How Leading Authorities View Outlook for the Railroad Industry

In articles especially written for THE CHRONICLE, individuals intimately identified with the nation's carriers present their views as to the economic prospects for specific roads and the industry as a whole. Participants in this symposium, a regular annual feature of THE CHRONICLE, include the Chairman of the I.C.C. and the chief executives of a representative cross-section of the nation's railroads and supplying companies.

The statements begin herewith—

HON. LAURENCE K. WALRATH
Chairman, Interstate Commerce Commission

It seems possible that during the coming months, noneconomic factors will have greater influence upon the financial and operating conditions of the railroad industry than the economic developments. For example, the improvement in the net income of Class I line-haul railroads in 1962 over the preceding year was principally the result of actions of the Federal Government rather than of increases in traffic or revenues, reduced expenses, or technological improvements. The net benefit to the roads from the depreciation guidelines issued in July 1962 and the new investment tax credit amounted to $171 million of the $571 million net income. It will be recalled that during the preceding session the President sent to the Congress proposals for strengthening the transportation system of the country. Included were the elimination of the Interstate Commerce Commission's authority to regulate minimum rates of the carriers subject to its jurisdiction and the recommendation that existing exemption of motor carriers from regulation of rates on agricultural products and of water carriers in respect to bulk commodities be extended to railroads. At present, interstate rates for motor vehicle transportation of agricultural commodities and water carrier transportation of bulk commodities under certain conditions are exempt from regulation. The railroad industry feels that both of these Presidential recommendations are favorable to it and the industry is supporting them. Congressional hearings have been held recently on these matters as well as others included in the Presidential program. The Commission does not believe that the passage of these two legislative proposals will benefit the nation's transportation industry, as there could develop an unsatisfactory situation creating risks for carriers and increased costs for carriers and shippers. Instead, the Commission has endorsed the alternative proposal of the President to obtain equality of competitive opportunity by extending Federal regulatory areas to zones now exempt. The Commission has long sought legislation to repeal the water carrier bulk commodities exemption and limitation of the motor carrier agricultural commodities exemption to movements from farms to local markets.

As of the present, the effective date of the work-rule changes proposed by the railroads, and the consequently threatened rail strike, have been postponed to Aug. 29. In the meantime, Congress is considering legislation recommended by the President as a means of ensuring the continued operation of the railroads while this Commission is evaluating the positions of the roads and the union brotherhoods represent—

(Continued on page 18)
The Security I Like Best... 

A continuous form in which, each week, a different group of experts in the investment and advisory field vote on the top selections of the country's leading security analysts.

MAY R. METTLER 
Director of Research, Ferris & Co., Cleveland, D. C.

Macke Vending Company

Macke Vending Company is the nation's largest operator of vending machines with more than 25,000 machines located in 12 states and the District of Columbia. Since the beginning of the 1963 fiscal year, the company has entered Florida, Georgia, Tennessee, and Connecticut. A full line vending type equipment, a company sells a variety of food items, including candy, cigarettes and hot and cold foods. Past growth has been exceptional with sales tripling and net income more than quadrupling since 1960. Macke should continue to share in the current major evolution in food operations. Earnings are being placed on the rapidly growing and relative undercapitalized market for institutional and industrial food service. Technical improvements in vending machinery and the growing number of problems related to conventional or counter food service are providing the way for the extensive utilization of custom-designed batteries of vending machines. Macke already operates over 350 of these automatic cafes.

Growing a capturing percentage of retail, sales vending merchandising has nearly doubled in volume. In the last decade, approximately $1.5 billion of merchandising was added to and almost $0.5 billion in 1960. Industry sources project $3.5-4.0 billion by 1965 with an expected $5-7 billion by 1970. The rising population, technological developments such as the dollar bill changer, and the basic economics of the industry point to continued growth of vending machinery of such snacks, candy, cigarettes, and soft drinks.

The area with the most potential, however, is that of institutional vending. As industrial food service. Several factors brighten this outlook. Industry is tending to do more catering jobs such as restaurants are not available. The steady rising labor costs of counter-type food operations, a diminishing source of food service personnel, and a trend toward a shorter work day with a quick lunch are also factors which encourage the greater utilization of vending machines. Thousands of coin-operated snack bars and candy and soda machines already service schools, hospitals, and industrial plants. In addition to the vast markets of institutional service other high areas of traffic such as transportation terminals and shopping centers also offer great potential for vending sales.

Macke, as an operator, places in a unique position of variety of establishments and maintains these machines with its own personnel. Competition has been for about 50% of the dollar sales with coffee, cigarettes, and soda machines making up most of this balance. Although cigarette sales have risen, this category is declining as a percentage of total sales, reflecting the faster growth of the other product categories. Sales of all products have risen since 1960. Profit margins have been raised by great improvement in sales and cost controls. Earnings have been accomplished by successful efforts to reduce operating costs.

Emphasis for future development, however, is being placed on the significant and relatively unexploited market for small automatic cafeterias. This area is the company's fastest growing market and provides the best profit margin. Already operating over 350 Astromacs, Macke is operating two new installations a week. These automatic cafeterias provide a complete meal consisting of a meat or fish and two vegetables, a smaller portion of a dessert, as well as soups, sandwiches, salads, soups, beverages, fresh fruits, and desserts.

The company's acquisition of Milk Float, a service operations standard is particularly significant and offers an unprecedented opportunity to this firm. The company's heavy cash flow, a figure which has tripled since 1963, and is expected to climb to about $3.00 in 1963. At a price of 22, Macke is sel

This Week's Forum Participants and Their Selections

Macke Vending Co. — May R. Mettler, Director of Research, Ferris & Co., Cleveland, D. C. (Page 2)


Warner Electric Brake & Clutch Co. — John D. Keenan, Director of Research, Bell & Ferrall, Madison, Wis. (Page 2)

Aluminum Industries — Richard F. Clark, President, Aluminum Industries, Inc., White Plains, N. Y. (Page 2)


Annapolis, Inc. — A. W. L. Brown, President, Annapolis, Inc., Washington, D. C. (Page 2)

C. P. Company — C. P. Company, Inc., Chicago, Ill. (Page 2)

Cooper & Company — C. P. Company, Inc., Chicago, Ill. (Page 2)


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(2S2)
Global Trail to Super Transport Service

By James N. Sites, Assistant to the Vice-President, Association of American Railroads, Washington, D. C.

Railroad industry official cites population's difficulty in getting from place to place, with traffic jams, overcrowded airplanes, and train discontinuities, and pledges progress on cleaner, faster highways, jet-age airports and other transport facilities. His personal tour of investigation reveals these troubles as worldwide; and that railroads can solve, with realization of their potential.

Urges recognition that there are many areas where railroads have no business trying to operate; and transport requires team of many players, especially as major business grows, with drastic loosening of restrictions, permitting advantage from volume-pricing capabilities. Insists Washington can achieve sound transportation structure through styling of subsidies, including tax-wise, to favored carriers; setting up high level controlling office; and giving green light to accelerated railroad merger movement.

One of the most baffling and enduring ironies on the American scene is symbolized by our city's traffic jams, overcrowded air- lanes, train discontinuities and other transport tangles. We've never had so many gleaming highways, jet-age airports, low-boats, pipelines---or spent so many billions for such facilities.

Yet the irony remains that millions of people in this rich nation of ours---my wife and I wandered around the world and found a route that we believe can lead to a new streamlined shape for our transport network, with strength and stability built into the shaky industry, and an entire new era of better transport service.

Propelled by an Eisenhower Exchange Fellowship, we left the U. S. A. in late 1961 on our long-Visiting the cities, we found traffic jams, overcrowded airplanes, and train discontinuities, and pledges progress on cleaner, faster highways, jet-age airports, and other transport facilities. His personal tour of investigation reveals these troubles as worldwide; and that railroads can solve, with realization of their potential.

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Vast Labrador Power Project

Dr. Ira U. Colebridge, Economists

A review of the progress and plans of British Newfoundland Corporation Limited to create one of the largest hydroelectric facilities on the Hamilton River, 700 miles northeast of Montreal.

Most of the accessibility located waterpower in the North American continent has already been developed—Niagara Falls, TVA, Grand Coulee, etc.—but still costs of hydro-electric power production, once the dam has been constructed, are substantially below that of the most efficient steam generation at 500,000 hp possible. In north America, however, some very good and very small source of power that has not yet been tapped simply because they were too remote from civilization, or from a paper mill or an aluminum plant, needful of cheap power, had not been located in the area. Such power sources may soon be put to use due to the development of the new techniques of building the most efficient low-cost transmission lines and of bringing power over high voltage lines.

In particular, a feasibility study of power development at the Labrador Falls, Labrador, 700 miles northeast of Montreal, indicates that 1,000,000 hp can be efficiently generated there, and delivered, at competitive prices, to any part of Canada, including the industrialized Edson Co. in New York, over 1,000 miles away. It is planned that the power generation be riding in a New York subway train propelled by Labrador jolts.

**Brinco**

The company that has this immense potential at hand is, quite surprisingly, not at all well known. It began in 1916 as a business for 10 years, and its Board of Directors includes financial and industrialists of international stature. British Newfoundland Corporation, Ltd. (Brinco), which has already invested $100,000,000 in Newfoundland in 1953 and is engaged in an international million-dollar exploration and development of natural resources in the region, owns the Labrador Falls powerhouse, and has a 99 year lease on the water power rights on the upper Hamilton River, which flows for some 500 miles from near the Quebec Border, estuary into the Atlantic Ocean. The Labrador Falls Power owns a one-third interest in Twin Falls Power Corporation, Ltd., which has already invested $5,000,000 million in two generating units totalling 125,000 kw capacity in Labrador, with the unknown hydro potential, the Hamilton, and will bring the total generating capacity to 200,000 kw. This twin falls facility now supplies power to both Yellowknife and Port de la Bale, Wabush Iron Ore Ltd., and made a net profit of $16,172 in 1962.

**Hamilton Falls**

The Labrador Falls development comes into Hamilton Falls Power Project. Hamilton Falls is among the new and best known projects in development in Eastern Canada. Studies indicate that in addition to the 500,000,000 hp power that can be developed here, with an additional 2,000,000 kw capacity which the Askani already have been taken to get the development under way. The Canadian Government has approved the export of surplus power from the Labrador Falls. Consultant to the Government, Edson Co. of New York has expressed an interest in this new development, and offtake for electricity in Quebec, Ontario, and the Maritimes. Brinco point to the economic need for the project; and power from Hamilton Falls, of course, needed locally, can be sold and delivered through the plants and transmission lines of Hydro.

The project has been supported by the market for power to the tune of $500,000,000 additional for the development of a hydro-electric plant, and $250,000,000 additional for the transmission system. While these required sums for preliminary studies may seem high, they are well within the resources and competence of BRINCO to raise. BRINCO's major partners include Rio-Tinto of Great Britain, an affiliate of Rio Alcan Mines Ltd., Anglo-American Corp. of South Africa, Bowater Corporation, and the Midland & Hudson Corporation. Under this sponsorship and management, BRINCO secures a lead in the country and can be expected to a greater extent than it has in the past, to sell its power to the industrialists and public bodies that will probably be interested in a New York subway train propelled by Labrador jolts.

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Tax Program Key Factor In Outlook for Stock Prices

By Dr. Joe V. Yakovlev, Jr., President and Economist, Blair & Co., Inc., New York City, Members New York Stock Exchange

Dr. Yakovlev maintains that the prospect of $10 billion of tax cut, including a reduction in the corporate rate, will be overshadowing mortgage developments as a stock market influence. Exports, its impact as capital flight, and its "prenovel," with renewed strength in the economy, and large scale deficits boosting investors' inflation psychology.

Trends to Canada - The Investment Dealers Association of Canada this year, again offering its educational and investment course, beginning in September. Course I is written in non-technical language and is given by mail in four parts. It is designed to enable the student to look at investment in the light of both domestic and international expectations through the eyes of the dealer and then through the eyes of the investor. It is available in both English and French.

Any person who is an employee of a member firm of the IDAC or of a member firm of any Canadian stock exchange or a partner or an employee of member firms of the IDAC or of a member firm of a Canadian Stock Exchange.

Joins McNee Staff

A. T. A. N. T. A. Co. - Willard M. Bridges, President, now joins McNee & Co., Inc., Cincinnati, Ohio, a member firm of the Philadelphia Stock Exchange. He was formerly with A. M. Kuhler & Co., Inc.

Weekend Sales

The Tax Program Key Factor In Outlook for Stock Prices by Dr. Joe V. Yakovlev, Jr., President and Economist, Blair & Co., Inc., New York City, Members New York Stock Exchange

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First of this year, a rise of $800 million in the first quarter. Also, the recent rate of automobile sales may not be maintained during the first quarter. Nevertheless, the upward push of government spending and a prospective resurgence of outlays to increase industrial production close to current levels, and Gross National Product will continue its steady advance, though at a slower rate than during the previous two years. This survey of capital spending intentions was by Department of Commerce and the Securities and Exchange Commission. Expenditures for the current year are at $33.2 billion, up 22 percent from the previous year.

With the impact of plant and equipment spending being offset by more deflation in the cost of machinery and equipment purchases, the capital expenditures for the current year are at $33.2 billion, up 22 percent from the previous year.

With the impact of plant and equipment spending being offset by more deflation in the cost of machinery and equipment purchases, the capital expenditures for the current year are at $33.2 billion, up 22 percent from the previous year. While the strong performance of the economy during the first half of this year has raised some of the urgency for a prompt tax cut, the House committee is now speeding work on the tax measure and substantial reductions are expected to be adopted by January 1 of next year. Politically, however, the economy's growth is not expected to vary much from the past year. Also, "capital expenditures for the current year will amount to only about 10 percent of Gross National Product, whereas in 1957 they were equivalent to 13.5 percent of Gross National Product."

"Tax Legislation Crucial"

It is not my intention to underestimate the importance of the present Federal corporate tax structure and the trend of equity prices over the last year's proposed reduction; the final tax measures provides for a net reduction on the order of $6.2 billion. This is being opposed by the Kennedy Administration. The impact on corporate earnings is expected to be about 2.5 percent. The proposed reduction of corporate tax rates from the 1953-57 period of 34 percent to 24 percent would lead to an estimated $25 billion over the next 5-year period.
Tax-Exempt Bond Market

BY GEORGE L. HAMILTON

During the past week the state and municipal bond market has shown a lack of general investor buying activity, evident from the low evidence of timing. As we went to press Wednesday morning, the New York State of California various purposes (1863-1906) bonds were reported offered at 5% of the face value, and at least one other bond of the same issue has been listed at 5% of the face value. This news indicates that the state and municipal bond market is not as active as it was earlier in the year. However, the market is still close to the level that would be considered normal for such bonds.

The market for tax-exempt bonds has been quiet during the past week, with only a few transactions reported. The Federal Reserve Bank of St. Louis has been active in selling tax-exempt bonds, primarily to institutional investors. The demand for tax-exempt bonds has remained strong, with many investors seeking to lock in low interest rates for the remainder of the year.

In the taxable bond market, yields have remained relatively stable, with a few exceptions. The yield on the 10-year Treasury note was 3.50%, while the yield on the 30-year Treasury bond was 3.30%. This is consistent with the overall trend of lower yields in the bond market.

The market for mortgage-related securities has also been active, with some institutions seeking to lock in low interest rates for the remainder of the year. The Federal Home Loan Bank of Washington has been active in selling mortgage-backed securities, primarily to institutional investors.

In summary, the market for tax-exempt and taxable bonds has been quiet during the past week, with only a few transactions reported. The demand for tax-exempt bonds has remained strong, with many investors seeking to lock in low interest rates for the remainder of the year.
$100,000,000
STATE OF CALIFORNIA
3 1/4%, 2.10%, 2.24%, 2.80%, 2.90%, 3.0%, 3.10%, 4.0%, 4.90% and 5% Bonds

Principal and interest payable at the office of the State Treasurer of the State of California, Sacramento, California or at the option of the holder at the First National City Bank, New York, N.Y. or The First National Bank of Chicago, Chicago, Illinois. Coupon bonds in the denomination of $1,000, negotiable, as to both principal and interest at the office of the State Treasurer.

Interest exempt from Federal and California Income Taxes under present laws.

Legal investments, in our opinion, for Savings Banks and Trust Funds in New York, California and certain other States and for Savings Banks in Massachusetts and Connecticut and eligible as security for deposit of public monies in California.

These voted bonds, to be issued for State Construction and School Building Aid purposes, in the opinion of counsel will be valid and legally binding general obligations of the State of California, payable in accordance with the State School Building Aid Bond Law of 1960 and the State Construction Program Bond Act of 1962 respectively out of the General Fund of the State, and the full faith and credit of the State is pledged for the punctual payment of both principal and interest. These bonds are authorized for the purpose of providing the necessary funds to meet the major building construction, equipment and site acquisition needs for the departments of the State Government which are financed primarily from general revenues rather than from special funds, and to provide aid for school construction in the State.

### AMOUNTS, RATES, MATURITIES AND PRICES

(Accrued interest to be added)

#### $50,000,000 State School Building Aid Bonds, Law of 1960, Series DD

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Bonds maturing 1986 to 1990 inclusive subject to redemption as a whole or in part in inverse numerical order on March 1, 1985 and any interest payment dates thereafter at par and accrued interest.

#### $50,000,000 State Construction Program Bonds, Act of 1962, Series H

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Bonds maturing 1985 to 1989 inclusive subject to redemption as a whole or in part in inverse numerical order on July 1, 1984 and any interest payment dates thereafter at par and accrued interest.

When, as and if issued and received by us and subject to approval of legality by the Honorable Stanley Mosk, Attorney General of the State of California and Messrs. Gerich, Dalbyquist, Harrington & Spurlin, Attorneys, San Francisco, California.

Bankers Trust Company
Chemical Bank New York Trust Company
Salomon Brothers & Hutzler
The Bank of California
First of Michigan Corporation
Commerce Trust Company
Federation Bank and Trust Company
King, Quirk, & Co.

Halsey, Stuart & Co. Inc.
The Northern Trust Company
Mercantile Trust Company
Securities First National Bank
Baxter & Company
Hampshire, Kanes & Co.
Dempsey-Tegeler & Co., Inc.
The Marine Trust Company
Kean, Taylor & Co.
Tripp & Co., Inc.

Smith, Barney & Co.
Kidder, Peabody & Co.
Security First National Bank
Hallagan & Co.
Lee Higginson Corporation
Dick & Merle-Smith
Rothschild, Inco., Inc.
Laidlaw & Co.
Robert Garrett & Sons
National Bank of Westchester
Robert W. Baird & Co.

Lehman Brothers
The Philadelphia National Bank
and Trust Company of Chicago
Los Angeles
San Francisco, Calif.
New York, N.Y.
Bosworth & Sons
Eldredge & Co.
Mackall & Co.

August 9, 1963.

Statements herein, while not guaranteed, are based upon information which we believe to be reliable.
DEALER-BROKER
INVESTMENT LITERATURE
AND RECOMMENDATIONS

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


Automobile Industry—Analysis—Hempfeil, Noyes Co. 8 Hanover Street, New York, N.Y. 10004. Also available are reports of Chrysler and comments on General Motors and Ford Motor Company.

Balance of Payments Problem—Review—Burnham & Company, 30 Broad Street, New York, N.Y. 10004. Also available are reviews of Non-Ferrous Metals, and Billings, M. R. on a memorandum on International Stretch Products.


For Banks, Brokers and Financial Institutions: Our Latest Brochure:

“THREE STOCKS WORTH STUDY” comments on...

MOTEC INDUSTRIES, INC.

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Bennett Company—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N.Y. 10005. Also available are a discussion of the balance of payments and suggested portfolios.


Boston Stock Exchange—Report—J. Lee Sanford, N.Y. 10005. Also available are reports on International Silver.

Buffalo Stock Exchange—Report—Ira U. Cohlegh, Basic Information, highlighted for investors, on the attractiveness of life insurance stocks, the potential growth of life insurance companies, and criteria for prudent purchase of life insurance stocks, with a view to long-term capital gains—Cohlegh & Gordon, 29, 42nd Street, New York, N.Y. 10017—$2 per copy (quantitative prices on request).

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Trinidad & Tobago—Review—Business and economic conditions—CHASE Manhattan Bank, 1 Chase Manhattan Plaza, New York, N.Y. 10005.

U. S. Banks & Trust Companies—125 consecutive quarterly comparison of leading institutions—30 Broad Street, New York, N.Y. 10005. Available is a bibliography on the Bond Market.


Addressograph Multigraph—Memorandum—Pensinger, Colket & Co., 70 Pine Street, New York, N.Y. 10005.

Alsea Chemical Company—Memorandum—A. M. Stader, Jr., 902 1/4 Second Street, South Bend, Ind. 46610.


American Heritage Life Insurance—Memorandum—Pierce, Wolbur, Murphy, Inc., 222 West Adams Street, Jacksonville, Florida 32206.


Bennett Company—Analysis—Burnham & Company, 30 Broad Street, New York, N.Y. 10005.

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Euro-Exchange Sought
By Firms in the U.S.

By Paul Einzig

Dr. Einzig reports from London that American private firms are continuing to act as lenders of Euro-dollars, with curious situations that suggest American firms are lending dollars in European centers for short-terms while other American firms re-borrow them for longer-terms. Rates on their purchase of other Euro-currency deposits. Changes in the current developments are contributing toward further progress toward a truly international money market.

LONDON, Eng.—One of the unexpected effects of the higher interest rates in the United States is the appearance of American firms as borrowers in the Euro-dollar market. Hibberto American borrowing of Euro-dollars confined to European branches of American banks taking Euro-dollar deposits mainly for the purpose of re-lending them to their own home offices. American private firms have been Euro-dollar market as lenders of dollar deposits for the sake of the higher interest rates. They continue to act as lenders of Euro-dollars in spite of the higher interest rates in the United States, especially for shorter periods. Euro-dollar rates for money at call are particularly attractive to those who are in a position to operate on a sufficiently large scale to qualify for participation in the market.

As a result of the recent rise in interest rates in the United States, however, Euro-dollar rates in London are now able to compete with lending rates in the United States, in particular for periods over 180 days. A number of American firms, especially but not exclusively those with subsidiaries in London, have become systematic borrowers of Euro-dollars, not only for financing overseas requirements but also for financing purely domestic requirements. The curious situation that has arisen, therefore, that American firms lend in London, Paris, and other European centers, dollars for short terms and other American firms re-borrow them for longer terms.

Evidence of this practice has conclusively disproved the view, put forward from many quarters with a stubborn disregard of facts, that a rise in American interest rates must necessarily mean the end of the Euro-dollar market, or at any rate a spectacular decline in its turnover. In reality, it simply means that Euro-dollar rates are now higher, thanks largely to the appearance of American firms as borrowers of Euro-dollars. I find no evidence of any noteworthy decline in the turnover. When highdepositors are forthcoming for longer maturities, more are forthcoming for shorter maturities.

Needless to say, if Regulation Q were repealed and if Federal Reserve discount rates were raised to, say, 6%, it might become more profitable for American as well as foreign holders of dollars to keep their deposits in the United States instead of re-depositing them in Europe. There is a limit to the extent to which Euro-dollar rates would follow U.S. in deposit rates in the United States, unless interest rates in Europe, too, rose in sympathy with American interest rates. Should they remain lower, a widening of the differential would divert borrowing from the Euro-dollar market to other Euro-currency markets. In fact, this is already happening to an appreciable extent.

American firms have now got into the habit of borrowing in London and other European centers, not only Euro-dollars but also other Euro-currency deposits whose rates are below Euro-dollar rates. In particular there is evidence of American borrowing of Euro-guilders and of Euro-Swiss francs, also of Euro-D. marks. It is cheaper to borrow these currencies and then convert them into dollars than to borrow Euro-dollars, even if allowance is made to the cost of covering the forward exchange. Moreover, when the spot dollar rate is in the vicinity of support point so that it cannot depreciate further, American bor¬rowers of Swiss francs or other Euro-currencies may safely leave the exchange uncovered, so that they can enjoy the full benefit of the interest differential. And even if the dollar rate is above support point they may feel justified in taking a limited and calculated risk in covering the exchange uncovered.

This experience seems to indicate the shape of things to come. Higher interest rates in the United States, even if they were not accompanied by a sufficient rise in Euro-dollar rates to maintain the volume of Euro-dollar business, would not bring about decline and disappearance of the Euro-currency system. All that they would do would be to increase the demand for Euro-currencies other than Euro-dollars, and the resulting increase in the rates on the former would attract more business to the markets in them. The relative importance of Euro-dollars in comparison with other Euro-currencies might decline temporarily, but there is no reason whatever for a decline in the total activities in all Euro-currencies.

From the point of view of the efficient functioning of the international monetary system such a change would be distinctly for the better. The foundations for the operation of the Euro-currency system would broaden, and it would be less one-sided than it is now when some three-quarters of the total turnover is in Euro-dollars.

American firms which have discovered the Euro-currency facilities have the advantage of borrowing in the cheapest market and in the cheapest currency. Needless to say, this advantage is necessarily confined to firms able to operate in large amounts. Even so, the development has already contributed towards a further progress towards the development of a truly international money market, and is likely to continue to contribute towards it.

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Brooklyn, N. Y.—William Klugerman is engaging in a securities business from offices at 211-A Lime Street under the firm name of Associated Financial Services.

H. S. Ovrut Opens
Plainview, N. J.—H. S. Ovrut & Co., Inc., 77 Konwick Lane, Officers are Henry S. Ov¬rut, President, and Sophie R. Ov¬rut, Secretary and Treasurer. Mr. Ovrut was formerly with Shaw, Darr & Co., Inc.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities.

The offering is made only by the Prospectus.

NEW ISSUE

August 15, 1963

$50,000,000
Commercial Credit Company
4½% Notes due August 1, 1985

Dated August 1, 1963
Due August 1, 1985

Price 100% and accrued interest

The First Boston Corporation
Goldman, Sachs & Co.
Stone & Webster Securities Corporation
Kidder, Peabody & Co.
Incorporated
Blyth & Co., Inc.

Eastman Dillon, Union Securities & Co.
Merrill Lynch, Pierce, Fenner & Smith
Harriman Ripley & Co.
Salomon Brothers & Hutzler
Incorporated
Nevius & Co.
Incorporated

White, Weld & Co.
Dean Witter & Co.
Robert Garrett & Sons
Hornblower & Weeks

Paine, Webber, Jackson & Curtis
Bear, Sterns & Co.
A. G. Becker & Co.
Incorporated
Drexel & Co.

Hemphill, Noyes & Co.
W. E. Houston & Co.
Alex. Brown & Sons
Incorporated
Clark, Dodge & Co.
Incorporated

Dominick & Dominick
Equitable Securities Corporation
Hayden, Stone & Co.
Incorporated
L. F. Rothschild & Co.

Lee Higginson Corporation
John C. Legg & Company
Estabrook & Co.
Hallgarten & Co.

Spencer Trask & Co.
A. C. Allyn & Co.
Baker, Watts & Co.
Tucker, Anthony & R. L. Day

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Vol. 198 No. 6290... The Commercial and Financial Chronicle

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Unrealistic Ratings in the Municipal Market

By James F. Reilly, Partner, Goodbody & Co., New York City, Members of the New York Stock Exchange

Investment banker charges statistical organization's ratings reflect psychological and not economic conditions. He urges acceptance of greater responsibilities by issuers and underwriters for the securing of better ratings. Asserts prime importance of the “Plei” type of rating, that agencies, underwriter, and investor examine the individual record based on the "Plei" type of rating. Maintains the financing of municipal improvements will depend on the principles of marketing any product applying.

I do not think that we should allow the subject of rating agencies to glide by without particular officials live in an area—Florida—which has not been historically well liked by Moody’s. The principal rating of the bond has always run together with Moody’s as to its rating of Florida towns and cities. I believe that the inborn bias about Florida that goes back over a number of years is a perfectly described in this state. I hasten to add that their opinion is an honest one about enough biased. However, I believe that they should take a more realistic view toward Florida and not discount the state completely over a period of time, but we need more removal of Moody’s bias. We need the cooperation of the issuing companies, the banks local by the financial advisors. It is alright for me to make speeches about Moody’s bias and it is alright for you to complain about it when you receive a lower rating. You may believe that you are justified, but at the same time we should look at our own local government as a contributor to the better rating.

First Recapitulation

We basically always come back to the responsibility that must be assigned by the issuing body. As in the case of the other instruments, we start we make usually determines the final result. You should hire your underwriter carefully. He should be in on your project from the beginning. It is not enough to go out and hire engineers and wait until later on the financial. It may come as a surprise to some that bond underwriters are not magicians and cannot turn some sort of frauds or as we say in the vernacular of the business, “we can’t make a job out of nothing.” Therefore, the basic responsibility of the bond underwriter is to see that the project is sound and that the business will be able to pay for the services rendered. As we go farther through this type of rating we will see that it is not possible to do this without the public rating systems.

We have been discussing the “Plei” type of rating that you will find in the major bonds. It is the theory that there is a relationship between the rating of various types of bonds and the size of the town. We have had some discussion of the rating process but the one thing that I am sure of is that no one can, in the view of the rating agencies, measure the amount of money for their various services. We have found that under the “Plei” theory that the rating of municipal bonds is an important one. We have some impatience at times and a feeling that the rating agencies are under the shadow of their own rating systems. But we must remember that the rating agencies are a very important and necessary element in the market today.

Unrealistic Ratings in the Municipal Market

I have advocated for a number of years that we should have a rating system that is based on the characteristics of various classes of size and the background. I have advocated that under the “Plei” type of rating we would have a similar system. Under this theory that the rating of various types of towns and cities is an important one. We have found that under the “Plei” theory that the rating of municipal bonds is an important one. We have some impatience at times and a feeling that the rating agencies are under the shadow of their own rating systems. But we must remember that the rating agencies are a very important and necessary element in the market today.

The “Plei” Formula

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Future Municipal Needs

I see many fruitful years ahead for this type of rating and I think that it is necessary to provide for the changing times that we are going through. As a matter of fact, I think that we can and should reflect here today on what automation will mean to you as a community in the years ahead. As the leisure time available to our citizens will increase, we must take into consideration that the responsibility of the community to supply additional service facilities will increase. We must subscribe to this theory and I am not sure that I do. However, we must remember that just as the demand for a product will make a demand for a product, it will make a demand for a product. If you are in a situation in a far different light than we do today. There is very little that you can do to fix a situation that has come about ten years from now. We must do what we can to fix a situation that has come about ten years from now. We must do what we can to fix a situation that has come about ten years from now.

While I have just said that these expenses are not necessary, I do not subscribe to a rush of unnecessary so called civic services. A community which is in an extreme burden to a community, is not doing its duty to its fellow citizens, and which is not doing its duty to its fellow citizens, will not be able to pay for the services rendered. I think that the community is very important and we must be careful in this respect. Florida is in a fortunate position because its citizens are among its prime bonds, but only in the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary. In the temporary.
Coming Agricultural Policy
For International Trade

By Dr. J. H. Richter, Farmer Economic Advisor of the Foreign Agricultural Service of the United States

The insalubrity of our current trade talks with Europe recently prompted Secretary of Commerce Hodges to declare it may be time for us to turn to our negotiations. Moreover, the common ground we are trying to attach to the unsolved growing impasse is evidenced by the appointment of a Republican, former Secretary of State Christian Herter as President Kennedy's chief trade negotiator now in Europe. Owing to the smooth disputes standing in the way of the Kennedy-round of Europe-American trade talks. Discuss here are the imponderable of, and substantial approaches to, the agricultural problems in the forthcoming international trade negotiations of a new GATT. Dr. Richter outlines the strategy and context of the negotiations; touches on the problem of internal and international prices, quotas, and commodity agreements; expects the French Plan will be one of the most challenging proposals; and fears that the principle of reciprocity is endangered by the formulation of an evolving agricultural code within the framework of GATT in an attempt to maximize international requirements. Dr. Richter's former 35 years of governmental service brought him front line experience with the subject, on which he has extensively written, and he is now abroad pursuing independent research.

If, as economists and advisors on economic policy, we analyze the situation and problems; if we draw analytical conclusions as to how a problem might be tackled in a general way and as a matter of principle, so - to speak - we should not think that our task ends here. All too often are we inclined to sit back and leave the application - or disregard - of our solution "in principle" to professional administrators or policy makers.

The task before us today, on getting effective arrangements on trade in agricultural products within the so-called "Kennedy-round" in GATT, calls for the economist's suggestion, only of analysis and of a plan, but also of details of the plan's execution and application. In the text, I propose to give an example of such a procedure, hoping that it will contribute to a clarifying discussion and will soon be superseded by better proposals from which, in the end, international agreement can result.

The Ministerial Decisions

Before going into these comments, I would like to reflect briefly on the outcome of the recent Ministerial Meeting held in GATT in preparation of the "Kennedy-round"; and on some aspects of the interpretations of this outcome that have become available.

We know that the Ministers decided mainly on the application of three principles for the negotiations:

1. Reciprocal, equal, linear cuts in tariffs for large groups of commodities, with special procedures (but generally not automatic ones) to be adopted in cases of "significant" disparities in tariff levels among the participating countries.

2. Inclusion, by special treatment, of agriculture in the give-and-take of the "Kennedy-round."

3. Efforts to reduce barriers to exports of less developed countries, without reciprocity.

In the same time a Trade Negotiations Committee was set up to elaborate a negotiating plan, and, within the short time of two or three months, to agree on how to handle the proposed linear tariff reductions, how deep they should be, how tariff disparities should be determined and dealt with, and what satisfactory and acceptable rules for agricultural trade could be devised. It would take semi-gods to agree on even a fraction of this bill by Aug. 1. So much more essential is it for governments to go into these discussions well prepared and with well-reasoned proposals, and ready to discuss and analyze other governments' proposals.

Tariff Disparity

Among the reflections which suggest themselves on the tariff problem is the thought that our hard line on uniform linear cuts all the way through, regardless of levels of present tariffs in the U.S. and the EEC, was not a promising position; and that it will be necessary for countries with high tariffs on some commodities to agree to arrangements for adjustments that are not equal on both sides. They will also need to make such a concession in order to gain acceptance for exemption from the linear procedure of certain items, perhaps exemption from any kind of tariff cut in some cases.

Lower, trade might or might not have been considerably higher. If the two parties were to assert one of these conclusions, the other would deny it, and the dispute would continue to be a factual basis for proving the one right and the other wrong. Thus we will still have to rely on reasonable give-and-take in realistic compromises; the formula for the definition of what would be a "significant disparity" could not provide an automatic answer. It is important to realize this for an appropriate posture in the negotiations.

High Rates

There are other ramifications of the vast agreements made on "linear cuts" and tariff "disparities." I am not aware, for example, that - when we were told that the United States tariff has high positions over 30% than has the EEC - we asked the EEC what extent their calculations included the levies on agricultural products and "gate price" premiums on grains and livestock products of up to 110%. These unheard-of rates apply to highly essential products and affect a substantial proportion of EEC's trade; they could perhaps even be shown as being "meaningful in terms of trade."

I know, of course, the EEC's first answer would be that it has long been understood that it is precisely these "common agricultural policy" items that must be dealt with in separate arrangements on agricultural trade; and that they cannot therefore be considered in both segments of the forthcoming negotiations.

Continued on page 36

Textron Inc.—at mid-year

Consolidated Statement of Income

<table>
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<tr>
<th></th>
<th>June 29, 1963</th>
<th>June 30, 1962</th>
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<tr>
<td>Net sales</td>
<td>$286,263,000</td>
<td>$271,942,000</td>
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<td>Income before Federal taxes</td>
<td>16,404,000</td>
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<td>Federal income taxes</td>
<td>7,757,000</td>
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<td>Net income</td>
<td>8,647,000</td>
<td>6,908,000</td>
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<td>Earnings per common share</td>
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<td>1.38</td>
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<tr>
<td>Shares outstanding at end of period</td>
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<td>4,853,792</td>
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Consolidated Balance Sheet

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<tr>
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<th>June 29, 1963</th>
<th>June 30, 1962</th>
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<tr>
<td>Assets</td>
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<tr>
<td>Cash</td>
<td>16,779,000</td>
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<td>Accounts and notes receivable</td>
<td>66,680,000</td>
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<tr>
<td>Inventories</td>
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<td>Prepaid expenses</td>
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<td>Total current assets</td>
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<td>Property, plant and equipment</td>
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<tr>
<td>Investments</td>
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<tr>
<td>Other assets</td>
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<td>11,883,000</td>
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<tr>
<td>Total assets</td>
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<td>288,651,000</td>
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<tr>
<td>Liabilities and Stockholders' Equity</td>
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<td></td>
</tr>
<tr>
<td>Notes and accounts payable</td>
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<td>21,961,000</td>
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<td>Accruals and other current liabilities</td>
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<td>Estimated Federal income tax liability</td>
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<td>Current maturities of long-term debt</td>
<td>515,000</td>
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<td>Total current liabilities</td>
<td>83,088,000</td>
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<td>Long-term debt</td>
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<td>Other liabilities and deferred income</td>
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<td>Stockholders' equity</td>
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<td>$1.25 convertible preferred</td>
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<td>Total stockholders' equity</td>
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<tr>
<td>Total liabilities and stockholders' equity</td>
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<td>288,651,000</td>
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Working capital:  $106,218,000 $105,835,000
Book value per common share:  27.21 24.88

These statements have been prepared from the Company's books of accounts and are subject to possible year end adjustments by certified public accountants.

As reported by FRASER | http://fraser.stlouisfed.org/
Steel Production

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<td>St. Louis</td>
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<td>2,713.50</td>
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</tr>
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</table>

Steel's 1.9% Decline Marks Tenth Drop in Falsi Twelve Weeks

A comparison of the models reveals that the decline in steel production has been widespread. The use of steel products is at a low ebb, particularly in the automobile industry, where the lack of new orders has led to a decrease in steel consumption. The production of steel products has been decreasing steadily over the past several weeks, and it is likely that the trend will continue. The decline in steel production is expected to continue for several weeks, as the results of the recent recession become evident.

Public psychology is optimistic. Business pessimism has been increasing recently, and there is a strong indication of a snowballing effect. The national administration is showing signs of increased activity toward a business recovery.

The burning question is: how long will it last? The national administration is continuing its efforts to shore up the industry, and the results of these efforts will be evident in the near future. The job of the industry is to prepare for a recovery, and the results of this effort will be evident in the near future.

The products in the weakest demand are those of the enduser, and new orders may be expected to increase. Some observers believe that the steel industry is at the bottom of its recession, and that a recovery is imminent.

The Federal Reserve Bank of St. Louis

Chicago, Illinois

July 14, 1963

The Commercial and Financial Chronicle, Thursday, August 15, 1963
Social and Economic Trends

By A. W. Zelisko,* President, International Statistical Bureau, Inc., New York City and Visiting Professor, Graduate School of Business Administration, University of Virginia

Business economist finds there is a minimum of unfavorable factors in the current economic outlook. He predicts an uninterrupted economic advance. The outlook is not all rosy, however, and there is a definite need for increased domestic activity, especially in regard to the higher labor costs. The economic outlook for the rest of the year and into 1964, it is necessary to call attention to the fact that with only about 30% of non-farm labor in manufacturing, we have become a service economy. Although this is a stabilizing factor, it has not been sufficient to prevent readjustments from time to time. Currently we are in an expanding phase of the economy rather than a readjustment phase, but it would be foolhardy to assume that this will continue uninterrupted without necessary stimulus. A tax cut would provide some stimulus, but it would be inadequate. A reorientation of the whole economic approach is essential, based on socio-economic conditions as well as international developments.

*From a talk by Mr. Zelisko at the 16th Annual Convention of the Financial and Investment World, in honor of George G. Poole, Senior Vice President, Manufacturers Hanover Trust Co., New York City.

P. F. Fromhertz Opens
WESTFIELD, N. J.—Philip F. Fromhertz, III, is engaging in the securities business from offices at 1542 Pine Grove Avenue.

With First Securities
DURHAM, N. C.—Edward H. Foley has become affiliated with First Securities Corporation, 111 S. Corporation Street, member of the New York Stock Exchange.

"It isn't enough that people should merely accept what we do. Our job is to give them service they positively enjoy. And this is no little challenge. It is a great one."

FREDERICK R. KAPPEL, Chairman of the Board, American Telephone and Telegraph Co.

The challenge is with us every day, in everything we do.

As new speed and efficiency are added, there is an increased obligation for courtesy and the utmost consideration for the needs and wishes of everyone we serve.

We try very hard to make that policy come true.

BELL TELEPHONE SYSTEM
SERVING YOU
New business spending and the extraneous cost of increased interest rates and business taxes is being felt in most areas. Increased costs are caused by increases in interest rates, the increased cost of borrowing, and the increased cost of business.
Higher Productivity Key To Lower Unemployment

By John W. Kendrick, Professor of Economics and Research Director of Wealth and Investment Planning Study, George Washington University, Washington, D.C.

Strong rate of productivity advance during present recovery is said to be capable of further increases in investment and overall demand, to be instrumental in giving the current recovery a new lease on life, and to cure technological unemployment. Moreover, its continued acceleration promises stimulation in real economic growth and, of no little importance, decreasing structural unemployment.

The long-term trend rate of increase on total productivity of 2.1% a year, on the average, appears to have been in force in the private economy for the past year. Productivity is the relationship of national product to the total man-hour input of labor and capital. The Real product per man-hour alone shows an even higher trend rate of growth of 2.6% a year, 1919-1962, but of 3.0% annually since 1947 due largely to a more rapid growth of capital stocks and a faster growth of output.

A higher-than-average rate of increase in the earlier postwar period (1947-55) of almost 4% has been succeeded by an average rate of about 2.3% in the past eight years. Accelerating period of faster and slower rates of growth in productivity, as well as output and income, are regular characteristics of econometric processes. As shown by the studies of the "long-wave" by Kuznets and others, however, there is a number of cycles in the past, productivity advance has led to the other variables in decelerating or accelerating.

Encouraged to Productivity Pave

It is, therefore, encouraging to note a strong rate of productivity advance during the present recovery. Estimates by BLS show approximately 4% advance last year — better than in any other recovery year since 1919. If insofar as accelerated rates of innovation and productivity advance have helped to widen profit margins, this augurs well for further increases in investment, and overall demand. The favorable productivity experience was probably an important factor in giving the current recovery a new lease on life. If it continues, it may well presage a general acceleration in the growth of real income and living standards over the case several times in this century.

There are, of course, other good reasons for expecting an acceleration of growth ahead — notably the prospective acceleration in growth of labor force and household, which tends to stimulate demand. There are also some repercussions for expecting this result, as well as the historical association.

Misguidings of Money Wages

If, indeed, productivity advance should prove to accelerate somewhat, that is to be hoped that this will not be accompanied by rising money wage rates which have generally preceded the advance in productivity since the war. Only if productivity advance could narrow the gap with wage-rate increases, inflation would further slow down and we might have the golden age.
Connecticut Brevities

General Dynamics. Electric Boat division was awarded a $127 million contract by the Navy to build three nuclear-powered Polaris submarines. Construction of the submarines will take place at Electric Boat's Groton shipyard.

United Aircraft Corp., New Britain, Conn., has signed a contract to build the new large passenger jet for Eastern Airline, which will permit the company to expand its planes and production facilities. The contract was signed in connection with the new jet airplane, which is scheduled for delivery in 1962.

Commercial Credit Co. Notes Sold

The First Boston Corp., and Kennebec Savings & Loan, New London, Conn., recently sold $50,000,000 Commercial Credit Co. 4.5% notes, due Aug. 1, 1985, at par and accrued interest.

MacQuoid To Admit Partner

G. Donald Gallagher will become a partner in MacQuoid & Coody, 120 Broadway, New York City, members of the American Stock Exchange, effective Aug. 27.

Duff Mun. Mgr. For Powell, Kistler

FAYETTEVILLE, N. C.—Erskine Duff, formerly Resident Partner of Kistler and Company, is now in charge of the Municipal Securities Department in the Fayetteville office, 110 Old Street.

Duff began his financial career in 1933 as an examiner with the North Carolina Banking Department. He was later chosen as the predecessor firm of Carolina Securities Corp., Raleigh, and served as a General Manager for four years. For thirteen years prior to his association in 1960 as a General Partner with Powell, Kistler & Co., he was Vice-President of First Securities Corp., Durham.

Kistler, Powell & Co., was one of the original organizers and is a past President of the First National Bank and Power Company.

The strength that showed up in the stock market once August dawned continued through the first week, and the averages higher this week but without some random profit-taking shown at the start of the month.

So far the recovery highs of late May weren't under any serious threat as concerns of a second industrial recovery were concerned. The utility section, however, was getting one more run in the 10 days, edging ahead persistently, but quietly.

Rails Near Peak

The rail average which topped out late in June, was within easy reach of its year's high on any show of real strength and on occasion it was able to out-perform the industrial one as some hints arose that the rails and the unions were going to get together on the featherbedding issue without a showdown. There was little concrete to go on, the rail negotiators insisting that no progress had been made.

There were little talk of indus trial making any important high, mostly because the threat of a railroad strike and the consequent serious supply shortages that might arise, generally was still a real threat, and will continue to overshadow the market for another two weeks.

Another uncertainty overhang ing the market was the fate of tax cut plans. This will be a situation with the market for even longer since some Washington flattens that voting on any c o m m it t e e recommendations might not take place until after Labor Day.

Valuation Uncertainties

More and more, the daily market comments were stressing sound stocks of value, rather than the possibilities of market action since the general expectation was for a slow recovery in the near future, while the major uncertainties are resolved. On the other hand, there were strong indications that the industrial earnings, the former American Visone, now renamed AVC Industries, Inc., a business and operating assets to PMC Corpo, a $1 billion deal.

What is to be done? There is a change in the market, with the market for even longer since Washington indications that voting on any committee recommendations might not take place until after Labor Day.

The elements of uncertainty in the situation are the continuing plans to pass the assets along to shareholders, but that has not yet been settled. The corporation has a tax loss that has been figured out to around $40 million of it can be used only to offset capital gains. The station's annual figure that tax payments can be fully utilized, it would add around $2 million per share average return with Francis D. du Pont & Co.

With George Patten

PORTLAND, Ore.—Robert L. Gortmaker is now affiliated with George Patten & Co., American Bank Building.

Donald Sloan Adds

PORTLAND, Ore.—George H. Olson has joined the staff of Donald C. Sloan & Co., 520 Southwest Sixth Avenue.

The market... and you

BY WALLACE STREET

END
BANK AND INSURANCE STOCKS This Week — Bank Stocks

SOUTHERN CAROLINA NATIONAL BANK

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets (Millions)</th>
<th>Deposits (Millions)</th>
<th>Capital (Millions)</th>
<th>Dividend Rate</th>
<th>Earnings Per Share</th>
<th>Paid Out</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>$2,000,000</td>
<td>$1,000,000</td>
<td>$200,000</td>
<td>2</td>
<td>$1.50</td>
<td>90%</td>
<td>$100,000</td>
</tr>
<tr>
<td>1930</td>
<td>$1,500,000</td>
<td>$800,000</td>
<td>$150,000</td>
<td>1.5</td>
<td>$1.20</td>
<td>80%</td>
<td>$90,000</td>
</tr>
<tr>
<td>1931</td>
<td>$1,000,000</td>
<td>$600,000</td>
<td>$100,000</td>
<td>1</td>
<td>$1.00</td>
<td>70%</td>
<td>$70,000</td>
</tr>
<tr>
<td>1932</td>
<td>$500,000</td>
<td>$300,000</td>
<td>$50,000</td>
<td>0.5</td>
<td>$0.50</td>
<td>50%</td>
<td>$25,000</td>
</tr>
<tr>
<td>1933</td>
<td>$250,000</td>
<td>$150,000</td>
<td>$25,000</td>
<td>0.25</td>
<td>$0.25</td>
<td>25%</td>
<td>$6,250</td>
</tr>
</tbody>
</table>

The bank has a significant drop in earnings due to the Great Depression. However, the bank managed to pay dividends throughout the year.

Donna Felia Rincion de Gautier, Mayor de San Juan, accepts stock from Frank P. Smead, Vice-President of Morgan Guaranty Trust Company, which was awarded on July 24, 1940, for the bond sale. The bond sale was to improve the port facilities of San Juan. The bond was sold for $1.20 million. Donna Felia, and Miss Catalina Paez, Secretary of San Juan, and Mr. Smead, all expressed their thanks for the bond sale.

Complete Puerto Rico Bond Sale

Dona Felia Rincion de Gautier, Mayor de San Juan, accepts stock from Frank P. Smead, Vice-President of Morgan Guaranty Trust Company, which was awarded on July 24, 1940, for the bond sale. The bond sale was to improve the port facilities of San Juan. The bond was sold for $1.20 million. Donna Felia, and Miss Catalina Paez, Secretary of San Juan, and Mr. Smead, all expressed their thanks for the bond sale.

Rouse, Brewer Co., To Merge With Reynolds Co.

WASHINGTON, D. C.—Reynolds Co., members of New York Stock Exchange, have announced the proposed consolidation of the Washington, D. C. firm of Rouse, Brewer, Becker & Bryant, Incorpor¬rated, Washington Building, into their nationwide system of branch offices.

A correspondent of Reynolds & Co., since 1938, the Brooklyn office of Becker & Bryant organization holds memberships in the New York Stock Exchange and other leading exchanges. Currently, the firm maintains a staff of about 20 registered representatives, with offices extending into Arlington and Alexandria, Va., its services include underwriting and distributing corporate and municipal securities, with special emphasis on making primary markets for securities of the Washington, D. C. area.

Consumation of the transaction is slated for Sept. 3, 1943. The move will mark another step in the Reynolds & Co. expansion program as the firm extends its nationwide brokerage and under¬writing facilities to the greater Washington, D. C. area.

Last May, Reynolds & Co. ac¬quired the 34 Florida offices and Detroit office of A. M. Kidder & Co.

It is expected that employees of Rouse, Brewer, & Co. will remain with the firm's offices and become part of the Reynolds organization. Following the ac¬quisition, Reynolds & Co., with headquarters at 220 Broadway, New York City, will have approximately 600 account executives in more than 50 offices located across the country.

Original Emancipation Proclamation in Chicago

CHICAGO, III. — The original Emancipation Proclamation as issued by President Lincoln, Jan. 1, 1863, arrived in Chicago from New York on the 200th anniversary of the historic and valuable document is loaned to the state of Illinois by the state of New York, which has never, up to this time, permitted the instrument to leave their custody.

The First National Bank of Chi¬cago, which is presently celebrating its 100th anniversary, has appropriately enough been asked to safeguard this historical treasure. In its vaults pending its trans¬fer to McCormick Place where it will appear as part of exhib¬itors shown during the Century of Progress Exposition opening Friday, Aug. 16.

Clyde S. Walton, official Illinois State Historian, is custodian dur¬ing the appearance of this document in Chicago. On hand to re¬ceive the Proclamation, in addi¬tion to Mr. Walton, was Herbert E. Proctor, President of The First National Bank of Chicago.

Bradford Opens Branch

BRISTOL, Va.—J. C. Bradford & Co., 510 Cumberland Street, G. C. McCall, Jr., is resident manager.

Conway Absorbs First of Iowa

DES MOINES, Iowa—Conway Brothers, Inc., 904 Walnut Street, has acquired the investment busi¬ness of First of Iowa Corporation. Newly elected officers of the firm will be a subsidi¬ary of Conway Brothers are: Norman V. Conway, Pre¬ident; George E. Mullen, Executive Vice-President; and Norman V. Conway, Treasurer. Sherman W. Fowler, Vice-President and manager of the Iowa municipal and U.S. Gov¬ernment Bond Department, and Mr. Dale D. Welch, Vice-President and sales manager of the Des Moines and Eastern Iowa, with headquarters in Davenport.

Harry B. Grady, formerly Vice-President and Secretary of First of Iowa, will continue with the firm as manager of the general market department. Mr. W. L. Litchfield, formerly President, will remain to Phoenix, Arizona. All sales personnel of First of Iowa will be retained it has been announced.

First of Iowa Corporation, which was established in 1913, maintains branch offices and repre¬sentatives in 17 communities in Iowa and Nebraska. It has been active as a lender and a depository of funds in the economy. On May 17, the firm announced the opening of an office in the Schuykill Trust Building under the management of Earl J. Howell.

Yarnall, Biddle & Pottsville, Pa.—Yarnall, Biddle & Co., the members of the New York Stock Exchange and other exchanges, have also announced the opening of an office in the Schuykill Trust Building under the management of Earl J. Howell.

Mr. Howell has been active in the investment business in the Pottsville area for the past 10 years and prior to joining Yarnall, Biddle & Co., was associated with Walton & Co. in their Pottsville offices.
How Leading Authorities View Outlook for the Railroad Industry

Continued from page 1

ing the operating trainmen. The railroads and the brotherhoods represent railways which earn taxable income. The railroads anticipate considerable savings, eventually, in the event of income tax reductions.

A greater number of applications for mergers among Class I railroads is now pending before the Interstate Commerce Commission than ever before. The applicant railroads hope that proposed mergers would yield financial benefits based on estimated operating economies.

Tax legislation pending before Congress may bring financial advantages for the railroads which earn taxable income. Although there is no assurance that there will be reductions in the income tax rates, any decrease in such rates would benefit the lines which pay the tax liability.

The generally anticipated level of business activity, if realized, should enable the rail lines to maintain their present position and perhaps improve it barring work stoppages, disturbances of nature, or other unpredictable developments. The Federal Reserve Board’s index of industrial production rose from 118.4 in June 1962 to a preliminary 125.1 in June 1963. Gross National Product for the second quarter of 1963 was $579 billion at an annual rate, and the advance of $7 billion over the first quarter of 1963 is an encouraging new trend this year. Concurrent with the increases in the production index and GNP, railroad traffic and revenue have grown at a 2% average during the nine months of 1963 compared with 1962, but estimated revenue ton-miles increased 3.7%. The increase in ton-miles as compared with the preceding year is due to heavier loadings and longer hauls.

It is apparent from the foregoing that the railroads have not shown the improvements in general economic conditions. The railroads have been hailing a decreasing portion of the nation’s freight traffic since World War II; in 1962 ton-miles handled by the roads were about 43% of the total whereas it had been more than 60% prior to the war. During 1962, it has been lost to competing modes of common and contract carriers, to legitimate private carriers, and to unauthorized carriers. Short in markets because of the centralization of population, in centers of production for various reasons, in the forms in which products are shipped, such as the quantity of fruits, and in demand for certain commodities, such as oil or electric power for cool, as well as in shipper preference for the services of competitive modes, have influenced the volume of rail traffic.

Considerable confusion in respect to the current financial condition of the railroads has been created by public statements concerning the “prosperous” state of the industry. It is true that railroads as an industry are solvent, but some are in a weak position, particularly in the eastern districts. Continued downward movement of the economy may enable individual roads to improve their financial condition.

Returns from year-end earnings from all Class I line-haul railroads for their operations during the first half of 1963, but net income for 62 of them, which includes practically all of the major lines, indicates considerable improvement over the corresponding period of 1962 despite a poor first quarter in 1963. The increase in 1963 for the 62 roads was almost 30% for the entire Class I group. Sun Income, in 1962 was $771 million, 49.5% better than in 1962, and the best year since 1908.

As to the railroad operating results, 1963 was reported a net income of almost 5 million for January-June 1963 as against a deficit of 12 million for the same months in 1962; in the southern division, a gain of 21% in net income; and 23 western roads increased net income by 19%.

There are a number of aspects of the operational sector of the rail industry which give substance to optimism for the future of the industry. Loadings of piggyback traffic have continued to increase, and individual roads are making strong efforts to accelerate growth. Other types of traffic are increasing, or are expected to increase, by various means, including selective rate reductions. Predominantly among the measures adopted or being considered are the unit-train volume rates on coal to compete with existing and potential coal pipelines; and mine-mouth electrification proposals. Special equipment has been placed in service on some roads to attract certain kinds of traffic or to achieve economies. More powerful locomotives are being ordered to replace the first generation of diesel-electrics. These and other recent indications of resourceful and aggressive management may be of greater significance for the long-term future of the industry than problems of current concern.

G. B. AYDELLOT
President, Denver & Rio Grande Western Railroad Co.

If it were possible to predict the action which Congress will take on proposals pending before it for regulatory reform, such as the transportation deregulation bill, it would be much more simple to forecast the earnings picture. The benefits which would accrue to the roads if they were given wider freedom to enter new traffic, but to return tonnage, lost to our competitors over the years, to the rails, is substantial. In the year 1962 indicated that the erosion of rail traffic which has prevailed during the past decade has been arrested. Therefore, a closer correlation of rail traffic with national industrial production may now be effected and the railroads will participate as they should in a growing economy.

In the expectation of improved net earnings this year, we are progressing a relatively large improvement program for road and equipment. Expenditures for this purpose will be in the neighborhood of $13 million, the second highest amount spent since 1945—exceeded only by the $16 million expended in 1962. Equipment purchases are estimated to amount to more than $7 million, compared with $7.2 million in 1962.

In summary, despite the uncertainties of the legislative process, we are optimistic about the future of the railroad industry. This optimism is not only for the industry, but also for this property, principally because of the great industrial and traffic potential available to us in the growing economy of the territories we serve.

DANIEL A. BENSON
President, Boston and Maine Railroad

For some years now, the term “deficit-ridden” has become commonplace in allusions to some of the railroads operating in the New England area. On the Boston and Maine Railroad, at least, there is growing impatience with this easy cliché.

It cannot, of course, be gainsaid that problems continue to confront the Boston and Maine Railroad and other railroads serving New England, and that deficits, of course, terminate three cars of freight for every one car it originates. Hence, its rental costs for cars belonging to other lines are high. The railroad is also at a disadvantage because of a deficit in passenger operations that last year came to some $3,600,000 as against a total deficit from all operations of $2,900,000.

Nevertheless, there is no sense of doom on the R&M. The railroad’s operating ratio last year was 77.9%, the fifteenth best performance among the major Class I railroads in the country and the best among the five New England lines.

Developments in late 1962 and early this year have created opportunities for further reductions in the Boston and Maine’s deficit position toward ending it entirely. Two years ago, the railroad had hoped to see legislation in 1962 that would afford tax relief. A bill was passed, but its conditions were such as to make it impossible for the railroads to benefit. Subsequent developments have made it possible for the railroad and Maine to qualify for tax relief on a more equitable basis and if a tax adjustment is forthcoming, savings to the railroad would be substantial.

On the railroad side, the winter of 1963 was a long and ultimately successful legal battle on the so-called Porte Parity case. The issue was whether Boston and New York should be allowed to publish the same rates on import and export traffic, and from the midwest, as are in effect in Baltimore and Philadelphia. A United States Circuit Court decision requiring the position of the Boston rail and port interests has at least created opportunities for attracting more traffic to the Port of Boston.

Admittedly, there are imponderables whose consequences defy accurate prediction. Among these are the pending Court decisions; the press to ease regulatory restrictions on ratemaking; conclusive steps by the Government to end federal redditng in the railroad industry; and the ultimate impact on New England railroads if decisions are reached in the major Eastern railroads.

A Current Study of UNION PACIFIC RAILROAD

For a complimentary copy of this timely Study prepared by the Commercial and Financial Chronicle for the Securities Department, simply return this advertisement.

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Vladimir Novak Transfers

To Phoenix

PHOENIX, Ariz.—A. G. Edwards & Sons has moved its resident partner to the Phoenix office, 2177 North Central Avenue, to head the company’s expanded operations in the Southwest, it has been announced by James C. Borst, resident manager—In Phoenix.

Tim V. Novak, resident partner is C. Novak who comes to Phoenix from the Edwards’ home office in St. Louis, Mo.

Mr. von Novak was formerly in charge of the regional branch office operations for A. G. Edwards. The firm recently merged with Parker, Ford & Co. and acquired 11 new offices, including Phoenix, in addition to the Phoenix office which was opened in 1959.
SECURITY SALESMAN'S
CORNER

BY JOHN DUTTON

Motivation Creates Opportunities for Business

An Idea In Action

In every investment firm there are opportunities to motivate a sales organization. When a particular security has special merit if it is offered to the proper clients it can directly and indirectly create
new sources of business. Here is a typical case that happens very often in many aggressive investment
firms.

Recently a block of very costly held stock in a well known local business was obtained by an in-
vestment firm in a large middle-banking-city. The block price was greatly in excess of market price, there was a large cash flow, the dividend return, however, was small, but even-
normally there was a very likely potentiality of a large extra dividend in cash, or stock; and possibly an eventual allotment at a huge profit. There was also an element of prestige attached to stock ownership in this company, due to the nature of its business, and the prominent people who were asso-
ciated with the company. Nat-
urally, this stock had a limited market and was only suitable for

OFFERING TO WEALTHY INDIVIDUALS
WHO ARE ACQUainted WITH THE SITUATION.

Realizing that this type of stock was an attractive proposition and that there was an opportunity to

.soften the sale of the stock, the

salesmen were given the following instructions:

"When someone comes to us looking for an

investment, we will tell them about this stock.

We will stress its potential for dividends and

capital appreciation. We will explain that the

owners of this company are prominent and well

respected in the community. We will also
discuss the company's past performance and

future prospects. If they seem interested, we

will offer them the stock at a price that is slightly

below market value. This will give them an

opportunity to purchase the stock at a

discount."

As a result of this offering the stock was sold in about one hour. The

salesmen received a substantial amount of tax exempt bonds to

an individual whom he never knew was interested in that type of stock. Several stock

obtained orders for other securities just because they had been

motivated to action and had an attractive special situation to offer.

Top quality, well known local investment firms is that these are prestige investments in many communities. They are excellent as a result of this situation.

The best name of the security itself is often a reason to consider it and it can serve as your introduction to meeting people on a very favorable basis.

The point is, these are always helpful in contacting blue ribbon accounts.

PRIMARY MARKETS

U. S. GOVERNMENTS
FEDERAL AGENCY ISSUES
MUNICIPALS
PUBLIC UTILITIES
INDUSTRIALS
RAILROADS
EQUIPMENT TRUSTS
BANKERS ACCEPTANCES
FINANCE PAPER
CERTIFICATES OF DEPOSIT
CANADIAN ISSUES
PREFERRED STOCKS
BANK STOCKS

SB SALOMON BROTHERS & HUTZLER

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Hanover 2-8700 · Members New York Stock Exchange
BOSTON PHILADELPHIA CLEVELAND CHICAGO
SAN FRANCISCO DALLAS PALM BEACH
The key question today is whether a greatly broadened influence of transportation will materialize. The market now exists. The Budd Company’s railway backlog, for example, is approximately $400,000,000, double that of the previous record high of 10 years ago. A question that remains, however, is whether many major metropolitan areas will have the financial resources to meet their individual transportation crises in time, before they become so acute that they have an adverse effect on the area economies.

W. C. COLEMAN
Chairman and President, Monon Railroad

It appears that the railroad situation generally is on the upswing. There are three factors that would go far toward immediate assistance in the effort on the part of the carriers to become more competitive and to bolster their financial position.

(1) The much-needed cut in the contingent taxes and a reduction, in unconscionable spending by the Congress.

(2) The settlement of the feather-bedding issues on the basis recommended by the Presidential fact-finding commission.

(3) The favorable outlook for the year is bright for this year. We have been able to strengthen our financial position and to increase our traffic. We believe we can continue.

JOHN D. CANNON
Chairman, Railway Progress Institute, Chicago, III.

The railway equipment and supply industry is almost completely dependent upon the railroad economy. The outlook, therefore, is synonymous with fortunes of the nation’s rail carriers. When the railroads’ business is up, so is the equipment, facilities and supplies they need and want. It is an important part of this industry that the most trustworthy barometer of the nation’s economy is the profitability of railroads.

Unfortunately, the profitability of railroads is in turn, dependent on a number of factors over which we, as suppliers, have little or no control. First and foremost is the competitor’s rate programs, of which there are several, which can put our competitors at a decided disadvantage. The carriers, in competition with each other, are forced to cut rates to maintain their share of the market. This has had the effect of reducing the amount of income available to the carriers to generate their capital for improvements and maintenance.

The second factor is the cost of labor. The carrier industry is in the forefront of the labor movement and has been very successful in improving working conditions and wages. However, the cost of labor has increased at a rate that has been unprecedented in the industry. This has had the effect of reducing the amount of income available to the carriers to generate their capital for improvements and maintenance.

The third factor is the weather. The weather has a significant impact on the operation of railroads. Harsh weather conditions can cause delays and cancellations, which can affect the financial well-being of the carriers. The weather also affects the demand for transportation services, which can affect the carriers’ ability to generate revenue.

Finally, the final factor is the condition of the nation’s economy. The health of the economy has a significant impact on the demand for transportation services. A strong economy will lead to increased demand for transportation services, while a weak economy will lead to decreased demand.

JOHN D. CANNON
Chairman, Railway Progress Institute, Chicago, III.

N. R. CRUMP
Chairman and President, Canadian Pacific, Montreal, Canada.

The rapid gain in the Canadian National Product of 6% which occurred in 1962, will probably not be repeated this year. The rate of growth in the economy has been somewhat less rapid in the past several months. Nonetheless, it appears that Canadian Pacific’s investments in new rail equipment will increase by about 5% in 1963.

Investment in the Canadian dollar has a special importance to the Canadian Pacific as a result of the country’s low national debt, the absence of government subsidies, and the Canadian dollar’s world currency status.

The railway industry, as a whole, is in a strong position for the future. The railway industry is closely linked to the Canadian economy and is well-positioned to take advantage of any economic expansion.

The problems of the Canadian railways are not dissimilar to those faced by the railway industry in the United States. In spite of resolution of the Diesel Firestone issue some years ago, work rules remain as an important problem confronting the Canadian Railways. Canadian Pacific awaits Government action on the recommendations of the MacPherson Commission on Transportation. If enacted, these recommendations would considerably improve the general environment within which railways can conduct their business in Canada, providing greater freedom and, most importantly, the ability to attract new capital to the railway industry at a cost, as part of public policy.

Effects are continually being made to improve services offered the shipping and travelling public, and to reduce the cost of better control. Important gains have been made in cost analysis, and its application, in recent years. Market research is especially active on Canadian Pacific. New and specialized equipment, and the use of technology presently available to the industry should result in significant gains.

Perhaps, at last long, the long decline in railway traffic volume and in the railway share of the freight transportation market is at an end.
The momentum of last year's gain in G. N. P. in Canada, has carried over into 1963. The tempo of business activity should continue through the balance of 1963 and when the year is all-in, production of goods and services should have increased by approximately 4%.

One of the highlights of the continuing strength in business activity has been the performance of the Canadian steel industry. In 1962, new production records were set, and during 1963 the industry should enjoy still another record-breaking year — possibly as much as 12% above the preceding high. Advances are being registered in almost all sectors of the Canadian market. Canadian producers are not only enjoying an increase in total market but also, are in a more strongly competitive position as a consequence of devaluation. Both factors have added to the production of Canadian mills.

On the export side, Canadian mills now find themselves in a position where, for the first time in history, the industry has become a net exporter of primary steel. Relative cost changes have improved as a consequence of devaluation and Canadian mills have been able to ship more volume into highly competitive foreign markets. However, reduced production for companies in Europe and Japan have led them to seek wider markets and the competitive position, therefore, continues difficult.

While increasing its export volume, the Canadian industry has at one and the same time been successful in rolling back imports and the prospects are that this net favorable balance will continue for some time into the future.

Another major industry in which our company is involved, of course, is coal. While the maritime coal industry has gone through a very difficult period over the last several years, with the closure of many uneconomical mines, nevertheless it now seems to be gradually emerging and establishing itself on a more stable footing. Practically all the mines are running at a very satisfactory rate and, with the aid of Federal subsidies, new markets — mainly in the electric power field — are being developed.

The railway suppliers, particularly the car builders, have experienced somewhat depressed conditions for the past three to four years. Any improvement in the car-building picture will depend entirely on the needs of the railways. The only hope for any major increase in railroad car production would be for the railroad business itself to improve substantially.

One area subject to a great deal of conjecture concerns the revamping of the National Transportation Policy as recommended by the MacPherson Royal Commission. If the government decides to implement most of these recommendations, it will undoubtedly strengthens all elements of the Canadian Transportation industry and both the carriers themselves and the suppliers could expect improved operations.

**ALLEN J. GREENOUGH**
President, Pennsylvania Railroad

Due chiefly to increased steel output, a continued high level of automobile production, and increased spending for industrial plant and equipment, the first half of the year was better for our railroad than we had anticipated, and it now appears that our gross revenues for 1963 may be slightly higher than forecast at the start of the year. However, as in the industry generally, increased maintenance costs will remain a serious restraint on earnings.

As in past years, earnings in the industry will also be held down by the notably excess capacity which mergers would help correct; the unequal regulation and tax treatment which legislation could remedy; heavy losses on passenger and commuter services caused in large part by unwise government action, and wasteful work rules imbedded in outdated contracts with our unions. As to the Eastern railroads, their earnings are also held down by inequitable divisions of interterritorial freight rates. While we are making progress in each of those areas, I must agree with others in the industry that there can be little real effect on 1963 earnings. Thus earnings will remain dangerously inadequate for an industry so important to the Nation's economy and military safety.

Despite the improved immediate outlook, the Pennsylvania — like the industry generally — continues to face some challenging customer services. Our p.r. team service — TrueTrain — continues to grow. We look for better than a 5% improvement over last year's volume, in a year where costs continued even beyond. Our haul of assembled automobiles on the new auto rack cars, which started only about two years ago, is now the main reason for modern car-building in September, 1963, of almost double that of the preceding year and gives promise of a 20% to 30% additional increase for the 1964 model year. Our movement of coal in solid trains, direct from mine to consumer, shows promising growth, and is proving that rails can move single commodities in large volume at a considerably lower cost than previously, thereby enabling the rails to compete effectively with all forms of transportation.

In addition, we continue to make business-getting improvements in routine services. We are actively and aggressively shaping our pricing structure to generate the greatest possible volume of traffic at a remunerative level of rates. This program includes the field of TrueTrain rates, pricing to encourage the use of large capacity cars, and pricing to meet competition on traffic moving in conventional equipment wherever the economics permit. Our industrial development program for locating new industries on our lines and encouraging them already there to expand is running ahead of last year's good performance.

Accompanying this aggressive search for new and increased volume has been an aggressive upgrading of the car fleet. In the 1963 program a total of 6,426 new or completely rebuilt and modernized cars, including flat, gondola, hopper and covered hopper trucks for such bulk commodities like lime, cement and flour, and 70-ton box cars with cushion underframes for efficient handling of manufactured products and tin plate. An additional 2,700 freight cars are receiving major repairs, and racks are being provided for 124 cars for the previously noted growing automobile business.

This persistent emphasis on sales and service typifies,

**Continued on page 22**

**SOUTHERN RAILWAY SYSTEM**
WASHINGTON, D.C. — SOUTHERN SERVES THE SOUTH

**Unless you’re in business just for the fun of it...**

If you’re in business just for fun and never give a thought to the money you make—fine. But most businessmen can’t afford this luxury. No matter how much (or how little) they enjoy their work, they have to make a profit, too, or eventually go out of business.

More and more cost-conscious businessmen — with an eagle eye on profits — are looking South these days. Pintail they look. Then they move, because they like what they see in the modern South. Last year, along the lines of Southern Railway alone there were 329 new industrial developments representing an investment of more than $341 million.

These were industries of all kinds and sizes, all looking for the same kind—increased production efficiency plus fast-growing markets near at hand to absorb the goods they make at a fair profit to the manufacturer.

Come South now and see! Our Industrial Development Department will give you complete facts and figures to prove that the industrial South means business. Profitable business, for you! Call or write today. No obligation and in complete confidence. "Look Ahead — Look South!"
Continued from page 21

I think, our industry's 1963 determination to do a constantly improving job for the customer, while fighting for the right to operate as a modern and efficient American free enterprise. As I have said elsewhere, I believe we are going to win an even greater share in 1963. The result will be another key year.

W. W. HEIMBERGER
President, The Buckeye Steel Castings Co.
Columbus, Ohio

Our firm has been continuously allied with the Railroad Industry for more than a century, and is keenly aware of the continuing need for innovative, efficient, and cost-effective railroad equipment and services. In 1883, as The Buckeye Malleable Iron Company, it assumed its present name in 1902 when operations were expanded to include the manufacture and production of steel castings. Today, the company has grown to be one of the leading suppliers of castings for the rail industry.

This is at variance with forecasts relating to cars ordered, but it is believed that this is in part a temporary time-lag between the order and delivery for service. As to the longer term, we see no boom years of the 100,000 to 150,000 cars a year, paid for by the necessary capitalization of the industry. We believe that the short term is not going to be another key year in the rail industry.

What of the future, both immediate and long-term? We are still investing in the future, and we will see around 40,000 new freight cars actually built and put in service. This is at variance with forecasts relating to cars ordered, but it is believed that this is in part a temporary time-lag between the order and delivery for service. As to the longer term, we see no boom years of the 100,000 to 150,000 cars a year, paid for by the necessary capitalization of the industry. We believe that the short term is not going to be another key year in the rail industry.

The Missouri Pacific Railroad
The Missouri Pacific Railroad, or MP, is a major railroad in the central and south-central United States. The company was founded in 1863 and is headquartered in St. Louis, Missouri. It operates in 12 states and is a major player in the transportation of commodities such as grain, coal, and automobiles.

W. W. Heimberger

The management of B&O likely to improve its future performance by taking a more aggressive marketing function—to find the optimum combination of rates, service and equipment which will win traffic at a profit. Indeed, as B&O is a late-starter in this activity, and of course, eroding erosion of desirable business priorities, it may have neither the time nor foundation for a massive, aggressive, and convincing re-marketing of our price structure.

Jervis Langdon, Jr.
President, Baltimore and Ohio Railroad Company

The management of the railroad industry has continued to evolve, and the introduction of new technology and innovations has played a crucial role. For instance, the advent of the railcar has allowed for greater efficiency and reduction in costs. However, the industry must continue to adapt to changing market conditions and consumer needs.

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C. E. Le Roy
General Manager, Rectifier-Capacitor Division, Fansteel Metallurgical Corporation

Fansteel Metallurgical Corporation, through its Rectifier-Capacitor Division, has specialized in the manufacturing of electronic components for almost 40 years as a major supplier of signal rectifiers, surge arresters, d-c power systems, and regulated d-c power supplies. Its sales of this equipment are not a major portion of our overall sales, the Signa¬

C. E. Le Roy
now available in which new products can be tested at accelerated rates under various environmental conditions; therefore assuring new product conformation to the high reliability standards required that are so necessary to prevent failures and their accompanying losses in downtime, in damaged equipment, or even in personal harm.

In public transportation, as competitive a business as it can be found, these failures can be and are the difference between good and bad public relations which in turn affects sales and profits. Profits must be improved by the railroads and reliable operation is a must if this goal is to be achieved.

We in the metals and electronics industry, as well as other industries, are allowed to operate and compete for business unconstrained by government control. We have much more freedom, than the railroads have, in seeking our markets and being competitive. We, therefore, support any plan that gives the railroads a more freedom to carry on our business. In their operations, provides an equitable basis for setting freight rates, and permits a flexibility in cost reductions as well as mergers for more profit potential.

A healthy railroad industry is essential to our business at Fansteel and of vital importance to the public and particularly, to our national defense.

Fansteel will continue to support the railroads with reliable equipment, new and improved products, and by fighting for legislation which will enable them to run their operations on a sound business-like basis. It is our duty to do so for the health of the railroads, the public, and a strong national defense.

JOSEPH B. LANTERMAN
President, AMSTED Industries, Inc., Chicago, Ill.

AMSTED Industries' net income for the quarter ended June 30, 1963, was an all-time record for any quarter in the company's history.

Net income in the quarter was $2,917,180, equal to $.85 a share, up 14% from $.755, or 91 cents a share a year ago, and topping by 3% the previous record of $2,773,234 set in the quarter ended June 30, 1959. Sales in the quarter ended June 30, 1963, increased to $4,122,455 from $3,786,450 a year ago.

The company's results have improved from quarter to quarter this fiscal year. Earnings increased from $.657,762, or 31 cents per share, in the quarter ended Dec. 31, 1962, to $1,171,149, or 42 cents per share, in the quarter ended March 31, 1963.

Railroad business amounts to about 50% of AMSTED's total sales and contributed substantially to the earnings rise. During the past few months, the railroads have stepped up freight car ordering. Large, specialized types of freight cars have been in demand. In turn, this awakening has been reflected in the production of such AMSTED railroad products as sidet糅，bolsters, coupling, brakes and springs.

It is expected railroad ordering will continue at a good pace for the remainder of the year. It is estimated that about 55,000 freight cars will be ordered for all calendar year 1963. This would be up sharply from the 37,600 cars ordered last year, and about equal to 1959 when 56,900 cars were ordered. This is still far from a boom year. However, it points out the railroads' determination to improve customer service in spite of such hardships as featherbedding and legislative restrictions.

The sales outlook is good for AMSTED's other varied product lines. These products include roller chains and sprockets, small precision machine tools, cast iron pipe for water transmission, clay pipe for waste transmission, and protective coating to protect steel pipe from corrosion.

The company's earnings for the quarter ending Sept. 30, 1963, are expected to improve from the year ago period. However, due to vacation shutdowns, September quarter results will not top the June quarter record.

A railroad strike would, of course, quickly alter this picture and severely deflate estimates of sales and earnings improvement. Such a strike would force production curtailments at all AMSTED plants, even those not serving the railroad industry.

AMSTED's program of diversification and expansion continues to be pursued vigorously. Expenditures for plant and equipment amounted to $10,800,000 in the first nine months of this fiscal year. This includes the January, 1963, acquisition of the fixed assets of Oconee Clay Products Company, a Milledgeville, Georgia, producer of clay pipe for waste transmission.

Total spending for plant and equipment in 1963 will amount to about $15,000,000, up from slightly more than $6,000,000 in fiscal 1962. This includes expenditures for a new railroad steel wheel plant at Bessemer, Alabama, near Birmingham. This plant, the company's seventh steel wheel facility, will be completed late this year. It

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E. S. MARSH
President, The Ashesheet, Topqua and Santa Fe Railroad System

Results for the first half of 1963 were fairly close to earlier expectations, with operating revenues exceeding 1962 figures by 1.7%, or 27.2%. Net income was down 2.7% from the first six months of last year. The entire drop was accounted for by a reduction in freight revenue, which has been greatly expanded. The total corporation is reported to be the largest on the five states of Kansas, Oklahoma, Texas, New Mexico and Colorado is about $80 million, which is almost 40% more than last year's reduced crop of about 365 million tons. The larger crop is being handled by the railroad with the help of the farmers. The railroad in the southern part of the territory shown in the picture, is able to serve the area well.

Robert S. Macfarlane
President, Northern Paper Co.

Because the territory we serve is largely devoted to agricultural production, weather is an important factor in the economy of the Northern Pacific Railroad. If favorable weather prevails during the growing season, it is reflected in the economy of the area we serve. We have seen the movement of all types of freight.

While crop conditions are not as bright as last year, they are better than average. Current prospects favor another good crop in Northern Pacific territory this year. The amount to which rail revenues will benefit from the movement of grain during the balance of 1963 will depend on the harvest and the marketing pattern developed. Past experience shows that the portion of the crop that remains on farms and that is first handled by the railroad will move to market at a later date and, as a result, freight revenues will be deferred accordingly.

Realization of the high crop should result in a substantial movement of the harvest of other agricultural products, including grain.

Robert S. Macfarlane

During the first six months of 1963, the company earned $1,776,129, or 50% higher than for the same period in 1962. This is encouraging for the harvest that has been forecast by the Department of Agriculture. If the crop is realized, rail revenues will benefit from the movement of grain during the balance of 1963. The amount to which rail revenues will benefit from the movement of grain during the balance of 1963 will depend on the harvest and the marketing pattern developed. Past experience shows that the portion of the crop that remains on farms and that is first handled by the railroad will move to market at a later date and, as a result, freight revenues will be deferred accordingly.

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Canada's Bank Rate Upped to 4%

The Bank of Canada announced Aug. 11 that the Bank Rate, which had been 21⁄4% since May 6, has been increased to 4% effective immediately.

In announcing the change, the Governor of the Bank described it as a technical adjustment, related to the increased uncertainty and upward pressure on interest rates which had developed in Canadian securities markets during the past few weeks. He emphasized that the change was not intended to signal a basic alteration in the Bank's monetary policy. The Bank continues to aim at promoting credit conditions which will encourage economic expansion while helping to maintain international balance. The change just announced should not restrict the availability of credit in Canada and it should help to maintain Canada's international payments position without having adverse effects on the balance of payments of other countries.

Harris To Join Hayden, Stone

CHICAGO, Ill.—Everette B. Harris has resigned as president of the Chicago Mercantile Exchange, effective Nov. 1, and will join the Chicago office of Hayden, Stone & Co. Incorporated, 141 West Jackson Boulevard, as director of commodity operations. Mr. Harris has been President of the Mercantile Exchange for the past ten years. Prior thereto he served the Chicago Board of Trade as Secretary.

**PROFILE OF PROGRESS**

...the growth of the West and the Union Pacific.

The past century has seen the evolution of the West from a vast wilderness into an amazingly vigorous agricultural and industrial empire—a growth that is continuing at a fast pace. In fact, during the past decade 9 out of 10 of the West's industrial markets have out-paced the national growth. The population growth throughout the West has been phenomenal. Since 1950, the West's population has increased more than 40%—over twice the national average. California now is the most populous state in the nation.

The Union Pacific Railroad has been a major factor in this development. People, products and industries followed the rails and speeded the evolution of the unsettled territory into today's thriving communities and states.

Union Pacific is constantly improving its equipment and facilities to better serve industry and meet the needs of an expanding National Economy in which the West will play an increasingly important role.

Today, on Union Pacific, automatic traffic controls and an electronic communications system, including microwave, direct dial telephones and a processing along with new and specialized equipment, supervised by skilled personnel, all contribute toward moving products swiftly, safely and efficiently—the automated railroad.

A fleet of Domoliners provide unsurpassed safe, comfortable and relaxing travel service throughout the West.

Fully developed industrial plant sites on Union Pacific property have encouraged many industries to settle in the West; additional attractive sites are available and others are being developed to keep pace with expansion. Also through development of vast natural resources the railroad has contributed substantially to the West's growing economy.

If you are looking for a new plant site or a sound investment in the future—look to the West, with its unbounded resources and excellent markets—and—for efficient, dependable shipping service, be specific, look to Union Pacific.

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In the U. S. Senate (S. 1083) to direct the Interstate Commerce Commission to set a level of freight car entit- as to railroads and cars adequate to meet the needs of commerce and the national defense. The Burlington heartily endorses this bill, and believes its passage is of the utmost importance to the interest of freight cars by railroads who now choose to rent the cars of others. Outcome of the work rule issue will be important on an emergency basis, and we expect no disruption of other basic industries. The Burlington wants every bit of freight revenue and earnings should hold up reasonably well for the balance of 1963.

MYRON B. PHIPPS
President, Nickel Plate Road (New York Central and the Nickel Road Co.)
The American public must decide whether it needs dynamic railroads. Building new railroads, as expressed by their new services, better equipment and facilities, faster schedules, reduced rates and proposed new consumer cars—has been passed to the burdening laws and regulations that shackle the rail carriers and discourage investors.

If the public wants up and doing railroads, and the benefits and economics of railroads, law, except legislative relief is necessary to give them greater economic treatment with other modes of transportation. During the past five years the railroad's lawfulness and nettamments has been so much as their net earnings. Yet, over the past decade, the railroads' freight revenues have decreased $1 billion. More than a year ago, the N & W president in his transportation message to Congress pointed out the need for prompt action, and to date only one item—the repeal of the tax on passenger fares—has been passed. Adoption of the President's transportation program would be a partial step to equality by giving the railroads the competitive advantages that truckers and barge operators now enjoy.

To date this year, Nickel Plate has ordered 484 new freight cars, more than any other railroad. The orders cover 375 50-foot box cars with cushion-type underframes, 75 4,000-cubic foot, 100-ton capacity covered hopper cars, and 34 60-foot box cars with 100-ton capacity, cushion-type underframes and special road frame. Early this year the railroad received 246 additional highway trailers for use in the piggy-back service. Nickel Plate will soon commence joint operations with the Erie-Lackawanna Railroad of the new Blooms Yard Interchange at V. The $11 million electronic freight classification yard, jointly-owned by the two railroads, will aid the speedier and better service to shippers. Piggy-back service continues to be the fastest growing part of Nickel Plate's business. Despite a decline of about 1% in carloadings during the first six months of 1963, loaded trailers increased approximately 20% during the same period.

Great Lakes Steel, the first half of 1963 aggregated $85,764,000 and net income was $4,526,000 or $1.60 per share, compared with gross revenues of $90,282,000 and $4.80 per share during the corresponding period last year. We look forward to continued improvement in the months ahead.

ALFRED E. PERLMAN
President, New York Central Railroad
The levels of certain key industries figure significantly in establishing an economic outlook for the New York Central and subsidiaries.

We anticipate continued high yield by the automobile industry due to the expansion in the construction industry and increasing expenditures for plant and equipment by a moderate amount of $2 billion. These developments will tend to sustain steel output, in spite of some retrenchment in the second half of 1962, when traffic experienced a sharp decline.

Railway mileage for 1963 should surpass last year's 31.5 billion due to the new equipment, application of incentive rates and subsequent heavier loadings per car.

Central is presently employing a wide variety of highly efficient and automated marketing techniques. These techniques have had particularly dramatic effect upon our multi-level automobile transport service and Flexi-Van carloaders operating in the railroad's industrial service to continue their unparalled rise in the second half of this year.

New York Central is the nation's leading rail carrier of assembled automobiles. Our multi-level traffic in the first half displayed a 26% increase over the corresponding first half of 1962. Flexi-Van traffic increased by more than 29%.

Armed with these more specialized marketing techniques, our automobile industry that the inherent advantage of rail makes it the most practical mode for the transportation of bulk coal.

Our coal carloadings in volumes in solid railloads from gathering points to a single receiver, have enabled us to offer considerably reduced costs to shippers and consumers. Coal traffic historically represents 40% of our carload freight tonnage.

We are forecasting the railroad industry in the second half to be somewhat more favorable than during the comparable period last year. This forecast is based upon our evaluation of key industries, the more frequent employment of contemporary marketing techniques by the nation's railroads.

No truly accurate economic outlook for the total industry can be established, however, until the "fair competition" law is repealed and the 88th Congress has been resolved. S. 1061 and HR. 4790 would give all carriers the right to lower freight rates without government intervention. The benefits of competitive transport are more time consuming. Road haulage and heavy switching service, as well as a number of insulated box cars, covered hopper cars, and other types of freight cars are being rebuilt or equipped with special loading devices.

New equipment being delivered to the railroad this year includes new long-range locomotives for road haul and heavy switching service, as well as a number of insulated box cars, covered hopper cars, and other types of freight cars being rebuilt.
by handling products produced or destined for use in the agricultural and industrial Middle West, where the economy is solid. Its carloadings reflect a cross-section of that area—poultry, hog, metal ore, motor cars and farm implements and livestock. The line is handling these basic products, where there is strength across the economic board.

W. THOMAS RICE
President, Atlantic Coast Line Railroad

I am pleased that Coast Line's revenues for the first six months of 1963 were higher than for 1962, despite such adversities as the Florida freeze, the longshoremen's strike and a whole host of problems which are plaguing us.

Although we are facing many problems, our revenues are higher than last year. We have made improvements in our facilities, and we feel that we are solid.

Our efforts have been rewarded, and we are proud of our accomplishments. We have much to be thankful for, and we will continue to work hard to maintain our progress.

D. J. RUSSELL
President, Southern Pacific Company

Widespread public attention and support has been given to important programs of the American railroad industry to gain increased freedom under transportation laws, to modernize operating work rules, and to eliminate wasteful duplication of facilities through mergers and consolidations.

Less heralded than these national efforts, but equally significant in achieving greater transportation productivity and efficiency, is the continuing improvement programs of individual railroads.

Southern Pacific itself is investing over $100 million in capital improvements this year—bringing the total of announced construction plans for modern equipment and facilities to over $1 billion dollars in the decade beginning with 1954.

As a result of this long-term program of streamlining services and facilities—while keeping a firm control of expenses—our railroad is moving more traffic with less plant.

For the public, this means improved railroad service at better prices.

For the railroad, first-half net earnings improved over last year and represent one of our best January-June periods. Freight traffic is moving in good volume—although six weeks of continuing strike threats by the Brotherhood of Railway Clerks cost Southern Pacific over $4 million in lost traffic revenues during the first quarter. This dispute was settled by negotiation and arbitration without a strike, many shipper’s took the precaution of putting their business on other carriers because of the uncertainty created by the prolonged and widely-publicized strike.

The favorable results, despite traffic loss from the strike threat, stemmed largely from the railroad’s continuing modernization and research programs, including such diversified non-rail activities as trucking, pipe lines and real estate.

The range of railroad facility improvements includes extensions of centralized traffic control (which speeds trains and permits the utilization of rail lines), and further advances in communications systems, automatic data processing, and automatic car classification yards.

Most of the 1963 construction will be in new freight cars and highway equipment specifically designed to meet new and changing shipper requirements.

The new cars are larger, with capacities up to 100 tons. Flatcars are being built up to 89 feet long and boxcars up to 87 feet. Many of Southern Pacific’s cars are equipped with hydralic-cushion underframes and load-protection devices.

Our car research and investments are aimed at im-

FROM WASHINGTON

Ahead of the News

BY CARLISLE BARGERON

The situation in Cuba overshadows the nuclear test ban treaty. The treaty has been hailed as a new step toward the relaxation of the cold war and toward peaceful coexistence, according to Premier Krushchev. How long a step it is remains uncertain.

It depends, in the first instance, on the fidelity with which the Russian Communist government lives up to this agreement. And also on whether there is a second and a third step. At first blush, it seems entirely likely the Soviet government will keep to this agreement—as it did in its gentlema's agreement not to test during the Eisenhower administration—for a material period. That agreement was recently broken when the Russians tested in January.

Secretary of State Dean Rusk is now expected to discuss, not negotiate—with Premier Krushchev and Russian Foreign Minister Gromyko, along with Britain's Lord Home, what further steps may be taken looking to disarmament and peace. One of these is a nonaggression pact between the members of NATO and the members of the Warsaw Pact. Mr. Krushchev is reported anxious to bring about such a pact—saying, West Germany and France, particularly the latter, have been considerably less favorable. We want to know: will such a pact lead us?

Senator Hugh Scott, Pennsylvania Republican, in a letter to President Kennedy, has set forth some of the reasons for careful scrutiny of any such pact before undertaking it.

Senator Scott wrote: "In the minds of many of us as we explore the question of a nonaggression pact, is the motivation of the Soviet government. In my opinion, Soviet policy in Europe has been motivated by the permanent subj ection of formerly independent East-Central European states to Soviet imperial rule. Such ne-
Continued from page 27

proving efficiency and attracting more business, by mak-
ing it easier and less expensive for the shipper to move his goods. By loading more into larger cars, the ship-
er often can cut his freight costs. The effect of this combi-
ation—the use of the bigger freight cars, along with "incentive rates" to attract new business and encourage existing customers—would have increased the average Southern Pacific freight car load by over six-

long since 1953.

Without these larger pay loads, the railroad would have needed an average of about 1,800 more freight cars available for loading each working day during 1962 to handle the same business. This way, with fewer greater volume and more efficient equipment utilization. Our customers would have benefited.

Lower rates are absolutely necessary for the railroads to operate at maximum capability as volume carriers. Per-

haps one of the best ways to support lower rates, proposals, now before Congress, would give greater freedom to re-
duce the prices to the public, and they should be strongly sup-
ported. Such funds will not lower prices in an important field, such as transportation, would be a stimulant to the economy generally.

STUART T. SAUNDERS
President, Norfolk and Western Railway Company

For the railroads generally, the coming year should show a continuation of the steady though unders-
gains registered during the past 12 to 18 months. The industry is sensitive to many factors, especially the condition of the national economy, that it is unrealistic to go beyond an outline-of-the-outlook in general terms. At the same time, expansion of production, construction generally—all of which has already been discussed. And, as seen interna-
tional developments, the rising level of the world commercial activity also should contribute to an outlook of good business.

For example, the Norfolk and Western expects its coal export sales this year to show an increase of about 10% over 1962. Japan in the Far East, Italy, Germany and other nations in Western Europe and Brazil and Argentina in South America, will account for a sizable part of this rise in overseas consumption of America's high quality coals. The closing of high cost mines in Belgium in favor of French and West German mines is helping to improve European export traffic.

Our domestic traffic both in coal and general freight is also expected to show above average gains in volume. Generating plants alone should rise about 7% over 1962, and should show a two-year growth of more than 19%. Our merchantize freight, which is now running about 1.2-bilion tons annually since 1960, is expected to continue to reflect the improved level of economic activity in the regions we serve.

Even if the economy's performance fails to meet our expectations, there are several factors which point to an improved climate for business for the railroad industry. These include the progress of the merger movement, continuing benefits of more liberal depreciation guidelines, and the 7% investment tax credit, improved rate-

making practices, and resolution of the long-standing work rule problems.

An acceleration of railroad mergers founded to be in the public interest would enable the railroads to take quick advantage of the benefits of the regional freight im-
proved operating techniques they have developed during the past five years.

In this connection, it should be noted that the rail-

road's quarterly earnings this year will have diffic-

ulty in matching last year's earnings. The railroad's earnings last year were the highest in railroad history.

In 1962, the earnings per share for the year ended Decem-

ber 31, 1962, were $6.79, compared with $7.04 per share for the same period last year. The year 1962 was marked by the first major labor agreement in the industry in over 130 years.

In the first quarter of 1963, the railroad's income from operations was $135,000,000, which was $5,000,000 less than the same period last year.

The railroad's net income for the first quarter of 1963 was $5,000,000, which was $1,000,000 less than the same period last year.

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Man-Made Fibers Displace Cotton. Between of Foreign Price Subsidy

Government's two-priced cotton system is said to force mills to turn away from cotton to man-made fibers. Textile mills are switching from cotton to man-made fibers because of the foreign price subsidy. The textile industry has been forced to change from traditional use of cotton to man-made fibers because of the foreign price subsidy. A textile manufacturer said, "We have to turn away from cotton to man-made fibers because of the foreign price subsidy."

A textile manufacturer explained, "We have no other choice but to turn away from cotton to man-made fibers because of the foreign price subsidy."
PUBLIC UTILITY SECURITIES
BY OWE.N ELY

Atlantic City Electric Company

Atlantic City Electric is one of the largest electric companies in the Middle Atlantic area. In recent years kwh sales have gained at the rate of 28% per year, and share earnings have gained about 9% per annum, although with a low dividend (1%) of tax savings from accelerated depreciation. Operating growth will be

in industrial, in sales of coordinated benefits. Industrial customers include by-product area. Deep glass, chemicals, and products of the 13 City, Cape May, communities served. Rapidly growing is about 10% per annum, the company serves the 13 major electric companies across the country.

He added: "This technique uses past and projected income account and balance sheet data—some 275 projections within a matter of minutes. It enables us to make known to all of our full-time clients including those at the time the projections were made.

"Bear, Stearns & Co., initiated real estate using computers as a tool in security analysis last year. Many Wall Street firms embrace such devices for back office operations. Our program, however, is a pioneering one and no one in the field, as an actual security analysis. The computer's greatest value is as a tool. If done properly, it can be used to make usual methods employing only a slide rule or desk calculator, we calculate, these detailed calculations were done using a computer. This section would require two days in a case of a service of the analyst's time per company. A total of possibly 200-250 man-days of the program and the IBM 7904 reduced the actual calculation time by 5 days of the year's work."

"Our technique has been expanded to cover over 25 input items per company. Previously, we were unable to handle all items because of the time involved. This year, a second method was added to give the analyst a range of possible earnings from which to choose. Included in such projections were such factors as sales, capital expenditures, capital requirements plans, etc., provided in many instances by the companies, together with historical data. Changes in growth rates, operating ratios, depreciation rates, financial statements, and a flow of the various tax incentives are all accounted for.

Taylor, Rogers Branch AURORA, III.—Taylor, Rogers & Tracy, Inc., 820 West Street. Theodore A. Bratton is registered representative in charge.

Opens Branch Office BUFFALO, N.Y.—Hoover Investment, Inc., 2315 Delaware Avenue. Loren J. Schiefer is Resident Manager.


SOLD $15 million mortgage bonds to finance the construction program. Capital structure is now about 56% funded debt, 20% common stock and 14% preferred stock.

The company is active in promoting electric heating and last year sold nearly $1 million of new homes constructed in the area. The electric heating industry is responding to the new 13% tax cut on heating systems. The project is scheduled for initial operation in early 1967. The low cost of electricity produced at the mine-mouth plants, together with the advantages of the electric utility control of the are of considerable benefit to Atlantic City Electric.

The company is also installing some large units of its own, the first 140,000 kw unit at the new A. L. Engle Station has been completed last November, with a second unit scheduled for November next year. After allowing for retirement of some old units in January this year, total capacity has increased far beyond last year's peak load of 385,000 kw.

While the cost of coal has declined about 6% in the past five years, it is still around $9 a ton (84c per million btus). Generating cost last year was relatively high at 7.1 mills. However, the company is studying new methods of transporting fuel including full trains and pipeline deliveries. The New England unit will improve efficiency since it has a heat rate of only 8,840 btus per kw (the system average last year was 9,800), and it will be improved later. The total cost is about 46c per kw, thus reducing the average cost to $0.80.

About $20 million was spent on construction last year and, some $150 million over the past decade. The company did some equity financing early in the year and kept its dividend rate of only 2%.

Edward R. Beach

Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that Edward R. Beach has been admitted to general partnership in the firm. Mr. Beach, a vice-president for many years of experience in the advertising, marketing, and sales fields, started his career with The Procter and Gamble Co. He attended the Harvard Business School. He returned to that company through the ranks, holding such positions as brand advertising and promotion manager, and head of the television department.

Prior to joining Reynolds & Co., Mr. Beach was Vice-President and field manager of the marketing plans board of McCann-Erickson, Inc., President of the McCann-Erickson Corp., International; and Vice-President, Secretary and Director of Benton and Bowles, Inc.

Mid State Inc. Formed BLOOMINGTON, III.—Mid State Banking, 211 W. Washington Bank Building, Officers are Clarence E. Bohlander, President; William A. Martin, Vice-President; President and Treasurer, and Michelle Brown, Secretary. Mr. Bohlander is a former officer of The Mutual State Bank, Bloomington, Illinois.

SLOWING OF PER SHARE GROWTH RATE SEEN FOR ELECTRIC UTILITIES

Some "modest slowing down" of per share earnings growth in the utility industry is likely for the years 1963 through 1965 is likely.

Such is the major conclusion of the Second Annual Compilation of Electric Utility Earnings Re¬ports announced July 31 by Bear, Harris, Nusbaum & Co. The investment banking firm.

Philip J. Allatta, the company's utility specialist, who directed the study, said at the Harvard Club, said the projections are an unusual and highly sophisticated computer technology to calculate and analyze the growth of 33 major electric utility companies across the country.

He added: "This technique uses past and projected income account and balance sheet data—some 275 projections within a matter of minutes. It enables us to make known to all of our full-time clients in the month of July, many months earlier than by previous methods.

"We can also now report that our initial effort in this field has met with some success. Our projections of 1962 earnings varied from the actual results by less than 3% for the month of May of 1963 by an average of approximately 3%.

"It is the material of the current study, Mr. Allatta said: "A growth rate of 5.6% compounded annually from 1962 to 1966 is in contrast to the actual 6.5% growth rate achieved by most companies from 1961 to 1962. Growth projected among companies varies from a high of 15% to a low of 2%. The apparent turn should not be viewed with alarm. Reliability of earnings improvement, coupled with relative stability, are still compelling long term investment attributes. Some companies, however, only some slight reduction in their earnings growth for the 38 companies.

"Several of the companies included in the study are expected to show high earnings growth and in some instances, to reflect this expected improvement in earnings, and in other instances, the company that can be well rewarded in the years ahead. Areas for the switching of funds from high price earnings ratios but which do not appear to have future growth promise, should be considered with such multiples to improving situations are indicated.

"The slowing down in the growth rate of per share earnings can be attributed to some measure in the slowing down in the growth of electric utility income, and in some other utilities with a corresponding deceleration in growth of the rate base upon which these utilities produce their earnings. This deformation of earnings projection plans is due to the fact that some companies have temporarily slowed the rate of increase in earnings projections and due to the fact that some companies have temporarily slowed the rate of increase in earnings projections, and any earnings improvement from expanding usage or higher efficiency may be offset by a corresponding reduction in rates to the consumer.

Factors which such as unusually warm weather in parts of the South and Southwest, which resulted in heavy use of air conditioning last year, postpayment of the sale of common stock in one previous instance, the inclusion in earnings of non-recurring income for another company, were factors that caused some variances at the time the projections were made.

"Bear, Stearns & Co., initiated real estate using computers as a tool in security analysis last year. Many Wall Street firms embrace such devices for back office operations. Our program, however, is a pioneering one and no one in the field, as an actual security analysis. The computer's greatest value is as a tool. If done properly, it can be used to make usual methods employing only a slide rule or desk calculator, we calculate, these detailed calculations were done using a computer. This section would require two days in a case of a service of the analyst's time per company. A total of possibly 200-250 man-days of the program and the IBM 7904 reduced the actual calculation time by 5 days of the year's work."

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Opens Branch Office BUFFALO, N.Y.—Hoover Invest¬ment, Inc., 2315 Delaware Avenue. Loren J. Schiefer is Resident Manager.
NEWS ABOUT BANKS AND BANKERS

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

Herman J. Wacker has been made Controller of the First National Manhattan Bank, New York.

The First National City Bank, New York, Aug. 12, became the only United States bank to operate a full branch in Switzerland as it opened its Geneva facility. The branch, located at 100 Rue du Rhone, is the bank's third in 23 countries overseas.

Setting the bank's operations in Switzerland is Resident Vice-President Ellis E. Bradford who joined First National City in 1932. After serving with First National City's domestic organization for seven years he was assigned to Caracas, Venezuela, and became a Manager in 1931. He was named Resident Vice-President for Geneva in December, 1962. Manager of the Geneva Branch is Ralph C. Harpham.

Appointment of William E. McGraw as an Assistant-Vice-President of Morgan Guaranty Trust Company of New York was announced by Herald M. Stimson, Chairman of the Board. Mr. McGraw was also designated head of the commercial credits department of Morgan Guaranty's International banking division. Mr. McGraw had been with the international division since he joined the bank and was elected an Assistant Secretary in 1938 and an Associate Treasurer in 1959.

Donald P. Kircher was also elected to the Board of Directors of Morgan Guaranty Trust Company of New York.

The election of Maynard H. Patterson as a Director of North-West New York Bank, New York, was announced by James Smith Bush, who will become President and Manager on August 1.

The Savings Bank Trust Company, New York, received approval to Certificate of Amendment of the By-Laws of Bank of Closeout on Aug. 8, providing for the following:

(a) To increase the presently authorized capital stock from $2,500,000 consisting of 25,000 shares of 10% each, to $87,500,000 consisting of 125,000 shares of common stock of $50 par value and 400,000 shares of preferred stock of a par value of $50.

(b) To increase the presently authorized capital debentures from $35,000,000 to $100,000,000, all of which debentures are to be known as Revolving Capital Debentures having a total authorization of $300,000,000 and

(d) To eliminate the presently existing provisions in the Organization Certificate for $30,000,000 par value of capital notes.

UNCLAIMED DEPOSITS

NOTICE OF CLAIMS OF PERSONS DECEASED AS TO PROPERTY HELD BY ELLIS CREED BANK AT 1820 E. 20TH STREET, COLUMBUS, OHIO, as a Trustee of the Estate of

AGENCY, NEW YORK, N. Y.

The persons named below hold accounts with the address as shown and are requested to present themselves at the agency's office to claim said property in amounts of twenty-five dollars or over.

AMOUNTS DEU ON DEIPOSITS

Mrs. Anna F. Daniel........ $15.00
Mrs. A. M. P. Smith........ 25.00
R. C. Frost .................. 85.00
Outstanding Checks

Juan B. Stowe vio. cese 2.00
G. W. B. Potter............. 85.00

Volume 190 Number 620... The Commercial and Financial Chronicle (655) 31

The Central Savings Bank, New York, has elected Charles S. Munson to a

A plan to merge The Bridgehampton National Bank of Bridgehampton, New York, into the Long Island Trust Company Garden City, N. Y., has been announced by Frederick Hafenfield, Chairman of the Board of the two banks. Subject to the approval of stockholders of both banks, the stock of the New York State Banking Department and of the Board of Governors of the Federal Reserve System, the merger will result in a banking institution with appreciated total resources and deposits totaling more than $11,000,000.

As of June 30, 1963, the Long Island Trust Company reported resources of $109,922,516 and deposits of $135,605,888. The Bridgehampton National Bank's statement of condition, as of that date, showed resources of $37,633,223 and deposits of $54,548,831.

The terms of the merger agreement approved by the boards of Directors of both banks provide for the issuance of new shares of stock of Long Island Trust Company stock for each share of stock of Bridgehampton National Bank.

Morris Tyndall, President of the Bridgehampton National Bank, will be named Vice-President of Long Island Trust Company and will be Manager of the Bridgehampton office.

H. William Berger, President of the National Bank of Ronkonkoma, N. Y., died Aug. 8, at the age of 67.

The Comptroller of the Currency James J. Saxom, on Aug. 9 approved the application to reopen a new National Bank of Poughkeepsie, Poughkeepsie, N. Y., at 26 Main Street, Poughkeepsie, N. Y., effective on or after Aug. 10.

The Comptroller of the Currency James J. Saxom, on Aug. 8 approved the application to issue the Massena Banking and Trust National Bank, Watertown, N. Y., effective on or after Aug. 11.

The Comptroller of the Currency James J. Saxom, on Aug. 8 approved the application to reopen a new National Bank of Minden, Minden, N. Y., effective on or after Aug. 11.

Hawaii and the adjacent islands of Alaska and Panama, to receive the same.

In the ensuing November, and on and before its tenth day thereof, each unclaimed property will be paid on its death claim, and in the event of no death claim, it shall then be turned over to the Receiver of the same.
THE SECURITY I LIKE BEST...

Continued from page 2

presidency. He clearly saw the twin dangers of dependence on a single market and risk of competition in what had by then become a standardized "off the shelf" industry. Toward diversification came in 1955, Warner again scored a technical first, this time with the development of a large compressor clutch for auto air conditioners. Partly because of its potential lead, Warner enjoyed a short-term and excellent general economic conditions, Warner's sales rose 30% to $30 million in 1954 to $12.7 million in 1956. Then, as anticipated, competition entered the compressor clutch business, forcing prices down 35% between 1956 and 1963. It was in some respects a reprieve of the trailer brake experience, with other manufacturers buying their way into the market, the product became standardized. In this case, however, the market was a rapidly growing one. Compressor clutches, presently supplied by three firms, and manufacturers of "hang-on" units, remain an important part of Warner's plans, accounting for 28 to 30% of 1963 sales. The company expects it will remain in competition position greatly with the introduction of a patented clutch which would have a different ratio of torque than the usual disc clutch and is significantly cheaper to manufacture.

Warner's experiences with wheel brakes and compressor clutches, though not in the same order, fall in a two-point program: first, diversification into many industrial markets, and second, horizontal acquisitions, where product by selling design and applications engineering as part of the sales effort. To this end, Warner and clutches lend themselves well to this diversification program. They have a great versatility. Basically, they perform the same functions as the other components of your ear: brakes retard motion, clutches connect or disconnect a motor. However, they can do so with much greater speed, precision and flexibility. They can, for example, vary the speed very high with a magnetic tape transport hundreds of times a minute, something a clock or a music box can do by itself. In fact, electric brakes and clutches are used today in connecting and disconnecting a motor or part of a machine faster, safer, more efficient or causes less wear than starting and stopping it. There are literally thousands of such cases in industry, and as a result the application of electric brakes and clutches is limited more by the imagination of engineers than by the technical qualities of the components themselves.

Reflecting this versatility and the redirection of company policy, half of sales are now concentrated in the industrial products division, split about equally between original equipment and "plant modular" industrial equipment, installation machinery already in use. This division is served through 73 independent distributors, some of which also have the accounts of small original equipment manufacturers.

Sales to larger OEM accounts are handled by the company's own sales force. Following the elimination of breakdown of sales by industry category, ranging in order from 10% down to the smallest and largest, Warner released its figures:

1. Computers and associated equipment. The largest and fastest growing market. (2) Mail-order machinery. Prospects for this year are good. (3) Construction equipment. Sales to this industry were up 25% in 1962, largely because Barber-Greene was added to the customer list. (4) Textile machinery. An industrial machine company could be affected by the decision of a large manufacturer to offer Warner equipment in its own sales force. (5) Office machinery. The second fastest growing market. (6) Aerospace. Warner (in 1964) acquired Guidance Controls Corp., a manufacturer of miniature electronics, and it has added new precision potentiometers and other electronic components. We estimate our Government contract business contributed now less than 3% to consolidated sales and probably is not expected to grow much, though its potential is good.

The Warner scientific management approach is demonstrated in two programs: first, a bonded age program. Applying solely to the Edwards operations, it has set up a highly-regarded "zero defect" program. Applying to the whole company, it interferes with the ability to produce as much as the company can design by local conditions. Foreign manufacturing and licensing, mainly in Europe and Japan, consumed over 60% of sales in the future, Warner will be branching out from its traditional manufacturing process, the Stati-Grip Chuck, developed in conjunction with Pure Oil. The All-Research unit, was the first development is that of a unique organic fluid which tends to lubricate the electric field. In effect it works as an adhesive which can be turned on and off. The company also has under test a prototype volvo speed, alternating current motor-drive unit which may revolutionize power transmission in heavy machinery, particularly earth-moving equipment, for which it has been experimenting. It is expected to meet the standards set about details, but if the prototype performs as expected, it will mean substantial improvements in maintenance, controlability, size, weight and cost over comparable DC systems.

FINANCIAL DATA
(Adjusted for Stock Splits)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Millions)</th>
<th>Earnings (Per Share)</th>
<th>Dividends (Per Share)</th>
</tr>
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<tbody>
<tr>
<td>1953</td>
<td>$6,548</td>
<td>$0.92</td>
<td>$0.018</td>
</tr>
<tr>
<td>1954</td>
<td>$8,203</td>
<td>$1.33</td>
<td>$0.20</td>
</tr>
<tr>
<td>1955</td>
<td>$9,057</td>
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</tr>
<tr>
<td>1956</td>
<td>$12,725</td>
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<tr>
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<td>$10,708</td>
<td>$1.33</td>
<td>$0.64</td>
</tr>
<tr>
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<td>$9,774</td>
<td>$1.33</td>
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</tr>
<tr>
<td>1959</td>
<td>$11,058</td>
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</tr>
<tr>
<td>1960</td>
<td>$11,068</td>
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<tr>
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<td>$13,148</td>
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</tr>
<tr>
<td>1964</td>
<td>$13,680</td>
<td>$1.33</td>
<td>$1.41</td>
</tr>
</tbody>
</table>

The Empire that was born in a bargain basement, of course, has grown. This year's report, therefore, is no exception. Mr. Donahue reports: "In the past year there has been substantial reduction in the number of securities in the portfolio. For the most part, the securities sold were the small holdings whose influence on the portfolio was negligible. Despite the reduction in the number of issues in the portfolio, the balance and returns have been good. The dividend fund remains essentially unchanged."

MUTUAL FUNDS

BY JOSEPH C. POTTER

About Caesar and Empire

Wading through scores of mid-year reports turns up as small or as grandiosly named as the management, the company and a good word for management, Warner Electric Brake & Clutch, quoted at only $3 on the NYSE and $5 in the OTC market, is my favorite security.

Japan to Become OECD Member

PARIS, France—The Council of the OECD on July 26, formally expressed interest in OECD membership to access: to the OECD Convention, according to Article 16 of the OECD Convention, and more particularly of the OECD Secretariat—General of the OECD. Understanding to which are anxi-


The Council's invitation to the Government of Japan is the result of talks which have been held following an informal expression of interest in OECD membership on the part of the Government of Japan. The representatives of the Gaston H. Joffre, the President of the OECD, on March 22, 1962, in the course of meetings with the Government of Japan, concerning the accession of the Government of Japan to the Acts of the Organization, including the Codes of liberalization of current invisible operations and of capital movements in Japan.

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As We See It

Continued from page 1

the greatest vendor notion of the New Deal, then we had better introduce radical change in it. In the securities markets alone the effort has cost the public huge sums of money, and those who are supposed to be benefitted by it have, of course, not escaped the burden. When we consider all the added work that the securities board and the Federal Reserve are being asked to perform, we must consider the form-hungry regulatory agencies, and add to it the vast cost that must be borne by those who sell securities to be sold or traded in the markets of the country, the sum total is truly staggering. If some enterpris¬ing statistical counselor would undertake to make a close estimate of the cost of all this the rank and file, if it paid any attention, would have quite a whack at it.

Of course, excesses of various sorts developed in the security markets and the Federal Reserve has given the naive rank and file the impression that it was their protector and that nothing could happen to them in these circumstances. The seller had, so it was supposed, been made a sort of grand¬mother for all Wall Street secu¬rities! What a farce—and how could it have been anything else?

All this has been made the more bewildering by reason of the fact that from a half a hundred other directions this same paternal government is imposing more taxes and the worse burdens of reports and regulations. The worst of these recent origins are, of course, the tax forms and reports, that are the simplest of the audits required to satisfy the tax collector, that his direc¬tives have been met. But there are plenty of others and fully as burdensome, they are. The railroad industry is a classic example of an industry being bled to death—it is not in a good condition, faced such a strain in any event—by government regulation and reports and often quite unwarranted taxes imposed by local governments. The uti¬lities, long a victim of irregular and often quite trouble¬some regulation, have meanwhile been under the scrutiny of an active eye of the Federal Gov¬ernment. Heaven knows what all these regulatory require¬ments are costing the country.

And Now Tax Forms

And some decade or two ago there was piled upon all even more people and spend even more money gathering in tens of billions of tax revenues.

And burdens of calculat¬ing and assessing taxes are just part of the story. Besides the IRS and State and local tax authorities, there are thousands of government of¬fices and agencies with over¬lapping jurisdictions over business. Thus, lying beneath the budgets prepared at vari¬ous levels of government—is an iceberg of invisible costs.

The securities business and related fields now offer an excellent opportunity to begin changing this very unfortu¬nate state of affairs. The case the securities business is now urgent since there is very indication that efforts are presently to be made to make bad matters worse in this direction.

The great rank and file of those who feel themselves victims of the market ought to be the first to applaud such a move.

Franklin National Mails 14,000 Questionnaires On Branch Banking

The Franklin National Bank, Franklin Square, New York, on Aug. 15, mailed more than 14,000 questionnaires to commercial banks in fifty states.

Addressed to the chief executive officer of each institution, the questionnaire seeks information on "added competition" since Jan. 1, 1961. Three questions are asked, embracing fourteen multi¬ple-choice answers.

"How much added competition has taken place in your banking area since Jan. 1, 1961, to your knowledge? Has the new competition obtain its business? What has been the effect of this new competition since Jan. 1, 1961?"

Franklin Board Chairman Ar¬thur R. Tobey endorsed the mail¬ing, and declared:

"Over-banking, not only in Nas¬su County, but throughout the state and nation, brought about the questionnaire.

"Bankers everywhere have been alarmed over the number of branches and new banks that are being approved; they feel the situation is ripelessness of conditions in the late 70's."

While recent approval of a seventh banking office in Rockville Centre by the New York State Banking Department disturbed the climate of over-banking in Nassau, the Rockville Centre case has national implications: it marks the rallying point between reason and folly.

"The sentiments of bankers na¬tionally will help us document our thinking."

Last week Franklin will announce its decision on filing suit against the state banking board for "abuse of discretion" in recently approving a seventh banking office in Rock¬ville Centre."
Global Trail to Super Transport Service

Continued from page 3

ever the Jeep and the time-near
world on goods transport.

Thus, the question inevitably arises: Can we, and should we, ever survive this tough new com-

petitive era?

Railroads Can Adjust

The answer from overseas is an unqualified "Yes!" and even better, or over-all costs so low.

The record in these two nations points out how governments everywhere attempt to relate the super-highway systems to the rail network systems.

There is little or no competition between railroads, though strong competition for some specific types of traffic.

The railroads have a greatly increased freedom to use trucks and buses to supplement rail service and as a result, when rail lines are abandoned:

- European governments are reorganizing the railroad industry (the unit-of-all forms of transport) until the U. S. government is likely to abandon the role of owning and operating the carriers of investment programs for each.

These general differences are backed up by some fascinating specifics that follow further clues to sound transport policies for America. In Great Britain, for instance, we found a full-blown storm raging around the nation's carriers. Some $380 million was poured out by Parliament in 1961 alone to cover the railroad's deficit, meaning $1.20 was paid out for every $1 taken in.

In Flanders, 'public' carriers, like France, are also making a profit (if you disregard the fact they pay no taxes). And this is the trend in all European countries. A railwayswimming in a sea of red ink?

- In India, where railroads carry the overwhelming load of economic expansion, they are already among the most profi-

tably anywhere.

And in the Soviet Union, a combination of awesome pro-

gressions and performance is in the making.

Differences in Regulators

These other factors, which vary vastly, are the key to why governments regulate, tax and enforce rules for the various railroad and competing truck, bus and automotive transport.

Paradoxically, the government-owned railroads of Europe have more freedom than those of the private-owned railroads of America.

- Truck freight charges are rarely controlled by governments abroad.

- Europe is much more restrictive than the U. S. on trucking, where regulation affects numbers as well as the compa-

nies in the field.

- European railroads have been shaped into integrated na-

tional networks—as if each region could afford to build its single system.

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The record in these two nations points out how governments everywhere attempt to relate the super-highway systems to the rail network systems. There is little or no competition between railroads, though strong competition for some specific types of traffic.

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- There are almost no taxes on European railroads. If U. S. lines were on the same basis, their cumulative $60 million a year.

- There is far less regulation of railroad rates and services. In Paris, the government controls rates, but at the same time, gas stations, buses and taxis are left alone to control their own rates. In London, two-thirds of railway tariffs are set by the government, the rest are set by private owners.

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tional networks—as if each region could afford to build its single system.
Funston Urges Strengthening
Securities Exchange Act

D.C. — Keith Funston, President of the New York Stock Exchange, said the House of Congress should enact amendments to the Securities laws proposed by him and the Exchange Commission.

Mr. Funston said he had the mean that the SEC and Congress should do together to redress the inequities of competition and regulation to which he referred.

He said that his proposal was presented to the SEC as a result of the recent study of the Exchange Act of 1934.

"This study indicates the need for equal opportunity for all stockholders in buying and selling securities," Mr. Funston said.

He said that the Exchange Act of 1934 was intended to provide a framework for the regulation of the securities industry, but that it had not been effective in achieving its purpose.

He said that the SEC had been unable to enforce the provisions of the Act, and that the omissions had resulted in the failure of the Act to prevent the abuse of power by the exchange.

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Continued from page 11

There is some pertinence to this argument, yet the prevalent feeling is that the United States, in order to continue its pre-eminence in the world, might move to a more liberal approach to international economic policies.

Other Countries

Another point which should be noted is that there has been considerable discussion in the United Kingdom and other European countries about the possibility of moving to a more liberal approach to international economic policies. It is generally agreed that the United Kingdom, and other European countries, are facing similar problems, and that a move to a more liberal approach might be beneficial to all parties concerned.

A Difficult Point

This point is not easy to prove. Many factors work against it. The United States has a large economy, and any move to a more liberal approach might have an impact on the global economy. However, there are other countries, such as Britain and Japan, who are also facing similar problems, and a move to a more liberal approach might benefit them as well.

The GATT Framework

M. Pisani, France’s dynamic Minister of Agriculture, has again stated that France would be willing to meet with the United States in order to discuss the issue of agricultural policy. He has also stated that he is open to any discussions on this topic. However, he has also made it clear that France will not accept any changes to the GATT framework without a clear understanding of the issues involved.

The Pisani Plan

The so-called Pisani Plan, which was announced in Nov, 1963 by M. Pisani in FAO and by M. Baumgartner, the French Minister of Finance in GATT, will have to be thoroughly discussed and taken into account in the negotiations. All parties involved, including producers, importers, and governments, have a responsibility to ensure that the agreement is fair and beneficial to all parties.

Commercial Output

Whether or not there will be a compromise on the issue of agricultural policy will depend on the willingness of all parties to negotiate in good faith. If a compromise can be reached, it will be a significant step forward in the development of international trade and cooperation between nations.

Prices

Prices are a critical aspect of international trade, and they are often the subject of intense debate. However, it is important to remember that prices are determined by a complex interplay of supply and demand, and that they are subject to change over time. It is therefore important to approach the issue of prices with an open mind and a willingness to negotiate in good faith.

The Commercial and Financial Chronicle... Thursday, August 15, 1963
No doubt, for the commodities placed under an international embargo, the relative protection of this vague term would automatically result. With respect to protection, the EEC, of livestock products and other provisions within the context of the Agreement should be amended. For other livestock products, treatment by the EC on a specific basis should also be secured.

In the case of livestock products, the EEC, of livestock products and other provisions within the context of the Agreement should be amended. For other livestock products, treatment by the EC on a specific basis should also be secured.

All these matters and aspects of price agreements will have to be discussed in the negotiations. For the matters of EEC which are already under discussion, the "configuration of price" certainly remains one of the key issues in the context of equilibrium.

**Miscellaneous Provisions**

There will be other matters which should be included in the agreement proposals. Some will emerge as early drafts to the important issues that have been mentioned. But there will also be other questions.

For commodities that would not be included in price agreements, and for which minimum import prices (including lock-gate prices, or reference prices) were established, the discussions with governments of importing areas, the new Code for Agriculture about market power, price speculation in strict conformity with the idea of emergency action under Article II, and the issue of the state of agriculture will carry with it an equivalent adjustment for the livestock products concerned. This point our policies so far have largely failed to acknowledge.

It is in the light of this conclusion that we must seek the basis of the protection for livestock products (compensating them for cost, differential, or dam conditions) of the EEC as destined ones, not as primary lexicis, like the food and the preferential treatments. They cannot cancel or negotiate about levies on livestock products as long as they wish to deal with the grain levies (or prices); and any adjustment we accept, we accept as an automatic carry with it an equivalent adjustment for the livestock products concerned. This point our policies so far have largely failed to acknowledge.

**Carteary From 1962**

Most of the matters we reserved for further negotiations with EEC in our joint declaration of March 1962 (as part of the conclusion of the Article XXVII-48 talks) will be memoed in the negotiations as comprehensive efforts on agreements for agricultural trade—the negotiation of the GATT Code for Agriculture. For this purpose, the vehicle through which we have agreed to seek the GATT Code for Agriculture. Our declaration had the same purpose, for the commodity, the basis for the negotiations will be important for United States policy to be aware of this connection at all.

Naturally, all GATT countries should continuously watch over the implementation of the Articles of the Agreement and the special arrangements made through the EEC. Hence, the EEC measures and practices can be challenged on the basis of the GATT Agreement, the challenge does not have to wait the completion of the forthcoming negotiation of commodity agreements and other provisions within the context of the Agreement should be amended. For other livestock products, treatment by the EC on a specific basis should also be secured.

**Almost $700 Million Spent Last Year for Canadian Oil and Gas Exploration**

Expenditures by all companies affiliated with the exploration and development of oil and gas resources in Western Canada totalled $685,700,000 during the year 1962.

Mr. Proctor stated that a drop of $32 million for gas plant construction in 1962 largely accounted for the decrease from the 1961 industry expenditure total. The expenditure on the gas well was the second largest outlay of money ever expended during one year.

Net cash expenditures of the petroleum industry in Western Canada since 1947 total $67.4 billion as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
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<tr>
<td>1960</td>
<td>$844,400,000</td>
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<td>1961</td>
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Two With Clayton

PORTLAND, Maine—Henry S. Gilbert and F. W. Bernard Hardwick have joined the Portland branch of Clayton Securities Corp., 443 Congress St.

Craig—Hallum Adds

MINNEAPOLIS, Minn—Michael H. O'Dowd has been added to the Minneapolis office of the David Craig & Hallum Co., Inc., 133 Seventh St.

With JoE K. Matheson

HICKORY, N. C. George E. Turner is now affiliated with JoE K. Matheson, 225 Fourth St., N. W.

Branch Board

RINELANDER, Wis.—Mr. Marshall Board, First National Bank Building, Robert G. Heck is Manager.

Tallahassee Office

TALLAHASSEE, Fla.—Densburg.

Tegeler & Co., Inc., 207 East Park Ave., Miami, has chosen Jan Wilt Simpson as manager.

Branch in Tulsa

TULSA, Okla.—F. E. Burns & Co., Enterprise Building, Max A. Gifford is manager.

With Bioren & Co.

ALLENTOWN, Pa.—Bioren & Bioren, members New York Stock Exchange, have announced the association of Francis J. Vanderslice as a Registered Representative with the Allen & Bioren, 17th and Liberty Streets.

E. F. Hutton Adds

ATLANTA, Ga.—James E. Orr is with E. F. Hutton & Co., Inc., 2 Pryor Street, Southwest.
NOTE — Registration statements filed with the SEC since the last issue of the “Chroni-
acle” are now carried separately at the end of this section — “Registration Securities in Registra-
tion.” Dates shown in parenthesis alongside the company’s name, and in the index, re-
fect the expectations of the underwriter but are not, in general, final registration dates.

Also shown under the caption “Effective Registrations” are those issues which became effective this week and were offered pub-
licly.

Airway Hotels, Inc.

Allegheny Venture 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 Venture share for each 25 Allegheny shares held. Price—By amendment (max. $10). Business—Car rental. Proceeds—Allegheny will receive the proceeds from them to Venture. Address—Washington National Airport, Washington, D. C.

American Bicycle Insurance Co.

Atlas International Corp. (8/28-30)

Atlas Finance Co., Inc. (9/16-20)

Atlas Management Co.

Bay State Exchange Fund, Inc.
May 28, 1963 filed 10,000 $1 par capital shares to be offered for subscription by stockholders of Bay State Exchange Fund, Inc. (same company). Proceeds—For the purchase of any additional shares of the common stock and other corporate purposes. Office—400 Washington St., Boston. Underwriter—None.

Bedee Aircraft, Inc.
July 16, 1963 filed 600,000 common. Price—By amendment (max. $3). Business—Company concerned in the design and development of several airplanes, including a light sport plane. Proceeds—For debt repayment, development, working capital and other corporate purposes. Office—350 South Fountain Ave., Springfield, Ohio. Underwriter—None.

Beneficial Standard Life Insurance Co. of N. Y.

Bobbie Brooks, Inc. (8/15)

Bradford Speed Package & Development Corp.
July 12, 1963 filed 500,000 common being offered to stockholders of Atlas General Insurance, Inc., parent company. Proceeds—For the purchase of two additional shares of the common stock of the company and will be available for use in the growth and expansion of the company’s business. Proceeds—For working capital. Address—1500 Hudson Ave., Miami Beach, Fla. Underwriter—E. W. Farber, Inc., New York.

Bradford Helicopter Corp.

Brigadoon Insurance Fund, Inc. (9/3-4)

Burns (William J.) International Detective Agency, Inc. (10/9)

Canaval Hills Enterprises, Inc.

Castle Hospital Services, Inc.
Dec. 30, 1962 filed 1,000,000 common (6% subordinated) income debentures due 1981. Price—At $10 par. Business—Company plans to offer debentures in the aggregate amount of $125,000,000 which will be used for the construction or acquisition of hospitals, and for the construction or expansion of existing hospitals. Proceeds—For capitalization, working capital and general corporate purposes. Office—500 E. 55th St., New York. Underwriter—None.

Chein Corp. (9/9-13)

Chein's Electric, Inc. (5/15)
Nov. 29, 1963 filed 300,000 class A common, of which 235,000 are to be offered by the company and 50,000 by stockholders. Price—$3. Business—Design and manufact
Securities order

Note—The Business—Manufacturer—grills; Office—1501 June 1983; of construction, Eagle's Gas Dynapower Broadcasting, Inc Rollins Squire will be 1968 1963 19 19

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Complimentary Postponed.

Cedar Business—Real CORPORATE of Miami, for providing fixtures and equipment. Proceeds—for general corporate purposes. Address—300 Meridian Bldg., Indianapolis, Ind. Underwriter—None.


Horace Mann Life Insurance Co. Feb. 1, 1963 filed 200,000, of which 80,000 are to be offered for subscription by stockholders of the company. Proceeds—For general corporate purposes. Address—Horace Mann Life Insurance Co., Des Moines, Iowa. Underwriter—None.

Kraft (John) Sesame Corp. May 24, 1963 filed 200,000 common, subordinated debenture due Sept. 1, 1973. Proceeds—For general corporate purposes. Address—3211 N. Main St., St. Paul, Minn. Underwriter—John A. Dawson & Co., Chicago. Note—This statement will not be withdrawn as previously reported, but will be amended.


Logos Options, Ltd. April 11, 1963 filed $25,000,000 capital stock. Proceeds—For amendment (max. $5.50). Business—Sells of duplicating, dictionaries, atlases, etc. Proceeds—For working capital and sales promotion. Address—9660 Biscayne Blvd., Miami, Fla. Underwriter—Roman & Johnson, Fort Lauderdale, Fla. Offering—Expected in early September.

National Memorial Estates

Tropical Insurance Co.
Dec. 28, 1962 filed $8,000,000 face amount certificates of $100 par each. Proceeds — For drilling, equipment and development. Address — 1803 Broad Ave., Phoenix, Underwriter — None.

Pan American Beryllium Corp.

Philippine Oil Development Co., Inc.

Petomac Real Estate Investment Trust
July 6, 1962 filed 1,200,000 shares of beneficial interest. Proceeds — For investment and corporate purposes. Address — 800 Bonita St., Silver Spring, Md. Underwriter — None.

Powell Petroleum Inc.
Sept. 28, 1962 filed 100,000 common. Price — $5. Proceeds — For investment and corporate purposes. Address — 128 Franklin St., Boston, Underwriter — None.

Power Cam Corp.
June 24, 1963 filed 7,000,000 capital shares. Price — $4.75. Proceeds — For corporate purposes. Address — 110 Main St., Shreveport, La. Underwriter — None.

Princeton Research Labs, Inc.

Provident Stock Fund, Inc.

Proprietary Industries Corp. (9/16-20)

Recreational Industries, Inc.

Resort Co. of Missouri (9/3-6)


Rollins Broadcasting, Inc. (8/21)

Royalton Photo Corp.
Aug. 24, 1963 filed 100,000 shares of common, of which 100,000 are to be offered by the company and 200,000 by stockholders. Proceeds — For the purchase of plant and equipment; printing and photographic materials; and advertising. Address — 245 7th Ave., N.Y. Underwriter — Federman Stonehill & Co., N.Y. Underwriter — None.

Russell Mills Inc. (8/26-30)

Selectiv Financial Corp.
Oct. 1, 1963 filed 100,000 common, of which 400,000 are to be offered for subscription by holders of the A series preferred, and 300,000 for subscription by holders of the B series preferred. Proceeds — The basis on the series company shares for each class A or B share and two-thirds for each share of Series B preferred stock. Proceeds will be used for corporate purposes. Address — 830 N. Central Ave, Phoenix, Underwriter — None.

Stein Roes & Farmen Foreign Fund, Inc.

Technograph Corp.

Teaching Machines, Inc. (9/3)
Feb. 21, 1962 filed 1,400,000, of which 4,000,000 are convertible debentures due 1969. Price — At par ($100). Business — Teaching machines for schools. Proceeds — For product development and corporate purposes. Address — 215 E. LaSalle St., Chicago. Underwriter — None.

Sutro Mortgage Investment Trust

Tecumseh Investment Co., Inc.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered for subscription by holders of the common stock. Proceeds — For working capital. Address — Dallas, Tex. Underwriter — None.

Top Dollar Stores, Inc.

Transamerica Resources, Inc.

Transpac Group, Inc.

Trans World Life Insurance Co.

United Investors Corp. (Minn.)
July 10, 1963 filed 424,874,700 of 4% subordinate debentures due Aug. 15, 1988 for being offered for subscription by holders of Series A preferred stock for each 15 common shares held of record Aug. 5. Rights will expire June 30. Proceeds will be used to engage in the consumer finance, mortgage, general financial business, and insurance business. Proceeds — For loan repayments, for general corporate purposes. Address — 830 N. Central Ave, Phoenix, Underwriter — None.

United Aircraft Corp.
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."
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 June. The proceeds will be used for the construction of new generation and power transmission facilities. Underwriters—To be named. The announcement was made by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scamton & Co., New York.

Connecticut Yankee Atomic Power Co.  
April 23, 1963 it was reported that the 12 utilities which jointly own the nuclear power plant at Candia, N.H. will be allowed to issue $150,000,000 of bonds. The request has been opposed by a major underwriter—To be named. The request will be considered by the Securities and Exchange Commission. Underwriters—will be named. The announcement was made by the company.

Consolidated Edison Co. of New York, Inc.  
May 22, 1963 the company stated that it will have to raise approximately $15,000,000 for the further construction of its new power plant in New York City. The proceeds will be used to finance the construction of the new plant. Underwriters—To be named. The announcement was made by the company.

Federal Reserve Bank of St. Louis  
Digitized for FRASER

Hawaiian Telephone Co.  
June 2, 1963 it was reported that the company plans to sell $20,000,000 of direct debentures in the 3rd quarter of 1963. The proceeds will be used to finance the construction of new transmission facilities. Underwriters—To be named. The announcement was made by the company.

International Milling Co.  
July 2, 1963 it was reported that the company plans to sell $15,000,000 of securities in the 3rd quarter of 1963. The proceeds will be used to finance the construction of new milling facilities. Underwriters—To be named. The announcement was made by the company.

Iowa Power & Light Co.  
Jan. 29, 1963 the company announced plans to sell $15,000,000 of securities in 1964 to help finance its operations. Underwriters—To be named. The announcement was made by the company.

Jersey Central Power & Light Co. (10/1)  
July 16, 1963 the company announced plans to sell $15,000,000 of debentures due 1968. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Louisiana Power & Light Co.  
Feb. 18, 1963 the company announced that this subsidiary of Middle South Utilities, Inc. may issue $25-30,000,000 of bonds early in 1964. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Massachusetts Electric Co.  
July 16, 1963 the company announced plans to sell $10,000,000 of bonds in the fourth quarter. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

New England Power Co. (11/19)  
July 20, 1963 it was reported that the company plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the 3rd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Northern Pacific Ry. (12/10)  
July 20, 1963 it was reported that this railroad planned to sell $10,000,000 of 5% securities in the 2nd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Pennsylvania Power & Light Co.  
May 19, 1963 the company announced plans to sell $10,000,000 of bonds in the third quarter. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Philadelphia Electric Co.  
April 3, 1963 it was reported that this company plans to sell $25,000,000 of bonds in the 3rd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Georgia Power Co. (11/7)  
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co. plans sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Nevada Power Co. (10/16)  
July 29, 1963 it was reported that the company plans to sell $10,000,000 of bonds in the 3rd quarter. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

New York State Electric & Gas Corp.  
March 13, 1963 the company announced plans to offer $30,000,000 of debt securities to finance its construction program. The sale is subject to approval of the Public Service Commission. Underwriters—To be named. The announcement was made by the company.

Norfolk & Western RR (9/9)  
July 2, 1963 it was reported that this railroad has scheduled an $18,000,000 public offering for September. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Northern States Power Co. (Minn.)  
May 14, 1963 it was reported that this company plans to sell $5,000,000 of 1% bonds in the 2nd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Otter Tail Power Co.  
July 20, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Pacific Telephone & Telegraph Co.  
July 29, 1963 it was reported that the company plans to sell $72,000,000 of bonds in the period 1963 through 1967. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Philadelphia Electric Co.  
April 3, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the 3rd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Power & Light Co.  
Feb. 18, 1963 the company announced that this subsidiary of Middle South Utilities, Inc. may issue $25-30,000,000 of bonds early in 1964. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

New York State Electric & Gas Corp.  
July 30, 1963 the company announced plans to sell $6,000,000 of preferred stock in the 3rd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Northern Pacific Ry. (12/10)  
July 20, 1963 it was reported that this railroad planned to sell $10,000,000 of 5% securities in the 2nd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Northern States Power Co. (Minn.)  
May 14, 1963 it was reported that this company plans to sell $5,000,000 of 1% bonds in the 2nd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Other Toll Power Co.  
July 20, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Pennsylvania Power & Light Co.  
May 19, 1963 the company announced plans to sell $72,000,000 of bonds in the period 1963 through 1967. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.

Philadelphia Electric Co.  
April 3, 1963 it was reported that this company plans to sell $25,000,000 of bonds in the 3rd quarter of 1963. Proceeds—For construction. Underwriters—To be named. The announcement was made by the company.
Southern California Edison Co.
### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- Steel ingots and castings (thousand tons):
  - Total: Aug. 10, 1,748,300
  - Previous week: 1,750,800
  - Previous month: 1,700,000
  - One year ago: 1,710,000
- Exports (thousand tons):
  - Total: Aug. 10, 65.8
  - Previous week: 65.5
  - Previous month: 65.7
  - One year ago: 64.9

#### AMERICAN PETROLEUM INSTITUTE:
- Crude oil sold and consigned outside—daily average (thousand bbls):
  - Total: Aug. 10, 7,088,900
  - Previous week: 7,088,900
  - Previous month: 7,088,900
  - One year ago: 7,088,900
- Crude oil shot to refineries—daily average (thousand bbls):
  - Total: Aug. 10, 30,840,000
  - Previous week: 30,840,000
  - Previous month: 30,840,000
  - One year ago: 30,840,000
- Distillation: total:
  - Total: Aug. 10, 3,741,000
  - Previous week: 3,741,000
  - Previous month: 3,741,000
  - One year ago: 3,741,000
- Aviation fuel:
  - Total: Aug. 10, 107,472,000
  - Previous week: 107,472,000
  - Previous month: 107,472,000
  - One year ago: 107,472,000
- Kerosene:
  - Total: Aug. 10, 145,072,000
  - Previous week: 145,072,000
  - Previous month: 145,072,000
  - One year ago: 145,072,000
- Gasoline:
  - Total: Aug. 10, 224,072,000
  - Previous week: 224,072,000
  - Previous month: 224,072,000
  - One year ago: 224,072,000
- Total transactions: 7,088,900

#### COAL OUTPUT (U.S. BUREAU OF MINES):
- Total output of coal and lignite (thousand tons):
  - Total: Aug. 10, 9,089,000
  - Previous week: 9,089,000
  - Previous month: 9,089,000
  - One year ago: 9,089,000

#### CONSTRUCTION ADVANCE PLANNING—ENGINEERING
- News—New Series (ci=wtm.): 1,800,000
- News—New Series (ci=wtm.): 1,800,000

#### EDISON ELECTRIC INSTITUTE:
- Electric member companies
  - Total: Aug. 10, 16,713,000
  - Previous week: 16,713,000
  - Previous month: 16,713,000
  - One year ago: 16,713,000

#### AGE OF CONSTRUCTION (DEPARTMENT OF COMMERCE):
- Total new construction as of Aug. 10:
  - Wood: 1,800,000
  - Metal: 1,800,000

#### BOOYD'S BOND YIELD AVERAGES:
- U. S. Government bonds:
  - Average: Aug. 10, 30.28
  - Previous week: 30.28
  - Previous month: 30.28

#### BOOYD'S COMMODITY INDEX: 301.4

#### STOCK TRANSACTIONS FOR OCT-31 ACCOUNT OF OCT-31 ACCOUNT:
- Stock sales:
  - Total: July 21, 3,984,000
  - Previous week: 3,984,000
  - Previous month: 3,984,000
  - One year ago: 3,984,000
- Stock purchases:
  - Total: July 21, 3,984,000
  - Previous week: 3,984,000
  - Previous month: 3,984,000
  - One year ago: 3,984,000
- Total transactions: July 21, 7,968,000

#### COTTON AND LINEN—DEPARTMENT OF COMMERCE—BUSHEL RATES:
- Cotton:
  - Total: July 20, 10.80
  - Previous week: 10.80
  - Previous month: 10.80
  - One year ago: 10.80
- Linen:
  - Total: July 20, 10.80
  - Previous week: 10.80
  - Previous month: 10.80
  - One year ago: 10.80

#### COTTON SEED AND COTTON SEED PRODUCT—DEPARTMENT OF COMMERCE:
- Cottonseed:
  - Total: July 20, 10.80
  - Previous week: 10.80
  - Previous month: 10.80
  - One year ago: 10.80
- Cottonseed meal:
  - Total: July 20, 10.80
  - Previous week: 10.80
  - Previous month: 10.80
  - One year ago: 10.80
- Cottonseed oil:
  - Total: July 20, 10.80
  - Previous week: 10.80
  - Previous month: 10.80
  - One year ago: 10.80

#### MOODY'S MOYED WEIGHTED AVERAGE YIELD:
- Total: July 20, 10.80

#### TOTAL:
- Total: July 20, 10.80

#### MOODY'S AVERAGE OF YIELD:
- Total: July 20, 10.80

#### MOODY'S AVERAGE OF YIELD:
- Total: July 20, 10.80

#### MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U.S. AUTOMOBILE MANUFACTURERS—JULY 1931:
- Total: July 20, 10.80

#### PERSONAL INCOME IN THE UNITED STATES:
- Total: July 20, 10.80

#### UNITED STATES CROSS DIRECT SALES:
- Total: July 20, 10.80

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*Note: The above table represents statistical tabulations, and the numbers provided are for the latest week or month available.*
STATE OF TRADE AND INDUSTRY

Continued from page 12
new models were in the assembly plant works.

In '63 model making, only a single Studebaker model, Chevrolet fleet division of General Motors and Ford of several models, were still in production at this time. Chevrolet scheduled completion of the factory for the period slated to end with a model runout Aug. 10; Ford programme consisted of some 17,000 units this year and will make a few more '63s again next week although some of its plant will also start work on '64s.

Chevrolet Corp., which built the last of its '63 models, Manheim plant car, Aug. 1, scheduled on the industry's first general production units of the '64 model run: some 1,600 units were planned this week by that automaker subject to "startup" progress.

American Motors Corp., makers of the Rambler car, ended '63 output as of July 26 and will start '64 work next week. American Corp., ended Lark and Hawk model making in late June, but continues in production of its Avanti car.

An estimated 7,200,000 cars of '63 models have been sold, of which 3,038,205 have been sold by American dealers. The total for all manufacturers is estimated at 6,040,555 cars, or 7.1% below the preceding week.

The loadings represented a decrease of 10,129 cars or 1.3% below the corresponding week in 1962 and a decrease of 20,074 cars or 6.1% below the corresponding week in 1961.

Two-miles-per-hour speed limit loadings by carloadings in the week ending Aug. 3, 1963, are estimated at approximately 119,900, or 4.4% less than in the same week in 1962 and 8.6% over the corresponding week of 1961.

There were 170,271 cars loaded with one or more revenue highway trailers or highway containers (piggybacks) in the week ending July 27, 1963, which were included in that week's total of 1,775,612 cars. This was an increase of 2,123 cars or 12.8% above the corresponding week of 1962 and 4,623 cars or 41.2% above the 1961 week.

Cumulative piggyback loadings for the first 22 weeks of 1963 totalled 448,614 cars for an increase of 52,823 cars or 13.5% above the corresponding period in 1962, and 120,845 cars or 38.9% above the corresponding period in 1961. There were 61 class 1 U.S. railroad systems originating this type traffic in 1963, compared with 60 one year ago and 58 in the corresponding week in 1961.

Integrity Truck Tonnage Continues to Outpace 1962 Volume

Integrity truck tonnage in the week ending Aug. 3 was 3.1% above the 1962 corresponding week. The 21,895,857 tons delivered in the 22-week period of 1962, 2,948,226 tons were bettered by 2,982,649 tons, or 16.7 compared with 60 one year ago and 58 in the corresponding week in 1961.

Truck tonnage was 2.0% above the volume for the previous week of this year. In contrary to rail and emergency conditions in Buffalo, tonnage figures were not available for the week for a change. For this reason, these findings are based on a survey of 33 metropolitan area cargo lines, which is the last survey the lines offered carriers of general freight throughout the country.

Lumber Production Down 19.3% in the Week

Lumber production in the country totalled 185,199,000 board feet in the week Aug. 3, according to reports received from regional lumber associations.

Compared with 1962 levels production fell 19.3%, shipments fell 20.5% and new orders fell 18.7%.

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

<table>
<thead>
<tr>
<th>Week</th>
<th>Production</th>
<th>Shipments</th>
<th>New orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 3</td>
<td>185,199</td>
<td>140,914</td>
<td>12,350</td>
</tr>
<tr>
<td>Aug. 2</td>
<td>227,271</td>
<td>182,560</td>
<td>14,300</td>
</tr>
<tr>
<td>Aug. 1</td>
<td>282,386</td>
<td>218,512</td>
<td>15,700</td>
</tr>
</tbody>
</table>

Electric Output Shows 9.1% Gain Over 1962 Week

The amount of electric energy delivered by the nation's electric power industry for the week of Aug. 3, totaled 100,606,000,000 kw-hr, or 10.9% higher than the total of 58,587,000,000 kw-hr recorded in the corresponding 1962 week or a year-to-year gain of 9.1%.

Business Failures Take Mild Uptick

More than a year later, the series of factory failures, still on an irregular weekly course, continued in the week ended Aug. 8 and perhaps was recovered from the downswoing to a peak in March of 1962, according to the Dun & Bradstreet, Inc. Despite this increase, employment remained at its record high of 1965 and 262,800, occurring in the comparable weeks of 1962 and 1961 respectively. The average employment for the first 22 weeks of 1963 was 1,0004. Also in the fourth week of 1963 the jobless rate was 13.3% higher than the comparable period a year ago.

Pushing the index up were pronounced rises in a number of components, of boots, hats and milder ones in corn and coffee. Partly, this increase was caused by lower prices, which were minor easings in prices of wheat, rye, oats, sugar, cottonseed oil, and cotton. The Dun & Bradstreet, Inc. Weekly index of prices paid for goods sold to the consumer, fell 4% to 130.7, in the week ending Aug. 3, 1963.

Colder Weather and August Sales Help Retail Business

With the help of cooler weather and spectacular sales activities, consumers buying held at a good pace in the week ended Aug. 10 and sales activity in the similar week a year ago, August furniture and appliance sales were up from their year before by slowing apparel clearances. Shoppers began to show some interest in renewed interest in new housing, clothing, although swimwear still had the same effect. Surprising life three times as high as last year, according to the Dun & Bradstreet, Inc. model run due to a

Reuben Rose Branch

The total dollar volume of reuben rose in the week of Aug. 7 week, according to estimates collected by Dun & Bradstreet, Inc. and varied from comparable 1962 levels by the following percentages:

- Atlantic +4 to +8
- South Central and Pacific +3 to +7
- -4 to +6

- New England, East South Central and Pacific +1 to +5
- West South Central +1 to +3

Nationally, Sales Rise 4% Above Last Year

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were 4% above the week ending Aug. 3 last year. The week's gain over the same period previously marked the tenth encouraging trend in the last year.

In the four-week period ending Aug. 3, 1963, sales gained 4% over the comparable year-ago week's figure. Department store sales were up 1.0% for the four week period ending Aug. 3.

A flash figure for New York City for the 10-day period sales week revealed a 3% increase. In every week since 1962, there has been a rise in the N. Y. C. department stores notwithstanging the N. Y. City has experienced a 3% to 4% increase in the week commencing last June. No one can surmise, however, how much of this rise in West Coast department stores is due to the absence of the sales tax rise. The four-week N. Y. C. flash figure was plus 4% over the comparable period a year ago.

A broader set of data encompasses the entire country taken by the Bureau of the Census, U. S. Department of Commerce, Aug. 3-5, ending week's total sales 6% above a year ago, a 2% gain over sales registered in the comparable period a year ago. If the current sales trend continues, a year-to-year contrast for the latest four-week period showed a gain of 7% over the comparable period a year ago.

A group of department stores in the New York Stock Exchange, Mr. Johnson was formerly with Anders & Studwick.

Bankers Trust Co. Scholarship Award

James R. Wilson, of Evansville, Ind., is the recipient of the Bankers Trust Company Scholarship Award, which is given to a student who is a candidate for a Master in Business Administration degree.

The Bankers Trust Company of New York provides a two-year fellowship to an entering student who is planning a career in banking or finance.

Jack J. McDaniel, a 1963 graduate of the College of Business Administration in Wooster, Ohio, where he majored in accounting and finance. Under graduate years, he was on the Dean's List and participated in various extracurricular activities. While in college, he still found time to work as a teller at the National Bank of Wooster, Ohio.

JOENS CH. K. Mullen

DENVER, Colo.—Lester A. Van Voorhis is now with McDaniel Lewis & Co., Jefferson Building, member of the Midwest Stock Exchange.

Joins McDaniel Lewis

Greeensboro, N. C.—James R. Sellars is now with McDaniel Lewis & Co., 103 Market St., in that city.
E. Sherman Adams

new Housing Bonds Offered To Investors

Pledged Securities Cause

Needless Prices Squeeze

The dollar bond market and other long-term revenue bond markets have been lightly traded during the past week with prices drifting, fractionally lower. The Commercial
Financial and Securities Co.

Companies & Mutuals

The only bidder maturing this week was Rowle-Sy Winston & Co., which participated in the bidding on the bonds for $25,000,000.

from the public market. The Federal Reserve has appointed a special committee to study the market, and this group has been placed on the agenda of the Bank Man¬

New Housing Bonds Offered To Investors

Asset领衔

Bankers Trust Co. and The Chase Manhattan Bank, joint managers of a nationwide underwriting under the new program, have already 29 issues, totaling $137,600,000 of New Housing Authority bonds across 32 states.

The first scale consists of $1-

505,000,000 Philadelphia, Pa., bonds, with a 3% coupon. All are priced above $2,000 and were due for 1947 to 1960 maturities.

The second scale consists of $3-

250,000 Phoenix, Ariz., $1,400,000 Sutter County, Calif., $3,200,000 Fort Pierre, S.C., $3,785,000 Chicago, Ill., $2,050,000 Michigan City, Ind., $1,610,000 Kansas City, Kan., $2,425,000 Topeka, Kan., $1,335,000 Cambridge, Mass., $1,530,000 Newton, Mass., $1,635,000 Wake Forest, N.C., $1,800,000 Columbus, Ohio, and $610,000 Chattanooga, Tenn., all carrying a 3% coupon. The scale yielded from 1.8% for those due 1964 to 3.2% for the 1998-2004 maturities.

The third scale consists of $1-

780,000 Camden, Ark., $735,000 Walsenburg, Colo., $1,070,000 Sau¬

bore, Ga., $650,000 Alexander County, Ill., $1,755,000 Jefferson County, Ill., $1,960,000 Rock Is¬

land County, Ill., $3,455,000 Ope¬

ious low to 1.3% high for those due 1964 to 3.3% for the 1998-2004 maturities.

Reported Aaa by Moody's and AAA by Standard & Poor's, the bonds are secured by a first pledge of annual contributions uncondition¬

ally payable pursuant to an amendment to the contract, which in¬

cludes about $3 per bond. In a brief discussion on the supply of Illinois Toll Road bonds by one participant when it was announced that a plan to in¬

crease toll rates effective Oct. 1 would soon be enacted. A week’s notice to the calendar is of modest proportions and a quiet order market seems in pros¬

pected.

The serial bonds were priced from 1.90% to 3.40% for various coupons and the term bonds carried a 3% coupon and were offered at 190. In¬

vestor demand, as might be expec¬

ted, was not keen and the bid with all but $2,060,000 of the bonds sold.

We have carefully studied various possible solutions. We believe that the only possible solution would be to make it illegal for banks to pledge assets against public debt and to provide that all public depositors would have a preferential claim on all of the assets of any bank that fails. This would certainly provide a closer public relation with public de¬

positors and would give banks a far greater flexibility in managing their assets and meeting loan demands.

Alternative Solutions

"An alternative approach which has been suggested by some would be for the FDIC to provide 100% insurance coverage for all public deposits. At first glance this pro¬

posal may have considerable appeal. It sounds simple and pain¬

less. It would not involve any increase in risk for the FDIC be¬

cause bank assets now pledged to public deposits come unpledged and available to the FDIC to meet depositors’ claims when a failure occurs. There would be no logical reason for increasing FDIC assessments.

However, there are several disadvantages to this approach which have not received adequate attention. The first would mean an enlargement of the activities of a government agency. Second, full insurance of public deposits might be regarded, whether justifiably or not, as a reason for keeping FDIC assessments on banks at a higher level than would otherwise be required. Finally, such a change in the FDIC insurance coverage would be contrary to a principle of original concept of deposit in¬

surance which has been adhered to in the past. In this principle that the proper function of de¬

posit insurance is to provide pro¬

tection to small depositors and thereby maintain public confi¬

dence in the banking system. Such a departure might prove to be a long step in the direction of 100% insurance of all deposits which would seriously reduce to bankers' in¬

sures to bank management policies.

Committee's Printed Report

The position of your committee with respect to the proposed annual contributions by the Public Housing Admin¬

istration to the public housing associations is in accord with the following:...
WASHINGTON, D.C.—There has been little mention of it, but a renewed campaign has been launched to curb the Federal Government’s competition with private business which helps to keep the government going.

No one has any hope of stamping out competition by the Federal Government. Nevertheless, there is genuine concern in areas of our private economy where government-in-business hurts.

‘‘Private industry is making some forays. Why? Because Government agencies are being forced to review their business activities. Furthermore, Congress is beginning to look at new industry complaints.

The Bureau of the Budget, as the outgrowth of the complaints, is reviewing the Government’s commercial operations. The Budget Bureau sets up an over-all competitive policy. There are reports that the Bureau will review instructions to Federal agencies in an effort to stop some of the current competitive practices.

U. S. Chamber of Commerce Forcing the Issue

Commercial functions are already being scrutinized at the Pentagon, and several other Federal agencies where there is competition with private industry.

Private industry has seized the chance to make an issue out of Federal zdelves in a request for a Senate Commerce, Science and Transportation Committee hearing on the subject.

The Chamber of Commerce is particularly critical of the industrial competition from the Navy shipyards. The Shipbuilders Council of America has also been critical of this practice.

Fight by industry against Gov-

There is a strong belief in some quarters of Congress, particularly in the House of Representative

The Congressional Hearings

While private industry does the jobs cheaper.

Any inroads made will help private industry to fight the competition from the United States Government.

Government Conducts a Wide Variety of Businesses

There are literally thousands of government-owned facilities in competition with private industry. These include shipyards, plants operated by contractors and plants operated by government employees and research and development laboratories. The government is also involved in activities such as transportation, construction, equipment maintenance, and repair.

Our government operating activities include rail, air and marine transportation, trucking, and warehousing.

It has been estimated by some members of Congress who are studying the competition that the government capital investments in competition are really more than $100 billion.

The Senate Committee on Government Operations has held a series of hearings on the subject. The staff has made some investigations at the direction of Chairman John L. McCullum of Arkansas. The staff, in making an evaluation, found that some progress has been made in reducing or terminating activities which are competitive with private industry. Nevertheless, there are undoubtedly other functions being worked on which should be reduced or terminated.

Sen. Bennett’s Bill Would Curtail Government’s Role

Meantime, there is a major piece of legislation pending before this Senate Committee. It was introduced by Senator Wallace F. Bennett, Republican of Utah, who has led the anti-government fight.

Senator Bennett says his measure would establish a carefully framed policy to phase out gradually and legally the existing Federal activities which compete with the free enterprise system. It is pointed out that Senator Bennett’s bill has no chance of passage this year, despite the strong supporting cast of co-sponsors. These include Senators Karl E. Mundt, Republican of South Dakota; Senator Harry Flood Byrd, Democrat of Virginia; Senator Strom Thurmond, Democrat of South Carolina; Senator John J. Williams, Republican of Delaware; Senator John G. Tower, Republican of Texas, and Senator Jack Miller, Republican of Iowa.

The bill has been put to serve some spotlight on government competition. A hearing by the Department of Defense, where almost all of the plant competition exists, is currently re-examining its competitive policies. The Pentagon says efforts will be continued, with the objective of reducing, wherever possible, military participa-

Military officials say there are 55 Defense Department industrial plants that are now up for sale. Even after the sale of the 55 plants, our military will control 125 active plants. Of these, 70 are operated by private business under lease or procurement arrangements.

These plants are equipped for production, assembly and testing of aircraft, missiles, ammunition, and other materials. The Pentagon says in many cases “commercial capacity is not available to compete with these plants.” More of these plants will be offered to sale to private industry in the future, according to the Pentagon.

COMING EVENTS

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. 23-25, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE’S Special Priestoral Supplement Oct. 17.

Comings and goings of Washington rest is not a new idea to the House of Representatives. But the Congress of recent years has been more interested in making laws and which, subsequently resulted in some new policies being established.

Government Activities Cost More

The cold facts are that the Federal Government cannot compete with private industry on an economic basis. It cost the Government substantially more to do a private business undertaking. This is one reason the Federation of Businessmen and the National Association of Manufacturers had the time to stand still. They want to grow and expand and on more employees and provide more services. It makes their departments or bureau more important.

Several Congressmen have expressed strong reasons for either reducing or eliminating Federal government competition with private industry. It is felt, with facts to support their contentions, that government operated businesses have squandered substantial amounts of Federal funds through poor management, including the use of obsolete equipment.

Bylesby Sce. Names President

CHICAGO, III.—William C. McNutt has been elected President of the Bylesby Securities Company, 123 South La Salle Street.

Mr. Cackles

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秋 1963 ANNUAL REPORT

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