million tons to 2.4 million tons—an annual growth rate of about 3%. Output in the United States declined about 44% in the decade, due to steady depletion of ore reserves. United States now accounts for about 10% of world annual production against 24% in 1950. Other principal national sources are Australia (about 14%), Mexico (around 9%) Free Europe (16%), Soviet Bloc (about 21%), Canada (about 9%), Peru (6%), and Morocco (about 4½%).

Prices of lead were soggy during 1962, reaching a low point of 9½c a pound. The price advanced to 10½c earlier this year and recent quotations at 11¼c indicate a more buoyant tone to the market, but are still a far cry from the 20¾c top reached 15 years ago. Present indications are that the lead market is quite stabilized, and in a slowly rising long term trend.

If we assume that the lowest lead prices have already been seen, and that dynamic new uses may expand demand, then we should logically take a constructive view about the dominant producers in this industry. On this continent there are two: St. Joseph Lead Company and The Consolidated Mining and Smelting Company of Canada, Ltd.

St. Joseph Lead Company

St. Jooseph is the most important producer of lead in the United States and a smajor producer of zinc as well. Lead delivered but 6% of gross earnings in 1962, as a result of low lead prices, and the shut-down by strike, of all lead mining in Missouri from July 27, through the end of the year. Earnings for the full year, however, were $1.44 per share on the common stock (including special 51c credit) against $2.12 for 1961. For the first 3 months of 1963, a loss of $443,000 was reported (after strike charges estimated at $1,236,000.) For the full year per share net earnings will probably exceed the 93 cents actual net income from operations last year, and we would expect the $1.00 dividend to be maintained. Dividends have been paid continuously since 1934.

Sources of company income, in addition to domestic lead and zinc operations, are from a large Argentine mining affiliate (earned $2½ million net in 1962), a lead-zinc silver mine in Peru, a 17% interest in two North African mining companies, and a $48 million joint venture with Bethlehem Steel to produce 2 million tons of concentrated iron pellets from ore at Meremec mine, Pea Ridge, Mo.

Common stock, increased to 2,989,282 shares by 10% stock dividend at end of last year, is preceeded by $19 million in long term debt. At $35 a share, SJO common is a mature value in a mining company whose prospects should substantially improve over the next two years.

Consolidated Mining and Smelting

This company is the third largest producer of lead in the world and second in the production of zinc. Current production comes principally from the big Sullivan Mine at Kimberly B. C., together with 2 smaller mines in the area; and the company's huge smelter complex at Trail B. C. can produce 220,000 tons of lead annually. In addition "Smelters" is a substantial producer of silver, gold, cadmium, copper, pig iron, bismuth, antimony tin and indium. The company is also a major producer of fertilizer (720,000 tons annually), and is among the 10 largest producers of electric power in Canada.

Of great future importance is the ownership by "Smelters," of 78% of Pine Point Mines, Ltd., possessing one of the largest undeveloped lead-zinc ore bodies in the world. Official estimates refer to 5 million tons of open pit ore averaging 7.4% zinc and 4% lead, with very large indicated reserves. Production is expected to begin by or before 1966.

"Smelters" reported net profits of $23,227,000 in 1962 or $1.42 per share on the 16,331,645 shares outstanding. Working capital position is magnificent. Cominco common at $26 paying $1 Canadian seems to be a valid value, and a far better purchase today than when it sold at $40 in 1955.

Possible Extensive Nova Scotian Orebody

These two big companies operate from the largest known lead-zinc reserves in North America. Considerable recent interest has, however, attached to the eager exploration now going in Nova Scotia which has brought to light the possibilities of rich stores of lead, zinc and silver ores in sedimentary deposit formation extending for several hundred square miles. Exploration here is being carried on by sophisticated and successful mining companies including Gunnar Mines, Ltd., Phelps Dodge Corporation of Canada and Dresser Industries. The availability of a large orebody, suitable for low cost open pit mining and adjacent to deep water ports for year round ocean shipping to European markets, woud give Nova Scotia mining companies a great advantage in lower costs over inland Canadian producers.

With lead prices in the ascendency, and siver at a 43 year high, there seems to be a reasonably bright future for substantial and well managed companies working in the "affinity group" —lead, zinc and silver. And we didn't say a single word about the value of base metals in an inflationary economy!

OBSERVATIONS...

BY A. WILFRED MAY

TREND-CHASING

Particularly in view of the persisting fictions about short-selling, including recurring attachment of blame for market breaks to this device, even alleging its use by the political party out of office, the section devoted to this activity by the SEC's Special Study of Securities Markets is important. Also it is now in order to note the effect of the restrictions imposed via the Securities Exchange Act of 1934—as allowing a short sale only on an up-tick, that is, only at a price above the last different one; and the prescription to mark them "short" on the order slips.

The results garnered by the Study highlight the role of speculative short sellers (that is, excluding arbitrageurs, odd lot dealers, and tax avoiders) as still another group, along with the chartists, as trend-chasers—rather than trend-cushioners.

Short selling, the Study finds, has varied from a low of about 3% to a high of over 8% of total N. Y. Stock Exchange volume, illogically dropping to the lower percentages as stock prices reach a peak, and rising in volume as market prices scrape bottom.

This predeliction to sell on-the-way-down is indulged in by the professional as well as the non-professional. As a percentage of their own total sales specialists' short selling runs predominantly between 15 and 20%, the proportion increasing as prices decline and decreasing on the way up. Another "pro" group, off-floor members in their short sales represent 10 to 25% of total short selling, and range from 8 to 25% of their own total sales. More markedly than specialists, the Study finds, do they decrease their short activity on advances and increase it on declines.

The professional floor trader, the Study finds represent another participating professional group.

The Study's analysis of short-selling over an eight-year period found in the case of both members and nonmembers the ratio of short sales to total sales to increase as market declines progressed — both groups evidently subscribing to the fallacious thesis that the lower the market price the poorer the value, and the higher the price the more reasonable the valuation.

Centering its attention on the quite concentrated number of issues with relatively large short positions, the Study finds the same tendency there of the short interest rising as the market falls, and decreasing as the market rises.

Performance During the Market Break

The Study's inquiry into the circumstances surrounding the 1962 market break confirms the short sellers' trend-chasing proclivity. Midst 14 days of declining markets prior to the climactic May 28 break short-selling in a number of leading issues rose to over 8% of total reported sales, and in the case of two stocks rose to over 30% of total sales. During the May 28-31 selling climax, the bulk of the selling in "short" stocks, American Telephone, U. S. Steel, Korvette, and AVCO, took place on the above-the-bottom second and third days, after having increased during the preceding 14-days of decline.

A detailed analysis of the eight leading "short" stocks on "black" May 28 reveals that much of the short selling came during spells of market decline; when the stocks were under great pressure.

The Study Group, subsequently securing the Commission's specific approval, recommends reform "in depth" in devising prohibitions against its impact on general market declines—even of "protecting the market" in times of stress. ("The presence of extra selling burdens during a market which is generally weak may be a contributory factor during a period of market break . . . the present up-tick limitations should be supplemented by a rule or rules designed to cope more effectively with the potentially depressing effects of short-selling during price declines . . . among the possibilities to be considered would be: the prohibition of short-selling in a particular stock whenever its last sale was below the prior day's low.")

Such interference with a free speculative market, particularly when instigated by "the government," we oppose. Stabilizing the downside of the market, while permitting the continuation of speculative gadgets and elements on the up-side (supported by margin funds) is both illogical and would give the impression of up-side sanctification by the regulatory authorities.

Rundle Acquires L. Cook & Co.

CLEVELAND, Ohio — Donald G. Rundle and Lawrence Cook have signed an agreement whereby Mr. Rundle acquires Lawrence Cook & Co. Mr. Cook will remain as Chairman of the company & Mr. Rundle will become President and Chief Executive Officer.

Donald G. Rundle

Headquarters of Lawrence Cook & Co., members of the Midwest Stock Exchange, are in the East Ohio Building, Cleveland. Representative offices are maintained in Kent and Marion, Ohio.

Mr. Rundle began his career in the investment business in 1952 with Saunders, Stiver & Co. and has been Vice-President in charge of sales.

The Aerospace Industry's Problems and Prospects

By Reginald I. McKenzie,* *Vice-President and Treasurer, Aerojet-General Corp., El Monte, Calif.*

After tracing the dynamic changes in and phenomenal growth of the aerospace industry, sparked by growing rate of increase in Research and Development, Mr. McKenzie discusses the industry's major problems and expresses optimism for its growth prospects. Most serious problem singled out deals with the Government's demand to shift R/D onto private industry without offering reasonable assurance of a profitable payoff. Cognizance is taken of the industry's feeling that it is a closely controlled agent of the Government, and criticism is made of the proliferation of bidders in an industry where there is only one customer in the market where free competitive conditions do not exist. Mr. McKenzie concludes no other business is as fast changing nor as likely to face as many challenges as the aerospace business which he is certain will be successfully mastered making aerospace a "blue-chip" industry.

I do not need to emphasize that the aerospace field is an unusual industry insofar as we are involved not in mass production of standard units, but largely in Research and Development which leads to production of relatively few units that in turn become obsolete as R & D produces new breakthroughs in technology. It can be said of the entire aerospace industry, in the words of the slogan of a widely known electric company now also engaged in aerospace work, that "progress is our most important product."

R. I. McKenzie

This progress is complex and costly. It can best be exemplified by pointing out that the speed of aircraft at the end of World War II, less than 20 years ago, was approximately 400 miles per hour and that they cost roughly $10 a pound. In the 1950's we got to 1,200 to 1,500 m.p.h. at a cost of roughly $100 a pound. Today we are making winged aircraft capable of 4,000 m.p.h. or space vehicles traveling 17,000 m.p.h. and their cost is roughly $1,000 a pound.

Never, in all history, has there been such a technological revolution. It imposes upon the basic industry that produces these space systems, and upon the government which supports them financially, problems of unheard of magnitude and complexity.

Annually a greater percentage of the gross national product is devoted to defense and concurrently a greater percentage of defense or quasidefense expenditures are devoted to missilery and space exploration.

R & D Growth Like Topsy With Government Dollars

To top this all off, annually a greater percentage of aerospace expenditures is devoted to Research and Development.

In California we are well aware of this because we get approximately 24% of the aerospace business and 16% of all the Government's Research and Development work.

Currently, out of an estimated GNP of $550 billion, approximately $16 billion will be spent for R & D, with the Government outlay amounting to 70% of this total and private industry furnishing less than $4 billion.

These figures, while significant in themselves, do not begin to tell the whole story of the problem they pose for industry as a whole and for the aerospace industry in particular. What does tell this story is the growth of National Research and Development during the last 25 years and the prospect for the next five years.

Back in 1937, virtually all R&D was privately financed, and totaled approximately $1 billion. During the war years that total increased to about $2.5 billion, about half of which was for the Government. Ten years ago, the total was nearly $5 billion and the percentage had shifted to nearly two-thirds for Government R & D. By 1960, the total was about $10 billion, with more than two thirds under Government contract.

Today's figures are a total of $16 billion, with about 70% Government, as I have just noted.

Can Industry Absorb R & D On Its Own?

Looking ahead to the next few years, it has been reliably estimated that total R & D will reach $30 billion in 1967, and of this, $20 billion will be for the Government. You can appreciate the effect of all this on the aerospace industry if Government continues to insist, as it is beginning to do now, that industry finance its own facilities and personnel for such an extensive R & D program.

Let me now outline a few of the problems which changing circumstances have brought to the industry in the last few years. They are all related to growth and simply stated, they include:

(1) The rising high cost of space boosters and space vehicles which is bound to restrict the number of types to be developed.

Yet, more and more in the aerospace field, particularly in recent years, the Government is becoming increasingly restrictive in funding our R & D programs. It is forcing private industry to share in the cost of these programs.

At the same time, it is now the expressed policy of the Government, which we applaud, to recognize the increased risk placed upon contractors by the adoption of incentive contracts. The intention, of course, is to reward good performance and penalize poor performance. This is a worthy objective and should reverse the declining profit rates for those companies doing a good job.

We wholeheartedly endorse this action but we should state that our experience with the actual application of the incentive formula on major multimillion dollar Research and Development contracts is very limited. Fair administration of changes of scope of work, recognition of cost changes beyond the control of a contractor, and other factors will determine the success of the incentive pricing program. Within our own company, I am encouraged by our experience to date.

(2) The second problem is the rapid obsolescence of these devices, which puts new emphasis on Research and Development work.

(3) The multiplication of aero space firms, both prime and subcontractors, as former airframe concerns and other industrial giants and large chemical companies get into the business.

(4) A certain amount of public or political reaction against spending hitherto fantastic sums for "moon" landings or similar projects.

(5) And, of course, the effect on profits as competition for available programs increases and additional pressures mount for geographical distribution of aerospace jobs.

Proliferation of Bidders

There are other associated problems which I will touch on later, but the main problem is the proliferation of bidders out of all proportion to the increase in the size of the business, spectacular as that has been.

The same kind of thing happened once, of course, in the early days of the automobile industry, in aircraft between the two World Wars, and in radio between the mid-1920's and the mid-1930's. But in those instances Government "controls" were negligible factors and in good old free enterprise style, the more alert, better managed companies survived.

But the conditions which made for the growth and prosperity of the surviving automobile, aircraft, and radio companies do not exist in the aerospace industry today. There can never be a "popular" market; there is only one customer, the Government. Free competitive conditions do not exist in the old-fashioned meaning of that word. Profits are closely controlled. These conditions are the heart of all our growth problems.

As a percentage of our Gross National Product, major space programs and Research and Development of Aerospace Systems have tended to increase—but not nearly in proportion to the number of new firms competing for the business.

A recent report showed the following comparisons between GNP and R & D expenditures by the Department of Defense, NASA, and the AEC.

Year	GNP	DoD	NASA	AEC
1960	503.5	4.496	.744	2.713
1961	518.7	6.230	1.256	2.806

These figures do not separate strict aerospace R & D from R & D for conventional weapons systems in the case of DoD or civilian atomic energy research in the case of AEC, but it can be argued that aerospace-related research constitutes the ever increasing bulk of the nation's R & D costs. Figures for 1962 are not available, but I am sure they would reflect an increasing ratio of R & D to GNP.

Contemplated Expenditures

The Federal Budget calls for major space program expenditures of $6.1 billion for Fiscal Year 1964 as compared with $4.3 billion for 1963. The Department of Defense contemplates expenditures of $1.6 billion compared to NASA's $4.1 billion.

Contemplated expenditures by the Atomic Energy Commission in the field of national defense are placed at $2.85 billion for 1964 compared with $2.87 billion last year—a slight reduction.

In 1946, immediately after World War II, it was estimated there were 41 major prime contractors in what is now the aerospace business. Of these, a dozen were engaged in missile work and another dozen in propulsion. The rest were aircraft contractors.

Today it is estimated there are more than 100 primes, of which at least 50 are involved in missile programs and 30 in propulsion, the remainder combining aircraft, missiles and propulsion programs.

Electronic Companies in Space Work

Electronics companies, which share more and more in aerospace programs, have multiplied in number and the larger ones have grown apace as space programs call for more and more sophisticated "black boxes" for guidance, communications, reporting, and other purposes.

It follows from this that there is intense competition for available appropriations. The choice of programs has narrowed down considerably from a decade ago when dozens of types could be developed and produced and everybody was sure to get a piece of the business.

Further, in order to perform in the high technology areas and win some of the few big contracts left, the companies are in an intense competition for brains and this takes money. If you doubt my word, just glance at the "Help Wanted" section of any metropolitan newspapers these days. The East Coast companies are trying to snare people on the West Coast. The West Coast people are doing the same thing on the East Coast, and both of them are doing it to each other in the Middle West.

No Business Has Such Challenges

No business is so fast-changing. None has made such great strides. None is so challenged by international circumstances to make constant breakthroughs to meet Soviet achievements or Soviet stunts. First it was "Sputnick," then "Lunik," then two men in space at the same time, and finally it was practically a honeymooning couple in orbit.

Yet the industry, while people are just beginning to grasp the significance of chemical rockets and their potential, must move on to new methods of propulsion, nuclear, ion, or some other. The amount of Research and Development work which this calls for is beyond the capacity of private enterprise alone to provide.

Major Problems

This is getting to be one of our major problems. The Government is more insistent upon the private financing of research facilities and the personnel to man them. Financing these facilities means that there must be greater depreciation allowances if companies are going to survive.

The question of profit is another problem for which no solution mutually satisfactory to Government and industry has yet been found. Perhaps incentive contracts will bring about greater stability in the industry by weeding out companies ready to "buy" a development contract with a fixed fee with the hope of eventually making out on contract changes or cashing in on a follow-on production contract. But

Continued on page 13

Tax-Exempt Bond Market

BY DONALD D. MACKEY

In view of the record-breaking volume underwritten during the first seven months of 1963, the market's performance as adjudged by the various price and yield averages and indexes has been remarkably receptive. The competition exerted among bidders and underwriting groups has been acutely keen even during the periods of unsettlement provoked by the build-up to the recent rediscount rate rise.

Statistical Improvement Only?

During this past week the market has continued to do well as measured by *The Commercial and Financial Chronicle's* high-grade 20-year general obligation bond yield Index. The Index stands at 3.02% on Aug. 7 as against 3.05% a week ago, 3.07% on July 24 and 3.10% on July 17. Thus the market for high-grade 20-year tax exempt bonds would seem to be up more than a point and a half within 3 weeks or since the rediscount rate rise.

This market measure, as sanguine as it seems, does not conclude that the market has been consistently strong and active during July. Actually, the market hasn't been generally active and dealer sheets are replete with offerings that appear relatively cheap as against new issue offerings that seem to be fairly well taken as progressively brought to market.

Dull Days Ahead

Should recent municipal finance history repeat itself, the new issue volume will taper off during the remainder of the year. August and September are normally very light volume months for obvious reasons. October and November financing is usually moderately heavy but not as heavy as the first half norm for reasons that have much to do with politics and Election Day. December now and then catches a king size flotation or two for reasons of the calendar year but heavy volume is certainly not normal for this holiday period.

In this vein, it is interesting to note that scheduled and tentatively scheduled new issue volume for the remainder of August and for September totals less than $300,000,000 at present. Within this period the average volume seems not likely to be substantially increased from present indications.

Investors Bond Shy

This expected reduction in new issue volume when even superficially associated with the seemingly improved inventory situation, steadying influences exerted by Federal Reserve monetary policy, the continuing prospect of more or less easy money and the apparently eternal hope that springs from the breasts of most municipal bond dealers, seems likely to propagate even more immoderate or extravagant new issue bidding to the extent that our secondary markets may bear little or no resemblance or relationship to the new issue counterparts.

Even though the market is but little higher than it was a year ago, and should theoretically at least be attracting a broader spectrum of investor interest, such is not presently the case for reasons that may be succinctly generalized as due to investor "tension." For a variety of reasons the "world situation" as the investor, both individual and institutional, comprehends it or fails to comprehend it, has recently limited general investment in bonds, tax exempt and otherwise.

Were it not for the relatively enormous commercial bank interest in tax exempts over the last two years, it seems fair to generalize that yields would presently be at least 25 basis points higher than they are. Such a situation, moreover, would have borne impact to the entire long-term bond market.

In recapitulating the foregoing, it would seem to us that with the new "interest rate mix" off to some favorable establishment, our market appears likely to show some further improvement at least on the face of it. Improvement with more competition and but little assurance of fair profitability impugns a hollow meaning for the word but then again there is a faint hope and thereby hangs a tale.

Inventory to Melt

The *Blue List* total of state and municipal bond offerings has been averaging in the $500,000,000 area since mid-July. Current total is $509,579,000. As we finish out August, this total seems likely to be reduced some. In late August a year ago the total was below $300,000,000 for a while. It remained below $400,000,000 through September and October, while the market improved considerably.

Dollar Bonds Steady

The toll road, toll bridge, public utility and other long-term dollar quoted revenue bond issues were steady throughout the past week. However, even though the general obligation market reflected some tangible price improvement, the average price for the dollar quoted issues was off slightly. The *Commercial and Financial Chronicle's* revenue bond Index, which utilizes 23 of the most actively traded issues, averages out at 3.431% as of Aug. 7. Last week the Index stood at 3.42%.

However, there were no important price changes and the few slightly lower prices merely reflected the pressure of 2 or 3 situations in oversupply. A large block of Illinois 3¾s came into the market and the Indiana Toll 3½s also seemed to be under some slight pressure. Florida Turnpike 4¾s, after spectacular gains, backed off ¾s of a point in the course of the week. In view of the market pressure exerted by the Wanapum Dam bonds, revenue bonds have generally acted very well.

Traffic on the Mackinac Bridge during the month of July was 4.4% heavier than in July a year ago. Gross revenues were up 4.3%. Traffic on the Illinois Tollway showed a decline for July according to preliminary figures. The average daily toll revenue for July was $92,074 as compared to $95,886 for July a year ago. Tollway revenues have been reduced from 3 to 4% a month since the Dan Ryan Expressway was opened in December, 1962. The diversion of traffic is not considered important as it is generally admitted that the Chicago area definitely requires both road systems and more if the tide of the future is to be met positively.

Busy Week

The new issue calendar of competitive bids totaled over $225,000,000 of bonds this week and while one issue, the $100,000,000 State of California loan, made up close to half this total, there were an additional eight issues of general investor interest which came to market and are worthy of brief comment. Bidding for all these loans was very competitive as prices in many instances went through the levels at which smaller blocks of the same or similar bonds were readily available in the secondary market.

However, as the commercial banks continued their wide interest in tax exempt bonds, most of these issues were off to a fairly good start upon reoffering.

Recent Awards

Last Thursday three sales of importance were on the calendar. The State of New Hampshire, an infrequent borrower and a state whose bonds carry the highest of credit ratings, awarded $23,435,000 various purpose (1964-1993) bonds to *Halsey, Stuart & Company, Inc.* and associates at a 2.7386% net interest cost bid. The runnerup bid, a 2.746% net interest cost came from the Chase Manhattan Bank group and there were four additional groups which made bids ranging in interest cost from 2.75% to 2.76% for this popular bond.

Associated with Halsey, Stuart & Company, Inc. as major members of the winning group were Kidder, Peabody & Company, Continental Illinois National Bank and Trust Company, Phelps, Fenn & Company, The Philadelphia National Bank, Shields & Company, Equitable Securities Corporation, John Nuveen & Company, Inc. Kean Taylor & Company, Fahnestock & Company, Second District Securities Company, The National Shawmut Bank, Boston, First National Bank, St. Louis, and The Illinois Company.

Reoffered to yield from 1.70% to 3.15% for various coupons, this issue has been sold down to press time balance of $10,760,000.

The State of Oregon awarded $9,600,000 State Board of Higher Education (1966-1993) bonds to the syndicate headed jointly by *Halsey, Stuart & Company, Inc.* and *The Continental Illinois National Bank and Trust Company* at a net interest cost of 3.059%. This bid compared very favorably with the second bid, a 3.06% net interest cost, which came from the Morgan Guaranty Trust Company and associates.

Other members of the winning syndicate include Blair & Company, Inc., Shields & Company, United California Bank, Los Angeles, Ladenburg, Thalmann & Company, Barr Brothers & Company, Connecticut Bank and Trust Company, G. H. Walker & Com-

Continued on page 39

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.15%	3.05%
*Connecticut, State	3¾%	1981-1982	3.15%	3.05%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	2.90%
*New York State	3¼%	1981-1982	3.00%	2.85%
*Pennsylvania, State	3⅜%	1974-1975	2.80%	2.65%
*Delaware, State	2.90%	1981-1982	3.15%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.25%	3.10%
*Baltimore, Maryland	3¼%	1981	3.20%	3.10%
*Cincinnati, Ohio	3½%	1981	3.15%	3.05%
Philadelphia, Pennsylvania	3½%	1981	3.30%	3.20%
*Chicago, Illinois	3¼%	1981	3.30%	3.15%
New York City	3%	1980	3.23%	3.15%

August 7, 1963 Index=3.020%

*No apparent availability.

Larger Issues Scheduled For Sale

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

August 8 (Thursday)			
Arlington Ind. Sch. Dist., Texas	1,000,000	1964-1993	7:30 p.m.
Jefferson Township S. D., N. J.	3,450,000	1964-1988	8:00 p.m.
University of Tennessee	1,512,000	1965-2003	11:00 a.m.
August 10 (Saturday)			
Utah State University	3,550,000	1965-2002	10:00 a.m.
August 12 (Monday)			
Goose Creek Cons. Ind. S. D., Tex.	4,290,000	1964-1989	--------
Richardson, Texas	3,240,000	1965-1994	7:30 p.m.
St. Joseph S. D., Mich.	1,425,000	1964-1992	8:00 p.m.
August 13 (Tuesday)			
Columbus & Franklin Cos. Met. Park District, Ohio	2,800,000	1964-1970	1:00 p.m.
Johnson County W. D. 1, Kan.	25,000,000	1964-1993	8:00 p.m.
Naples, Fla.	2,000,000	1964-1988	11:00 a.m.
Orange, Conn.	1,120,000	1964-1982	11:30 a.m.
Radnor Tp. Sch. Auth., Pa.	1,100,000	1964-1991	8:00 p.m.
Sibley Co., Minn.	1,240,000	1965-1979	11:00 a.m.
Southern Ill. Univ.	11,250,000	1966-2003	10:00 a.m.
Sweetwater Jr. Coll. Dist., Calif.	2,000,000	1964-1987	10:30 a.m.
Wash. Sub. San. Dists., Md.	4,000,000	1964-1993	11:00 a.m.
Wayne Twp. Sch. Bldg. Corp., Ind.	4,000,000	1967-1981	10:00 a.m.
August 14 (Wednesday)			
King Co. Renton S. D. #403, Wash.	1,200,000	1965-1983	11:00 a.m.
Local Housing Authorities	116,160,000	--------	--------
Maryland Roads Commission	4,935,000	1964-1978	11:00 a.m.
Turner Unified S. D. No. 202, Kan.	2,400,000	1964-1984	7:30 p.m.
Woodbridge Twp. S. D., N. J.	4,300,000	1965-1981	8:00 p.m.
August 15 (Thursday)			
Northeast Mo. State Teachers Coll., Board of Regents	2,351,000	1965-2002	2:00 p.m.
Richfield, Minn.	3,275,000	1965-1985	5:00 p.m.
August 16 (Friday)			
La. State Bd. of Ed., N. E. La. State Coll. Housing Sys. Rev.	1,200,000	1966-2003	11:30 a.m.
La. State Bd. of Ed., Polytech Inst. Dormitory Rev., La.	3,200,000	1966-2003	11:30 a.m.
August 19 (Monday)			
Dallas County Rd. Dist. No. 1, Tex.	3,000,000	1965-1983	10:00 a.m.
Las Virgenes Municipal Water Districts, Calif.	3,500,000	--------	--------
Park Co. S. D. No. 6, Wyo.	1,100,000	1965-1972	7:30 p.m.
August 20 (Tuesday)			
Alexandria, La.	11,350,000	1965-1993	11:00 a.m.
Gastonia, N. C.	2,000,000	1965-1994	11:00 a.m.
Raritan Tp. S. D., N. J.	1,950,000	1965-1983	8:00 p.m.
August 21 (Wednesday)			
Fulton Co., Ga.	15,950,000	1967-1988	11:00 a.m.
Lowell, Mass.	1,389,000	1964-1983	11:30 a.m.
San Jose, Calif.	4,200,000	1965-1984	11:00 a.m.
Tulsa, Okla.	4,350,000	1965-1988	--------
Tulsa Co. Ind. S. D. No. 1, Okla.	5,000,000	1965-1983	10:00 a.m.
August 22 (Thursday)			
Douglas, Ga.	1,250,000	1966-1993	2:00 p.m.
Slidell, La.	1,100,000	1967-1993	7:00 p.m.
Tampa, Florida	4,000,000	1965-1990	11:00 a.m.
August 26 (Monday)			
Sacramento Redev. Agency, Calif.	2,800,000	--------	11:00 a.m.
August 27 (Tuesday)			
Fort Wayne Comm. Schools, Ind.	3,000,000	1965-1974	1:00 p.m.
White Bear Lake Ind. S. D., Minn.	1,500,000	1967-1989	8:00 p.m.
August 28 (Wednesday)			
Okla. Colleges, Board of Regents, Northeast State College, Okla.	1,479,000	--------	10:00 a.m.
September 3 (Tuesday)			
Houston, Texas	11,070,000	--------	--------
South Co. Jt. Jr. Col Dist., Calif.	8,250,000	--------	--------
September 5 (Thursday)			
Indiana State College Board, Ind.	2,865,000	1963-2000	11:00 a.m.
September 10 (Tuesday)			
Franklin Sch. Construction., Va.	1,500,000	--------	--------
September 25 (Wednesday)			
Mason City Ind. S. D., Iowa	2,600,000	--------	--------
October 9 (Wednesday)			
Cincinnati, Ohio	20,000,000	--------	--------

International Liquidity Proposals Gaining Support

By Paul Einzig

Foreseeing major rise in proposals to increase international liquidity at the coming International Monetary Fund annual meeting, Dr. Einzig attributes America's changes to an approving attitude to its realization that solution of our balance of payments problem is unexpectedly difficult. British economist maintains there is inadequacy of such resources because world prices have been permitted to treble. Asserts that only if prices can be held stable can liquidity plans finance increased foreign trade without causing balance of payments crises.

LONDON, England—Proposals to increase international liquidity are likely to figure prominently at the annual meeting of the International Monetary Fund. At last year's meeting Mr. Maudling's proposal had a cold reception, but in the meantime the atmosphere appears to have changed, and quarters which formerly flatly rejected the idea are now inclined to consider it. Foremost among these quarters is the Washington Administration which, judging by President Kennedy's recent message, is no longer rigidly opposed to the discussion of some arrangement, even though he is as yet not prepared "to recommend any specific prescription for the long-term improvement of the International monetary system."

Changed U. S. Attitude

This change in the official American attitude is attributed here to the realization that the solution of the balance of payments problem of the United States is more difficult than it had been assumed to be. In view of the probability of further gold losses through balance of payments deficits, the American authorities are now prepared to consider a solution which in given circumstances would help the United States. The favoring of such a solution has always been regarded as an admission of weakness. While the British authorities have long ceased to be influenced by this consideration, the admission of the possibility that even the United States might come to favor such a remedy is certainly a new departure.

Curiously enough, quarters on this side of the Atlantic which are inclined to become converted in favor of some liquidity scheme are inspired by considerations exactly opposite to those that have weakened official American hostility to that scheme. What Europeans are afraid of is the effect of a success by the American authorities to restore the equilibrium of their balance of payments. It is argued over here that once the annual dollar surpluses come to an end the perennial scarcity of dollars would return and this would mean that international liquid resources would become even less adequate.

IMF's Discussion Limits

It is doubtful whether the International Monetary Fund meeting would get down to discussing the respective merits of the various plans put forward for increasing international liquidity. There is really nothing much to choose between them. The London *Economist* is right in saying that any reasonably articulate economist could work out some such scheme on the back of an envelope in ten minutes. Before the comparative advantages of the various schemes could be discussed at all, an understanding would have to be reached on the basic principle.

Realism About Liquidity

The question is, is there really a shortage of international liquidity resources? In the sense that most countries are unable to spend abroad as much as they would like to it is, of course, always possible to argue that such resources are inadequate. But why are they inadequate? Because the world price level has been allowed to treble since the War. And the reason why the increase compared with before the War has been a mere 200% and not 400% or 600% is precisely because, in the absence of unlimited international liquid resources, all governments had to resort to measures from time to time to check inflation in order to safeguard their balance of payments. Had any one of the liquidity plans been in force since 1945 the resources it could have provided would have been used up in the forties, right to the extreme limit of possibility. Prices would have risen much faster and the increased volume of liquidity would have soon become inadequate. From time to time the plan would have had to be supplemented by additional measures providing for international inflation, and each additional dose of inflation would have defeated its object in due course.

Is there any reason to suppose that it would be otherwise if, instead of having applied the plans in 1945, they were to apply them in, say, 1965? For a few years a number of governments would be able to inflate with impunity—that is, with impunity in respect of the effect on their balance of payments, the gaps would be filled by means of additional borrowing of international liquid resources. The punishment would assume the form of a steeper rise in domestic prices.

Prices the Crux of the Matter

The only way in which any international liquidity plan could possibly produce lasting beneficial effects would be if the inflationary effect of the expanded purchasing power were to be kept down to a minimum. This could only be done through the adoption of sensible incomes policies in every country based on cooperation between the government, employers and employees. If prices could be kept reasonably stable then the additional international purchasing power created by the liquidity plan would permanently increase the volume of foreign trade that could be financed. Then and only then would it be possible to expand national economies without running the risk of an immediate balance of payments crises.

Unfortunately, the adoption of national incomes policies and their acceptance by all parties is a much more difficult task than the increase of international liquidity by a stroke of the pen. The chances are, therefore, that most people will favor the latter solution even though, taking the long view, it is no solution at all. To say that a sensibly conceived and executed incomes policy would obviate the necessity to increase international liquidity is stating the obvious. Unfortunately the obvious is often ignored.

Schmidt NY Mgr. For Courts & Co.

Louis H. Schmidt, Jr. has joined Courts & Co., members of the New York Stock Exchange, as manager of the New York City office at 25 Broad Street. He was formerly with Kidder, Peabody & Co.

Namm Partner In F. I. duPont

Andrew I. Namm has been admitted as a general partner to Francis I. duPont & Co., 1 Wall Street, New York City, members of the New York Stock Exchg. and other leading exchanges, it has been announced by Edmond duPont, Senior Partner.


Andrew I. Namm

Mr. Namm becomes the firm's second floor partner on the American Stock Exchange. His father, Major Benjamin H. Namm, was a Public Governor of the American Stock Exchange from 1941 to 1957.

Mr. Namm joined Francis I. duPont in 1959 and has been manager of the firm's One Wall Street Office since early 1962. Prior to that, Mr. Namm was Vice-President of Namm Loeser's department store in Brooklyn.

Los Angeles Dealers

LOS ANGELES, Calif.—**Tanner & Co.**, 409 South Coronado Street. Mr. Tanner was formerly with Francis I. du Pont & Co.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Bond Market—Monthly Review—Salomon Brothers & Hutzler, 60 Wall St., New York, N. Y. 10005.

Cigarette Stocks — Bulletin — Amott, Baker & Co., Incorporated, 150 Broadway New York, N. Y. 10038.

Electric Utility Companies — Annual review with comparative data in regional groupings—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are analyses of **Union Carbide Corp., A. C. Nielsen,** and **American Home Products.**

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

Hawaii, The Hawaiian Economy and Selected Hawaiian Securities —Study with particular reference to **Alexander & Baldwin American Factors, Bank of Hawaii, Dillingham Corp., First National Bank of Hawaii, Hawaiian Electric** and **Hawaiian Telephone**—Mitchum, Jones & Templeton, Inc., Russ Building, San Francisco, Calif. 94104.

Hydrofoils — Discussion in July issue of "The Exchange" — The Exchange Magazine, 11 Wall St., New York, N. Y. 10005—25¢ per copy; $2.00 per year. Also in the same issue are price-earnings ratios compared for certain stocks, a discussion of **Closed End Investment Companies** and comments on **Automatic Retailers of America, Puerto Rican Cement Co., Talon, Inc., Norton Co.,** and **A. E. Staley Manufacturing Co.**

Insurance Industry Investment—Report — Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available are reports on **General Portland Cement Co., Potomac Electric Power Co., Socony Mobil Oil Co.,** and **Polaroid.**

Mobile Homes Industry—Report—With particular reference to **Skyline Homes, Inc.**—Low Priced Investments, 11 Steuben St., Albany, N. Y. 12207.

Japanese Market — Monthly Review—Daiwa Securities Co., Ltd., 149 Broadway, New York, N. Y. 10006. Also available are studies of **Honda Motor, Kansai Electric Power, Nippon Electric, Shin Mitsubishi Heavy Industries, Sony,** and **Tokyo Shibaura Electric.**

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

Japanese Shipbuilding Industry—Review—Yamaichi Securities Co. of New York Inc., 111 Broadway, New York, N. Y. 10006.

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

Oil Stocks — Bulletin — Courts & Co., 11 Marietta St., N. W., Atlanta, Ga. 30301.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 25-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Proposal to Tax Foreign Securities Purchases—Discussion—International Bond and Share, Inc., 601 California Street, San Francisco 8, Calif.

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall St., New York, N. Y. 10005.

Real Estate Industry—Analysis—D. J. Singer & Co., 50 Broad St., New York, N. Y. 10004.

Recent Market Developments—Analysis—Schweickart & Co., 29 Broadway, New York, N. Y. 10006.

Secondary Market Municipals — Bulletin — Ira Haupt & Co., 111 Broadway, New York, N. Y. 10006.

Selected Common Stocks—Quarterly Review — Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

Selected Stocks—Brief comments on 43 issues which appear attractive—Butcher & Sherrerd, 1500 Walnut Street, Philadelphia, Pa. 19102.

Selected Stocks — List of issues which appear interesting — Watling, Lerchen & Co., Ford Bldg., Detroit, Mich. 48226.

Soft Drink Industry—Analysis—David L. Babson and Company, Inc., 89 Broad Street, Boston, Mass. 02110.

Stock Market in Israel—Brochure Leumi Securities Corporation, 60 Broad St., New York, N. Y. 10004.

U. S. Banks & Trust Companies—125th consecutive quarterly comparison of leading institutions—New York Hanseatic Corporation, 60 Broad Street, New York, N. Y., 10004. Also available is a bulletin on the **Bond Market.**

* * *

Aerosol Techniques—Discussion—Edwards and Hanly, 100 North Franklin St., Hempstead, N. Y. Also available are comments on **Celanese Corp. of America** and **Pan American World Airways.**

American Financial Corp.—Report —MLW Securities Corporation, 15 William Street, New York, N. Y. 10005.

American Hoist & Derrick Co.—Analysis—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

American Optical Company—Analysis — Burnham and Co., 60 Broad St., New York, N. Y. 10004.

American Optical Company — Comments—Dept. DB, Commercial & Financial Chronicle, 25 Park Place, New York, N. Y. 10007. Also available are comments on **Loral Electronics, Airlines, E. W. Bliss, American Distilling,** and **Automobile Manufacturers.**

Amerline Corporation — Analysis Glore, Forgan & Co., 45 Wall St., New York, N. Y. 10005.

Apco Oil Corporation—Analysis—John H. Kaplan & Co., 120 Broadway, New York, N. Y. 10005.

Atlantic Refining Company—Analysis—A. C. Allyn & Co., 122 South La Salle St., Chicago, Ill. 60603. Also available is an analysis of **Wico Chemical Co.**

Avco—Review—Hirsch & Co., 25 Broad St., New York, N. Y. 10004. Also available are reviews of **Interstate Department Stores** and **Rexall Drug & Chemical** and comments on **Emerson Electric, Pacific Intermountain Express, Boeing Co., Celanese Corp., High Voltage Engineering, Black & Decker, Fruehauf Corp. Mack Trucks, White Motor, State Loan & Finance** and **Singer Co.**

British Columbia Forest Products Ltd.—Analysis — McLeod, Young, Weir & Co., Ltd., 50 King St., West, Toronto, Ont., Canada.

Cabot Corporation — Report—Evans & Co., Incorporated, 300 Park Avenue, New York, N. Y. 10022.

Chicago National Life Insurance Company — Analysis — Noel N. Rothman and Company, 300 West Washington, Chicago, Ill. 60606. Also available is an analysis of **Hurletron Corp.**

Christiana Securities Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005.

Columbus & Southern Ohio Electric Company — Report — Westheimer and Company, 124 East Fourth Street, Cincinnati, Ohio 45202.

Continental Baking Company—Analysis — Shearson, Hammill & Co., 14 Wall Street, New York, N. Y. 10005.

Corning Glass Works—Analysis—Harris, Upham & Co., 120 Broadway, New York, N. Y. 10005. Also available are analyses of **Gulf Oil Corp.** and **Pittsburgh Plate Glass Co.,** reports on **General Tire & Rubber** and **Vendo Co.** and suggested stock portfolios.

Cosnat Corporation — Report — Crerie & Co., 80 Pine Street, New York, N. Y. 10005.

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

Devoe & Raynolds Company Inc. —Analysis—Charles King & Co., 61 Broadway, New York, N. Y. 10006.

Dover Corporation — Review — Fahnestock & Co., 65 Broadway, New York, N. Y. 10006. Also available is a review of **New York State Electric & Gas Corp.**

Empire Savings, Building and Loan Association — Analysis — Boettcher and Company, 828 Seventeenth Street, Denver, Colo. 80202.

Financial Corporation of America —Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles, Calif. 90014.

Gulton Industries — Analysis—H. Hentz & Co., 72 Wall St., New York, N. Y. 10005. Also available are comments on **Warner Lambert Pharmaceutical, Abbot Laboratories, U. S. Vitamin & Pharmaceutical** and **Carter Products.**

Howard Johnson Co.—Bulletin—Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004.

International Resistance—Review —Sincere and Company, 208 South La Salle Street, Chicago, Ill. 60604. Also available is a review of **General American Transportation.**

Ionics Inc. — Study — Troster, Singer & Co., 74 Trinity Place, New York, N. Y. 10006. Also available are studies of **Motec Industries Inc.** and **Transcontinental Gas Pipe Line Corp.**

Kaiser Aluminum & Chemical Corporation — Review — L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Kissell Company—Analysis—The First Columbus Corporation, 52 East Gay Street, Columbus, Ohio 43215. Also available is an analysis of **Mid Continent Telephone Corporation.**

Life Assurance Company of Pennsylvania—Analysis—Newburger & Co., 1401 Walnut St., Philadelphia, Pa. 19102. Also available are reviews of **California Liquid Gas, Fibreboard Paper Products, Phelps Dodge, Phillips Petroleum, St. Joseph Lead, Swingline** and **U. S. Freight.**

M. Loeb Ltd.—Analysis—Annett & Co., Ltd., 220 Bay St., Toronto, Ont., Canada. Also available are analyses of **Aluminium Ltd.** and **Trans Canada Pipe Lines Ltd.**

J. Ray McDermott & Co.—Chart analysis — Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004.

Mattel, Inc.—Review—D. H. Blair & Company, 5 Hanover Square, New York, N. Y. 10004. Also available is a review of **Syntex.**

May Department Stores—Survey —Abraham & Co., 120 Broadway, New York, N. Y. 10005. Also available is a survey of **U. S. Rubber Co.**

National Lead Company—Review —Dean Witter & Co., 45 Montgomery St., San Francisco, Calif. 94106.

Old Republic Insurance Company—Analysis—Cartwright, Valleau & Co., Board of Trade Bldg., Chicago, Ill. 60604.

Pacific National Life Assurance Company — Analysis — Schwabacher & Co., 100 Montgomery St., San Francisco, Calif. 94104. Also available is a memorandum on **Warner & Swasey.**

Parke Davis & Company—Comments—Oppenheimer, Newborg & Neu, 120 Broadway, New York, N. Y. 10005. Also available are comments on **Phillips Petroleum Co. and Transamerica Corp.**

Pure Oil — Report — Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y. Also available is a study of **General Plywood Corp.**

Pure Oil Company — Analysis — Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004. Also available are reviews of **Colgate Palmolive Co.** and **Singer Company.**

Reynolds Tobacco Co.—Comment —Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004.

Ronson Corporation — Chart Analysis—McDonnell & Co., Inc., 120 Broadway, New York, N. Y. 10005.

Southern California Edison Co.—Analysis — Mitchum, Jones & Templeton, Inc., 650 South Spring St., Los Angeles, Calif. 90014.

Standard Kollsman Industries — Comments — Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004.

Standard Oil of New Jersey—Comments in August "Investment Letter" — Hayden, Stone & Co., Incorporated, 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Creole Petroleum** and **Standard Oil of Indiana.**

Star Industries — Analysis — Schweickart & Co., 29 Broadway, New York, N. Y. 10006.

Sterling Precision Corp.—Report —Stifel, Nicolaus & Company, Incorporated, 105 West Adams Street, Chicago, Ill., 60603.

Swingline Inc. — Comments — Walston & Co., Inc., 74 Wall St., New York, N. Y. 10005. Also

Continued on page 36

The Market . . . And You

BY WALLACE STREETE

Stocks were back on the recovery trail this week and, suddenly, talk of the Summer rally showing, although somewhat late, was revived. A procession of good earnings news, along with cheering dividend action, seemed to be taking hold with investors to account for the better action.

The summer rally is a somewhat nebulous thing, at best. To purists it means that stocks will sell higher sometime during the summer than they did just prior to Memorial Day, "Summer" in Wall Street arriving somewhat earlier than on the calendar.

To the extent that the industrial average was higher on the day after Memorial Day this year, followers of the theory can claim that the seasonal manifestation was present.

Those who apply the theory more broadly, specifically the standing of the industrial average sometime during June, July and August, have already been frustrated for two-thirds of their Summer. For at no time since May 31 has the industrial average been anywhere near the recovery peak; and, in fact, during July's closing days was nearly 40 points under the May 31 standing.

It was the first time in a decade that July had missed out on a Summer rally excepting only the election year of 1960. In the entire history of the Dow industrial average, dating back to 1897, July has produced advances twice as many times as it showed declines.

Over the years the record for bullish action during August is almost as good as for July and, in starting off the month by jumping a dozen points in a handful of sessions, August was off to a good start at the very least.

Independent Individual Situation

For individual situations, the action of the market barometer was of no interest, and no help. Brunswick Corp., once the pet of the "growth" advocates, was one such.

Brunswick had had a long run as a growth situation where miniscule yield and a high price-earnings ratio were the identification badges. It had four stock splits in four years from 1957 through 1960 when its market price was soaring. But this week it reached the ignominious point where its dividend had to be omitted. And in the process the present shares that had sold at 50 or better each year since the last split, were down to less than a fourth of that value.

The multiple splits had raised the capitalization from half a million to 17½ million shares. Per share earnings in 1958, when there were only a bit more than two million shares, figured out to $6.40 a share, but on the present capitalization only worked out to 69 cents a share.

For 1961 the company reported $2.56 a share, last year $1.36 and for the first half of this year, 13 cents after having reported a deficit of three cents for the first quarter. Consequently, there was little discussion around over the growth potential inherent in this company.

An Uncertain Item

Sperry Rand has never worn, even temporarily, the "growth" mantle despite its participation in space age projects and office machines which spurred other issues in the fields to good market action in recent years. It has been a disappointment to its followers ever since it was set up in 1955 in a merger between Sperry Gyroscope and Remington Rand.

Time after time various researchers have raised the question of whether Sperry Rand was about to make the significant turn in its fortunes. But earnings that came to $1.80 a share the year after the combination was set up have since declined rather steadily. For fiscal 1963 the company reported a scant 43 cents a share.

There has been no discernible improvement in its affairs since, but some confusion was added to the picture when it was learned that Martin Marietta, cash-rich defense contracting firm, had acquired close to a million shares of Sperry, some 3.2% of the outstanding total. And Martin's President promptly was made a Director of Sperry. But just as the speculation over the meaning of the acquisition was raging, Martin's President abruptly resigned from the Sperry Board.

That ended the immediate expectation of a merger between Martin and Sperry, but did little to kill off speculation that Sperry could be near a turn for the better to warrant such a commitment by Martin.

Sperry's poor showing last year was a combination of large losses from manufacturing consolidations and introduction of new office equipment—costs that won't be necessary this year. Its backlogs for both office equipment and the defense work which accounts for nearly half of its sales are large. This suggests the possibility of record sales this year.

If Sperry has made the important economies claimed, and with the large losses absent or trimmed vastly, it could show a rebound of sizable proportions in its profit on record sales. At least Martin seems sufficiently impressed to maintain that it will hold its large investment in Sperry despite the disagreement between the officials. Sperry itself has predicted that earnings this year will at least double those of last year.

The Enigmatic Airlines

The airlines were an enigma of sorts, their picture occasionally scrambled with the Civil Aeronautics Board's ruling that would terminate Northeast's Florida route and leave that lucrative run to Eastern and National. And Northeast promptly vowed to appeal to give that situation the suspense element.

General Telephone & Electronics, like Sperry, has had a mundane existence for the most since its acquisition of Sylvania and the problem of digesting the added enterprise. Despite the market's strength early this year, it has not participated notably, and its range hasn't stretched to a full four points. In fact, since the commotion around the time of its split in 1960, its range since has only run around 14 points.

The company generally gets a high rating for long-range growth from market analysts, has an indicated yield in the 3% bracket, about average, and set some records in operating results for the first half—all without inspiring much market attention.

In the first half General Telephone showed that its telephone operations are still an important part of its business and on only a 10% rise in revenues it was able to boost income by around a fourth. Its manufacturing operations reached a new peak on a small increase but profits were 11% better and its defense business and backlog are important elements in its picture. Overall, the company's profit for the half was up 21% on only a 5% increase in revenues. It could be an indication that better days are ahead for General Telephone which, inevitably, would be the cornerstone for better market action.

Steel Outlook Obscure

There was still little in the way of clearcut indications of what lies ahead for the steel companies, and most were quiet marketwise as a result. Unless and until some better ideas of how they will fare in the usual fall business pickup comes along, there is little that could spur convincing action by them, not even a clearcut eruption in a general Summer rally.

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

THE SECURITY I LIKE BEST...

Continued from page 2

both ranked fourth out of the five companies in its bracket.

As so often happens, however, a turn to the tide was at hand. From 1958 through 1962 Indiana's product volume grew 16% versus a 13% increase in U. S. demand. Cash flow per share increased 32%, a gain three times that of Shell and Phillips and twice that of Cities Service. Sinclair's cash flow last year was unchanged from 1958. On a net income per common share basis the comparisons are as follows: Indiana plus 38%, Shell plus 23%, Phillips plus 27%, Sinclair minus 22%, and Cities Service plus 19%.

The foregoing figures indicate Indiana's sharp "turn around." But the stock's present price of 64 suggests that the unfavorable "image" created by disappointing results of the mid-1950's still lingers in the minds of many investors. Despite the record of the past five years Indiana is selling at 12 times net earnings per share for the 12 months ended June 30, 1963 versus a multiple of 15 for Shell, 16 for Phillips, 11 for Sinclair and 13 for Cities Service.

We consider the present price of Indiana very reasonable both in relation to comparable companies and to the market as a whole. We estimate 1963 earnings at $5.00 per share with moderate growth over the next few years. The present $2.00 cash dividend is the lowest earnings payment of any of the five comparable companies. For several years the cash dividend has been supplemented by fractional shares of Standard Oil Company (New Jersey), equivalent last year to 50 cents per Indiana share.

We favor Standard Oil Company (Indiana) for a combination of well secured current income and price appreciation as investors more fully appreciate the company's substantial progress. The stock is listed on the NYSE.

Lohman V.-P. of Walston Co.

Philipp H. Lohman

Philipp H. Lohman has become associated with Walston & Co. Inc. 74 Wall St., New York City, members of the New York Stock Exchg., as Vice-Pres. Mr. Lohman was Converse Professor and Chairman of the Department of Commerce and Economics of the University of Vermont.

To Be V.-P. of Carreau, Smith

Effective August 15, Conrad N. Normann will acquire a membership in the New York Stock Exchange and will become Vice-President of Carreau, Smith, McDowell, Dimond, Inc., 115 Broadway, New York City, members of the New York Stock Exchange.

Encouraging Factors Easing World Dollar Pressures

By Oscar L. Altman,* *Assistant Director, Research and Statistics Department, International Monetary Fund, Washington, D. C.*

Contrary to predictions, our payments imbalance in the first quarter of 1963 failed to improve and its intractability is the cause of considerable concern both here and abroad. Mr. Altman's examination of the turnabout in our payments position since 1953, concludes on a hopeful note. Encouraging presaging developments seen lessening international pressures on the dollar are: measures taken to modify free gold price changes and to curb speculatively disturbing short-term capital flows, the recognition and willingness by major countries to nip currency-runs in the bud or to stop them from feeding upon themselves, the declining payments-surplus position of European countries, and the narrowing international interest rate differential.

International financial trends are more interesting today than they would have been 10 years ago. This is not because the problems today are more important than they were then. On the contrary, 10 years ago the world was concerned with the basic problems of restoring a freely functioning international economic and financial system, which had broken down in the 1930's and been destroyed by World War II. We have in large part re-created such a system. Today we are concerned with operating it more efficiently and adapting it to new problems.

Oscar L. Altman

Nevertheless, international problems and financial trends seem more important to us today than 10 years ago, because they concern us more. Everyone is aware of the changed position of the dollar and of the state of the balance of payments. A decade ago we viewed the international financial scene from a position of unquestioned strength; and we thought our balance of payments deficits were desirable. These deficits accelerated the development of Europe and other parts of the world. They also made it possible for many countries, principally those in continental Europe, to accumulate substantial reserves of gold and dollars. Today we are trying hard to eliminate our balance of payments deficit. We are girding ourselves for fierce competition and are prodded by feelings of weakness.

International financial trends have many ramifications. Only a few of these can be touched upon in a paper this size. Even so, it will be useful to review briefly the situation in the recent past before undertaking a discussion of the emerging future.

I

The *Annual Reports* of the International Monetary Fund provide a balanced review of the world's financial situation. It is, therefore, interesting to observe that the *Report* for the year ending April 1953 placed great emphasis upon three problems.

Chapter II discussed the residual dollar problem, more familiarly known as the dollar shortage or the dollar gap. The opening words of this chapter have a curiously antique sound and they read as follows: "The persistent tendency toward a surplus in the United States balance of payments has been one of the main preoccupations in the field of international finance since the end of World War II."[1] Optimists then thought that the dollar gap would persist for a number of years; some pessimists were sure that it would continue for a generation or more. Today, as we know only too well, the U. S. balance of payments is in deficit. In the last few years, these deficits have been large. As a result, foreign holdings of dollars keep increasing and U. S. gold reserves keep falling. Once again the problem seems intractable.

The *Annual Report* for 1953 also discussed the problem of currency convertibility and the removal of exchange restrictions, saying that "the renewed determination with which many countries are endeavoring to move toward convertibility is a most encouraging development."[2] Even this mild statement was then considered optimistic in many quarters. Yet today it can be said that exchange controls and restrictions have been largely or completely eliminated in most industrial countries, and that they have been reduced almost everywhere. The major European countries made their currencies externally convertible *de facto* in 1958, and convertible *de jure* (under Article VIII of the International Monetary Fund Agreement) in 1961.

The *Annual Report* for 1953 also decried inflation while seeing no end to it. It noted that "in the modern world, there are many forces, both economic and social, that seem likely for many years to come to foster a climate of opinion in which it will always be easy to generate new inflationary forces."[3]

Quiescent Inflation

It would be rash to say that inflation is dead. It would be more prudent to say that it is merely sleeping and that it would be wise not to awaken it. The turning point came around 1958. Since then, wholesale prices in the United States have remained unchanged; consumer prices have increased by 6%, largely because the prices of services have increased.

The postwar inflation came to an end because the industrial countries caught up with the effects of the war, and greatly increased their capacity and productivity. Underdeveloped countries expanded their output of primary commodities in the face of new substitutes and limited demand and the prices of many of these commodities fell. On the other hand, price stability, though highly desirable, brought its own problems. One of these was a problem with which we are only too familiar, namely, a decreased ability to pass along increases in wages and other costs.

In the last year or so, Per Jacobsson, the late Managing Director of the International Monetary Fund, warned of the opposite danger, namely, the possibility of deflation. Thus, in October, 1962, he said that "it will be necessary for us to be on our guard that the great increase in productive capacity does not lead to a general decline in business, or even to a deflation as it has done more than once in the past. I believe, therefore, that to guard against such tendencies, should they set in, there may be a need for more pronounced expansionary policies in the countries of the Western World."[4]

II

A few words are in order about exchange rates, which were not a major problem in 1953, though they had been a problem some years earlier and became a problem some years later. Exchange rates greatly affect the course of foreign trade and world confidence in particular currencies. Lack of confidence under conditions of convertibility and freedom stimulates currency speculation. It encourages swings in the timing of international payments ("leads and lags") and in capital movements associated with normal business operation and investment.

Postwar Devaluations and Revaluations

Many underdeveloped countries have devalued their exchange rates—some a number of times—since World War II. Although these devaluations are very important for the countries concerned, and for foreign investors in these countries, they have relatively little effect upon international financial developments. There have, however, been important changes in the exchange rates of industrial countries. In 1949, nineteen members of the Fund and ten other countries devalued their currencies. Sterling and many other currencies were devalued by 30% in relation to the dollar. The importance of these adjustments is underlined by the fact that the devaluing countries then accounted for two thirds of the world's imports. These devaluations were a belated recognition of the changes caused by the War, but there are still differences of opinion about their timing and extent. The French franc was devalued by 29% in 1957-58.[5] As was suspected at the time and confirmed subsequently, the new rate undervalued the franc and thus gave France a competitive advantage in world markets. As of now, this advantage in all probability has been wiped out, or is close to being wiped out. The deutsche mark and the guilder were revalued by 5% in 1961. This belated action had significant corrective effects, but it touched off large movements of short-term capital. These capital movements reflected the view that these revaluations were a prelude to other changes in exchange rates. Large amounts of sterling and dollars were converted into continental European currencies, particularly deutsche marks and Swiss francs. Finally, in May 1962, the exchange rate of the Canadian dollar was fixed at U. S. $0.925 after having been allowed to fluctuate for more than a decade, during which it reached a high of U. S. $1.06.

Today's Cross-Rates' Spread

As late as 1961, there were strong opinions in some quarters that sterling would have to be devalued if Great Britain entered the Common Market, and that the dollar might have to be devalued (though not necessarily to the same extent) to make American goods competitive in world markets. If such views have not been completely eliminated by now, they have at least become uncommon.

In general, the structure of exchange rates appears to be better now than it was for many years, particularly for the major industrial countries. This structure is a constructive force for the future.

The problems and strains implicit in all of these developments were regarded as very serious at the time. But there is already a tendency to gloss over their seriousness, thus playing down the great progress that has been made in the postwar period. At the same time there is an unfortunate tendency to disregard the uniqueness of many of these changes, and rather to consider them as instances of a continuing trend.

Finally, it should be noted that in the last few years there has been increasing recognition that the Common Market can function effectively only if the exchange rates of its members, at least with respect to each other, are considered to be firm. In addition, there is some question whether the Common Market can operate most efficiently if fluctuations in the cross-rates of its members continue to be as large as would be consistent with present limits of approximately ¾ of 1% of each currency with respect to the dollar.

III

After years of having been taken for granted, the size of the U. S. gold stock has become news. Weekly changes in this gold stock are noted with anxiety, and there seems to be some cause for satisfaction if the gold stock remains unchanged for several weeks. Yet such close attention to gold movements really serves no useful purpose. It hides what should be obvious, namely, that the United States cannot run a balance of payments deficit without losing gold. The United States cannot forecast a balance of payments deficit for 1963 and 1964 without also forecasting an outflow of gold.

Gold Outflow's Size

How large is this outflow in relation to the balance of payments deficit? Is the proportion of the deficit that will be settled in gold likely to increase or decrease in the next year or two?

The April, 1963 issue of the *Federal Reserve Bulletin* summarizes the assets used to settle the U. S. balance of payments deficit in the last four years.[6] The over-all deficit in 1958-62 was $15.7 billion, while the deficit as measured by official settlements was $12.1 billion. The United States transferred $6.4 billion of gold to foreign monetary authorities, and $344 million to the International Monetary Fund in connection with the increase of its Fund quota in 1959. In addition, foreign official authorities in 1962 acquired $251 million of nonmarketable Treasury securities denominated in their own currencies. These securities are neither gold nor dollars, but since they would be unaffected by a devaluation of the dollar, they may well be considered as closer to gold than to dollars. Gold and U. S. securities denominated in foreign currencies constituted 55% of the deficit in 1958-62 measured by official settlements, and 42% of the total deficit.

An earlier study of my own, covering the whole postwar period (1946-61), concluded that the first billion dollars of deficit (official settlements basis) involved gold payments of $365 million, while each additional billion dollars of deficit involved gold payments of $565 million.[7] In 1962, the over-all deficit was $2.2 billion. The deficit as measured by official settlements was $2.00. On my formula, this implied a gold outflow of $930 million. In fact, the gold outflow was $900 million. In addition, as already mentioned, three European countries (Germany, Italy, and Switzerland) acquired $251 million of U. S. nonmarketable securities denominated in their own currencies.

Gold outflows in 1963 will be influenced largely by the size of the balance of payments deficit. As in 1962, a deficit of $2 billion would imply, as a first approximation, a gold outflow of about $930 million. This figure could, however, be modified by a number of factors.

Factors Modifying Gold Outflow

(1) The gold outflow depends upon the particular countries which acquire dollars. Gold outflows are higher when payments surpluses are earned in Europe than when they are earned elsewhere, since European countries traditionally keep a large percentage of their international reserves in the form of gold. In 1962, large amounts of dollars were acquired by Canada ($720 million) and by Japan (perhaps $500 million), yet Canada's gold holdings fell by $240 million and Japan's were virtually unchanged. Moreover, the Fund's holdings of dollars increased by $625 million in 1962, principally because of repurchases by members that had drawn earlier, notably the United Kingdom.[8] The Fund, of course, does not convert any of its currency holdings into gold. However, the Fund's holdings of dollars are now equivalent to 74% of the U. S. quota. Hence, until some members borrow dollars from the Fund (or in the terminology of the Bretton Woods Agreement, draw dollars), other members cannot reduce their obligations (repurchase) by paying over dollars.[9]

(2) the gold outflow also depends upon the substitutes for

Continued on page 37

1 *Annual Report*, 1953, p. 18.
2 *Ibid.*, p. 41.
3 *Ibid.*, p. 23.

4 Speech to the Women's National Democratic Club in Washington, D. C., October 15, 1962.

5 In August 1957 the franc was devalued *de facto* from 350 to 420 to the dollar; in December 1958, the rate was increased to 494. This rate was converted to 4.94 New Francs to the dollar when the franc was made heavier in 1961.

6 Pp. 421-28.

7 "Quelques aspects du probleme de l'or", *Cahiers de l'Institut de Science Economique Appliquee*, Serie R, No. 7, July 1962. The equations and chart are reproduced in Hal B. Lary, *The United States as World Trader & Banker* (1963), pp. 20-22.

8 The United Kingdom made repurchases of $417 million in dollars. If it had not done so, it might have converted a substantial part of this into gold.

9 The Bretton Woods Agreement provides that members cannot make a repurchase in any currency when the effect of such a repurchase is to raise the Fund's holdings of that currency to more than 75% of quota. The quota of the United States is $4.1 billion and the Fund's holdings of dollars are now $3.0 billion.

Consumer Durables Market And Related Financing

By William F. Butler,* *Vice-President and Economist, The Chase Manhattan Bank, New York City*

Tax-cut would assure speeding our long-term economic growth according to Dr. Butler who predicts moderate expansion in next 12 months with 1963 GNP averaging out to $585 billion and 1964's second quarter reaching an annual rate of $610 billion. In the year ahead, sees durables other than autos, climbing 4-5% and further extension of consumer credit but at a somewhat slower pace — and faster rates if taxes are cut.

My analysis pertains to the outlook for consumer durable goods other than autos and for consumer credit. Before doing so, however, it is necessary to set forth my assumptions as to the course of general business. Trends in any specific sector of the economy affect, and are affected by, over-all activity.


William F. Butler

For the year ahead, I look for good business, a period of moderate expansion, but no boom. The questions relate to trends after the spring of next year. If we have the wisdom to cut taxes in a manner that will encourage incentives, I think we would see a vigorous expansion in business carrying through 1964 and perhaps further. If tax action is not taken, or if it is inadequate, I would expect business to level out fairly early next year, and I would be concerned about the possibility of a moderate adjustment later in 1964. I hasten to add that I believe the major reason for cutting taxes is not to ward off a recession in 1964 but rather to speed our longer-term economic growth.

For those who are addicted to the use of numbers, mine would show a GNP for this year averaging about $585 billion. The annual rate could reach $595 billion in the fourth quarter of this year, and top $610 billion in the second quarter of 1964. While this would be a good advance, it would not bring any significant reduction in the unemployment rate.

Durables Other Than Autos

Against this background, let us turn to the outlook for consumer durables other than autos. This category is indeed a mixed bag. The items in it range from tweezers, through jewelry, fishing rods, books, furniture, boats to private helicopters and something I do not understand or believe which is denominated "durable toys." First quarter 1963 outlays for consumer durables other than autos are estimated to have reached an annual rate of $28½ billion. This is a gain of 3½% over a year earlier and 1½% over the previous quarter.

Furniture, appliances and other household equipment account for almost three-fourths of the other durables category. Expenditures for these items ran at a rate of $20.8 billion in the first quarter, up 5½% in a year. The estimated increase for the remaining group of heterogeneous products was less than 3%. This may well be an understatement, since outlays for these items have been rising faster than this in recent years. For more detailed information, you have to piece together information on retail sales, production, shipments and distributors' sales. For example, output and distributors' sales data for the first four months show TV up 5½%, air conditioners up 46%, furniture plus 6%, refrigerators up 10%, ranges plus 5%, dishwashers up 21%. The only minuses are home radios, off 15%, and freezers, off 1% though improving recently.

In terms of retail sales, furniture store sales are 5½% above a year earlier, appliance stores up 7%, hardware and farm equipment up 3% and the remaining miscellaneous group (jewelry, book, gift and novelty stores) up 15%. There appears to be no evidence of any significant piling up of inventories.

All in all, business in the other durables field was good but not exuberant during the first four months of the year.

Long-Term Trends

Before attempting to look ahead, it is useful to review briefly some of the important longer-term trends. Taking the category of durables other than autos as a whole, sales in constant dollars moved ahead along a 4% per annum upward growth trend from 1947 through 1955. Since then the average growth trend has slowed to 3.2%. This is a lesser slow-down than has been the case in autos, and yet it amounts to a 20% decline in the rate of growth.

The slow-down was concentrated in household furniture, appliances and other household equipment. Here the growth trend dropped from more than 5% in the earlier period to 2½% in the past seven years. In contrast, expenditures for the remainder of the other durables group, which are heavily weighted by leisure and luxury goods, have been moving ahead at a pace of almost 6% per annum recently as against 5% in the early postwar period.

At the same time, the replacement market has become steadily more important. Replacement rose from 70% of expenditures in 1947-55 to 78% in 1956-62, and to more than 80% currently. With more than nine out of 10 families owning a radio, refrigerator, washing machine and TV set, the importance of replacement is obvious. Yet saturation is low for air conditioners, freezers, dishwashers and color TV. This is an area of our economy where innovation is extremely important—a steady flow of new and better products is needed to produce prosperity in these industries.

Outlook for the Coming Year

Looking toward the year ahead, I would think prospects favor an increase in expenditures on durables other than autos of 4-5%, or a moderately better showing than in the past year. This would lift the total to a rate of more than $30 billion. Population factors are working on the side of expanding markets with an increase in marriages. Since most of the young married couples seek apartments, demand will be strongest for items geared to that market.

Surveys of consumer plans to buy these items yield somewhat conflicting results, a characteristic which has been fairly typical of such surveys. The latest such survey—by the University of Michigan—shows a moderate decline in consumer confidence and consumer buying plans.

However, the major reason for expecting an increase in sales of durables other than autos is that consumer incomes are rising. This could restore consumer confidence. Under my GNP projection, consumer income after taxes would increase almost 6%. A tax cut, if it should come next year, would add to consumer purchasing power and bolster sales of consumer durables other than autos later in 1964.

Consumer Credit

An expanding total of consumer credit is necessary to finance rising sales of consumer durables. New instalment credit extended each year usually runs to somewhat more than total sales of durables, since some borrowing goes to finance other things such as medical expenses. Some families are borrowing to finance new purchases while others are paying off past loans. Of a total of more than $60 billion of consumer credit outstanding, more than three-fourths is instalment credit, and 40% instalment paper is written on autos.

Consumers have exercised remarkable restraint in their use of credit. In good times, they take on additional debt to finance purchases, primarily of durable goods. And when repayments reach a certain level of income—currently something like 13½% to 13¾% of income—consumers cut back the rate at which they take on new credit, so that repayments on past debt outweigh new credit extensions. Thus, we have had a well-defined cyclical pattern in consumer credit extensions in the postwar period which has tended to lag the general business cycle a bit.

It used to be argued that consumer credit would accentuate both booms and recessions. Experience shows that such fears were highly exaggerated. In the past year consumer credit outstanding has increased by some $6 billion—or a 10% rise in credit as against a 5% increase in consumer incomes. This is substantially less than the rise in 1955 or 1959. And the increase in credit during the past year amounted to only a bit more than 1½% of total consumer purchases and less than 12% of outlays for durable goods. In other words, individuals' equity in durable goods rose much more than did the debt incurred to purchase such goods.

At present, we could be approaching a period when extensions of new credit might begin to slow down. Repayments are up to 13.6% of consumer income after taxes. Thus, repayments are in a range that on the basis of experience precedes a period of caution on the part of consumers. However, this does not necessarily mean an immediate cutback in new credit extensions. Consumer incomes are rising, so there is room for further use of credit without pushing the repayments-to-income ratio too high.

All in all, I would argue that there is room for a further extension of consumer credit in the year ahead, though perhaps at a somewhat slower pace. This should suffice to finance the increase in consumer purchases of durable goods other than autos which I am projecting. If taxes are cut, I could envision a continued increase in outstanding credit through 1964. However, with no tax cut, I would expect another moderate cutback in consumer credit extensions beginning about a year from now. This, then, is another of the many good reasons why taxes should be cut to enable the economy to rise to its full potential.

*Remarks by Mr. Butler before the Business Outlook Conference of the U. S. Chamber of Commerce, Washington, D. C., June 28, 1963.

New Fort Wayne Firm

FT. WAYNE, Ind.—**McMeen & Shimel, Inc.,** Fort Wayne Bank Building, formerly J. Allen McMeen & Company. Robert K. Shimel is President; J. Allen McMeen is Vice-President and Treasurer, and Arthur C. Wright, Secretary. Mr. Shimel formerly conducted his own investment business in Ft. Wayne and recently has been with Westheimer and Company. Mr. McMeen was sole proprietor of J. Allen McMeen & Company.

In Rockville Centre

ROCKVILLE, CENTRE, N. Y.—**R. J. Waters Co., Inc.,** 111 North Village Avenue. Officers are Richard J. Waters, President and Treasurer; Robert B. Fishkind, Vice-President; and George L. E. Combes, Jr., Secretary.

Minimum Wage Laws Breed Unemployment

By James R. Phillips, *Holliston, Mass.*

The problem of unemployment resolves itself into governmentally caused interference with the workings of the free labor market according to Mr. Phillips who argues that free competition would create the proper job mix and full employment now unavailing. Multifarious labor laws and trade union practices are said to be the root cause of today's unemployment and not, as many charge, automation, and/or the population growth pace. Mr. Phillips points out that the Government is no longer a referee but has usurped the market's function by increasingly giving disruptive orders. Among nefarious effects noted are the tendency to pay overtime rather than hire more employees, the unwillingness of the jobless to seek work, and the claimed urgent need, now, for the State to create jobs below the "reform" minimum wage laws. Author advances as the "true solution" return to the free market system and the ending of monopolies.

One of the most often-repeated "liberal" slogans today is that automation is responsible for much of America's unemployment because (it is said) automation has eliminated a great many unskilled jobs.

No one can contest the fact that many of today's unemployed are unskilled. It is an easily proven statistical fact that the ranks o the unemployed contain a disproportionate share of high-school dropouts with no training or skills in any vocation.

It is also easily proven fact that, today, relatively few jobs exist for such potential workers. Despite a steadily rising standard of living and a rapidly growing economy, they have become . . . to a significant extent . . . *unemployable!*

The so-called liberals who dominate our Federal government today contend that the only solution to this obvious problem is the creation of vast new Federal spending programs . . . including Labor Camps for youths and public works programs for older men.

This "solution" is no solution at all. It would merely compound the problem. We have ample historical evidence to show that such a proposed "solution" would probably result in *more*, not less, unemployment.

Let's break this situation down into component parts, and consider segment by segment the problem and various alternative solutions. It should be clear, on the basis of overwhelming evidence and sound logic, that the only way to solve the problem of unemployment is to eliminate the factors which have caused it. And it will also be shown that automation . . . despite what all the self-styled experts may say . . . is not really the cause of unemployment. As a matter fact, it can be demonstrated that automation correctly understood, should be recognized as a force contributing to more jobs and a fuller, richer life for all.

Automation Should Not be Feared

FIRST — Consider the case of automation itself. Modern critics of our free enterprise system have gleefully seized on automation as an excuse for a lot of collectivist notions they want to push onto the American people. They have created a mystical image of automation as a frightening new concept that has rendered all past experience as obsolete and meaningless. (All too many people have swallowed this line, unfortunately.) The picture of automation as being a force so destructive of human values that "society" must protect itself with a monsterous Welfare State . . . or even total socialism . . . is nothing more than a figment of some imaginative minds with a collectivist bent. Automation is merely one more tool used by man in the furtherance of his economic activities. It should be no more frightening to us today than the steam engine, weaving loom, railroads, telegraph, telephone, internal combustion engine, steel mills, assembly lines, airplanes, steamboats, automobiles and even printing presses were to men in earlier ages. In every case, these new innovations disrupted established ways of doing things. In every case, the defenders of the status quo predicted that society was about to collapse completely as a result of such innovations. *But in every case, society quickly adopted and then adapted to such innovations.* Without exception, the dire prophecies of fear-mongers were proven to be groundless. Each of these innovations lifted economic activity to a higher level. As that happened, business affairs became more complex . . . and this in itself created millions of jobs over the years where none had existed before. Some of these jobs required specialized skills. Some required no skills. There was a natural "mix" or balance, more or less conforming to the natural "mix" or balance of talents, energy, ambition and ability of the population. True, jobs did not automatically appear exactly where workers with the specific skills required happened to live. But no one gave much thought to that.

America had been founded and settled by adventurous souls coming from the tradition-bound Old World. Ours had become from the beginning a free and fluid society, where men could move up and down the socio-economic ladder. People descended from immigrants who had crossed the ocean thought nothing of moving to find new opportunities themselves . . . even across the wide country to faraway California, if need be. Jobs appeared wherever the free economy created them. Workers moved to find the jobs, and adjusted their wage levels to the going "market" price for particular skills. No matter how many jobs were eliminated over the short-term by specific innovations, the subsequent jump to a higher level of economic activity never failed to create many more jobs than had been abolished.

Automation, which merely carries the process begun with Watt's steam engine and developed with Ford's assembly line to its ultimate end, is no different than any of its predecessor innovations. True, it eliminates some jobs over the near term. But, by raising the economy to a higher level of sophistication and complexity, it merely creates an abundance of potential new jobs. *Or at least it would if the natural laws of supply and demand were allowed to operate in the labor market!*

Reform Laws Interfere with Job Mix

This brings us to the SECOND point that must be considered in this matter. The *second* point is the issue of job "mix" or balance. As previously noted, the free economy has *always* in the past created jobs in close balance to the natural "mix" of available talents.

It was only when the Collectivists began to intrude upon the workings of the natural law and the free economy that this "balance" or "mix" became seriously disrupted.

In their zeal for social justice, the Collectivists have pushed through a host of what they self-righteously call "reform" laws. These laws have attempted to upset the balance of nature by leveling society down to a single norm. The energetic and ambitious individuals who earned more money than the "norm" were to be taxed heavily under a progressive tax system. On the other hand, those who were unable *or even unwilling* to work hard were to be lavishly subsidized with all possible types of lavish handouts. This, of course, is the essence of the modern welfare state. This, in itself, is bad enough. It alone has done much to discourage ambition in the naturally ambitious and to encourage laziness in the naturally shiftless.

An Aside

As an aside, it needs to be pointed out here that this "leveling" process is in itself a major cause of today's serious school-dropout problem. Young people today are shrewd enough to realize that the American political economy seems determined *not* to correlate rewards with accomplishments. In the old days, an individual could be pretty certain that he would go just as far in life as his native ability, ambition, training, experience and drive carried him. Given such circumstances, it was only natural that many a young man sought all the education possible. Not a few of our foremost figures were men who had educated themselves by reading books at home. Benjamin Franklin and Abraham Lincoln are two such men . . . and hundreds of thousands of other men emulated their example. The Horatio Alger formula of "rags-to-riches" was *not* the figment of an American writer's imagination. It was a true reflection of the American scene at that time. The reason people bought the Horatio Alger books in such great quantities is that they knew the books spoke of the truth in regard to opportunities in our free enterprise society. The collectivists, anxious to justify their stultifying "reforms," have tried to "re-write" history to picture the old days as a time of widespread poverty and exploitation. A careful scrutiny of reliable historical documents will convince even the most skeptical cynic that the collectivists' picture of the past is a myth . . . a fabrication of propaganda. If we returned today to the natural concept of rewarding individuals on the basis of merit, then school dropouts would cease to be a problem. Children growing up today are unbelievably well-informed about the real world around them. They would quickly see the renewed correlation between education and success, and they would intensify their efforts at self-improvement. Our society would *stop* "worshipping" the slob, the delinquent, the illiterate, the immoral and the lazy. We would begin *again* to honor the self-reliant, the self-disciplined, the ambitious, the honest, the literate and the productive!

But to return to the *second* point being considered here . . . the matter of a job "mix" or "balance" in our economy.

Given the workings of the free market for goods and services, the natural law soon calls forth to a given place the required talents for the required length of time. (This calls for flexibility on the part of individuals . . . but our country has prospered precisely because flexibility was from the beginning one of our hallmarks.)

If a certain number of unskilled common laborers has been required, the natural laws of supply and demand soon produced these laborers. The men who got the jobs were happy . . . because the jobs suited their talents or temperament. The capitalists who hired them were happy, because the wages paid out resulted in productivity adequate to cover costs and leave a profit. (And this profit, under ruthless attack by collectivists for much of this century, was the "seed-money" that created new jobs for other men. In attacking profits, the collectivists have themselves attacked a major source of jobs.)

Unions and Minimum Wage Impediments

Now look at what happens when the Collectivist State intervenes. First it encourages the formation of labor unions . . . which are, in truth, often little more than collusive "labor monopolies" determined to raise wages above the level normally set by the workings of a free economy. This, in itself, is harmful enough to an economy. But it was only the first step. Then "minimum wage" laws were passed. These stipulated a minimum wage per hour for a wide variety of jobs. It is perfectly obvious that the only reason the laws were promulgated was to again interfere in the workings of the natural law. If the intent had not been to artificially raise the level of workers in the lower income brackets (even while progressive taxes were skimming off big chunks of income from those in upper brackets), then obviously such laws would not have been passed.

Government No Longer is a Referee

These laws, by the way, illustrate another dangerous fallacy that has gripped men today. Even Libertarians can concede that an abstract thing called "society" exists. It is merely a figure of speech used to reflect the sum total of individuals in a given political-economic area. These individuals have many diverse and even conflicting interests, and they form many voluntary associations. These individuals also delegate certain strictly limited police powers to a State. The state functions, in the Libertarian model, as a referee in the boxing ring. It preserves order. However, the so-called Liberal of today has come to confuse the abstract notion of society with the very real structure of the State. The "referee," far from *keeping* order (prosecuting thieves, upholding business contracts in court, etc.) has now arbitrarily assumed the role of *giving* orders. It is as if a referee in the boxing ring had suddenly decided that he should order both boxers how to conduct their individual affairs . . . and had ultimately instructed them to stop competing altogether, and to "cooperate." The fans would soon shout such a presumptuous referee out of the ring. The boxing promoters, who must satisfy their customers to survive and prosper, would replace such a man with a referee who knew his proper function . . . as an individual. The millions of individuals who make up our nebulous abstract called "society" need only replace the presumptuous officials of our State with men and women who know the proper and limited role of Government . . . and the natural laws would soon restore a measure of prosperity that would astound the critics and probably surprise even Libertarians.

Just 15 years ago, the minimum wage in the United States (for jobs in affected firms) was 75¢ an hour . . . with time and a half over 40 hours of work per week. Given the price-wage structure of the time, that was not a particularly great drawback in our economy. The natural law of supply and demand (for workers and jobs) seemed to be creating a situation where 75¢ an hour was somewhere close to the going "natural" minimum wage.

The result was that, in the prosperous postwar years, a full spectrum of jobs appeared . . . offering employment to men of all temperaments and all abilities. This was not the result of any Government effort. It was almost solely the result of free interplay of competitive forces in a capitalistic economy.

Overtime in Preference to Hiring

Naturally, the Collectivists resented the fact that the economy was functioning so well *without* their "help." After much propaganda, the Collectivists got Congress to raise the minimum wage level to $1 and (more recently) to an (eventual) level of $1.25 an hour. (Even this doesn't satisfy the Collectivists. The newest demand is for a law setting overtime pay (after 40 hours per week) at *double* the base rate. The Collectivists look upon this as a solution to another problem they have caused. Monopolistic unions have "won" . . . with the aid of Government intervention . . . so many welfare "extras" that many companies find it cheaper to pay overtime to present workers than to hire additional ones as needed. Thus unions are themselves drying up job opportunities . . . and rather than return to a natural situation they advocate still *more* artificial tinkering with the wage structure.)

What has happened as the minimum wage has moved up? Hundreds of thousands of jobs have been wiped out. It is not that the jobs do not exist in *potential*. There are millions of individual instances in which an employer knows full well that a definite need exists to have certain duties carried out on a regular basis. Normally, this would be adequate stimulus for the creation of a new job. But not today! In the bulk of those cases, the employer can tell at a glance from his accounting books that the duties simply do not justify an expenditure of $1.25 an hour . . . plus fringe benefits. The duties would not yield added productive advantage . . . in either goods or services . . . to permit a profit at such a wage-cost. In fact, in most cases the duties would have to be performed at a loss, at such a wage-rate. Thus the duties are allocated to other personnel, sometimes through a widespread use of overtime. Or the duties are simply left undone . . . causing inefficiency, slipshodness, delays or inconvenience . . . all factors very much present in our economy today.

Thus a Collectivist law passed to create higher standards for lower income bracket workers does the opposite; it eliminates the potential jobs for such would-be workers . . . making them worse off, not better off!

Jobless Want To Be Unemployed

Here again the State intervenes. It decrees that "joblessness" is *not* the fault of individual workers (despite the well-documented fact that many people who claim to be unemployed have not the slightest intention of entering the labor market at all). This leads the State . . . again acting arbitrarily in the name of "Society" . . . to declare that since workers have a *right* to a job, and since no jobs are available, then the State must pay these workers for *not* working. (This, of course, is closely related to the concept of paying farmers for *not* farming. It is typical of the perversion of the basic right our ancestors fought to *preserve* . . . the right to be left alone in freedom to manage one's affairs without State interference.)

Thus the State, again claiming to be synonymous with "Society," taxes the people who are working and distributes part of the money to those who are not working. This is done through a payroll tax on companies. (Individual workers do *not* contribute to these State funds. Yet the idea has been deliberately spread that the "unemployment money" comes directly from Social Security taxes levied on individuals . . . a clever guise to convince individuals that the "unemployment money" is rightfully theirs, since they paid into the fund themselves.)

State Must Create Jobs

What happens when workers are thus subsidized for *not* working? An amazing amount of inflexibility enters the work force. Men who normally would be willing to change to new types of jobs and even move to a new area to find work now squat resolutely in one place and announce boldly that it is their *right* to have a job, and that it is the *obligation* of "society" to bring a job to them. The implication is that if free enterprise (burdened with taxes and controls) cannot create such a job for the workers, then the State (again artificially confused with "society") *must create a job itself.*

Now you have an ugly composite picture in which unreasonably high wage levels make it unprofitable to hire unskilled workers; in which the State taxes potential job-building profits away from enterprises to subsidize these unemployed in the luxury of loafing (often paying higher wages for not working than the same men normally could command for working); and then the State intervening again to declare that it must create jobs for the unemployed, again using money taxed away from productive private firms and individuals. The whole picture is a mess. A gross distortion of the *natural* economy. The Government, through its various measures, has created an army of unemployed (and even of unemployables). Then it uses these poor individuals as a *lever* to expand still further the unwarranted intrusion of the State into private business affairs.

And if all these damnable *economic* factors are not enough to convince one of the unsoundness of such Government intervention, then we have as a *final* conclusive factor the terribly frightening political result of such gross manipulations.

Public Works Breed Unemployed, Unskilled Workers

Take the case of proposed increases in public works expenditures, for example. Today, much construction work is done by highly skilled men using costly tools. Even ditch-digging is done today with awesome contrivances that resemble something out of yesteryear's science-fiction opuses. There is relatively little work in construction or roadbuilding for the unskilled. So Government money (that means our tax dollars) poured into this area merely stimulates demand for skilled workers *already* prospering. The result has been to drive wages of electricians, bricklayers, carpenters, plumbers and the like up into the stratosphere . . . thus making it so expensive to build a new private structure that many plans for expansion and modernization (which in themselves would create jobs) must be canceled or cut-back by cost-conscious executives. Thus we have (1) a gross waste of taxpayers' money and (2) an unnecessary increase in private costs, further damaging an already over-loaded private economy.

And finally we come to the heart of the Government's plan to eliminate unemployment among unskilled high-school dropouts. The "liberals" of both parties advocate setting up Youth Labor Camps to hire huge numbers of youths. These camps are modeled directly after the Depression-day C.C.C. camps. They would *not* prepare boys for any useful role in later life. Not only that, they would "solve" the unemployment problem by spending (on overhead) huge sums of money *per worker*. The money could best be left in the private economy . . . where it will be used to hire the youths for productive tasks. (The dangers of these Youth Camps are obvious to anyone who studies history. King Solomon set them up in ancient Israel . . . and soon turned that nation into a slave society. Hitler set them up in Nazi Germany . . . and anyone who remembers old newsreels can recall the cadres of bronzed young men, stripped to the waist, raising their shovels in a regimented frenzy, chanting "Heil, Heil, Heil, as Hitler visited the camps.)

The State Refuses to Abide by Its Minimum Wage Laws

All this talk of the *right* of an unskilled, lazy, untalented, unambitious high school "dropout" to a job overlooks the fact that this so-called "right" can only be satisfied through organized compulsory *stealing*. The State *steals* money from productive individuals (masking the theft through the use of the word "tax") . . . and distributes this stolen money to the "drop-outs." Is it any wonder that youths are dropping out of school . . . when they can see that in such a situation the man who studies hard and works hard . . . only to get taxed to support the one who quit school and refuses work . . . is really a fool? The State, by thus intervening in the normal workings of a free society, is turning upside down all the true values of "society." The real right in this case . . . the right to be free to enjoy the fruits of one's own efforts . . . must be restored and guarded. *It is significant to note that the State proposes to pay the unskilled youths only pennies a day at the work camps . . . showing that even the State Bureaucrats recognize that minimum wage laws today demand payments of wages far in excess of the value of unskilled work. If the private economy were given the same freedom to pay only what a job was worth in the free market, the natural laws of competition (combined with innovation and investment) would once again create a natural balance or "mix" of jobs. This is the true solution to the unemployment problem!*

The Aerospace Industry's Problems and Prospects

Continued from page 5

even these opportunities are going to be very limited because for a long time to come, aerospace will not be a production-line or volume-production industry. It may never be.

The basic support of the industry is advanced technology. Probably more technological advances have been made in this field in the last 20 years than ever before. The development of complex hardware for missile defense and space exploration has brought about a host of by-products, techniques, and processes which may be capable of commercial exploitation later—in medicine, weather technology, communications, better fabrics and building materials, etc., but there is no immediate substantial dollar return likely on these.

As I have indicated earlier, the growth and complexity of the aerospace industry has brought about new relationships between Government and the industry. In a sense, there has been something akin to marriage, or at least cohabitation, and this has brought new problems.

Whereas formerly the government more or less simply stated what it wanted and let competition among private companies provide the best answer, today there is much broader control of industry by the procurement agencies. Moreover, because of the complexity of missile and space programs, the Government has had to hire "management firms" to run the programs, and these in turn are anxious at times to take over parts of various programs.

Becoming an Agent of the Government

More and more the industry feels it is becoming in fact a closely controlled agent of the Government. There is increasing pressure for spectacular technological achievement. There is centralization of decision making in Washington. There is socio-economic pressure for geographical distribution of the available business.

From the investment point of view, the mounting demand of the Government that private industry finance costly and to some extent risky R & D facilities, without reasonable assurance of a profitable payoff is perhaps the most serious problem.

Our company has had to increase its outlays in this area. How general this tendency is was shown by a recent study of one group of aerospace industries which has invested over $200,000,000 in plants and equipment since 1955 compared with less than $50,000,000 prior to 1950.

At the same time, working capital has had to be increased to offset reduction of government progress payments.

Employee costs have gone up greatly in the aerospace industry. The number of salaried employees has increased from 20% to 46% since 1955. The percentage of engineers rose from 10% to 16%, and technical personnel went up from 14% to 29%.

All of these facts indicate the range and breadth of the problems which growth has nurtured in the aerospace industry. None of them are insoluble and none of them need be fatal; but they must be taken into account, not only by management but by investors as well.

I am sure that the facts I have cited are familiar to all those in the industry. Assuredly, management is eagerly seeking methods of adjusting these problems—not only with government, but within the industry—so as to establish standards of procurement and performance which will stabilize the economic posture of the industry. Only by so doing can we look forward to continued growth on a basis which will best serve the industry, the investor, and the nation.

In closing let me state that in the face of the conditions I have outlined, I continue to be an optimist. Having survived with our company many of the earlier crises of rocketry, I don't at all feel that this is in any way our darkest hour.

I am confident that the combined brains and patriotic dedication of both the leaders in industry and the leaders of government will find a way out of what now seems a trackless labyrinth. This is a growth industry—and despite its present growing pains, it will grow strong and stable and achieve the position of stability and public confidence which today characterizes our so-called "blue chip" industries. It is the latest phase of the American dream on the verge of realization.

*An address by Mr. McKenzie to the California Group of Investment Bankers Association, Santa Barbara, California, June 24.

Chicago Utility Club Elects

CHICAGO, Ill. — Joseph Sondheimer, a partner in the firm of Stein Roe & Farnham, LaSalle Street investment advisors, will serve as President of the Public Utility Securities Club of Chicago during the coming year, it was announced July 29. The Public Utility Securities Club is an organization of investment advisors and analysts who have a special interest in publicly-held utility companies.

Joseph Sondheimer

Mr. Sondheimer announced that the 1963-1964 program is being readied and that Donald Power, Chairman of General Telephone & Electronics, will address the first meeting on Sept. 11. He will be followed by Elmer Lindseth, Chairman of Cleveland Electric Illuminating on Sept. 25. Other definite arrangements that have already been made include Texas Utilities Co. on Oct. 2, represented by George MacGregor, President, and Virginia Electric & Power Company on Oct. 23, represented by Erwin H. Will, Chairman.

Richard J. Magnuson, Jr., Assistant Secretary of The Northern Trust Company, has been named Vice-President of the Club and William N. Georgeson, Assistant Vice-President of Continental Casualty Company has been named Treasurer. Miss Doris M. Kempes of The Harris Trust and Savings Bank will continue as Secretary during the coming year.

"Gold Is a Sterile Asset, It Earns No Interest"

By Haller Belt, *San Francisco, Calif.*

Gold is the opposite of being sterile, Mr. Belt declares in his illuminating brief tract calling for the rescission of gold's fixed mint value of $35 an ounce in the Bretton Woods agreement. After stressing the need for gold as a monetary standard, Mr. Belt castigates our willingness to permit today's runaway ratio of liquid assets to gold; provides beginner students an introductory course on money; and insists we need a thorough investigation of our financial-credit structure to enable legislation once and for all to be drawn up and passed to protect the dollar's soundness.

The title of my article is a brief extract from the formal statement made by the vice-president and economist of one of our largest banks, before the House Banking & Currency Committee during the Hearings on Monday, July 16, 1962, on House Bill, H.R. 12080, to permit higher interest rates on time deposits of foreign governments. After thoughtful consideration of a somewhat comparable statement by the vice-president of a leading bank of New York City to the effect that "gold is but the icing on the wedding cake," one is prone to query the actual knowledge and understanding on the part of the banking fraternity of the splendid fundamentals of the GOLD STANDARD and its proper management; that is, of the actual fundamentals of "sound money."

Haller Belt

Such query, however, is not limited solely to the members of the banking fraternity for one has but to glance at the roster of the Commission on Money & Credit, at their 1961 "Report of the Commission on Money & Credit" and, too, at the various statements of the many witnesses that appeared before the Joint Economic Committee of the Congress at the Hearings of Aug. 14-18, 1961 on the "Report" to realize fully that such lack of knowledge and understanding is most extensive, also, among industrialists, labor leaders, economists and even into the very Halls of the Congress.

Its Usefulness Is Hardly "Sterile"

The word, "sterile," as defined by Webster, means "producing little or no crop; unfruitful; barren; and, incapable of reproduction." Hence, for an economist to state authoritatively that "GOLD IS A STERILE ASSET," actually, is an unfortunate and somewhat deceptive choice of nomenclature; particularly so, when consideration is given to the fact that our diminishing stock of monetary gold, presently less than $16.0 billion, is the sole and final reserve of our greatly inflated volume of $458.3 billion of "Selected Liquid Dollar Assets Held by the Public."

True, "GOLD EARNS NO INTEREST" but it is the one stable monetary standard, universally accepted, that fixes the convertible par value of the currency unit of every nation of the free world (even the heavy ruble of the USSR) in terms of gold, 1000 fine, and, in so doing, it provides equally for the maintenance of stable rates of exchange in international monetary transactions.

Also, it is the final monetary standard upon which the creation of a nation's managed paper currency is established and, consequently, unwise and inadvisable inflation of a nation's managed paper currency destroys promptly its convertibility in international obligations. Too, it ultimately creates confusion and instability in the domestic price structures of that nation.

We Forget Our History's Lessons

As a people, we Americans are grossly ignorant of monetary matters; we have learned nothing whatsoever from the Greenbacks of the Civil War, the Panics of those post-war years, the 16 to 1 Silver Agitation of William Jennings Bryan, the stream of bank failures of the late 1920s, the Market Crash of 1929, nor the basic causes of the Great Depression of the 1930s—all due primarily to our national disregard of the simple fundamentals of the maintenance of a sound and stable managed currency.

While full credit for the conception of managed money, domestically inconvertible to its gold content, is credited to the late Lord John Maynard Keynes, British economist, it is well to give serious attention to the following precautionary extract from the Preface of the very first of his several volumes on monetary matters, "Monetary Reform (1923)";

"Unemployment, the precarious life of the worker, the disappointment of expectation, the sudden loss of savings, the profiteer—all proceed, in large measure, from the instability of the standard of value."

These disturbing thoughts, combined with my careful studies of the reports of recent years of various Hearings on monetary affairs before the Senate Finance Committee and, especially, those before the Joint Economic Committee of the Congress and its several Sub-Committees have led to an enjoyable but serious interchange of correspondence with the president of one of our leading banks.

Letter to a Banker

In a recent letter, I commented, as follows, upon the colloquies between the members of the Committees and the various witnesses at the Hearings to the effect that the Reports were replete with every conceivable phase of monetary matters:

"In fact, the colloquies run the whole gamut of every possible aspect of monetary matters; Liquidity, Money Supply, Liquid Assets Held by the Public, Inflation, Unemployment, Credit Expansion, Interest Rates, Balance-of-Payments Deficits, Monetary Ease, Free Reserves, etc., etc., *ad infinitum.*

The very completeness of the various reports leaves one with the strong conviction that there is a decided and almost universal lack of understanding of "Sound Money" and the very fundamentals of the GOLD STANDARD and its proper management."

To my great pleasure, I received a prompt and most gratifying answer from which I am taking the liberty of quoting;

"The discussions which you have sent me on the gold situation are very difficult to bring to the public level of understanding, and as you have said, even those who are professionally involved in the gold question have wide honest differences of opinion. I have had an opportunity to sit in a number of meetings of bank groups and government officials where the gold question was seriously discussed, but it always seems to be tied in with other features which have other implications, either from a political or economic standpoint.

I think that you are correct in believing that there is a wide lack of understanding of what is "sound money" and where gold fits into the picture. This has been true for many years in many parts of the world, and I wish there was some greater contribution which I felt qualified to give."

Thus, it becomes my sincere desire to promote and to foster, at least, a beginning interest and a better public level of understanding of the simple fundamentals of "sound money" and its proper relationship to our stock of monetary gold.

Essential Foundation

First, every intelligent American must appreciate and understand fully that the very welfare and the healthy growth of our national economy is dependent, absolutely, upon a sound and stable United States dollar.

Next, he should have at hand for ready reference and understanding a copy of the paperback handbook, *The Federal Reserve System, Purposes and Functions* —the contents of this splendid little book are of such great importance to a proper understanding of our national currency that they should be taught thoroughly in every senior high school of this country. It is available, without charge, on application to the Federal Reserve System, Washington 25, D. C.

Finally, in order to accomplish and maintain this soundness and stability of our currency, every intelligent American — whether banker, industrailist, labor leader, economist or politician—must appreciate, and understand, also, these three Federal Legislative Acts that bear directly upon the soundness and stability of our dollar;

(a) The Federal Reserve Act of 1913 and its Amendments;

(b) The Gold Reserve Act of 1934; and

(c) The Bretton Woods Agreement Act of 1945, authorizing our membership in the International Monetary Fund.

(Note: Copies of the Acts are available, without charge, on application to the Document Room, U. S. House of Representatives, Washington 25, D. C.)

The Federal Reserve Act

This Act, originally approved and signed by President Woodrow Wilson on Dec. 23, 1913, provides for a flexible managed currency based upon the gold content of the dollar and for the establishment of the Federal Reserve System with its several regional Reserve Banks. Too, it places upon the Federal Reserve Board responsibility to the Congress for the management of the volume of our commercial bank created moneys, the consequent rates of interest and the effects upon the credit structure of our economy.

As for the gold content of the dollar, the price of $35 per fine ounce was fixed by President's Proclamation on Jan. 31, 1934 and we have assured the world of our determination to maintain this value in prompt liquidation, on demand, of our short-term dollar foreign obligations to official holders. This, actually, is a very serious and increasing threat to the integrity of our dollar for, against our present diminishing stock of gold of less than $16.0 billion, the total volume of our short-term liabilities to foreigners on Dec. 31, 1962 amounted to sum of $25.0 billion—all of which, easily, could become Official.

As for the quantity of bank created moneys, there seems a bit of confusion, not only in financial circles but also in the Halls of Congress, about the meaning and the significance of the two terms of the "Money Supply" and the "Selected Liquid Assets Held by the Public";

(a) *The Money Supply,* presently at the volume of $148.0 billion, comprises the demand deposits (with special exceptions) held in the commercial banks plus the currency in circulation outside the commercial banks.

(b) *Selected Liquid Assets Held by the Public,* presently at the volume of $458.3 billion, comprises every dollar readily available and includes demand deposits and currency, time deposits in commercial and mutual savings banks, postal savings, saving and loan shares, government savings bonds and government securities maturing within one year.

These Liquid Assets, actually, are the full measure of our total money supply and, for soundness and stability are dependent upon the stock of our monetary gold.

While the Act requires the Federal Reserve System to maintain a 25% reserve in gold certificates against the total of its deposits and the Federal Reserve notes in circulation (a ratio of 4 to 1), the reserve requirements for the commercial banks is such that, as Secretary Dillon has stated, the Treasury Department estimates, by rule-of-thumb, an average ratio of one-sixth of their total demand and time deposits; further, there is no legal limit to the public and private debt that can be created and handled through the Federal Reserve System — gold reserves permitting.

On the other hand, during the Hearings on the State of the Economy before the Joint Economic Committee on Aug. 16, 1962, the Chairman of the Committee estimated in effect that the commercial banking system can expand their free reserves 8, 10, or 12 to 1 in creating bank money.

Consequently, it is evident that the legal multiplier for expanding our "Liquid Dollar Assets," roughly approximates the ratio of 25 to 1 to the total stock of our monetary gold—thus, with these assets now at $458.3 billion, the ratio to the $16.0 billion gold stock presently stands at 28.6 to 1; well in excess of the 25 to 1 ratio of the Treasury Department and, actually placing the integrity of the U. S. dollar in jeopardy.

Both Germany and France, in order to protect the stability of their currencies, only recently have placed legal restrictions on the amount of credit to be extended by the commercial banking systems — our Federal Congress should do likewise for the assured future protection of our dollar.

The Gold Reserve Act of 1934

This Act, approved and signed by the President on Jan. 30, 1934, discontinued the coinage and free domestic circulation of gold and vested the title of all monetary gold in the Federal Government. Further, it authorized the President to fix a new value for the price of gold and, with such authorization, President Franklin D. Roosevelt, by Proclamation, established the price, current today, of $35 per fine ounce (13 5/7 grains, 1,000 fine).

The Bretton Woods Agreement Act of 1945

Great credit is due the former Secretary of the Treasury, Henry Morgenthau, Jr., and his staff of technical experts for their far-sighted preparations, during the very height of World War II, looking toward the necessary post-war monetary cooperation among the allied and associated nations. Early in 1943, with the authorization of the President and of the Congress, he submitted to the Finance Ministers of the allied nations a tentative draft for a plan for an international stabilization fund and invited them to Washington, D. C., for informal discussions. As a result of these informal conferences, the Finance Ministers, under the Chairmanship of Secretary Morgenthau, convened formally in Bretton Woods, New Hampshire, July 1-22, 1944 and concluded their meetings with the unanimous approval and signing of the Bretton Woods Agreement that, finally, culminated in the approval and signing of the "Bretton Woods Agreement Act" on July 31, 1945.

The Act provided for the organization of the International Monetary Fund and of the International Bank for Reconstruction and Development, both with headquarters in Washington, D. C.

We are particularly interested in the International Monetary Fund for its Articles of Agreement make full provision for the fixing of the par value of the currency units of the member nations in terms of gold, for stable rates of international monetary exchange and for the international liquidity of each member nation.

Unfortunately for the United States, the Articles of Agreement, to which we have subscribed, provide that the par values of the various currencies are to be expressed either in terms of gold or "in terms of the United States dollar of the weight and fineness in effect on July 1, 1944."

This phrase, "or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944," should be deleted from the Articles for it places upon the United States the unbelievable burden of assuring and protecting the stability of the managed paper currency of every one of our fellow members of the Fund.

Conclusion

Our domestic debt, public and private, both gross and net, today, is in excess of $1,000 billion and is increasing yearly at the rate of $50 billion.

Our national debt is in excess of $300 billion and increasing yearly with each Federal deficit —also, it exceeds by almost $100 billion the combined public debts of all other nations of the free world.

Our state and local governments are in debt in excess of $70 billion, increasing yearly in excess of $5 billion with deficit expenditures necessitating new bond issues.

Finally, the increasing volume of our corporate and private debt structure is contributing seriously to the question of the continued soundness of our dollar.

In consequence, the 88th Congress, without delay, should institute a thorough investigation into the financial and credit situation of the United States and, as the result of the investigation, should enact promptly the legislative acts to assure the continued soundness of our United States dollar.

It is their Constitutional responsibility.

NASD Policy on Press Releases

WASHINGTON, D. C.—The Board of Governors of the National Association of Securities Dealers has recently adopted a new policy concerning the release of information to the press and the public on expulsions and suspensions of Association members as a result of disciplinary action and the revocation of the registrations of securities salesmen registered by the NASD, according to Wallace H. Fulton, Executive Director of the Association.

Wallace H. Fulton

This will be the same notice that is sent to NASD member firms after all internal appeal periods within the Association have expired, and will contain a description of the findings in each of the most current disciplinary cases and the penalties imposed.

Previously, the press was just notified of member firms that were expelled, and only after the expiration of the 60-day appeal period to the Securities and Exchange Commission.

The new resolution of the Board reads as follows:

"(1) Notice of expulsion or suspension from membership in the Association of any member firm or notice of revocation or suspension of the registration of any registered representative shall be released to the press upon the order of expulsion, revocation or suspension when all appropriate periods of appeal or review within the Association have expired.

"(2) Information about any case may be published in the NASD News provided, except in the case of expulsion, revocation or suspension, the name of the member or registered representative involved is not disclosed."

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Customer Service Makes Friends for Mutual Fund Salesmen

One of the principal reasons why some men become very successful mutual fund salesmen is that they know how to obtain customer cooperation. People who are informed about the advantages of mutual fund investing are excellent prospects for additional business and for referrals. But those who invest in a fund and who do not appreciate the value of their investment, nor understand what it can do for them can hardly be enthusiastic boosters for this soundly conceived form of investment.

In most cases people who make an investment in a fund, or contractual plan, are only partially familiar with the features, advantages, and also the limitations of funds. When they acquired their fund shares they usually did so because they liked the idea of broad diversification, professional investment management, ready marketability, or possibly the convenience involved. Also, they probably had an important financial problem they hoped to solve by investing in a fund. But during the weeks and months that elapsed between the time an investor obtained his certificate and he received several dividends, or began making payments on a contractual plan, many other things have crossed his mind. His memory has faded, he no longer remembers the advantages of mutual fund investing, and even the salesman from whom he bought it may also have become a vague personality who once talked very persuasively with him about saving and investing.

The First Sale Is Only The Beginning

Many experienced mutual fund salesmen have discovered that if they make a service call after they have sold a fund that the first sale is only a door opener to future business. They deliver the certificate in person, or they wait until the first dividend is paid, then they contact the client and make an appointment to review any of the features of the investment that they believe should be reemphasized. If it is a contractual plan they point out the benefits of prompt and regular saving and the penalties of allowing the plan to falter. They once again resell the client on the important objectives he is trying to achieve and they show him what makes the wheels go around. During the second interview he is usually very much interested in becoming familiar with every detail of his investment. It is almost the same principle as the man who buys a car and then is pleasantly surprised by having his salesman call to see if everything is working properly. As a goodwill builder a service call can be more important than any other method you can use to pave the way for future business and for referrals.

During a service call interview let your customer ask you any questions that may be on his mind. Clear up any uncertainties that need explanation. You are no longer there to sell him anything but because you want him to appreciate, value, and thoroughly become sold on the investment he has acquired. If the original purpose that motivated the investment has faded in his mind, remind him again that he is to be congratulated upon mapping out a financial program that will help him achieve his goal. When your customer understands his investment he will begin to appreciate what it can help him accomplish. Once this becomes apparent future sales are almost effortless.

Service Call Suggestions

When you have established a relationship that is friendly and your client has confidence in you, it is then advisable to bring up the subject of the importance of making a will. Seventy-five percent of the adult population have either not made wills, or need to have their will revised. This often leads to an estate analysis and substantial additional business.

As for referrals, your customers know of—

Friends and relatives who should have a plan for retirement.

People who hope to finance their children's college education.

Those who could benefit from a monthly withdrawal program.

Professionals who are too busy to properly manage their investments.

Those who need a saving and investing plan for a special purpose.

Those who could use more income NOW.

When your customer understands the benefits of mutual fund investing—when he is convinced he should have a financial goal and stick to it—when he knows he can come to you any time for advice and information—and that you have his interest foremost in mind whether he has more business to place with you or not—then you will create a friend and a booster who will help you to meet others who can use the benefits of mutual fund investing. This is the reason you should consider the first sale an opportunity to resell your customer on the real advantages of his investment. Then call on him again—not as a salesman but as an interested friend and advisor.

There are many reasons why people should be pleased with mutual funds but the salesman who appreciates the importance of having satisfied customers always makes a service call. This is the time when he often converts a buyer into a customer, and a customer into a friend. Satisfied customers will be pleased to recommend your services to others. When you build a business through referrals you can be sure you are creating a solid structure. Once you create a chain of helpful, friendly clients, who have confidence in you and your investment recommendations, your business will become a pleasure and your future progress will be assured. Service calls and conservative mutual fund investing make this possible.

Bank Women to Convene in Oct.

The 41st Annual Convention of the National Association Bank-Women, Inc. will begin Oct. 20, 1963 at the Americana Hotel, Miami Beach, Florida. The four day meeting will assemble women bankers from every corner of the United States and we hope for at least two or three representatives from foreign countries.

"Global Banking—Present—Future" is the theme of the convention and the program is being built to focus attention on the shrinking world — economically and bank-wise. Naturally, as this occurs new problems in Anytown, USA will arise and women wish to be thoroughly informed on these matters. World renowned speakers in the field of economics, education and human relations will be our guests. Many prominent bankers of the U. S. will be on hand to give first-hand help from 'our' point of view on these changing times.

The State of TRADE and INDUSTRY

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

The degree of strength in business activity in recent months is perhaps best exemplified in the authoritative analysis of corporate profits in the April-June period published in the *August Economic Letter* of the *First National City Bank of New York*. Part of the better showing over the initial three months of the year, the Bank observes, might have been due to special circumstances, the most prominent being the large steel inventory buildup prompted by the fear of an industry-wide strike. Nevertheless, the *Letter* points out, the overall betterment in the profit picture in the recent quarter "was the general favorable trend in the fundamental factors of demand, costs and prices."

In its discussion of "First Half Corporate Earnings," the bank comments as follows:

"The continuing business upswing, together with an unusual concurrence of temporary developments in several industries, brought a decided improvement in profits in the April-June period. This bank's tabulation for 952 nonfinancial corporations reporting to date shows aggregate after-tax earnings of $4.1 billion in the second quarter, up 12% from the preceding quarter and 16% from the like period a year earlier. This raised earnings in the first half to a level 10% above the first half of 1962.

"Among manufacturing companies alone, 713 firms reported profits of $3.2 billion, representing an increase of 17% from the March quarter and a gain of 16% from second quarter 1962. For the first half, earnings were 11% above a year earlier.

"For manufacturing firms reporting sales figures, the average profit margin in the second quarter rose to 6.6 cents per sales dollar, compared with 6.1 cents in the March quarter and 6.1 cents a year earlier. Another key indicator of the business trend is the seasonally adjusted percentage of manufacturing companies showing increased earnings from the preceding quarter. In the June quarter, 74% reported higher profits. After seasonal adjustment, the figure comes to 59%. This compares with 50% in the March quarter and 56% in last year's fourth quarter.

"Outside of manufacturing, the most notable year-to-year gains were scored in the long-depressed railroad and mining industries. Substantial gains were also recorded in the trade, trucking and utilities fields, while in the service group, which was pulled down by the deficit of a single company, most firms actually had higher earnings.

"In evaluating the over-all results, however, allowance must be made for special factors that gave an extra lift to second-quarter results. Most widely publicized of these temporary boosters was the strike-hedge inventory buying by steel users, which not only brought added sales to the mills but generated more business for the railroads, coal mining and other supporting industries. Extra shipments to make up for billings lost during the East Coast dock strike or held up by the unusually severe winter added to second quarter volume in many lines. The run-up of sugar prices to near-record levels in May brought non-recurring inventory profits to refiners. Diminished price-cutting on gasoline, raising oil company earnings, may also be regarded as somewhat adventitious.

"Nevertheless, the basic reason for the over-all improvement was the generally favorable trend in the fundamental factors of demand, costs and prices. On the demand side, the moderate upswing in capital goods programs, and high consumer spending for big-ticket items — autos, appliances, television sets and home improvements — has tended to spread improved sales volumes throughout industry. Production costs, meanwhile, have responded to management efforts to control expenses and gain improvements in productivity. There has been some firming of prices realized in recent months, though the situation has shown little or no improvement in such industries as chemicals, plastics, paper and aluminum, where intense competition among both domestic and foreign producers has kept prices weak.

Industry Trends

"Following its usual feast-or-famine pattern of recent quarters, the steel industry led the way in year-to-year gains for the various industry groups. As a result of the peaking of shipments in the second quarter and the modest price increase in flat-rolled products, a number of producers were able to report their best quarterly earnings since second quarter 1959.

"Detroit, which it not taking a back seat to anyone this year, continued its profitable ways in the second quarter as auto assembly lines rolled at near-record rates and truck production continued to cilmb. Earnings, as a result, topped any previous quarter. With tire prices beginning to firm at last, the rubber industry has begun to share somewhat belatedly in the auto industry's prosperity.

"The revival of capital goods spending at a time when demand for consumer hard goods is also strong is reflected in the general improvement of the heavy engineering groups — machinery, electrical equipment and fabricated metals. While such lines as construction machinery and office equipment have been doing well for some time, the pickup in appliances and industrial machinery has bolstered earnings in the machinery group. Similarly, the electrical equipment and electronics industries have benefited from both an expansion of capital spending by public utilities and brick sales of electrical appliances and television sets.

"Though the oil industry has been steadily improving its earnings performance since its depression year, 1958, the second quarter turned out to be especially good for both domestic and international companies. Continued gains in production and sales abroad bolstered earnings of international companies.

"The chemical companies as a group managed to chalk up a moderate year-to-year gain in the second quarter despite price weaknesses in many lines as rising industrial activity stimulated increased demand. Earnings in aluminum, reflecting the impact of low ingot prices, dropped from a year earlier even though metal shipments reached a new high. Profits in paper also declined and the reason again was depressed prices.

"In the consumer soft goods area, profits generally rebounded from lackluster first-quarter performances. The beverage and tobacco groups, which had shown year-to-year declines in the initial quarter, registered substantial increases in the latest period, while the food and the drugs-soap-cosmetics groups also attained better than seasonal improvement over the March quarter."

Bank Clearings 7.3% Above 1962 Week's Volume

Bank clearings in the latest statement forged ahead of a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Aug. 3 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 7.3% above those of the corresponding week last year. Our preliminary totals were $33,103,341,026 against $30,814,347,476 for the same week in 1962.

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

Week End. Aug. 3—	1963 (000 omitted)	1962	%
New York	$19,010,482	$17,297,102	+ 9.9
Chicago	1,383,216	1,350,570	+ 2.4
Philadelphia	1,165,000	1,139,000	+ 2.3
Boston	885,404	867,075	+ 2.1
Kansas City	518,454	517,280	+ 0.3

Steelmakers May Have Best Production Year Since 1957

The steel industry is headed for the best production year since 1957 if the decline in steelmaking is halted this month and orders pick up a little, *Steel* magazine predicted on Aug. 5.

If steelmaking operations drop only 15%, August production will be around 7.3 million ingot tons (vs. 8.6 million tons in July). Assuming no improvement in September (another 7.3 million tons), the third quarter's output will be 23.2 million tons and that of the first three quarters, 82.4 million.

Assuming some steel industry leaders were right when they predicted that fourth quarter output will equal that of the first quarter (26.7 million tons), output this year could total 109 million tons (vs. 112 million tons in 1957).

Look for ingot output this week to be less than the 1.8 million tons that *Steel* estimates were poured last week. Operations are close to 58% of unofficial capacity.

The magazine's price composite on No. 1 heavy melting scrap rose 66 cents to $26.33 a gross ton last week due to higher bids on industrial scrap offerings for August.

Steel industry earnings rose sharply in the second quarter after months of low profits, *Steel* reported.

The industry's dollar volume of

Continued on page 38

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

Once again the United States Senate will be in the spotlight as it considers the newly negotiated nuclear test ban treaty. The prospects are to-day pretty much the same as they were more than 40 years ago when the League of Nations was under consideration. The chances for it seemed overwhelming at the outset but as time wore on opposition was developed and it was in the end defeated. There are many who believe that had the Treaty been ratified World War Two would have been prevented. There are others who do not subscribe to this view and contend that the United States was the most influential body in the League despite the fact that it was not a member.

It is no secret that the American people want peace. The President's plea, therefore, may be expected to have huge impact. But the American people want, also, security. They want assurance they are not to fall into a Communist trap. So they look to the Senate to examine this treaty, its implications and its loopholes, with extreme care.

After the League of Nations came the United Nations Charter submitted to the Senate by President Truman when World War II ended. And the Senate did accept that document for world peace. For 18 years there has been no devasting Third World War—only a cold war, an uneasy peace, marred here and there throughout the world by localized fighting and, in many cases, by fighting incited by the Communists of Russia. In those years, Russia, with whom we are now about to sign this treaty banning in part nuclear testing, has developed great nuclear power, and on occasion Premier Khrushchev has threatened to blow us off the face of the map. For several years we had a test-ban agreement—not a treaty—with Russia, only to have that agreement kicked overboard when the Russians had made all preparations for a series of tests of huge nuclear bombs.

This in brief, has been the history of our search for peace in the last 45 years. And now we, and the Senate, are asked to try a new step along that road. Indeed, the President, Secretary of State Rusk and Averell Harriman, our Ambassador who negotiated this new treaty, have suggested that if we take this first step, it may lead to others—for peace.

In the approaching Senate debate and the expected vote on the test-ban treaty, the pressures for ratification will be intense. A Republican Senator who voices disapproval will be charged with playing politics. No one knows today how many Republicans—and how many Democrats—in the Senate will look with suspicion on the document. Two Republican Senators are considered potential nominees for President in next years election— Senator Barry Goldwater of Arizona and Senator Thruston Morton of Kentucky. Indeed, Senator Goldwater has in recent weeks been considered a front-runner for that nomination. As of today, although he has voiced suspicion of the treaty, he has still to make up his mind how he will vote when the showdown comes. He is promising to give the whole problem his closest scrutiny. His final decision will not be made until he has heard all the testimony from the Joint Chiefs of Staff, the military authorities, and from the nuclear scientists. Senator Morton, along with Senator Dirkson of Illinois, the G. O. P. leader, and other Republicans are demanding the fullest information. It seems unlikely that the Republicans will attempt to bind in any way their membership in the Senate on this issue, or to make ratification a party issue.

The big question is whether we can trust the Russian Communists to live up to the treaty provisions, and whether it is better to go ahead and agree to the treaty whether we can trust them or not. Much will be said in the hearings before the Foreign Relations Committee about the failure of the Russians to live up to their agreements in the past, and it is a sorry record. There still remains a belief that Mr. Khrushchev fully realizes the devastation of an atomic war and he does not want such a war. But that he has given up the idea of out-distancing the United States as a military power —a nuclear power—is not creditable.

J. P. David With Underwood Firm

HOUSTON Tex.—J. Phillip David has joined Underwood, Newhaus & Company, Inc., 724 Travis St., members of the New York Stock Exchange as Vice - President and sales manager, Milton R. Underwood, president, has announced. The sales manager is a newly created post at the Houston investment banking firm.

J. Philip David

Well-known position of in the financial field, Mr. David previously worked for 11 years with the investment banking concern of William Blair & Company in the firm's Chicago and Dallas offices, serving for six years as manager of the Dallas office. Prior to joining Underwood, Neuhaus he was syndicate manager for Schneider, Bernet & Hickman in Dallas.

Underwood, Neuhaus, Texas' oldest investment banking firm, occupies offices in the Houston Club Building. The company handles U. S. government, municipal and corporate securities, and is a member of both the New York Stock Exchange and the American Stock Exchange.

Fund Managers Bullish Despite Market's Slowdown

Continued from page 1

quarter 3.8% higher at 708.22. (Stock prices eased considerably during July in the wake of the SEC study group's "bearish" report on trading methodology and the Administration's proposed tax on most purchases of foreign securities. However, a strong uptrend has prevailed since the advent of August.)

However, market results for the first half of 1963 proved most rewarding for the bullish contingent. The D-J senior average, which began 1963 at 652.10 climbed more than 30 points in January, but lost two-thirds of the advance in February. Prices then advanced in each of the next three months giving the index a total gain of 65 points. At its quarter and 1963 high of 726.96 on May 31, the average stood only 7.95 points below the historic peak of 734.91 reached on Dec. 13, 1961.

With this background in mind, we now address ourselves to the attitude of fund managers toward common stocks during the second quarter of 1963. Based on our extensive study a rather bullish pattern evolved. This is indicated in the fact that gross purchases of equities of $816 million topped by 11% the $737 million figure for the first 1963 quarter. And, although *sales* in the second quarter at $619 million were higher than the $557 million liquidated in the March quarter, they were proportionately lower, resulting in an excess of $20 million in *net* purchases over sales during the recent three month period.

In the case of the open-end balanced funds, stepped-up buying and selling was experienced during the second quarter. On a *net* basis, purchases of $76.5 million in the period compared with $108 million in purchases during the March quarter. Two managements, Wellington and Investors Mutual, provided $72.5 million of the *net* buying between them—or almost all of the buying on balance.

As for the open-end stock funds where the bulk of the June quarter buying stemmed, *net* group purchases of $124 million, compared with $68 million in the March quarter, were up 81%. The better showing in the June quarter by this group was primarily the result of heavy buying by Dreyfus, Fundamental Investors and United (Accumulative and Income) Funds.

In the closed-end companies, a slowing down in both buying and selling was experienced during the second quarter. On a *net* basis a selling balance of $3.7 million contrasted with $3.5 million in buying during the first quarter. Adams Express, percentagewise, was most bearish in the latest quarter.

As a proportion of total portfolio assets of investment companies, liquid assets (cash, governments, etc.) dropped slightly to 6.9% as of June 30, 1963 from 7.0% on March 31; and other defensive securities (bonds, and high-grade preferred stocks) to 8.6% from 9.3%. Reflecting the continued buying of equities, the common stock sector of their balance sheet value **rose** to 84.5% from 83.7%.

Industry Statistics

In the accompanying table will be found comparative statistics, by quarters in the years 1963, 1962 and 1961, of the status of the mutual fund industry with respect to total net assets, gross and net share sales, etc. In this regard, it may be observed that while *net* share sales in the June quarter were some $40 million below the first three months' aggregate, the *total net assets* of the funds showed a quarter-to-quarter increase of over one billion dollars. This, of course, reflects the enhancement in the funds' security holdings in the second quarter of the year.

SOME ECONOMIC FORECASTS

Fund managers, in the following commentaries, expressed their ideas on the future to shareholders as the first half of 1963 ended.

M. Jennings von der Heyde, President of Johnston Mutual Fund: "This decade of the 60's was ushered in with rather exaggerated hopes and expectations which have been slow to materialize. But there are now reasons to believe that we are entering a period of more rapid growth in corporate earnings and dividends. The squeeze on profit margins is easing as the normal growth in demand reduces excess capacity. The demand for housing and all forms of goods will expand as the war and post-war babies reach marriageable age and form new family units . . . capital spending is rising as industry replaces obsolete plant and equipment and strives to reduce production costs. The financial position of corporations and their cash flow are better than ever before and should be adequate to support a major program of expansion. Our competitive position in world markets is improving as production costs abroad are rising faster than here at home. The Administration's tax reduction program, while seemingly deferred until 1964 (an election year), should provide an important stimulus.

"Meanwhile, the continued substantial government deficits, with or without tax reduction, are a constant reminder that we are living in an inflationary age."

Richard H. Mansfield, President, and Albert J. Hettinger, Jr., Chairman of The Lazard Fund Inc: "It would be unwarranted presumption to pretend a confident forecast of the period ahead. The economy possesses underlying strength and substantial financial liquidity. It faces a readjustment in steel inventories that need not be feared. The automobile industry and possibly construction may already have made their contribution to this recovery. The same holds true for the *rate* of growth in government expenditures. Two interrelated areas of substantial potential growth remain: capital expenditures of business and consumer spending. In each of these confidence is the determining factor. Credit resources are available to business, and the liquid resources of consumers have already been noted. But the incentives to translate potential into actual strong sustainable growth are yet to be created. The risk of consequential decline in business seems presently slight; assurance that this recovery will provide a growth that corrects our basic maladjustments is still lacking."

* * *

POLICY TOWARD INDUSTRY GROUPS

Fund managements continued to display increasing confidence in the future as they strongly fav-

Continued on page 18

THREE-YEAR COMPARATIVE STATISTICS RELATIVE TO THE MUTUAL FUND INDUSTRY

Gross Sales
(Millions)

Qr.	1963	1962	1961
I	$600.7	*$922.1	$719.9
II	591.9	771.1	695.4
III	----	495.0	722.4
IV	----	510.9	813.1
	----	$2,699.1	$2,950.8

*Historic high.

Redemptions
(Millions)

Qr.	1963	1962	1961
I	$347.9	$282.4	*$331.1
II	381.0	320.0	317.9
III	----	234.7	248.0
IV	----	285.6	263.3
	----	$1,122.7	$1,160.3

*Historic high.

Net Sales (Sales Less Redemptions)
(Millions)

Qr.	1963	1962	1961
I	$252.8	*$639.7	$388.8
II	210.9	451.1	377.5
III	----	260.3	474.4
IV	----	224.3	549.8
	----	$1,575.4	$1,790.5

*Historic high.

Net Assets
(Millions)

Qr.	1963	1962	1961
I	$22,639	$23,048	$19,439
II	23,692	18,436	20,002
III	----	19,088	21,008
IV	----	21,271	22,789

Ratio of Redemptions to Net Assets

Qr.	1963	1962	1961
I	1.54%	1.23%	1.81%
II	1.64	1.54	1.61
III	----	1.25	1.21
IV	----	1.42	1.20

Note: Ratio of redemptions to average net assets in 1962 was 5.1%. This compared with 5.8% in 1961 and 5.1% in 1960.

Fund Managers Bullish Despite Market's Slowdown

Continued from page 17

ored 23 industry groups while disfavoring 1 during the June quarter. This compares with 18 industries favored and 3 sold in the March quarter.

In the June quarter, the following groups were *predominately bought:* aircraft and aircraft equipment, airline, automotive, beverage, chemical, drug, electronic, finance, glass, insurance, machinery, metal, Oil (international), paper, utility, printing, radio-TV, railroad, rubber, steel and iron, textile and tobacco issues.

The following industries were *mildly favored* by managements in this survey; automotive equipment, building-construction and cosmetic.

In the *mixed* grouping we find agricultural equipment, banks, containers, food products, office equipment and retail trade.

The lone group *sold* on balance during the June quarter was natural gas.

* * *

POPULAR ISSUES

Top rank as the most *widely bought stock* during the second quarter was achieved by Gulf Oil. This large crude producer was strongly in demand with 21 fund managements making commitments.

In second and third position were two other leading petroleum enterprises—Standard Oil (N. J.) and Royal Dutch. SONJ had 14 buyers while RD had 13.

"UNANIMOUS FAVORITES"

The following issues, *bought by four or more fund managements met no selling:* Aluminum Co. of America, Bank of America, Bristol Myers, Colgate Palmolive, W. R. Grace & Co., Grumman Aircraft, Halliburton, Household Finance, International Nickel, International Tel. & Tel., Litton Industries, Socony-Mobil, Timken Roller Bearing and United Airlines.

Other issues which were heavily, but not unanimously purchased, included American Airlines, American Tel. & Tel., Allied Chemical, Aluminium Ltd., Columbia Broadcasting, and IBM.

"DEBUTANTES PARADE"

Within this category we endeavor to unveil issues with relatively no prior investment fame insofar as fund managers are concerned. These issues are generally traded in the Over-the-Counter Market or on small regional exchanges. Issues making such an appearance in investment company portfolios during the recent survey were: Bibb Mfg.; Cabot Corp.; Caressa Inc.; Cryplex Industries; Empire Financial; Empire States Oil; Epko Shoe; Griggs Equipment; Gorton's of Gloucester Inc.; Liberty National Life; Market Basket; Sierra Pacific Power; Society Corp.; and Taylor Instrument.

DIS-FAVORED STOCKS

Among stocks markedly disfavored during the June quarter were American Broadcasting; Gillette; National Cash Register; and North American Aviation.

COMPLETELY FRIENDLESS

There was only one issue which was sold by four or more managements, with no buyers — CIT Financial.

* * *

TRANSACTIONS IN THE FAVORED GROUPS

Aircrafts Pick-Up

Sentiment toward aircraft issues showed improvement as total group activity increased over the March quarter. Several large contract awards during the period may have influenced the better buying in Avco, Grumman and Lockheed. Grumman, a *unanimous favorite,* was newly bought by Institutional Investors (16,900); and New England Fund (4,400). Lockheed continued to attract the greatest interest, with eight buyers and only three sellers in this issue. Among the top buyers in LK were Fundamental Investors (10,000) Selected American Shares (5,000); and Dreyfus (5,000). Avco was best bought by United Science (20,000); and bought newly by T. Rowe Price (17,000). On the sell side, North American Aviation was the prime target. Top seller in this issue was T-V Electronics Fund (18,500); Wisconsin Fund eliminated (3,000).

Airlines Continue to Fly High

Based on continued improvement in operating results and recent traffic gains, the airlines industry is expected to show continued recovery in 1963. This in turn has created a greater interest for shares of the more rapidly improving carriers. Although some profit taking was indicated for the first time during the June quarter, over-all buying remained strong. Best bought issue was American, with Pan American and United runners-up. In the case of American, which stands to reap much business from the 1964 New York World's Fair, buying was exceptionally heavy; the issue had eight buyers, six newly. Dreyfus, with a huge block of 97,600 shares, was tops in the bullish contingent toward American. Managements making new commitments in AMR included: Broad Street (83,400); Dominick (12,000); de Vegh (15,000); Madison (10,000); Tri-Continental (55,400);

Continued on page 20

Changes in Common Stock Holdings of 75 Investment Management Groups

(April - June, 1963)

The following transactions include only those issues in which more than one management group participated. Issues in which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases exclude shares received through stock splits, dividends, etc. Number of shares bought or sold prior to stock splits are expressed giving effect to the split.)*

—Bought—			——Sold——	
No. of Mgts.	No. of Shares		No. of Shares	No. of Mgts.
		Agricultural Equipment		
3(1)	8,000	Caterpillar Tractor	41,500	3
1	3,800	Deere & Co.	5,000	1
2(1)	*21,800*	*International Harvester*	*43,400*	*3(2)*
		Aircraft and Aircraft Equipment		
3(1)	42,000	Avco	None	None
2	27,800	Cessna Aircraft	None	None
2	13,520	Garrett Corp.	None	None
5(2)	24,300	Grumman Aircraft	None	None
8(2)	35,500	Lockheed Aircraft	33,400	3
4(2)	39,250	McDonnell Aircraft	36,550	2(1)
2	18,000	Martin-Marietta	9,550	1(1)
1	1,000	United Aircraft	33,800	1(1)
None	*None*	*Boeing*	*25,300*	*2(1)*
4	*10,000*	*North American Aviation*	*61,300*	*7(1)*
1(1)	*60,000*	*Thompson Ramo*	*25,600*	*2(1)*
		Airlines		
8(6)	326,300	American	80,000	2(1)
2(1)	10,000	Delta	40,100	2
1	12,000	National	2,800	1
6(1)	121,200	Pan American	34,500	3
4(2)	136,300	United	None	None
2	16,000	Western	3,000	1(1)
1	*2,500*	*Northwest*	*37,500*	*4*
		Automotive		
3	31,100	Chrysler	25,000	3(2)
2	23,000	Ford	79,000	2
2(2)	125,000	Fruehauf Trailer	30,000	1(1)
9(1)	157,500	General Motors	44,050	9(1)
1	13,000	Peugeot Automobiles	8,400	1
None	*None*	*American Motors*	*23,900*	*3(1)*
None	*None*	*White Motor*	*21,700*	*2*
		Automotive Equipment		
2(1)	59,500	Champion Spark Plug	None	None
3(1)	53,000	Clark Equipment	22,500	2
5(2)	36,400	Timken Roller Bearing	None	None
1	*2,000*	*Borg Warner*	*10,900*	*2(1)*
None	*None*	*Briggs & Stratton*	*26,600*	*2*
		Banks		
4(2)	20,900	Bank of America	None	None
2	5,400	Dresdner Bank ADR	None	None
3	22,334	First National City Bank (N. Y.)	5,000	1(1)
2	9,800	Security National Bank (L. I.)	None	None
2(1)	21,000	Wells Fargo Bank	None	None
1	*6,000*	*Bankers Trust*	*6,500*	*2(1)*
1	*2,800*	*Chemical Bank N. Y. Trust*	*17,900*	*3(1)*
None	*None*	*First National Bank of Boston*	*14,200*	*2(1)*
None	*None*	*Manufacturers Hanover Trust*	*16,000*	*3(2)*
		Beverages		
3	20,100	Coca Cola	35,000	3
4	9,500	Pepsi Cola	34,000	2(1)
		Building, Construction and Equipment		
2	7,600	Johns Manville	15,500	2(1)
3	7,900	Otis Elevator	61,400	3(2)
2	4,100	Trane Co.	5,500	1
2(2)	54,300	U. S. Plywood	None	None
1	*11,100*	*Armstrong Cork*	*17,500*	*2(1)*
None	*None*	*Ideal Cement*	*78,100*	*2(1)*
None	*None*	*Lehigh Portland Cement*	*41,800*	*2*
		Chemicals		
4	27,670	Air Products & Chemicals	58,140	2(2)
8(2)	227,200	Allied Chemical	15,000	2(1)
2	4,508	Dow Chemical	40	1
6(1)	44,600	FMC Corp.	168,200	4(1)
5(2)	51,368	Grace & Co.	None	None
2	2,000	Hercules Powder	39,000	2
3	14,000	Hooker Chemical	None	None
1	2,100	Internat'l Minerals & Chemicals	1,000	1
2(2)	168,000	Monsanto Chemical	14,740	2(1)
2(1)	31,000	Olin Mathieson	None	None
2	4,900	Pennsalt Chemical	22,800	1
2	20,000	Rayonier	4,000	2
3	6,699	Rohm & Haas	600	1
1	10,000	Stein Hall & Co.	1,100	1
2	6,000	*Tennessee Corp.	12,500	1
1	2,000	Union Carbide	14,000	1

—Bought—			—Sold—	
No. of Mgts.	No. of Shares		No. of Shares	No. of Mgts.
1	4,000	*Air Reduction*	20,000	2(1)
None	None	*American Agricultural Chemical*	3,500	2(1)
1	17,500	*American Cyanamid*	4,300	2
None	None	*American Potash & Chemical*	108,300	2
2	3,000	*du Pont (E. I.)*	12,900	3
2	10,500	*Eastman Kodak*	36,100	3

* Merged with Cities Service.

Containers

4	74,000	Continental Can	193,300	2(2)
2	5,000	*American Can*	69,600	3(3)

Cosmetics

2(1)	19,500	Beauty Counselors	None	None
2(1)	6,700	Chesebrough Pond's	None	None
2(1)	3,400	Revlon	None	None
2(1)	5,200	*Gillette*	57,900	7(4)

Drugs and Drug Products

4(2)	90,700	Abbott Laboratories	3,200	2(1)
2	1,200	American Home Products	None	None
4	6,200	Bristol Myers	None	None
2(1)	2,600	Carter Products	None	None
4(1)	82,000	Mead Johnson	55,500	2(2)
4	15,500	Merck	5,000	1(1)
2(1)	6,600	Richardson Merrill	None	None
3	3,000	Searle, G. D.	None	None
1(1)	500	Smith, Kline & French	7,500	1
2(1)	67,600	*Parke Davis & Co.*	147,900	3(3)
1	1,600	*U. S. Vitamin & Pharmaceutical*	32,400	2(1)

Electronics and Electricals

3(3)	210,000	Ampex	18,500	1
3	4,600	Beckman Instruments	None	None
1	14,000	Emerson Electric	34,600	1
6(1)	32,300	General Electric	6,000	2
5(1)	26,100	Litton Industries	None	None
3(1)	62,500	Magnavox	20,000	2(1)
7(2)	15,700	Motorola	7,600	1
7	45,717	Philips Lamp Works	6,460	1
4	74,880	R. C. A.	25,600	2(1)
1	5,000	Raytheon	42,436	1(1)
1(1)	10,000	Sprague Electric	600	1(1)
2(2)	11,100	Square D	2,000	1
2(1)	18,000	Sunbeam Corp.	None	None
2	7,650	Texas Instruments	16,000	2(1)
1	1,500	Varian Associates	2,000	1(1)
5(1)	59,600	Westinghouse Electric	1,500	1
6	13,800	Xerox	32,500	3
3	2,400	Zenith Radio	19,200	1
None	None	*Fairchild Camera & Instrument*	23,800	3(2)
None	None	*Foxboro Corp.*	24,000	3
1(1)	30,000	*High Voltage Engineering*	32,000	2
2	15,000	*Schlumberger Ltd.*	10,100	3

Finance Companies

2	28,500	Commercial Credit	None	None
4	22,500	Financial Federation	16,400	2
3	42,850	First Charter Financial	70,000	3(2)
2	29,100	Great Western Financial	20,837	1(1)
4(1)	130,300	Household Finance	None	None
None	None	*C I T Financial*	98,700	4(1)

Food Products

3(2)	71,600	American Sugar	None	None
4(2)	17,000	Armour & Co.	None	None
1	600	Borden Co.	14,500	1
2(1)	32,600	California Packing	None	None
2	2,700	Corn Products	37,000	2(1)
2	1,700	General Foods	30,000	1(1)
2(1)	10,800	Kellogg Co.	None	None
4(2)	19,600	United Fruit	None	None
2(1)	6,200	Wilson & Co.	27,100	2(2)
None	None	*Beatrice Foods*	25,000	2
None	None	*Campbell Soup*	14,900	3(1)
None	None	*Carnation Co.*	6,610	2(2)
None	None	*Duffy-Mott*	16,000	2(1)
None	None	*General Mills*	20,600	2
None	None	*Heinz (H. J.) & Co.*	15,800	2(1)

—Bought—			—Sold—	
No. of Mgts.	No. of Shares		No. of Shares	No. of Mgts.
		Glass		
2(1)	6,000	Cornings Glass Works	2,800	2
2	34,000	Libbey-Owens-Ford	None	None
4(1)	36,200	Owens-Illinois Glass	600	1
None	None	*Pittsburgh Plate Glass*	10,328	2(2)
		Insurance—Fire & Casualty		
2(1)	9,700	Home Insurance	None	None
3(1)	48,000	Marsh & McLennan	None	None
1(1)	5,000	*Fireman's Fund Insurance*	41,452	3
		Insurance—Life		
1	200	Aetna Life Insurance	2,650	1
3(1)	9,900	Connecticut General Life	None	None
1(1)	7,000	Government Employees Insur.	14,650	1(1)
2	258	Transamerica Corp.	10,404	1(1)
1	2,000	Travelers Insurance	2,100	1
		Machinery and Industrial Equipment		
2	23,800	Emhart Mfg.	20,000	1(1)
1(1)	3,500	Ex-Cell-O Corp.	20,000	1(1)
4(2)	33,000	Halliburton Co.	None	None
2	31,000	Ingersoll Rand	None	None
3(1)	6,600	Singer Co.	None	None
2(1)	2,100	Skil Corp.	None	None
None	None	*Baldwin-Lima*	10,500	2(1)
		Metals and Mining—Aluminum		
8(3)	217,700	Aluminium Ltd.	20,000	1
5(2)	170,200	Aluminum Co. of America	None	None
2(1)	121,200	Reynolds Metals	17,000	1(1)
		Metals and Mining—Copper		
3(1)	21,000	Anaconda	None	None
2	4,800	Kennecott	None	None
1	2,000	Phelps Dodge	25,000	1
		Metals and Mining—Other		
3(1)	39,000	American Metal Climax	10,000	1(1)
2(1)	16,300	American Smelting	3,900	1
4(1)	37,000	International Nickel	None	None
2	18,700	St. Joseph Lead	None	None
5(1)	8,700	*National Lead*	145,300	6(2)
		Natural Gas		
2	26,000	Coastal States Gas Producing	None	None
1(1)	100,000	Mississippi River Fuel	200	1
3	22,000	*Arkansas Louisiana Gas*	66,000	4(1)
None	None	*Interprovincial Pipeline*	19,795	2(1)
None	None	*Southern Natural Gas*	26,800	3
		Office Equipment		
3(1)	26,500	Control Data	None	None
10	8,243	I. B. M.	7,000	4
2	5,560	Minneapolis-Honeywell	None	None
1	5,600	*Addressograph*	28,800	2(1)
3	1,840	*National Cash Register*	44,300	5(2)
None	None	*Sperry Rand*	60,280	2(1)
		Oil		
2(1)	27,900	Champlin Oil & Refining	12,100	1(1)
4(1)	64,000	Cities Service	7,600	1
21(6)	653,500	Gulf Oil	15,500	2(2)
2	40,500	Louisiana Land & Exploration	6,200	2
3(1)	26,900	Marathon Oil	None	None
13	172,400	Royal Dutch Petroleum	None	None
2(1)	20,000	Sinclair Oil	2,000	1
5(2)	84,700	Socony-Mobil	None	None
5(2)	99,800	Standard Oil—Indiana	17,700	1
14	152,000	Standard Oil—New Jersey	3,000	1
1	6,000	Standard Oil—Ohio	2,800	1
7(1)	126,740	Texaco	46,800	3(1)
1	1,000	Tidewater Oil	10,404	1(1)

Continued on page 22

Fund Managers Bullish Despite Market's Slowdown

Continued from page 18

and Pioneer (12,200). United a *unanimous issue,* was newly acquired by National Investors (84,500); and Dominick (10,000). Pan American, which remained one of the popular issues, was acquired best by T-V Electronics (25,000); Putnam (25,500); and Fidelity (54,700). Northwest was the only issue sold on balance during the quarter. The carrier, incidentally, was recently ordered by the CAB to give up its Florida route.

Automotives Continued Bought

With automobile production continuing at high levels, the industry is expected to establish a new output record in 1963 and marked the second consecutive year that over 7,000,000 cars were produced. Demand for equities in this group, however, has not reflected this enthusiastic forecast. During the June quarter, considerable profit taking was indicated in General Motors. With buyers and sellers of GM just about in balance, the issue was newly acquired by Delaware Fund (20,000); and eliminated by General Investors (6,000). Ford and Chrysler, however, managed to reverse their sold position and were both bought on balance during the June period. Best buyer in Ford was Investment Company of America with 20,000 shares, and in Chrysler a 26,100 share block by Fidelity was the outstanding purchase.

Beverages Remained Favored

In the soft drink field, Pepsi-Cola was again actively sought. Buyers included Eaton Howard, and T. Rowe Price, each with 4,000 shares; Johnston Mutual (1,000); and Aberdeen (500). Coca-Cola was heavily acquired by One William Street (16,600).

Chemicals Elicit Good Buying

Sentiment toward the chemical issues showed improvement over the preceding quarter, probably in keeping with the better earnings displayed by the group. Good buying was indicated in Allied; F M C Corp.; and W. R. Grace. The latter *a unanimous issue*, was newly acquired by Selected American (10,000 shares); and Institutional Investors (25,200). Making a surprising appearance during the quarter was Olin Mathieson, which was bought by Shareholders Trust of Boston (20,000 newly); and by Selected American (11,000). Stein Hall & Co., an OTC market issue, was picked up by Bullock (10,000) and disposed of by Chemical Fund (1,100). Tennessee Corp., merged with Cities Service during the quarter, and will therefore no longer appear in our surveys.

Drug Demand Remains Brisk

The popularity of drug issues, which was evident during the March survey, continued to attract good buying in the June quarter. *Unanimously bought* Bristol Myers, was acquired by Putnam (3,000); United Accumulative (2,000); Johnston and Price (500) each. Abbott Laboratories, another favorite, was newly acquired by Massachusetts Investors Growth (22,500); and Lehman (15,000). Dreyfus, was heavy in the buy side in Mead Johnson with a block of 65,400 shares.

Electronics Popularity Continues

This "glamour group" continued to display exceptionally strong demand during the June quarter with wide-spread buying prevailing. Best bought issues were General Electric; Litton Industries; & Westinghouse. Litton *a unanimous favorite,* was newly acquired by Fund of America (1,100); and also by Eaton Howard (2,000); American European (1,000); and by Delaware (20,000). Westinghouse, another favorite, was best bought by Fidelity (34,800); and Lazard (12,500) second best. A new commitment in GE was made by Delaware Fund (10,000). Dreyfus continued to step-up buying in giant RCA, the fund added to its present holdings 50,400 shares during the June quarter. Dreyfus, as of June 31, held 126,600 shares of RCA, this is equivalent to approximately $9 million.

Finance Issues in Demand

With the continued exception of CIT Financial, which remained heavily sold, all other issues with portfolio transactions were in demand during the June quarter. Best bought was Household Finance, this issue being newly acquired by Adams Express (65,000); and Madison (20,200).

Glass Issues Find Buyers

Better buying was experienced within this group during the June quarter. Prime buying target here was Owens Illinois Glass in which Shareholders Trust of Boston bought (10,000) newly; also on the buy side were Tri-Continental (12,400) Broad Street (11,800); and Dividend Shares (2,000).

Insurance Strongly Favored

Issues within this group (especially life) were in demand during the June quarter. Best bought was Connecticut General Life, this issue being newly bought by American European Securities (1,500); other buyers included Incorporated Investors (4,400); and National Investors (4,000).

Machinery and Industrial Equipment Displayed Strength

This group continued to encounter better buying in the recent three months span. Halliburton, *a unanimous favorite,* was newly acquired by Guardian Mutual (2,000); and Eaton Howard (13,000). Skil Corporation, a newcomer, was newly bought by Fidelity Capital (1,600); and by Guardian Mutual (500).

Metals Liked

Sentiment toward metal issues showed good improvement over the preceding quarter. In the aluminum sector, both ALCOA and Aluminium Ltd. were in big demand. ALCOA *a unanimous favorite,* with five buyers, had two admirers: Dividend Shares (10,000); and a "Billion Dollar Fund" with (150,000). Heavy buying in Aluminium Ltd. was also experienced in the June quarter, and new purchases were made by Fundamental Investors (75,000); Dreyfus (68,000); Investment Co. of America (40,000); and General American Investors (15,000). In the copper sector, Anaconda, with three buyers had no sellers. Energy Fund purchased the issue newly (10,000); and additional commitments came from Group Securities (5,000); and Shareholders Trust of Boston (6,000). International Nickel, a diversified metal producer, was *a unanimous favorite* in the mixed metals sector. Shareholders Trust of Boston acquired the issue newly (15,000).

Oils (International) Sought

In the oil sector, considerable buying continued to prevail, especially of the international concerns. Gulf Oil was the most popular of all issues surveyed during the June quarter. Two other oil concerns, Standard Oil (New Jersey) and Royal Dutch Petroleum were runners-up in the most popular category.

Gulf Oil is a major international oil enterprise, ranking as the world's third largest crude producer. This issue was purchased by 21 funds, and sold by a mere two during the period. Large block purchases were primarily made by those managements making new commitments, and included Fundamental Investors (150,000); One William Street (55,000); Broad Street (35,000); and T-V Electronics (25,000).

SONJ, another of the international oils, elicited good buying from Fidelity (30,000); United Accumulative (20,000); and Energy Fund (20,000) newly. Among the top buyers in RD were Putnam (45,000) State Street (24,200); and United Income (18,400).

Much of the selling which appeared within the oil group was still directed at the merger or sell-out rumor issues which apparently as a consequence, had been driven up sharply. They included Amerada, Atlantic Refining and Sunray DX Oil.

Paper Issues Favored

The paper group elicited better buying during the June quarter, in contrast to the little attention they were given in the previous survey. International Paper, continued to be a stand-out, with four buyers and a total of 195,880 shares being acquired. The new buyers in this issue were Delaware (50,000); and Putnam (44,000). Crown Zellerbach was best bought by Fundamental Investors (27,000); while Loomis-Sayles was top buyer in Kimberly Clark (8,000).

Public Utilities Again Acquired

Continued strong fund demand for utility shares was experienced during the June quarter. The exceptionally good buying indicated in our previous survey continued in the following issues: ATT; Consolidated Edison (N. Y.); and Southern Company. Managements showing good buying of utilities included the United Organization (Accumulative, Continental and Income) and Institutional Investors Mutual.

Printing and Publishing Bought

Interest in this group remained about unchanged. Best bought issue was McGraw Hill Publishing with new purchases made by Eaton Howard (20,000); and Fidelity (31,800). Crowell-Collier, making a rare appearance; was bought by both Madison (7,500); and Wall Street Investing (700).

Radio-TV Meet Fair Demand

Activity within this group is usually centered around the continued shifting in position of American and Columbia Broadcasting. During the June quarter, Columbia managed to obtain a good following with eight buyers, three newly. The new buyers in CBS were Fidelity (37,800); Blue Ridge (3,300); and Fund of America (2,000). Another issue meeting a fair amount of activity was MCA Corp.; this issue was newly acquired by Investment Co. of America (50,000); and Fund of America (2,000). Dreyfus, another buyer, bought an additional 7,100 shares.

Buyers Ride Rail Shares

The "featherbedding" issue continues to overhang this industry, which has been plagued with the problem for several years. It may take a strike, which recently become a real threat, to resolve this issue. Despite this, rail issues continued to experience good buying during the June quarter. Best bought issues within the group included Atchison, Southern Pacific and Union Pacific. Managements favoring rail issues included Dreyfus, Fundamental Investors and United.

Rubbers Bounce Back

Rubbers and tires, which had been out of vogue in three past surveys, experienced rather good buying during the June period. All four issues appearing in this survey were bought on balance. Best bought issue was Goodrich, the following made new commitments in this issue: Dominick (7,500); and Group Securities (38,000. Also popular was U. S. Rubber, which was again acquired by Group Securities.

Steels on Buy Side

Fund managements reversed their seemingly endless bearish attitude toward steel issues, and were active buyers during the June quarter. The over-all representation was rather good with Inland, U. S. Steel and Youngstown being best bought issues. Only Republic, and National, were sold in the field of 10 entries. The better buying in Inland was provided by National Securities and that in Youngstown by Fidelity.

Textile Issues Favored

This group continued to experience good buying during the June quarter. American Viscose, which will officially merge with FMC Corp., was most active. Burlington, another active issue was best bought by United Accumulative (29,000).

Tobacco Find Buyers

The tobacco issues which have been virtually ignored during the past two surveys found buyers in Lorillard, Philip Morris and Reynolds. Wisconsin Fund newly acquired Philip Moris, while New England Fund did the same for Reynolds. Dreyfus was top buyer in Lorillard with 15,400 shares.

* * *

GROUPS MILDLY BOUGHT

Auto Equipment Bought Mildly

This category continued to receive only slight attention. The only respectable interest in the group was devoted to Timken Roller Bearing, *a unanimous favorite.* The issue was newly acquired by Dividend Shares (5,700); and Shareholders Trust of Boston (9,000). A big block of Champion Spark Plug, (50,000), was newly bought by National Securities Stock.

Building, Construction and Equipment Bought Selectively

Continued selectivity for issues within this group was once again reaffirmed. Best bought issue was U. S. Plywood, with both Funda-

Continued on page 22

Liquid Assets vs. Security Holdings of 89 Investment Companies With Aggregate Net Assets of $17.0 Billion (6-30-63 vs. 3-31-63)

Security Transactions by the 89 Investment Companies During April-June, 1963

(In Thousands of Dollars)

	Net Cash & Governments† Thousands of Dollars —End of— Mar.	June	Net Cash & Governments† Percent of Net Assets —End of— Mar.	June	Investment Bonds and Pfd. Stocks Percent of Net Assets —End of— Mar.	June	Common Stocks Percent of Net Assets —End of— Mar.	June	Portfolio Securities Other than Governments Total Purchases‡	Total Sales**	Of this: Portfolio Common Stocks Total Purchases‡	Total Sales**
Open-End Balanced Funds:												
American Business Shares	b3,879	b4,572	b15.0	b16.6	b24.0	b21.3	b61.2	b62.2	Nil	683	Nil	683
Axe-Houghton Fund A	1,066	902	2.4	2.0	34.7	32.0	62.9	66.6	1,205	1,392	246	680
Axe-Houghton Fund B	11,308	13,798	6.0	7.0	31.0	27.2	63.0	65.8	10,568	3,423	4,042	2,506
Axe-Houghton Stock Fund	255	47	3.0	0.5	19.0	17.5	78.0	82.0	467	280	467	147
Axe Science & Electronics	2,655	123	12.4	0.6	6.0	15.3	81.6	84.1	3,592	1,479	2,842	1,182
Boston Fund	15,872	22,874	5.0	7.1	32.6	29.7	62.4	63.2	402	145	199	145
Broad Street Investing	2,550	3,075	1.4	1.1	7.5	7.5	91.1	91.4	8,582	7,196	7,920	7,152
Commonwealth Investment	4,674	3,676	2.9	2.2	34.0	32.7	63.1	65.1	13,993	12,358	3,637	2,262
Diversified Investment Fund	a2,690	a1,973	a3.0	a1.8	a34.5	a33.7	a62.5	a64.3	1,275	985	550	220
Dodge & Cox Fund	404	347	4.4	3.5	24.7	25.6	70.9	70.9	1,010	846	506	518
Eaton & Howard Balanced Fund	41,601	44,777	19.3	20.5	16.2	15.0	64.5	64.5	9,327	13,392	1,447	4,654
Fund of America	12	330	0.2	6.8	20.9	11.5	78.9	81.7	1,849	2,180	1,826	1,627
General Investors Trust	1,530	2,847	8.9	15.6	23.2	20.8	67.9	62.4	2,525	2,091	847	1,663
Group Securities—Fully Admin. Fund	989	234	5.8	1.4	22.5	30.3	71.7	68.3	1,633	492	1,633	492
Institutional Foundation Fund	1,838	2,942	3.3	4.2	27.2	26.6	69.5	69.2	2,482	2,553	2,482	2,553
Investors Mutual	66,567	84,315	3.4	4.0	34.4	34.2	62.2	61.8	181,080	126,914	55,474	31,350
Johnston Mutual Fund	5,273	2,809	16.4	8.4	16.5	16.9	67.1	74.7	5,200	2,393	4,269	1,768
Knickerbocker Fund	85	269	0.8	2.1	4.5	6.0	94.5	91.9	389	907	389	907
Loomis-Sayles Mutual Fund	21,938	25,259	21.3	23.6	14.7	12.1	64.0	64.3	7,858	8,400	6,874	7,354
Massachusetts Life Fund	5,737	5,927	6.3	6.2	30.7	30.4	63.0	63.4	3,790	1,913	3,790	1,913
Mutual Investment Fund	3,138	3,515	8.6	9.2	10.6	8.6	80.8	82.2	2,142	2,496	2,046	2,095
National Securities—Income	1,967	2,832	2.3	3.2	38.5	40.5	59.2	56.3	5,395	6,765	2,329	6,196
Nation-Wide Securities	6,475	6,437	12.1	12.0	27.8	28.2	60.1	59.8	895	696	678	532
Nelson Fund Inc.	53	204	1.3	5.0	21.7	20.1	77.0	74.9	199	307	196	292
New England Fund	5,395	6,155	26.5	29.1	14.3	8.3	60.2	62.7	1,308	1,538	877	517
Putnam (George) Fund	12,039	17,989	4.0	6.0	28.8	27.0	67.2	67.0	22,650	26,710	16,819	17,542
Scudder, Stevens & Clark Fund	13,247	12,434	13.8	12.4	19.4	19.6	66.8	68.0	4,031	3,725	3,502	3,051
Shareholders' Trust of Boston	6,895	5,449	9.9	7.6	29.8	27.7	60.3	64.7	15,021	12,821	15,021	12,821
Stein Roe & Farnham Balanced Fund	9,175	15,474	16.2	18.1	18.0	17.9	65.8	64.0	4,649	5,508	682	1,411
Value Line Fund	1,272	3,378	13.8	30.2	2.7	2.7	83.5	67.1	1,156	2,327	1,223	2,327
Value Line Income Fund	6,530	2,366	7.8	2.7	42.4	44.8	49.8	52.5	10,315	5,257	5,363	3,563
Wellington Fund	185,754	173,817	12.5	11.3	25.0	23.5	62.5	65.2	126,148	85,866	126,148	77,704
Whitehall Fund	1,028	962	7.0	6.4	41.9	43.4	51.1	50.4	930	512	254	322
Sub-Total Open-End Bal. Funds	443,891	471,509	8.4	9.0	23.6	21.8	68.0	69.2	452,066	344,550	274,578	198,149
Open-End Stock Funds:												
Aberdeen Fund	1,220	1,085	5.0	4.3	None	None	95.0	95.7	1,311	1,022	1,311	1,022
Affiliated Fund	a75,175	a84,517	a9.3	a9.8	a None	a None	a90.7	a90.2	13,471	11,953	13,471	11,953
Blue Ridge Mutual Fund	1,358	1,159	3.9	3.2	9.9	6.8	86.2	90.0	725	1,014	725	1,014
Bullock Fund	6,141	6,109	8.0	7.6	0.5	None	91.5	92.4	5,186	4,114	5,186	2,345
Chemical Fund	5,763	3,950	2.2	1.6	1.0	1.3	96.8	96.9	12,267	14,456	12,267	14,456
Delaware Fund	3,852	6,259	2.9	4.3	2.8	2.7	94.3	93.0	22,219	24,402	22,061	24,055
de Vegh Mutual Fund	926	359	4.3	2.2	None	None	95.7	98.8	3,905	4,070	3,905	4,070
Dividend Shares	20,864	22,167	6.6	6.8	None	None	93.4	93.2	5,455	8,019	5,455	8,019
Dreyfus Fund	16,950	18,291	4.3	4.1	0.5	0.6	95.2	95.3	51,598	31,506	51,525	31,506
Eaton & Howard Stock Fund	18,557	14,731	9.6	7.4	None	None	90.4	92.6	11,140	11,050	4,216	1,050
Energy Fund	198	766	0.7	2.4	2.8	0.1	96.5	97.5	3,732	3,221	3,732	3,221
Fidelity Fund	3,631	7,717	0.8	2.5	3.7	2.2	95.5	95.3	34,717	36,280	32,719	32,300
Fundamental Investors	20,169	11,505	3.0	1.6	None	None	97.0	98.4	45,384	33,376	45,384	33,376
Group Securities—Com. Stock Fund	6,817	1,576	3.9	0.9	None	None	96.1	99.1	14,295	6,669	14,295	6,669
Guardian Mutual Fund	2,285	1,869	12.4	9.3	1.1	0.9	86.5	88.2	3,152	2,284	3,152	2,284
Incorporated Investors	25,240	13,014	9.5	4.9	None	None	90.5	95.1	12,835	18,017	12,345	4,147
Institutional Investors Mutual Fund	4,320	3,603	4.9	3.8	None	None	95.1	96.2	8,746	3,698	8,746	3,698
Investment Co. of America	40,182	40,061	15.5	12.5	1.7	1.9	82.8	85.6	30,043	25,367	29,206	24,259
Investment Trust of Boston	832	1,331	1.2	1.8	None	None	98.8	98.2	1,397	1,188	1,397	1,187
Lazard Fund	10,957	13,148	10.5	12.2	None	None	89.5	87.8	3,636	8,271	3,636	8,271
Massachusetts Investors Trust	36,004	32,875	2.1	1.9	None	None	97.9	98.1	19,246	18,299	19,246	18,299
Massachusetts Investors Growth Stock	13,370	3,550	2.3	0.6	None	None	97.7	99.4	16,624	16,925	16,624	16,925
National Investors	8,078	4,546	2.5	1.4	None	None	97.5	99.8	15,478	6,486	15,478	6,442
National Securities—Stock	17,314	2,617	8.1	1.2	None	None	91.9	98.8	28,817	14,265	28,817	14,265
One William Street	25,310	23,602	10.1	9.4	1.6	1.6	88.3	89.0	8,740	14,276	8,740	14,276
Pine Street Fund	5,576	3,889	20.7	12.5	4.5	4.8	74.8	82.7	2,886	1,679	2,886	1,679
Pioneer Fund	1,398	1,333	2.5	2.4	11.1	10.7	86.4	86.9	3,547	1,657	3,217	1,393
Price (T. Rowe) Growth Stock	7,806	5,659	7.6	5.0	2.1	1.7	90.3	93.3	6,316	1,285	6,316	1,285
Scudder, Stevens & Clark—Com. Stk.	685	1,622	1.2	2.7	None	None	98.8	97.3	2,238	1,550	2,238	1,550
Selected American Shares	5,526	9,142	4.8	7.5	0.2	None	95.0	92.5	12,090	14,850	12,090	14,659
Sovereign Investors	27	30	0.9	0.7	3.5	3.4	95.6	95.9	82	66	82	66
State Street Investment	12,737	21,608	10.2	9.6	0.6	0.6	89.2	89.8	4,568	4,811	4,037	4,811
Stein Roe & Farnham Stock Fund	1,435	1,981	4.0	5.3	None	None	96.0	94.7	1,254	414	1,254	414
Texas Fund	2,536	3,700	4.3	6.4	0.2	2.4	95.5	93.4	2,001	2,371	2,001	2,371
United Accumulative Fund	41,703	38,393	6.4	5.5	3.3	3.3	90.3	91.2	76,065	63,152	42,437	25,152
United Continental Fund	4,800	6,716	11.8	17.5	2.5	2.5	85.7	80.0	6,803	10,294	851	6,294
United Income Fund	24,165	12,982	6.3	3.1	3.7	4.6	90.0	92.2	50,751	37,813	39,823	14,815
United Science Fund	23,260	14,202	12.7	7.4	None	None	87.3	92.6	24,860	29,055	14,949	9,060
Value Line Special Situations	374	93	2.2	0.5	11.8	12.4	86.0	87.1	1,702	1,769	1,510	1,748
Wall Street Investing	191	187	1.1	1.5	12.9	15.7	86.0	82.8	366	326	126	273
Wisconsin Fund	1,653	731	8.2	3.5	1.3	1.3	90.5	95.2	1,793	880	1,793	880
Sub-Total Open-End Stock Funds	499,385	442,675	6.1	5.1	2.0	1.8	91.9	93.1	501,441	492,200	499,249	375,559
Total Open-End Funds	943,276	914,184	7.3	7.1	12.8	11.8	79.9	81.1	953,507	836,750	773,827	573,708
Closed-End Companies:												
Abacus Fund	982	1,512	2.6	3.0	None	None	97.3	97.0	1,825	2,001	1,825	2,001
Adams Express	4,484	6,155	4.1	6.0	0.5	0.5	95.4	93.5	1,147	2,411	1,147	2,335
American European Securities	2,800	3,003	13.9	14.4	None	None	86.1	85.3	921	1,183	921	1,183
American International	4,020	4,703	8.7	10.4	0.8	0.9	90.5	88.7	1,156	1,830	1,556	1,781
Carriers & General	1,502	1,810	8.1	9.4	1.2	1.1	90.7	89.5	495	834	495	834
Consolidated Investment Trust	1,236	1,238	1.7	1.7	None	None	98.3	98.3	1,342	1,276	708	686
Dominick Fund	2,155	1,734	5.5	4.2	1.6	1.6	92.9	94.2	3,214	2,783	3,214	2,783
General American Investors	4,138	4,617	7.5	7.7	2.0	4.1	90.5	90.2	1,586	1,984	1,586	1,984
General Public Service	12,452	11,900	15.6	14.6	1.6	1.6	82.8	83.8	3,332	3,141	3,332	3,141
Lehman Corp.	21,847	21,431	6.9	6.4	0.7	0.7	92.4	92.9	4,453	3,996	4,453	3,996
Madison Fund	8,633	9,348	5.8	6.1	4.8	0.4	90.4	93.5	17,636	17,800	15,066	15,683
Niagara Share	4,145	3,813	6.0	5.2	0.2	0.2	93.8	94.6	1,855	1,338	1,855	1,338
Overseas Securities	----	----	----	----	13.7	10.3	85.5	89.7	824	956	824	956
Tri-Continental	4,681	2,296	1.0	0.5	8.8	9.1	90.2	90.4	5,153	6,920	5,054	5,951
U. S. & Foreign Securities	9,051	9,011	7.8	7.5	None	None	92.2	92.5	Nil	661	Nil	661
Total Closed-End Companies	82,126	82,571	6.6	6.5	2.4	2.2	91.0	91.3	44,939	49,114	41,636	45,313
Grand Total	1,025,402	996,755	7.0	6.9	9.3	8.6	83.7	84.5	998,446	885,864	815,463	619,021

†Includes corporate short-term notes where so included by reporting fund. a For Jan. 31-April 30 period. b For Feb. 28-May 31 period ‡Cost of purchases. **Proceeds from sale.

—SUMMARY—

LIQUID ASSET CHANGES OF 89 INVESTMENT COMPANIES
June 30, 1963 vs. March 31, 1963

	Plus	Minus	Approx. Unchngd.	Total
OPEN-END COMPANIES: Balanced Funds	18	13	2	33
Stock Funds	14	22	5	41
CLOSED-END COMPANIES	7	4	4	15
Totals	39	39	11	89

PERCENTAGE ALLOCATION OF NET ASSETS
OF 89 INVESTMENT COMPANIES

	Mar. 31, 1963	June 30, 1963
Liquid Assets (Cash, Governments, etc.)	7.0%	6.9%
Defensive Securities (Bonds and Preferreds)	9.3	8.6
Risk Securities (Common Stocks)	83.7	84.5
Totals	100.0%	100.0%

Continued from page 19

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
3(1)	*63,950*	*Amerada Petroleum*	*38,400*	*5(2)*
1	*15,000*	*Atlantic Refining*	*265,000*	*4(4)*
2(1)	*146,500*	*Continental Oil*	*11,100*	*3(1)*
None	*None*	*Home Oil*	*26,100*	*2(1)*
None	*None*	*Hudson Bay Oil & Gas*	*20,000*	*2(1)*
1	*200*	*Phillips Petroleum*	*34,000*	*3(2)*
None	*None*	*Shamrock Oil & Gas*	*20,200*	*2(2)*
None	*None*	*Shell Oil Canada Ltd.*	*10,200*	*3(2)*
3	*1,900*	*Standard Oil of California*	*69,655*	*6(2)*
1	*50,000*	*Sunray D X Oil*	*120,400*	*3(2)*
		Paper and Paper Products		
2(1)	13,000	Champion Paper	13,200	2(1)
3	34,800	Crown Zellerbach	19,500	3(2)
4(2)	195,880	International Paper	38,010	2
4(1)	13,500	Kimberly Clark	18,300	1(1)
2	15,300	Mead Corp.	None	None
2	47,500	St. Regis Paper	None	None
None	*None*	*Fibreboard Paper Products*	*8,300*	*2*
		Public Utilities—Telephone & Telegraph		
7(3)	66,500	American Tel. & Tel.	43,800	2
2	99,200	General Telephone & Electronics	96,200	1
5	108,854	International Tel. & Tel.	None	None
None	*None*	*Western Union*	*9,700*	*3(3)*
		Public Utilities—Electric and Gas		
1	3,000	Arizona Public Service	2,000	1
2	7,700	Baltimore Gas & Electric	1,200	1
1	2,000	Boston Edison	25,000	1(1)
2	16,300	Central Hudson Gas & Electric	20,000	1(1)
6(1)	136,600	Central & Southwest Corp.	143,500	3(2)
2	8,800	Commonwealth Edison	11,200	1
2(1)	27,000	Community Public Service	None	None
5(1)	40,292	Consolidated Edison (N. Y.)	1,625	1(1)
2	1,600	Consumers Power	20,000	1(1)
1	5,000	Detroit Edison	14,600	1
2	77,900	Gulf States Utilities	12,200	1
2	56,200	Illinois Power Co.	15,200	2
2	14,461	Interstate Power	None	None
1	300	Iowa Ill. Gas & Electric	2,000	1(1)
3	30,700	Kansas Gas & Electric	None	None
2	7,195	Long Island Lighting	50,000	1(1)
2	3,900	Louisville Gas & Electric	None	None
2	24,200	N. Y. State Electric & Gas	None	None
2	5,500	Oklahoma Gas & Electric	None	None
1	100	Pacific Lighting	10,000	1
2(2)	11,500	Philadelphia Electric	None	None
2	5,000	Public Service of Colorado	19,000	2
4	36,500	Southern Co.	20,000	3(1)
2	6,000	South Carolina Electric & Gas	None	None
2	30,000	Southern California Edison	90,700	2
1	*2,000*	*Allegheny Power System*	*37,700*	*2(2)*
1	*3,000*	*Florida Power Corp.*	*23,000*	*2*
2	*17,500*	*Florida Power & Light*	*4,600*	*3*
None	*None*	*Texas Utilities*	*9,600*	*2*
None	*None*	*Toledo Edison*	*11,600*	*2*
1	*2,000*	*Virginia Electric & Power*	*24,750*	*2(1)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Printing and Publishing		
2	8,260	Crowell Collier	6,489	1
4(1)	7,250	Harris-Intertype	16,500	1
4(2)	55,500	McGraw Hill Publishing	74,900	2
		Radio, Television and Movies		
8(3)	119,000	Columbia Broadcasting	7,153	2(1)
3(2)	59,100	M C A Inc.	None	None
1	*6,588*	*American Broadcast.-Paramount*	*414,090*	*4(3)*
		Railroads		
3(1)	24,000	Atchison, Topeka & Santa Fe	25,600	2(1)
2	43,000	Northern Pacific	10,000	1(1)
2	148,400	Pennsylvania Railroad	None	None
2	5,400	Seaboard Airline RR.	1,000	1
4(2)	124,700	Southern Pacific	7,000	2
4(1)	32,700	Southern Railway	80,800	4(4)
3(3)	89,300	Union Pacific	None	None
1	*10,000*	*Denver, Rio Grande*	*63,000*	*2(1)*
1(1)	*2,500*	*N. Y., Chicago & St. Louis*	*83,500*	*2(1)*
		Retail Trade		
1	13,000	Allied Stores	11,000	1(1)
1	15,000	Associated Dry Goods	7,150	1(1)
1	9,500	Grand Union	16,026	1
1	5,000	Grant (W. T.) Co.	8,000	1
2(1)	104,000	Great Atlantic & Pacific Tea	67,500	1
2(1)	11,500	Montgomery Ward	2,000	1
1	4,500	Stop & Shop	31,827	1
2	4,000	Woolworth & Co.	56,200	1(1)
1	*25,000*	*Gimbel Bros.*	*40,000*	*2(1)*
1	*24,600*	*Macy (R. H.)*	*36,300*	*2(1)*
None	*None*	*Penney (J. C.) Co.*	*22,200*	*3(1)*
2(1)	*12,000*	*Sears Roebuck*	*10,600*	*3*
None	*None*	*Spiegel*	*13,700*	*2*
		Rubber and Tire		
3	26,100	Firestone Tire & Rubber	15,000	1
5(3)	72,500	Goodrich, B. F.	13,100	1
4	39,100	Goodyear Tire & Rubber	87,500	3(3)
3(3)	44,600	U. S. Rubber	None	None
		Steel and Iron		
2	5,000	Allegheny Ludlum Steel	None	None
2	20,700	Armco Steel	2,500	1(1)
1	2,000	Bethlehem Steel	11,900	1
4(2)	21,000	Inland Steel	800	1
2(1)	9,000	Jones & Laughlin Steel	10,000	1(1)
2	13,000	McLouth Steel	None	None
3(1)	34,300	U. S. Steel	2,000	1
5(2)	48,200	Youngstown Sheet & Tube	13,000	1
3	*67,400*	*National Steel*	*40,900*	*4(1)*
2	*7,000*	*Republic Steel*	*126,800*	*3(3)*
		Textile and Rayon		
2(2)	63,000	American Enka	None	None
5(4)	45,700	American Viscose	5,000	1(1)
4	76,800	Burlington Industries	13,500	3
2(1)	25,200	Celanese Corp. of America	10,000	1(1)
1	4,000	Simplicity Pattern	65,000	1(1)
1	16,200	Stevens, J. P.	1,500	1
None	*None*	*United Merchants & Mfrs.*	*58,900*	*2(2)*
		Tobacco		
2(1)	17,700	Lorillard (P.) Co.	None	None
4(1)	41,800	Philip Morris Inc.	5,800	1
5(1)	73,600	Reynolds Tobacco	25,900	3(1)
None	*None*	*American Tobacco*	*32,000*	*2(1)*
		Miscellaneous		
4	22,000	Automatic Retailers	15,600	1(1)
3(2)	19,500	Becton Dickinson & Co.	None	None
2	3,000	Carborundum Co.	None	None
4(1)	95,200	Colgate Palmolive	None	None
2	6,050	Gevaert Photo	None	None
1(1)	8,500	Internatl. Flavors & Fragrances	3,000	1(1)
2(1)	22,700	Lily-Tulip Cup	None	None
4(1)	29,000	Minnesota Mining & Mfg.	11,500	2
5(1)	20,400	Polaroid Corp.	13,500	4(3)
1	12,300	Philadelphia & Reading	55,100	1
2	15,840	Roadway Express	None	None
3	13,500	Unilever, N. V.	2,500	1
2(2)	105,000	Whirlpool Corp.	3,000	1
1(1)	*19,000*	*General Cable Corp.*	*58,331*	*3(1)*
None	*None*	*North American Car*	*138,000*	*2(2)*

The foregoing tabulation also includes transactions by 11 investment companies (under 7 additional managements) in addition to those shown in our tabulation "Balance Between Cash and Investments."

Purchases and sales by Affiliated Fund included above and in our article are for the April quarter 1963; those of American Business Shares, Fidelity Capital Fund, and Wellington are for the May 1963 quarter.

Fund Managers Bullish Despite Milder Market

Continued from page 20

mental (34,300); and Investment Co. of America (20,000), making new commitments.

Cosmetics Show Continued Interest

The popularity of cosmetic issues continued to show a fair amount of interest during the June quarter. Investment Co. of America newly bought 19,000 shares of Beauty Counselors. One transaction in Alberto-Culver was also indicated. The issue was newly bought by General Investors Trust (2,000). Gillette continued to experience heavy selling pressure, and was the most widely sold issue during the June quarter. This may be due to the fact that a competitive blade to meet recent innovations in shaving has yet to be introduced. Dreyfus was a heavy seller to the tune of 57,900 shares. Gillette was completely eliminated by Federal Street (4,800); Massachusetts Life (9,000) and Eaton Howard (32,600).

* * *

INDUSTRIES MEETING MIXED REACTION

Banks Turn Mixed

Bank stocks were bought to a lesser extent than was the case during the March quarter. Greater selectivity was experienced as over-all a mixed picture was presented. Good buying was indicated in Bank of America; First National City (N. Y.); and Wells Fargo; selling pressure was registered in Chemical Bank New York Trust; First National Bank of Boston; and Manufacturers Hanover Trust. This group may have been adversely influenced by the Supreme Court ruling that the government could block bank mergers under the Clayton Anti-trust Act.

Containers Not Robust

Only two issues apeared in our analysis during the June quarter. Continental was best bought by National Securities (45,000); while American, was being eliminated by Fundamental Investors (50,000); Loomis-Sayles (10,000); and Fidelity (9,600).

Food Products Present Mixed Picture

Once again an over-all mixed performance was indicated in this glamorless group. However, the meat packers, were better bought issues. In the case of Armour, *a unanimous favorite*, both Overseas Securities (1,000); and Mutual Investors (4,000) made new commitments. Dreyfus bought (10,000); and Eaton Howard (6,000). Another bright spot was the attention devoted to American Sugar. This issue was newly acquired by United Income (45,900).

Office Equipments Meet Mixed Reaction

This group presented a mixed showing during the June quarter, after being bought in the March period. IBM continued to attract good buying; while National Cash Register was a selling target. Control Data, a new face, met with fairly good buying; the issue was newly acquired by T-V Electronics (8,000) and also bought by MIT Growth (8,500).

Retailers Mixed

This group continued to display the mixed reaction exhibited during our previous survey. Best bought issue was Great Atlantic & Pacific Tea. Considerable selling was indicated in department store issues and included Gimbel's, Macy's and J. C. Penney Co.

* * *

TRANSACTIONS IN THE DISFAVORED GROUPS

Natural Gas Sold

This sector was the only one experiencing a sold position. Although no selling stampede was indicated, issues in the group did have a selling on balance outcome. Leading the selling parade were Arkansas Louisiana Gas and Southern Natural Gas.

* * *

MISCELLANEOUS ISSUES

Among the companies which it is inappropriate to categorize industry-wise, better buying was experienced in Colgate-Palmolive, Minnesota Mining, and Polaroid. A new commitment in Lily-Tulip Cup was made by Dreyfus (18,100).

* * *

INTEREST IN FOREIGN ISSUES ABATED IN JUNE QUARTER

Interest in foreign issues during the June quarter was primarily confined to gold shares. This was particularly evident in the good buying experienced in the following issues: American South African Investment; Dome Mines Ltd.; Free State Geduld Mines; Giant Yellowknife Mines Ltd. and Western Holdings Ltd.

EUROFUND, the closed-end investment company limited by its charter to European securities or cash, issued the following tabulations of interest *(as of June 30, 1963)*.

TEN LARGEST HOLDINGS BASED ON MARKET VALUE

(1) R.W.E.
(2) Siemens & Halske
(3) A.E.G.
(4) Farben-Bayer
(5) Philips'
(6) Zwanenberg-Organon
(7) Neckerman
(8) Hoechst
(9) Ciments Lafarge
(10) Royal Dutch

DISTRIBUTION OF FOREIGN INVESTMENTS

Country	Percentage 6-30	Percentage 3-31
Belgium	8.3	8.0
France	15.1	21.2
Germany	24.5	19.8
Italy	18.8	20.1
Netherlands	17.1	15.9
Spain	4.4	4.7
Switzerland	0.6	0.6
United Kingdom	11.2	9.7

* * *

FOREIGN ISSUES TAX PROPOSAL

Of significant interest to those investing in foreign securities was the Administration's proposal in July to impose a tax on American purchases of foreign securities as part of a program designed to help reduce the balance of payments deficit and the resulting continuous gold loss.

Originally, the plan called for a levy of 15% on most foreign stock investments and imposts ranging between 2¾ and 15% on debt securities in other transactions during the period up to the end of 1965. Announcement of this proposal came as a shock to the investment and economics community, particularly as it indicated a sharp reversal of our policy of not interfering with the free flow of capital and also posed a threat to trade relations with other nations. Following a protest by Canada, Administration officials quickly announced that under the proposal, which still must be approved by Congress, certain new issues of Canadian securities would be exempt from the tax It is not unlikely, too, that some form of exemption will also be accorded to Japan. Because of exemptions already granted, and others in prospect, and the true implications of such a "capital levy," it is a matter of conjecture as to how the proposal itself will fare in Congress.

Kelly & Cohen Stock Offered

Public offering of 90,000 common shares of Kelly & Cohen, Inc., at \$2.75 per share is being made by Amsbary, Allen & Morton, Inc., Pittsburgh. Net proceeds, together with other funds, will be used to finance customers' sales contracts, rather than assign them to banks or factors. The proceeds will also be used for expansion, working capital and other corporate purposes.

The company, headquartered at Monroeville, Pa., is engaged in the retail sale at discount prices, of major household appliances, television sets, stereos, high fidelity sets and related products.

Joins McDonnell

Allen I. Keller has joined McDonnell & Co., Inc., members of the New York Stock Exchange and other leading exchanges, it has been announced by Frank V. Deegan, Vice-President.

Mr. Keller, formerly manager of the J. R. Williston & Beane Fifth Avenue office, will be associated with McDonnell & Co.'s 250 Park Avenue office, where he will devote full time to the development of institutional and retail business.

Second Largest Revenue Bond Offering in Washington State Completed

One of the largest revenue bond refunding offerings in the country and the second largest issue ever sold in the State of Washington was completed with payment by representatives of a nationwide underwriting group to the Commissioners of Public Utility District No. 2 of Grant County, for \$197,000,000 of Wanapum Hydroelectric Refunding Revenue Bonds, Series of 1963.

Shown above at the ceremonies held at Chemical Bank New York Trust Company marking the closing of the transaction is Paul Neihart (seated) third from left, Commissioner of Grant County P. U. D. No. 2, receiving check for \$202,706,699.70, representing \$197,000,000 principal amount, \$3,201,250 premium and \$2,505,499.70 accrued interest, from Chester W. Laing (standing), President, John Nuveen & Co. (Inc.) the senior managing underwriter.

Seated with Mr. Neihart (from left to right) are: Treasurer Ross Freer, Commissioner D. T. Martin and Auditor Edward Douglass, all of District No. 2.

Looking on the transaction (left to right) are: J. David Everard, Vice-President, and Jackson E. Cagle, general counsel, of John Nuveen & Co. (Inc.); Bernard J. Van Ingen, Jr., President, B. J. Van Ingen & Co. Inc., one of the managing underwriters, and LeRoy Love, bond counsel for District No. 2.

The nationwide syndicate of 463 members was jointly managed by John Nuveen & Co. (Inc.), B. J. Van Ingen & Co. Inc., Blyth & Co., Inc., Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and A. C. Allyn & Co.

The Comptroller of the Currency has approved this issue for national bank investment and the bonds have been purchased by many banks, insurance companies, trust companies and individuals throughout the nation, as well as one tax-exempt bond fund.

The bonds were offered to the public on July 30 to finance the refunding of currently outstanding Grant County Wanapum Hydroelectric 4%, 4¼%, 4.40% and 4⅞% revenue bonds initially sold in 1959 in the aggregate of \$195,000,000 to provide funds for the construction of the Wanapum Dam and its 831,250 kilowatt hydroelectric generating plant on the Columbia River in Washington. The refunding program will effect approximately \$46,000,000 reduction in the cost of electrical output from Wanapum over the next 45 years.

Wanapum has been under construction for about four years and is now 98% completed. Initial generation is expected in September and full commercial operation by January 1964.

Phila. Bond Club Outing Committees

PHILADELPHIA, Pa. — Theodore E. Eckfeldt of Stroud & Company, Incorporated, President of The Bond Club of Philadelphia, has announced the appointment of various committees for the Annual Outing and Field Day of the Club, which will be held on Friday, Sept. 27, at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Richard W. Hole of R. W. Pressprich & Co., was appointed Field Day Chairman. Harry K. Hiestand of Reynolds & Co., and John B. Richter of Butcher & Sherrerd were named General Chairmen.

The Arrangements Committee is headed by Leonard S. Bailey of G. H. Walker & Co. as Chairman. Other members of the committee are: John W. Wurtz of G. H. Walker & Co.; William T. Poole of Poole & Co. and Peyton R. Biddle of The Philadelphia National Bank.

The Attendance Committee consists of Edward B. Stokes of Elkins, Morris, Stokes & Co., as Chairman; John T. Blair of Eastman Dillon, Union Securities & Co.; William G. Berlinger, Jr., of Elkins, Morris, Stokes & Co.; Robert L. Whittaker of Robert L. Whittaker & Co.; A. William Battin of Stone & Webster Securities Corporation and Newlin F. Davis of Blair & Co., Incorporated.

Harry K. Hiestand is Chairman of the Entertainment Committee. The Golf Committee consists of Eugene Arnold, Jr. of Robinson & Co., Inc., as Chairman; Donald M. McLean of The First Boston Corporation and W. Marshall Schmidt of Hornblower & Weeks. J. Richard Ranch of Kidder, Peabody & Co. heads the Minor Sports Committee as Chairman, with Floyd E. Justice of Kidder, Peabody & Co.; James H. Potter of Van Alstine, Noel & Co. and William Z. Suplee of Suplee, Yeatman, Mosley Co., Incorporated as members.

Clifford C. Collings, Jr. of C. C. Collings and Company, Inc. was named to head the Publicity Committee.

The Stock Exchange Committee consists of E. Coit Williamson of Schmidt, Roberts & Parke as Chairman; Edgar A. Christian of Suplee, Yeatman, Mosley Co., Incorporated; Wallace H. Runyon of Hemphill, Noyes & Co.; Edward J. Phillips of Elkins, Morris, Stokes & Co.; William T. Poole; James J. McAtee of Butcher & Sherrerd; Joseph E. Smith of Newburger & Company; Charles L. Wallingford of Janney, Battles & E. W. Clark, Inc.; Harold F. Carter of Hornblower & Weeks; Harry H. Fahrig, Jr. of Reynolds & Co. and Clifford G. Remington of Hess, Grant & Remington, Incorporated.

Robert T. Arnold of White, Weld & Co. is Chairman of the Tennis Committee with Clifford C. Collings, Jr. and John P. McCoy as members. Richard O. Smith of Stroud & Company, Incorporated is Chairman of the Trophy Committee and John R. Woolford of American Securities Corporation, Chairman of the Trap Shooting Committee.

Mr. McCoy is associated with Wright, Wood & Co.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Aug. 3	1,782,000	1,856,000	2,045,000	1,578,000
Index of production based on average weekly production for 1957-1959	Aug. 3	95.7	95.7	109.8	84.7
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this date late in 1960	Aug. 3	0.581	0.605	0.665	54.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 26	7,648,860	7,644,410	7,507,660	7,248,610
Crude runs to stills—daily average (bbls.)	July 26	8,736,000	8,744,000	8,755,000	8,451,000
Gasoline output (bbls.)	July 26	30,815,000	31,279,000	31,251,000	30,943,000
Kerosene output (bbls.)	July 26	3,006,000	3,069,000	2,955,000	2,872,000
Distillate fuel oil output (bbls.)	July 26	13,227,000	*14,227,000	14,097,000	14,027,000
Residual fuel oil output (bbls.)	July 26	4,598,000	5,256,000	4,939,000	5,377,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	July 26	189,551,000	191,468,000	193,483,000	183,537,000
Kerosene (bbls.) at	July 26	34,173,000	33,130,000	30,878,000	31,952,000
Distillate fuel oil (bbls.) at	July 26	138,955,000	133,308,000	117,697,000	135,082,000
Residual fuel oil (bbls.) at	July 26	50,419,000	49,580,000	45,955,000	49,916,000
Unfinished oils (bbls.) at	July 26	89,524,000	89,562,000	89,740,000	85,258,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 27	600,850	587,693	601,879	567,131
Revenue freight received from connections (no. of cars)	July 27	501,904	450,235	509,014	475,981
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 27	9,485,000	8,920,000	9,595,000	8,153,000
Pennsylvania anthracite (tons)	July 27	404,000	353,000	482,000	298,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Aug. 1	$701,500	$547,200	$623,000	$469,200
Private	Aug. 1	455,000	312,500	447,300	288,300
Public	Aug. 1	246,500	234,700	175,700	180,900
State and Municipal	Aug. 1	234,900	222,600	154,900	162,400
Federal	Aug. 1	11,600	12,100	20,800	18,500
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	July 27	98	98	102	95
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 3	18,607,000	18,771,000	17,076,000	16,565,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 1	238	272	228	310
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 29	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	July 29	$63.33	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	July 29	$25.83	$25.50	$25.17	$27.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 2	30.600c	30.600c	30.600c	30.600c
Export refinery at	Aug. 2	28.425c	28.375c	28.400c	28.525c
Lead (New York) at	Aug. 2	11.250c	11.250c	11.000c	9.500c
Lead (St. Louis) at	Aug. 2	11.050c	11.050c	10.800c	9.300c
‡Zinc (delivered at)	Aug. 2	12.500c	12.500c	12.500c	12.000c
Zinc (East St. Louis) at	Aug. 2	13.000c	12.000c	12.000c	11.500c
Aluminum (primary pig, 99.5%) at	Aug. 2	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Aug. 2	114.375c	113.875c	116.500c	109.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 6	89.28	89.22	88.72	88.06
Average corporate	Aug. 6	88.81	88.81	89.09	86.78
Aaa	Aug. 6	91.77	91.77	92.79	90.63
Aa	Aug. 6	90.20	90.34	90.63	88.81
A	Aug. 6	89.09	89.23	89.37	86.65
Baa	Aug. 6	84.43	84.30	84.17	81.29
Railroad Group	Aug. 6	86.91	87.18	87.18	83.40
Public Utilities Group	Aug. 6	89.92	89.92	90.20	88.81
Industrials Group	Aug. 6	89.51	89.51	90.06	88.27
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 6	3.89	3.91	3.97	3.93
Average corporate	Aug. 6	4.50	4.50	4.48	4.65
Aaa	Aug. 6	4.29	4.29	4.22	4.37
Aa	Aug. 6	4.40	4.39	4.37	4.50
A	Aug. 6	4.48	4.47	4.46	4.66
Baa	Aug. 6	4.83	4.84	4.85	5.08
Railroad Group	Aug. 6	4.64	4.62	4.62	4.91
Public Utilities Group	Aug. 6	4.42	4.42	4.40	4.50
Industrials Group	Aug. 6	4.45	4.45	4.41	4.54
MOODY'S COMMODITY INDEX	Aug. 6	364.1	365.3	374.8	372.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 27	382,870	343,429	342,491	326,215
Production (tons)	July 27	368,518	345,301	374,787	354,555
Percentage of activity	July 27	97	92	99	95
Unfilled orders (tons) at end of period	July 27	572,414	553,879	471,991	496,276
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Aug. 2	100.32	*99.33	96.32	98.54
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	July 12	2,421,330	1,913,450	3,039,100	3,493,590
Short sales	July 12	567,680	462,880	605,970	1,246,930
Other sales	July 12	1,894,380	1,548,600	2,304,310	2,506,860
Total sales	July 12	2,462,060	2,011,480	2,910,280	3,753,790
Other transactions initiated off the floor—					
Total purchases	July 12	446,190	256,580	662,400	653,100
Short sales	July 12	83,700	44,400	82,200	177,300
Other sales	July 12	410,440	228,130	606,250	431,510
Total sales	July 12	494,140	272,530	688,450	608,810
Other transactions initiated on the floor—					
Total purchases	July 12	907,535	701,753	1,260,850	1,068,890
Short sales	July 12	176,920	135,240	193,220	262,715
Other sales	July 12	937,724	695,485	1,139,390	1,119,905
Total sales	July 12	1,114,644	830,725	1,332,610	1,382,620
Total round-lot transactions for account of members—					
Total purchases	July 12	3,775,055	2,871,783	4,962,350	5,215,580
Short sales	July 12	828,300	642,520	881,390	1,686,945
Other sales	July 12	3,242,544	2,472,215	4,049,950	4,058,275
Total sales	July 12	4,070,844	3,114,735	4,931,340	5,745,220
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	July 12	1,352,211	1,044,385	1,531,279	2,198,971
Dollar value	July 12	$70,143,574	$57,284,033	$74,392,194	$109,937,267
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	July 12	1,583,611	1,135,508	1,913,936	1,547,069
Customers' short sales	July 12	18,915	15,962	8,676	77,515
Customers' other sales	July 12	1,564,696	1,119,546	1,905,260	1,469,554
Dollar value	July 12	$76,568,649	$56,573,370	$88,818,630	$81,739,999
Round-lot sales by dealers—					
Number of shares—Total sales	July 12	584,260	379,960	781,500	320,340
Short sales	July 12	------	------	------	------
Other sales	July 12	584,260	379,960	781,500	320,340
Round-lot purchases by dealers—Number of shares	July 12	337,870	296,250	369,710	996,050
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	July 12	1,045,820	797,190	1,057,130	2,502,280
Other sales	July 12	17,966,890	13,369,730	22,446,620	21,425,420
Total sales	July 12	19,012,710	14,166,920	23,503,750	23,927,700
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	July 30	100.3	100.5	100.2	100.4
Farm products	July 30	96.8	97.3	96.0	96.7
Processed foods	July 30	101.4	102.4	101.1	101.5
Meats	July 30	94.3	95.9	92.6	100.1
All commodities other than farm and foods	July 30	100.6	100.6	100.6	100.7

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

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE—			
Steel ingots and steel for castings produced (net tons) Month of June	10,355,000	11,489,524	6,691,785
Shipments of steel products (net tons)—Month of June	7,375,168	8,060,874	5,359,570
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of May	15,739	15,257	15,363
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (Millions of dollars):			
Manufacturing	$58,440	*$58,110	$56,800
Wholesale	13,990	*14,100	13,780
Retail	27,590	*27,640	26,940
Total	$100,020	*$99,860	$97,520
CASH DIVIDENDS — PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE—Month of June (000's omitted)	$2,321,100	$409,700	$2,086,200
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1957-59 Average=100—Month of July:			
Adjusted for seasonal variation	120	120	114
Without seasonal adjustment	101	*113	96
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of May (000s omitted)	65,878,510	65,713,025	62,016,678
Revenue from ultimate customers—Month of May	$1,082,750	$1,081,468	$1,035,134
Number of ultimate customers at May 31	61,760,263	61,618,821	60,449,588
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of June:			
All manufacturing (production workers)	12,537,000	12,424,000	12,516,000
Durable goods	7,101,000	7,050,000	7,025,000
Nondurable goods	5,436,000	5,374,000	5,491,000
Payroll indexes (1957-59 average=100)—All manufacturing	119.1	*116.8	115.1
Estimated number of employees in manufacturing industries—			
All manufacturing	16,964,000	16,813,000	16,870,000
Durable goods	9,668,000	9,595,000	9,547,000
Nondurable goods	7,296,000	7,218,000	7,323,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of April:			
Death benefits	$367,100,000	$391,700,000	$300,400,000
Matured endowments	67,300,000	72,200,000	57,600,000
Disability payments	12,600,000	13,100,000	11,600,000
Annuity payments	73,300,000	73,500,000	66,700,000
Surrender values	155,000,000	154,900,000	141,500,000
Policy dividends	159,100,000	179,600,000	136,300,000
Total	$834,400,000	$885,000,000	$714,100,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of May (000,000 omitted):			
Ordinary	$5,531	*$5,329	$4,857
Industrial	639	*632	*630
Group	1,382	*1,814	*1,342
Total	$7,552	*$7,775	*$6,829
MANUFACTURERS' INVENTORIES & SALES— Month of May (millions of dollars):			
Inventories—			
Durables	$33,470	*$33,110	$32,580
Nondurables	24,970	*25,000	24,230
Total	$58,440	*$58,110	$56,810
Sales	34,870	*34,910	$33,500
METAL PRICES (E. & M. J. QUOTATIONS)— July:			
Copper—			
Domestic refinery (per pound)	30.600c	30.600c	30.600c
Export refinery (per pound)	28.397c	28.396c	28.538c
††London, prompt (per long ton)	£234.136	£234.158	£234.125
††Three months, London (per long ton)	£235.082	£234.125	£230.813
Lead—			
Common, New York (per pound)	11.068c	10.713c	9.500c
Common, East St. Louis (per pound)	10.868c	10.513c	9.300c
††London, prompt (per long ton)	£65.122	£64.977	£53.807
††Three months, London (per long ton)	£64.668	£64.832	£54.588
Zinc—			
East St. Louis (per pound)	12.025c	11.500c	11.500c
§§Prime Western, delivered (per pound)	12.525c	12.000c	12.000c
††London, prompt (per long ton)	£74.340	£75.934	£66.105
††London, three months (per long ton)	£73.943	£75.849	£67.028
Silver and Sterling Exchange—			
Silver, New York (per ounce)	128.991c	127.685c	103.548c
Silver, London (per ounce)	111.038d	109.855d	87.540d
Sterling Exchange (check)	$2.80078	$2.80020	$2.80658
Tin, New York Straits	115.426c	117.806c	111.476c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$182.000	$182.500	$192.000
Antimony—			
¶New York, boxed (per pound)	36.250c	36.250c	36.250c
Laredo, bulk (per pound)	32.500c	32.500c	32.500c
Laredo, boxed (per pound)	33.000c	33.000c	33.000c
Platinum, refined (per pound)	$77.000	$77.000	$82.000
Cadmium (per pound) delivered ton lots	$2.35000	$2.35000	$1.75000
(Per pound) small lots	$2.40000	$2.40000	$1.80000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.50000
Aluminum—			
99% grade ingot weighted average (per lb.)	22.500c	22.500c	24.000c
99% primary pig export	22.500c	22.500c	22.500c
**Nickel	79.000c	79.000c	79.000c
Bismuth (per pound)	$2.25	$2.25	$2.25

*Revised figure. ¶Domestic five tons or more but less than carload lots boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **Port Colburn, U. S. duty included ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

	Latest Month	Previous Month	Year Ago
MONEY IN CIRCULATION—TREASURY DEPT. As of May (000's omitted)	$35,100,000	$34,600,000	$33,500,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914 100—As of June 15:			
All farm products	241	240	239
Crops	244	246	234
Commercial vegetables, fresh	244	242	234
Cotton	277	275	283
Feed, grain and hay	169	162	157
Food grains	215	233	230
Fruit	317	327	303
Oil-bearing crops	258	258	253
Potatoes	153	156	204
Tobacco	500	500	543
Livestock	239	235	242
Dairy products	232	234	231
Meat animals	294	286	304
Poultry and eggs	133	134	128
Wool	272	272	261
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of May (000's omitted):			
Exports	$2,162,600	$2,057,300	$1,971,400
Imports	1,461,500	1,461,300	1,452,100

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Utilities & Industries Corporation

Utilities & Industries Corp. is the former New York Water Service Corp. the name having been changed about three years ago in order to indicate the more diversified nature of the company's activities. New York Water Service, whose corporate history dated back to 1888, had owned a number of large water systems serving major urban and suburban sections in New York State. However, some of these properties were taken in condemnation by municipalities or public agencies, the awards realized approximating twice the book values for regulatory purposes.

The important funds thus realized have been employed temporarily in various marketable securities and used to acquire interests representing very wide diversification. The company's "Funds" totaled over $41 million at June 30, 1963 compared with about $31 million cost, and included (in millions):

Gov't and municipal bonds	$1.1
Special limited term commitments	8.4
Utilities & Industries shs. held by subsidiaries	*9.3
Special commitments, including financing and closely-held companies	15.3
Marketable Securities	7.2
Total	$41.3

*Available for acquisition of new interests by exchange.

President Rosenthal at a recent talk before the New York Society of Security Analysts, described the management of the Funds as follows: "Broadly, this capital has been, is being, and will continue to be employed in acquisitions of enterprise interests (majority minority and total or 100%); in special financing of both publicly- and/or closely-held companies; and in joint ventures with others. . . . At such times as our Funds are not fully employed in Special Commitments in the preceding categories, we use them on a temporary basis in marketable securities with the purpose of: securing as satisfactory an after-tax income as possible; or producing an after-tax capital increment of significance, in liquidating or arbitrage situations or equivalent; or seeking situations of an undervalued nature with, we believe, significant, intermediate - term appreciation possibilities. I emphasize that this temporary use of our Funds is a secondary, although, obviously, none the less important, aspect of our activities."

The company continues to operate its remaining water properties, which have a book value (depreciated original cost) for rate base purposes of about $12.2 million. The eventual sale of these properties is expected to yield considerably more than book value however. The company serves Woodhaven, Glen Cove and Merrick in Long Island, and areas in and around Haverstraw and Clyde.

In January, 1963, the City Council of Glen Cove approved a bond issue to finance acquisition of the property in that city. But the company contends that the amount offered is too low and the matter is being heard by a Condemnation Commission appointed by the Supreme Court of Nassau County. A report to the Nassau County Board of Supervisors by the consulting engineering firm of Greeley & Hansen, released in mid-June, recommended that Nassau County acquire the properties of shareholder - owned water companies, including the Merrick - Massapequa properties of U & I Corp. The North Rockland County Water Agency, appointed in 1961 to study the feasibility of forming a water district with power and authority to acquire the company's Haverstraw - Stony Point properties, is considering an engineering report by Boswell Engineering Associates with respect to possible acquisition of these properties by the District. Regarding the Woodhaven property, New York City's current capital budget includes an appropriation for a study of its possible acquisition by the Department of Water Supply, Gas and Electricity. There have been no important developments recently regarding public acquisition of the Clyde plant.

The company is not opposed to condemnation of its water properties, when awards, in accord with fair value, can be obtained, because of the unfavorable regulatory climate in the State of New York. The New York State Public Service Commission has refused to grant rate increases adequate to provide a fair return on the properties. The company's annual report to stockholders stated "the pattern of regulatory treatment accorded the corporation's water utility operations continues to be inequitable to the investor interest and, we believe, antithetical to the consumer interest in the long run."

The company had a good year in 1962. Weather conditions resulted in greater demand for water so that revenues from this source increased 12% over 1961. With better cost controls utility operating income (before taxes) jumped 27%. Gross ordinary income from the use of Funds gained 26%, and non-utility ordinary income after applicable taxes and expenses was up 16%. Thus, consolidated earnings for 1962 set a new all-time high in the company's 75-year corporate history. Dividend payments (including the value of a 3½% stock dividend paid last December) were 14% over 1961.

In the year 1962 ordinary income totaled 97 cents a share, of which 55 cents was derived from dividend, interest, and other income from funds, after applicable expenses and taxes; and 42 cents from utility operations, after expenses and taxes. Realized profits on fund commitments sold or liquidated (after applicable taxes) were equal to 46 cents a share. All per share figures are based on 1,323,426 net shares of common stock outstanding, excluding the 537,854 shares of U & I Corp. stock which are owned by subsidiaries. Incidentally, these shares were purchased over a period of years at a total cost of about $5.2 million and their indicated value at the end of 1962 was $8.1 million.

U & I's consolidated ordinary net income for the first half of 1963 equaled 43 cents per share, *exclusive* of realized increments to its Funds, which compared with all-time record earnings of 44 cents per share reported for the first half of 1962. It should be noted that the 1962 June quarter was marked by weather conditions which were extraordinarily favorable to high water consumption and revenues. Realized increments to Funds, credited directly to a reserved surplus account by U & I, amounted to 24 cents per share in the current six-month period.

Proposed new rates were filed by U & I in March calculated to increase revenues by $275,000 annually for its Merrick-Massapequa property and in May involving $30,000 for its Clyde property. Hearings on these rate increase applications have been going on before the New York State Public Service Commission intermittently since April 25.

The company has shown excellent long term growth. The company's share earnings increased from 9 cents in 1948 to 56 cents in 1959, 65 cents in 1960, 76 cents in 1961, and 97 cents in 1962. Dividends also increased steadily, from 30 cents in 1959 to 72 cents in 1962. Net asset value per share has increased about 44% during the three years ending 1962.

The management has obviously done an outstanding job of utilizing the proceeds of disposition of water properties. Total realized and unrealized gains before applicable taxes as of June 30, 1963 amounted to $13,745,000; and including the indicated gain on the company's own shares this would increase to nearly $18 million. Net asset value per share as of recent date approximated $22 before provision for taxes on unrealized gains, which figure was more than 13 times the net asset value in 1948, and nearly two-and-a-half times that of 1956. This was after adjustment for the 8-for-1 stock split in 1950, a 5-for-1 split in 1958 and stock dividends of 2% each in 1960 and 1961 and 3½% in 1962.

In the last year or so, the company has announced special commitments in Head Ski Company; St. Thomas Tramway Corporation, which is constructing an aerial cable car tramway facility and restaurant-shop complex in St. Thomas, Virgin Islands; Chemtec Services, Inc., which provides specialized cleaning and production facility maintenance services to the oil refining and chemical industries, to missile site construction and maintenance contractors, and to other customers in various sections of the United States and abroad; Kingsboro Mortgage Corporation, a leading Eastern, short-term realty finance company; Travel Management Corporation, a federated group of travel agencies with East and West Coast and Middle Western operations; and in a joint venture which is building a $15 million apartment house structure known as Mayfair Towers on West Seventy-second St., overlooking Central Park, expected to be ready for occupancy in the fall of 1964.

Mr. Rosenthal advised the analysts that over the past years U & I had made special commitments in more than thirty industries, and had a number of other acquisitions, ventures, and special financing commitments under consideration or negotiation. He also told them that U & I's individual commitments normally ranged from $300,000 to $5,000,000 in each situation in which U & I acquired an interest.

The stock has been quoted recently Over-the-Counter around 17, the range during 1961-63 approximating 23-13.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The effects of the higher short-term rates as well as the other measures which are expected to be put in operation soon in order to aid our balance of payments problem have not been too earth shaking up to now, especially as far as the long-term area or the capital market is concerned. The various sectors of the Government market appear to have been pretty well adjusted to the upward trend in short-term rates which brought about the increase in the discount rate.

Short-term rates here are competitive with the near-term rates in the other free world money centers so that the outflow of funds from here, according to reports, has evidently been slowed down to a trickle. The refunding and new money operations of the Treasury will most likely stay in the near-term sector so that short-term rates will still be attractive to the readily moveable funds.

Cause of Confusion

The proposed balance of payments tax has not only created a considerable amount of discussion, but it has also created a fairly sizable amount of confusion, especially among the various operators in securities of most kinds. There is no question but what the legislation proposed by President Kennedy to help to eliminate the balance of payments deficit will have temporary adverse effects on certain foreign nations and individuals since it will take time to work out the many ways in which these various proposals will operate. There is, however, no doubt but what the dollar, which is a key currency, will be defended to the utmost.

Our balance of payments problem has reached the point where realistic action had to be taken in an orthodox way so that the dollar will continue to be the key currency which it has been in the past and our gold holdings will not decline in the future to any appreciable extent.

If . . .?

These new efforts to give the balance of payments problem a real battle means that the domestic economy will have to contend with a higher level of interest rates but under the present course of business there should not be any adverse effects unless there is a reversal in this trend. Also, under our present level of taxes, a modest increase in interest rates should not have any appreciable effect on the cost of doing business. There should still be an ample supply of credit available for the financing of commerce, industry and agriculture.

If the higher level of short-term rates should give needed help to the balance of payments problem, and has no great influence on the business pattern, then we will have accomplished much in the defense of the dollar as well as our gold holdings. It should be remembered that a thriving economy without a boom is also a very important force in keeping the readily moveable funds in this country.

Common Stocks Money Investing "Short"

The investment in short-term obligations continues not only to remain heavy but there are also indications that more funds are being put to work in these securities. This does not represent a switch from the longer maturities into the most liquid Treasury issues yet, but more so from other types of investment such as common stocks. It seems as though the higher rates which the commercial banks can pay on time and certificates of deposit has also resulted in the purchases of tax exempt bonds being stepped up.

Long Bonds in Demand

The intermediate and longer term Government securities continue to attract the funds of those investors who are interested in spacing maturities as well as income from the best obligations available in the investment field. It is this large supply of funds which is interested mainly in the most distant Treasury and non-Federal maturities that is keeping capital market rates on the favorable side. Also, rumblings are again being heard about an "advance refunding" operation.

The demand for loans this fall is expected to follow pretty much the usual seasonal pattern in the opinion of most money and capital market specialists. This is taken to mean that the business will continue to move ahead but with no boom.

E.F. Hutton Elects Burns Synd. V.-P.

James F. Burns, III, has been elected a Vice-President of E. F. Hutton & Company, Inc., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange it has been announced by Sylvan C. Coleman, Chairman of the nationwide investment firm.

James F. Burns, III

Mr. Burns, who manages the Syndicate Department, has been with Hutton since 1962, having previously spent 8 years in the investment field.

NEWS ABOUT BANKS AND BANKERS

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

The promotions of Adam C. Heck and Jessee H. Lawrence to Vice-Presidents of the **Chase Manhattan Bank, New York** were announced Aug. 5. Both men are in the Bank Operations Department.

Also made known was the promotion of Donald A. Baldyga to Assistant Vice-President in charge of the costs and standards division of the Bank Operations Dept.

* * *

First National City Bank, New York, and Rotterdamsche Bank N. V., Rotterdam, announced July 31 the conclusion of arrangements whereby the former will acquire through its subsidiary, the International Banking Corporation, a 50% interest in the **Mercantile Bank of Canada, Montreal, Canada.** Until now, the Mercantile Bank has been wholly-owned by **Rotterdamsche Bank** through its subsidiary, **Nationale Handelsbank N.V.** These arrangements are subject to the approval of the Federal Reserve Board.

The Mercantile Bank, as of May 31, 1963, had capital funds of $5,003,000 and total resources of $90,651,000.

* * *

Vincent G. Potter a Vice-President of **Morgan Guaranty Trust Company of New York,** died Aug. 1 at the age of 61.

Mr. Potter began his banking career in 1917 with **Guaranty Trust Company,** the predecessor of Morgan Guaranty.

He later became an Assistant Manager by 1929. He was elected a Vice-President in 1962.

* * *

Edna O. Craig has been elected Secretary of the **Dime Savings Bank of Williamburgh, N. Y.**

* * *

Russell G. Baker was elected a Vice-President of the **State National Bank of Connecticut, Stamford, Conn.** and will head the investment department.

* * *

The **National State Bank of Newark, N. J.** opened its new Lincoln Park Office. Located at 1040 Broad Street, the new Lincoln Park Office replaces the former location at 1005 Broad St.

* * *

The Boardwalk National Bank of Atlantic City, Atlantic City, New Jersey, changed its title to **The Boardwalk National Bank.**

* * *

The title of the **Farmers & Mechanics National Bank of Williamstown, Williamstown, West Virginia,** was changed to **Williamstown National Bank.**

* * *

Anker C. Studsgaard has been elected Vice-President and Controller of the **National City Bank, Cleveland, Ohio.**

* * *

Shareholders of **Continental Illinois National Bank and Trust Company, Chicago, Ill.** on Aug. 5 voted approval of a four-for-one stock split and a stock option plan for key personnel at a special meeting in the Bank's shareholders room.

The split, approved by the Comptroller of the Currency, was accomplished through a simultaneous change in par value of the common stock and a 20% stock dividend.

On a single share basis, the par value was changed from $33⅓ to $10, resulting in an increase from one to three and one-third shares, with the stock dividend producing the additional two-thirds share.

These changes increased the number of outstanding shares from 3,472,500 to 13,890,000. Outstanding capital was increased from $115,750,000 to $138,900,000 with the $23,150,000 increase coming from transfers from the surplus and undivided profits accounts.

Stockholders also approved the stock option plan for key employees, involving a maximum of 510,000 of the new $10 par value shares of authorized but unissued common stock, subject to later adjustments for stock dividends and splits. Purchase price under any option granted would not be less than the fair market value of the shares at the time the option is granted.

The Bank announced that new certificates under the stock split will be mailed to shareholders about Aug. 16.

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The **First Hennepin State Bank, Minneapolis, Minn.** elected James E. Dorsey, Jr., Chairman and President and Ralph V. Hagen Vice-President of **First National Bank of Minneapolis, Minn.**

* * *

The Comptroller of the Currency James J. Saxon on Aug. 1 announced preliminary approval of the application of a group to organize a new National Bank in Minnesota, at Cloquet, with the title **"City National Bank of Cloquet,"** with an initial capitalization of $300,000.

* * *

The Planters National Bank & Trust Company of Rocky Mount, Rocky Mount, N. C. changed its title to **The Planters National Bank and Trust Company.**

* * *

The Comptroller approved on Aug. 1 the conversion of **Johnston County Bank, Smithfield, N. C.,** into a National Banking Association. The Bank will be operated by its present management under the title **"First National Bank of Smithfield."**

The capital structure for the converted Bank remains the same —$236,557.19.

* * *

The Comptroller on July 31 approved the conversion of **North Shore Bank, Miami Beach, Fla.,** into a National Banking Association. The Bank will be operated by its present management under the title **City National Bank of Miami Beach.**

The capital structure for the converted bank remains the same $3,347,494.01.

* * *

The Comptroller of the Currency James J. Saxon on July 31 announced preliminary approval of the application of a group to organize a new National Bank in Clearwater, Fla.

The proposed title is **Third City National Bank in Clearwater, Fla.** Initial capitalization is $400,000.

* * *

The Comptroller of the Currency James J. Saxon on July 31 announced preliminary approval of the application of group to organize a National Bank in Florida, at Clearwater, with the title **Second City National Bank in Clearwater,** with an initial capitalization of $500,000.

* * *

The Comptroller of the Currency James J. Saxon on Aug. 1 announced preliminary approval to organize a National Bank in Huntsville, Ala.

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

* * *

Comptroller of the Currency James J. Saxon on Aug. 1 announced preliminary approval of the application to organize a new National Bank in Texas, at Lubbock, with the title **Security National Bank of Lubbock,** with an initial capitalization of $500,000.

* * *

The Comptroller of the Currency James J. Saxon on July 31 announced preliminary approval of the application of a group to organize a National Bank in Colorado, at Denver, with the title **Western National Bank of Denver,** with an initial capitalization of $510,000.

* * *

The Comptroller of the Currency James J. Saxon on July 22 announced preliminary approval of the application to organize a new National Bank in Colorado.

Colorado—In the City of Englewood, under the title, **Hampden National Bank of Englewood,** with an initial capitalization of $600,000.

* * *

The opening of a representative office in Caracas to facilitate client relationships with Venezuelan banks and corporations was announced Aug. 5 by Bank of America, San Francisco, Calif.

In charge of the new office will be Chester M. Torres.

The new office is located in the Edificio Banco Industrial de Venezuela at University Avenue and Traposos.

* * *

The Crocker - Anglo National Bank, San Francisco, Calif. made Forrest R. Dunlap a Vice-Pres.

* * *

Donald W. Henney, Vice-President and head of **Security First National Bank, Los Angeles, Calif.** central transit division, has retired (effective July 31) after more than 37 years of service with the Bank.

Starting with Security as a clerk, he rose through the ranks, becoming an Assistant Cashier in 1936 and an Assistant Vice-President in 1945. He was named Vice-President in charge of central transit in 1951.

Joseph R. Jones, also retired July 31 to terminate a banking career of more than 46 years—36 of which were spent with Security First National Bank.

Mr. Jones, who has been associated with the Bank's real estate loan division since 1931, retired as Vice-President and Senior Loan Administrator.

He embarked in his banking career as a clerk with the **First National Bank of Alhambra** in 1917. He joined a predecessor Bank of Security in 1927 and was promoted to Vice-President in 1943.

* * *

The **First Western Bank & Trust Co., Los Angeles, Calif.** elected Robert A. Bachle, a Vice-President in the business development, advertising and public relations departments.

* * *

The **Fidelity Bank, Beverly Hills, Calif.** made Eugene Bowmer a Vice-President and Senior Loan Officer.

* * *

The Comptroller of the Currency James J. Saxon announced July 22 that he has given preliminary approval to organize a National Bank in El Segundo, Calif.

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

* * *

The Comptroller of the Currency James J. Saxon July 22 announced preliminary approval of the application to organize a new National Bank in California.

At Anaheim (in the vicinity of Disneyland) under the title, **First National Bank of Anaheim,** with an initial capitalization of $1,000,000.

* * *

The Comptroller of the Currency James J. Saxon on July 31 announced preliminary approval of the application of groups to organize a National Bank in Washington, at Edmonds, with the title, **American National Bank of Edmonds,** with an initial capitalization of $200,000.

* * *

The **First National Bank of Hawaii, Honolulu, Hawaii** elected John D. Bellinger Senior Vice-President and Chairman of the Branch administration division who is succeeded by Hugh R. Pingree as Vice-Pres. and Cashier, Herbert M. Taylor was also elected Vice-President and Secretary.

* * *

The **Royal Bank of Canada** has opened a branch in Freeport, Grand Bahama Island. The branch is the Bank's first on the island and brings to 11 the number of Royal Bank branches in the Bahamas.

* * *

Hollandsche Bank - Unie N.V. Amsterdam is re-opening an office in Quito, Ecuador.

Tokio Marine & Fire Insurance Company Sells Stock

Kenzo Mizusawa (seated right), managing director, The Tokio Marine and Fire Insurance Company, Limited, and Andrew N. Overby, (seated left), Vice-President, The First Boston Corporation, sign agreements for the sale of 400,000 American Depositary Shares of The Tokio Marine and Fire Insurance Company, Limited, which represent 20,000,000 shares of common stock, par value 50 Japanese yen per share. Watching are: Shelby Cullom Davis (standing left), senior partner, Shelby Cullom Davis & Co., and Terumasa Hasebe (standing right), resident managing director, The Nikko Securities Co., Ltd. The American Depositary Shares, which are being offered to the public through a group headed by The First Boston Corporation, The Nikko Securities Co., Ltd. and Shelby Cullom Davis & Co., are priced at $18.25 per share. Tokio Marine, originally incorporated in 1878, is the oldest insurance company in Japan and is Japan's largest insurance company writing marine, fire and casualty and allied lines of insurance.

Davis, Skaggs To Be NYSE Member

SAN FRANCISCO, Calif.—George W. Davis will acquire a membership in the New York Stock Exchange, and Davis, Skaggs & Co., 111 Sutter Street will become an exchange member firm. The firm, established in 1927, is a member of the Pacific Coast Stock Exchange.

Other partners are Richard M. Davis, Robert P. Mann, Reginald Kennedy, Walter F. Schag, Charles C. Clarke, Donald W. Davis, Herbert McCormick, Richard S. Miller, D. Russell Burwell, Arthur F. Haggard, William C. Callender, Richard W. Keegan, Carl A. Muhlmann and John F. Carter.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

THE HOME INSURANCE COMPANY—

The Home Insurance Co. is one of the nation's oldest and largest fire and casualty insurance organizations. Incorporated in 1853, the company is licensed in all states, the District of Columbia, Puerto Rico, Canada, West Indies and American Foreign Insurance Territory. Total premium volume in 1962 was $320.4 million.

The Home Organization, until 1948, operated as a group of affiliated insurance carriers. In that year, ten subsidiaries were merged into the parent company in line with the insurance industry trend at the time of consolidation of affiliates for economy purposes. There are now two subsidiaries—Home Indemnity Co. and Peoples Home Life Insurance Co., Frankfort, Indiana. The latter organization was purchased for cash in 1958, thereby permitting Home to enter the life insurance field and gain the advantages of "all-line" insurance underwriting at an early stage. Virtually all major fire and casualty underwriters have entered the life insurance field by either purchase of an existing company or formation of a new one over the past five years.

Home is primarily regarded as a fire insurance underwriter and ranks with Hatford Fire Insurance Co. as the largest writers of fire insurance in the country. In 1962, fire and extended coverage represented 32.6% of total premium income. Overall property lines accounted for 52.7% of total writings, casualty lines—31.3% and multiple line policies—16.0%. All forms of fire and casualty insurance are underwritten.

The company suffered heavy underwriting losses from 1954 through 1958 in line with the industry problems of inadequate rates, severe competition and heavy storm losses. Due to its relatively low exposure in automobile liability and property damage, 15.9% premiums in 1962, Home has not been as hard hit by the losses in those lines as most other underwriters.

In recent years Home has undergone major organizational and operational changes including cutbacks in unprofitable lines and territories and reduction in the concentration of risks along the eastern seaboard, thereby attaining a better geographical balance of business. The field force has been streamlined and upgraded, several new package policies at reduced competitive rates have been added, and underwriting procedures have been centralized and improved through the installation of data processing equipment.

The results of this program are clearly evident in the improvement in underwriting results which have been experienced over the past four years. Three of the past four years have seen underwriting profits in contrast with the losses incurred in four of the previous five years. The improvement has come about both through reduction in the loss ratio, reflecting the quality of the underwriting, and reduction of the expense ratio, reflecting efficiency of operations. The latter has improved in each of the past five years. Despite the underwriting refinement, growth in premium volume, which was virtually negligible in the 1952-58 period, has accelerated considerably. Premium volume in 1962 was nearly 50% higher than that three years ago.

The past year was an excellent one for the company. Premium volume jumped $50 million or 18.6%, considerably higher than the industry increase, and an underwriting profit was recorded in contrast with the loss of the previous year. Net investment income rose to $4.33 per share from $3.98 in 1961, continuing the long term upward trend. Home has traditionally followed a fairly aggressive common stock policy in its investment program. While the market decline in common stock values experienced in 1962 resulted in a small decline in book value, over the longer term the investment policy has provided a major portion of the expansion of policyholders surplus.

Late in 1962, Home purchased a large part of the insurance business of Springfield Insurance Co. for $18 million. While this business was unprofitable for Springfield, it is expected to be profitable for Home due to its lower expense ratio and the economics to be effected through the consolidation of operations. In addition, former Springfield agents are expected to develop considerable additional volume for Home.

During the first three months of the current year, Home recorded an underwriting loss of 4.1% compared with a loss of 2.9% in the first quarter of 1962. Premium volume was substantially higher through the inclusion of the Springfield business. While worse than those of the previous year, Home's results are believed to have been better than the industry experience overall. An underwriting profit for the year is still a possibility with a substantial increase in net investment income expected.

The common stock of Home Insurance is currently selling at $75¼ bid in the over-the-counter market. At the present price the stock is selling at a discount of 25% from its estimated liquidating value as of March 31, and provides a yield of 3.3% on its $2.40 annual dividend. The dividend has been increased twice in recent years, reflecting the improvement in operating results.

SELECTED STATISTICS

	Admitted Assets	Premiums Written	Policyhldrs' Surplus	Underwriting Results — Loss Ratio	Expense Ratio	Profit Margin
	(Millions)					
1958	$575.0	$230.6	$275.3	60.3%	41.7%	—2.0%
1959	608.4	243.5	294.0	57.5	40.2	+2.3
1960	625.3	263.3	286.5	61.5	38.4	+0.1
1961	697.5	270.3	339.6	64.8	38.3	—3.1
1962	713.0	320.4	310.8	61.7	37.2	+1.1

PER SHARE DATA

	Net Investment Income	Total Adjusted Earnings	Dividends Paid	Liquidating Value	Price Range High - Low
1958	$3.35	$1.80	$1.82	$80.15	$44 - $32
1959	3.56	4.27	1.86	83.94	51 - 42
1960	3.85	3.73	2.00	85.64	58 - 44
1961	3.98	1.80	2.20	98.77	68 - 54
1962	4.33	5.51	2.25	96.48	63 - 43

* * *

"LIFE INSURANCE STOCKS FOR LIFETIME GAINS"

A new book by Ira U. Cobleigh, bearing the aforementioned title, highlights the unique attractiveness of life stocks, the remarkable growth of certain companies; and outlines criteria for prudent current selection of life stocks with a view to capital gains.

Life Insurance Stocks for Lifetime Gains is published by Cobleigh and Gordon, Inc., 220 East 42nd St., New York 17, N. Y., at $2 per copy.

United Aircraft Rights Offering To Stockholders

United Aircraft Corp. is offering ints common stockholders the right to slubscribe for $42,884,700 of 4½% subordinated debentures due Aug. 15, 1988 on the basis of $100 principal amount of debentures for each 15 shares of common stock held of record on Aug. 5, 1963. The subscription price is 100%. The offer will expire on Aug. 20, 1963.

The offering is being underwritten by a group managed by Harriman Ripley & Co., Inc., New York.

The debentures will be issued in fully registered form only.

The debentures are convertible into common stock on or prior to Aug. 15, 1973, unless previously redeemed, at a conversion rate of two shares of common stock for each $100 principal amount of debentures, a rate equivalent to a conversion price of $50 a share.

Commencing in 1974 the debentures will have the benefit of a sinking fund amounting to $2 million annually. For the sinking fund the debentures will be redeemable at 100% plus accrued interest. They also are redeemable at the option of the company at any time at prices ranging from 104½% to 100%, plus accrued interest.

Net proceeds will be used for loan repayment and other corporate purposes.

The company, located at 400 Main St., East Hartford, Conn., is one of the largest designers and manufacturers in the United States of aircraft engines, propellers and helicopters. The company also manufactures a wide range of aerospace equipment, including liquid hydrogen rocket engines; turbine engine fuel controls and starters; environmental, navigational, guidance and control equipment; ground support equipment; and electronic equipment for space vehicles, missles, aircraft, ships and submarines. For non-aerospace use the corporation manufactures electron beam machines and jet engines and electronic accessories for marine and industrial use.

Tulane Tax Inst. In September

NEW ORLEANS, La.—The Thirteenth Annual Tulane Tax Institute will be held in New Orleans on Sept. 18-20, 1963, at the University Center here at Tulane.

Judge John Minor Wisdom of the United States Court of Appeals for the Fifth Circuit will preside over all major sessions of the Institute.

During luncheon the speakers for each day's meeting will hold informal quiz sessions in separate dining rooms during the buffet-style luncheon. Registrants may meet with the speaker of their choice.

Two Workshop Sessions will be held each day from 1:30 to 2:15 p.m.

The registration fee of $75.00 covers all sessions of the Institute as well as all luncheons and refreshments. One day registration fee is $30.00.

Selected Financial

KANSAS CITY, Mo. — Selected Financial Plans, Inc. has been formed with offices at 916 Baltimore Avenue to engage in a securities business. Officers are Edward D. McDonald, President; Arthur W. Stoenner, Treasurer, and Ruth Parsons, Secretary. Elmer W. Pauly is a director. All were with Prescott, Wright, Snider Co.

Fund Issues 150th Quarterly Report

BOSTON, Mass. — Incorporated Investors, third oldest of the nation's mutual funds, has just issued its 150th Quarterly Report

William A. Parker Charles Devens

for the three months ending June 30, 1963.

The Fund's first report was sent in June of 1926. Since that time, these reports have noted much of what is now history including the booming 1920s, the early depression 30s, economic recovery, World War II and the years of alternating business recession and growth that followed. In the current Report, Chairman William A. Parker (a founder of the Fund) and President Charles Devens put in perspective events of the past year—the aftermath of the May-June, 1962 market break.

Last year at this time, the economy seemed to be in serious trouble following the severe market drop. Now, feeling in the investment community has considerably brightened.

Reflecting this general movement, Incorporated Investors closed the quarter ending June 30 with total net assets of $266,833,-726 and a net asset value per share of $7.05. These figures compare respectively with $235,226,224 and $6.01 on June 30, 1962. After adjusting for the 23¢ capital gain paid in February, 1963, the net asset value was the equivalent of $7.28 or a gain of 21%.

Portfolio changes during the last three months continued to reflect the consolidation described in Incorporated Investors' Quarterly Report dated March 30, 1963: "to achieve greater concentration in those companies we believe most promising."

Further increases were made in the financial holdings as well as in the aluminum, chemical, consumer product and utility industries. No new securities were added. Securities decreased were American Potash & Chemical Corp., Campbell Soup Co., Plough, Inc., Stewarts & Lloyds, Ltd. and Wachovia Bank & Trust Co.; those eliminated were Continental Oil Co., Gulf Oil Corp., Johns-Manville Corp., New York Air Brake Co., Republic Steel Corp. and U. S. Steel Corp.

Incorporated Investors, along with Incorporated Income Fund, is managed by The Parker Corporation. Founded in 1925, The Parker Corporation presently supervises more than $420,000,000 for over 100,000 investors.

Smith, Barney Co. Appoints R. B. Markus

SAN FRANCISCO, Calif. — Richard B. Markus has been appointed sales manager of the San Francisco office of Smith, Barney & Co., 120 Montgomery Street.

As We See It

Continued from page 1

qualified to pass upon them. There are, however, a number of basic elements which appear obvious to us but which apparently are not so clear to a great many if one may judge by what one sees in the press from day to day. Of some of these we need to be reminded. First of all, there is, so it seems to us, nothing in this agreement and nothing that has been said about it by any of the parties to it, including the negotiators and the officials who are now presenting it to the world, that in any way implies abandonment by the Russians of their determination to spread communism throughout the world or any belief by the United States that such a change of heart has actually occurred behind the iron curtain. This burning desire to Leninize all mankind has always been in substantial part the old Russian imperialism under a different guise. And even though as time passes, the ardency of communist proselyting weakens, as many expect and as may already be occurring, there is no reason to believe that the Russian desire to become over-lord of as large a part of the globe as possible will disappear or weaken except as practical considerations and recognition of danger may curb it. We must not suppose that such an agreement as that reached in Moscow, its approval here at home, or its rejection will have very much to do with this basic fact.

If this limited banning of nuclear testing would in any material way reduce our status vis-a-vis Russian military might or render us less able to meet the continuing threat of communist aggression in any part of the world, the fact does not appear to have been plainly demonstrated—at least not to our nontechnical mind. If it does then it is high time the military leaders and the scientists who know best about all this laid the fact bare with supporting chapter and verse. If the pact would do what it is supposed to do, and is faithfully kept by the Russians, a good many hundreds of millions of dollars, perhaps even more than that, which would otherwise be expended upon testing nuclear devices as a matter of military preparedness could be put into the production of goods and services which provide the good things of life. If, in addition, this pact were to prove to be a beginning of a series of understandings with Russia such as those now being suggested — and they actually worked out — the saving to the people of the United States and to the people of the world for that matter would be almost beyond calculation. Even if all this appears to be somewhat "iffy" the possibilities are at least worth consideration and exploration.

A Change of Heart

The really big question in all this, of course, is whether the Kremlin has now reached the conclusion that it is to its advantage to give the term "peaceful co-existence" real meaning in terms of everyday life. If so there is real cause for optimism. While the Russians are still an "enigma wrapped in a mystery"—certainly we make no claim to the possession of any key to their mental processes—there are some signs that may possibly point to some sort of change of heart in the Kremlin. It would appear at least on the surface that the Russian rulers are now convinced that they have not outstripped the United States in the development or production of lethal armament, and that they are not very likely to be able to do so. They do have enough, however, in all probability to lead them to the conclusion that there is nothing to be gained by trying to ram communism down the throat of the rest of the world with bayonets or bombs.

We hear little these days about being buried under an avalanche of Russian industrial production. Mr. Khrushchev has long apparently been convinced that it is in the economic sphere that capitalism must be outdone and outmoded. He may well still hold that idea, but it must be clearer to him now than some years ago, and to all the others in the Kremlin, that the task thus imposed upon Russian workers and Russian technology is a much harder one than he had supposed and a much more time consuming one. If current reports persistently coming out of Russia and the satellite countries are even in substantial part to be credited, the Kremlin has many much more pressing and immediate problems in the economic sphere than dreaming about any far-off divine event of burying capitalism. There does not seem to be much reason to doubt that this is one of the factors responsible for whatever sweet reasonableness there exists or seems to exist in the Kremlin. If both Russia and the United States can find a way safely to reduce armament expenditures substantially in the years just ahead, both countries and the people thereof would be immeasurably benefited.

And China, Too

Some of the enlightenment which appears to be dawning upon the Kremlin about the realities of the world in which we all live must of necessity at one time or another penetrate the Communist headquarters in Peiping. Mao and his cohorts may do considerable damage meanwhile, but if they are to make headway in this hard-boiled world of ours they, too, must find some way to become real producers on a scale such as is quite familiar to us. Maybe it will presently dawn upon them what would happen to them if they undertook to get revenge upon their old enemy to the north of them. It is entirely possible that, as the President says, China holds the greatest potentiality of trouble. Fortunately, though, the danger there does not seem to be so immediate.

Funston Comments on Dividend Tax

G. Keith Funston, President of the New York Stock Exchange, has issued the following statement in response to requests for comment on press reports that the House Ways and Means Committee is considering a compromise proposal on dividend income to increase the present $50 exclusion to $100 for each taxpayer, and at the same time to repeal the 4% credit:

Keith Funston

"The Exchange believes that millions of shareowners will receive additional relief from the proposal to increase the amount of dividends that may be excluded from taxable income. It would be highly inconsistent, however, to scrap the dividend credit which also was enacted by Congress only nine years ago as partial relief of double taxation of dividends. Congress enacted the exclusion and 4% dividend credit in order to give some recognition to the fact that dividends now are taxed twice—once as corporate earnings and again as income of individuals. To revert now to full double taxation of dividends above $100 per taxpayer is an expediency that cannot be justified by any consistent economic argument."

What Lies Behind the Rail Merger Moratorium?

Continued from page 3

eat. Either everyone will wind up slightly undernourished or some may be shoved aside completely.

The cause for this wide gap between transport supply and shipper - traveller demand lies mainly in our extravagant government development programs for road, air and water facilities, which this year will entail spending by all units of government of about $15 billion. Resulting diversion of freight and passenger traffic to these public rights-of-way has left us with a railroad system which has perhaps the most under-utilized plant of any business in the nation.

Mergers, then, are a natural reaction to a basic economic problem — an attempt by business managers to streamline plant facilities and cut costs to meet the needs imposed by this new, highly competitive transport era. Propelled by the push of financial needs and pulled by the prospects for permanent progress, railroads thus see mergers as a best hope for a future in which we can offer the public better services and build a more prosperous industry offering more secure employment.

Not a Complete Cure

I don't contend mergers are a cure-all. They are **not**, but are rather a key part of a package of actions that also involve the widely reported effort to end featherbedding and the growing need for equal treatment by government in all its regulatory, taxation and spending programs. We have worked and waited long for Congress to act decisively in this latter area; we cannot believe that Congress would now compound the inequities we face in public policies by also blocking off a major area where we **can** take positive remedial action.

The railroads feel sometimes that we are "damned if we do and damned if we don't." At one time we are criticized for not doing enough to merge; then, when we do, we are criticized for that as well. For instance, the Senate Commerce Committee, in its report on the "deteriorating railroad situation" in 1958, urged management to take more forthright action in effecting economies through mergers. We did just that. And then we ran head-on into Mr. Kefauver!

Let us now look one-by-one at the specific points raised by opponents of railroad mergers:

No Need for Additional Studies

First, there is the plausible-sounding question, what possible objection can railroads have to a halt or moratorium on further mergers while studies are made to determine what national policy should be? This implies that there is now no national policy pertaining to mergers when, in fact, there **is** — and it is a sound policy worked out over a period of at least 40 years of trial-and-error in this field. This record has varied from the outright government attempts in the 1920s to force the railroad structure into a "grand plant" of 21 major systems, to the final decision in favor of voluntary initiation of mergers within the industry itself, coupled with the extraordinarily difficult process, generally covering years, entailed in winning approval for a proposal. This approval by the Interstate Commerce Commission imposes exacting standards as to the effect on services to the public, other railroads, stockholders, and last but by no means least, on employees.

In short, communities, competitors, unions or anyone else can have their day in court if they wish to express themselves on a merger proposal. In fact, if there is any bias under present law, it is not in terms of denying a fair hearing to interested parties, for that "day in court" often becomes **years.**

Those who urge a moratorium also overlook the fact that individual cases virtually have a moratorium **now**. The painstaking process to which the ICC subjects proposed rail mergers has in effect, imposed its own singular moratorium on carrying out consolidations approved by railroad stockholders as long as three years ago. Of the four major merger proposals now pending before the ICC, the Seaboard Air Line-Atlantic Coast Line case was three years old July 22. And the youngest, the proposed Pennsylvania Railroad-New York Central merger, has been before the Commission for 15 months.

In both of these cases, the "deliberate speed" with which the ICC moves is particularly clear: Hearings on the Seaboard-Atlantic Coast Line case ended nearly two years ago, but a final decision still is awaited from the Commission. And the Pennsylvania-New York Central went into hearings last Aug. 20 which are still underway and now have shattered all Commission records for verbiage with more than 15,000 pages of testimony in the record.

History of the other two major merger proposals is very much the same. The Norfolk & Western proposal to merge with the Nickel Plate and lease the Wabash Railroad was filed 27 months ago and is awaiting final Commission action following an examiner's report in April. The Great Northern-Northern Pacific-Burlington-Spokane, Portland & Seattle (lease) merger proposal is 28 months old; hearings ended nearly a year ago, but an examiner's report still has not been filed.

The call for public study further ignores the fact that a public study has just been **completed!** I refer to President Kennedy's top-ranking Inter-Agency Committee which on March 10 published 10 specific criteria and recommended these be applied as tests to all merger proposals. It seems to me this Administration study does everything additional that could be expected, even of a Congressional study, and I have been wondering why moratorium supporters have been so remiss in not hailing this clarification. It makes me wonder if their objective perhaps is not so much a definition of policy in this area but rather a complete halt to major mergers, whether good, bad or indifferent.

Rebuts Monopoly Fears With Facts About Today

Another charge we hear is that mergers will produce a few railroad giants and lead to monopoly. This one conveniently ignores the all-pervasive nature of competition on the modern transportation scene. Shippers and travellers call not only on railroads for transport service, but also on automobiles, trucks, barges, coastal ships, airlines, pipelines — and even use conveyor systems and long-distance power transmission lines as alternatives. It is estimated that Americans spend about $100 billion a year on transportation—yet, less than one-tenth of this total goes to railroads, indicating what a wide range of choices the public has when it comes to using transport.

The intercity trucking industry, including private trucks, alone does a freight business equivalent to more than twice the freight revenues of the railroads, and individual truckers are giants in their own right. The biggest trucking company has revenues approaching $90 million annually; the biggest barge line, $20 million; the biggest airline, more than half a billion dollars annually. In short, these are no small units we are talking about but big businesses fully able to stand on their own feet in competition.

The most significant competitive element in all of transport, however, is not commercial but private. A towering 90% of all passenger travel between American cities is in private automobiles. Likewise, shippers are more and more hauling their own products in their own vehicles, with nearly as much now moving by these private means as by all railroads put together. And I predict that even more will go this way, further undermining the nation's essential common carrier services, unless railroads are allowed to become even more efficient and to reflect this higher efficiency in the lowest possible prices to the public.

While on the subject of other transport, it is interesting to note that the biggest merger flurry of all lies not in railroading but among trucking companies which are constantly growing in size and scope through consolidations. Yet I hear no one proposing a halt to trucking mergers.

But won't mergers result in reduced or poorer services to industries and communities, opponents ask? The answer to this is that in most cases mergers do not lead to reduced services but rather to the elimination of **duplicate** services and usually to **improved** service due to the stronger competitive position of the consolidated railroads. To say that shippers would be at the "mercy" of a remaining single line is ludicrous since customers would continue to have available all the alternative means of transportation, as well as the powerful bargaining lever of operating their own vehicles.

Even where little-used rail lines are eliminated altogether, communities would have the prospects of perhaps better service through the growing combination of rail and truck services — through piggybacking, the use of transferable containers and other means. Thus, as railroading streamlines into a system of mainline routes between major cities and production centers, it will become crucial that the roads be allowed to operate truck services on a less restricted basis in order to reach off-line businesses and provide road feeder and delivery services to and from mainlines.

Denies Mergers Exclude The Weak Rails

Another loaded question is, why do most merger plans involve the big, profitable carriers and leave the weaker lines out in the cold? This is misleading if not false in its implications since merger plans are not always or even generally drawn among the biggest and strongest railroads. As an example, the most recent major ICC consolidation approval gave the relatively prosperous Chesapeake and Ohio Railroad control over the ailing Baltimore & Ohio. Other recent approvals involve the 8,000-mile Southern Railway System with the 1,700-mile Central of Georgia and the 300-mile Ann Arbor Railroad with the 460-mile Detroit, Toledo and Ironton.

I might add that the public has equally high stakes in the merger of strong railroads, nevertheless. For these cases offer the greatest possibility that the increased economies resulting from the elimination of duplicate facilities or a cleared track for through-movements will be passed directly on to the public in lower prices. We should also remember that the money-maker of today all too often becomes the money-loser of tomorrow. And in railroading, at least, the same eroding, debilitating competitive inequities are knawing away at all companies, rich and poor alike.

Financial Distress Is Documented

Then, we are occasionally treated to the allegation that railroad mergers are not necessary since the carriers "really are not as bad off as they claim." This is the advertised union claim that railroad poverty is a "myth." Now, I have never felt that mergers need to be justified on the basis of financial need, so I view this effort as basically a red herring and diversionary tactic. Even so, anyone interested in financial facts rather than fiction need not take our word for it:

Ask the I. C. C., whose reports are replete with evidence of railroad financial distress, especially among Eastern carriers.

Ask the trustees of the bankrupt New Haven railroad.

Ask President Kennedy and his Administration experts who worked so hard to come up with the historic special Transportation Message of last April. Let me quote the President, who said that "pressing problems are burdening our national transportation system, jeopardizing the progress and security on which we depend" and that "if direct and decisive action is not taken in the near future, the undesirable developments, inefficiencies, inequities, and other undesirable conditions that confront us now will cause permanent loss of essential services or require even more difficult and costly solutions in the not-too-distant future."

Finally, one should take a look at the reports of the First National City Bank of New York which annually rank railroads at or near the bottom of the list in terms of profit rates among all of America's businesses. In short, the railroad industry lives in a goldfish bowl when it comes to public knowledge and information about its operations and finances. I am sure Congress has much more important work to do than to rehash known facts and fall for this attempt to delay proposed mergers.

Oddly, commercial truckers and Jimmy Hoffa's Teamsters have joined rail unions in this effort to use Congress to block progressive changes and to serve narrow, selfish interests. Here are strange bedfellows indeed! Truckers are doing so out of a fear of losing business to the more efficient railroads that will be created by mergers—and rail unions, who should be rejoicing if railroads gain business, have given in instead to an overriding fear of loss of jobs—or of dues-paying members.

No, except for a half-dozen exceptional situations, the railroad problem can be simply stated as one of dried-up earnings. A major drawback with railroading today is our inability to amass enough investment capital to improve plant and equipment so as to give the public the full potential of our unique capabilities. Mergers have the added virtue not only of helping raise profit potential but they also release excess facilities and real estate for sale, thereby providing a means of raising additional capital to spend on improvements.

Mergers Could Lead to More Jobs

Then we come to the most serious charge of all, perhaps—that mergers will throw thousands of employees out of work. To equate mergers with job losses seems to me to look no farther than the end of one's nose. Unnecessary jobs clearly form one of the principal areas for economizing through mergers. But a stronger industry is going to be a stronger employer—and it is not beyond reason to hope that in the long run more competitive railroads might result in more rather than fewer jobs. In the postwar period railroad employment has been cut nearly in half—not by mergers but by the industry's competitive inability to cash in on traffic growth, coupled with the shift to higher technological standards.

Barring a marked change in government transport policies, further rail job losses appear inevitable. The question is whether these will occur under the ordinary protection of unemployment compensation or under the extraordinary protection required by the ICC in every merger proceeding. Workers affected by mergers are not "thrown out into the street" but have at least the minimum, liberal protection provided by law which states that an employee's earnings position will not be worse **for up to four years** after the merger. No such protection is available in any other business; it is unprecedented in scope and benefits. We are left to wonder, in fact, whether opponents are really interested in cushioning the impact of mergers on workers—a cushion which is already available—or in simply freezing the industry's structure in the present position—preserving the status quo.

Economic Expansion, Not Contraction, Sought

Similar fears are raised that mergers will result in serious economic blows to communities that might no longer serve as railroad terminals. Change, and especially contraction of line, is always a painful process. In the case of mergers, however, nothing happens suddenly—there are no jarring blows. Gradual adjustments are made all along the line from the inception of a proposal to the final consolidation of facilities often covering several years. In the absence of railroad mergers, it is also probable that even harder blows would befall communities if the present railroad difficulties continue—while an industry strengthened by mergers would best be able to blunt such blows.

I might add, as well, that **expansion** and not contraction is our ultimate goal. We may have to contract in areas where motor vehicles can do a better job than trains on tracks, but we do so only to devote our efforts and resources to those volume rail routes where we have the greatest potential for expansion and service. If traffic **expansion** were not the likely result of these efforts, why is the trucking industry so worried about the more competitive railroads being created by mergers?

We also hear the related contention that mergers are detrimental to the nation's defense and a hindrance to economic expansion. This is a bunch of baloney, for the current railroad plant could handle as much as double its present traffic load. It would take totally unforeseen cutbacks to come close to the dangers implicit in the raising of this spectre. If we ask ourselves just how really sweeping the present railroad merger movement is, anyway, we would find that even if all present proposals before the authorities are finally approved, there would still be over 90 major railroad systems in the nation. Most objective authorities feel we should have far fewer—as few, in fact, as the 21 envisioned in the "grand plan" of the 1920s or even 12 or a half-dozen regional systems.

Denies It's Step Toward Nationalization

Finally, there is the preposterous charge that mergers could lead to nationalization of the carriers. Well, all the evidence points in exactly the contrary direction. Failure to permit essential mergers, short-sighted efforts to maintain a rigid industry posture in the face of vast competitive pressures and sweeping changes in production and distribution patterns, desperation attempts to prevent modernization of work practices—**these** are the benighted policies which lead down the road to bankruptcy and government take-over. And I hope and trust that rail labor leaders will yet see and act on this grim fact.

It seems to me in conclusion that we need to recognize, first, that to some extent the merger movement is an **end-product** of technological and economic change. It is the effect, not the cause. Instead of flailing away at the end results, it seems to me that opponents of mergers would serve themselves, not to mention the national and public interest, far better by devoting their time and talents to solving the basic problems of the railroads—massive government spending for competitive transport development, coupled with over-taxation and over-regulation of railroads.

Equality of treatment by government of all transport competitors, a freer competitive environment, and the maximum encouragement to merger and reorganize the national transport structure—these provide the keys to the super-transportation service of the American future. For communities across the country, herein lies the key to sounder transport; for labor, here is the key to more secure jobs; and for Congress and government officials everywhere, here is the key to a stronger and more stable industry, able to meet wartime needs and the great challenges of peacetime commerce.

*An address by Mr. Loomis before the Great Lakes Conference, Railroad and Utility Commissioners, White Sulphur Springs, W. Va., June 22, 1963.

Tokio Marine & Fire Insurance Shares Offered

The First Boston Corp., The Nikko Securities Co., Ltd. and Shelby Cullom Davis & Co., New York, as managers of an underwriting group, have announced the public offering of 400,000 American Depositary Shares of The Tokio Marine & Fire Insurance Co., Ltd., which represent 20,000,000 shares of common stock, par 50 Japanese yen per share. The American Depositary Shares are priced at $18.25 per share.

Since this offering was initially filed with the Securities and Exchange Commission in late June, it would not be subject to the proposed tax on foreign securities as described by the Treasury Department.

Tokio Marine was originally incorporated in 1878 and is the oldest insurance company in Japan. It is also Japan's largest insurance company writing marine, fire and casualty and allied lines of insurance. In the fiscal year ended March 31, 1963, it accounted for 17.6% of the direct premiums written by the non-life insurance companies of Japan and at year end its assets were about 22% of the total of such companies' assets.

Net proceeds from the sale of the shares will be added to the company's funds available for investment. It is the company's intention to invest the larger percentage of its available funds during the current fiscal year in debt securities in order to increase the debt securities portion of its investment portfolio as compared to the stock portion. Additionally, the company desires at this time to increase its capital in view of its expanding volume of business both in Japan and overseas.

Wyetzner Joins Meller Company

Announcement is made by the New York Stock Exchange firm of Meller & Company, 1 Chase Mannhattan Plaza New York City, that Lester Wyetzner has become associated with them as Technical Stock Market Analyst and Editor of their Technical market letter.

Lester Wyetzner

Mr. Wyetzner was formerly associated with Bache & Co. and was manager of their Market Analysis Department.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

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

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

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

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

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

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

Atlantis International Corp. (8/26-30)
April 30, 1963 filed 100,000 common. **Price**—$4. **Business**—A real estate development company. **Proceeds**—For debt repayment, property improvement, and working capital. **Office**—700 Park Ave., Plainfield, N. J. **Underwriter**—S. Schramm & Co., Inc., New York.

Atlas Finance Co., Inc. (9/16-20)
July 29, 1963 filed 37,500 shares of 6% cumulative convertible preferred. **Price**—By amendment (max. $20). **Business**—Consumer and dealer financing. **Proceeds**—For working capital and debt repayment. **Office**—262 Spring St., N. W., Atlanta, Ga. **Underwriters**—Marshall Co., Milwaukee, and McCormick & Co., Chicago.

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

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

Bede Aircraft, Inc.
July 16, 1963 filed 600,000 common. **Price**—By amendment (max. $3). **Business**—Company is engaged in the design and development of several airplanes, including a light sports plane. **Proceeds** — For debt repayment, product development, working capital and other corporate purposes. **Office** — 350 South Fountain Ave., Springfield, Ohio. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla. **Offering**—In early Sept.

Beneficial Standard Life Insurance Co. of N. Y.
June 28, 1963 filed 200,000 common. **Price**—By amendment (max. $4). **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd St., New York. **Underwriter**—None.

• **Bobbie Brooks, Inc. (8/14)**
July 18, 1963 filed 201,150 capital shares. **Price** — By amendment (max. $28). **Business** — Manufacture of fashion apparel, primarily for girls and women. **Proceeds** — For selling stockholders. **Office** — 3830 Kelley Ave., Cleveland. **Underwriter**—Bache & Co., New York.

Bradford Speed Packaging & Development Corp.
July 22, 1963 filed 819,024 common to be offered to stockholders of Atlas General Industries, Inc., parent, on the basis of one Bradford share for each two Atlas shares held. **Price**—About $9.44 per share. **Business**—Company holds a 40% stock interest in Maryland Logging Corp., which conducts logging operations in Liberia and will acquire from Atlas, Kliklok Automated Packaging Division, engaged in the manufacture and leasing of packaging machinery. Bradford also owns 69,509 shares (9.59%) of Foster Wheeler Corp. **Proceeds**—For selling stockholder, Atlas General. **Office**—62 William St., New York. **Underwriter** — Burnham & Co., New York.

Brantly Helicopter Corp.
July 23, 1963 filed 588,780 common to be offered for subscription by stockholders on the basis of three new shares for each share held. **Price**—50 cents. **Business**—Production of a light two-place helicopter. **Proceeds**—For debt repayment, product development, working capital and other corporate purposes. **Office**—1129 Club House Road, Gladwyne, Pa. **Underwriter**—None.

Bridges Investment Fund, Inc.
July 25, 1963 filed 200,000 capital shares. **Price**—Net asset value (max. $10). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—8401 W. Dodge Rd., Omaha. **Underwriter**—None.

• **Burns (William J.) International Detective Agency, Inc. (8/14)**
July 17, 1963 filed 150,000 class A common. **Price**—By amendment (max. $28). **Business** — Company furnishes protective services to industrial and commercial clients, princpally by means of uniformed guards. **Proceeds**—For selling stockholders. **Office**—235 E. 42nd St., New York. **Underwriter**—Smith, Barney & Co., Inc., New York.

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

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

Chemair Corp. (9/9-13)
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—221 N. La Salle St., Chicago. **Underwriter**—Price Investing Co., New York. **Note**—This company formerly was named Chemair Electronics Corp.

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

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

Coastal Chemical Corp.
June 26, 1963 filed 40,000 class A common; also 40,000 class D common to be offered by Mississippi Chemical Corp., parent. **Price**—For class A, $35; for class D, $30. **Business**—Manufacture of a variety of high analysis fertilizers, anhydrous ammonia, and other fertilizer materials and components. **Proceeds**—For working capital and other corporate purposes. **Address** — Yazoo City, Miss. **Underwriter**—None.

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

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

Commercial Credit Co. (8/14)
July 26, 1963 filed $50,000,000 of notes due Aug. 1, 1985. **Price**—By amendment. **Business** — A holding company whose subsidiaries are engaged in specialized forms of financing and insurance. **Proceeds**—For working capital. **Office**—300 St. Paul Place, Baltimore. **Underwriters**—Kidder, Peabody & Co., Inc., and First Boston Corp., New York.

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

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

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

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

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

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

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

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

Dorchester Gas Producing Co. (8/27)
July 25, 1963 filed $3,500,000 of subordinated convertible debentures due Aug. 1, 1975. **Price** — By amendment. **Business**—Production of natural gas and its various byproducts. **Proceeds**—For debt repayment and working

capital. **Office**—1501 Taylor St., Amarillo, Tex. **Underwriters**—A. C. Allyn & Co., Chicago; Allen & Co., New York; Metropolitan Dallas Corp., Dallas.

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

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

Eagle's Nest Mountain Estates, Inc.
June 26, 1963 filed $400,000 of 8% subord. conv. debs. due 1983; also 400,000 common, of which 300,000 are to be offered by the company and 100,000 by stockholders. The securities will be offered in units of one $100 debenture and 100 shares. **Price**—$350 per unit. **Business**—Company owns a 781 acre tract in Haywood County, N. C., on which it plans to build houses, a motor lodge, restaurant and an amusement complex. **Proceeds**—For construction, debt repayment, working capital and other corporate purposes. **Office**—2042 South Atlantic Ave., Daytona Beach, Fla. **Underwriter** — Alpha Investment Securities, Inc., Atlanta, Ga.

● **Eastern Investors, Inc. (8/19)**
June 4, 1963 filed 100,000 class A shares. **Price**—$4. **Business**—A small loan company. **Proceeds** — For expansion and working capital. **Office** — 147 Northeast Main St., Rocky Mount, N. C. **Underwriter**—Paul C. Kimball & Co., Chicago.

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

Electro-Optical Systems, Inc. (8/19-23)
June 11, 1963 filed 403,000 common, of which 140,000 are to be offered by company and 263,000 shares by stockholders. **Price**—By amendment (max. $10). **Business**—Design and manufacture of optical systems for the Defense Department and for private industry. **Proceeds**—For debt repayment and working capital. **Office**—300 N. Halstead St., Pasadena, Calif. **Underwriters** — White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc., N. Y.

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

● **Enzyme Corp. of America (8/26-30)**
Feb. 21, 1963, filed 120,000 common. **Price**—$2. **Business**—Company plans to market a new drug known as "Clinizyne" to be used for treatment of a variety of tumor related diseases. **Proceeds**—For equipment, sales promotion, research and development, and working capital. **Office**—727 Land Title Bldg., Philadelphia. **Underwriter**—Bristol Securities Inc., New York.

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

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

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

Federal Services Finance Corp.
July 1, 1963 filed 64,000 common to be offered for subscription by stockholders. **Price**—By amendment (max. $20). **Business**—A holding company whose subsidiaries are engaged in the sales finance business and the writing of marine and credit life insurance. **Proceeds**—For redemption of outstanding second preferred stock, working capital, and other corporate purposes. **Office**—1701 Pennsylvania Ave., N. W., Washington, D. C. **Underwriter**—Mackall & Coe, Washington, D. C.

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

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

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

French Market Shopping Center, Inc. (8/26-30)
June 24, 1963 ("Reg. A") $300,000 of 6% subordinated debentures due Aug. 1, 1978, and 30,000 common to be offered in units of one $500 debenture and 50 common. **Price**—$500 per unit. **Business**—Operation of a discount type department store in the Greater Kansas City area. **Proceeds**—For working capital, and other corporate purposes. **Address** — 95th & Metcalf Sts., Overland Park, Kansas. **Underwriter** — Midland Securities Co., Inc., Kansas City, Mo.

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

● **Global Construction Devices, Inc. (8/19-23)**
June 29, 1962 filed 225,000 class A. **Price**—$3.20. **Business**—Manufacture, sale and lease of steel supports and beams used in construction. **Proceeds**—For debt repayment, expansion, research, and inventory. **Office**—545 Cedar Lane, Teaneck, N. J. **Underwriter**—Charles Plohn & Co., New York.

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

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

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

Handleman Co. (8/26-30)
July 29, 1963 filed 330,000 common. **Price**—By amendment (max. $13). **Business**—Wholesaling of phonograph records, pharmaceuticals, beauty aids and sundries. **Proceeds**—For selling stockholders. **Office**—670 East Woodbridge, Detroit. **Underwriters**—E. F. Hutton & Co., Inc., New York, and Baker, Simonds & Co., Inc., Detroit.

Continued on page 32

NEW ISSUE CALENDAR

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

August 12 (Monday)
Rollins Broadcasting, Inc.________________Common
(New York Securities Co.) 166,376 shares
Squire For Men, Inc.________________Debentures
(Samuel B. Franklin & Co.) $135,000

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

August 14 (Wednesday)
Bobbie Brooks, Inc.________________Capital Stock
(Bache & Co.) 201,150 shares
Burns (Wm. J.) Int'l Detective Agency Inc.__Cl. A
(Smith, Barney & Co., Inc.) 150,000 shares
Commercial Credit Co.________________Notes
(Kidder, Peabody & Co., Inc. and First Boston Corp.) $50,000,000

August 15 (Thursday)
Roadcraft Manufacturing & Leasing Corp.___Com.
(Rutner, Jackson & Gray, Inc. and Morgan & Co.) $1,200,000

August 19 (Monday)
Eastern Investors, Inc.________________Class A
(Paul C. Kimball & Co.) $400,000
Electro-Optical Systems, Inc.________________Common
(White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc.) 403,000 shares
Global Construction Devices, Inc.__________Class A
(Charles Plohn & Co.) $720,000
Juniper Spur Ranch, Inc.________________Common
(V. E. Anderson & Co.) $300,000
Mohawk Rubber Co.________________Debentures
(Kidder, Peabody & Co., Inc.) $4,000,000
Yale Express System, Inc.____________Debentures
(Eastman Dillon, Union Securities & Co.; and Hemphill, Noyes & Company) $6,500,000
Yale Express System, Inc.________________Class A
(Eastman Dillon, Union Securities & Co.; and Hemphill, Noyes & Company) 400,000 shares

August 20 (Tuesday)
Resort Corp. of Missouri ________________Units
(R. L. Warren Co.) $1,000,000

August 26 (Monday)
Atlantis International Corp.________________Common
(S. Schramm & Co., Inc.) $400,000
Enzyme Corp. of America________________Common
(Bristol Securities Inc.) $240,000
French Market Shopping Center, Inc._______Units
(Midland Securities Co., Inc.) $300,000
Handleman Co. ________________Common
(E. F. Hutton & Co., Inc., and Baker, Simonds & Co., Inc.) 330,000 shares
Teaching Machines, Inc.________________Common
(S. D. Fuller & Co.) $750,000
Tourist Industry Development Corp., Ltd.__Debens.
(American-Israel Basic Economy Corp.) $5,000,000

August 27 (Tuesday)
Dorchester Gas Producing Co.__________Debentures
(A. C. Allyn & Co.; Allen & Co.; Metropolitan Dallas Corp.) $3,500,000
Lewis Business Forms, Inc.____________Debentures
(Reynolds & Co., Inc. and Saunders, Stiver & Co.) $1,250,000
Lone Star Gas Co.________________Debentures
(Bids 11 a.m. EDST) $35,000,000
New England Telephone & Telegraph Co.__Com.
(Offering to stockholders—no underwriting) 2,099,858 shares

September 3 (Tuesday)
Heck's, Inc. ________________Common
(Charles Plohn & Co.) $450,000
National Fence Manufacturing Co., Inc.___Common
(Netherlands Securities Co., Inc.) $875,000
Natural Gas & Oil Producing Co.________Common
(Peter Morgan & Co.) $900,000

September 4 (Wednesday)
Southern Pacific Co.____________Equip. Trust Ctfs.
(Bids 12 noon EDST) $7,500,000

September 5 (Thursday)
Iowa Public Service Co.________________Bonds
(Bids 11 a.m. EDST) $12,000,000

September 9 (Monday)
Chemair Corp. ________________Units
(Price Investing Co.) $180,000
Electronic Associates, Inc.__________Capital Shares
(W. C. Langley & Co.) 100,000 shares
Norfolk & Western RR.__________Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,900,000

September 11 (Wednesday)
N. Y., Chicago & St. Louis RR.___Equip. Tr. Ctfs.
(Bids 12 noon EDST) $6,540,000

September 16 (Monday)
Atlas Finance Co., Inc.________________Preferred
(Marshall Co. and McCormick & Co.) 37,500 shares
Computer Sciences Corp.________________Common
(White, Weld & Co., Inc.) 200,000 shares
Recording Industries Corp.______________Common
(Tennessee Securities Inc.) $1,485,000

September 18 (Wednesday)
Northern States Power Co. (Minn.)__________Bonds
(Bids 11 a.m. EDST) $15,000,000

October 1 (Tuesday)
Chicago Burlington & Quincy RR.___Equip. Tr. Ctfs.
(Bids 12 noon CDST) $5,000,000
Jersey Central Power & Light Co.__________Bonds
(Bids 11 a.m. EDST) $18,525,000

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

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

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

October 16 (Wednesday)
Nevada Power Co.________________Bonds
(Bids to be received) $11,000,000

October 22 (Tuesday)
Public Service Electric & Gas Co.______Debentures
(Bids 11 a.m. EDST) $40,000,000

November 7 (Thursday)
Georgia Power Co.________________Bonds
(Bids to be received) $30,000,000
Georgia Power Co.________________Preferred
(Bids to be received) $7,000,000

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

December 10 (Tuesday)
Northern Pacific Ry.____________Equip. Trust Ctfs.
(Bids 12 noon EST) $4,800,000
Virginia Electric & Power Co.______________Bonds
(Bids to be received) $30,000,000

Continued from page 31

● Heck's, Inc. (9/3-6)
June 12, 1963 refiled 180,000 class A common. **Price**—$2.50. **Business**—Operation of discount stores. **Proceeds**—To provide fixtures and inventory for a new store, and for working capital. **Office**—6400 MacCorkle Ave., S. W., St Albans, W. Va. **Underwriter**—Charles Plohn & Co., New York.

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

● Holiday Mobile Home Resorts, Inc.
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office** — 4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York. **Note**—This statement will not be withdrawn as previously reported, but will be amended.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

International Book Distributors, Inc.
June 24, 1963 filed 66,500 common. **Price**—By amendment (max. $4.50). **Business**—Sale of encyclopedias, dictionaries, atlases, etc. **Proceeds**—For working capital and sales promotion. **Office**—6660 Biscayne Blvd., Miami, Fla. **Underwriter**—Roman & Johnson, Fort Lauderdale, Fla. **Offering**—Expected in early September.

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

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

Iowa Public Service Co. (9/5)
July 19, 1963 filed $12,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment and other corporate purposes. **Address** — Orpheum - Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; White, Weld & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Sept. 5 (11 a.m. EDST) at 20 Pine St. (10th floor), New York. **Information Meeting**—Aug. 28 (3:30 p.m. EDST) same address.

Israfund-Israel Fund, Inc.
July 29, 1963 filed 300,000 common. **Price**—$10. **Business**—Fund plans to own stock of companies which will invest in securities of Israeli enterprises. **Proceeds**—For investment. **Office**—17 East 71st St., New York. **Underwriter**—Israel Securities Corp., (same address).

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

Israel Fund, Inc.
July 18, 1963 filed 500,000 common. **Price**—$12.50. **Business**—A closed-end investment company which plans to invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

"Isras" Israel-Rassco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business** — A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York.

Jaap Penraat Associates, Inc.
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., New York. **Offering** — Indefinitely postponed.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

● Juniper Spur Ranch, Inc. (8/19-23)
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Key Finance Corp.
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriters** — Morris Cohon & Co., and Street & Co., Inc., New York. **Offering**—Indefinite.

Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares. **Price** — $800 per unit. **Business** — Processing and distribution of sesame seed. **Proceeds**—For accounts receivable inventories, plant expansion and working capital. **Office** — 2301 N. Main St., Paris, Texas. **Underwriter**—John A. Dawson & Co., Chicago. **Offering**—Indefinite.

Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Volume manufacture of inexpensively priced men's and children's belts. **Proceeds**—For debt repayment, sales promotion, and other corporate purposes. **Office**—33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York.

● Lewis Business Forms, Inc. (8/27)
July 22, 1963 filed $1,250,000 of convertible subordinated debentures due Sept. 1, 1975. **Price** — By amendment. **Business**—Manufacture of a diversified line of business forms. **Proceeds**—For plant expansion, loan repayment and working capital. **Office**—243 Lane Ave., North, Jacksonville, Fla. **Underwriters**—Reynolds & Co., Inc., New York, and Saunders, Stiver & Co., Cleveland.

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

Lone Star Gas Co. (8/27)
July 30, 1963 filed $35,000,000 of sinking fund debentures due 1988. **Business**—Production and distribution of natural gas in Texas and Oklahoma. **Proceeds**—For loan repayment, construction and working capital. **Office**—301 South Harwood St., Dallas. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Aug. 27 (11 a.m. EDST) at Chemical Bank New York Trust Co., 20 Pine St., New York. **Information Meeting**—Aug. 22 (11 a.m. EDST), same address.

Lord Jim's Service Systems, Inc.
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—Indefinite.

Mahoning Corp.
July 26, 1963 filed 200,000 common. **Price**—$3. **Business**—Company plans to engage in the exploration and development of Canadian mineral properties. **Proceeds**—For general corporate purposes. **Address**—402 Central Tower Bldg., Youngstown, Ohio. **Underwriter**—None.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

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

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

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

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

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

Middlesex Water Co.
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds** — For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York. **Offering**—Indefinitely postponed.

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

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

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile home parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

Mohawk Rubber Co. (8/19-23)
July 19, 1963 filed $4,000,000 of convertible subordinated debentures due 1983. **Price** — By amendment. **Business**—Manufacture of tires for passenger cars, trucks, buses and earth moving equipment. **Proceeds**—For loan repayment, working capital and other corporate purposes. **Office**—1235 Second Ave., Akron, Ohio. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

Morton (B. C.) Realty Trust
June 21, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—B. C. Morton Funds Underwriters Co., Inc. (same address)

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $15,000,000 (15,000 units) of interests. **Price**—To be supplied by amendment. **Business**—The fund will invest in tax-exempt bonds of states, counties municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor** — Ira Haupt & Co., 111 Broadway, New York. **Offering**—Indefinite.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

National Fence Manufacturing Co., Inc. (9/3-6)
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., Inc., New York.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price** — $1. **Business** — Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds** — For general corporate purposes. **Office** — 113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

● Natural Gas & Oil Producing Co. (9/3-6)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

Nordon Corp. Ltd.
July 29, 1963 filed 60,085 capital shares. **Price** — By amendment (max. $3.25). **Business**—Acquisition of oil and gas properties, and the production of crude oil and

natural gas. **Proceeds**—For selling stockholders. **Office**—5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Los Angeles.

Northern States Life Insurance Corp.
March 26, 1963 filed 280,000 common to be offered for subscription by stockholders on the basis of one new share for each 1½ held. **Price**—By amendment (max. $2.50). **Business**—Writing of general life insurance. **Proceeds**—For expansion. **Office**—1840 North Farwell Ave., Milwaukee. **Underwriter**—None.

● **Northern States Power Co. (Minn.) (9/18)**
July 26, 1963 filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction and loan repayment. **Office**—15 S. Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly). **Bids**—Sept. 18 (10 a.m. CDST) at 111 W. Monroe St., Chicago. **Information Meeting**—Sept. 12 (2:30 p.m. EDST) at 57 Broadway, New York.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

Old Florida Rum Co.
July 29, 1963 filed 338,755 common, and warrants to purchase an additional 338,755 common, to be offered for subscription by common stockholders in units of one share and one warrant, on the basis of one unit for each two shares held. **Price**—By amendment (max. $4). **Business**—Company is engaged in the production of rum and other alcoholic beverages. **Proceeds**—For working capital, loan repayment, sales promotion and equipment. **Office**—1035 N. W. 21st Terrace, Miami. **Underwriters**—Pierce, Wulbern, Murphey Inc., Jacksonville, and Consolidated Securities Corp., Pompano Beach, Fla. **Offering**—Expected in mid-September.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

PMA Insurance Fund Inc.
April 8, 1963 filed 200,000 common. **Price** — Net asset value plus 4%. **Business**—A new mutual fund specializing in insurance stocks. **Proceeds**—For investment. **Address** — Plankington Bldg., Milwaukee. **Underwriter**—Fund Management Inc. (same address).

Pacific Mines, Inc.
July 24, 1963 filed 100,000 common. **Price**—$1.50. **Business** — Company plans to explore iron deposits on its property. **Proceeds**—For mining operations, debt repayment and operating expenses. **Office**—1218 N. Central Ave., Phoenix. **Underwriter**—None.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

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

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

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

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

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

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

● **Recording Industries Corp. (9/16-20)**
July 19, 1963 filed 297,000 common. **Price**—$5. **Business**—Company plans to engage in the recording and manufacture of phonograph records, and the publishing of sheet music. **Proceeds**—For construction of offices, working capital, and other corporate purposes. **Office**—801 Sixteenth Ave., South Nashville, Tenn. **Underwriter**—Tennessee Securities Inc., Nashville.

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

Resort Corp. of Missouri (8/20)
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price** — $32 per unit. **Business** — Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter**—R. L. Warren Co.. St. Louis.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business** — Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del. **Offering**—Indefinite.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. **Price**—$7. **Business**—A real estate investment company. **Proceeds**—For debt repayment and general corporate purposes. **Office**—220 K St., N. W., Washington, D. C. **Underwriter**—Hirschel & Co., Silver Spring, Md. **Offering**—Indefinite. **Note**—The SEC has challenged the accuracy and adequacy of this registration statement.

Roadcraft Manufacturing & Leasing Corp. (8/15)
June 24, 1963 filed 100,000 common. **Price**—$12. **Business**—Manufacture of mobile homes and office trailers and the leasing of mobile office trailers. **Proceeds** — For working capital, inventory, sales promotion, and expansion. **Office**—139 W. Walnut Ave., Gardena, Calif. **Underwriters**—Rutner, Jackson & Gray, Inc., and Morgan & Co., Los Angeles.

Rollins Broadcasting, Inc. (8/12-16)
July 15, 1963 filed 166,376 common. **Price**—By amendment (max. $20). **Business**—Company and subsidiaries own seven AM radio stations, three VHF television stations and an outdoor advertising company. **Proceeds**—For selling stockholders. **Office**—414 French St., Wilmington, Del. **Underwriter**—New York Securities Co., New York.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital. **Office**—245 7th Ave., N. Y. **Underwriter** — Federman, Stonehill & Co., N. Y. **Note**—This registration will be withdrawn.

Russell Mills, Inc.
Sept. 28, 1962 filed 312,500 common. **Price**—By amendment (max. $12). **Business**—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. **Proceeds**—For bond retirement and plant expansion. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, N. Y. **Note** — This company formerly was called Russell Manufacturing Co. **Offering**—Indefinite.

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

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

● **Squire For Men, Inc. (8/12-16)**
July 9, 1963 ("Reg. A") $135,000 of 8% convertible debentures due 1969. **Price** — At par ($100). **Business** — Manufacture and sale of custom hair pieces. **Proceeds**—For new products and working capital. **Office**—328 S. Beverly Dr., Beverly Hills, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles.

Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of investing in Canada, Western Europe and other foreign areas. **Proceeds**—For investment. **Office**—135 S. LaSalle St., Chicago. **Underwriter**—None.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd., Los Angeles. **Underwriter**—None.

● **Teaching Machines, Inc. (8/26-30)**
April 1, 1963 filed 150,000 common. **Price**—$5 **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For loan repayment and other corporate purposes. **Office**—221 San Pedro, N. E. Albuquerque. **Underwriter**—S. D. Fuller & Co., New York.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc. (same address).

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—To be named. **Offering**—Indefinite.

● **Top Dollar Stores, Inc.**
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$6. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Temporarily postponed.

Tourist Industry Development Corp., Ltd. (8/26)
March 29, 1963 filed $5,000,000 of 7% senior debentures due 1983. **Price**—At par. **Business**—Financing of tourist enterprises in Israel. **Proceeds** — For general corporate purposes. **Address** — Jerusalem, Israel. **Underwriter**—American-Israel Basic Economy Corp., New York.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Transpacific Group, Inc.
July 26, 1963 filed 155,000 common. **Price**—By amendment (max. $15). **Business**—An insurance holding company. **Proceeds**—For expansion. **Office**—520 S. W. 6th Ave., Portland, Ore. **Underwriter**—None.

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

United Investors Corp. (Minn.)
July 29, 1963 filed $500,000 of 6% convertible debentures due 1973 to be offered for subscription by stockholders on an unlimited basis. **Price** — At par. **Business**—A holding company for United Investors Fund Corp. (a broker-dealer which sells mutual funds) and United Capital Life Insurance Co. of Minnesota. **Proceeds**—To increase capital and surplus of United Capital Life Insurance Co. of Minnesota. **Address**—1300 First National Bank Bldg., Minneapolis. **Underwriter**—None.

United Saran & Plastic Corp. Ltd.
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. **Price** — $305 per unit. **Business** — Manufacture of light household and office furniture. **Proceeds** — For general corporate purposes. **Address**—Rehovoth, Israel. **Underwriter**—Brager & Co., New York. **Offering**—Indefinite.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo. **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital, leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas. **Underwriter** — First Nebraska Securities Corp., Lincoln, Neb. **Offering**—Temporarily postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Montana. **Underwriter**—To be named.

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

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

Continued on page 34

Continued from page 33

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

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

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

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

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

Wyomont Petroleum Co.
May 10, 1963 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Production and sale of petroleum products. **Proceeds**—For debt repayment, construction and working capital. **Address**—P. O. Box 670, Thermopolis, Wyo. **Underwriter**—Northwest Investors Service, Inc. Billings, Montana. **Note**—The SEC has issued an order temporarily suspending this letter.

Issues Filed With SEC This Week

★ **American Vitrified Products Co.**
Aug. 6, 1963 filed 79,137 common to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$19. **Business**—Manufacture of various clay and concrete products. **Proceeds** —For debt repayment, plant improvement, inventories and accounts receivable. **Office**—700 National City Bank Bldg., Cleveland. **Underwriter**—None.

★ **Computer Sciences Corp. (9/16-20)**
Aug. 6, 1963 filed 200,000 common, of which 175,000 shares are to be offered by the company and 25,000 shares by stockholders. **Price** — By amendment (max. $13). **Business** — Company provides various computer services to industry, government agencies and scientific institutions. **Proceeds**—For working capital and other corporate purposes. **Office**—650 N. Sapulveda Blvd., El Segundo, Calif. **Underwriter**—White, Weld & Co., Inc., New York.

★ **Dominguez Water Corp.**
Aug. 5, 1963 filed 70,000 common. **Price**—By amendment (max. $8). **Business**—A public utility engaged in supplying water in a service area located within Los Angeles County. **Proceeds**—For selling stockholder, Dominguez Estate Co., parent. **Office**—21718 South Alameda St., Long Beach, Calif. **Underwriter** — Eastman Dillon, Union Securities & Co., Los Angeles.

★ **Eaton Ultra-Sonics, Inc.**
July 24, 1963 ("Reg. A") 1,571 common. **Price**—$35. **Business**—Manufacturers representative for McKenna Laboratories which produces high frequency industrial cleaners. **Proceeds**—For working capital. **Office**—1440 Havana St., Aurora, Colo. **Underwriter**—None.

★ **Electronic Associates, Inc. (9/9-13)**
Aug. 1, 1963 filed 100,000 capital shares. **Price** — By amendment (max. $70). **Business**—A diversified computer and instrument manufacturer. **Proceeds**—For loan repayment, equipment, working capital and other corporate purposes. **Address**—Long Branch, N. J. **Underwriter**—W. C. Langley & Co., New York.

★ **Industrial & Petroleum, Inc.**
July 30, 1963 ("Reg. A") 55,106 common. **Price**—$5. **Business**—Mining and exploratory mining operations. **Proceeds**—For equipment, construction and working capital. **Office**—530 California Ave., Reno, Nev. **Underwriter** —None.

★ **Marine Investors, Inc.**
July 17, 1963 ("Reg. A") 50,000 common. **Price**—$5.50. **Business**—Company invests in real estate, and securities. **Proceeds**—For property development, debt repayment, and working capital. **Office** — 537 New England Bldg., 5th & Kansas Ave., Topeka. **Underwriter**—None.

★ **Mitchell (John E.) Co.**
July 29, 1963 ("Reg. A") 2,000 common to be offered for subscription by stockholders on a pro-rata basis. **Price**—$150. **Business** — Manufacture of a variety of machines, including auto air conditioners, cotton cleaning machines and handyman high pressure washers. **Proceeds**—For working capital. **Office**—3800 Commerce St., Dallas. **Underwriter**—None.

★ **New England Telephone & Telegraph Co. (8/27)**
Aug. 1, 1963 filed 2,099,857 capital shares to be offered for subscription by common stockholders on the basis of one new share for each 12 held of record Aug. 27. Rights will expire Sept. 23. **Price**—By amendment. **Proceeds**—to repay advances from parent, A. T. & T., and for other corporate purposes. **Office** — 185 Franklin St., Boston. **Underwriter**—None.

★ **Nuveen Tax-Exempt Bond Fund, Series 5**
Aug. 2, 1963 filed $16,500,000 of units representing fractional interests in the fund. **Price**—By amendment. **Business**—The Fund will invest in interest-bearing obligations of states, counties, and municipalities of the U. S., to be exempted from Federal taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

★ **Trans World Life Insurance Co.**
July 31, 1963 filed 465,000 common. **Price**—By amendment (max. $5). **Business**—Company plans to sell general life and disability insurance policies. **Proceeds**—To increase capital and surplus. **Office**—609 Sutter St., San Francisco. **Underwriter**—Alex. Brown & Sons, Baltimore.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

Hardee's Food Systems, Inc.
$150,000 of 6½% subordinated convertible debentures due July 1, 1978 offered at par and accrued interest; also 37,500 common offered at $4 per share by Powell, Kistler & Co., Fayetteville, N. C.

Independent Shoe Discounters Association, Inc.
325,000 common offered at $1 per share by Parker, Bishop & Welsh, Inc., Oklahoma City.

Indiana & Michigan Electric Co.
$45,000,000 of 4⅜% first mortgage bonds due Aug. 1, 1993 offered at 100.75% and accrued interest, to yield 4.33%, by First Boston Corp., and Eastman Dillon, Union Securities & Co., New York.

Investors Trading Co.
200,000 capital shares offered at $3.01 plus 8% sales charge by Nemrava & Co., Denver.

Kelly & Cohen, Inc.
90,000 common offered at $2.75 per share by Amsbary, Allen & Morton, Inc., Pittsburgh.

Minneapolis-Honeywell Regulator Co.
$30,000,000 of 4¼% sinking fund debentures due 1988 offered at 99.75%, to yield 4.27%, by Eastman Dillon, Union Securities & Co., New York.

Mutual Finance Co.
$300,000 of 6% convertible subordinated debentures, series D, due July 1, 1978 offered at par, and accrued interest, by Donald V. Stabell, St. Petersburg.

Nippon Telegraph & Telephone Public Corp.
$20,000,000 of 5¾% guaranteed telegraph and telephone dollar bonds due July 15, 1978 offered at 96¾% and accrued interest, to yield 6.08%, by Dillon, Read & Co., Inc., First Boston Corp., and Smith, Barney & Co., Inc., New York.

Scheib (Earl), Inc.
200,000 capital shares offered at $10.25 by Shearson, Hammill & Co., New York.

Southern Bell Telephone & Telegraph Co.
$70,000,000 of 4⅜% debentures due Aug. 1, 2003 offered at 101.234% and accrued interest, to yield 4.31%, by Lehman Brothers, Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., and Salomon Brothers & Hutzler, New York.

Tokio Marine & Fire Insurance Co., Ltd.
400,000 American Depositary Shares representing 20,000,000 common shares (par 50 yen) offered at $18.25 per share by First Boston Corp., Nikko Securities Co., Ltd., and Shelby Cullom Davis & Co., New York.

United Aircraft Corp.
$42,884,700 4½% subordinated debentures due Aug. 15, 1988 being offered to common stockholders on the basis of $100 of debentures for each 15 shares held of record Aug. 5. Rights will expire Aug. 20. Harriman Ripley & Co., Inc., New York, is the principal underwriter.

ATTENTION UNDERWRITERS!

Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item similar to those you'll find hereunder.

Would you telephone us at REctor 2-9570 or write us at 25 Park Place, New York 7, N. Y.

Prospective Offerings

Atlantic Coast Line RR. (8/13)
July 16, 1963 the company announced plans to sell $4,575,000 of 1-15 year equipment trust certificates in August. **Office**—220 E. 42nd St., New York. **Underwriters** —(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Aug. 13 (12 noon EDST) at above address.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office** — 25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Canon Camera Co.
June 26, 1963 it was reported that the company plans to sell $5,000,000 of convertible bonds in the U. S. **Business** — Manufacture of cameras and other photographic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriter** — Yamaichi Securities Co. of New York, Inc.

● **Carolina Freight Carriers Corp.**
July 5, 1963 the company applied to the ICC for permission to offer 100,000 common. Of the total, 24,000 will be sold by the company and 76,000 by stockholders. **Price** —By amendment. **Business** — A motor freight carrier operating in 13 states from Mass. to Florida. **Proceeds**—For working capital. **Address**—Cherryville, N. C. **Underwriter**—The Ohio Co., Columbus. **Offering**—Imminent.

Chesapeake & Ohio Ry.
July 16, 1963 it was reported that the company plans to sell about $3,780,000 of equipment trust certificates in late September. This will be the second instalment of a total $10,305,000 issue. **Address** — Terminal Tower, Cleveland, O. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

Chicago Burlington & Quincy RR. (10/1)
May 20, 1963 the company announced tentative plans to sell $5,000,000 of equipment trust certificates in October. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected October 1 (12 noon CDST) at above address.

Columbia Gas System, Inc. (10/3)
May 6, 1963 the company stated that it plans to sell $25,000,000 of debentures in October to raise money for construction. **Office** — 120 East 41st Street, New York. **Underwriters** — (Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Bids**—Expected Oct. 3.

Communications Satellite Corp.
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters** —To be named.

Connecticut Light & Power Co.
June 4, 1963 it was reported that the company is considering the issuance of about $25,000,000 of bonds in late 1963. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

Consolidated Edison Co. of New York, Inc.
May 22, 1963 the company stated that it will have to raise approximately $800,000,000 through the sale of securities, to finance its five-year construction program. In addition, it will have to refinance $52,000,000 of maturing bonds in the period ending 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last public bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

Consumers Power Co.
April 24, 1963 it was reported that the company plans to sell $20,000,000 of straight debentures in the 3rd quarter of 1963. **Office**—212 W. Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Duke Power Co.
April 22, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

Eastern Freight Ways, Inc.
Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J. **Underwriter**—Allen & Co., New York.

First National Bank of Toms River, N. J.
July 24, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 24,000 common shares on the basis of one new share for each 19½ held of record June 26. Rights will expire Aug. 26. **Price**—$24. **Proceeds**—To increase capital funds. **Address**—Toms River, N. J. **Underwriter**—None.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

Foote, Cone & Belding, Inc.
June 18, 1963 it was reported that the company is considering the public sale of about 25% of its stock. **Business**—Company is one of the leading advertising agencies in the U. S. with 1962 billings of about $130,000,000. **Office**—247 Park Ave., New York. **Underwriter**—To be named. It was reported that negotiations are being conducted with Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

Gulf, Mobile & Ohio RR. (8/8)
June 12, 1963 it was reported that this road plans to sell $3,900,000 of equipment trust certificates. **Office**—104 St. Francis St., Mobile, Ala. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Aug. 8 (12 noon CDST) at the company's Chicago office.

Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C Langley & Co. (jointly); Lee Higginson Corp.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

Hawaiian Telephone Co.
June 2, 1963 it was reported that the company plans to offer stockholders in October the right to subscribe for an additional $8,000,000 of common stock. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

International Milling Co.
July 8, 1963 the company announced that it expects to file a registration statement covering its first public offering of common stock. The sale will include both a primary and a secondary distribution. **Business**—Company is one of the world's largest flour millers with operations in five countries. **Proceeds**—For expansion, research and debt repayment. **Address** — 1200 Investors Bldg., Minneapolis. **Underwriter** — Kidder, Peabody & Co., Inc., New York.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in the first half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

Jersey Central Power & Light Co. (10/1)
July 16, 1963 the company announced plans to sell $18,525,000 of first mortgage bonds due 1993. **Proceeds**—For construction and refunding of outstanding 5⅜% bonds due 1990. **Address** — Madison Avenue, at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Expected Oct. 1 (11 a.m. EDST) at 80 Pine St., New York. **Information Meeting**—Sept. 26 (10 a.m. EDST) at same address.

Jersey Central Power & Light Co. (10/15)
June 12, 1963 company announced plans to sell $9,000,000 of debentures due 1988. **Proceeds**—For construction. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Expected Oct. 15 (11 a.m. EDST) at 80 Pine St., New York. **Information Meeting**—Oct. 10 (10 a.m. EDST) at same address.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co (jointly); Salomon Brothers & Hutzler-Eastman Dillon Union Securities & Co.-Equitable Securities Corp (jointly).

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive) Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly)

Mexico (Government of)
July 16, 1963 following the public offering of $40,000,000 of external bonds, it was reported that the Government is authorized to sell an additional $65,000,000 of bonds in the U. S. and abroad. **Underwriters**—Kuhn, Loeb & Co., Inc., and First Boston Corp., N. Y.

Nevada Power Co. (10/16)
July 29, 1963 it was reported that the company plans to sell about $11,000,000 of first mortgage bonds in October. **Address**—Fourth and Stewart Ave., Las Vegas. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.; Eastman Dillon, Union Securities & Co.—Kidder Peabody & Co. (jointly); Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith—Lehman Bros.—Salomon Bros. & Hutzler **Bids**—Expected Oct. 16. **Information Meeting**—Oct. 4 (11 a.m. EDST) at 20 Broad St., New York.

Nevada Power Co.
July 29, 1963 it was reported that the company plans to sell about 120,000 common shares in October. Transaction is subject to approval by Federal and State regulatory authorities. **Address**—Fourth and Stewart Ave., Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co. (11/19)
July 10, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected Nov. 19.

New York, Chicago & St. Louis RR (9/11)
July 30, 1963 the company announced plans to sell $6,540,000 of 1-15 year equipment trust certificates in September. **Address** — Terminal Tower Bldg., Cleveland. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Sept. 11 (12 noon EDST) at the above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Norfolk & Western RR (9/9)
July 2, 1963 it was reported that this road has scheduled the sale of about $6,900,000 of 1-15 year equipment trust certificates for September. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Sept. 9 or 10 (12 noon EDST) at the company's Philadelphia office.

Northern Pacific Ry. (12/10)
July 2, 1963 it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

Pacific Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co. The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Piedmont Natural Gas Co., Inc.
July 22, 1963 the company announced plans to offer stockholders this fall, the right to subscribe for about 140,000 common shares on a 1-for-10 basis. **Business**—Distribution of natural gas in North and South Carolina. **Proceeds**—For construction. **Office**—4301 Yancey R., Charlotte, N. C. **Underwriter**—White, Weld & Co., Inc., New York.

Potomac Edison Co.
May 14, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to raise $12,000,000 in 1964, but has not determined the type of security to be sold. **Office**—200 East Patrick St., Frederick, Md. **Underwriter**—To be named. The last sale of bonds on May 8, 1957 was to a group headed by W. C. Langley & Co., and First Boston Corp. Other bidders were: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly).

Continued on page 36

Continued from page 35

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Public Service Electric & Gas Co. (10/22)
July 23, 1963 the company announced plans to issue $40 to $50,000,000 of debentures due 1982 in October. **Proceeds**—To redeem $36,000,000 of outstanding 3% debentures maturing Nov. 1, 1963 and for construction. **Office**—80 Park Place, Newark, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers-Salomon Brothers & Hutzler (jointly); Blyth & Co.; Goldman, Sachs & Co.-Harriman Ripley & Co. (jointly); First Boston Corp. **Bids**—Expected Oct. 22 (11 a.m. EDST) at above address.

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Southern California Edison Co.
May 22, 1963, following the sale of $60,000,000 of first and refunding mortgage bonds due May 15, 1988, the company stated that it will need about $66,000,000 of new money to finance its 1963-64 construction program A spokesman said that the company is considering the sale of a minimum of $50,000,000 of debt securities in the fall. **Office**—601 West Fifth St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Pacific Co. (9/4)
July 23, 1963 it was reported that the company plans to sell about $7,500,000 of 1-15 year equipment trust certificates. **Office** — 165 Broadway, New York. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Sept. 4 (12 noon EDST) at above address.

★ **Southern Railway Co. (9/5)**
Aug. 5, 1963, the company announced plans to sell $6,420,000 of equipment trust certificates in September. This is the first instalment of a proposed $12,840,000 offering. **Office**—70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly). **Bids**—Sept. 5 (12 noon EDST) at 70 Pine St., New York.

★ **Southern Railway Co. (10/29)**
Aug. 5, 1963, the company announced plans to sell $6,420,000 of equipment trust certificates in October. This is the second instalment of a proposed $12,840,000 offering. **Office** — 70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly). **Bids**—Oct. 29 (12 noon EDST) at 70 Pine St., New York.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

Transcontinental Gas Pipe Line Co.
May 6, 1963 it was reported that the company plans to issue $30,000,000 of debt securities in September. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

Ultronic Systems Corp.
May 28, 1963 it was reported that a registration will be filed shortly covering the first public sale of this firm's common stock. While the size of the offering has not been determined, it is said to be a relatively small deal, involving over 50,000 shares. **Business** — Manufacture, rental and service of the "Ultronic Stockmaster," a desk unit used to provide stock brokers with instantaneous information on stock and commodity market action of selected issues. **Proceeds**—For working capital. **Address**—Pennsauken, N. J. **Underwriter**—Bache & Co., N. Y.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds): Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

Virginia Electric & Power Co. (12/10)
July 30, 1963 the company announced plans to sell $30,000,000 of securities, probably first mortgage bonds, in December. **Address**—Seventh and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler—Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith Inc.—Lehman Bros. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. **Bids** — Expected Dec. 10. **Information Meeting**—Dec. 5 (11 a.m. EST) at One Chase Manhattan Paza, New York.

Washington Gas Light Co.
July 2, 1963 it was reported that this utility plans to sell $20,000,000 of bonds in the second quarter of 1964. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters** (Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

Western Transmission Corp.
April 17, 1963 it was reported that this newly-formed natural gas pipeline company plans to file a registration statement covering an undetermined number of common shares to be offered initially to stockholders of U. S. Natural Gas Corp. **Address**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

Western Union Telegraph Co.
March 6, 1963 the company announced that it had arranged to borrow a total of $100,000,000 by sale of notes maturing serially, one-third at the end of each of the years 1964, 1965 and 1966. It plans to refinance the serial notes by issuance of long-term debt securities, but has not determined the terms or timing of the action. **Office**—60 Hudson St., New York. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York.

Wisconsin Public Service Corp. (10/8)
March 19, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co. **Bids**—Expected Oct. 8.

● **Yale Express System, Inc. (8/19-23)**
July 22, 1963 it was reported that the company had filed an application with the ICC for permission to sell $6,500,000 of convertible subordinated debentures and 400,000 class A shares. **Price**—By amendment. **Business**—A holding company for subsidiaries engaged in motor vehicle freight transportation, nationwide freight forwarding, truck leasing, etc. **Proceeds** — For loan repayment. **Office**—460 12th Ave., New York. **Underwriters**—Eastman Dillon, Union Securities & Co., and Hemphill, Noyes & Co., New York.

ASE Automating Quote System

American Stock Exchange President Edwin D. Etherington has reported preparations for automation of the Exchange's stock quotation system were proceeding satisfactorily and the system, designed to handle up to 72,000 price and volume inquiries an hour, was expected to begin operating by early 1964 as scheduled.

E. D. Etherington

In his quarterly report to the Exchange membership, Mr. Etherington said a combined ticker-quotation input station being readied at the Exchange would operate the Exchange's quotation tickers and feed information to the data-processing system. This system, which features a unique automatic voice response, was developed by The Teleregister Corporation and will be located at its Telecenter in downtown New York.

On another front, the Exchange's Clearing Corporation moved ahead with plans to furnish clearing facilities for some 1,200 over-the-counter stocks under a service agreement with the National OTC Clearing Corporation. A pilot program will begin clearance in approximately 100 issues about Aug. 1st. Approximately 75 brokerage firms will participate in the program at the start.

Since inauguration of the Exchange's membership program April 16th, representatives of 80 associate member organizations coast to coast have applied for the 101 regular memberships initially authorized for sale this year. An additional 50 seats will be made available for sale to qualified associate members through 1965 if regular seat market conditions are favorable.

Thirty-nine of the 80 associate member representatives were elected to regular membership by the Exchange Board of Governors in the quarter, and a total of 61 through July 25th. This raised Exchange membership to 560, the first increase in 43 years.

Trading volume totaled 79,086,493 shares in the second quarter, an increase over the 66,309,880 shares traded during the first three months. Daily share volume averaged 1,255,341, an increase of 185,827 shares per day over the first quarter.

For the full six months, volume totaled 145,396,373, down 25,297,296 from the first half of 1962.

Exchange Governors approved 20 new stock issues of 19 companies during the second quarter, against 12 issues of 11 companies in the opening three-month period. The six-month total of 32 issues of 30 companies and 30,459,809 shares compared with 43 issues of 40 companies and 43,945,439 shares in the first half of 1962.

A Special Committee of Governors making a careful company-by-company study based on the continued listing criteria adopted April 5, 1962, has about completed its assignment, Mr. Etherington reported. In 14 months, the Exchange has removed 44 issues of 42 companies for failure to meet Exchange standards for continued listing, including 20 issues of 18 companies this year.

Dealer-Broker

Continued from page 8

available are comments on **Kansas City Southern Industries.**

Syntex — Analysis — Winslow, Cohu & Stetson, Inc., 26 Broadway, New York, N. Y., 10004.

Systron-Donner Corp. — Analysis —Hannaford & Talbot, 519 California Street, San Francisco, Calif. 94104.

Texaco Canada Limited—Report—James Richardson & Sons, Inc., 14 Wall St., New York, N. Y. 10005.

Texas Industries — Analysis — Carreau, Smith, McDowell, Dimond, Inc., 115 Broadway, New York 6, N. Y.

Topsy's International — Report — B. C. Christopher & Co., Board of Trade Building, Kansas City, Mo. 64105.

Trans Mountain Oil Pipe Line Company—Analysis—C. M. Oliver & Company Limited, 821 West Hastings Street, Vancouver 1, B. C., Canada.

United Virginia Bankshares—Analysis—Craigie & Co., Inc., 616 East Main Street, Richmond, Va., 23219.

Universal Oil Products—Analysis—Filor, Bullard & Smyth, 26 Broadway, New York, N. Y. 10004.

Washington Steel Corporation — Analysis — Moore, Leonard & Lynch, Union Trust Building, Pittsburgh, Pa. 15219.

Edwin L. Wiegand Company—Analysis—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh, Pa., 15219.

Wolverine Shoe & Tanning — Analysis — Watling, Lerchen & Co., Ford Building, Detroit, Mich., 48226.

Encouraging Factors Easing World Dollar Pressures

Continued from page 10

gold used by the United States. These may be securities denominated in foreign currencies, and drawings under swap arrangements[10] between the United States and foreign monetary authorities. The swap arrangements in effect enable foreign monetary authorities to hold dollars on a covered forward basis. Both types of transactions protect the foreign holder against devaluation of the dollar relative to their own currencies, and thus to some extent serve as a substitute for gold.[11] They do not, however, constitute a gold guarantee, which in the same circumstances would yield them a profit. Foreign holdings of U. S. securities denominated in foreign currencies increased by the large amount of $275 million in the first four months of this year,[12] while the gold outflow was $140 million. Comparable data on drawings under swap arrangements have not yet been made available.

(3) Finally, gold outflows from the United States reflect to some extent developments in the London gold market. A low price there tends to reduce the amount of gold purchased in the United States.

IV

It is by now well known that the major industrial countries set up a gold pool at the end of 1961 to operate in the London gold market. This pool attempts to coordinate purchases, regularize day-to-day price fluctuations, and keep the range of gold prices within acceptable limits.[13] The gold pool is intended to prevent another period of feverish speculation, such as the "gold bubble" in the fourth quarter of 1960, when the price of gold was rapidly bid up from $35.25 an ounce to almost $41.

Gold Pool as a Price Stabilizer

The gold pool is a cooperative effort. It reflects the judgment that gold is an important part of the present international financial system and that large fluctuations in the price of gold disturb the smooth functioning of that system. Large and rapid increases in the price of gold tend to feed on themselves, thus threatening the stability of the international financial system. The operations of the gold pool represent a collective assurance that the price of gold will not again be allowed to get out of hand.

In 1962, the price of gold on the London market fluctuated from $35.06 an ounce to $35.20; this year prices have fluctuated between $35.05 and $35.12. The price at the close of last week was $35.07⅝ an ounce. This is less than the price at which the U. S. Treasury is prepared to sell gold to foreign official agencies for legitimate monetary purposes, and it suggests that gold is being purchased for monetary reserves in London.[14]

Sharp Hike in 1962's Private Gold Holdings

Though the gold pool can regularize the price of gold, and thus limit speculation, it cannot determine what part of gold production will be added to monetary reserves. This depends upon the demand for gold for private purposes: industry, the arts, and speculation. The amount of gold that goes into monetary reserves is a residual, and has shown great variations: $695 mililon in 1959; $335 million in 1960; $630 million in 1961; and $305 million in 1962. The private offtake of gold in 1962 was about $1,200 million—the largest amount in any one year since the end of World War II.

This result is obviously unsatisfactory, and many remedies have been proposed to deal with it. These include a large increase in the price of gold, to perhaps $70 an ounce or even $100; reducing the price of gold at regular intervals by stated amounts;[15] and demonetizing gold entirely, thus making gold the same kind of non-monetary metal as silver and copper. The official policy, often stated by the U. S. Government, is to maintain the present price of gold at $35 an ounce.

Sees Gold Hoarding and Speculation Declining

It may be taken for granted that the price of gold in the London market will be controlled. Though the offtake of gold for industry and the arts may continue to increase slowly, it would not be surprising if that for hoarding and speculation were to decrease. Strengthening the U. S. balance of payments will strengthen confidence in the dollar. Stronger financial defenses and increased international cooperation make it increasingly certain that the international financial structure will be defended successfully. A considerable improvement in international confidence would, of course, not only reduce current hoarding, but result in substantial dishoarding from the large stocks of gold accumulated in the past.

V

Short-term capital movements, partly for reasons of interest arbitrage and partly for reasons of speculation, have constituted the most dramatic part of the international financial scene since 1958. Freedom of capital movement is valuable and serves worthwhile purposes. Yet there is no doubt that large-scale capital movements can be very disturbing. These disturbing aspects of short-term capital movements have been increasingly recognized in the past few years and various policies and procedures have been developed to cope with them.

Currency Defense Arrangements

To deal adequately with these defenses would require a separate analysis. Nevertheless, the activity on this front can be suggested by brief listing. The United States has engaged in extensive forward exchange operations designed to reduce short-term capital movements, and has made a network of swap arrangements (associated with the name of Mr. Roosa, Under Secretary of the Treasury) to help finance those that do occur. Proposals by Mr. Reginald Maudling, Chancellor of the Exchequer of the United Kingdom, for a Mutual Currency Account, are designed in part to deal with the same problem. The central banks of the major industrial countries have had a meeting of the minds on the need to finance disturbing short-term capital movements. The $900 million of financing to the United Kingdom under the Basle Agreement in 1961, the assistance to the Canadian authorities in 1962, and the $250 million of assistance to the United Kingdom in February and March of this year suggest the size and the speed of such assistance.

A substantial role is played by the International Monetary Fund, sometimes in the first line of defense, and sometimes (as when it re-financed the Basle credits) in the second line. The authority of the Fund to use its resources to finance short-term capital movements was clarified in 1961. Its ability to do this was increased by the General Arrangements to Borrow, which came into force in 1962. These Arrangements provide an additional $6 billion of stand-by resources which the Fund may call on to finance drawings. Ten Fund members are party to these Arrangements, and Switzerland, which has so often been on the receiving end of short-term capital movements, is considering associating itself to the extent of $200 million.

The major industrial countries are thus better equipped to cope with large-scale capital movements now than at any time in the last five years. But the question to which we should all like an answer is whether they will have to.

Why Defenses May Not Be Utilized

There are three reasons why they may not have to.

First, the experiences of the past few years have indicated the necessity of acting cooperatively, promptly, and massively. The major industrial countries are better prepared mentally as well as financially to recognize and deal with disturbing capital movements; and each has come to see more clearly his stake in doing so. There is less likelihood for a "run" to start—or, once started, to feed on itself.

Europe's Declining Payments' Surplus

Second, large movements of short-term capital have reflected distrust of sterling and of the dollar. There has been the expectation, sometimes latent and often active, that weaknesses in these currencies, or shortages of international liquidity, would bring about devaluation or an increase in the price of gold. To a not inconsiderable extent, these feelings have reflected the periodic weaknesses in the balance of payments of the United Kingdom and the string of large deficits of the United States. The balance of payments surpluses of continental Europe, which have financed its greatly increased holdings of gold and dollars, have been the counterpart of these weaknesses. In 1962, the United Kingdom was in equilibrium with respect to its basic balance of payments — its balance of current transactions and long-term capital transactions, excluding advance repayments of government debt.[16] The United States, however, had a $2 billion deficit. (U. S. receipts of advance repayments of foreign debt totaled $660 million in 1962, but these are not included in this balance.) But the change in the position of continental Europe has perhaps been greater than is generally realized. Its extreme surplus has been falling continuously for five years. The basic balance of continental Europe fell from $3 billion in 1958 and 1959 to about $500 million in 1962. France had a basic surplus of about $1 billion in 1962; the other countries in continental Europe had deficits or minor surpluses, and together had a basic deficit of about $500 million. The shift in the basic balance of continental Europe has not yet gone far enough to restore equilibrium among the major industrial countries, but it has reduced the pressure on sterling and the dollar. Indeed, the major question may now be whether the continental European countries will draw down part of their admittedly substantial reserves to finance continued high rates of economic growth. This question is the more pertinent because of trends in wage rates. Last year, wage rates increased 3% in the United States, compared with 8% in Italy, 9% in France, and 12% in Germany; and recent developments suggest that these trends continue.

Narrowing Interest Rate Spread

Finally, interest rates in the United States and in Europe have come closer together. This tends to reduce the flow of short-term capital for purposes of interest arbitrage. Developments in the United States have been unusual. The interest rate on long-term corporate bonds has remained remarkably steady for the past two years even though the upswing in the present business cycle would normally be associated with an increase. The prime rate has remained steady at 4½%. Short-term interest rates have risen because the Federal Reserve System and the Treasury have tried, with some success, to shift their offerings to the short end of the market and to shift their demands to the longer end. The differential between short rates and long rates has been reduced.

Rates of interest in the United Kingdom have been falling since 1961, when Bank Rate was raised to 7% to stop the run on sterling. Bank Rate in January of this year was reduced to 4% and the recently announced program of the Chancellor of the Exchequer for expanding the level of economic activity in the United Kingdom suggests, as a minimum, that this rate will not be increased. The discount rate in Canada has come down substantially from its high point of 6% in the second quarter of 1962. Rates of interest in Europe are steady or falling, and rates on commercial loans are feeling the pressure of the Euro-dollar market.

In short, there is some reason to think that, barring unforeseen developments and political shocks movements of short-term capital for interest arbitrage and speculation are likely to be more modest and less disturbing than they have been for several years.

10 Swap arrangements are mutual credit facilities on a stand-by basis. Utilization of such swap lines takes the form of drawings. For example, when the Federal Reserve initiates a drawing under its swap arrangement with the Swiss National Bank, it acquires Swiss francs. In a typical case, it might use these Swiss francs to buy dollars from the Swiss National Bank. At the end of the swap period, usually three months, it would have to return the Swiss francs.

11 See Charles A. Toombs, "Treasury and Federal Reserve Foreign Exchange Operations," Federal Reserve Bank of New York, *Monthly Review*, March 1963, p. 39; Federal Reserve Board, *Annual Report*, 1962, pp. 30-34; Swiss National Bank, *Rapport*, 1962, p. 4.

12 On April 30, 1963, four countries held U. S. securities denominated in their own currencies: Austria, $25 million; Germany, $200 million; Italy, $200 million; and Switzerland, $150 million.

13 Presumably smaller than those created by shipping gold to, and obtaining gold from, the United States, i.e., approximately $34.80 an ounce to $35.20.

14 The largest single factor in this market is the Bank of England, which deals in the market in three capacities: on its own account; as representative of the gold pool; and as selling agent for the newly mined gold shipped from South Africa. In 1962, total shipments of South African gold to all countries amounted to $677.6 million, of which more than 99% went to London. This figure was much higher than in 1959-61. (*International Financial News Survey*, May 10, 1963, p. 165, quoting *The Times*, London, April 9, 1963.)

15 See Fritz Machlup, "Comments on the 'Balance of Payments' and a Proposal to Reduce the Price of Gold," *Journal of Finance*, May 1961.

16 Because of statistical uncertainties, the data on basic balances in this paragraph should be regarded as indications of an order of magnitude rather than as precise estimates. In general, the basic surpluses tend to be underestimated, and the basic deficits to be overestimated.

*A speech delivered to the American Retail Federation in Washington, D. C., by Mr. Altman. The views expressed are personal, and are not necessarily those of the International Monetary Fund.

Dayton Firm Opens

DAYTON, Ohio — **The Freeland Company,** 1139 North Main Street. Officers are Harold M. Freeland, President and Treasurer; B. C. Freeland, Vice-President; and Malcolm D. Basinger, Secretary.

Another Michigan Office

DETROIT, Mich.—**Manley, Bennett, McDonald & Co.,** members of the New York Stock Exchange and investment dealers for 31 years, have opened their seventh Michigan office in Northland Towers, Southfield, Mich. The office will be managed by Robert A. Benton, Jr. a partner of the firm for the past 10 years, and Richard A. Carman, who has been with the firm for 17 years and a partner for the past two years.

STATE of TRADE and INDUSTRY

Continued from page 16

net profits in the second quarter doubled that of the first quarter. Net profits per dollar of sales jumped to 6.3% from the first quarter's 4% and were almost double the 3.75% rate in the second quarter of last year.

Contributing to the improvements in earnings was an increase of 27% in the dollar volume of sales over the first quarter's. Also sweetening the earnings were higher rates of operations in the second quarter; price increases on some products, primarily those in strongest demand; improvements in production processes; and intensification of cost reduction.

Second quarter earnings are all the more impressive considering that steel employment costs continued to climb and that operating costs included increased amounts set aside for depreciation and depletion under the new guidelines for reckoning depreciation for Federal tax purposes.

So far in the third quarter, industrial activity is just about matching the fast pace set in the second quarter. Mirroring the good state of business is *Steel's* index of industrial production which is only 2% under the 1962 high mark.

That business is better than was expected is also reflected in *Steel's* quarterly survey of component inventories. Respondents indicate some inventory building will take place over the next three months — particularly in castings, machined components, such as bearings, gears, cylinders; and mechanical rubber goods.

Steel's 4% Decline Marks Ninth Drop in Past Ten Weeks But Cumulative 1963 Output Is 12.4% Above 1962 Period

According to data compiled by the American Iron and Steel Institute, production for the week ended Aug. 3 was 1,782,000 tons (*95.7%) as against 1,856,000 tons (*99.6%) in the July 27 ending week. The week to week output dropped 4% and it marks the ninth weekly decline out of the past ten weeks. Last week's decline edged below the 1957-59 base period's average weekly output and was the lowest production since the Dec. 29-ending Christmas holiday week!

The year's weekly high was 2,626,000 net tons achieved May 25-ending week unequalled in the past two years and last equaled in mid-March, 1961. The Aug. 3-ending week's output exceeded last year's week by 12.9%.

For the tenth week in a row this year, the cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 69,100,000 net tons (*119.7%) which is 12.4% above the Jan. 1-Aug. 4, 1962 production of 61,501,000 net tons.

District—	*Index of Ingot Production for Week Ending Aug. 3	July 27
North East Coast	93	94
Buffalo	88	74
Pittsburgh	91	89
Youngstown	84	72
Cleveland	110	91
Detroit	137	133
Chicago	101	98
Cincinnati	120	113
St. Louis	113	107
Southern	112	116
Western	100	103
Total industry	99.6	95.7

*Index of production based on average weekly production for 1957-59.

Steel Production Comeback Will Start in September

The comeback in steel production will start in September, *Iron Age* magazine reports. The order rate has already turned up, setting the basis for a pickup in steel output within the next four to six weeks.

The national metalworking weekly says the rate of improvement will not amount to a sharp rise anything like the high rate of production during the year's inventory buildup. But the magazine says the market is showing underlying strength that indicates growing demand through the autumn months.

Iron Age says this is due to these factors:

(1) Automotive orders for September show perhaps a 10% improvement over earlier indications.

(2) Major users of steel are not trying to correct their inventories at a rate that would cause a complete collapse in the market.

(3) Because of the dry weather, major construction projects are moving far ahead of schedule. This has resulted in stepped-up demand for use of construction steels.

(4) Demand for some specific products is outstripping all expectations, leading to a high rate of production for these products even through the inventory correction period. (The outstanding example is galvanized steel which is likely to be tight through the rest of the year.)

Iron Age comments that for many of the major steel companies, second quarter earnings were the best quarterly returns since 1959. For the major steel companies, second quarter 1963 earnings were 98% higher than the second quarter 1962 earnings, and 102% over the first quarter 1963.

But the metalworking weekly notes that steelmakers scarcely had time to enjoy the results because, before quarterly reports were out, the correction following the steel labor settlement was in full force.

Iron Age adds these regional market reports:

Pittsburgh — Order improvements are reported at two mills, with others holding firm or inching upward. A 10% order gain at one mill is regarded as merely a late-month flurry. Another mill reports the two biggest auto companies have boosted their September buys above earlier indications. With short lead times, the overall September picture is still uncertain. But some improvement over August can be seen.

Chicago—While steel mills sustained a slowdown in order rates, it's still assumed that at least two Chicago area mills could hit records this year. Steel service centers, for which Chicago is the national center, are showing unexpected strength. Many continue to run 10 to 20% over last year, despite the July slump. Warehouse chains also report Chicago is the strongest market in the nation.

Cleveland — Construction business in Ohio has turned into probably the most active steel market while inventories of sheet at auto and appliance plants are worked down. While weather has been in drought stages, it has been a boom to construction. Some bridges and other projects are almost a year ahead of schedule. These take heavy tonnages of plate, structurals, welded wire fabric, and hot-roller sheet.

Car and Truck Output Reached All-Time Monthly High in July

Combined car and truck production in U. S. plants during July reached an all-time record for the month, *Ward's Automotive Reports* said on Aug. 2.

The statistical agency fixed unit output at 783,925, including 655,194 cars and 128,731 trucks. The total for passenger units was second-best for any July only to 659,763 in 1955 and was 11.2% above 589,002 cars made in the month last year.

Ward's said the car total was about 32,000 units above the industry's original program for the month, reflecting intensification of production when a rail strike deadline of July 29 loomed. Car makers relaxed overtime schedules as a rail tie-up was averted.

Meanwhile, the nation's truck industry posted a new high in July unit building. Previous high came in 1951, when 111,797 trucks were made in the month. In July last year, 102,863 units were turned out.

Truck production in 1963 is rivaling the war-time record boom of 1951, when 1,412,149 were made in the entire year.

In the car assembly plants, 1963 model runouts have been reached by many makes. Pontiac, Oldsmobile, Buick and Cadillac divisions of General Motors Corp. have already completed runs. It was a record period for Pontiac and Cadillac, and seven-year highs were scored by Olds and Buick. Chevrolet division, which has already set a new industry record, producing more than 2.2 million cars in 63, will conclude output in the present week.

Chrysler Corp., winding up its biggest model year since '57, ended work at its Hamtramck (Mich.) Dodge plant on Aug. 1.

Ford Motor Co., which will be the last car maker to complete '63 operations, had five plants scheduled to work a Saturday shift on Aug. 3.

Of 103,266 cars programmed last week, GM Corp. was expected to account for 57.1%; Ford, 39.0%; Chrysler, 3.9%; American Motors and Studebaker, nil.

Carloadings Show Gain of 5.9% Over 1962 Week

Loading of revenue freight in the week ended July 27, totaled 600,850 cars, the Association of American Railroads announced Aug. 1. This was an increase of 13,157 cars or 2.2% above the preceding week.

The loadings represented an increase of 33,719 cars or 5.9% above the corresponding week in 1962, and an increase of 9,549 cars or 1.6% above the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended July 27, 1963, are estimated at approximately 12.8 billion, an increase of 10.7% over the corresponding week of 1962 and 12.0% over 1961.

There were 15,000 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended July 20, 1963 (which were included in that week's over-all total). This was an increase of 1,823 cars or 13.8% above the corresponding week of 1962 and 4,212 cars or 39.0% above the 1961 week.

Cumulative piggyback loadings for the first 29 weeks of 1963 totaled 433,060 cars for an increase of 50,700 cars or 13.3% above the corresponding period of 1962, and 116,306 cars or 36.7% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 60 one year ago and 58 in the corresponding week in 1961.

Intercity Truck Tonnage Volume Again Tops 1962 Week

Intercity truck tonnage in the week ended July 27 was 4.1% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced Aug. 2. For the sixth consecutive week, truck tonnage has shown a gain on a year-to-year basis. These reports have shown steady increases over the 1962 level, and the latest report represents the most substantial gain of this year. Truck tonnage was 3.2% ahead of the volume for the previous week of this year.

Settlement of a local labor dispute at a number of Western terminals resulted in large week to week increases for Denver, Portland, and San Francisco. These cities were down sharply last week.

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

Lumber Production Down 16.8% From 1962 Week

Lumber production in the country totaled 194,405,000 board feet in the week ended July 27, according to reports received from regional lumber associations.

Compared with 1962 levels, production fell 16.8%, shipments fell 14.6% and new orders fell 9.2%.

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

	July 27 1963	July 20 1963	July 28 1962
Production	194,405	193,392	233,772
Shipments	209,336	207,448	245,268
New orders	210,523	206,546	231,922

Electric Output Shows 12.3% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 3, was estimated at 18,607,000,000 kwh. according to the Edison Electric Institute. Output was 164,000,000 kwh. below the previous week's total of 18,771,000 kwh., and 2,042,000,000 kwh. above the total output of 16,565,000,000 kwh. in the corresponding 1962 week, or a year-to-year gain of 12.3%.

Downswing in Business Failures In Latest Week

Following an erratic pattern of weekly ups and downs, commercial and industrial failures dropped back to 238 in the week ended Aug. 1 after an upturn to 272 in the preceding week, reports Dun & Bradstreet, Inc. Considerably fewer casualties occurred than in the similar week last year when the toll came to 310 or in 1961 when there were 406. As well, business mortality fell 14% short of the pre-war level of 277 in 1939.

Failures with liabilities of $100,000 or more dipped to 33 from 37 a week earlier and were down from 44 in the comparable week a year ago. A decline also prevailed among casualties involving liabilities under $100,000 which fell to 205 from 235 in the previous week and 266 last year.

Wholesale Commodity Price Index Hits 32-Month Low

The lowest point since Dec. 20, 1960 was reached by the general wholesale commodity price level on Thursday last week when it plunged to 264.66, reports Dun & Bradstreet, Inc. While the index had eased up slightly by Aug. 5, it remained below comparable week-ago and year-ago levels. Chief cause of the downslide was the extremely sharp impact of drops in sugar and flour followed to a lesser degree by declines in hogs, lambs, silver, cotton and rubber. The effect of these downturns would have been even stronger had not exporters and flour mills stepped up their buying of wheat causing successive rises in its price every day except Friday.

The daily wholesale commodity index slipped to 265.41 on Monday, Aug. 5, down from last Monday's 266.43. As well, the index trailed the 268.87 of a month ago and fell drastically from the 272.22 a year ago.

Wholesale Food Price Index Below Last Week But Even With Year Ago

The wholesale food price index, compiled by Dun & Bradstreet, Inc., eased 0.3% to $5.93 on Aug. 6, registering the second weekly decline since the 1963 high set on July 23. The index, which has been running slightly over last year for the past eleven weeks, this week stood exactly even with the comparable week of 1962.

Eggs, hogs and bellies fell most sharply in wholesale cost with lesser declines registered in flour and coffee. Higher quotations were more numerous with ten foodstuffs—wheat, corn, rye, oats, lard, butter, milk, cocoa, potatoes and steers—inching upwards but failing to offset the downturns.

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

Retail Buying Wilts in Heat But Still Tops Year Ago

With shopping zest wilting in extreme heat and humidity and with summer clearances losing some of their steam, retail purchases slackened in the week ended July 31. However, over-all volume continued to top last year's comparable level although by a narrowed margin. Understandably, summer recreational merchandise fared best. Swimwear, both women's and men's boomed, and men's short sleeve dress and sport shirts attracted lively buying. Vacation travel sparked activity for car dealers, roadside restaurants, service stations, motels and resorts. However, the weather was a mixed blessing in the home goods division. Demand soared with the temperature for fans, air conditioners and freezers, but interest in furniture and other appliances sagged limply.

The total dollar volume of retail trade in the week ended July 31 ranged from 2 to 5% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —5 to —1; Pacific 0 to +4; East North Central and West North Central +1 to +5; East South Central +2 to +6; Middle Atlantic +3 to +7; West South Central and Mountain +4 to +8; South Atlantic +5 to +9.

Nationwide Department Store Sales Rise 3% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 3% for the July 27-ending week compared with the like period in 1962. The week's gain over the year-ago week marked the ninth encouraging weekly trend in a row.

In the four-week period ended July 27, 1963 sales gained 5% over last year's level for the comparable period for the country's 12 leading department store districts.

According to the Federal Reserve System, department store sales in New York City for the week ended July 27, gained 4% over the comparable year-ago week's figure. New York City's department store sales were up 11% for the four week-period ending July 27.

A *flash figure* for New York City's sales for the Aug. 3-ending sales week revealed a plus 3% increase. In every week since June 1, there has been a gain for the N. Y. C. department stores notwithstanding the N. Y. City sales tax hike from 3% to 4% commencing last June 1. No one can surmise, however, how much higher it might have been in the absence of the sales tax rise. The four-week N. Y. C. flash figure was plus 5% over a year ago.

So far this year (Jan. 1 to July 27), the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the July 27-ending week's total sales 5% above a year ago, almost the same gain registered by department stores alone. The year-to-year contrast for the latest four-week period showed a gain of almost 4%—or three percentage points less than department store sales for the same period.

TAX-EXEMPT BOND MARKET

Continued from page 6

pany, Stroud & Company, Adams, McEntee & Company, George B. Gibbons & Company, Fahnestock & Company and Winslow, Cohu & Stetson.

Scaled to yield from 2.10% in 1966 to 3.20% in 1992, the present balance in syndicate is $3,095,000. The 1963 maturity carried a 1% coupon and was sold pre-sale.

First Southwest Company and associates submitted the best bid, a 3.15% net interest cost, for $5,585,000 Water and Sewer revenue (1964-1987) bonds of Wichita Falls, Texas. The runner-up bid, a 3.176% net interest cost, came from the Phelps, Fenn & Company account. There were seven additional bids made for this issue.

Other major members of the First Southwest Company group are Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Company, J. C. Bradford & Company, Goodbody & Company, McClung & Knickerbocker, Rowles, Winston & Company, F. S. Smithers & Company, Stroud & Company, Underwood & Neuhaus & Company, Dallas Union Securities Company, Inc., Fridley & Frederking and Gregory & Company.

Reoffered to yield from 1.85% in 1964 to 3.30% in 1987, a balance of about $3,000,000 remains in group. The 1988 maturity carried a 1/10 of 1% coupon and was sold pre-sale.

Active Tuesday

On Friday (Aug. 2) and Monday (of the current week) there were no important new issue sales but Tuesday was an active day with four issues of importance on the calendar. The largest loan of the day, $12,000,000 City of Phoenix, Ariz., Water System revenue (1969-1990) bonds, was awarded to *The First Boston Corporation* syndicate at a 3.246% net interest cost. The runner-up bid, a 3.25% net interest cost, came from the Lehman Brothers account.

Associated with The First Boston Corporation in this underwriting are Bear, Stearns & Company, F. S. Moseley & Company, Wertheim & Company, Paribas Corporation, Ira Haupt & Company, Hayden, Stone & Company, J. C. Bradford & Company, Dick & Merle-Smith and Wm. E. Pollock & Company.

Scaled to yield from 2.60% to 3.35% for various coupons, the present balance in syndicate totals $5,105,000.

The First National City Bank and associates submitted the best bid for $9,289,000 Newark, New Jersey, School and General Improvement (1964-1983) bonds. The group bid 100.44 for a 3% coupon. The second best bid, 100.33 also for a 3% coupon, came from the account led by Glore, Forgan & Company.

Other major members of the winning group include Bankers Trust Company, Harris Trust and Savings Bank, C. J. Devine & Company, Chemical Bank New York Trust Company, Equitable Securities Corporation, Boland, Saffin, Gordon & Sautter, Barr Brothers & Company, First National Bank of Oregon, Portland, City National Bank and Trust Company, Kansas City, A. G. Becker & Company, Inc. and Wood, Struthers & Company.

The bonds were reoffered to yield from 1.80% to 3.10% and bank buying was immediate with all but $2,615,000 of the bonds sold.

Glore, Forgan & Company and associates submitted the best bid, a 2.693% net interest cost, for $6,400,000 State of New Mexico Severance Tax (1964-1973) bonds. The runner-up bid, a 2.71% interest cost, was made by the C. J. Devine & Company account.

Other members of the winning syndicate include Ladenburg, Thalmann & Company, Paribas Corporation, Dick & Merle-Smith, Hayden, Stone & Company, Second District Securities Corporation, Raffensperger, Hughes & Company, Auchincloss, Parker & Redpath, Allan Blair & Company, J. A. Overton & Company and J. B. Hanauer & Company.

Scaled to yield from 1.75% to 2.70%, early investor demand has been lacking, with the present balance in syndicate totaling $5,805,000.

Tuesday's last sale to be noted involved $4,119,000 Shreveport, Louisiana various purpose (1966-1988) bonds. The account headed by the *Chase Manhattan Bank* was the successful bidder at a 3.1005% net interest cost and this compared very favorably with the second bid, a 3.1006% net interest cost, which was made by Equitable Securities Corporation and associates.

Other members of the successful account include The Northern Trust Company, Shields & Company, Alex. Brown & Sons, Wells & Christensen Inc. and Rowles, Winston & Company.

Reoffered to yield from 2.20% to 3.20%, the present balance in account is $1,865,000.

Californias Off to Fast Start

The group led jointly by *Bankers Trust Company, First National Bank of Chicago* and *Halsey, Stuart & Company, Inc.* submitted the best bids for two issues of State of California bonds totaling $100,000,000. The group's bid for various coupons on $50,000,000 School (1966-1990) bonds set an annual net interest cost of 2.996% and the group's bid for a variety of coupons on $50,000,000 State Construction (1965-1989) bonds set a 2.983% annual net interest cost. The only competing bids for the securities, offering a 3.022% net interest cost on the School bonds and a 3.006% annual net interest cost on the State Construction bonds, came from the Bank of America N.T.&S.A. and associates.

Other major members of the winning group include Bank of California, Chemical Bank New York Trust Company, Continental Illinois National Bank and Trust Company, First National Bank of Boston, First Western Bank and Trust Company, Hallgarten & Company, Kidder, Peabody & Company, Lehman Brothers, Mercantile Trust Company, St. Louis, Morgan Guaranty Trust Company, F. S. Moseley & Company, The Northern Trust Company, Philadelphia National Bank, L. F. Rothschild & Company, Salomon Brothers & Hutzler, Security First National Bank, Smith, Barney & Company and White, Weld & Company.

The combined offering is released to the public at prices to yield from 1.95% in 1965 to 3.15% for the bonds due 1989 and bank and special orders were said to amount to $25,000,000. It is estimated that over 50% of the bonds have been sold. The 1990 maturity carried a 1/10 of 1% coupon and were offered to yield 4.25%.

This week's final competitive issue involved $9,000,000 City of Cincinnati, Ohio Limited Tax Dormitory (1965-1998) bonds. The group led by the *First Boston Corporation* submitted the best bid of 101.3579 for a 3¼% coupon and the runner-up bid of 101.29 also for a 3¼% coupon came from the account led by the First National City Bank.

Other major members of the successful group include Harris Trust and Savings Bank, Mellon National Bank and Trust Company, the First National Bank of Oregon, Mercantile Trust Company, St. Louis, First of Michigan Corporation, Mercantile National Bank at Dallas and the National Shawmut Bank of Boston.

Scaled to yield from 1.95% to 3.25%, it is estimated that 50% of the bonds have been sold.

New York Transits in Demand

A nationwide group of underwriters headed jointly by *Phelps, Fenn & Company, Lehman Brothers, White, Weld & Company* and *B. J. Van Ingen & Company, Inc.* purchased through negotiation, Wednesday, $38,300,000 New York City Transit Authority General Revenue (1965-1987) bonds setting an annual net interest cost of 3.3271%. The bonds are offered at prices to yield from 2.10% to 3.40% and initial orders are said to amount to 75% of the bonds.

This offering is the second and final instalment of $92,000,000 bonds authorized to purchase cars for New York City's Transit System and proceeds of this loan will be used to buy 300 cars for the BMT division.

Saxon to Implement New Bank Underwriting Rules

Comptroller of the Currency indicates his proposals to broaden area of municipal underwritings by commercial banks to include non-general obligation bonds will be made effective sometime in August. Notes receipt of pro and con comments, the latter apparently having particular reference to objections voiced by Amyas Ames, IBA President.

James J. Saxon, Comptroller of the Currency, in a statement issued on Aug. 2, seemingly left no doubt of his intention to promulgate new regulations whereby commercial banks would be permitted to underwrite and deal in non-general obligation State and municipal bonds. The Comptroller stated that the effective date of the broadened investment authority had been deferred in response for requests for additional time for submission of comments by interested parties.

James J. Saxon

In citing objections voiced to his proposal, the Comptroller apparently had particularly in mind those expressed by Amyas Ames, President of the Investment Bankers Association of America, and Senior Partner in Kidder, Peabody & Company, Inc., New York City. The full text of Mr. Ames' letter to the Comptroller on the subject was published in the Aug. 1 issue of the CHRONICLE.

Mr. Saxon's statement indicated that the amended regulations governing banks' investment powers would become effective sometime in August.

Below we give the full text of the Comptroller's August 2 statement:

STATEMENT BY COMPTROLLER OF THE CURRENCY JAMES J. SAXON

A broad cross-section of the nation's bankers have responded to the request of this Office for comment on the proposed Investment Securities Regulation. The comments range from enthusiastic approval through constructive criticism on detailed points and include some strong opposition.

Comments in opposition raise two principal objections: (1) that obligations as defined by the proposed regulation would include those obligations not directly supported by taxing power, and (2) that the Comptroller does not have the authority to interpret terms used in the Federal Banking Laws relating to obligations of state and local government. Careful consideration is being given to all.

The proposed regulation was published in the *Federal Register* June 21, 1963, and comments were to be submitted within 30 days after publication. In response to requests for additional time, this Office replied that careful consideration would be given to *all* comments received.

Because of the volume of comments, several more weeks will be required to consider and prepare a revised draft of the regulation. The new regulation will not become effective prior to the adoption and publication of a revised draft.

In addition to comments from bankers, we have received communications from issuers of public securities as defined by the proposed regulation. There was enthusiastic response to the suggestion in the proposed regulation that obligations of public authorities would be eligible for underwriting by banks.

One such Authority of unquestioned financial responsibility commented: "The adoption of this regulation should definitely improve the market for its securities." The executive director of this body wrote: "It is most appropriate that by regulation of the Comptroller of the Currency, National Banks and other member banks will once again be permitted to deal in, underwrite, purchase and sell for their own account such securities. Your proposed regulation will reinstate the original ruling of the Comptroller of the Currency which was carefully and dispassionately arrived at and recorded, with respect to (our) obligations. Your proposal will facilitate the marketing of such securities and encourage the effectuation of vital public projects by state and local governments."

WASHINGTON AND YOU

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

WASHINGTON, D. C.—The Congress of the United States in modern times probably has never had more great issues and public questions facing it.

They are momentous because the outcome affects every man, woman and child. The big question is: Will the law-makers respond to the challenge? Perhaps the best answer is: The American people—the constituents of the members of Congress—will have a major influence and make the final determination.

A partial look at the legislative agenda would indicate that if Congress remained in session until Christmastime, it would not finish everything before it.

Before air conditioning, air planes and a much smaller population, Congress usually completed its work before the summers got so hot along the lower Potomac River.

Nuclear Test Ban Treaty's Approval Likely

The paramount issues facing Congress are the proposed ratification of the test ban treaty; a proposed $10 billion tax cut, and the controversial civil rights legislation.

There are indications the debate in the Senate on the test ban treaty will be long drawn out, and perhaps that is as it should be. However, there are indications the treaty will be sanctioned.

Nevertheless, it must be borne in mind that ratification of a treaty requires approval of two-thirds of the Senators present and voting. President Kennedy cannot attach his signature to the document until it first has been approved by two-thirds of the Senators voting.

The test ban treaty is a major policy that not only affects the United States, but indirectly affects all other countries of the world. It is an issue of such great importance that the United States should share in the responsibility of our national policy.

Research by the **Congressional Quarterly** shows that the Senate has consented to 1,196 treaties, and has rejected only 14. The last time the Senate turned down a treaty was in 1935 when it refused to approve a treaty with Canada to establish the St. Lawrence Seaway. In later years of course our country entered into an agreement with Canada to develop the seaway.

Tax Cut Legislation Doubtful In 1963

What about a tax cut-revision bill? There are doubts whether it will get through Congress this year. At this time, however, the chances appear favorable the House will approve a tax cut, but it is questionable whether it can get sanctioned by the Senate. Therefore, this major proposal may very well go over until the big election year in 1964.

There is a favorable indication that the House may pass some type of civil rights legislation, but it may be said flatly that the far-reaching Administration proposal before Congress will be completely rewritten. This is particularly true in the area of "public accommodations."

President Kennedy and Attorney General Robert F. Kennedy are pushing the civil rights legislation. A study by the **Congressional Quarterly** shows that President Kennedy has sent to Congress 402 legislative requests. However, only 19 of the requests have been approved thus far.

No Hope for Medicare

The study by the publication showed that thus far only three of President Kennedy's major legislative proposals have been enacted. They are the feed grains program extension, extension of the corporate and excise taxes, and extension of the debt limit. There will be further debate and consideration of raising the debt limit later in this session after the Treasury gets a better idea of the fiscal picture.

Some major legislative proposals that apparently have no chance of passage this year include medical care for the aged through social security tax increases, creation of an urban affairs department, and providing for a major civil defense shelter program.

Civil Rights March on Washington Being Readied

The civil rights program has long been an emotional thing in Congress on all sides and it will continue to be. In connection with the pending legislation, plans are underway by Negro leaders to stage a tremendous march of more than 100,000 Negroes on Washington on Aug. 28.

Federal authorities are cooperating fully. Hundreds of U. S. Marshals will be brought to Washington from various parts of the country to supplement the Washington, D. C., Police Dept.

At the same time it appears that the march, which might include 140,000 people, will have little or no influence on Congress.

The Senate has passed amendments to the Securities and Exchange Commission law, but no action has been taken by the House Banking and Currency Committee.

Other Pending Bills

The status of some other important legislative proposals before Congress include:

Favorable House and Senate Committee action to replenish and enlarge resources of the International Development Association; House and Senate Committees have reported favorably a measure to extend the life of the Export-Import Bank for five years through June 30, 1968, and increase its authorization by $2 billion.

Hearings have been conducted by both House and Senate Committees on legislation that would provide $1 billion for development loans for areas other than Latin America.

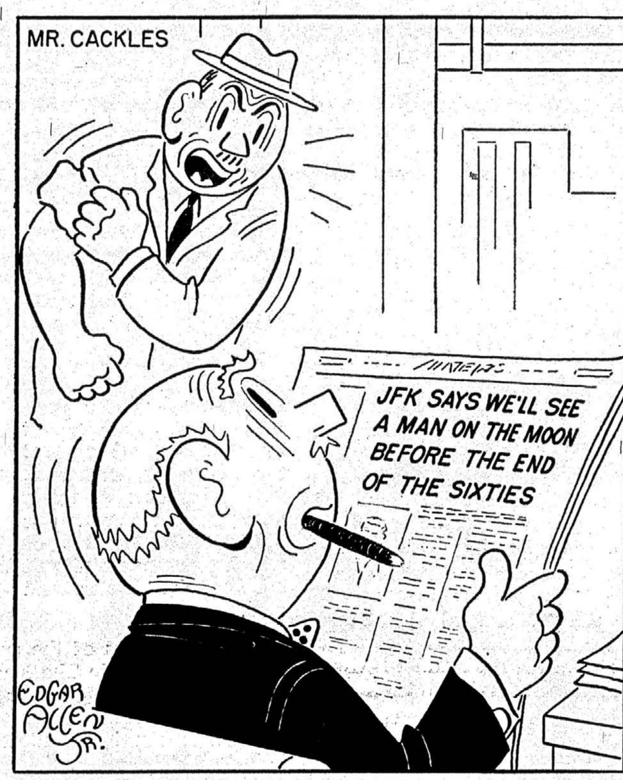
Favorable House Agriculture Committee action (the Senate Committee has held hearings but taken no action) on legislation that would authorize a two-year trial basis payments by the Secretary of Agriculture to reduce the cost of cotton to domestic textile mills because the domestic mills have to pay about $40 a bale more for our own action than foreign mills pay for U. S. cotton shipped overseas.

No action of any kind has been taken either before House or Senate Committees on the measure that would require the Rural Electrification Administration to pay the true costs of loans instead of having the government subsidize them by about half of the actual cost to the taxpayers.

One of the major bills passed by the House a few days ago was the measure authorizing a total of $5,238,119,400 for the National Aeronautics and Space Administration for the 1964 fiscal year. NASA has been the fastest growing government agency by far during the past five years.

It is going to be a long year on Capitol Hill.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"If your market advice isn't any better today—there'll be one on the moon TONIGHT!"

COMING EVENTS

IN INVESTMENT FIELD

Sept. 11-13, 1963 (Pebble Beach, Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 18-20, 1963 (New Orleans, La.)
Thirteenth Annual Tulane Tax Institute.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 27, 1963 (Philadelphia, Pa.)
Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City)
Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Oct. 6-9, 1963 (Washington, D. C.)
American Bankers Association Annual Convention.

Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.)
National Association of Bank Women 41st annual convention at the Americana Hotel.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.

April 8-9-10, 1964 (Houston, Tex.)
Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.

CHRONICLE's Special Pictorial Section April 30.

May 16-24, 1964 (N. Y. City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

Dec. 7-8, 1964 (New York City)
National Association of Mutual Savings Banks 18th Annual Mid-Year meeting at the Commodore Hotel.

May 17-18-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual meeting at the Washington Hilton Hotel.

May 16-17-18, 1966 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 46th Annual meeting at the BellevueStratford Hotel.

May 22-23-24, 1967 (Boston, Mass.)
National Association of Mutual Savings Banks 47th Annual meeting at the Hotel America.

New Atlanta Dealer

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