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EDITORIAL

As We See It

It was, we suppose, inevitable that the break in stock prices early last year should precipitate a rash of government investigations. It now appears that it, along with the outpourings of the investigatory bodies, may presently give rise to further regulatory measures of which there are already far too many. The fact that the drop in prices of stocks was not preceded, accompanied, or even followed by any very drastic deterioration in business probably increased rather than reduced the hazard of greater government interference. There have been relatively few charges of outright fraud. Much has been said, however, about what may be termed the ethical aspects of relations with the public and of the vigor with which malpractices or the like have been dealt with by the financial community itself or the managing groups of large securities firms with employes scattered throughout the length and breadth of the land.

We do not know at this time precisely what new regulation is to be proposed or what new or added regulatory measures are to be undertaken, but we do know as every one else should know as well that we have already all too much of this sort of thing, and that the less we add to the mountain of regulatory procedures and machinery, the better. It is likewise plain enough that we should be well advised to drop the notion so prevalent since the appearance of Franklin Roosevelt upon the scene that somehow government should take the individual under its protective wing and shield him from the results of his own folly. It is also clear on the face of experience now running over some years that government in the nature of the case can not with the best of intentions do any such thing.

If we are not prepared to drop (Continued on page 33)

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 condition 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.


Laurence K. Walrath

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 unstable 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 economic regulations to areas 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)

RAILROAD INDUSTRY FEATURED IN THIS ISSUE

The Security I Like Best...

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

MARY A. METTLER

Director of Research, Ferris & Co., Washington, D. C.

Members New York Stock Exchange

Macke Vending Company

Macke Vending Company is the nation's fifth largest operator of vending machines with more than 35,000 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 operator, the company sells a variety of items including candy, cigarets and hot and cold foods. Past growth has been exceptional with sales tripling and net income more than quadrupling since 1958. Macke should continue to share in the current major evolution in food operations. Emphasis is being placed on the rapidly growing and relatively untapped market for institutional and industrial food service. Technical improvements in vending machines and the growing number of problems related to conventional or counter food service are factors opening the way for the extensive utilization of custom-designed batteries of vending machines. Macke already operates over 350 of these automatic cafeterias.

Capturing a growing percentage of retail sales, vended merchandise has nearly doubled in volume in the last 10 years. Approximately $1.5 billion of merchandise was vended in 1952 and almost $3.0 billion in 1962. Industry sources project $3.5-4.0 billion by 1965 with an expected $5-6 billion by 1970. The rising population, technological developments such as the dollar bill changer, and the basic economies of the industry point to continued growth of venders' basic items such as quick snacks, candy, cigarettes, and soft drinks.

The area with the most future potential, however, is that of institutional and industrial food service. Several factors brighten this outlook. Industry is tending to move to the suburbs where restaurants are not available. The steadily 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 cafeterias are already serving schools, hospitals, and industrial plants. In addition to the vast market for institutional service, other areas of high traffic such as transportation terminals and shopping centers also offer great potential for vending sales.

Macke, as an operator, places its machines in a variety of establishments and maintains these machines with its own personnel. Cigarets account for about 50% of the dollar sales with candies, coffee, soft drinks, and foods making up most of the balance. Although cigaret sales have risen, this category has declined as a percentage of total sales, reflecting the faster growth of the other product categories. Sales of all products have risen steadily. Profit margins have been raised by growing volume and by successful efforts to reduce operating costs.

Emphasis for future development, however, is being placed on the significant and relatively untapped market for coin-operated automatic cafeterias. This area is the company's fastest growing market and provides the best profit margin. Already operating over 350 *Automacs,* Macke is opening about two new installations a week. These automatic cafeterias provide a complete meal consisting of a meat or fish and two vegetables, a smaller meal of a potpie or stew, as well as sandwiches, salads, soups, beverages, fresh fruits, and desserts. Companies and institutions served include American Tobacco, Dow Chemical, General Electric, Yale & Towne, Budd Company, Tennessee Eastman, and many others.

Macke has expanded both by internal growth and also by acquisitions. Although the company is acquisition-minded, management sets high standards for any acquisition and will not effect one if any dilution in earnings per share is involved. Complementing the company's growth by acquisitions is an internal growth rate of about 15%, a figure higher than the industry average.

In the last decade, Macke's sales rose almost 500%. Net income, however, grew at an even faster rate and increased 840% despite high depreciation charges on vending equipment. High depreciation combines with earnings to provide a heavy cash flow which management expects to support the company's internal expansion. Macke does not anticipate any financing in the near future. Capital expenditures are budgeted at $3 million in 1963, up from $2.4 million in 1962. The following table summarizes the company's progress.

Year Ended 9/30	Sales (000)	Cash Flow (000)	Earnings P/Sh.
1962	$33,859	$2,810	$1.04
1961	20,451	1,593	.58
1960	13,996	1,107	,53
1959	12,197	974	.50
1958	10,031	755	.38

In the first nine months of fiscal 1963, sales and earnings reached $29.7 million and $.89 per share compared to $24.9 million and $.80 in 1962. For the full year, sales are expected to increase to about $40-42 million with earnings per share rising to about $1.15. Earnings gains this year will be somewhat restricted by the company's extensive expansion program which involves entry into four additional states. With the recent expansion contributing to the company's progress in fiscal 1964, sales and earnings could reach about $48 million and $1.35 respectively. Beyond 1964, the average annual growth rate of 15% is a reasonable expectation. A significant and often unrecognized strength is the company's heavy cash flow, a figure which reached $3.38 per share in 1962 and is expected to climb to about $3.60 in 1963.

At a price of 22, Macke is selling at 19 times projected 1963 earnings, 16 times estimated 1964 earnings and 6.2 times estimated 1963 cash flow. The indicated dividend of $.45 provides a 2.2% yield. Capitalization includes $5,009,095 of long term debt, 492,854 shares of Class A common and 386,126 shares of Class B common. Class A shares are held by the public; Class B shares are held by the original owners. The two classes are exactly alike except that a dividend of $.35 must be paid first to Class A holders with both classes sharing equally in any further payout. Beginning in December, 1960, 48,260 shares (10% of the originally outstanding Class B stock) annually have been and will be converted into Class A shares. In view of the company's above-average past record and promising future potential, Macke Vending Company is attractive for current purchase for the investor seeking long-term capital appreciation.

RANDALL TAUBENHEIM

Director of Research, Bell & Farrell, Inc., Madison, Wis.

Warner Electric Brake & Clutch Co.

About twice a month for some time now, IBM has been shepherding executives and controllers of its customers to Beloit, Wisc. to peer at and study one of the most progressive data processing projects in the country. In a rather small and incongruously old-fashioned looking room set opposite a row of spartan offices, Warner Electric Brake & Clutch Co., with annual sales of $13 million, is building an EDP center which is already the envy of companies many times its size. When the whole system goes operational in 1964, the computer, among other things, will schedule production and material purchases, collect cost data, compute profits, make sales and earnings forecasts, keep inventories, automatically print shipping and billing documents, make up payrolls and supervise accounts receivable.

An IBM man who has worked with Warner on the project for many months says "This company is interested in doing more than replacing a couple of clerks." Indeed a willingness to innovate and a scientific approach to management problems mark Warner as a unique small company well worth watching.

Warner Electric Brake & Clutch was founded in 1927 by H. P. Warner, inventor of the automobile speedometer, to manufacture his newly-developed electric brake for truck trailers. In 1936 the company introduced the first electric brake specifically designed for mobile homes, and for the next two decades this remained its principal product, accounting for 80% of sales as recently as 1953.

In that same year, Stephen P. J. Wood, then 36, advanced to the

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

This Week's Forum Participants and Their Selections

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 airlines, and train discontinuances, midst plethora of expenditure on gleaming highways, jet-age airports and other transport facilities. His personal trip of investigation reveals these troubles as worldwide; and that railroads can survive, 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. Lays as major factor in European railroad lift, drastic loosening of restrictions, permitting advantage from volume-pricing capabilities. Insists Washington can achieve sound transportation structure through: stopping of subsidies, including tax-wise, to favored carriers; setting up a high level centralizing office; and giving a green light to accelerated railroad merger movement.

One of the most baffling and enduring ironies on the American scene is symbolized by our cities' traffic jams, overcrowded airlanes, train discontinuances and other transport tangles. We've never had so many gleaming highways, Jet-age airports, towboats, pipelines — or spent so many billions for such facilities.

James N. Sites

Yet the irony remains that millions of people have never had a tougher time getting from one place to another. And it appears we're in for an even tougher time in the future.

There *is* a way out of this vicious circle in transport, however. Taking off from reports of the many authorities—the latest being President Kennedy himself—who have long labored to come up with answers to this riddle, my wife and I searched 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 year-long quest for clues to the transport future. Our trek took us through 25 countries from Ireland through Europe and the Middle East to India and Russia. We rode trains, buses, planes, ships, autos, even camels and elephants. We talked with ticket clerks, carrier officials, Transport Ministers, industrial shippers, travelers and ordinary citizens.

The results were striking, exciting in their implications. In fact, we were hardly prepared to find such a widespread groping for answers to transport questions or such diversity of remedial actions. Public policy changes are taking place in countries with as different an environment and political approach as Britain and Russia, Switzerland and Yugoslavia, Norway and Israel. The lessons to be learned from others' hard experience were everywhere.[1]

This had been precisely the hope of the top businessmen and educators behind the Eisenhower Exchange Fellowships, a limited nonpartisan program for non-academic study set up a decade ago in honor of Ike. E.E.F. leaders had felt the U. S. might profit from a practical, case-history look at what kind of government transport policies are working out abroad, and which are not. It was also hoped we could learn a little by looking back and seeing ourselves as others see us.

We soon discovered that transport systems are in trouble everywhere. And because modern transportation grew up on the foundation of railroading, present troubles have hit the railroads with particular impact.

Transport upheavals can be traced to a booming growth of motor vehicles around the world which, along with air travel expansion, has up-ended the old patterns of rail and water service. Like Americans before them, Europeans today display a fierce hunger for owning an automobile. And they're getting their way. Motor vehicle totals in West Europe multiplied four times in the 1950s, and there's no slowdown in sight.

On the freight front, everywhere except behind the Iron Curtain the truck is eating lustily away at the railroad's highest-profit traffic, sidetracking for-

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1 Results of this survey are presented in detail in the author's book, "Quest for Crisis — A World-Ranging Search for Clues to the Transport Future," published in February, 1963, by Simmons-Boardman Publishing Company, 30 Church Street, New York 7, N. Y.

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Vast Labrador Power Project

Dr. Ira U. Cobleigh, *Economist*

A review of the progress and plans of British Newfoundland Corporation Limited to create one of the world's largest hydro-electric facilities on the Hamilton River, 700 miles northeast of Montreal.

Most of the accessibly located water power sites in North America have already been developed—Niagara Falls, TVA, Grand Coulee Shawinigan, etc.—and the cost of hydro-electric power production, once the dam has been financed and built, remains substantially below that of the most efficient steam generating systems. There remain in North America, however, some very great potential sources of water power that have not yet been tapped simply because they were too remote from civilization, or a paper mill or an aluminum plant, needful of cheap power, had not located in the area. Such power sources may soon be put to use due to the development, within the past four years, of advanced techniques in low cost, and efficient long distance transmission of power over high voltage lines.

In particular, a feasibility study of power development at Hamilton Falls, Labrador, 700 miles Northeast of Montreal, indicates that a huge electricity output can be efficiently generated there, and delivered, at competitive prices, to the distribution lines of Consolidated Edison Co. in New York, about 1,000 miles away. Three years from now you may be riding in a New York subway train propelled by Labrador juice.

Brinco

The company that has this imaginative project in hand is, quite surprisingly, not at all well known, although it has been in business for 10 years, and its Board of Directors includes financiers and industrialists of international stature. British Newfoundland Corporation, Ltd (BRINCO) was incorporated in Newfoundland in 1953 and is engaged directly or through affiliates in the exploration and development of natural resources in that Province and Labrador, and in the generation and distribution of hydro-electric power. In particular, the company has an 80% interest in Hamilton Falls Power Corporation, Ltd., which 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, easterly into the Atlantic Ocean. Hamilton Falls Power owns a one-third interest in Twin Falls Power Corporation, Ltd. which has already invested $30 million in two generating units totalling 120,000 installed horse power, on the Unknown River, a tributory of the Hamilton, and will double that capacity before the end of this year. This Twin Falls facility now supplies power to Iron Ore Co. of Canada and to Wabash Iron Ore Ltd., and made a net profit of $158,172 in 1962.

Hamilton Falls

The big future of BRINCO lies in its Hamilton Falls Power Project. Hamilton Falls is among the few large scale water power sites left in Eastern Canada. Studies indicate that a minimum of 4,000,000 horsepower can be developed here, with an additional 2,000,000 hp possible. Major steps have already been taken to get the development under way. The Canadian Government has approved the export of surplus power to the United States; Consolidated Edison of New York has expressed an interest in this new Labrador "current"; the future demands for electricity in Quebec, Ontario, the Maritimes, and New York State point to the economic need for the project; and power from Hamilton Falls, above that needed locally, can be sold and delivered through the plants and transmission lines of Quebec Hydro.

The project has been substantially engineered and is expected to start in 1964. It would cost a total of around $500 million for the hydro-electric plant, and some $250 million additional for the extensive (and expensive) high voltage transmission system. While these required sums for plant investment seem large indeed, they are well within the resources and competence of BRINCO to secure. Its larger shareholders include Rio Tinto of Great Britain (about 10%), Rio Algom Mines Ltd., Anglo-American Corp. of South Africa, Bowater Corporation, Suez Canal Co., and Power Corporation of Canada. Under this sponsorship and management, public offering of BRINCO securities later on should be well received, and some of the most important investment banking firms in Canada, England and the United States are expected to participate in the underwriting. The new financing contemplated will probably be about 80% in senior securities (which should prove attractive to institutional investors), and 20% in equity. No difficulty is anticipated in connection with these indicated future offerings, even though the amount is large; and BRINCO certainly offers some rather romantic horizons to equity buyers.

Other Large Concessions

BRINCO also holds other water power concessions in Newfoundland and Labrador and, with three partners, has formed Southern Newfoundland Power and Development Ltd. to explore possible creation of a 350,000 hp facility on the South Coast of Newfoundland.

In addition to water power, BRINCO has some very extensive mineral concessions, covering 44,043 square miles (about the size of Pennsylvania) 35,545 square miles in Labrador and 8,498 in Newfoundland, plus oil concessions on 7,100 square miles, and 2,100 square miles of sodium and potassium acreage. These concessions are being explored in joint programs with a number of well known international mining companies. The most promising mineral area so far has been at Whalesback in Northeast Newfoundland. Here a copper orebody estimated to contain 3 million tons averaging 1.8% to 875 feet in depth has been located.

Added to all these swaths of potential mineral or oil lands is a company option on 1,450 square miles of forest land near Goose Bay, Labrador, estimated to contain 8 to 10 million cords of pulpwood.

Speculative Appeal

While BRINCO has not, up to now, reported a net profit it does offer to speculative minded stock buyers an interesting call on many significant and large scale sources of future earning power—hydroelectric, mineral, oil, woodlands. Present capitalization consists of 5,823,691 shares of common stock trading OTC in Canada and New York at around $4.50 (American dollars); plus 3,175,812 Founders Shares which have 10 votes each (as against only one vote per common share). Otherwise both classes of stock rank equally. Financial position is satisfactory with working capital of $2½ million, at the 1962 year end. Persons attracted by the foregoing swift outline of BRINCO are urged to read the 1962 Annual Report, and to note in particular the quality of management, and the list of directors which reads almost like a Who's Who of finance, electric utilities and industry in Britain and Canada. BRINCO is a stock we expect to hear a lot more about in the years ahead.

F. I. du Pont & Co. Will Acquire Peters, Writer

Francis I. duPont & Co. has completed arrangements to acquire the business of the Peters, Writer & Christensen Corporation, New York Stock Exchange member firm with headquarters in Denver, Colo., it is announced by Edmond duPont, senior partner. The acquisition becomes effective Sept. 1.

Founded in 1934, the Peters, Writer & Christensen Corporation is one of the largest investment banking firms in the Rocky Mountain area. In addition to its commission business, the corporation has been active in local underwritings and is a regional leader in the municipal bond business.

Its president, George S. Writer, will become Resident Manager when Francis I. duPont & Co. takes over the corporation's Denver office. John F. Coughenour, Jr., Vice-President, Allan R. Hickerson, Secretary, and Thomas P. Owen, Treasurer, will become Associate Managers.

This move marks the entry of Francis I. duPont & Co. into the Rocky Mountain region. One of the nation's largest investment firms, it has a network of over 90 offices in this country and abroad and more than 1,100 Registered Representatives. Its latest Statement of Financial Condition shows total assets of over $295,000,000 and net worth of over $31,000,000.

With Taylor, Rogers

ELGIN, Ill. — **Taylor, Rogers & Tracy, Inc.,** 20 Woodland Avenue. F. Robert Vierling, Jr., is registered representative in charge.

New Dupree Office

LEXINGTON, Ky.—**F. L. Dupree & Co., Inc.,** Security Trust Building. Thomas P. Dupree, executive vice-president of the firm, will direct the operations of the new office.

Represents Moore, Leonard

PHILADELPHIA, Pa. — **Moore, Leonard & Lynch,** 1400 South Penn Square. Harry W. Rafferty is Representative.

OBSERVATIONS . . .

BY A. WILFRED MAY

BASIC ORIENTATION

As with the promulgation in mid-July of the second tranche of the Market Study Report compiled by the SEC's Special Study Group, the release of the final segment over the past week has been eliciting false impressions of excoriation in its basic attitudes towards the parts of the securities industry involved. (This final section embracing massive chapters X to XIV, on Security Credit, Mutual Funds, The Regulatory Pattern including the Stock Exchanges, and the Market Break of May, 1962.)

This despite the fact that SEC Chairman Cary has made the maximum effort to reveal the Commission's crediting of the industry's constructive performances in lieu of an "anti-Wall Street" castigation.

At the start of his letter of transmittal Mr. Cary keynotes; "the Report demonstrates that, although serious problems do exist and additional controls and improvements are much needed, the regulatory pattern of the securities acts does not require dramatic reconstruction. In important respects this pattern has been effective, efficient, and adaptable; it has advanced and guarded investor participation in our economic growth."

And even in the case of the New York Stock Exchange, the criticisms of which have been much publicized, Mr. Cary extends this bill of health: "although there are defects in the functioning of the Exchange market which should be corrected, the Exchange has worked diligently, and on the whole successfully, to maintain a fair and honest market. The Report points out the strong performance of the Exchange in many areas, including qualifications and net capital. Its disclosure, and related requirements, some antedating the enactment of the Federal securities laws, represent a major contribution to investor protection, and, in many respects, have gone beyond anything the Commission could do."

And in the criticized areas, the Congress or the Commission, or both will give all those effected the opportunity to be fully heard.

DISCLOSURE AND EDUCATION

The Report on the Mutual Funds seems to endorse our thesis of investor education—with caveat emptor (let the buyer beware)—as a major cure of investor abuse. This is particularly true in the case of selling practice—the Report citing the misleading representations to customers, the sale of share plans for whom their purchase is "unsuitable," and switching shareholders from one fund to another for the benefit of the commision to the salesman; all constituting elements of "high pressure selling." As manifested in the experience under the Statement of Policy adopted by the industry, the NASD and the SEC jointly in 1951, it is impossible to control what the salesman tells the prospect—eyeball to eyeball—leaving a major vacuum in regulation. The current Report cites the basic difficulty of controlling sales pitches away from the home office.

Combatting the Front-End Load

Investor education can play an important part in combatting the front-end load abuse which is so decisively attacked by the Study. This would be true, short of outright outlawing of *any* acceleration of sales charges; as in the suggested compromise of a first three-year 20%, 20%, 10% charge; or the Study Group's suggested alternative of compelling the salesman to offer the choice of an unaccelerated Level Load along with the front-end instrument.

Whatever the load, its implications should be prominently spelled out for the prospective purchaser. In the case of the usual front-end routine, that it takes approximately seven and a half years of ordinary income, after personal income tax, to recoup his buying expense and be able to cash-in without loss. In the case of the usual all-in-one load payment of 9% or so, it should be made clear to the buyer that he must hold for four years or so for the ordinary income receipts to restore his buying expense.

This type of information regarding the Level Load's impact should likewise be thrown into the *education* hopper.

Drop-Out Penalty

It can also be pointed out that, as the Report specifically discloses, the one-third of all past contractual plan investors who dropped out before completing their ten years' of monthly payments, actually paid an effective sales load of from double to five times the 9% maximum overall sales charge permitted by the Investment Companies Act.

The Study Group feels that disclosure alone will not do the trick. But surely if legislative banning of the Front-End routine is unattainable, more prominent and comprehensible disclosure can be a good second best. Also it has the advantage of permitting future amending to deal with new objectionable techniques that may be concocted.

Items Requiring Education

In any event, the findings of the Study Group, with gleanings from the preceding Wharton School survey of various items of investor ignorance, highlight the need for such education and disclosure. Twenty per cent of regular account purchasers and 10% of contractual plan buyers said that they had received no prospectus, and purchasers reported being told that shares are like savings accounts; and that fund management and investment policies are supervised or controlled by the Federal Government. Relatively few investors could make a reasonably accurate estimate of the amount of the sales charges.

The survey goes on to report that although the first-years' expanded sales charges on contractual plans are widely sold as a stimulus to long-term savings, only about 40% of plan purchasers could reasonably estimate these charges, and a quarter of those redeeming plans said they had not anticipated such impact when they had made their purchase.

Also reported is emphasis by a "significant number" of salesmen on a strong chance or near certainty of price increase.

Education could also be useful in promoting "do - it - yourself" analyzing of one's personal finances in terms of determining what type of fund if any, to buy. The Survey states that in a majority of cases sales representatives made no inquiries about the income, financial assets or obligations of the purchaser.

Relevant to our education thesis, is the Report's finding that there is a general tendency for the proportion of contractual plan purchasers to rise as levels of education as well as income and occupational skills decline.

IDAC Sponsors Investment Course

TORONTO, Canada—The Investment Dealers Association of Canada is again offering its educational courses in investment, 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 and investment securities 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, may enroll through the firm. Cost of the course and examination fee is $50.

Course II is a continuation of Course I and covers an accounting approach to statement analysis; corporation finance; Federal, provincial and municipal securities; securities salesmanship; and investment policy. Cost is $90 for Course II which is open only to directors, partners and employees of member firms of the IDAC or of a member firm of any Canadian Stock Exchange.

Joins McNeel Staff

ATLANTA, Ga.—Willard M. Briggs, Jr., has become connected with McNeel & Co., Inc., Candler Building, member of the Philadelphia - Baltimore - Washington Stock Exchange. He was formerly with A. M. Kidder & Co., Inc.

Tax Program Key Factor In Outlook for Stock Prices

By Dr. Joe V. Yakowicz, Vice-President and Economist, Blair & Co., Inc., New York City; Members New York Stock Exchange

Dr. Yakowicz maintains that the prospect of $10 billion tax cut, including a reduction in the corporate rate will be overshadowing business news and international monetary developments as a stock market influence. Expects its impact on corporate earnings to be "profound," with renewed strength in the economy, and large scale deficits boosting investors' inflation psychology.

Mixed business news, the rediscount rate increase, civil rights pressures, test ban talks and fears of a railroad tieup have dominated the thinking of the investor during the last two months. However, the prospect of a $10 billion tax cut, including a possible $2.5 billion reduction in corporate taxes, should soon overshadow both business developments as well as international monetary considerations in determining the next major swing in the stock market and I would expect average prices to move decisively into new high levels later this year. It is my opinion that substantial tax cuts are a virtual certainty, not only because of the broad support for tax legislation among both major political parties, business and labor, but also because the comparatively high rate of unemployment and slow economic growth is likely to exert increasing pressures for tax reductions over coming months.

Joe V. Yakowicz

Record High GNP

Aided by the continued rise in government spending and a step-up in the rate of inventory accumulation, Gross National Product advanced to a new record annual rate of $579 billion in the second quarter of this year, up from $572 billion in the first quarter and $565 billion in the final quarter of 1962. However, the level of retail trade has been virtually unchanged since the beginning of this year and a recent Department of Commerce survey reported that manufacturers expect their inventories to rise by $600 million during the current quarter as against a rise of $850 million in the second quarter. Also, the recent rate of automobile sales may not be maintained during the balance of this year, particularly in view of the large increase in installment credit during the last eighteen months and because 1964 model changes are not expected to be important. The liquidation of steel inventories will also have a restraining effect on the economy over coming months.

Nevertheless, the upward push of government spending and a prospective resurgence of outlays for plant and equipment should sustain industrial production close to current levels, and Gross National Product is expected to continue its steady advance, though at a slower rate than during the first half of this year. The latest survey of capital spending intentions conducted jointly by the Department of Commerce and the Securities and Exchange Commission, projects plant and equipment expenditures for the current year at about $39.2 billion, up 5.2% over the 1962 total.

With the impact of plant and equipment spending being offset to some extent by the lag in retail sales and inventory accumulation, no more than a modest advance in overall economic activity is indicated over the balance of this year, and the F. R. B. index of industrial production which attained a peak of 125.1 in June of this year may even recede temporarily during the summer months. Moreover, a boom in capital expenditures is hardly indicated at the present time. This year's projected capital outlays are only moderately above the $37 billion level of expenditures during 1957 and, if we adjust for the higher prices now prevailing, plant and equipment expenditures in real terms for 1963 are not expected to vary materially from those of six years ago. Also, capital expenditures for the current year will amount to only about 6.7% of Gross National Product whereas in 1957 they were equivalent to 8.3% of Gross National Product.

Tax Legislation Crucial

It is not my intention to underestimate the importance of the recent recovery of capital expenditures in strengthening the outlook for the economy. However, the outcome of current Congressional tax deliberations is even more significant from the standpoint of corporate profits and the trend of equity prices over the foreseeable future. Assuming that the final tax measure provides for net reductions on the order of the $10 billion proposed by the Kennedy Administration, the impact on corporate earnings would be rather profound. The proposed reduction of corporate tax rates from 52% to 47% would lift profits by an estimated $2.5 billion over the $25.4 billion annual rate recorded during the first quarter of this year to a level approaching $28 billion. This assumes that all other factors in the profits picture remain substantially unchanged. However, the greatly improved level of earnings would probably further expand business spending and the proposed reduction in individual income taxes by about $7.5 billion would stimulate consumer purchases, sustain installment credit expansion and increase the flow of savings for possible investment.

Significantly, any reduction of corporate tax liabilities would be superimposed on benefits already derived from the revision of depreciation guidelines, the investment tax credit and the sharp rebound in earnings experienced last year. According to Department of Commerce estimates, the higher depreciation permitted by the new regulations lowered corporation income taxes by $1.25 billion in 1962, and the investment tax credit on machinery and equipment purchases reduced tax accruals an additional $1 billion. Corporate depreciation allowances in 1962 jumped to $27.7 billion from $23.6 billion in the preceding year and contributed importantly to the record cash flow of business.

Despite the larger provisions for depreciation, corporate earnings after taxes increased substantially last year to a new peak of $24.6 billion from the $21.8 billion of 1961. After showing no discernible trend since 1955, profits now appear to be improving. The increase in labor costs has slowed down perceptibly during the last three years, and industry generally has been instituting sweeping cost reduction programs to cope with the problem of competition and the profits squeeze.

"Time Is Right"

While the strong performance of the economy during the first half of this year eased some of the urgency for a prompt tax cut, the House Ways and Means Committee is now speeding work on the tax measure and substantial reductions are indicated effective January 1 of next year. Politically and economically the time is ripe for a tax cut. It is needed to speed up the growth of our economy and to alleviate some of the burden of persistent unemployment. Mr. Seymour L. Wolfbein, director of the Labor Department's Office of Manpower, Automation and Training recently pointed out that 22 million jobs will be eliminated during the current decade through automation and improvements in productivity, and 1,250,000 new workers will be entering the labor market each year on average during the 1960s. By stimulating the economy, a tax cut would also give the Administration greater flexibility in dealing with our balance of payments problem, and with the free world involved in an economic race with the Soviet Union, some new impulse for further expansion would appear to be desirable at this time.

These problems appear to be widely recognized today and, right or wrong, the predominant view appears to be that a tax cut would at least provide a partial solution. Thus, if my present expectation for a substantial lowering of taxes is realized, I would expect renewed strength in the economy, a further boost in earnings, large-scale deficits which could revive inflation psychology and a sustained further advance in stock prices.

MacLeod Joins Reynolds & Co.

DETROIT, Mich. — William J. MacLeod, Jr. is now associated with Reynolds & Co., members of the New York Stock Exchange, as manager of the investment firm's Detroit office, 610 Ford Building.

Mr. MacLeod was previously with McDonnell & Co., Inc. in Detroit, and prior thereto he held various positions with Ford Motor Company, and had been with the Standards Department of Murray Corp. of America.

Exchange Firms Schedule Meetings

The Board of Governors of Association of Stock Exchange Firms will hold their fall meeting Sept. 23 and 24 at the Hotel Utah, Salt Lake City.

The Annual Election Meeting of the Association is scheduled for Nov. 20 at the University Club, New York City.

Licoa Corp.

NEW YORK CITY—**Licoa Corporation**, 65 Broadway. Officers are Robert G. Zeller, President, Hubert J. DeLynn, and Raymond S. Troubh, Vice-Presidents; and Nicola J. Prestigiacoma, Secretary and Treasurer.

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 and evinced some slight evidence of tiring. As we went to press last week the $100,000,000 State of California various purpose (1965-1990) bonds had been awarded to the syndicate headed jointly by the *Bankers Trust Co.*, *First National Bank of Chicago* and *Halsey, Stuart & Co., Inc.* after relatively close bidding over the only other bidder, the Bank of America N. T. & S. A. group, and the reoffering of the bonds to the public had begun.

Optimistic reports at that time indicated that just over 50% of the issued would be spoken for during the initial order period, but subsequent events proved this to be in error. At the end of the first business day, after orders had been tabulated, only $32,000,000 of bonds had been sold and later follow up orders have totaled but $3,000,000, bringing the balance in that account down to the Aug. 14 figure of $65,000,000.

Another Depressing Development

Another dampening blow to the tax-exempt market was the lifting of syndicate price restrictions on the $197,000,000 Refunding serial and term bonds of Grant County, Washington Public Utility District No. 2 which reached the market on July 30. This negotiated offering consisted of $40,000,000 serial bonds due 1971 to 1988, which were all spoken for, and the term bonds included $51,000,000 of 3.80% obligations due 1998 and $106,000,000 of 3.85s securities due 2009. The 3.80s are quoted at 101½ bid, down from their original offering price of 103½, and the 3.85s are quoted 101⅝ bid, also down from their original offering price of 103½. It is estimated that $50,000,000 to $60,000,000 of these term bonds remained unsold in dealers' hands when price restrictions were lifted.

Three In a Row

It is frightening to note that the last three large negotiated issues, the previously mentioned Grant County issue, the $193,300,000 City of Memphis, Tennessee TVA Rental and Electric revenue bonds, and the $94,200,000 Allegheny County, Pennsylvania Sanitary Authority bonds all were subject to downward price revisions of one kind or another before the bonds were sold and the accounts closed.

It begins to look as though the industry has lost its magic touch and, in the process, underwritten millions of bonds with little or no compensation to the dealers involved.

Bidding Still Exuberant

However, all is not lost, at least not yet, and the general price level is but little changed. During the past week, bidding has continued to be very competitive but investors are reluctant to date to follow these price mark-ups. *The Commercial and Financial Chronicle's* 20-year high grade bond Index averages out at a 3.032% yield as of Aug. 14. A week ago the Index was 3.02%. In terms of dollars, this amounts to a loss of about one-eighth of a point per bond.

The Index is derived from actual offerings and is less sensitive to market change on the downside than if the bid side could be found and used.

Inventory Suggests Caution

The dealer inventory condition has changed moderately since last reporting but much of this can be blamed on the unsold California balance. As viewed through the *Blue List* offerings, the total stands at $593,295,000 on Aug. 14 versus $509,570,000 a week ago. Were the California balance in some way deleted, the float would be just about unchanged from a week ago.

However, when we approach $600,000,000, storm warnings start flying.

A Bright Spot

One of the bright spots is the new issue calendar which stood at about $300,000,000 last week but has dropped sharply this week to $198,890,000 and a large build-up in this scheduled volume seems not anticipated for the near future.

The negotiated issue calendar is void of any issues with the possible exception of $50,000,000 Lewisport, Kentucky tax-exempt revenue bonds to build a rolling plant for Harvey Aluminum Co. Population of Lewisport is about 700 people. This issue has been cleared by the courts and is in the process of being readied for market.

Treasury Market Calm

Other sections of the bond market have been steady and very quiet during the past five sessions. The Treasury bill rate rose to 3.335% for the 91-day discount bills compared with 3.253% last week and the 182-day bill borrowing ran to 3.441% versus 3.389% a week ago and reached a new three year peak. This is in line towards the higher levels Federal and Treasury officials apparently have in mind as part of the balance of payments program. The stability in the intermediate and longer-term Treasury market continues, with the Federal Reserve making its presence known every now and then.

Corporate bonds continue firm with business light. Here again the calendar of new flotations scheduled through the summer is almost non-existent and should continue this way well into the fall. The largest sale presently on the calendar is $35,000,000 Lone Star Gas (1988) debentures for Aug. 27.

Buying Policy of Banks Creating Problem

What the tax-exempt bond market needs is a few fast deals and sellouts but unfortunately that doesn't seem in the cards at least for the near future. Bank portfolio buying continues to dominate the market and general investor demand is on the sidelines.

The need for higher yields by the banks, due to increased payments on deposit rates, has also caused banks to lengthen average maturities which creates still another problem. When banks were buyers of just short-term bonds, scales of new issues could be tailored to suit their requirements and then an attractive scale on the longer maturities could be worked out for casualty companies and individual investors.

Now, with banks moving their buying to over ten years and in some instances as far as 40 years, underwriters have come up with scales that have priced the casualty insurance company and individual investor out of the market. This, of course, would be all right if banks could take all of the long bonds but unfortunately as big as the banks are they can only take a limited part of the bonds offered leaving dealers holding the bag on the balance. How long this will last is anyone's guess but, until dealers' shelves are loaded, it will continue. Here is one of the main causes of underwriters starving in the midst of plenty.

Recent Awards

The new issue calendar for the past week totaled $206,414,000 of various bonds and has been liberally sprinkled with interesting issues which are worthy of brief comment. Last Thursday evening, Jefferson Township, New Jersey sold $3,434,000 Board of Education (1964-1988) bonds to the syndicate managed jointly by *John Nuveen & Co.* and *Phelps, Fenn & Co.* at a dollar price of 100.475 for a 3.80% coupon. The second bid of 100.028 also for a 3.80% coupon was made by the account headed by Boland, Saffin, Gordon & Sautter.

Other major members of the winning syndicate are Paine, Webber, Jackson & Curtis, Barret, Fitch, North & Co., Hanauer, Stern & Co., Lyons, Hannahs & Lee Inc., Townsend, Dabney & Tyson and Robert K. Wallace & Co.

Scaled to yield from 2.15% to 3.85%, investor demand has been moderate with the present balance in syndicate $1,880,000.

Friday was void of any issues of note and Monday of the present week saw only one sale of note. Goose Creek Consolidated Independent School District, Texas sold $4,290,000 Unlimited

Continued on page 47

* **Pinch-hitting for Donald D. Mackey.**

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.20%	3.10%
*Connecticut, State	3¾%	1981-1982	3.15%	3.05%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	2.90%
*New York State	3¼%	1981-1982	3.00%	2.85%
*Pennsylvania, State	3⅜%	1974-1975	2.80%	2.70%
*Delaware, State	2.90%	1981-1982	3.15%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.30%	3.15%
*Baltimore, Maryland	3¼%	1981	3.20%	3.10%
*Cincinnati, Ohio	3½%	1981	3.15%	3.05%
Philadelphia, Pennsylvania	3½%	1981	3.30%	3.15%
*Chicago, Illinois	3¼%	1981	3.30%	3.15%
New York City	3%	1980	3.23%	3.16%

August 14, 1963 Index=3.032%

*No apparent availability.

Larger Issues Scheduled For Sale

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

August 15 (Thursday)			
Northeast Mo. State Teachers Coll., Board of Regents	2,351,000	1965-2002	2:00 p.m.
Richfield, Minn.	3,275,000	1965-1985	5:00 p.m.
August 16 (Friday)			
La. State Bd. of Ed., N. E. La. State Coll. Housing Sys. Rev.	1,200,000	1966-2003	11:30 a.m.
La. State Bd. of Ed., Polytech Inst. Dormitory Rev., La.	3,200,000	1966-2003	11:30 a.m.
August 19 (Monday)			
Dallas County Rd. Dist. No. 1, Tex.	3,000,000	1965-1983	10:00 a.m.
Lufkin Indep. Sch. Dist., Texas	1,400,000	1978-1987	4:00 p.m.
Park Co. S. D. No. 6, Wyo.	1,100,000	1965-1972	7:30 p.m.
August 20 (Tuesday)			
Alexandria, La.	11,350,000	1965-1993	11:00 a.m.
Allentown Authority Sch Dist., Pa.	1,800,000	1964-1983	8:00 p.m.
Gastonia, N. C.	2,000,000	1965-1994	11:00 a.m.
Natick, Mass.	1,900,000	1964-1982	11:00 a.m.
Raritan Tp. S. D., N. J.	1,950,000	1965-1983	8:00 p.m.
St. Joseph, Mo.	1,000,000	1974-1983	11:00 a.m.
August 21 (Wednesday)			
Fulton Co., Ga.	15,950,000	1967-1988	11:00 a.m.
Hawaii County, Hawaii	1,350,000	1966-1983	2:00 p.m.
Lowell, Mass.	1,389,000	1964-1983	11:30 a.m.
San Jose, Calif.	4,200,000	1965-1984	11:00 a.m.
Tulsa, Okla.	4,350,000	1965-1988	--------
Tulsa Co. Ind. S. D. No. 1, Okla.	5,000,000	1965-1983	10:00 a.m.
August 22 (Thursday)			
Douglas, Ga.	1,250,000	1966-1993	2:00 p.m.
Slidell, La.	1,100,000	1967-1993	7:00 p.m.
Tampa, Florida	4,000,000	1965-1990	11:00 a.m.
Tyler Indep. Sch. Dist., Texas	2,000,000	1965-1983	7:30 p.m.
August 26 (Monday)			
Maricopa Co. Phoenix Union H. S. Dist. No. 210, Ariz.	1,600,000	1966-1976	11:00 a.m.
Sacramento Redev. Agency, Calif.	2,800,000	1970-1983	11:00 a.m.
August 27 (Tuesday)			
Danville, Va.	2,350,000	1964-1988	Noon
Fort Wayne Comm. Schools, Ind.	3,000,000	1965-1974	1:00 p.m.
Hanford Jt. Union H. S. D., Calif.	1,800,000	1965-1983	10:00 a.m.
Holyoke, Mass.	4,600,000	1964-1982	11:00 a.m.
New Haven, Conn.	7,678,000	1965-1983	11:00 a.m.
White Bear Lake Ind. S. D., Minn.	1,500,000	1967-1989	8:00 p.m.
August 28 (Wednesday)			
Edison Township School, N. J.	3,250,000	1964-1985	8:00 p.m.
Evansville - Vanderburgh Airport Authority, Ind.	1,075,000	1964-1979	2:00 p.m.
Okla. Colleges, Board of Regents, Northeast State College, Okla.	1,479,000	1965-1990	10:00 a.m.
Providence, R. I.	7,100,000	1968-1987	11:00 a.m.
Scotch Plains-Fanwood, S.D., N. J.	2,160,000	1964-1984	8:00 p.m.
Waltham, Mass.	1,100,000	1964-1983	11:00 a.m.
September 3 (Tuesday)			
Houston, Texas	11,070,000	--------	--------
Savannah District Authority, Ga.	8,500,000	--------	--------
South Co. Jt. Jr. Col Dist., Calif.	8,250,000	--------	--------
September 4 (Wednesday)			
Saxman, Alaska	1,500,000	1966-1988	2:00 p.m.
Washington (Olympia), Public Sch. Fac. and Buildings	35,750,000	--------	--------
September 5 (Thursday)			
Hennepin County Park Reserve District, Minn.	3,000,000	1965-1985	11:00 a.m.
Indiana State College Board, Ind.	2,865,000	1963-2000	11:00 a.m.
Pierce Co. Tacoma SD #10, Wash.	1,000,000	--------	10:00 a.m.
September 9 (Monday)			
University of North Carolina	1,800,000	1965-2002	10:30 a.m.
September 10 (Tuesday)			
Franklin Sch. Construction., Va.	1,500,000	--------	--------
Pittsburgh School District, Pa.	5,000,000	1964-1988	2:00 p.m.
Rhode Island (State of)	9,000,000	1964-1993	12:30 p.m.
Washoe Co. Central S. D., Nev.	3,000,000	1966-1983	8:00 p.m.
September 11 (Wednesday)			
Clark County Vancouver School District No. 37, Wash.	2,000,000	--------	11:00 a.m.
Hempstead Cent. HSD No. 3, N. Y.	4,789,000	1965-1993	--------
Pittsburgh, Pa.	4,680,000	1964-1983	11:00 a.m.
September 17 (Tuesday)			
Lafourche Parish. Hospital Service District No. 2, La.	1,000,000	1964-1988	2:00 p.m.
Los Angeles Unified S. D., Calif.	25,000,000	1964-1988	9:00 a.m.
September 18 (Wednesday)			
New Orleans, La.	14,700,000	1965-1988	10:00 a.m.
September 20 (Friday)			
Hammond, La.	1,275,000	1964-1978	10:00 a.m.

New Issues

$100,000,000

STATE OF CALIFORNIA

1/10%, 2.10%, 2¾%, 2.80%, 2.90%, 3%, 3.10%, 4½%, 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. registerable 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 Investment, 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

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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

Dated September 1, 1963

Due March 1, as shown below

(Semi-annual interest payable March 1 and September 1)

Amount	Rate	Due	To Yield or Price	Amount	Rate	Due	To Yield or Price	Amount	Rate	Due	To Yield or Price	Amount	Rate	Due	To Yield or Price
$1,600,000	2.10%	1966	100	$1,800,000	5%	1972	2.60%	$2,000,000	2.90%	1978	100	$2,200,000	3%	1984	100
1,600,000	5	1967	2.25%	1,800,000	5	1973	2.65	2,000,000	2.90	1979	100	2,200,000	3	1985	3.05%
1,600,000	5	1968	2.35	1,800,000	4½	1974	2.70	2,000,000	3	1980	2.95%	2,400,000	3.10	1986/85	100
1,600,000	5	1969	2.45	1,800,000	2¾	1975	100	2,200,000	3	1981	2.95	2,400,000	3.10	1987/85	100
1,600,000	5	1970	2.50	2,000,000	2.80	1976	100	2,200,000	3	1982	100	2,400,000	3.10	1988/85	3.15
1,800,000	5	1971	2.55	2,000,000	2.80	1977	2.85	2,200,000	3	1983	100	2,400,000	3.10	1989/85	3.15
												2,400,000	1/10	1990/85	4.25

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

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

Dated July 1, 1963

Due July 1, as shown below

(Semi-annual interest payable January 1 and July 1)

Amount	Rate	Due	To Yield	Amount	Rate	Due	To Yield or Price	Amount	Rate	Due	To Yield or Price	Amount	Rate	Due	To Yield or Price
$1,600,000	5%	1965	1.95%	$1,800,000	5%	1971	2.55%	$2,000,000	2.80%	1977	2.85%	$2,200,000	3%	1983	100
1,600,000	5	1966	2.10	1,800,000	5	1972	2.60	2,000,000	2.90	1978	100	2,200,000	3	1984	100
1,600,000	5	1967	2.25	1,800,000	4.90	1973	2.65	2,000,000	2.90	1979	100	2,400,000	3	1985/84	3.05%
1,600,000	5	1968	2.35	1,800,000	2¾	1974	2.70	2,200,000	3	1980	2.95	2,400,000	3.10	1986/84	100
1,600,000	5	1969	2.45	2,000,000	2¾	1975	100	2,200,000	3	1981	2.95	2,400,000	3.10	1987/84	100
1,800,000	5	1970	2.50	2,000,000	2.80	1976	100	2,200,000	3	1982	100	2,400,000	3.10	1988/84	3.15
												2,400,000	1/10	1989/84	4.25

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

These bonds will be initially issued by the State of California at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

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. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

Bankers Trust Company — The First National Bank of Chicago — Halsey, Stuart & Co. Inc. — Smith, Barney & Co. — Lehman Brothers

Chemical Bank New York Trust Company — Continental Illinois National Bank and Trust Company of Chicago — The Northern Trust Company — Kidder, Peabody & Co. — The Philadelphia National Bank

Salomon Brothers & Hutzler — L. F. Rothschild & Co. — Mercantile Trust Company — Security-First National Bank Los Angeles — First Western Bank and Trust Company

The Bank of California — White, Weld & Co. — F. S. Moseley & Co. — Baxter & Company — Hallgarten & Co. — Dick & Merle-Smith — Francis I. duPont & Co.

First of Michigan Corporation — Hemphill, Noyes & Co. — W. E. Hutton & Co. — Lee Higginson Corporation — The First National Bank of Boston — Braun, Bosworth & Co. Incorporated

Commerce Trust Company Kansas City, Mo. — Dempsey-Tegeler & Co., Inc. — R. S. Dickson & Company Incorporated — Estabrook & Co. — Laidlaw & Co. — Stroud & Company Incorporated

Federation Bank and Trust Company — Kean, Taylor & Co. — The Marine Trust Company of Western New York — Robert Garrett & Sons — Eldredge & Co. Incorporated — Geo. B. Gibbons & Company Incorporated

King, Quirk & Co. Incorporated — Second District Securities Co., Inc. — Tripp & Co., Inc. — National Bank of Westchester — Rand & Co. — Robert W. Baird & Co. Incorporated — Mackall & Coe

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 FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Aluminum Industry—Report—Henry Gellermann, Dept. FC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are reports on **Dayton Power & Light, Kentucky Utilities, First Charter Financial**, and comments on **Bigelow Sanford, Atlantic Coast Line Railroad, Walt Disney Productions, Standard Oil of Indiana, Neptune Meter, Roper Corp., Kerr McGee, Murphy Corp.** and **Zale Jewelry.**

Apparel Manufacturers — Review —Evans & Co. Incorporated, 300 Park Avenue, New York, N. Y. 10022.

Arizona Water Story — Report — First National Bank of Arizona, Phoenix, Ariz.

Automobile Industry—Analysis—Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004. Also available is an analysis of **Chrysler** and comments on **General Motors** and **Ford Motor Company.**

Balance of Payments Problem—Review—Burnham and Company, 60 Broad Street, New York, N. Y. 10004. Also available are reviews of **Non-Ferrous Metals**, and **Eli Lilly & Co.** and a memorandum on **International Stretch Products.**

Canadian Stocks—Statistical survey of representative corporate securities—James Richardson & Sons, Inc., 14 Wall Street, New York, N. Y. 10005.

Chemical Industry—Comments—Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available are comments on the **Electric Equipment Industry, Electric Utilities** and **Capital Equipment.**

Electric Utility Stocks—Report—David L. Babson and Company, Incorporated, 89 Broad Street, Boston, Mass. 02110.

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

Guaranteed or Leased Line Stocks —Bulletin with particular reference to **Allegheny & Western Railway, Beech Creek Railroad, North Pennsylvania Railroad, Northern Central Railway** and **Philadelphia, Germantown & Norristown Railroad**—Charles A. Taggart & Co., Inc., 1516 Locust Street, Philadelphia, Pa. 19102.

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

Life Insurance Stocks for Lifetime Gains—Ira U. Cobleigh—Basic information, highlighted for investors, about the attractiveness of life stocks, the historic growth of representative life insurance companies, and criteria for prudent current selection of seasoned life stocks with a view to long term capital gains—Cobleigh & Gordon, 220 East 42nd Street, New York, N. Y. 10017—$2 per copy (quantity prices on request).

Metal Fabricators—Analysis with particular reference to **Mueller Brass, Revere Copper & Brass Inc.** and **Scovill Manufacturing Company**—Dreyfus & Co., 2 Broadway, New York, N. Y. 10004.

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

North Carolina Banks—Analysis —J. Lee Peeler & Company, Inc., Johnston Building, Charlotte, N. C. 28202.

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

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Selected Stocks—Bulletin—Illinois Company, Incorporated, 231 South La Salle Street, Chicago, Ill. 60604.

Steel Companies — Report — Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available are reports on **International Silver Co.** and **Alside Inc.**

Sugar—Report—Richard Ney and Associates, 170 North Canon Drive, Beverly Hills, Calif. 90014. Also available is a discussion of the **Balance of Payments Problem.**

Suggested Portfolios—Four portfolios in different categories—Courts & Co., 11 Marietta Street, N. W., Atlanta, Ga. 30301.

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Trinidad & Tobago—Review of business and economic conditions —Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, N. Y. 10015.

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American Heritage Life Insurance —Memorandum—Pierce, Wulbern, Murphey, Inc., 222 West Adams Street, Jacksonville, Fla. 32202.

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Bearings Inc. — Memorandum — Butler, Wick & Co., Union National Bank Building, Youngstown, Ohio 44501.

Beneficial Standard Life Insurance Company—Analysis—Hecht, Weingarten & Co., Inc., 125 Maiden Lane, New York, N. Y. 10038.

Borden Company—Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available are reviews of **Lane Bryant** and **Cabot.**

Chester Electronic Laboratories, Inc.—Analysis—Putnam & Co., 6 Central Row, Hartford, Conn. 06104.

Cluett, Peabody & Co.—Bulletin —Carreau, Smith, McDowell, Dimond, Inc., 115 Broadway, New York, N. Y. 10006.

Columbia Pictures—Memorandum —Paine, Webber, Jackson & Curtis, 25 Broad Street, New York, N. Y. 10004. Also available is a memorandum on **Varian.**

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

Cowles Chemical—Memorandum —Ball, Burge, & Kraus, Union Commerce Building, Cleveland, Ohio 44114.

Douglas Aircraft — Analysis — T. L. Watson & Co., 25 Broad Street, New York, N. Y. 10004.

Ethyl — Memorandum — First Southwest Company, Mercantile Bank Building, Dallas, Texas 75201.

Ets Hokin—Memorandum—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York, N. Y. 10005.

Famous Artists Schools Inc.—Discussion—July-August issue of "American Investor"—The American Investor, American Stock Exchange Building, 86 Trinity Place, New York, N. Y. 10006—25c per copy, $2 per year. Also in the same issue are articles on **Philips-Eckardt Electronic Corp., International Stretch Products, Alarm Device Manufacturing Co., Associated Products Inc., Burgmaster Corp., Central Charge Service, Continental Telephone Company, Data Control Systems Inc., Elco Corporation, Family Record Plan, Gateway Sporting Goods Company, Levitt & Sons, Inc., Mary Carter Paint Co., Standard Motor Products** and **Tillie Lewis Foods, Inc.**

Ferro Corporation—Report—Golkin, Bomback & Co., Inc., 67 Broad Street, New York, N. Y. 10004.

Great Atlantic & Pacific Tea Co. —Memorandum—Pershing & Co., 120 Broadway, New York, N. Y. 10005.

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Greater Washington Industrial Investments—Report—Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004.

Green Giant Co.—Memorandum—J. M. Dain & Co., Inc., 110 South Sixth Street, Minneapolis, Minn. 55402.

Inspiration Consolidated Copper—Bulletin—Edwards and Hanly, 100 North Franklin Street, Hempstead, N. Y. 00220. Also available is a list of selected high yielding stocks.

Joy Manufacturing Co.—Report—Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004.

Kelsey - Hayes—Bulletin—Oppenheimer, Newborg & Neu, 120 Broadway, New York, N. Y. 10005.

Keystone Discount Stores—Memorandum—Suplee, Yeatman, Mosley Co. Incorporated, 1500 Walnut Street, Philadelphia, Pa. 19102.

Magnavox Company—Review—L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005.

Masonite Corporation—Analysis—Newburger, Loeb & Co., 5 Hanover Square, New York, N. Y. 10004.

Mattel Inc.—Analysis—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available is a discussion of the **Tax on Foreign Securities**, comments on **Commercial Credit, Magnavox, Maytag, Southern Pacific, Allied Stores,** and **Minnesota Mining** and a list of securities which appear interesting.

Mortgage Guaranty Insurance—Memorandum—Robert W. Baird & Co. Incorporated, 731 North Water Street, Milwaukee, Wis. 53201.

Pacific Gamble Robinson Co.—Bulletin—De Witt Conklin Organization, 120 Broadway, New York, N. Y. 10005.

Peerless Insurance Company—Review—Dempsey-Tegeler & Co., Inc., 80 Pine Street, New York, N. Y. 10005. Also available are comments on **United Life & Accident Insurance Company** and memoranda on **Tennessee Gas Transmission, Arkansas Louisiana Gas** and **Public Service Electric & Gas.**

Perkin - Elmer — Memorandum — Amott, Baker & Co. Incorporated, 150 Broadway, New York, N. Y. 10038. Also available is a memorandum on three attractive **Bank Stocks.**

Possis Machine Corporation—Report—Bernard Greensweig, Dept. CFC, Craig-Hallum, Kinnard, Inc., 133 South Seventh Street, Minneapolis, Minn. 55402.

Radio Corporation of America—Memorandum—Coggeshall & Hicks, 50 Broadway, New York, N. Y. 10004.

S. V. Hunsaker & Sons—Report—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles, Calif. 90013.

St. Luke's Hospital Association (Fargo, N. Dak.)—Bulletin—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Standard Oil of Indiana—Memorandum—Shields & Company, 44 Wall Street, New York, N. Y. 10005.

Stone Container Corp.—Comment in current issue of the "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York, N. Y. 10005. Also in the same issue are

Continued on page 45

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 situation that some American firms are lending dollars in European centers for short-terms while other American firms re-borrow them for longer-terms. Notes also their purchase of other Euro-currency deposits. Concludes 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 and in other Euro-currency markets. Hitherto American borrowing of Euro-dollars was 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 appeared in the 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 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. While less dollar deposits are forthcoming for longer maturities, more are forthcoming for shorter maturities.

Needless to say, if Regulation Q were repealed and if Federal Reserve rediscount 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 the rise 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 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 borrowers 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 leaving 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.

W. Klugerman Opens

BROOKLYN, N. Y.—William Klugerman is engaging in a securities business from offices at 3717 Maple Avenue.

Forms Inv. Company

HONOLULU, Hawaii — Fukuichi Kusakabe is engaging in a securities business from offices at 2113-A Lime Street under the firm name of Associates Financial Services.

H. S. Ovrut Opens

PLAINVIEW, N. J.—**H. S. Ovrut & Company, Inc.**, 77 Keswick Lane. Officers are Henry S. Ovrut, President; and Sophie K. Ovrut, Secretary and Treasurer. Mr. Ovrut was formerly with Shaw, Darr & Co., Inc.

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 an "inborn bias" concerning Florida. At the same time he urges acceptance of greater responsibilities by issuing bodies and underwriters for the securing of better ratings. Asserts prime importance of hiring the financial consultant early. Advocates that rating agencies, underwriter, and investor examine the individual record based on "pie" type of reporting. Maintains the financing of municipal improvements is a marketing job, with many principles of marketing any product applying.

I do not think that we should allow the subject of rating agencies to be glossed over. You particular officials live in an area —Florida— which has not been historically well liked by Moody's the principal rating agency, I have had a running feud with Moody's as to their rating principals and I believe that they have an inborn bias about Florida that goes back to the many issues that defaulted in this state. I hasten to add that their opinion is an honest one even though biased. However, I believe that they should take a more realistic view toward Florida and I think that this may be accomplished over a period of time, but we need more than the removal of Moody's bias. We need the cooperation of the issuing communities and a real professional job 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 than you believe is justified, but at the same time we should look at our own contribution toward the securing of better ratings.


James F. Reilly

First Requisite

We basically always come back to the responsibility that must be assumed by the issuing body. As in everything else, how good a start we make usually determines the final result. You should hire your financial consultant early. 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 advisor. It may come as a surprise to some that bond underwriters are not magicians and cannot turn sows into silk purses or as we say in the vernacular of the business, "we can't make a lady out of everything." Therefore, the basic responsibility comes back to you. You must be aware that everything you do in running your government becomes a part of the image that is created about your community. You cannot assume the stance that what happens in this particular town or city is only your business. All of this has to be reflected in the ultimate price that you receive for your bonds in the market.

As the years go by and your community grows larger, interest in your issues will become more widespread. In the last 10 years we have seen a tremendous change in investor attitude concerning local and state bonds in Florida. However, I know of banks in New York City who are still not convinced about bonds in Florida which shows us that the public relations job is far from over. I have told this to officials at times and I have only received hurt comments. Sometimes they say, "We don't need a bank like this," but this is not true. You the issuer and we the underwriter need an abundance of friends. It is up to you and the financial advisor that you hire to always keep improving the image of your community. I don't believe that this means that your community should become a "pinch penny" type of operation. I know of cities in the United States which carry high ratings which I believe to be unearned. They do this solely on the basis of their bank balances rather than the investment in improvements. Some of these places upon investigation show that their streets are in need of repair, their schools are sub-standard, their jails are inhuman, and their hospitals, if any, are mediocre. There is no doubt that this type of conservatism, while it may look fine on the balance sheet, does not necessarily mean that good governmental practices are the order of the day in that particular community.

The "Pie" Formula

I have advocated for a number of years the system of classifying various communities of like size and the background. I have advocated the use of the "pie" to towns, each with 10,000 people, each with the same agricultural and industrial complex, and the same climatic conditions, and which should be spending approximately the same amount of money for their various services. I have often urged Dun & Bradstreet, who do a tremendous job of reporting about municipal credits, to undertake to set up sample "pies" for various types of towns and cities. I think that this is where we find out how successful your stewardship has been. I think that your success or failure in the administration of your debt is measured here. I advocate that rating agencies, the underwriter, and specifically the investor look into the record based on this type of financial reporting. It may seem silly for a representative of the underwriting business to suggest at this point that there are times when no financing is preferable to a piece of bad financing. This abstaining can lead you to greater respect from the investing community.

Underwriters' Responsibilities

I do not want to leave here today without taking stock of what we in the tax exempt underwriting field should be responsible for. Recently, I spoke before the Texas Group of the IBA on what we as underwriters had to face in the years ahead.[1] I think that we have a tremendous distance to cover before we can give you completely the type of service that you are entitled to as issuers, and the type of service your needs will demand in the years ahead. Some of my colleagues in the underwriting field do not agree with me that we have any special responsibility to you when we are bidding for your bonds on a competitive basis. Their theory holds that it is their money that they are bidding and therefore what is bid is strictly their business.

While I admit the theory to be correct as far as the right of the underwriter to either bid or not bid is concerned, I reject the theory that we do not have an overall responsibility to the issuer. I believe it is the duty of our business to work with towns and cities in a general way. It is our duty to help promote overall sales of tax exempt bonds so that there is a ready market available to you when you choose to sell your bonds. Therefore, I come back to the theme of this talk—the common objectives—that you as issuers and we as underwriters and the vast body of investors have in common. We have a relationship that cannot survive without the good will and mutual respect of all of us. We have found at Goodbody & Co. that the individual investor (who is the principal investor in our market, whether directly or through trust accounts) is willing to make an even greater investment in our tax exempt market if he can be shown why.

Future Municipal Needs

I see many fruitful years ahead where new improvements will be necessary to provide for the changing times that we are going through. For instance, we can sit and 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 becomes greater so does the responsibility of the community to supply additional services. I realize that not all of us subscribe to this theory and I am not sure that I do. However, being realistic I would be willing to make a wager that in the years to come he will be looking at this situation in a far different light than we do today. There is very good reason for this because 10 years from now this situation will be an actuality rather than a theory. As the need for these extra improvements come into being, the competition in the money market will become increasingly sharp. The need for sound financial advice will be the foremost requirement.

While I have just said that these extra improvements will be necessary, I do not subscribe to a rash of unnecessary so called civic improvements that can become an extreme burden to a community. There will have to be good sense used in the expansion of our services to our fellow citizens. What you do will always have to be based on whether the end result equals good sense and sound business judgment.

Of course, the alternative is to turn to Federal aid through the CFA of the HHFA and other alphabetical agencies that are sure to be set up as our form of government becomes even more centralized. The towns and cities who take this type of aid are and will be giving up that great heritage that local America is striving to keep—the right to self determination on how we should build and even how we should live. CFA is a factor today with many towns and cities taking advantage of the lower interest rate that the government is willing to pay for certain projects. I have warned on many occasions that CFA, like the RFC in the depression, cannot be a dumping ground for under-secured bonds. If you trace what happened in the depression, you will find that eventually the RFC had to find buyers for these bonds. The greatest thing about America is that good sense prevails even after long periods of time. We eventually right the wrongs that we do. We eventually stop putting good money after bad money as the old expression goes. I predict that we will be back to a free money market where the security of bonds is looked at when an interest cost is set.

Tax-Exemption Under Fire

Along these lines it might be well to urge you people as officials of communities interested in the tax exempt status that you now hold to be ever vigilant as far as this is concerned. The Treasury Dept. of the United States Government has been a foe of tax exemption for many years. They try to subvert the cause of tax exemption by regulations and by distorting the will of the Congress. It therefore becomes a matter of being able to stand up to these people at all times. You must keep yourself posted as to what is going on in this subject. As the need for more funds to run our Government becomes more pressing they always turn to tax exemption as the way to raise additional money.

Actually, I believe the amount of money that the Federal Government would have to pay out to support communities, when and if tax exemption is ever repealed, will far exceed the amount of money saved by refusing taxpayers the right to tax free investments. You will hear the words "wealthy," privileged class etc., being used to describe the buyers of tax exempt bonds. However, if you look into your own community, you will find that many of your citizens, not millionaires, are buyers of tax exempt bonds both as prime investment and as a means of support for their communities. Florida is indeed fortunate because its citizens are among its prime boosters, not only in the typical Chamber of Commerce fashion but in the field of buying Florida bonds. Their confidence is something to behold. It gives you as public officials even greater responsibility to warrant their trust and enthusiasm.

To sum up, the financing of municipal improvements through selling bonds is a marketing job, and many of the principles of marketing any product apply. We as underwriters supply the channels through which the product flows out to the investing public. We must have a product that is properly advertised and well thought of. Our common objectives narrow down to insuring that you as borrowers can readily obtain at a fair cost the funds you require to provide for the needs of your expanding communities.

1 Full text of address appeared in April 25 issue of the *Commercial and Financial Chronicle*—Ed.

*From a talk by Mr. Reilly before the Sun Coast League of Municipalities, St. Petersburg, Fla.

Herbert S. Hall

Herbert S. Hall, 57, formerly a partner of the New York investment banking firm of Morgan Stanley & Co., passed away on Thursday, Aug. 8.


Herbert S. Hall

Mr. Hall was born in Springfield N. J. on Feb. 25, 1906, the son of Perry E. Hall and Marie Henke Hall. After preparing at Summit High School and Mt. Hermon School, Northfield, Mass., he entered Princeton University where he was graduated with a Bachelor of Arts degree in 1928.

Before leaving Princeton, Mr. Hall had decided to "become a banker." Shortly after graduation he joined The Guaranty Company of New York, investment banking affiliate of the Guaranty Trust Company. Later he joined Field, Glore & Co. In 1941 he was made a partner of W. E. Hutton & Co. and in 1945 he became a partner of Morgan Stanley & Co. He continued as a general partner until his retirement in 1959 because of illness.

Mr. Hall served as a member of the board of directors of Philadelphia Steel and Wire Corporation. He was a Governor of the Association of Stock Exchange Firms and a Governor of the Investment Bankers Association of America.

Mr. Hall was long interested in Princeton University. He had served as President, Secretary, Treasurer and class agent of Princeton's Class of 1928. In 1945 he was nominated for alumni trustee of the University. He was a member of Princeton's Graduate Council for many years, serving on the Committee to Nominate Alumni Trustees from 1951 to 1954. He served as Chairman of the Board of Governors of the Princeton Terrace Club. Mr. Hall was actively interested in Phillips Academy, Andover, Mass. which two of his sons attended and where he had served as the first Chairman of Andover's Parents' Fund Committee.

Mr. Hall had been Secretary and a member of the Board of Governors of The Bond Club of New York. He was Chairman of the Special Gifts Committee, American Red Cross Chapter in Short Hills; Chairman, securities division of the Greater New York Fund; Chairman of the investment banking committee of the New York Legal Aid Society. He was a member of the Board of Governors of Overlook Hospital, Summit, N. J. and of Baltusrol, (N. J.) Golf Club where he had once been golf champion. He was also a member of Pine Valley (N. J.) Golf Club, The New York Stock Exchange Luncheon Club, the Princeton Club of New York and the Short Hills Club.

R. S. Platt Opens

ST. LOUIS, Mo.—**Richard S. Platt**, 407 North Eighth Street. Mr. Platt was formerly with Vance, Sanders & Co.

Forms Shelby Secs.

SHELBY, Ind.—**Shelby Securities Company**, Methodist Building. Richard L. Schoentrup is proprietor.

Coming Agricultural Policy For International Trade

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

The insolubleness of our current trade talks with Europe recently prompted Secretary of Commerce Hodges to declare it may be time for us to get tough in our negotiations. Moreover, the importance we attach to the unexpectedly 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 trying to smooth the crucial disputes standing in the way of the Kennedy-round of Europe-American trade talks. Discussed here are the imponderables of, and solutional approaches to, the agricultural problems in the forthcoming international trade negotiations of a new GATT. Dr. Richter outlines the strategy and content of the negotiations; touches on the problem of internal and international prices, quotas, and commodity agreements; expects the French Pisani 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 trade and yet protect domestic 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.


Dr. J. H. Richter

If, as economists and advisors on economic policy, we analyze our 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 not only of analysis and of a plan, but also of details of the plan's execution and application. In this article 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 generalized or 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.

At 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 demi-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 analyse 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 extremely 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. The United States, too, will have to come up with such cases.

Also, we must be under no illusion about the limited value to the U. S. of the definition that we obtained of what is a "significant" tariff disparity: that it must be understood as "meaningful in terms of trade." There may be an isolated case in which it could be shown that a steep tariff increase did not reduce trade; and in that case, the high tariff's disparity from what the other side has on that item or group of items might be considered as not being "meaningful in terms of trade." (Even then the existence of a *Ceteris Paribus* condition would have to be shown.) In most cases, however, there will be no history of trade that would permit a comparison between the effect upon trade of a relatively low and a high tariff for a given item; and it will always be an open question whether, if tariffs *had* been much lower, trade might or might not have been considerably higher. If one of the two parties were to assert one of these conclusions, while the other would deny it, there would be no 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 vague agreements made on "linear cuts," "equal cuts," and tariff "disparities." I am not aware, for example, that—when we were told that the United States tariff has more high positions over 30% than has the EEC —we asked the EEC to what extent their calculations included the levies and tariffs 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 "meangingful 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.

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The State of TRADE and INDUSTRY

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

The current business expansion promises to be the strongest peacetime upturn of the postwar period, the Federal Reserve Bank of Chicago states in the August issue of *Business Conditions.*

Taking the three-year period that has elapsed since the previous expansion peak in 1960, the Bank compares this interval with periods of similar duration that began at earlier expansion peaks. The three-year intervals run through subsequent recessions into the following upturns. This approach reveals the magnitude of the gain in activity at the end of each period over the level of activity attained at the earlier peak.

On this basis, only the 1948-51 period, fueled by pent-up demand carried over from the war period and later bolstered by activity associated with the Korean conflict, outperformed the current period — and that performance was marred by the most pronounced price inflation of the postwar period.

Industrial production, for example, has risen almost twice as much as in either of the two previous periods. The current interval has also bettered each of these two earlier periods in terms of total spending adjusted for price changes.

The rise in employment in the current three-year period through mid-1963, while less than in the 1953-56 period, was greater than in the 1957-60 period.

Prices have been very stable, with the wholesale price index changing less during this interval than in any of the others. The consumer price index has risen somewhat, but only the 1953-56 period had a smaller increase.

Some observers again are suggesting that the current upswing may be "getting tired." It was 28 months old as of June 1963 and the average term of 26 cycles since 1854 is only 30 months.

But this reasoning is of doubtful relevance—peacetime expansions have varied in endurance from 10 to 50 months. Furthermore, the modern economy is profoundly changed from that of 50 or even 10 years ago.

There are several reasons for expecting the current expansion to continue for a substantial period of time:

Price Stability. Prices of many commodities have been adjusted up or down in the past year, but no broad inflationary trend has developed that would make the economy vulnerable to a general price correction.

Capital Expenditures. One of the most volatile sectors of total spending, capital expenditures have risen moderately since the mid-1961 lowpoint of the preceding recession. Present indications point to at least a continuance and possibly an acceleration of this increase. Outlays for new plant and equipment are about 6.6% of total spending compared with 8.4% in 1957, just prior to the decline that started that year. This suggests room for further increases and the recent strength in contract awards for industrial construction bolsters this view.

Low Inventories. Inventory build-ups have been associated with periods of rising activity in the past. In the present expansion, the rise in inventories has been modest when compared with sales. Aside from the current cutbacks in inventory of steel, business inventories are likely to rise further and thus provide support for further increases in production. The more efficient control of inventories made possible by electronic data processing may keep them from rising dramatically, but on the positive side, also is likely to minimize the overstocking that tends to deepen downturns.

Favorable Labor Developments. Major labor disputes have been avoided thus far, while earlier business upswings were marred by dislocations resulting from shutdowns in such important industries as coal, autos and steel. In the past three years, idle man days caused by strikes have averaged well under 20 million annually.

In 1952, 59 million idle man days were caused by strikes and in 1959 the loss was 69 million. However, the possibility of crippling strikes—particularly in the railroad industry—remains to cloud the generally favorable outlook for the period ahead.

While it is unlikely that the important auto and home-building industries will be able to exceed their extremely high first-half operating rates during the remainder of 1963, other sectors in the economy can readily supplant these as sources of strength.

The darkest spot in the current picture is the disconcertingly high level of unemployment, which has mounted to higher levels in each of the successive recovery periods. Despite current record highs in employment, the growth of new jobs has not kept pace with the growth of the labor force.

Building Permits in 200 Largest Cities Slacken Further in June

Continuing down for the second consecutive month, building permits in the nation's 200 largest cities shrank 11.3% in June to $763,199,976, reports Dun & Bradstreet, Inc. At the lowest ebb since February, this volume also slipped 4.9% below building charters totalling $802,365,368 in June last year—the first time so far this year that permits have fallen short of 1962 levels.

Despie the month-to-month downturn, the cumulative total of permits issued in the first half of this year in the 200 biggest cities pushed up to $4,570,424,311, some 12.6% ahead of volume in the first six months of 1962. The picture was mixed, however, for the 25 cities enjoying the largest dollar aggregates for the initial half of 1963. While 15 had permits running higher than in the similar period last year, in the other ten, six-month volume shrank from 1962 levels.

Bank Clearings 12.4% Above 1962 Week's Volume

Bank clearnings in the latest statement forged ahead of a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Aug. 10 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 12.4% above those of the corresponding week last year. Our preliminary totals were $29,920,422,608 against $26,619,556,831 for the same week in 1962.

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

Week End. Aug. 10—	(000s omitted) 1963	1962	%
New York	$16,327,740	$14,322,466	+14.0
Chicago	1,233,032	1,209,640	+ 1.9
Philadelphia	1,064,000	1,000,000	+ 6.4
Boston	801,255	748,810	+ 7.0
Kansas City	500,000	457,618	+ 9.3

Steel's 1.9% Decline Marks Tenth Drop in Past Eleven Weeks But Cumulative 1963 Output Is 12.3% Above 1962 Period

According to data compiled by the American Iron and Steel Institute, production for the week ended Aug. 10 was 1,748,000 tons (*93.8%) as against 1,782,000 tons (*95.7%) in the Aug. 3 ending week. The week to week output dropped 1.9% and it marks the tenth weekly decline out of the past 11 weeks. Last week's decline edged below the 1957-59 base period's average weekly output and was the lowest production since the Dec. 29-ending Christmas holiday week.

The year's weekly high was 2,626,000 net tons achieved May 25-ending week unequalled in the past two years and last equaled in mid-March, 1961. The Aug. 10-ending week's output exceeded last year's week by 12.3%.

For the 11th week in a row this year, the cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 70,848,000 net tons (*118.8%) which is 12.3% above the Jan. 1-Aug. 11, 1962 production of 63,079,000 net tons.

District—	*Index of Ingot Production for Week Ending Aug. 10	Aug. 3
North East Coast	91	94
Buffalo	67	74
Pittsburgh	90	89
Youngstown	75	72
Cleveland	92	91
Detroit	136	133
Chicago	93	98
Cincinnati	109	113
St. Louis	98	107
Southern	109	116
Western	102	103
Total industry	93.8	95.7

*Index of production based on average weekly production for 1957-59.

Seven-Month Steel Production Total Up Sharply From Year Ago

Steelmaking furnaces in the United States poured 8,651,000 net tons of ingots and steel for castings during July 1963, compared with 10,365,154 tons in June 1963 and 6,174,187 tons during July 1962, according to the preliminary report of American Iron and Steel Institute on Aug. 9.

The production total for the first seven months of 1963 was 67,894,320 tons, against 60,272,366 tons during the comparable part of 1962.

Trend Away From Compact Autos Means More Steel Usage

Metalworking sales for the year will total a record $170 billion if the second half is as good as the first, *Steel* magazine predicted Aug. 12.

A little nudge in the second half could carry the total up to $174 billion, as predicted late last year by metalworking managers in a *Steel* survey. Favorable factors for the second half include:

Steel inventories built in anticipation of a strike are not oppressive since the buildup was moderate and steel consumption continues to be high.

New models are expected to extend the strong demand for autos.

Construction, a big employer and a big user of material, is going strong.

Public psychology is optimistic. Business momentum has been increasing—and this forward motion has a snowballing effect.

The national administration is showing increased friendliness toward business.

The updating of depreciation policies in our Federal tax laws and the granting of an investment tax credit are a help to business.

The decline in steel ingot production will soon stop, *Steel* predicts. Some producers already report a slight pickup in demand.

Last week's operations of about 56% of unofficial capacity are approaching the level at which an uptrend will start. Output this week, however, will be less than the 1,740,000 tons that *Steel* estimates were poured last week.

Despite the decline in ingot production, *Steel's* price composite on scrap, a steelmaking raw material, rose. Its index on No. 1 heavy melting grade was up 84 cents to $26.67 a gross ton, indicating underlying strength.

Until automakers step up orders for 1964 model runs, there will be little change in the steel market. Construction is the market's mainstay. Plates, structurals, bearing piles, and galvanized sheets are the products in best demand.

With the 1964 model run of automobiles underway, *Steel* points out one significant factor about 1964 model programing: Fewer compacts will be built.

The trend away from compacts in the 1963 model year meant that steel consumed per car was slightly higher on the average. Compacts accounted for 32% of 1963 model year production vs. 35% in 1962.

Steel shipped per vehicle assembled was 2.04 tons in this year's first half. That's hardly excessive compared with the two tons per vehicle shipped in 1962 (also a steel strike threat year), 1.68 tons in 1961 (when there was no strike threat), 2.52 tons in 1959 (when automakers prepared for a knockdown, drag-out steel strike), and 1.96 tons in 1955 (the auto industry's record production year).

Automakers accounted almost singlehandedly for this year's first half gain of 1.2 million tons in steel shipped to all markets. Shipments to construction, the second biggest market, increased by 7%, but those to containers, third biggest market, and machinery, fourth, fell slightly.

Steel Inventories Headed Back To Normal Level

By the end of September, steel in the hands of consumers and warehouses will be down to about 68 days inventory, *Iron Age* reported on Aug. 14.

The national metalworking weekly says this is mid-way between the low point, 61 days in March of this year, and the high point, of 75 days following the steel labor settlement.

Iron Age says this will be close to a normal level for the current rate of industrial activity and indicates an early end of the inventory liquidation that plagues the current steel market.

In its special inventory study, *Iron Age* points out that the inventory accumulation this year was well below 1962. Inventories at the end of June this year totaled 16.8 million tons. This is a full two million tons below the peak reached in 1962.

Iron Age points out that the steel market right now is in the midst of seasonal coldrums. Although the order rate apparently has bottomed out, August orders are disappointing.

For some major mills, orders so far in August are running 15 to 20% behind July. *Iron Age* says factors behind the disappointing order rate include the inventory bugaboo, summer vacation shutdowns by many steel consumers, and the trend to short lead time ordering.

The products in weakest demand are cold-rolled sheets and other auto-related products, tinplate and stainless. Products in strongest demand are galvanized, plate and some structurals.

Iron Age says the new import tariff recently imposed on polished stainless sheets will affect the stainless market by November. Imports of stainless steel products have been flooding the U. S. market. Until the loophole was plugged, polished stainless sheet was imported and marketed as much as 18% under U. S. domestic prices.

Iron Age adds these regional market reports:

Pittsburgh — The decline in steel demand has hit Pittsburgh mills hard. Mills are running at about 60% of capacity (based on 1960 figures), well below the industry average. Mills are getting a little nervous about the timing of a recovery of demand. Orders for September are running behind August. However, this pattern was not unexpected. It's based on inventory reduction by users aggravated by shorter lead times.

Chicago—Steel mills in Chicago report a disappointing order rate. New orders placed in August for September and later delivery are running 15 to 20% behind the July rate. Products related to the auto industry, principally cold-rolled sheet, are in very slow demand. Galvanized, plates and some structural sizes are being turned out at near capacity rates, however.

Cleveland—A rush on highway and other construction jobs has increased the demand in Ohio for plate and structurals. Also, some auto parts suppliers have had releases for parts for 1964 models and are coming back into the steel market. Auto inventory liquidation is still the major problem but the outlook for a good fourth quarter is improving.

Detroit — August ordering is very slow. But indications of record auto production schedules for 1964 models is encouraging. Most of the automakers are planning to produce at a level equal to or higher than the rate for 1963 models.

Auto Makers Start Concentrating On 1964 Models

Overlapping final phaseouts of a record 1963 model year, the nation's auto industry this week began general work-a-day assembly of its 1964 models, *Ward's Automotive Reports* said.

The statistical agency, which fixed the record '63 model total program at 7,342,000 units, said industry output this week will include about 1,600 cars changed over to 1964 fashions. Additionally, uncounted "pilot" units of

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Social and Economic Trends

By A. W. Zelomek, 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 economy except for the problem of unemployment. States that though we are in an expanding cyclical phase, a tax-cut stimulus would not assure an uninterrupted economic advance. Suggests a reexamination and reorientation of the whole socio-economic structure of the economy.

The economic outlook for the rest of the year and probably through a good part of 1964 is favorable. This does not mean a boom. However, boom psychology at the Holiday period cannot be ruled out if a tax cut is passed within the next several months effective as of Jan. 1, 1964. The public would spend liberally and this would create a very positive atmosphere.

A. W. Zelomek

While general business prospects currently are favorable, the unemployment situation is discouraging. We may have the anomaly of a new high in general business, gross national product, production, employment, income and retail trade, but no proportionate decline in unemployment. In fact, unemployment in relation to the civilian labor force may not decline below 5% even with gross national product reaching $590 billion, annual rate, in the fourth quarter.

There is a minimum of unfavorable factors in the current economy. This even allows for some halt in inventory accumulation as a result of the avoidance of a steel strike. There has been no evidence of inventory accumulation similar to other periods of rising economic activity. Considering the importance of inventory accumulation in the business cycle, the avoidance of excesses augurs well for sustainment of activity over the longer-term.

Greater capital expenditures, an increase of up to 5% in retail trade as well as a further gain in government spending will contribute to the higher gross national spending. It will also contribute to the increase in total output. However, it is important that the increase in spending for goods come closer to the high rate of gain in spending for services. There is no doubt that the greater proportionate gain in spending for services has contributed to the sustained high unemployment level. An increased rate of gain in gross national product may not solve the problem of unemployment, for there is no question that the service industries require fewer hands for each dollar produced than goods.

Reexamination of Our Economy

This necessitates a reexamination of the whole socio-economic structure of the country. There is also the need to reappraise America's position relative to the world. Our changing American scene has brought with it a decline in the gold supply and the problem of our balance of payments position. Competition in world markets has intensified with the resulting need to support domestic industry, especially in regard to the higher labor costs.

While stressing the encouraging 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 uninterruptedly without necessary stimuli. A tax cut would provide some stimulus, but it would be inadequate. A reorientation of our whole economic approach is essential, based on socio-economic conditions as well as international developments.

*From a talk by Mr. Zelomek at the Factors and Finance Division Luncheon in honor of George B. Moran, Senior Vice-President, Manufacturers Hanover Trust Co., New York City.

P. F. Fromhertz Opens

WESTFIELD, N. J.—Philip F. Fromhertz, III, is engaging in a 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 Corcoran Street, members of the New York Stock Exchange.

Loomis, Sayles Branch Mgr.

CHICAGO, Ill.—Charles S. Werner has joined the staff of **Loomis, Sayles & Company, Inc.**, and has been appointed manager of the Chicago office, 135 South La Salle Street.

Amos Sudler Adds

DENVER, Colo. — William A. Burns has been added to the staff of **Amos C. Sudler & Co.**, American National Bank Building.

With J. Sturgis May

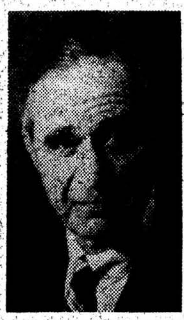
HIGH POINT, N. C.—Robert W. Rich has been added to the staff of **J. Sturgis May & Co.**, North Carolina National Bank Building.

Business' Shortcomings and Recommended Correctives

By Prescott Bush,* *General Partner, Brown Brothers Harriman & Co., New York City, and Former Senator, U. S. Congress*

Strong rebuke to business for loose and extravagant conduct by distinguished former Senator provides invaluable insight as to how improper conduct appears to Congress. Noted are such ramified effects as the disadvantageous bargaining position of business with labor and its adverse impact upon our international balance of payments position. Mr. Bush recommends business should voluntarily improve its conduct and not wait on Congress' punitive prodding. He, also, chides business for seemingly favoring a tax reduction at any cost, for failing to "speak out" to Congress, and for its feeble approach in influencing public opinion and Congress compared to organized labor. Constructive suggestions made are prompted by fear that businessmen will repeat the errors of the 1930's and not oppose today's "Alice in Wonderland" economics font.

New York being our largest and most active state commercially and industrially, and New York City being the money center of the world, there is every reason why the banks should be served by an expert, efficient association such as the New York State Bankers Association, one that can do so many helpful things for members, including guidance and assistance in the relationships between government and banking.



Prescott S. Bush

These relationships at both state and national levels take on added importance from year to year.

It has seemed to me during my long years in the Senate that too many businessmen do not fully comprehend the balance between their privileges and their duties—particularly their responsibilities to government. Many tend to sail along with a detached point of view, as though government was something apart from their responsibilities, something for the "other fellow" to worry about.

Of course, under our representative form of government, that is theoretically correct.

Practically, "it ain't necessarily so."

Members of both the Executive and Legislative Branches at State and Federal levels are under constant and heavy pressure from organized pressure groups.

They are definitely influenced by the pressures. No doubt about it.

The right of petition is in the Federal Constitution and it is availed of aplenty, but not sufficiently by business groups, large or small, or by leaders of business, individually.

My plea to businessmen is to speak out.

I do want to congratulate the New York Association on its carefully planned and executed exercises with the New York State Legislators this year. Mr. Meunsch explained this to me.

The personal contacts made in this connection by active bank officers constitute the most effective approach, and I have no doubt that those bankers who participated in their carefully planned program of education feel rewarded for the time and effort expended.

The personal petition by active businessmen is far more effective than the solicitation of favor by the Professional Lobbyist, although he too has a restricted, legitimate and sometimes useful place in the sun.

I recall that during the thirties many so-called "Economic Royalists" and "Malefactors of Great Wealth" were scared to open their mouth on public questions, fearful of some political reprisal that would hurt their business.

So they stood by and watched the Federal Government grow and grow and inject itself more and more into their affairs.

One Who Spoke Out

Here and there one stood up, took off his coat and went to work. Such a one was Wendell Wilkie. He believed so strongly in opposing the political trend of the thirties that he was willing to take the awful beating of candidacy and nomination against seemingly heavy odds.

Were it not for the injection of the war issue, he would likely have been elected in 1940. This opinion was stated to me by no less an authority than the late Senator Robert Taft, who opposed Wilkie for the Republican nomination.

The "spend and elect" policies which offended Wendell Wilkie and the business community in general, brought heavy Federal deficits from 1933 to 1939. Yet they failed to make a dent in the unemployment of over nine million persons. There were still over nine million unemployed when war broke out in September, 1939.

Record Deficits Planned in the Face of Record GNP

Yet today we see the Administration falling back on the same discredited, unproven policies and deliberately planning a huge deficit of ten to twelve billion dollars on top of this year's fiscal figure of eight billion plus.

Thus we face a two year deficit of $20 million plus. This would establish the highest two year deficit combination in peacetime history.

More alarming is the fact that these deficits are planned in the face of new high records in both GNP and National Income. If we do not even try to balance our budget under such a booming economy, but instead deliberately plan record deficits, when in the world can we expect to balance the budget?

The Administration economists say that balancing the budget is still a goal, but to balance it in the face of widesperad prosperity would make us poor, because there would be no deficit to make us rich. So to make sure of a whopping deficit, tax reduction is combined with increased spending.

Does this sound like a New Frontier? To me, it sounds more like Alice in Wonderland!

Chides Business

Business has not really fought this. Business has given the impression that tax reduction is so essential that any cost is cheap.

Business leaders loudly endorse tax reductions, especially for one high corporate rates and the confiscatory personal income rates. They should. Such reductions are perhaps more needed than any other single thing, if we are to "Get the Country Moving," as the President says.

But despite the fervent appeals for such tax reductions, the demand for appropriate spending controls and reductions comes in an almot inaudible whisper—like a postscript on a letter.

Business shows more anxiety for the tax reduction than for government action needed to make the reduction effective.

How can we expect the Congress to bear down on the expense side, reject the highly pressured new spending measures, and generally act in a responsible manner if they see a lack of thoroughly responsible attitude in the business community?

Businessmen apparently do not observe that the politics of the situation strongly suggest that tax reduction, if any this year, which I doubt, will go to the lowest income groups, with only a token or nothing to corporate and upper individual levels.

So, as the Irishman said—"They will have nothing but their trouble for their pains."

Having spent thirty years in active business before going to the United States Senate, I have been especially interested in the relationships between businessmen and their government. One could write several volumes on this subject. But I will touch only on a few broad points.

Expense Accounts

Right now business is faced with the serious problem of expense accounts.

I sat in the Senate last year and listened to a debate on this issue. It resulted in a tightening up of the law, leaving the exact implementation to the Internal Revenue Service.

Why did the issue come up at all?

It arose because of the obvious abuses of the privilege of deduction for business expense—travel and entertainment particularly.

It should never have arisen.

Out came the charges of corporate living.

The evidence of charging to expense, personal and recreational items, rather shocked the Senate.

What reasonable excuse could exist for the maintenance of Yachts and Hunting Lodges, Luxurious Rest Homes for executives' vacations, the use of corporation airplanes for purely vacation trips, to mention only a few of the most obvious abuses?

These abuses of privilege, these violations of the spirit if not the letter of the law, created an atmosphere of suspicion and disapproval, which resulted in some rather punitive proposals, most of which were finally rejected.

Resentment was expressed that businessmen would take such advantage of the law as to deduct huge expenses for purely personal purposes. This practice had become quite general and reflected a relaxation of ethical standards, an abuse of privilege by businessmen who should be setting high ethical standards of business conduct.

As a result, the pendulum has swung to the other side. This is usually the way things happen in our country.

Abuses lead to over-correction and that has happened in the expense account issue.

Now business is hurt. Those who never abused the privilege of deductions, both corporate and individual, are harassed by a confused situation apparently calling for the most meticulous accounting of every dollar spent on travel and entertainment.

The new rules of expense accounting are far more severe than those applying to government workers who travel on a per diem allowance, not too generous, but easy to explain.

While Congress is tightening up on its own expense allowance procedures, again a result of flagrant abuses of the travel privilege, its improved regulations are not so severe as the new Internal Revenue Service's rather fuzzy regulations for the business world.

I went to Boston last month on a business trip—left on Tuesday, back on Wednesday on the Eastern Airline Shuttle. (Thank heaven for the Shuttle — a boon to travellers indeed.)

It took me about thirty minutes to figure how to submit my expense account to my own firm, and at this writing, I haven't yet been reimbursed!

But I repeat that all this confusion, inconvenience and annoyance is a direct result of unjustifiable abuses of privilege by businessmen.

So, my plea here is for a greater degree of responsibility by businessmen at all levels of business, large and small.

Let's not stick the stockholder or the U. S. Government, or both, with business expense deductions that are really not business at all.

Labor Unions' Economic Power

One of the great issues of the day is the overwhelming economic power of the great labor unions. This affects so many issues.

It particularly affects our rate of growth. In fact, as Per Jacobsson so lucidly explained, no growth of any consequence can take place during a period of constantly rising prices — there must be some stability to make progress possible.

It affects our competitive position at home and abroad, and this, in turn, affects our troublesome balance of payments problem.

Unless we get down to the root causes of our balance of payments deficits and really make some moves to reduce the basic deficit, we are heading for trouble that may affect the whole free world disastrously. For upon the integrity of the dollar—and the stability of wage levels directly affects this — depends the integrity of our defense budget and the security of the whole free world.

How much stronger will be the position of business in negotiating labor contracts if labor leaders feel that business leaders are doing their best to control expenses and not providing examples of extravagant corporate living.

If labor sees abuses of power and privilege tolerated at the business executive level, how much will they be impressed with arguments for economy and stability of employment costs?

Having lived and worked in a responsible executive job before, during and after the great depression of the thirties, perhaps I may be thought too sensitive concerning loose and extravagant business conduct.

Calls for Voluntary Effort

But I have seen the economic pendulum swing back and forth three times and I believe the time has come for business to take a careful inventory of its habits of conduct, and tighten the reins on expenses all along the line but particularly in the area of corporate living, travel and entertainment.

Business should set the tone itself and not be driven to reforming its habits by an angry executive branch or a disillusioned suspicious Congress.

The Congress, made up of men from all walks of life and a wide variety of business and professional pursuits, wants to be friendly to business. This I believe from long personal contact. But its willingness to be fair and reasonable in legislation affecting business can be injured by examples of reckless conduct and behavior on the part of businessmen.

Business has always valued its freedom. We revere the free enterprise system. It has enabled America to become the greatest, the richest, most successful nation in the world.

Knowing Your Congressman

But freedom must be protected by responsible conduct. We must use it wisely, not misuse it, or abuse it.

One trouble with the relationship of businessmen to government lies in the fact that they seldom contact their Representatives and Senators unless they are acutely concerned with a special issues, or a special bill.

They find themselves suddenly confronted with an important issue and they don't quite know how to approach the problem of convincing members of Congress.

So, frequently they hire a Washington lawyer to help them —to advise them—but the most experienced lawyers know that the really effective approach must come from the businessmen themselves—they must carry the ball as constituents, for it is the constitutents—the voters—who influence the Congressmen.

But our businessman will be much better off, much stronger in his position as advocate or opponent of a measure, if he knows his Congressman.

So, the thing to do is drop in and call upon your Congressman, either at his home office or in Washington, when you have no favor to ask. You simply go to call as an interested citizen.

It is equally important to develop a relationship of trust and interest with your state legislators and those active in local matters, for it is here that matters of taxation, education and other factors influencing the future most frequently originate.

Praise Is As Important As Complaints

If you are able to congratulate him upon some vote he has cast, or upon some public position he has taken, so much the better. He will appreciate a pat on the back. He is human and, like all humans, he likes expressed appreciation.

Watch his voting record. And

when you like what he has done, write him a personal letter and say so. You will be surprised at the pleasant reaction to such politeness.

Unfortunately, the Congressman gets more letters complaining about his vote than the letters of commendation.

He's out there on the firing line and he gets a lot of kicks, so if you like what he does, tell him so from time to time.

Another habit which can be improved is that businessmen approach the Congress on a narrow front. Labor, in contrast, approaches the Congress and its union members on broad fronts.

Furthermore, most union members are active workers for the union programs, especially on pocket-book issues. If everyone in banking were equally active in presenting its case and its problems, it would be impressive indeed.

Despite worthy efforts by the U. S. Chamber of Commerce, N.A.M., A.B.A. and others, the business leadership efforts to influence Congressional and public opinion, is feeble compared to those of the great unions.

The latter have big staffs of economists and specialists who write, testify and speak out on nearly every national issue.

Be it in health, education and welfare, be it foreign aid or civil rights or the farm bill, be it monetary policy, fiscal policy or what have you, the great unions have their views ready and these views are given wide publicity. They constantly testify before Congressional committees.

The American Farm Bureau Federation does a good job of general political education. And here we can give them an accolade of approval for their fight against the Administration's wheat control plan, defeated by the farmers themselves in an all-out Administration-guided high pressure campaign.

The A.F.B.F. comes up every year with its own broad legislative program which they conceive to be best for the country and they do a good job of selling it to Congress.

The ABA took a fine step forward when on Feb. 2, 1963, they conducted in Washington a symposium on economic growth.

New York State Bankers can be proud that the three moderators of this symposium were all New York bankers—David Rockefeller, Gabriel Hauge and Roy Reierson.

*From a talk by Mr. Bush before the New York State Bankers Association, Lake Placid, N. Y.

With Hartzmark Co.

CLEVELAND, Ohio—Edward A. O'Donnell has become associated with **Hartzmark & Co., Inc.**, East Ohio Building, members of the New York Stock Exchange. He was formerly with Fulton, Reid & Co., Inc.

Joins Hornblower & Weeks

CLEVELAND, Ohio—Thomas N. Jenkins has become associated with **Hornblower & Weeks**, Union Commerce Building. He was formerly with Francis I. duPont & Co.

First Columbus Adds

COLUMBUS, Ohio—Ronald M. May has been added to the staff of **First Columbus Corporation**, 52 East Gay Street, members of the Midwest and Cincinnati Stock Exchanges.

Higher Productivity Key To Lower Unemployment

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

Strong rate of productivity advance during present recovery is said to augur well for further increases in investment and over-all demand, to be instrumental in giving the current recovery a new lease on life, and to cure technological unemployment. Moreover, its continuance is seen presaging acceleration in real GNP 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 still to be in force in the private economy. Total productivity is the relationship of real national product to the combined input of labor and capital. Real product per man-hour alone shows a trend rate of growth of 2.6% a year, 1919-62, but of 3.0% annually since 1947 due largely to a more rapid growth of capital per worker since World War II than before.

Dr. J. W. Kendrick

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 2.5% in the last eight years. Alternating periods of faster and slower rates of growth in productivity, as well as in output and inputs, are regular characteristics of economic growth, as shown by the studies of the "long-wave" by Kuznets and others. However, on a number of occasions in the past, productivity advance has led the other variables in decelerating or accelerating.

Encouraged by Productivity Pace

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 1955. Insofar as accelerated rates of innovation and productivity advance help 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 GNP, as has been 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 the labor force and households, which tends to stimulate demand. There are theoretical reasons for expecting this result, as well as the historical association.)

Misgivings of Money Wages Expands

If, indeed, productivity advance should prove to accelerate somewhat, it is to be hoped that this will not be the case with money wage rates which have generally exceeded the advance in productivity since the war. If only productivity advance could narrow the gap with wage-rate increases, inflation would further slow down and our competitive position in the world improve.

Labor, and society generally, has nothing to fear from accelerated rates of technological and productivity advance. As I showed in testimony before the Joint Economic Committee in December 1961, periods of accelerated productivity advance in the past have been periods of less-than-average unemployment rates, and vice-versa (as in the last half-dozen years). The reason is that accelerated productivity advance is associated with higher-than-average investment, and thus demand. Even so-called structural unemployment tends to melt under the influence of high demand.

Inter-industry comparisons of productivity advance also argue against the threat of so-called technological unemployment. It is the industries with greater-than-average productivity advance that have tended to increase employment more than average. What the country has to fear is the unprogressive employer or industry. We all benefit from the progressive companies which are quick to adopt automation and other technological advances—for it is the investment in new technology that quickens demand as well as being the main force behind economic growth and progress.

*From a talk by Dr. John W. Kendrick at the 47th Annual Meeting of the National Industrial Conference Board, New York City.

With Earl M. Scanlan

DENVER, Colo. — Audrey V. Douglas has joined the staff of **Earl M. Scanlan & Co.**, Western Federal Building, members of the Midwest Stock Exchange. He was formerly with Amos C. Sudler & Co.

Now With First Neb. Secs.

LINCOLN, Neb.—Fred S. Kuethe has joined the staff of **First Nebraska Securities, Inc.**, 1001 "O" Street, members of the New York Stock Exchange. He was formerly with Storz-Wachob-Bender Co. and in the past with Merrill Lynch, Pierce, Fenner & Beane.

DIVIDEND NOTICES

DIVIDEND NOTICES

DIVIDEND NOTICES

EARNINGS STATEMENT

Connecticut Brevities

General Dynamic's 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 continued to expand its role in the nation's space efforts. Of particular significance was the recent successful test-firing of its huge solid-fuel rocket booster. Developed by the Company's United Technology division, the booster is the largest of its kind and is expected to play a significant role in future space activities. Space-related contracts were received by two other UAC divisions, Pratt and Whitney Aircraft and Hamilton Standard. Pratt and Whitney was selected to develop fuel cells for the lunar excursion module slated for a landing on the moon, and Hamilton Standard was chosen to investigate the life support and environmental control systems needed for future interplanetary flight.

The Connecticut Yankee Atomic Power Company has been granted tentative approval by the AEC to construct a 500,000 kilowatt nuclear generating plant at Haddam Neck. The proposed plant, which will serve the requirements of 12 New England utilities, is scheduled for completion in 1967 at a total estimated cost of $70 million. The design and fabrication of the pressurized water reactor vessel to be incorporated in the plant will be carried out by **Combustion Engineering, Inc.,** with general offices in Windsor.

Republic Foil, Inc., Danbury, will construct an 80,000 square foot structure to house a line of high-speed foil mills. To be built at an approximate cost of $4,000,000, the new facility will be of modern design and will be located adjacent to the company's present foil mills in Danbury.

Connecticut Bank & Trust Company, the state's second largest commercial bank, formally dedicated its new 20-story headquarters in Hartford's Constitution Plaza redevelopment area. With assets of $532 million at mid-year, Connecticut Bank recently acquired an additional $8 million in assets following its merger with Union Bank & Trust Company of New London. Previously the oldest bank in the state, Union Bank will now become Connecticut Bank's 33rd branch office.

Perkin-Elmer Corporation of Norwalk has incorporated the facilities of its Solid State Materials subsidiary into those of the recently constructed Electro-Optical Division plant at Wilton. The move of the Solid State Materials subsidiary from East Natick, Massachusetts to Wilton will permit the consolidation of company research, development and production efforts.

Connecticut Light and Power Company, the largest utility in the state, completed acquisition of the Mystic Power Company. Formerly the property of New England Electric System, Mystic Power will add approximately 9,000 customers to Connecticut Light and Power Company's distribution system.

Commercial Credit Co. Notes Sold

The First Boston Corp. and Kidder, Peabody & Co., Inc., New York, as managers of an underwriting group, have announced the public offering of $50,000,000 Commercial Credit Co. 4½% notes, due Aug. 1, 1985, at par and accrued interest.

The notes are not redeemable prior to Aug. 1, 1971, except under certain special conditions. On and after Aug. 1, 1971, they are redeemable at regular redemption prices commencing at 102.50% and declining to 100% on Aug. 1, 1981. Under certain conditions of declining finance receivables, the notes are redeemable at any time at special redemption prices declining from 102.25% initially to 100% on Aug. 1, 1981.

Net proceeds from the sale of the notes will be used by the company to increase or maintain its working capital. The additional working capital may be used for the purchase of receivables in the ordinary course of Commercial's financing activities, or for such purposes as relate to its other businesses. Initially, the proceeds may be used to reduce short-term loans.

Headquartered in Baltimore, Commercial Credit is engaged primarily in specialized forms of financing and insurance. It also has several manufacturing subsidiaries.

Harry Paul Opens

ROCHESTER, N. Y.—Harry Paul is conducting a securities business from offices at 98 Argyle Stret.

Packwood Opens Office

TULSA, Okla.—Gerald J. Packwood has opened offices at 1300 South Main Street to engage in a securities business.

New York Office

ORVILLE, Calif. — **York & Co.,** 2080 Myers Street. Joseph F. Edelstein is resident manager.

Duff Mun. Mgr. For Powell, Kistler

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

Mr. Duff began his financial career in 1933 as an examiner with the North Carolina Banking Department. In 1939 he joined the predecessor firm of Carolina Securities Corp., Raleigh, and served as Ass't Vice-President and Sales Manager. 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. Mr. Duff was one of the original organizers and is a past President of the Raleigh-Durham Bond Club. He is widely acquainted in commercial and investment banking circles in the two Carolinas and Virginia.

Powell, Kistler & Co. are members of the New York and Midwest Stock Exchanges and associate members of the American Stock Exchange.

Kleiner, Bell To Be NYSE Member

BEVERLY HILLS, Calif.—Burt Kleiner will acquire a membership in the New York Stock Exchange as of Aug. 22, and Kleiner, Bell & Co., 315 South Beverly Drive, will become a New York Stock Exchange member firm. Other partners in the firm, which is a member of the Pacific Coast Stock Exchange, are Lionel Bell, Herbert Hill, Ralph J. Shapiro and Boris Loeb, general partners; and Maurice J. Hindin, Rex A. McKittrick and Robert H. Powsner, limited partners.

MacQuoid To Admit Partner

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

St. Louis Mun. Dealers Party

ST. LOUIS, Mo.—The St. Louis Municipal Dealers will hold their biennial Spring party at the Chase Park Plaza Hotel and the Glen Echo Country Club, April 22nd through 24th, 1964.

Joins C. W. Leonard

PORTLAND, Maine — George L. Goder, Jr. has become associated with **C. W. Leonard & Co.,** Masonic Building. He was formerly with Francis I. du Pont & Co.

With George Patten

PORTLAND, Ore.—Robert L. Gortmaker is now affiliated with **George Patten Investment 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 STREETE

The strength that showed up in the stock market once August dawned continued to carry the averages higher this week but not without some random profit-taking showing up on occasion.

So far the recovery highs of late May weren't under any serious challenge as far as the industrial average was concerned. The utility section, however, was able to post its best standing in years, 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 nationwide strike late this month. There was little concrete to go on, the rail negotiators insisting that no progress was being made.

There was little talk of industrials making any important new highs, mostly because the threat of a rail strike and the consequent serious dislocations to industry generally was still a real threat, and will continue to overhang the market for another two weeks.

Another uncertainty overhanging the market was the fate of tax cut plans. This will be a situation with the market for even longer since some Washington reports are that voting on any committee 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 trading market until the major uncertainties are resolved.

One item that had its own uncertainties was the former American Viscose, since renamed AVC Corp. Avisco early this month sold its business and operating assets to FMC Corp., a $116 million deal.

What is left in AVC Corp. is a closed-end investment company. One study lists its total cash and securities at $363 million, for an asset value of better than $76 a share. This figure is slightly above the market price of the shares recently.

The elements of uncertainty in the situation is that the company plans to pass the assets along to shareholders, but has not yet developed a plan to that end. The corporation has a tax loss that has been figured out to around $40 million but some of it can be used only to offset capital gains. The statisticians figure that if the loss for tax purposes can be fully utilized, it would add around $2 more per share to the asset value.

What it leaves on the surface is an issue selling around its liquidating value, with no incentive to do anything dramatic in the way of price action. Hence there were some sell recommendations sprinkled through the stock market comment.

The question of basic worth is a bit hard to figure in other situations, particularly one such as Great Northern Paper where its million-acre land holdings are carried on the book at around $3 an acre which admittedly is a low price for land. It means that the stated value on the books of the company is some $76 a share, more than $30 above the recent market price. But with a more realistic appraisal of its land holdings, the value per share could be set anywhere from a moderately higher figure to almost double the stated book value.

As far as operations are concerned, Great Northern Paper has a way to go before it will stand out as a growth situation. For one thing, two start-up operations will weigh on earnings this year. But with the expenses of the new Maine and Georgia plants out of the way after next year, the picture could change vastly and justify a better market regard. For this year the prospect is for a better per-share profit to be reported, but a change in the method of depreciating its assets will make it difficult to compare the results of previous years.

Defense Issues Neglected

Defense issues have not been given much play recently even where, as in the case of Northrop, the company has made a rather complete shift from a one product aircraft company to one deeply committed to Space Age work. The company lately has been available at around 10 times earnings, a distinctly subnormal ratio in today's markets, and offering a yield that approaches 5% for an above-average return.

With a range of only five points so far this year, Northrop would have to be considered a neglected item. The shares sold higher in each of the last four years than the recent market level.

Aircraft production is down to a quarter of sales, the two principal types still in production being a training aircraft and one for support of ground forces in limited warfare, neither threatened with obsolescence in the near future. In fact, plane deliveries are expected to spurt next year.

Even the Space Age work has its share of risks. And part of the neglect in the case of Northrop could stem from the abrupt cancellation of its largest single contract this year, a missile guidance system that contributed a fourth of sales. Nevertheless, students of the company expect the revitalized firm to make up enough of the loss from its diversified activities to turn in a profit this year comparable to that reported last year.

If the $2.16 per share profit of 1962 is repeated, it offers a fat coverage for the present dividend of $1. And with the cancelled contract's effects missing, it gives Northrop a good chance to turn in a far better showing in 1964. Meanwhile, the above-average return, at a time when such yields are definitely scarce deserves better attention than it seems to have been getting recently.

In a Mundane Area

A far more mundane field is that of clothing patterns which has been the specialty of Simplicity Pattern throughout its life. The business has been thriving enough so that Simplicity can point to dividend increases in each of the past six years and, barring one bitter strike year, a steadily increasing sales trend.

To the company, the fact that postwar youngsters are now getting to the sewing age is one solid prop toward a bright future showing in both sales and profits. Its long-time missionary work in encouraging sewing in schools, with Simplicity patterns obviously, has also provided a built-in habit that usually lasts for a long time. With sales trending higher, and earnings projections this year showing a comfortable increase over last year, another dividend increase is considered likely for the seventh year.

Frit Concern Prospers

Another company doing well in an age-old field is Ferro Corp., the world's largest producer of Frit for porcelain enamel and ceramic glazes. New highs in sales are being reported steadily by Ferro which for the first half of the year was able to increase sales importantly over the same period of last year when for the full period a record high was reached.

The company's shares have been available at around 12-times the anticipated per-share profit to be reported this year, which is a low multiple, and offers a return well into the 3% bracket. Marketwise, it is seldom a feature and has held this year in a range of only eight points.

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

Conway Absorbs First of Iowa

DES MOINES, Iowa — Conway Brothers, Inc., 904 Walnut Street, has acquired the investment business of First of Iowa Corporation.

Norman V. Conway

Newly elected officers of the firm which will be a subsidiary of Conway Brothers are Norman V. Conway, President; Douglas M. Conway, Executive Vice-President; K. M. Ressler, Secretary and Treasurer; Sherman W. Fowler, Vice-President and manager of the Iowa Municipal and U. S. Government Bond Department, and Dr. Dale D. Welch, Vice-President and sales manager for Nebraska and Eastern Iowa, with headquarters in Dubuque.

Harry B. Graefe, formerly Vice-President and Secretary of First of Iowa, will continue with the firm as manager of the general market municipal department. Roy W. Leriche, formerly President, will remove 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 1951, maintained branch offices and representatives in 17 communities in Iowa and Nebraska. It has been active as underwriter and distributors of Iowa and general market municipal bonds, corporation bonds and stocks, over the counter securities, and mutual funds.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

SOUTHERN CAROLINA NATIONAL BANK

Price	1963 Range	Dividend	Yield	Est. 1963 Earns.	P/E Ratio
56	57-48	$1.20	2.25%	$3.20	17.5 x

The recent rise in bank stock prices has produced an historically high level of prices by most measures. New York City banks are selling at almost 18 times earnings. Growth banks in the Southwest and on the West Coast are selling at 20 or more times earnings. It appears that the best opportunities in bank stock investment will occur in the smaller banks in rapidly growing areas. The State of South Carolina is growing rapidly with a general shift from agriculture to well-diversified economy. Both manufacturing and commerce are now of significance. The percentage of total employment in manufacturing is 32 as compared to 25.9 for the country as a whole. Although textiles have been predominant, manufacturing related to agriculture and also the development of Atomic Energy facilities have been important to the State. One of the greatest measures of a state's growth is the trend of personal income. Although South Carolina has an appreciably lower per capita income than the country as a whole, the trend is favorable and their percentage of the U. S. average is gaining.

The South Carolina National is the largest bank in the State with approximately 30% of the total deposits in the banking system. The Bank, with almost $300 million in deposits, is appreciably larger than the next two largest institutions. The Citizens and Southern National Bank has $150 million of deposits and the First National Bank of South Carolina has deposits of $100 million. Although both of these banks have grown rapidly, no significant mergers are being considered or planned due to the high premiums now demanded to acquire a bank. Three acquisitions in the past six years have brought the offices of the South Carolina National up to 49. There are two mergers now subject to approval by the regulatory bodies and a new proposed merger of the Piedmont National Bank (Spartanburg) which is subject to stockholders' approval as well. In addition, there is a new branch application pending.

As the following figures show, earnings increases have been extremely favorable at close to 10% per annum since 1957. Although the dividend is low, capital is somewhat low relative to deposits. The present policy of retention of earnings implies no dilution through the sale of stock. Long-term dividend treatment should be favorable as capital now approximates 8% of deposits versus 6.3% in 1957. Also, the past policy of stock dividends could be continued. Another favorable aspect is the ratio of time deposits to the total. Currently the percent in this category is 13.5; therefore, any further increases in the rate permitted under Regulation Q will have a minimal effect on earnings.

There are currently 977,084 shares of stock outstanding. Although the bulk of the stock is held locally the concentration is not as great in any family or group as it was some years ago. The current management of the bank is among the best in the area with most of the men falling in their 40's. The majority of the new management were acquired through mergers since 1957. Obviously the State, with competition from Georgia and North Carolina, is anxious to provide its own capital to promote economic growth.

SOUTH CAROLINA NATIONAL BANK, CHARLESTON

Years Ended	(Millions)			(Per Capital Share)		
Dec. 31	Assets	Deposits	*Capital	Book Value	Net Oper. Earnnigs	Dividends Paid
1962	$325	$294	$22	$21.65	$2.98	$1.20
1961	310	272	20	21.98	2.94	1.14
1960	287	262	18	20.34	2.78	1.14
1959	274	251	17	19.30	2.52	1.14
1958	259	240	15	18.20	1.84	1.36
1957	238	222	14	17.49	1.96	1.14

*Excludes reserves.

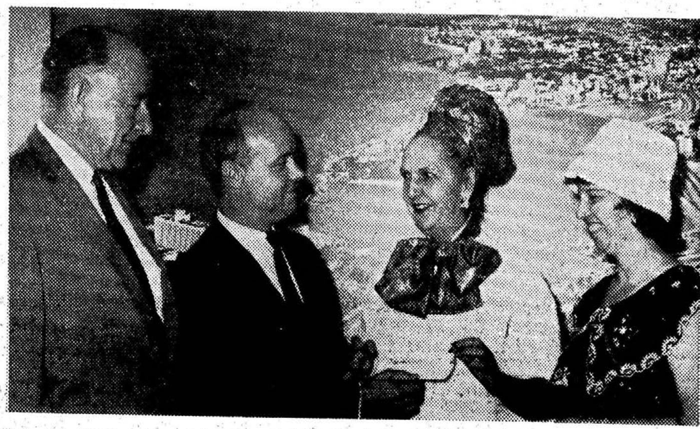
Trend of Estimated Personal Income in South Carolina

		Per Capita		
	So. Carolina Total	So. Carolina	U.S.	% S.C. of U.S.
1929	$470,000,000	$270	$703	38.4
1940	584,000,000	307	595	51.6
1950	1,869,000,000	881	1,491	59.1
1954	2,414,000,000	1,087	1,770	61.4
1955	2,604,000,000	1,141	1,866	61.1
1956	2,711,000,000	1,182	1,975	59.8
1957	2,818,000,000	1,210	2,048	59.1
1958	2,931,000,000	1,249	2,064	60.5
1959	3,142,000,000	1,327	2,163	61.7
1960	3,297,000,000	1,378	2,215	62.2
1961	3,450,000,000	1,433	2,263	63.3

Yarnall, Biddle Branch

POTTSVILLE, Pa.—Yarnall, Biddle & Co., members of the New York Stock Exchange and other leading exchanges, have announced the opening of an office in the Schuylkill Trust Building under the management of Earl J. Howells. Mr. Howells has been active in the investment securities business in the Pottsville area for the past 30 years and prior to joining Yarnall, Biddle & Co. was associated with Walston & Co. in their Pottsville and Allentown offices.

Complete Puerto Rico Bond Sale



Dona Felisa Rincon de Gautier, Mayoress of San Juan, accepts check from Frank P. Smeal, Vice-President of Morgan Guaranty Trust Company, which was awarded on July 24, $4,000,000 public improvement bonds of the Municipality of San Juan, Capital of Puerto Rico. Shown left to right are: Francis Bowen, Senior Vice-President of the Government Development Bank for Puerto Rico, fiscal agent for San Juan; Mr. Smeal; Dona Felisa, and Miss Catalina Palerm, Secretary of San Juan.

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

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

A correspondent of Reynolds & Co. since 1958, the Rouse, Brewer, Becker & Bryant organization holds memberships in the New York Stock Exchange and other leading exchanges. Currently, the firm maintains a staff of about 30 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.

Consummation of the transaction is slated for Sept. 3, 1963. The move will mark another step in the Reynolds & Co. expansion program as the firm extends its nationwide brokerage and underwriting facilities to the greater Washington, D. C. area.

Last May, Reynolds & Co. acquired the 24 Florida offices and Detroit office of A. M. Kidder & Co.

It is expected that employees of Rouse, Brewer, Becker & Bryant will remain with that firm's offices and become part of the Reynolds organization. Following the acquisition, Reynolds & Co., with headquarters at 120 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, Ill. — The original Emancipation Proclamation as issued by President Lincoln, Jan. 1, 1863, arrived in Chicago from New York on the 20th Century Limited, August 13. This historical and valuable document is loaned to the state of Illinois by the state of New York, which has never, up to this time, permitted this instrument to leave their custody.

The First National Bank of Chicago, which is presently celebrating its 100th anniversary, has appropriately enough been asked to safeguard this historical treasure in their vaults pending its transfer to McCormick Place where it will appear as part of exhibits shown during the Century of Negro Progress Exposition opening Friday, Aug. 16.

Clyde C. Walton, official Illinois State Historian, is custodian during the appearance of this document in Chicago. On hand to receive the Proclamation, in addition to Mr. Walton, was Herbert V. Prochnow, 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.

How Leading Authorities View Outlook for the Railroad Industry

Continued from page 1

ing the operating trainmen. The railroads and the brotherhoods are continuing negotiations on the work-rules under the auspices of the Department of Labor. The railroads anticipate considerable savings, eventually, in the event the proposed rules become effective.

A greater number of applications for mergers among Class I railroads is now pending before the Interstate Commerce Commission than at anytime in history. 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 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 incur income 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 was the tenth consecutive quarterly increase in GNP since the recession of the first quarter of 1961. There are predictions that the advance will continue in the coming quarters of this year. Concurrent with the increases in the production index and GNP, railroad carloadings decreased 1.2% during the first 26 weeks of 1963 compared with 1962, but estimated revenue ton-miles increased 3.7%. The increase in ton-miles as opposed to the decrease in carloadings is attributable to heavier loadings or longer hauls.

It is apparent from the foregoing that the railroads have not shared fully in improvements in general economic conditions. The railroads have ben hauling 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 and greater during it. Traffic has been lost to competing modes of common and contract carriers, to legitimate private carriers, and to unauthorized operations. Shifts in markets because of decentralization of population, in centers of production for various reasons, in the forms in which products are shipped, such as the concentrates of fruits, and in demand for certain commodities, such as oil or electric power for coal, 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 can be said that the railroads as an industry are solvent, but some are in a weak position, particularly in the eastern district. Continued upward movement of the economy may enable individual roads to improve their financial condition.

Returns are not yet available 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 net income in the year 1962 was $571 million, 49.5% better than in 1962, and the best year since 1959. As to the districts, 24 eastern roads 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; 15 southern district roads had 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 being energetically sought by various means, including selective rate reductions. Predominant 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 longer run future of the industry than problems of current concern.

G. B. AYDELOTT

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 in the transportation industry, it would be much more simple to forecast the earnings picture. The benefits which would accrue to the rails if they were given the opportunity to take advantage of automation and competitive rate making are great. If legislation permitting these processes is not forthcoming, then the picture is not so rosy.

G. B. Aydelott

We can be encouraged, however, by the fruits of our research programs, designed not only to develop new traffic, but to return tonnage, lost to our competitors over the years, to the rails. Statistics for the year 1962 indicate 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.

With 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 1954—exceeded only by the $16 million expended in 1962. Equipment purchases scheduled so far in 1963 amount to more than $7.8 million, compared with $7.2 million in 1962.

In summary, despite the uncertainties of the legislative picture, on the Rio Grande, we look to the future with much optimism, 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 cliche.

D. A. Benson

It cannot, of course, be gainsaid that formidable problems continue to confront the Boston and Maine and other railroads serving New England. The B&M, for example, terminates 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 $2,890,000.

Nevertheless, there is no sense of doom on the B&M. The railroad's operating ratio last year was 77.36, 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 and progress towards ending it entirely. Two years ago, the railroad had hoped to see legislation in Massachusetts 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 Boston 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.

Eastern railroads generally stand to benefit if an Interstate Commerce Commission ruling that these lines are entitled to an increase in freight rate divisions on transcontinental traffic stands up under a court test. The benefits of such an increase would extend to the Boston and Maine and they would be significant.

Boston and Maine attorneys, in concert with attorneys for the Port of Boston, waged a long and ultimately successful legal battle on the so-called Port Parity case. The issue was whether Boston and New York should be allowed to publish the same rates on import and export traffic, to and from the midwest, as are in effect in Baltimore and Philadelphia. A United States Supreme Court decision upholding the position of the Boston rail and port interests has at least created opportunities for atracting more traffic to the Port of Boston.

Admittedly, there are imponderables whose consequences defy accurate prediction. Among these are the fate of legislation now before Congress to ease regulatory restrictions on ratemaking; conclusive steps by the Government to end featherbedding in the railroad industry; and the ultimate impact on New England railroads if decisions are reached in the major Eastern rail-

Von Serig Transfers To Phoenix

PHOENIX, Ariz.—A. G. Edwards & Sons has moved a resident partner to the Phoenix office, 2727 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.

The new resident partner is C. Von Serig who comes to Phoenix from the Edwards' home office in St. Louis, Mo.

Mr. Von Serig was formerly in charge of national branch office operations for A. G. Edwards. The firm recently merged with Parker, Ford & Co. and acquired 11 new offices in Texas and Oklahoma, in addition to the Phoenix office which was opened in 1959.

road mergers now under consideration by the Interstate Commerce Commission.

Given a satisfactory resolution of the legislative and labor problems that affect the entire industry, the Boston and Maine would expect to make material strides forward on its road to recovery.

W. H. BATEMAN

President, Symington Wayne Corporation, Salisbury, Md.

The marked upturn in earnings of the major railroad carriers and equipment manufacturers in the first half of this year, despite slightly lower carloadings than last year's first half lends encouragement to the possibilities of realizing some basic improvements in operations of this industry.


W. H. Bateman

One factor in this improvement may be the stimulant arising from liberalized depreciation guide lines and investment tax credits. More basic, perhaps, is the improved operating efficiency arising from such practices as use of larger capacity cars, special cars, faster speeds and general overall improvement in efficiency in equipment usage.

Symington Wayne Corporation's business was at an all-time high in 1962 and this high level has been maintained this year, with prospects in sight for a very satisfactory full year 1963. Our railroad business which represents a little over 20% of our volume, has contributed well to our progress in the last year; in fact, results from our railroad division have been better in the first half of this year than in any similar period for several years. Also encouraging in this division is that backlog of unfilled orders currently stand at an unusually high level.

In our railroad area of operation we have attempted to organize our activities and to plan our production and engineering work to meet present day needs and at the same time to anticipate what we feel are realistic future requirements of the railroad's modernization and new car programs. Our progress in the railroad field, we believe, is due to this approach rather than anticipating some return to the better days of the past.

If some measure of gain now anticipated from new legislation and lessening of operating handicaps is realized, and we believe it will be, we look forward to the beginning of a much brighter and more prosperous era for this very substantial and important industry.

D. W. BROSNAN

President, Southern Railway System

Attempting to predict how well Southern Railway and the rest of the rail industry will fare in the months ahead without knowledge of what Congress will or will no do about the reduced freight rates bills is like trying to raise an arch without a keystone.


D. W. Brosnan

The basic building blocks are there in quantity—in the railroads' ability and will to innovate better service at lower cost to the public and in the technological advances needed to make it practical. I believe this to be true widely in the rail industry. I know it to be true on Southern Railway.

But the opportunity to use management initiative to apply the basic railroad strengths through modern marketing methods to win a greater volume of freight to carry is the keystone of the arch. And that depends on action by Congress to free all common carriers to set low rates without regulation on agricultural and bulk commodities.

Numerous signs of vitality on the part of Southern and its territory brightened the economic picture in the first six months of 1963. Industrial development along Southern's lines continued at an encouraging pace, with 113 new projects representing investments of more than $185 million, the prospects of more than 7,600 new job opportunities in our territory and an expanding market for transportation service.

Final acquisition of control of the Central of Georgia Railway and the Georgia and Florida Railway expanded our system mileage to 10,400 and the affiliation of these lines with Southern extended our service to new areas and new customers.

Customer acceptance of Southern's service was particularly evident in the startling growth of our rail-highway traffic. Southern's volume increased from 3,865 loaded piggy-back cars in the first half of 1962 to 16,955 in the first half of 1963, a record that accounted for 28% of the nationwide growth of piggyback during the same period.

Our orders so far this year for 60 modern diesel-electric locomotives and 568 new high-capacity Super-

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SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Motivation Creates Opportunities for Business

Recently the president of a large regulated investment company was asked at the annual meeting how a policy was established to treat all brokers equitably. He replied that the company tried to operate on a basis that those who provide the securities portfolio group with ideas and information get the business. This is an important point to remember if you are servicing investment accounts. Here is one of the leading institutional investors with a capable management staff that is also seeking investment ideas and suggestions, just like any individual investor.

Sometimes security salesmen are inclined to underrate the importance of offering investment suggestions to clients. They incorrectly assume that if they offer an atractive security, or suggest the sale of some item in an investor's portfolio, that the client may resent the suggestion. On the contrary, most investors are constantly seeking valid ideas for investment purposes. Whether it is a large institutional account, or an individual investor, you will nearly always find a receptive response if you have a worthwhile idea to offer.

In the investment business we live in a world of ideas. We are motivated by the suggestions of others. We learn from others, and we pass along ideas that our own experience and knowledge tells us may be helpful to our clients. It is an endless chain. One good idea can lead you to many excellent opportunities to help your customers and increase your effectiveness as a security salesman.

But Stop, Look, and Listen

Unlike the public's image that most investment bankers and brokers are factual and logical people, many in the securities business are as susceptible to the ideas of others as the proverbial innocent and often mislead investor. When others are offering suggestions for your consideration keep your enthusiasm in check. Be thorough and careful. This is not because the majority of people in the position of passing along information may not be well intentioned—they are just acting in a normal manner. Often even the most experienced investment analysts will be motivated by others but they also make their own investigation. Yet, at times everyone is impressed by the reputation and experience of othrs. Some years ago Ivar Kreuger startled the world when it became apparent that he had fleeced and hoodwinked some of the world's most astute investment bankers. They took him on faith.

Every day, in one way or another, investment confidence is freely given to others by investment men and investors alike. But, regardless of your faith in the excellent standing of the person from whom you receive an idea, make a careful study on your own. One good investment idea can be of untold benefit to your clients and one bad one can be equally destructive.

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 investment banking firm in a large middle-western city. The book value was greatly in excess of market price, there was a large cash flow, the dividend return, however, was small, but eventually there was a very likely possibility of a large extra dividend in cash, or stock; and possibly an eventual sellout 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 associated with the company. Naturally, this stock had a limited market and was only suitable for offering to wealthy individuals who were acquainted with the situation. It would not be attractive to the average investor.

As a result of this offering the stock was sold in about one hour but something even more important happened. The entire selling organization was stimulated. They checked client's holdings, prospect lists, and they started to think about who would be interested in buying that stock. They contacted people with whom they had not spoken for months. They picked up their telephones and got busy. Their minds began to work. They exposed themselves to business. And, in addition to contacting many people, one salesman sold a susbtantial amount of tax exempt bonds to an individual whom he never knew was interested in that type of investment. Several salesmen 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 securities and bank stocks are prestige investments in many communities. They are excellent door openers. The good name of the security itself is often a recommendation and it can serve as your introduction in meeting people on a very favorable basis. Such ideas as these are always helpful in contacting blue ribbon accounts.

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Cushion box cars of various types, with a combined price tag of more than $24 million, plus the acquisition of 160 additional trailers and 100 twenty-foot containers for rail-highway service, all showed our resolve to go on investing in the kind of equipment it takes to create useful, low-cost transportation service.

But the opportunity to use money-saving equipment and methods fully for the benefit of our customers and the public—and this also means, of course, the chance to win more traffic volume to the rails—can come only with favorable action by Congress on S. 1061 and H. R. 4700.

Passage of this legislation designed to bring real competition to the transportation business and billions of dollars in transportation cost savings to the public would be a sure omen of economic growth ahead for railroads, for common carriers generally and for the nation as a whole.

EDWARD G. BUDD, JR.

President, The Budd Company, Philadelphia, Pa.

The mass transit and rail commuter market has emerged as the dominant influence on the future growth of the nation's railway equipment manufacturers. During the next decade, an estimated $10 billion will be invested in mass transit systems by the Federal Government, municipalities, states and private organizations. Of this sum, it is expected that more than a billion dollars will go for procurement of transit cars.


Edward G. Budd, Jr.

This developing market, the result of increasing urbanization and concentration of our population, breaks down into two parts.

First, of course, there is the expansion and modernization of the urban transit complexes already in existence in major metropolitan areas—such as New York, Philadelphia, Boston, Cleveland and Chicago. While procurement authorities in these cities must purchase equipment that is compatible with their present systems, they are exploring every avenue for providing greater modernity, economy, efficiency and passenger comfort.

In New York City, for example, the Transit Authority recently announced that it will award The Budd Company a $68,800,000 contract for 600 subway cars, the largest transit order in history. These cars will be stainless-steel, and will provide important advances in economy, appearance and passenger convenience. This lightweight, high-strength stainless steel fleet will save New York at least $13,000,000, more than half of it in the initial cost and the remainder in reduced operating and maintenance costs over the life of the cars, according to the Transit Authority. In the highly competitive market for new "compatible" equipment, other cities can be expected to turn increasingly to newer equipment which combines high performance with long-range dollar savings in operations and maintenance.

The other great segment of the market is in those cities—San Francisco, Los Angeles, Washington, Atlanta and others—which propose in the near future to create new rapid transit systems. These systems may incorporate entirely new concepts of design, control, and materials. This will result in particular opportunity for those manufacturers whose railway design and engineering teams have demonstrated records of achievement in research and development of advanced equipment.

Obviously, one of the principal problems faced by urban transit planners involves the financing of the new systems and equipment. The mass Transit bill, if enacted by the Congress, will unquestionably give impetus to the plans and programs now being formulated by metropolitan agencies and officials throughout the country.

In the meantime, a number of cities are moving aggressively—with the resources at their command — to develop means of financing essential transportation improvements. Full scale design work is under way in the San Francisco Bay area for an ultra-modern 75-mile rapid transit system, which will be constructed over the next eight and a half years and which is made possible by voter authorization of a $792,000,000 bond issue. In Philadelphia, a unique approach to introducing modern equipment on commuter lines has been developed through a non-profit agency — the Passenger Service Improvement Corporation—which has been set up by the city to help subsidize and improve commuter services. The first of 55 new high-speed, air-conditioned commuter cars, purchased by the PSIC from The Budd Company and leased to commuter railroads, are now in operation in the Philadelphia area.

The key question today is not whether a greatly broadened transit and commuter market will materialize. The market now exists. The Budd Company's railway backlog, for example, is approximately $94,000,000, almost double that of the previous record high of 10 years ago. A question that remains, however, is whether many major metropolitan centers 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 be of immediate assistance in the effort on the part of the carriers to become more competitive and to bolster their financial position.


W. C. Coleman

(1) If the political climate is favorable to business and industry in general.

(2) The much-needed cut in the confiscatory taxes and a reduction in unconscionable spending by the Congress.

(3) The settlement of the featherbedding issues on the basis recommended by the Presidential fact-finding commission.

The Monon's outlook is bright for this year. We have been able to strengthen our financial position and to increase our traffic. We believe we can continue this trend.

JOHN D. CANNON

Chairman, Railway Progress Institute, Chicago, Ill.

The railway equipment and supply industry is almost completely dependent upon the railroads. Its economic outlook, therefore, is synonymous with fortunes of the nation's rail carriers. When the railroads' business is good, they buy the equipment, facilities and supplies they need and want. It is then that our business is good. When their business is bad, our business suffers. Consequently it is not an exaggeration to say that the most trustworthy barometer of the supply industry is the profitability of railroading.


John D. Cannon

Unfortunately, the profitability of railroading is, in turn, dependent on a number of factors over which we, as suppliers, have little or no control.

First there is the factor of competitive equality for the railroads; the equality requested by President Kennedy in his Message to the Congress in April of last year. The essence of this equality is contained in the Fair Competition Bill which permits the railroads to lower their rates to meet the competition of other forms of transport. This legislation is still stymied in Congress.

Second, there is the factor of the controversy between railroad labor and management over work rules; the famous feather-bedding issue. Until this issue is resolved, the railroads will be handicapped in the technological progress that leads to profitability.

Third, there is the factor of mergers, the purpose of which is to create stronger, more profitable railroads. Again Federal government regulatory action is needed.

Fourth, there are a number of questions that need answering before any prophet can feel sure of predictions about the economic outlook for the railway equipment and supply industry. For instance:

To what extent will the new depreciation schedules and the seven percent tax incentive stimulate railroad expenditures for capital investment?

What will be the outcome of the present discussion of per diem rates for railroad freight cars . . . and will this result in the modernization and expansion of the freight car fleet?

How will the controversial subject of rate divisions between the Eastern and Western railroads be decided?

To what extent will the railroads be involved in the solution of the urban mass transportation problem . . . and what, if any, help will they receive from government at the several levels?

What will finally be done about user charges for the railroads' competitors who operate on the publicly provided highways, waterways and airways . . . and how much more will be provided for these facilities by the Federal Government?

What will be the future of piggyback services and containerization?

And what are the prospects for tax relief for the railroads, or at least equality with other privately owned industry?

These, and a number of other questions that could be asked will inevitably affect the economic outlook for the railroads, and consequently for the railway equipment and supply industry.

So far in 1963, the business of our industry has been reasonably good. The record of freight car orders in the first half of the year illustrates this point:

As of June 1, a total of 23,364 cars were on order, compared with only 13,778 cars on the same date last year. In May the railroads ordered new freight cars totaling 6,074, whereas the orders in May of last year totaled only 3,188. Most experts agree that 1963 will bring orders for a total of about 55,000 cars, better than in recent years but still far short of the 1955 record of 154,509 cars.

Our industry has just been through five years of subnormal business. It is possible therefore that the recent pickup of railroad purchases could lead to unwarranted optimism. And we *are* optimistic about the future of the railroads and our interdependent industry . . . but we base our optimism not alone on the fluctuating figures of business volume, but solidly on a conviction that the plaguing problems of the rail carriers *will* eventually be solved by a combination of courageous and progressive management and the irresistible devotion of the American people to the principles of fair play; of free and equal competitive opportunity for all.

N. R. CRUMP

Chairman and President, Canadian Pacific, Montreal, Canada

The rapid gain in Canada's Gross National Product of 8% which occurred in 1962, will probably not be repeated this year. The rate of growth in the economy has been somewhat less rapid during the past several months. Nonetheless, it appears that Canada's Gross National Product will increase by about 5% in 1963. Devaluation of the Canadian dollar has had an important effect in stimulating exports, and in encouraging domestic production. Investment intentions indicate there will be significant gains in this area in 1963, and these gains will be responsible for much of the growth which we enjoy. Beyond that, exports are still showing increases from year ago levels, although at a lesser rate, and consumer expenditure, particularly on a number of durable consumer goods, continues strong. The outlook is for very moderate improvement in Canadian Pacific freight traffic in 1963, associated to some extent with growth in the economy, and to some extent with special factors. Rail passenger revenues continue to decline, however. No major railway labor contracts will be negotiated in 1963, and consequently, a greater degree of industrial peace is anticipated in the industry.


N. R. Crump

The problems of the Canadian railways are not dissimilar to those faced by the industry in the United States. In spite of resolution of the Diesel Firemen 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 Royal Commission on Transportation. If enacted in their entirety, these recommendations would considerably improve the general environment within which railways conduct their business in Canada, providing greater freedom and, most importantly, leading to absorption by the Federal treasury of the deficit on services provided by the railways, at a loss, as part of public policy.

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

Perhaps, at long last, the long decline in railway traffic volume and in the railway share of the freight transportation market is at an end.

Meanwhile, Canadian Pacific continues its active diversification program in both transportation and non-transportation fields.

A. L. FAIRLEY, JR.

Dominion Steel and Coal Corp. Ltd., Montreal, Canada

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%.


A. L. Fairley, Jr.

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 aided 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 positions 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 subventions, 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 strengthen 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.


Allen J. Greenough

As in past years, earnings in the industry will also be held down by the costly 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 outmoded 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 unpromising immediate outlook, the Pennsylvania—like the industry generally—continues to develop challenging customer services. Our piggyback service — TrucTrain — continues to grow. We look for better than a 5% improvement over last year's volume, with the increase continuing on into 1964 and even beyond. Our hauling of assembled automobiles on the new auto rack cars, which started only about two years ago, should show a gross for the model year ending 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 TrucTrain 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 those already there to expand is running ahead of last year's good performance.

Accompanying this aggressive search for new and increased volume has been a continuing upgrading of the car fleet. In the 1963 program are a total of 6,426 new or completely rebuilt and modernized cars, including flat cars for handling our increasingly heavy loads, covered hoppers for such bulk commodities as 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 heavy repairs, and racks are being provided for 124 cars for the previously noted growing automobile business.

This persistent emphasis on sales and service typifies,

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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 on both fronts—and that 1963 will prove in retrospect to have been a 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 three-quarters of a century. First organized in 1886 as The Buckeye Malleable Iron Company, it assumed its present name in 1902 when operations were converted to the production of steel castings. Today, the manufacture of steel castings used in freight car construction still comprises the backbone of our business. Needless to say, we have a vital interest in the future of rail transportation.

W. W. Heimberger

For some years past the railroads have faced terrific odds in the form of over-regulation, antiquated work rules and unrealistic depreciation allowances — compounded by competition with transport media which were born of subsidy and have waxed strong by virtue of its continuance. Small wonder that the financial position of the railroads has prevented adequate purchases of new equipment, regardless of the need.

The year 1962 brought several rays of light into this bleak picture. The 7% investment tax credit and new guide lines for depreciation afforded some tangible relief, which was reflected in the procurement of 34,000 new freight cars. Other hopeful signs included recommendations made by the Presidential Railroad Commission regarding out-moded work rules, and the President's message on transportation which requested legislative action to correct inequities of long standing. Neither of these latter has as yet borne fruit, and it now appears that still further delays will be encountered. However, the groundwork has been laid for eventual relief.

One of the truly bright spots in the railroad picture is the vision and initiative displayed by railroad management in its competition for business. As one prominent car-builder has aptly said: "There have been more new freight car designs developed in the last five years than in all prior railroad history." Piggy-back, auto-carriers, cushion underframe, and a host of others—all aimed to meet specific customer needs for economical loading and unloading, faster delivery schedules and freedom from lading damage.

What of the future, both immediate and long-term? We are still inclined to believe that 1963 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 must be remembered that there is a substantial time-lag between the order and delivery for service. As to the longer term, we see no boom years of the 100,000 car variety unless some national emergency should arise. We are confident, however, that freight car building will continue in the 40,000 to 45,000 per year range. Obviously this will not offset the number of cars scrapped; but higher capacities and specialized designs offer the potential of more efficient use.

Buckeye Steel Castings is currently making a heavy investment in new and modern-to-the-minute facilities, primarily designed to enhance our production of the high-quality steel castings used in freight car construction. This is concrete evidence of our faith in the future of rail transport, and our confidence that the railroads will make steady progress in the years which lie ahead.

DOWNING B. JENKS

President, The Missouri Pacific Railroad

The Missouri Pacific expects modestly better operating results and earnings in 1963 than in the previous year. Although first quarter revenue and net income were below those of the same period last year, as the result of the longshoremen's strike, slightly higher revenue and reduced operating costs in the second quarter of 1963 brought earnings for the six months of this year above those of the first half of 1962.

Downing B. Jenks

A strike in the railroad or in other major industries, a rise in our wage level or unforseen factors depressing the national economy, however, could adversely affect our operations for the remainder of the year.

The Missouri Pacific bases its optimistic outlook on the continued healthy expansion of the economy in the territory it serves, the purchase of new equipment and other improvements to its property, better service, and the strides it is making in more competitive pricing of its service.

The states in the Midwest, South and Southwest, served by the Missouri Pacific, are far ahead of national averages in new industries, and the list grows almost daily. And the new and relocated industries are of the type that produce healthy freight volume.

To meet the requirements of expansion and to provide its shippers with the equipment they need, much of it specialized, the Missouri Pacific has spent more than $100,000,000 in the past two years alone for 3,217 new freight cars, 156 new locomotives and improvements to track, structures, shops and yards. While the road's 1964 capital program is not as yet completed, it is expected that capital expenditures will continue at about the same level as the past couple of years.

Service improvements have been progressed on several fronts. Trains are maintaining faster schedules. A dependable two-day service, for instance, is being operated between St. Louis and Los Angeles, in cooperation with the Southern Pacific. Highly flexible service is being provided through the use of all five piggyback plans, a container service, and the railroad's subsidiary, the Missouri Pacific Truck Company.

Our pricing is under constant study. In this area, we are realizing encouraging results from our incentive rates, by which we pass on to the shipper a generous share of the savings to the railroad which result from heavier loading of cars. These rates are price inducements to shippers to load freight cars with more of their commodities—and the more that is loaded above the minimum, the less it costs per unit in freight charges. In the movement of frozen foods, for instance, shippers can realize savings of up to 50% per hundred pounds when a refrigerator car is loaded to capacity. We are following the simple business principle of performing the kind of service and furnishing the proper equipment at prices shippers want and will use.

Through the use of modern marketing techniques, remaining aggressively competitive and operating in one of the nation's top growth areas, the Missouri Pacific has a particularly good outlook for the future.

W. H. KENDALL

President, Louisville & Nashville Railroad Company

The management policies of the Louisville & Nashville Railroad are based on optimism as to the future progress of railroads in general and ours in particular.

We recognize our dependence on the general state of the economy and the influence exerted by actions of legislative and regulatory bodies which may either permit progress under fairer competitive conditions or allow existing handicaps to remain. We are encouraged, however, by official reports and decisions recognizing the justice of the railroads' plea for relief from outmoded restrictions and by the growing evidence of public awareness of the need to provide equality of opportunity in the field of transportation.

William H. Kendall

Faith in the future of the L&N has been demonstrated by a continuing program of capital expeneditures, which has averaged around $43 million a year for the last five years. This effort to keep the railroad modern and efficient has been made without jeopardizing our working capital position. Improvements have included expansion of centralized traffic control, modernizing and expanding freight yards, clearing lines to handle wider and higher as well as heavier loads and new installations to accommodate piggyback traffic. Our locomotive fleet is being replaced by more powerful and more flexible units. We have purchased more than 6,500 new freight cars since 1960 and have authorized $12,500,000 for purchase of new cars to be delivered this year.

Computer operations are being expanded not only to cover car tracing and accounting but also to provide total inventory control and accurate cost accounting that will permit close budgeting and determination of the per ton unit cost of handling each class of commodity. This information will be fitted into a customer-oriented marketing program which stresses more flexible policies on rates and pricing of services.

Pioneering efforts of the L&N in piggyback handling of commodities and automobiles on rack cars have resulted in large percentage increases each year in this type of traffic, which is estimated to produce $14 million of revenue in 1963. We also are vigorously developing unitized and integral train operations, which already are showing results in better utilization of equipment and in justifying rate adjustments that have helped to keep the volume of our coal movements in 1962 and 1963 above the average for the 36 year period from 1925 through 1960.

Continuing movement of new industry into L&N territory and expansion of existing plants furnish another basis for our optimism. In 1962 there were 230 new plants located along our lines which are expected to produce 80,000 carloads of additional traffic annually, and this development trend has continued in 1963.

Our earnings of $2.30 per share for the first six months of 1963 compared with $1.89 for the corresponding period of 1962, in spite of a first quarter plagued by extreme freezing weather and record floods in parts of our territory.

JERVIS LANGDON, JR.

President, Baltimore and Ohio Railroad Company

The management activity of B&O likely to improve its future the most and the fastest inheres in the marketing function—to find the optimum combination of rates, service and equipment which will win traffic at a profit.

Because the railroad industry is a late-starter in this activity, and accelerating erosion of desirable business threatens our future, there is neither time nor foundation for a massive, time-consuming recasting of our price structure.

Jervis Langdon, Jr.

B&O is proceeding on a commodity-by-commodity basis. This gives us not only a quicker, clearer appraisal of our alternatives, but accommodates the most essential tool of modern marketing—the producer-initiated search for a complete view of his customer's needs, alternatives, and motivations. The search, in short, starts with his situation—not ours.

For example, last year 200 members of B&O's freight sales force, through personal interviews, determined the transportation requirements of 7,600 plants in the metal working industry—22% of the industry. The result: a proposed new scale of rates on iron and steel which has been checked with representative producers and receivers and, after several revisions, is now before the traffic officers of the eastern railroads. Substantial traffic has been regained already, however, prior to installation of the new scale because individual rate adjustments and service improvements were made promptly as individual returns indicated specific opportunities.

B&O's revenues from iron and steel have dropped at the rate of $1.8 million a year over the past 10 years, despite increased production. Only steps which will make railroad freight service irresistible will stop the trend.

In each case the step must be drastic. Rates which merely meet or shade truck competition proved fruitless ten or more years ago. Success lies only in rates which encourage buying and inventory practices to exploit the cost-service product railroads can manufacture.

Today the standard of cost and service against which railroads—indeed, all for-hire carriers—must gage their business capabilities is the shipper's own vehicle. We will exist in private ownership only if we can sell transportation to the customer more attractive, in cost or quality, than he can provide himself.

In a more orderly era, the late Commissioner Eastman described railroad freight rates as "a mass of relativity floating in the void."

The times now call for rates which constitute an array of specificity closely related to the ground.

C. E. LE ROY

General Manager, Rectifier-Capacitor Division, Fansteel Metallurgical Corporation

Fansteel Metallurgical Corporation, through its Rectifier-Capacitor Division, has served the railroad industry for almost 40 years as a major supplier of signal rectifiers, surge arresters, d-c power systems, and regulated d-c power supply units. While sales of this equipment are not a major portion of our overall sales, the Signal and Communications Departments of our Railroads represent an important segment of our electronic market and one which we are privileged to serve.

C. E. Le Roy

Today's emphasis on reliability in all areas of electronic components and systems is somewhat "old hat" to the railroads. It is an area in which they, with the support of their suppliers, have pioneered. Their developments and achievements, such as non-failing signal systems, laid the groundwork, contributed to, or are responsible for many of today's high reliability achievements.

Fansteel is proud of the performance record of its signal rectifiers as well as its other railroad products. The many millions of hours of reliability information which have been accumulated on our components show a minimal failure rate that would be enviable to even the most sophisticated aerospace projects.

Though reliability is not new to the railroads, it is an area which needs constant improvement, and one in which Fansteel can and is aiding the industry. Test facilities and capabilities, unheard of a few years ago, are 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 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 unrestrained 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 more freedom in their operations, provides an equitable basis for setting bulk freight rates, and permitting controls for 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.

J. B. Lanterman

Net income in the quarter was $2,917,180, equal to $1.05 a share, up 14% from $2,555,119, or 91 cents a share a year ago, and topping by 5% 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 $42,122,455 from $37,864,050 a year ago.

The company's results have improved from quarter to quarter this fiscal year. Earnings increased from $857,202, 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 upswing has been reflected in the production of such AMSTED railroad products as side frames, bolsters, couplers, 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 56,500 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 burdens as featherbedding and legislative restriction.

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 the 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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will enable the company to better serve the Southern railroads.

Research continues to stimulate company growth. In the quarter ended June 30, 1963, the company licensed Youngstown Sheet and Tube Company and Sharon Steel Corporation to use AMSTED's Controlled Pressure Pouring process for the direct casting of semi-finished steel mill shapes. This brings the number of licensees to 10.

During the quarter, the first commercial installation using the AMSTED process was placed in operation at Eastern Stainless Steel Corporation.

Washington Steel Corporation and United States Steel Corporation, two other licensees, also have announced plans for commercial pressure pouring installations. Washington Steel will have a unit in operation in September of this year, and U. S. Steel has announced it will install a commercial unit at its South Works.

Controlled Pressure Pouring is AMSTED's patented method of producing metal shapes by forcing molten metal up from a sealed chamber into graphite molds. Applying the process to the production of semi-finished steel mill products would eliminate such now common steel making steps as ingot casting, soaking pits, initial rolling mill steps, and certain surface conditioning. It also provides higher yield.

Railroad research has by no means ben neglected, and AMSTED continues to work with the railroads to improve existing products and develop new ones. Certain of the company's laboratories, including a five-car test train, are dedicated almost entirely to railroad research. Recent products from these laboratories include a Unifrate brake which adjusts braking power to freight car load, and a Ride-Master truck, a truck built to carry high capacity freight cars at faster speeds with better riding qualities. A prototype of a giant six wheel truck designed for more than 100-ton capacity freight cars has been built and has undergone preliminary testing.

ROBERT S. MACFARLANE

President, Northern Pacific Railway Co.

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


Robert S. Macfarlane

While crop conditions are not as bright as they were late in May, current prospects favor another good crop in Northern Pacific territory this year. The extent to which rail revenues will benefit from the movement of grain during the balance of 1963 can not be predicted until the harvest is under way and the marketing pattern develops. Past experience shows that the portion of the crop that remains on farms and at other interior locations will move to market at a later date and, as a result, freight revenues will be deferred accordingly.

Realization of a good 1963 crop should result in a substantial movement of the harvest of other agricultural products with 1963 gross revenues from these sources equalling, if not surpassing, 1962

This is encouraging for it is the harvest that determines the expenditures producers will make for new farm equipment, new automobiles, household appliances and other manufactured and miscellaneous products. A good crop year means a greater movement of manufactured and miscellaneous goods which make a vital contribution to our total freight revenue.

Serving the Pacific Northwest, the movement of lumber and lumber products accounts for a large portion of our freight revenue.

While foreign and domestic competition has weakened prices in the traditional markets for northwest forest products, housing starts on a seasonal level are up, and there is a solid demand for lumber.

Pacific Northwest lumber producers are competing vigorously and the movement of lumber to markets in central and eastern United States has increased. If the national economy maintains its present high level, 1963 revenues from the movement of lumber and lumber products will show an increase over 1962.

Piggyback and the movement of automobiles in multi-level racks, comparative newcomers in rail transportation, are showing healthy gains each year.

Northern Pacific anticipates a 1963 gross freight revenue increase of 2½% over 1962. Based on the anticipated increase in revenue, Northern Pacific has scheduled over $24 million for an expanded improvement program in 1963.

While there are undoubtedly soft spots in the economic picture, the trend seems to be toward stabilization of the economy at a healthy level. Businessmen in NP territory are more optimistic now about business conditions than they have been at anytime during the first half of 1963.

E. S. MARSH

President, The Aacheson, Topeka and Santa Fe Railway System

Results for the first half of 1963 were fairly close to earlier expectations, with operating revenues exceeding the first half of 1962 by about 1%. Carloadings were down 2.7% from the first six months of last year. The entire drop was accounted for by less grain hauled, partly as a continuing result of last year's poor production and the fact that more wheat is staying in local storage, which has been greatly expanded. The total 1963 wheat production in the five states of Kansas, Oklahoma, Texas, New Mexico and Colorado is estimated at 300 to 315 million bushels, which is even less than last year's reduced crop of about 366 million bushels. Changes in loadings of other commodities offset each other to a great extent. Chemicals, citrus, vegetables, automobiles and auto parts showed increases but there were smaller loadings of livestock, flour, building materials and petroleum products.


Ernest S. Marsh

Since the first of the year, Santa Fe has added 1,643 new freight cars, 58 diesel locomotives, and 100 new refrigerator trailers for perishable piggyback traffic. An additional 1,930 freight cars are on order, as well as 31 baggage and mail cars and 24 new high-level cars for El Capitan. At the end of June, we had completed the relaying of slightly more than 125 miles of continuously welded rail in our 245-mile new rail program for 1963. Other items under way in Santa Fe's $90 million capital expenditure program for 1963, which is the second largest in the company's history, include new automobile unloading facilities at Los Angeles; new piggyback facilities at Dallas; expansion of diesel shop facilities at Argentine, Kansas, and Barstow, California; traffic reversal on approximately 77 miles of track between Winslow and Maine, Arizona; and installation of microwave from Amarillo, Texas, to Winslow, Arizona, which will close the final gap in our communications network between Kansas City and the West Coast.

Preliminary figures indicate net income for the first half of 1963 was slightly ahead of last year. No sharp changes in the general economy of the Santa Fe traffic level are expected during the remainder of the year and, barring unusual or unforeseen developments, the 1963 operating revenues should exceed those of 1962, but only modestly.

DAVID O. MATHEWS

President, Chicago & Eastern Illinois Railroad

As a result of long-range planning that has been carried out on the C&EI Railroad for the past several years, the economies effected and improved traffic have manifested themselves dramatically in the earnings of this railroad for the first half of 1963.


David O. Mathews

Income after fixed charges for the first six months of the year amounted to $1,673,911.76, compared with a deficit of $471,631.00 for the first six months of 1962. This income enabled us to make full appropriations for capital and sinking funds for the first six months of 1963 and full appropriation for six months contingent interest on our general mortgage income bonds due in 1997 and on income debentures due in 2054.

At the same time railway operating revenues for the first six months of 1963 totaled $17,904,933.58, an increase of $1,227,793 or 7.4% compared with the first half of 1962. Carloads of freight handled in the first six months of this year totaled 169,070 compared with 161,874 carloads for the corresponding period in 1962, an increase of 7,196 or 4.4%.

Our operating expenses for the first six months of 1963 were $13,743,850 compared with $14,048,730 during the first six months of 1962, a reduction of $304,880, or 2.2%. It should also be noted that our operating ratio for the first six months of 1963 was 76.8% as compared with 84.3% during the first six months of 1962. Increased revenues and strict control of operating expenses are responsible for the improved operating ratio.

A great many factors have entered into the brightening picture of the C&EI operations. Savings in expenses in several areas amount to $1,000,000 annually. At the same time, there has been a notable increase of the company's business during the last 10 years. Carloads of freight handled in June, 1963, were 31,993, as compared with 28,577 in June, 1962, an increase of 3,416 carloads or 12%. Carloads in June, 1963, were the highest for any June since 1945. The increase in carloadings reflects generally improved conditions of the territory served by the company.

Against this background of accomplishment within our own organization, there are a number of important developments along our line which have helped our situation in many respects. For example, there is a sharply improved business picture in the Evansville, Indiana, area. Such firms as Chrysler, Bendix - Westinghouse, General Electric, Babcock & Wilcox, and Whirlpool Corporation have contributed materially to our growing carloadings. Increased public acceptance of Chrysler products has improved our Chicago-St. Louis traffic for this company. The production at Ford's Chicago Heights stamping plant has increased and this has contributed considerably to our loadings for both the Chicago Heights Terminal Transfer Railroad Company, a wholly owned subsidiary, as well as to the C&EI itself. We expect to move approximately 35,000 carloads for Ford in 1963.

Our piggyback business continues to increase and we have experienced highly successful results with our Dixie Flyer Piggyback running between Chicago and Florida as a second section of our passenger train, the Dixie Flyer. Because this train operates on a passenger train schedule, we are able to offer unusually fast service for piggybacking between Chicago and points South and Southeast. Steadily increasing patronage of this train encourages us to explore the extension of this type of service.

Barring a sharp turndown in traffic or a prolonged shutdown due to labor difficulties, our cash position and operating results should be satisfactory during the last six months of 1963.

J. C. MIXON

President and General Manager, Atlanta and West Point Railroad Co.; the Western Railway of Alabama, and Georgia Railroad

While the traffic volume anticipated and predicted for the first half of 1963 did not materialize, there is still a feeling of optimism in the territory traversed by the Georgia Railroad, the Atlanta and West Point Railroad, and The Western Railway of Alabama. This feeling is based on the soundness of our economy and the continuing industrialization of this section.


J. C. Mixon

These railroads are responding to this feeling by increasing our car supply, making available to shippers new damage free 50-foot box cars, increasing open top and special equipment, and instituting a program of upgrading existing cars. Bridges are being strengthened to enable the handling of larger and heavier loaded equipment, which will permit us to take care of the anticipated increase in volume of traffic in the months ahead.

The ideal soil and climate conditions which produce trees for pulpwood within the brief span of 12 years have made our area a new center for the manufacture and processing of paper into its hundreds of products. Among new and extending organizations leading in this development are American Can Company, Continental Can Company, Mead Corporation, St. Joe Paper Company, Marathon Corporation, and Union Bag-Camp Paper Corporation.

The endless variety of industrial growth is illustrated by installations by such well-known companies as Columbia Nitrogen, Procter and Gamble, United States Rubber, Ohio Grease, Koppers Company, Knox Glass, Hazel-Atlas Glass, Litton Industries, Evans Harbor Products, and Alabama Metallurgical Corporation.

Georgia Power Company now has under construction at Milledgeville, Georgia, on Georgia Railroad, a steam power plant with a capacity of almost two million kilowatts annually to provide for anticipated growth in industrial consumption, and this is typical of general projections of electrical power requirements.

Atlanta, at the center of the system, continues its remarkable progress as one of the most rapidly growing centers in the country, with presently projected development running into several hundred millions. All indications point to an accelerated rate of expansion.

Through research and study, in cooperation with other railroads, we are constantly making such changes in our rate structure, equipment pool and service as are required by our shippers and receivers. Our sales organization is not only selling our services and cooperating fully with our patrons, but also is working very closely with shippers and receivers to develop the most efficient means to afford them the services they require. Our industrial department is not only seeking the right location for new and expanding industries, but is also seeking the right industry for each particular location, striving at all times to extol the benefits and advantages of rail transportation. In fact, our whole organization is geared to customer satisfaction.

These railroads, chambers of commerce, banking institutions, local and state governments, as well as numerous private sources, have readily available complete information for all who may be interested in the area as a place to live, a place to work, or a place to establish business or locate an industrial plant.

A. KING McCORD

President, Westinghouse Air Brake Co., Pittsburgh, Pa.

The outlook for WABCO is encouraging. Sales are currently running ahead of the same period last year and incoming orders continue to hold steady. Barring unforeseen contingencies, we expect earnings to increase over the $1.97 per share earned in 1962.


A. King McCord

Our confidence in the future of American railroads continues to increase. Despite delays in achieving complete and satisfactory solutions to basic problems, it is obvious that the railroads are enjoying greater support from Congress and the general public than they have for many years. This is based on a better understanding of the hardships and inequities that have been imposed by over-regulation and subsidized competition together with recognition that a sound, healthy, competitive and profitable transportation system will contribute directly to the profit of the individual citizen and the growth and strength of the national economy.

Within the next year we expect to see substantial progress in the following areas:

(1) Improved labor contracts that will provide an opportunity for much more effective and economical use of manpower.

(2) New laws and regulations that will permit much greater flexibility and more equitable competition in rate making so that increased productivity, brought about through better management and improved technology, can be passed on to the shipper and the ultimate consumer.

(3) An improved regulatory climate which will authorize proposed mergers permitting the more efficient allocation and utilization of transportation resources.

Public officials and railroad managements are aware that the present railway system is inadequate for minimum defense requirements or to support future national economic growth. For example, the number of freight cars and their total capacity are lower today than in the past forty years. The pent-up demand for new equipment and plant and methods modernization, now offered by WABCO and other railroad suppliers, can be satisfied if limitations upon railroad management are relieved.

The need exists, railroad management is enthusiastic, the general public is sympathetic . . . a green light from Congress and support from the Interstate Commerce Commission should launch a decade of profitable progress for railroads, suppliers, customers and employees.

H. C. MURPHY

President, Chicago, Burlington & Quincy Railroad Co.

Net income of the Chicago, Burlington & Quincy Railroad for the first six months of 1963 registered an increase although total operating revenues declined.

For the period, net income was $7,836,922, while during the same six months of 1962 it was $6,097,873. Tax benefits resulting from new guideline lives and investment credits produced the increase in net income. These credits were not taken into account until the last quarter of 1962.


H. C. Murphy

Railway operating revenues were $126,572,013 for this period of 1963, and $128,543,639 for the same period of last year. Freight revenues declined by $1,233,160, and passenger revenues dropped by $541,343.

Categories of traffic which registered important gains in the first six months of the year were forwarder freight, coal and coke, cement, ammunition and explosives and petroleum products. Decreases were sustained in the handling of lumber, livestock and packing house products.

Severe shortages of freight cars inhibited our ability to meet transportation demands during the first half. The Burlington is a leading builder of freight cars, and has stepped up its building program in addition to buying hundreds of cars from outside suppliers. But the rapid shrinkage of the national car fleet, caused by sharp reductions in car building and car repair by some other railroads, has made it more difficult for the Burlington to obtain the cars it needs. The fact that railroads can rent freight cars for only $2.88 per day, while new cars cost $12,000 and up, makes renting more attractive than building for some strategically situated roads. As a result, relatively fewer cars are built, and the national freight car fleet grows smaller each month. To remedy this grave situation, a bill has been introduced

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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 3½% 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.

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in the U. S. Senate (S. 1063) to direct the Interstate Commerce Commission to set a level of freight car rentals necessary to encourage a supply of cars adequate to meet the needs of commerce and the national defense. The Burlington heartily endorses this bill, and believes its passage will encourage construction of freight cars by railroads who now choose to rent the cars of others.

Outcome of the work rules issue will bear importantly on operating results for the year. If a strike is averted and we experience no disruption of other basic industries for the remainder of the year, Burlington revenues and earnings should hold up reasonably well for the balance of 1963.

MYRON B. PHIPPS

President, Nickel Plate Road
(New York, Chicago & St. Louis Railroad Co.)

The American public must decide whether it needs dynamic railroads.

Self-help by the railroads, as expressed by their new services, better equipment and facilities, faster schedules, reduced rates and proposed consolidations, cannot offset the burdening laws and regulations that shackle the rail carriers and discourage investors.

Myron B. Phipps

If the public wants up and doing railroads, and the benefits and economies they can provide, prompt legislative relief is necessary to give them greater equality of treatment with other modes of transportation. During the past five years the railroads have invested in additions and betterments half again as much as their net earnings. Yet, over the past decade the railroads' annual freight revenues have decreased $1 billion. More than a year ago President Kennedy in his transportation message to Congress pointed out the necessity 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 some of the competitive opportunities that truckers and barge operators now enjoy.

To date this year. Nickel Plate has ordered 484 new freight cars at a cost of more than $8 million. 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 racks. Early this year the railroad received 240 additional highway trailers for use in piggy-back service.

Nickel Plate soon will commence joint operations with the Erie-Lackawanna Railroad of the new Bison Yard at East Buffalo, N. Y. The $13 million electronic freight classification yard, jointly owned by the two railroads, is expected to afford better service to shippers.

Piggy-back service continues to be the fastest growing part of Nickel Plate's business. Despite a decline of about 1½% in over-all carloadings during the first six months of 1963, loaded trailers increased approximately 20% during the same period.

Gross revenues during the first half of 1963 aggregated $65,764,000 and net income was $4,524,000 or $1.08 per share, compared with gross revenues of $66,-328,000 and net income of $3,929,000 or 94 cents 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 Railroad.

We anticipate continued high output by the automobile industry, a continuing strength in the construction industry and increasing expenditures for plant and equipment during the second half of 1963. These developments will tend to sustain steel output, in spite of some liquidation of inventories created by the strike threat earlier this year.

Alfred E. Perlman

In light of these trends, New York Central carloadings are expected to exceed the levels of the second half of 1962, when traffic experienced a sharp decline.

Revenue ton mileage for 1963 should surpass last year's 31.5 billion due to use of specialized equipment, application of incentive rates and subsequent heavier loadings per car.

Central is presently employing a wide variety of highly specialized marketing techniques. These techniques have had particularly dramatic effect upon our multi-level automobile transport service and Flexi-Van container operation. We expect these services to continue their unparalleled 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 period of 1962. Flexi-Van traffic increased by more than 29%.

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

Our coal shuttle trains, moving large volumes in solid trainloads from gathering points to a single receiver, have enabled us to offer considerably reduced costs to shippers, receivers, and, therefore, ultimately, to consumers. Coal traffic historically represents about 40% of our carload freight tonnage.

We consider the economic outlook for 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 and 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" bills now pending before the 88th Congress have been resolved. S. 1061 and HR. 4700 would give all carriers the right to lower freight rates without government approval when they are transporting bulk commodities. Though truck and barge lines now enjoy this freedom, railroads do not.

Our national economy has been built upon the free interaction of private enterprise. Obviously, rails cannot fully share in those advances anticipated for the economy as a whole until they can compete on an equal footing.

Government approval of balanced rail systems in the east also bears critical significance in any long-range industry assessment. The C & O already has received ICC approval to control the B & O. Mergers of the Central and Pennsylvania and the Norfolk and Western, Nickel Plate and Wabash, will eliminate needless duplication of plant, permit more effective competition with other modes of transportation, and improve service to rail-using industries. Approval of these proposed mergers will enable the railroads to provide customers with efficient and dependable service.

WILLIAM J. QUINN

President, Chicago, Milwaukee, St. Paul and Pacific Railroad Company

The improvement in operating results which the Milwaukee Road realized during the first six months of 1963, as compared with last year, is continuing and prospects are very encouraging that earnings for the full year will be substantially better than those for 1962.

William J. Quinn

Contributing to this optimistic view are the generally favorable outlook for the national economy, the continuing high level of production in the automobile industry, an expected increase in the movement of steel during the fourth quarter, and good crop prospects throughout most of the vast region served by the railroad.

Good growing conditions are of major importance in determining the year's net results, as heavy movements of grain, soybeans, potatoes and other agricultural products during late summer and fall can generally be depended upon to offset operating deficits incurred earlier in the year and to set the earnings pattern for the full 12 months.

Through the exercise of strict budget controls and the adoption of improved methods and efficiencies in all departments, the Milwaukee has improved its net position materially despite a prolonged work stoppage in a segment of the lumber industry and other factors which held carloadings at approximately the year-earlier level.

The popularity of innovations such as piggyback and the multilevel rack car method of handling new automobiles and trucks is evident in the Milwaukee's continuing increase in piggyback loadings—both Flexi-Van and conventional—during the first six months. In the same period, multi-level rack car loadings of automobiles and trucks also continued to increase over the 1962 period, when this type of traffic was setting new records for volume.

Although steel shipments from the mills are expected to be adversely affected during the third quarter by the large inventories which many steel users accumulated in anticipation of a strike which did not occur, the steel industry anticipates an upturn in carloadings during the fourth quarter, with loadings for the full year in excess of those for 1962.

The Milwaukee Road is currently engaged in the most comprehensive program of freight car repair in its entire history, designed to put 5,300 pieces of rolling stock in Class A or like-new condition in the course of about 14 months. By upgrading large numbers of 40- and 50-foot box cars and other types of cars in the railroad's own shops, the equipment is being made available to shippers immediately and at a cost considerably below that of new cars. Another important result of this program will be substantial relief from equipment rental costs.

In addition to this car repair program, the Milwaukee is this year repowering 30 freight diesel locomotives, and a substantial number of gondola, refrigerator, 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 16 turbo-charged diesel locomotives for road haul and heavy switching service, as well as a number of insulated box cars, covered hopper cars, and others designed for the loading of automobile parts.

Milwaukee Road expenditures of approximately $5 million for new locomotives and freight cars are part of a 1963 improvement budget totaling more than $20 million.

In addition to performing the various time and cost saving functions for which it was installed, the railroad's electronic data processing system has enabled the Milwaukee to pioneer a new system for the expeditious and greatly simplified handling of freight damage claims. This new approach to an old and time-consuming problem has proved to be a plus factor in the Milwaukee's relations with its customers.

Barring the damaging effect of a work stoppage in the industry, the Milwaukee Road views the year 1963 with optimism.

E. T. REIDY

Chairman and President, Chicago, Great Western Railway Company

Based on two criteria—actual performance over the first seven months of 1963 and conservative estimates for the last five—earnings of the Chicago Great Western Railway, Kansas City-based carrier serving the Upper Middle West will be improved markedly this year over 1962. The encouraging outlook is based on increased traffic, lower operating and transportation ratios and higher depreciation charges resulting from using the shorter guideline method of accounting. On the Chicago Great Western, a 1,500-mile system anchored by Chicago, the Twin Cities, Omaha and Kansas City, the number of cars being loaded through the first seven months is 4.9% ahead of the same period.

E. T. Reidy

Traditionally, carloadings are higher in the last half of the year. This knowledge, coupled with highly satisfactory gains in the first half, lead the line to forecast further increases in loadings over 1962. The increases will be led by metal ores, packing house products, autos, implements and parts, and perishables, not including fresh fruits and vegetables. In the first six months of 1963, the Chicago Great Western reported a net income of $878,739, equal to $1.07 a common share after preferred dividends, compared with a restated net of $584,566, or 35 cents a share a year ago. Operating revenues in the first half totaled $16,313,997, compared with $15,582,639 a year ago. The latest 3-month gross was $8,430,503, up from $7,930,273 in 1962.

While these significant gains were being recorded in freight moved and income produced, the cost of transportation increased only modestly. The Chicago Great Western was able to reduce its operating ratio to 72.31% so far this year, down from 76.73% through the same period of 1962. The transportation ratio also declined to 35.2%, down from 37.5% a year ago. The system traditionally is an efficiency leader in both of these cost categories.

In line with this encouraging outlook, the Chicago Great Western this year is embarked on a $4 million modernization program. Already one of the nation's most modern rail lines, the carrier is purchasing eight new diesel locomotives and acquiring 200 specially equipped, damage-free boxcars, flatcars, jumbo hopper cars, covered gondolas, cabooses and bulkhead flats. Delivery of the first new locomotive will be made in August of this year.

To more than compensate for the unavoidable loss of some petroleum business, the Chicago Great Western is increasing efforts to develop new business originating or terminating on its own tracks. Six industrial districts have been developed on its route, a move that already is paying handsome dividends through new customers. The districts are in Roseport, Minn., Des Moines, Fort Dodge, Mason City and Oelwein, Iowa, St. Charles, Ill. and St. Joseph, Missouri.

With passenger revenues almost out of the picture (Chicago Great Western operates only one passenger train a day each way between the Twin Cities and Omaha), the line is concentrating on increasing revenues 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—grains and grain products, lumber, metal ores, 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 prolonged work stoppage on one of our principal connecting railroads.

W. Thomas Rice

Gross revenues rose nearly 5%, which, of course, is very encouraging, and along with the benefits of the guidelines depreciation, enabled us to show a nice increase in net.

The increase in gross revenues is attributable primarily to the fact that the Southeast is one of the fastest growing regions in the nation, coupled with Coast Line's heavy emphasis on industrial development of its territory.

We know that this growth pattern will continue through the remainder of 1963, because there are fertilizer plants, wood yards, paper and glass plants, distribution warehouses and other large freight traffic producing industries which will go into operation before the end of the year or have announced construction plans at sties on Coast Line.

Of course, there is a definite possibility of a work stoppage in the railroad industry. However, while we are certainly aware of this threat, we confidently anticipate relief from the burdensome work rules with which the industry is now shackled.

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 greater competitive freedom under transportation laws, to modernize operating work rules, and to eliminate wasteful duplication of facilities through mergers and consolidations.

Donald J. Russell

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

Southern Pacific itself is investing over $100 million in capital improvements this year--bringing the total of such expenditures for modern equipment and facilities to over a billion dollars in the decade beginning with 1954.

As a result of this long-term program of streamlining services and upgrading physical 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. Although the dispute was settled by negotiation and arbitration without a strike, many shippers took the precaution of putting their business on other carriers because of the uncertainty created by the prolonged and widely-publicized threat.

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 rentals.

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

Most of the 1963 investment, however, 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 hydra-cushion underframes and load-protection devices.

Our car research and investments are aimed at im-

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FROM WASHINGTON
. . . Ahead of the News

BY CARLISLE BARGERON

The situation in Cuba overshadows the nuclear test ban treaty. The treaty has been called the first step toward the relaxation of the cold war and toward peaceful coexistence, according to Premier Khrushchev. 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 the treaty. 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 gentlemen's agreement not to test during the Eisenhower administration—for a material period. That agreement was summarily brushed aside when the Russians felt it was to their interest.

Secretary of State Dean Rusk is now expected to discuss — not negotiate — with Premier Khrushchev 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 nonagression pact between the members of NATO and the members of the Warsaw Pact. Mr. Khrushchev is reported anxious to bring about such a pact —while we, West Germany and France, particularly the latter, have been considerably less favorable. We want to know where such a pact will 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 non-aggression pact, is the motivation of the Soviet government. In my opinion, Soviet policy in Europe has been motivated by three aims, among others. First, the USSR has sought acceptance by Western powers of the permanent subjection of formerly independent East-Central European states to Soviet imperial rule. Such acceptance would clearly deal a fatal blow to the fervent hopes of our silent allies in East-Central Europe and would betray our oft-repeated support of freedom for all peoples. The second aim of Soviet policy has been the neutralization of West Germany, one of the most steadfast members of NATO. Such neutralization would most surely result if the present precarious position of West Berlin were seriously jeopardized and if the Soviet Zone of Germany were recognized, either tacitly or explicitly, as a separate German state.

"A third aim of Soviet policy in Europe is the disintegration of NATO by undermining promising movements toward European integration and by the weakening of the front line of NATO's defensive shield through some form of disagreement. One aspect of this aim would certainly be realized with the neutralization of West Germany. Without a strong, stable and free Federal Republic, the rest of Western Europe would be vulnerable to insistent and perhaps irresistible pressures."

Senator Scott added that he had failed to detect any significant deviation by the Soviet Union from these three objectives, and that he had reservations regarding a non-aggression pact as long as the Soviet Government remained steadfast in its designs respecting Europe.

A number of explanations are being advanced for the reason why Russia has now been willing to agree to a nuclear test-ban such as was offered to them back in 1958 and even in the early days of 1963 and was rejected. Among them is the apparent wide split between Russia and the Red Chinese—the two great Communist powers. If there is truth in this explanation, the Soviet Government may be willing to go even further on the road to "coexistence." But this is a road which the United States must carefully examine in the light of its own security and that of its allies.

It is strange that the Secretary of State, now returned from Russia, did not discuss With Mr. Khrushchev a matter which is of extreme interest in this country—the withdrawal of Russian armed forces from Cuba.

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proving efficiency and attracting more business, by making it easier and less expensive for the shipper to move his goods. By loading more into larger cars, the shipper often can take advantage of volume rates.

This combination—the use of the bigger freight cars, along with "incentive rates" to attract new business and encourage heavier loadings per car—has increased the average Southern Pacific freight car load by over six tons since 1955.

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

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

President Kennedy's transportation proposals, now before Congress, would give greater freedom to reduce prices to the public, and they should be strongly supported. Such freedom to develop 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 undramatic gains registered during the past 12 to 18 months. The industry is sensitive to so many factors, especially the condition of the national economy, that it is unrealistic to go beyond an assessment of the outlook in general terms. At the same time, examination of some of the most important factors influencing the rail industry shows that both the short and long term prospects are favorable.


Stuart T. Saunders

It appears now that the current advance of the economy will continue into 1964 with a fairly high level of economic activity in most areas, particularly in automobile production, steel manufacture and construction generally—all of which are heavy users of rail transport. And, barring unforeseen international developments, the rising level of world commercial activity should also contribute to an increasing volume of rail traffic.

For example, the Norfolk and Western expects its coal exports 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 American coal imports is helping to increase N&W export coal traffic.

Our domestic traffic both in coal and general freight is also expected to show gains. Coal shipments to steam generating plants alone should rise about 7% over 1962, and should show a two-year growth of more than 19%. Our merchandise freight traffic, which increased a million 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 other factors which point to an improved climate of 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 rules controversy.

An acceleration of railroad mergers found to be in the public interest would enable the railroads to take quick advantage of the new types of equipment and improved operating techniques they have developed during the past decade.

In this connection, it should be noted that the railroads' fourth quarter earnings this year will have difficulty in matching the strong showing for the same period last year when the first benefits of the new depreciation ruling and tax legislation were effective.

The railroads, as well as the economy as a whole, would benefit substantially if the proposed reductions in both personal and corporate taxes were enacted by Congress. Aside from the immediate benefit to the railroads themselves, the expanded national output of goods and services which follows would contribute to an expanded volume of traffic throughout the industry.

During the coming year, the railroads should continue to show gains in a number of specialized traffic categories such as piggyback and auto rack car shipments. The growing use of containers, particularly for overseas shipments, will provide railroads traffic of growing importance.

The next 12 months should also bring continued improvements in rate-making practices, particularly if legislation proposed by President Kennedy is enacted by Congress. The removal of Federal regulation of minimum rail rates on agricultural and bulk commodities would expedite the trend toward applying new concepts of rate structure to attract high traffic volumes.

The year could prove historic if it brings a reasonable settlement of the railroad work rules controversy. This would open a new era of competitive ability for the rail industry through new operating economics and efficiencies.

JOHN W. SCALLAN

President, Pullman-Standard Division of Pullman Incorporated

It has been true in the railway equipment business that railroads buy when carloadings and ton-miles increase, and with both showing increases since last February, indications are that 1963 will prove to be the best year for orders and deliveries in the carbuilding industry since 1959.


John W. Scallan

The year in no way will approach 1955, when 154,509 freight cars were ordered, but should approximate 1959 when 56,581 cars were purchased.

There is no doubt that the railroads need new equipment. They are just now emerging from a period wherein their earnings hit their lowest levels since the depression years of the 30's, and equipment purchases suffered.

During this low point in earnings, however, there has been a veritable revolution taking place in the shops of the carbuilders, for shippers, seeking new methods to cut distribution costs, turned to the railroads and the research and development laboratories of the carbuilders, for new types of special cost-cutting cars.

As a result, a majority of Pullman-Standard's sales are coming from products that didn't exist five years ago and today we do not think primarily in terms of designing products but rather in terms of material-handling. We do not have a design in our laboratories that won't save the shipper or the receiver money while enabling our railroad customers to reach out and obtain a larger share of the haulage trade.

These special type cars are being bought by the railroads to meet specific shippers needs, not in large quantities, but in small lots of cars. Although better utilization of the bigger and specialized cars by the railroads has meant that fewer cars have been purchased, the price tag of those bought is greater.

Further, introduction of this new and larger equipment is building obsolescence into present car fleets with the result that competitive-minded railroads are providing the new cars to satisfy customer demands.

This trend of the railroads and the freight car building industry to become market-oriented is expected to continue. Pullman-Standard marketing groups alone have been at work in 14 basic industries determining the need for specialized types of freight cars.

An outstanding result of this marketing effort was the introduction late in 1962 of the Pullman-Standard PS-2CD covered hopper car with a trough loading hatch running the full length of the car's top and center discharge of cargo. This car meets the specific needs of the milling industry by the fact that it can load and unload grain in a fraction of the time required by the more conventional box and covered hopper car.

Further, the covered hopper car is a good example of the product development being carried on by the carbuilder to enable the railroads to meet shipper demands. This car was once known as a cement car and carried only 2,000 cubic feet of lading. Today, it is equipped to handle almost any type of bulk product, including foodstuffs and chemicals. Four thousand cubic foot capacity is now commonplace and the industry already has some cars of 4,500 to 5,000 cubic feet of capacity with more in prospect.

The development of piggyback and auto rack equipment and the growth of this segment of the market need not be belabored. This form of transportation, utilizing flat cars 89-feet in length, has been one of the greatest revenue boosters the railroad industry has experienced since World War II. Piggyback and auto rack cars have already recaptured a large amount of traffic previously lost by the railroads.

Carbuilders, carriers and shippers also are exploring containerization as a way to reduce further material handling costs, and several experimental container cars are now in service on the rails.

Even the workhorse of the railroad fleet—the box car—has undergone radical changes in the past few years. Where once the 40-foot, 50-ton box car was the standard, it now has been replaced by the 50-foot, 70-ton car, and in recent months we have already seen a trend to 60-foot lengths with 100-ton capacity trucks.

In the special features areas, improvements in box car construction is increasingly governed by load protection and handling requirements. Low density commodities dictate higher, wider and longer cars. High density commodities necessitate the use of lighter weight materials. Long travel cushioning, such as Pullman-Standard's patented Hydroframe-60, which gives shippers new dependability and a damage-free way of getting their products to market, is becoming standard.

This transition to specialty cars has had both plusses and minuses for the carbuilders. On the plus side, the railroads have booked more orders into carbuilding shops, because they are not equipped to build the specialty cars. However, the trend has contributed to a profit squeeze for carbuilders, because the multiplicity of new designs has opened the need for added capital expenditures for plant facilities as well as increased engineering and research and development costs.

We believe the demand for specialized cars will continue, however, for the railroads already have indicated by their purchases they are willing to provide this new and improved equipment for their customers. With general business conditions improving and earnings up, they should continue to take advantage of the economies inherent in these larger and more specialized equipment.

PAUL S. SETTLE

President, Railway Maintenance Corporation, Pittsburgh, Pa.

Since railroads historically have purchased equipment mainly in good profit years, the supplier industry has had to be flexible enough to exist in "feast or famine" conditions. Until recent years, at least we felt business generally would follow the trend of the national economy


Paul S. Settle

Railway Maintenance Corp's. business is up for 1963, and we expect it to continue at or slightly above average through next year. The market is highly receptive to our products, for the railroads recognize the need for improving efficiency through mechanized maintenance equipment.

Our industry could be looking forward to the best period in history if two things occurred: (1) If Congress passed minimum rate legislation, and (2) if I. C. C. took definite action on some merger proposals. The railroads must have the right to fight for business lost to trucks and waterways. Given the right to compete, railroads again will operate profitably and restore the rail transportation system to the strong, reliable level on which our last war effort was based. The whole economy will benefit from this and from having freight moved by the most efficient means.

Many major railroads today cannot commit for needed improvements until they know whether to plan for a single system or a merged system. The sooner the railroads are allowed to get back into the fight for business, the quicker the suppliers can look forward to having money to improve products, keep all our people working and progress with a healthy, aggressive industry.

We ask that you urge your Congressman to support Senate Bill S. 1061 and House Bill H. R. 4700. These bills will free the railroads of the obligation to charge artificially high rates and will allow them to compete on a fair and equal basis.

JOHN W. SMITH

President, Seaboard Air Line Railroad Company

Long proven as a region that is attractive to business, the Southeast has continued its steady industrial expansion. That growth has encompassed a wide diversity of enterprises, bringing in turn a broad base for further economic development. Almost every type of industry can be found in this area and all indications are that this highly desirable diversification of production facilities will also characterize future developments.


John W. Smith

This region has much to offer business and industry. No other section of the country is more abundantly endowed with natural resources. Nowhere can a finer reservoir of intelligent, willing manpower be found. Plentiful water supply, expanding electric power production, excellent transportation and exceptionally pleasant living conditions add to the inducements that are proving more and more attractive each year to managements seeking opportunity for improving their operations.

To keep pace with day-to-day needs and to provide for heavier demands that will accompany the anticipated growth of this area, the Seaboard has within the last eighteen months made expenditures totaling $32,000,000 for the purchase of new rolling stock and locomotives. All of this equipment is now in service and has increased our ability to supply modern transportation for shippers and receivers in our territory.

In brief, the Seaboard has confidence in the prospects for the Southeast and we expect to continue our efforts for aiding in its development. Transportation will be an important element in the area's growth and we plan to make our full contribution toward seeing that those requirements are adequately satisfied.

W. JEROME STROUT

President, Bangor & Aroostook Railroad Company

The prospect of a projected recovery from depressed potato prices and national railroad labor difficulties loom ominously on the Bangor and Aroostook's horizon for 1964, but the railroad looks to the next 12 months with guarded optimism.

W. Jerome Strout

A surge of potato exports during the first quarter and sustained late domestic shipments through the second quarter have boosted the volume of traffic handled in 1963 to substantially higher levels than in 1962. However, 1963's net income will probably be in the same area as 1962 because of an unusually severe winter with a snowfall that exceeded 12 feet. Snow removal costs alone amounted to nearly half a million dollars or about 16% of the railroad's three million dollar maintenance of way budget.

Paper and its allied traffic rivals the potato industry as the railroad's best customer. Pulpwood shipments in 1963 are expected to show about the same volume as 1962, which was up from 1961 because of an inventory adjustment. Petroleum products, up significantly in 1962, remain at the same level.

Bangor and Aroostook traffic in frozen foods produced by five on-line plants showed a sharp upsurge of 50.4% over 1962 carloadings. The traffic has held firm through the first half of 1963 with no signs of weakening. New rates have been established for these commodities and 50 new, large mechanical refrigerator cars purchased to protect the growing traffic.

Less carload traffic, contrary to national trends remain a profitable part of the Bangor and Aroostook's total traffic. In 1962, the railroad and Fox & Ginn, Inc., a common carrier trucking firm, completed the first full year of rail-truck less-carload service. The unique combination of truck and rail service was a clear-cut success and added substantially to the less carload traffic handled by the railroad.

The constant upgrading of the railroad's physical plant has been continued despite only modest gains in the overall revenue picture. In addition to 50 mechanical refrigerator cars, the railroad has also purchased 125 boxcars with cushion underframes to protect lading from impact in transit. The cars will be placed in paper service. By maintaining the car fleet to highest standards it has also been able to realize a net return through car rental to other railroads. At the same time, the railroad is able to guarantee its customers an adequate car supply and have a high degree of mechanical reliability.

Looking ahead, we anticipate modest gains as the Maine potato industry continues its aggressive marketing program and its efforts to open new overseas markets. There is, however, a desperate need for national railroad reform in the area of restrictive rate regulation, adequate machinery for settlement of labor disputes and equal treatment of all transportation modes by the regulatory agencies.

W. R. TIMKEN

President, Timken Roller Bearing Co., Canton, Ohio

The nation's railroads are continuing their plans for modernization in a period that promises them the brightest outlook in years. Significant increases in traffic can be seen for the future. The industry is anticipating these rapidly approaching demands by purchasing special equipment, lifting train speeds and the loads for freight cars, reducing terminal delays and offering competitive rates to customers.

W. R. Timken

Liberalized depreciation guidelines and the 7% investment tax credit increased the tempo of car and fleet growth.

Railroad car-building plants are bustling with activity as special-type cars are proving their value to railroad customers. Special-purpose cars like the new king-size, high-capacity cars provide new revenue for the industry by offering the customer reduced material handling costs.

The trend to specialization should remain strong as continuing increases in railroad traffic are predicted for the future.

This year, on Aug. 15, The Timken Roller Bearing Company celebrated the production of its one-millionth "AP" bearing at the Columbus, Ohio, railroad bearing plant.

The increasing acceptance of Timken "AP" (All Purpose) tapered roller bearings is a significant factor in the rapid progress and modernization of the American Railroad Industry. The "AP" bearing has helped to make greater freight car speeds possible. Where used, it has eliminated expensive delays caused by hot boxes. Railroads have been able to realize sizable savings from reduced maintenance costs. Tapered roller bearings also provide smoother rolling and cut starting resistance by 88%.

In five years the percentage of new freight cars equipped with roller bearings has increased from 10 to 77%, adding emphasis to the railroad industry's determination to improve its competitive position.

In 1962 the Timken Company made two reductions in price for "AP" freight car bearings. This provided incentive for the railroads to increase greatly their program. An important step in this direction came early this year when the Timken Company received the largest single order from any railroad for converting existing railroad freight cars to Timken "AP" bearings.

Over the years the cost of equipping new freight cars with Timken tapered roller bearings has been drastically reduced. In 1949 this cost was 25.3% of the cost of the freight car. By 1956 the figure was reduced to 7.5%.

This year it is estimated that the cost of equipping a freight car with Timken bearings will be reduced to less than 5% of the total price of the car.

Sales of Timken "AP" bearings in 1963 should be better than those in any previous year, and the outlook for the first half of 1964 is equally good.

The railroad industry's campaign for increased revenue through faster service at reduced costs has reasserted the importance of America's railroads to commerce and industry.

J. W. VAN GORKOM

President, Union Tank Car Company, Chicago, Ill.

The profit squeeze on the American railroad industry today threatens both the efficiency and stability of the nation's most vital transportation facility. The two major pressure points in the profit squeeze are easily identified. One is the high cost of operations resulting from antiquated, non-productive procedures and practices which the railroads are forced to maintain. The second is the loss of old and new business to the expanding services and facilities of competing forms of transportation.

J. W. Van Gorkom

On this latter point, if the railroads are to compete effectively, they must have new, sophisticated equipment that is designed especially for today's needs. In this area they have received material assistance from railway suppliers such as the company which I have the honor to head, Union Tank Car Co. The research and development programs of such companies have produced much of the highly specialized equipment that makes it possible for railroads to match their competition in service, efficiency and savings to shippers.

Our HD (Hot Dog) design for railroad tank cars is a good example of what scientific research has done for the industry. This design, now widely copied, eliminated the bulky, heavy underframe and permitted the construction of larger cars. Of the almost 1,000 cars built by Union Tank Car Co. in 1962, the average capacity was in excess of 17,000 gallons, and some were in excess of 30,000 gallons. Looking constantly to the future, we have already constructed a 50,000 gallon car and have fully tested it. It will enter service shortly.

The large capacity cars are attracting new business for railroads. In an age when the cost of handling, shipping and distribution amounts to approximately one-third of the total cost of many products, the ability to ship in larger quantities often provides the difference between a profit and a loss.

Research by equipment manufacturers has not been limited to the development of larger cars. As the needs of industry have grown, equipment manufacturers have developed new and more complex cars to haul an ever increasing variety of products.

Indicative of this trend is the fact that over 70% of the cars produced by Union in 1962 are transporting products other than petroleum products traditionally associated with railroad tank cars. These cars span an 800 degree range for products such as liquid oxygen or molten sulfur. They come in all sizes, with an endless variety of special attachments, and they are made of stainless steel and aluminum, as well as ordinary carbon steel. Tank cars have even been developed for transporting powdered or granular commodities in large quantities, thus further strengthening the railroads' competitive position in the field of cement, flour and similar products.

The development of such "tailor-made" equipment by the equipment manufacturers has been an important factor in helping to put a larger share of the nation's traffic back on the rails. This, in turn, will bring greater health and vigor to what is still our most vital system of transportation . . . the railroads.

Man-Made Fibers Displace Cotton Because of Foreign Price Subsidy

Government's two-priced cotton system is said to force mills to turn reluctantly from cotton to man-made fibers.

Textile mills are switching from cotton to man-made fibers simply because of price, a textile company cotton buyer told the American Cotton Congress recently.

J. B. Kyser of Augusta, Ga., cotton buyer for Graniteville Co., said the two-price cotton system—under which American mills must pay one-third more for cotton than foreign mills pay for it—was forcing many mills to turn from traditional use of cotton to man-made fibers or blends that include man-made fibers.

"Mills are switching reluctantly to synthetics for one reason and one reason alone — price," Mr. Kyser told the gathering of people from throughout the Cotton Belt. "You have seen the decline in consumption of cotton in the last few years. You are aware that this year the consumption of cotton in the United States is at a rate of about eight million bales, as compared with nine million bales last year.

"What will be the consumption next year of this cotton that you and I love? What about the year after next, and the year after that?

"The answer lies in what is done to make cotton competitive price-wise with man-made fibers. I hope something is done soon."

The speaker said the American Textile Manufacturers Institute, trade organization of the United States textile industry, and the National Cotton Council, representing all segments of the cotton industry, had endorsed H.R. 6196, generally referred to as the Cooley Bill, designed to eliminate the two-price system. It was introduced by Rep. Harold Cooley (D.-N. C.), chairman of the House Agriculture Committee, and provides for making cotton available to American textile mills at the same price it is available to foreign mills. It also provides for $10 million annually for cotton research.

Foreign Mills' Subsidized Advantage

Mr. Kyser pointed out that taking into consideration the added costs of bagging, ties, waste and other items in the use of cotton, and the fact that under the two-price system American mills must pay eight and a half cents more per pound than foreign mills pay, the difference in the cost of a pound of cotton and a pound of rayon is approximately 15 cents a pound. Thus, cotton costs around 65% more than rayon.

"Rayon can be processed on the same manufacturing machinery as cotton," Mr. Kyser said.

He pointed out that Graniteville Co. is 118 years old and had never used anything but cotton until this year, when it began the use of man-made fibers in some blends.

"We are going to use whatever fiber or fibers we can to make money," he said. "We want to use cotton. If cotton is priced competitively, we will use cotton. If it is not, we will use some other fibers."

He called attention to announcements by a number of mills this year that they were beginning to use man-made fibers—because of the cotton pricing situation.

Fourdee Planning

BOSTON, Mass.—**Fourdee Planning Corp.**, 75 Federal Street. Officers are Roland A. Derosier, President; Ralph L. Stermer, Treasurer and John S. Howland II, Clerk.

Opens Inv. Co.

BRYN MAWR, Pa. — **Ralph S. Herzog, Jr., Co.**, 429 Morris Ave. Ralph S. Herzog, Jr. is sole proprietor.

Certified Secs.

JACKSON, Miss. — **Certified Securities Corporation**, 809 North State Street. Officers are Aubrey E. Henson, Sr., President and Treasurer, and Leonard F. Kiker, Executive Vice - President and Secretary.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Atlantic City Electric Company

Atlantic City Electric is one of the few "rapid growth" utilities in the Middle Atlantic area. In recent years kwh sales have gained at the rate of over 7% per annum and share earnings have gained about 9% per annum, although without "flow through" of tax savings from accelerated depreciation, the rate of growth will be smaller. In the past decade, the population in the area has increased about 28% to the present level around 629,000 and this is expected to increase 750,000 by 1965. The company has increased its plant investment about 120% in the past 10 years and this growth is continuing.

The company serves the southern one-third of New Jersey, including resort areas along the coast, a rich agricultural area and a rapidly growing industrial section. Among the larger of the 377 communities served are Atlantic City, Paulsboro, Penns Grove, Margate City, Cape May, Clementon and Clayton. A subsidiary, Deep Water Operating Company, supplies water, process steam and by-product electric energy to du Pont under a 25-year contract, utilizing 51,000 kw of the Deepwater plant capacity and 12,500 kw from Greenwich.

Revenues are about 50% residential, 27% commercial, and 15% industrial, the remaining 8% reflecting sales to du Pont. Resort area business contributes about 27% of revenues and non-resort 73%. Industrial customers include manufacturers of plastics, china, glass, chemicals canned, and frozen foods, etc.

Atlantic City Electric is an important member of a huge power pool called the Pennsylvania-New Jersey-Maryland Interconnection. The 13 investor-owned utilities included in this pool enjoy the benefits of coordinated use of their most efficient generating equipment for interchange of power. With other utilities it is now embarking on a big program known as the Keystone Project. This will include construction of two large generating plants located near coal mines in Pennsylvania and West Virginia, along with 500,000-volt transmission lines for delivery of electricity. 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 EHV transmission lines, should be 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 B. L. England Station having been completed last November, with a second unit schedluled for November next year. After allowing for retirement of some old units in January this year, total capacity is now 540,000 kw compared with last year's peak load of 385,000.

While the cost of coal has declined about 6% in the past five years, it is still around $9 a ton or about 33c per million btus. Generating cost last year was relatively high at 5.1 mills. However, the company is studying new methods of transporting fuel including full trainloads and pipeline deliveries. The New England unit will improve efficiency since it has a heat rate of only 9,400 btu per kwh (the system average last year was 10,900), and it will probably be used for about 40% of load, thus reducing the average heat rate to 9,900.

About $20 million was spent on construction last year, and some $159 million over the past decade. Approximately $25 million will be spent this year. The company did some equity financing early in 1962 and in March this year they sold $15 million mortgage bonds to finance the construction program. Capital structure is now about 56% funded debt, 30% common stock and 14% preferred stock.

The company is active in promoting electric heating and last year about 10% of the 4,600 new homes constructed in the area adopted electric heating. Together with conversions in existing homes (about half this number) total new electric heating customers were 693—a gain of 26%, bringing the total number of such customers to 3,335.

The company made an excellent showing in 1962 earnings per share, showing a gain of 13% over 1962 (or 8% if last year's earnings were based on average shares). This was despite the severe storm of March, 1962, which caused considerable damage in resort areas. Company facilities had been strengthened over the previous four years to meet such a test, and a storm damage reserve had been set up which proved adequate to absorb repairs and replacements. The 1962 share earnings included 31c for deferred taxes not normalized, and 24c for the credit for interest on construction. The investment tax credit was normalized.

As shown in the table below, the dividend rate has increased in each year of the past decade, keeping pace with earnings. The present rate is $1.48 compared with the $1.36 paid last year. The 1962 dividend was 57% free of income taxes. At the recent price of 46, the stock yields 3.2% and sells at about 24 times estimated 1963 earnings of $1.90.

Years—	Revenues (Millions)	—Common Stock Record— Earnings	% Incr.	Divs. Paid	% Incr.	Approximate Range
1962	$45	$1.85	13%	$1.36	13%	50 - 34
1961	43	1.65	5	1.20	9	54 - 35
1960	40	1.57	13	1.10	10	39 - 29
1959	38	1.39	9	1.00	8	35 - 26
1958	36	1.28	7	0.93	7	28 - 20
1957	34	1.20	9	0.87	9	21 - 18
1956	32	1.10	7	0.80	11	20 - 18
1955	29	1.03	10	0.72	7	21 - 15
1954	27	0.94	8	0.67	14	17 - 13
1953	25	0.87	13	0.59	7	13 - 11
1952	23	0.77	--	0.55	--	12 - 9

Reynolds & Co. Admits Beach

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, has announced that Edward R. Beach has been admitted to general partnership in the firm.

Edward R. Beach

Mr. Beach, a veteran of many years of experience in the advertising, marketing and sales promotion fields, started his career in these fields with The Procter and Gamble Co. in 1932 following graduation from the Harvard Business School. He continued with that company through January, 1943, holding such positions as brand advertising and promotion manager, and head of the Copy Department.

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

Mid State Inc. Formed

BLOOMINGTON, Ill. — **Midstate Incorporated**, American State Bank Building. Officers are Clarence E. Bohlander, President; Roy M. Brown, Executive Vice-President and Treasurer, and Micheline Brown, Secretary. Mr. Bohlander and Mr Brown were formerly officers of C. E. Bohlander & Co., Inc.

Slowing of Per Share Growth Rate Seen for Electric Utilities

Some "modest slowing down" of per share earnings growth in the public utilities industry for the years 1963 through 1966 is likely.

Such is the major conclusion of the Second Annual Compilation of Electric Utilities Earnings Projections announced July 31 by Bear, Stearns & Co., leading Wall Street investment banking firm.

Philip J. Allatta, the company's utility specialist, who disclosed the findings at a news conference at the Harvard Club, said the projections employed an unusual and highly sophisticated use of computer technology to calculate the anticipated growth of 93 major electric utility companies across the country.

He added: "This technique uses past and projected income account and balance sheet data—some 275 inputs per company—to develop projections within a matter of minutes. It thus enables us to make known our findings to institutional clients at the end of July, many months earlier than by previous methods.

"We can also now report that our initial effort in this field last year has proved unusually accurate. Our projections of 1962 earnings varied from the actual results made public between March and May of 1963 by an average of approximately 3%."

Detailing results of the current study, Mr. Allatta said:

"A growth rate of 5.6% compounded annually is expected from 1962 to 1966 in contrast to the actual 6.5% growth rate achieved during the period 1958 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; our new projection means only some slight reduction in over-all earnings growth for the 93 companies projected.

"Several of the companies included in the study are expected to show an acceleration in their rates of earnings improvement while others which heretofore had good records seem to be slowing down. Shares of some companies showing accelerating growth do not appear to reflect this expected improvement in earnings, and it is in this sector that investors may be well rewarded in the years ahead. Areas for the switching of funds from companies which sell at high price earnings ratios but which do not appear to have future rates of growth commensurate with such multiples to improving situations are indicated.

"The slight slowing in the growth rate of per share earnings can be attributed in some measure to reduced construction plans of some electric utilities with a corresponding deceleration in the growth of the rate base upon which these utilities produce their earnings. Deferment of construction plans is due to the fact that some companies have temporarily reached a point at which they have sufficient reserve generating capacity.

"Plans to interconnect transmission lines of systems and eventually the country as a whole will make less necessary the maintenance of large reserve generating capacity.

"Also, some companies have reached a maximum level in the rate of return allowed by their respective commissions, and any earnings improvement from expanding usage or greater efficiency may be offset by a corresponding reduction in rates to consumers.

"The 3% average variance between last year's projection, and actual results was distributed as follows:

Variance	Percentage of Companies
0	11%
0 - 3%	67
0 - 5	84
6 - 10	12

"Factors such as abnormally warm weather in parts of the South and Southwest, which resulted in heavy use of air conditioning last year, postponement of the sale of common stock in one instance and the inclusion in earnings of non-recurring income for another company, were factors difficult to anticipate at the time the projections were made.

"Bear, Stearns & Co., initiated its program of using computers as a tool in security analysis last year. Many Wall Street firms employ these high speed devices for back office operations. Our program, however, is a pioneering step in their use as an aid in actual security analysis. The computer's greatest value is as a tremendous time saver. If done by usual methods employing only a slide rule or desk calculator, we estimate that these detailed projections would require two to three mandays of a qualified utility analyst's time per company—a total of possibly 200-250 mandays or over a year's work. Our program and the IBM 7094 reduced the actual calculation to only four minutes!

"Our technique has been expanded to cover over 275 input items per company. Previously, one revenue estimate was made. This year, a second method was added to give the analyst a range of possible future revenues from which to choose. Included in such inputs are forward projections of sales, capital expenditures, capital requirement plans, etc., provided in many instances by the companies, together with historical data. Changes in growth rates, operating ratios, depreciation rates, normalization and flowthrough accounting of the various tax incentives are all accounted for."

Taylor, Rogers Branch

AURORA, Ill.—**Taylor, Rogers & Tracy, Inc.,** 104 Fox Street. Theodore A. Brattin is registered representative in charge.

Opens Branch Office

BUFFALO, N. Y.—**Hoover Investment Company, Inc.,** 2215 Delaware Avenue. Loren J. Schieber is Resident Manager.

Taylor, Rogers Office

CHAMPAIGN, Ill.—**Taylor, Rogers & Tracy, Inc.,** First National Bank Building. Donald Earle Radcliffe is manager.

Janney, Battles Office

DOVER, Del.—**Janney, Battles & E. W. Clark, Inc.,** 26 The Green. Lance E. Duchatel is manager.

NEWS ABOUT BANKS AND BANKERS

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

Herman J. Wacker has been made Controller of the **Chase 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 93rd in 33 countries overseas.

Heading the bank's operations in Switzerland is Resident Vice-President Ellis E. Bradford who joined First National City in 1952. After serving with First National City's domestic organization for five years he was assigned to Caracas, Venezuela, and became a Manager in 1961. 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 Henry C. Alexander, Chairman of the Board. Mr. McGraw was also designated head of the commercial credits department of Morgan Guaranty's international banking division.

Mr. McGraw has been in the international division since he joined the bank in 1921. He was elected an Assistant Secretary in 1958 and an Assistant 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 **Northwest International Bank, New York,** was announced Aug. 14 by James Smith Bush, who will become President and Manager on Sept. 1.

* * *

The **Savings Banks Trust Company, New York,** received approval to Certificate of Amendment of the Organization Certificate 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 a par value of $100 each, to $87,500,000 consisting of 125,000 shares of common stock of a par value of $100 each and 750,000 shares of preferred stock of a par value of $100 each;

(b) To increase the presently authorized capital debentures from $55,000,000 to $100,000,000;

(c) To create a new class of debentures to be known as Revolving Capital Debentures having a total authorization of $300,000,000 and ,

(d) To eliminate the presently existing provision in the Organization Certificate for $50,000,000 par value of capital notes.

UNCLAIMED DEPOSITS

NOTICE OF NAMES OF PERSONS appearing as Owners of Certain unclaimed property held by SWISS CREDIT BANK (also known as Credit Suisse), NEW YORK AGENCY, NEW YORK 5, N. Y.

The persons whose names and last known addresses are set forth below appear from the records of the above-named banking organization to be entitled to unclaimed property in amounts of twenty-five dollars or more.

AMOUNTS DUE ON DEPOSITS

Mrs. Aecha Fahmy
155 Rue Fouad
Zamalek, Le Caire, Egypt

OUTSTANDING CHECKS

Juan Jose Russo c/o Wagons Lits
685 Cordoba
Buenos Aires, Argentina

A report of unclaimed property has been made to the State Comptroller pursuant to Section 301 of the Abandoned Property Law. A list of the names contained in such notice is on file and open to public inspection at the office of the Agency, located at 25 Pine Street, in the City of New York, N. Y., where such abandoned property is payable.

Such abandoned property will be paid on or before October 31 next to persons establishing to its satisfaction their right to receive the same.

In the succeeding November, and on or before the tenth day thereof, such unclaimed property will be paid to Arthur Levitt, the State Comptroller and it shall thereupon cease to be liable therefor.

* * *

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

* * *

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 Hainfeld, Jr. and Merton Tyndall, Presidents of the two Banks. Subject to the approval of stockholders of both Banks and 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 anticipated total resources of over $177,000,000 and deposits totaling more than $161,000,000.

As of June 30, 1963, the Long Island Trust Company reported resources of $169,922,516 and deposits of $155,005,888. The Bridgehampton National Bank's statement of condition as of that date showed resources of $7,393,625 and deposits of $6,548,851.

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

Merton 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, L. I., N. Y.,** died Aug. 8 at the age of 67.

* * *

The Comptroller of the Currency James J. Saxon, on Aug. 9, approved the application to consolidate **The Farmers & Manufacturers National Bank of Poughkeepsie, Poughkeepsie, N. Y.,** and the **Mattawan National Bank, Beacon, N. Y.,** effective on or after Aug. 16.

* * *

The Comptroller of the Currency James J. Saxon, on Aug. 8 approved the application to merge the **Massena Banking and Trust Company** and the **Watertown National Bank, Watertown, N. Y.,** effective on or after Aug. 16.

* * *

Harold E. Rider has been elected Chairman and Chief Executive Officer of the **Fairfield County Trust Company, Stanford, Conn.** Mr. Rider, who has been with the Bank since 1932, had been President since 1946.

Thomas F. Richardson, formerly Vice-President, was elected President, a Director, Chief Operating Officer and a member of the Executive Committee.

J. Gordon Atkins, formerly a Vice-President, was elected a Vice Chairman of the Board and Chairman of the Trust Committee.

William A. Murphy, formerly Executive Vice-President, was named consultant to the Chairman. He will continue as a Director and member of the Executive Committee.

Robert L. Chamberlain 3rd, formerly Vice-President was elected an Executive Vice-President and General Administrative Officer.

Rolf Haugan, Senior Vice-President, at the Danbury office, was elected an Executive Vice-President. He will continue as a Director and member of the Executive Committee.

* * *

Th Comptroller of the Currency, James J. Saxon on Aug. 9 approved the application to consolidate **Citizens National Bank of Englewood, Englewood, N. J.,** and **National County Bank of Closter, Closter, N. J.,** effective on or after Aug. 16.

* * *

The Comptroller of the Currency, James J. Saxon, on Aug. 9 approved the application to merge **The First National Bank of Vincentown, Vincentown, N. J.,** into the **Union National and Trust Company at Mount Holly, Mount Holly, N. J.,** effective on or after Aug. 16.

* * *

The **Girard Trust Corn Exchange Bank, Philadelphia, Pa.** elected elected Walter H. Annenberg, a Director.

* * *

The **Western Pennsylvania National Bank, Pittsburgh, Pa.,** has announced plans to consolidate **The Hazelwood Bank** into the WPNB System of Community Banks.

The directors of both banks have approved the consolidation that would be effected through an exchange of stock.

The proposed consolidation has been submitted to supervisory agencies in Washington, D. C., and Harrisburg for approval. The proposal then will be submitted to the stockholders of both banks for approval.

The Hazelwood Bank had total resources of $11,044,929 as of June 29. Western Pennsylvania National Bank's total resources were $502,375,913 as of June 29.

* * *

The **District of Columbia National Bank, Washington, D. C.,** has elected Irving G. Rudd a Senior Vice-President, and William F. Collins, Executive Vice-President.

* * *

The Comptroller of the Currency, James J. Saxon on Aug. 9 approved the application to merge the **First National Bank of Berryville, Berryville, Va.,** into **Farmers and Merchants National Bank, Winchester, Va.,** effective on or after Aug. 16.

* * *

Comptroller of the Currency James J. Saxon on Aug. 13 announced preliminary approval of the applications of a group to organize a new National Bank in Virginia, at Clarendon, with the title of **Fidelity National Bank,** with an initial capitalization of $1,200,000.

* * *

The Board of Governors of the Federal Reserve System on Aug. 6 announced its approval of the acquisition of the assets of **The Citizens Bank of St. Bernard, Saint Bernard, Ohio,** and the assumption of its liabilities by **The Fifth Third Union Trust Company, Cincinnati, Ohio.**

* * *

The Comptroller of the Currency James J. Saxon on Aug. 9 approved the application to consolidate **The Calumet National Bank of Hammond, Hammond, Ind.,** and **Mercantile National Bank of Hammond, Hammond, Ind.,** effective on or after Aug. 16.

* * *

The **First National Bank of Chicago,** elected Christopher W. Wilson an Executive Vice-President and conferred the title of Senior Vice-President on Thomas J. Butler, Clarence R. Eichenberger, Ray H. Matson, James U. Snydacker, Pressly L. Stevenson and Horace O. Wetmore.

* * *

The American National Bank and Trust Company of Chicago, Ill., announced Aug. 9 the action of the Board of Directors calling a special Stockholders' Meeting to approve a resolution providing for a 10 shares for one stock split.

If approved at the meeting Aug. 20, the resolution will permit an increase in shares outstanding to 1,000,000 from the present 100,000, and a change in the par value to $10 per share from the current $100.

* * *

Comptroller of the Currency James J. Saxon Aug. 13 announced preliminary approval of the application of a group to organize a new National Bank in Wisconsin, at Brookfield, with the title **Brookfield National Bank,** with an initial capitalization of $600,000.

* * *

The Comptroller of the Currency James J. Saxon Aug. 7 announced that he has given preliminary approval to organize a National Bank in Eagan Township, Minn.

Initial caiptalization of the new bank will amount to $250,000, and it will be operated under the title **Valley National Bank of Eagan Township.**

* * *

The Comptroller of the Currency James J. Saxon Aug. 5 announced preliminary approval of the application of a group to organize a new National Bank in Oklahoma as follows:

At Oklahoma City, with the title **Founders National Bank of Oklahoma City,** with an initial capitalization of $1,020,000.

* * *

The Comptroller of the Currency James J. Saxon Aug. 9 announced preliminary approval of the application of a group to organize a new National Bank in Florida.

In Dade County, with the title, **Dixie National Bank of Dade County,** with an initial capitalization of $500,000, and at DeBary, with the title, **First National Bank of DeBary,** with an initial capitalization of $450,000.

* * *

The Comptroller of the Currency James J. Saxon on Aug. 8 approved the application to merge **The Edisto Bank, Denmark, S. C.,** into the **First National Bank of South Carolina of Columbia, Columbia, S. C.,** effective on or after Aug. 13.

* * *

Stockholders of Corpus Christi Bank and Trust Company, Corpus Christi, Texas, at a special meeting Aug. 12, approved a two-for-one split in the present capital shares and the issuance of 75,000 additional shares, half of which to be given as a 50% stock dividend and half to be sold through an offering of rights.

Stockholders of record Aug. 12 have the right to subscribe to 37,500 additional shares of $10 par stock on the basis of one new share for each share of the present $20 par value stock held on that date. The price of the new shares has been set at $26.75 a share. Rights will expire on Aug. 22.

A group headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated has agreed to underwrite the unsubscribed portion of the rights offering, and certain of the bank's shareholders have agreed to sell to the underwriters at 20 cents per right the rights to subscribe to 30,000 shares of the new stock.

Directors recommended to stockholders a change in the capital stock of the bank from the present 37,500 shares of $20 par value to 75,000 shares of $10 par value, thereby effecting a two-for-one stock split; and increases in the authorized capital from $750,000 to $1,125,000, and subject to the approval of the Texas State Banking Commissioner.

Stockholders of record Aug. 12 are entitled to the 50% stock dividend. The shares offered for subscription, however, are not entitled to receive this dividend.

After giving effect to the two-for-one stock split, the 50% stock dividend, the sale of 37,500 shares of $10 par capital stock, and a transfer from undivided profits to certified surplus, the bank's capital will be increased to $1,500,000 and the certified surplus will be increased to the same amount. The capital and certified surplus accounts will then total $3,000,000.

* * *

The Comptroller of the Currency James J. Saxon Aug. 9 approved the application of a group to organize new National Banks in Colorado — at Boulder, with the title, **Crossroads National Bank of Boulder,** with an initial capitalization of $500,000.

* * *

The Comptroller of the Currency James J. Saxon Aug. 9 approved the application of a group to organize a new National Bank in Utah — at Salt Lake City, with the title, **Granite National Bank,** with an initial capitalization of $762,500.

* * *

The Comptroller of the Currency James J. Saxon Aug. 5 announced preliminary approval of the application of a group to organize a new National Bank in Wyoming, —at Dubois, with the title **Dubois National Bank,** with an initial capitalization of $200,000.

* * *

President of **The Bank of California, N. A., San Francisco, Calif.,** and President of **Security State Bank, Turlock, Calif.,** on Aug. 8 announced that terms have been agreed upon for the merger of the two banks. Subject to the approval of supervisory authorities and ratification of the merger agreement by the shareholders of both banks. Security State Bank will become a part of The Bank of California, N. A.

THE SECURITY I LIKE BEST...

Continued from page 2

presidency. He clearly saw the twin dangers of dependence on a single market and severe price competition in what had by then become a standardized "off the shelf" item. His first move toward diversification came in 1955. Warner again scored a technical first, this time with an economical compressor clutch for auto aid conditioners. Parlaying its technical lead, a great auto year and excellent general economic conditions, Warner upped its sales from $5.8 million in 1954 to $12.7 million in 1956. Then, as anticipated, competition came into the compressor clutch business, forcing prices down 35% between 1956 and 1963. It was in some respects a repeat of the trailer brake experience, with other manufacturers buying their way into the market once the product became standardized. In this case, however, the market was a rapidly growing one. Compressor clutches, presently supplied to Ford, Chrysler and most manufacturers of "hang-on" units, remain an important part of Warner's plans, accounting for 25 to 30% of 1962 sales. The company expects to improve its competitive position greatly with the introduction of a patented clutch which works on a different principle than the usual disc clutch and is significantly cheaper to manufacture.

Warner's experiences with wheel brakes and compressor clutches, though profitable, pointed to a two-point program: first, diversification into many industrial markets, and second, differentiation of product by selling design and applications engineering as part of the hardware. Electric brakes and clutches lend themselves well to this kind of program because of their great versatility. Basically, they perform the same functions as the corresponding parts of your car: brakes retard motion, clutches connect or disconnect a motor. However, they do these things with much greater speed, precision and flexibility. They can, for example, start and stop the spindles of a magnetic tape transport hundreds of times a minute, something no electric motor could do by itself. In fact, electric brakes and clutches are useful whenever connecting and disconnecting a motor or part of a machine is 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 devices 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 modernization," or installation on machinery already in use. This market is served through 75 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 is the breakdown of sales by industry category, ranging in order from 10% down to 4% of company sales: (1) *Computers and associated equipment.* The largest and fastest growing market. (2) *Metalworking 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 industry-wide slowdown could be offset by the decision of a large manufacturer to offer Warner equipment as an option. (5) *Office machinery.* The second fastest growing market. (6) *Aerospace.* In December, 1961, Warner purchased Guidance Controls Corp., a manufacturer of miniature electric brakes and clutches, precision potentiometers and other electromechanical components. We estimate GCC now contributes less than 3% to consolidated sales and little or nothing to earnings, though its potential is good.

The Warner scientific management approach is demonstrated also in foreign operations, where it has set up a highly-regarded standards program. Applying solely to those specifications affecting interchangeability and performance, the program does not interfere with the ability to produce most economically, as determined by local conditions. Foreign manufacturing and licensing, mainly in Europe and Japan, contributed 18% to net in 1962.

In the future, Warner will be branching out from its traditional fields. It is now test marketing the Stati-Grip Chuck, developed in conjunction with Pure Oil. The heart of this patented device is a unique organic fluid which tends to solidify in an electric field. In effect it works like an adhesive which can be turned on and off. The company also has under test a prototype variable speed, alternating current motor-drive unit which may revolutionize power transmission in heavy machinery, particularly earthmoving equipment. Warner is close-mouthed about details, but if the prototype performs as expected, it will mean substantial improvements in maintenance, controllability, size, weight and cost over comparable DC systems.

Management has seen to it that money and facilities are available to properly exploit these other technological developments. Cash and equivalents as of July totaled $2.1 million. The IBM system can easily handle any foreseeable volume of production, and plant space is adequate for at least a 50% increase in sales.

Possessing all the ingredients necessary for growth, including the most necessary of all, good management, Warner Electric Brake & Clutch, quoted at only 12 times reported earnings in the OTC market, is my favorite security.

FINANCIAL DATA
(Adjusted for Stock Splits)

	—($000 Omitted)— Sales	Net	—Per Share— Earnings	Dividends
1953	$6,548	$150	$0.22	$0.016
1954	5,806	134	0.20	0.016
1955	9,057	583	0.88	0.016
1956	12,725	873	1.30	0.064
1957	11,581	356	0.53	0.064
1958	9,774	d 215	d 0.32	0.048
1959	11,636	706	1.06	0.080
1960	10,938	546	0.89	0.144
1961	11,101	751	1.13	0.232
1962	13,148	968	1.41	0.305
Six months to June 30:				
1962	7,049	542	0.79	0.32*
1963	7,488	607	0.87	0.40*

d Deficit. *Annual Report.

Japan to Become OECD Member

PARIS, France—The Council of the OECD on July 26, formally invited the Japanese Government to accede to the OECD Convention, according to Article 16 of the Convention. After completing her constitutional procedures, Japan will become a full Member of the OECD upon deposit of her instrument of accession with the Government of the French Republic.

His Excellency Toru Haguiwara, Ambassador Extraordinary and Plenipotentiary of Japan in France, and Mr. Thorkil Kristensen, Secretary-General of the OECD, signed a Memorandum of Understanding to which are annexed statements by 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.

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 Members of OECD had asked the Secretary-General, on March 26, 1963, to begin conversations with the Government of Japan in order to ascertain whether it was prepared to assume obligations of full membership in the OECD.

Preliminary discussions with Japanese officials, headed by Mr. Haruki Mori, Minister Plenipotentiary, were held in Paris at the Chateau de la Muette, from May 9 to 14, 1963.

A team of OECD officials, headed by Mr. Charles W. Adair, Deputy Secretary-General of the OECD, went to Tokyo, in June and during its two-week stay reviewed the position of Japan with regard to the Acts of the Organization.

After examination of Japan's position with respect to matters dealt with in the Acts of the OECD Council, in particular to the OECD Codes of liberalization of current invisible operations and capital movements, the Council decided to invite Japan to become an OECD Member.

New Blair Branch

TULSA, Okla.—**Blair & Co., Inc.**, 2532 South Harvard Court. Gordon Nesbit is representative in charge.

Opens Branch Office

WICHITA FALLS, Texas—**Commercial Corp.**, Parker Square State Bank Building. William A. Cannedy is resident manager.

MUTUAL FUNDS

BY JOSEPH C. POTTER

About Caesar and Empire

Wading through scores of mid-year reports turns up few as small or as grandiosely named as Empire Fund, Inc. (net assets $53.6 million) and none less attractively adorned (Caesar's head on the cover). Still, as fund folk know only too well, mere size and flair for artistry contribute nothing to beefing up the net asset value behind each share, which is the prime concern, after all, of the millions of people who buy mutual funds.

Boston-based Empire Fund's semi-annual report to shareholders for the period ended June 30 is entitled to this one-man showing for unique reasons. Not only does the report wrap up the first year of its existence, it also gives us a prime opportunity to look at a so-called "swap fund."

Its original portfolio was acquired on June 21, 1962, through an exchange of its shares for holdings deposited by investors. Empire people, who are fond of television (RCA, Zenith, Magnavox, Motorola and kindred companies constitute 3% of the portfolio), might well say: "The price is right." Looking back over the first full year of operation, Empire President John F. Donahue, calls it "very satisfactory."

Rendering unto Caesar, he points proudly at the very outset of the report to the record: value per share on the exchange date, a time when millions of investors had no enthusiasm for stocks, was $19.99 and total net assets amounted to $47.3 million. By the end of 1962, covering a period of enthusiasm for stocks by large numbers of veteran professionals, if not the general public, Empire Fund's share value stood at $21.10 and assets at $49.7 million. Another hefty gain was registered in the next six months: share value reaching $23.21 at June 30, when assets toted up to $53.6 million.

The Empire that was born in a bargain basement, of course, has been somewhat altered. Thus, Mr. Donahue reports:

"In the past year there has been a 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 industry classifications of the fund remain essentially unchanged."

Cause of much glee around the Empire these days is the timing of the sale of its 1,700 shares of Hilton Hotels, a summertime market casualty after the dividend was omitted.

Also eliminated during the first six months of 1963 were General Instrument (3,000 shares) and Otis Elevator (600). There were reductions in holdings of Dun & Bradstreet, Martin-Marietta, St. Regis Paper and Walworth.

Over the same span Empire added to holdings of Indiana General and McGraw-Edison.

Nearly a dime of each dollar of the Empire investment is linked to insurance companies. Office equippers are in second place, accounting for slightly more than 5 cents. There's a little more than 4 cents in food and a little less than that in chemicals.

Looking back over the brief history of the Empire, President Donahue says net asset value of the fund shares has increased 16.7% after adjustment for the capital-gain tax paid by the fund on behalf of shareholders. He adds:

"Total net assets have risen by 13.3%. Dividends since June, 1962 of net investment income have totaled 35 cents per share. Our most recent studies indicate that on an annual basis, future net income distributions should approximate 40 cents per share."

How about a bull to replace Caeser on the cover?

The Funds Report

Commonwealth Stock Fund announces that since its April 30 semi-annual report it has added to the portfolio American Can, Wilson & Co. and Fireman's Fund Insurance Co.

* * *

Fidelity Fund announces that at June 30 net assets amounted to $453,624,794, or $16.08 a share. This compares with assets of $367,482,481, or $13.21 a share, a year earlier.

* * *

Fund of America reports that at the close of the fiscal year on June 30 net assets totaled $4,877,-996. Value per share was $7.82, up from the $6.36 shown a year earlier.

* * *

Loomis-Sayles Mutual Fund reports that at July 31 net assets amounted to $106,571,536, equal to $15.50 per share, against assets of $93,033,347, or $14.20 a share at July 31, 1962.

* * *

One William Street Fund reports that at June 30 net assets were $251,942,700, or $12.94 a share, compared with assets of $223,108,-421, equal to $10.66 a share, at the middle of 1962.

* * *

Rowe Price New Horizons reports net assets at June 30 amounted to $8,601,725, equal to $9.46 per share, compared with assets of $6,-095,018, or $8.07 a share, a year earlier.

* * *

Sales of **Wellington Fund** shares last month totaled $12,720,000 to set an all-time record, according to A. Bruce Brower, President of Wellington Co., Inc., national distributor of the fund. The July figure was 17% higher than a year earlier and 25% above June, 1963.

CORRECTION

In the quarterly investment company article published Aug. 8, in the comment on page 18 under the heading "Airlines Continue To Fly High", also in the section of the table on the same page pertaining to "Airlines", the name "Northwest" was incorrectly cited. This should have read "Northeast" as the references in both instances pertained to Northeast Airlines **not** Northwest Airlines.

As We See It

Continued from page 1

the *caveat vendor* notion of the New Deal, then we had better introduce radical changes in it. In the securities markets alone the effort has cost the public huge sums of money, and those who are supposed to be protected by it have, of course, not escaped the burden. When we consider all the added work that the securities business itself must do in order to satisfy the form-hungry regulatory agencies, and add to it the vast cost that must be borne by those whose securities are to be sold or traded in the markets of the country, the sum total is truly staggering. If some enterprising statistician could and would undertake to make a close estimate of the cost of all this the rank and file, if it paid it any attention, would without question be shocked. Of course, excesses of various sorts developed in the securities market the more extensively by reason of the fact that the Federal Government has given the naive rank and file the impression that it was their protector and that nothing of much consequence could happen to them in these circumstances. The seller had, so it was supposed, been made a sort of grandmother to all who bought securities! What a farce—and how could it have been anything else?

All this has been made the more burdensome by reason of the fact that from a half a hundred other directions this same paternal government is imposing similar or even worse burdens of reports and regulations. The worst of these of recent origin are, of course, the tax forms and reports, to say nothing of the audits required to satisfy the tax collector that his directives 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 to stand such a strain in any event — by government regulation and reports and often quite unwarranted taxes imposed by local governments. The utilities, long a victim of irregular and often quite troublesome regulation, have meanwhile come under the inquisitive eye of the Federal Government. Heaven knows what all these regulatory requirements are costing the country.

And Now Tax Forms

And some decade or two ago there was piled upon all this the endless and extremely costly reporting to the tax collector who is charged with the task of administering laws designed to be sure that all individuals and enterprises pay taxes in proportion to their ability to do so—a maxim taken bodily from Adam Smith, ignoring meanwhile the other maxims laid down by the same authority in the same place. What does not seem to be generally understood is that any tax system with such high rates so steeply graduated must inevitably stimulate every effort to find ways to reduce the tax load and that, in a field so complex as the determination of profit and income, innumerable rules and regulations, often anything but precise at least until courts have ruled on them, are inevitable. Yet in all the talk of tax reduction or tax change there is virtually no visible effort to change the system, particularly the progressiveness of the rates, in such a way as to reduce the burden of this sort of barren labor.

The First National City Bank of New York in its always excellent Monthly Economic Letter has taken pains to set forth some of these facts in its August issue. We quote:

"The true cost of government runs far beyond $150 billion a year. Many people, after gathering figures and receipts all year long, worked on into the night last Easter on governmentally prescribed arithmetical exercises, filling the forms for Federal (and perhaps also state) income tax returns due the next day, April 15. No one has tried to calculate the manhours of dismal drudgery going into the preparation of tax returns. The rates of tax rise progressively. And so does the effort demanded. The more a man earns—and the more his time is worth—the greater the obligation imposed to amass detailed records and comprehend the complications of the law.

"The work imposed on individuals is nothing compared to that imposed on employers. Not only are there many more forms but employers must serve as uncompensated tax collectors, taking money out of the pay envelopes of workers according to formula and often, adding a tax bite assessed on customers. The IRS has a total staff of 64,000 and a budget of $674 million. These are big figures. But there is little doubt that business firms collectively employ even more people and spend even more money gathering in tens of billions of revenues.

"And burdens of calculating and assessing taxes are just part of the story. Besides the IRS and State and local tax authorities, there are thousands of government offices and agencies with overlapping jurisdictions over business. Thus, lying beneath the visible costs—set out in the budgets prepared at various 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 unfortunate state of affairs. The case of the securities business is now urgent since there is every indication that efforts are presently to be made to make bad matters worse in this department of business. The great rank and file of those who feel themselves victims of the market ought to be the first to applaud such reform.

Franklin National Mails 14,000 Questionnaires On Branch Banking

The Franklin National Bank, Franklin Square, New York, on Aug. 12 revealed it has just 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 multiple-choice answers.

The questions are: "How much added competition has taken place in your banking area since Jan. 1, 1961? From what sources will the new competition obtain its business? What has been the effect of the added competition since Jan. 1, 1961?"

Franklin Board Chairman Arthur T. Roth confirmed the mailing, and declared:

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

"Bankers everywhere are becoming alarmed over the number of branches and new banks that are being approved; they feel the situation is reminiscent of conditions in the late '20's.

"While recent approval of a seventh banking office in Rockville Centre by the New York State Banking Board capped the climax of over-banking in Nassau, the Rockville Centre case has national implications; it merely marks the rallying point between reason and folly.

"The sentiments of bankers nationally will help document our thinking.

"Within a week Franklin will announce its decision on filing suit against the state banking board for 'arbitrary and capricious action' in recently approving a seventh banking office in Rockville Centre."

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money market is adjusting its position to the higher interest rates which brought about the increase in the discount rate of 3½%. It is evident that the Treasury is going to continue to use the near-term area of the Government market to raise the bulk of its new funds as well as for refunding purposes so that our short-term rates will continue to remain competitive with similar rates in other free world money centers. This is supposed to be helpful to our balance of payments problem.

The bond market has shown considerable in the way of recuperative powers even though there was some hesitation on the part of buyers of these securities when the Central Bank rate was upped. However, the large supply of long-term funds is again making purchases of capital issues a must.

Capital Markets Adjusted

The decline in the capital market which followed the increase in the discount rate has been pretty well made up. To be sure, the sell-off which took place in prices of long-term Governments, corporates and tax-exempt bonds was a very modest one and a great deal of the decline was attributable to bid pulling by traders, along with a temporary absence of interest on the part of buyers of these investment securities.

In addition, the confusion which usually results when there is a major change in monetary policy —which is what the higher discount rate signifies — meant that many buyers of all fixed income bearing issues were content to remain on the sidelines to wait and see which way the wind was going to blow.

Liquidation of long-term bonds did not result when the Central Bank rate was raised, aside from some of the stale syndicates whose securities were priced too high to start with. At that, the price decline in these new security offerings was very minor because of the funds that were waiting for just such a situation to be put to work. There is evidently no question but what there is a very sizable market for fixed income bearing obligations when they are priced right. This goes for Government bonds as well as non-Federal ones.

Story Behind Price Rise of the 4s of 1970

The recently issued 4s of 1970, which went over so well when they were first offered that the Treasury was able to raise much more new money than was expected, thereby helping its financial position immeasurably, was one of the Government obligations that took a nose dive when the discount rate was raised. This bond went back to the issue price of 100, and for a time there was not too much interest around for this intermediate-term bond. However, as some of the confusion in the minds of the not too long-term bond buyers was dispelled, this 4% obligation started to improve a bit with not too much in the way of purchase orders.

Then all of a sudden the news got around that the proceeds from the sale of a large tax-exempt bond issue, which will be used at some future time to retire the municipal bonds now outstanding, was going to be invested in the 4s of 1970. This put the price of the issue right back to where it had been, although it is indicated that the five Government bond dealers which supplied the 4% bonds for the investment of the tax-free money did it at a price which was quite a bit under the quotations prevailing at the time this commitment was being consummated. The sizable transaction in the issue, by a public authority group, would seem to indicate that they have considerable confidence in the future pattern of interest rates.

Corporate Calendar Light

Even though the calendar of current offerings of corporate bonds is light, there is likely to be a modest pick-up in these offerings in the fall even though it is not expected that there will be any great rush to get new bond offerings on the market. There is no question but what the bonds that are priced right will find plenty of buyers since the funds seeking investment in long-term investments are still ample.

With Butcher & Sherrerd

LINGLESTOWN, Pa.—**Butcher & Sherrerd**, Timberidge, Fishing Creek Valley Road, R. D. No. 1. Cameron M. Geisel is Representative in charge.

Bregman, Cummings Brch.

LONG BRANCH, N. J.—**Bregman, Cummings & Co.**, Harbor Island Spa. Herbert Zimmerman is resident partner in charge.

Acmerge Office

NEW YORK, N. Y. — **Acmerge Securities Company, Inc.**, 44 Beaver Street. John G. Zullo is Manager.

Global Trail to Super Transport Service

Continued from page 3

ever the lines' one-time near-monopoly on goods transport.

Thus, the question inevitably arises: Can railroads adjust to or even survive this tough new competitive era?

Railroads Can Adjust

The answer from overseas is an emphatic *yes* . . . and then some. In fact, we've hardly begun to realize the full potential in the rail form of transportation. This lies in an unmatched ability to concentrate enormous movements in a limited space and to cut hauling costs deeply when loaded with heavy traffic volume.

Herein lies the key to the streamlined service of our future. And this key, oddly, lies in recognizing that (1) there are many areas where railroads have no business trying to operate and (2) transport is a team made up of many players, which works well only when each is allowed to do the job it can do best.

The limitations on a nation's use of railroads showed up most clearly during our trip in Northern Ireland. We found that trains hardly got rolling out of Belfast before they come to the end of the line. With short hauls and light loads, it's a matter of time before the Iron Horse is moved out to pasture permanently.

In Holland and Switzerland, on the other hand, railroad service is not only excellent but the lines also make money (if you disregard the fact they pay no taxes). And this on a continent where railroading swims in a sea of red ink!

In India, where railroads carry the overwhelming load of economic expansion, they are strangely among the most profitable anywhere.

And in the Soviet Union, a super-railroad of awesome proportions and performance is in the making.

Differences in Regulations

Behind these varying fortunes lies vast differences in the ways governments regulate, tax and aid railroads and competing trucks, buses, airplanes and inland shipping. These show up vividly in comparing the United States and others. For example, taking West Europe, we found that:

- European cities place first emphasis on rail transit in meeting urban traffic problems. while roads and autos come first in the United States.
- There are almost no taxes on European railroads. If U. S. lines were on the same basis, they would NOT be paying government $650 million a year.
- There is far less regulation of railroad rates and fares abroad. Paradoxically, the government-owned railroads of Europe have more freedom to compete than the privately owned railroads of America.
- Truck freight charges are rarely controlled by governments abroad.
- Europe is much more restrictive than the U. S. on truck capacity, however, regulating truck *numbers* as well as the companies in the field.
- European railroads have been shaped into integrated national networks—as if each region of the U. S. had a single system. There is little or no competition between railroads, though strong competition with other forms of transportation.
- European lines have greater freedom to use trucks and buses to supplement rail service and as substitutes when rail lines are abandoned.
- European governments are more conscious of the interrelationship—the unit—of all forms of transport; unlike the U. S., most weigh the impact on all carriers of investment programs for each.

These general differences are backed up by some fascinating specifics that hold 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.

Public howls over these drains finally forced government to change from policies of rigidly controlling prices to turning British Railways loose to raise and lower their charges in line with market and demand conditions, like other businesses. Key Conservatives wanted to go the rest of the way and restore the carriers to private ownership (they were nationalized under the Labor Government in 1948). But investors wanted no part of the deficit-hounded White Elephant.

"The trouble with British Railways," one of their most knowledgeable executives told us in London, "is that they're a Victorian-age relic — a system built for the 1800s trying to do business in the 1960s."

To Dr. Richard Beeching, who came from Imperial Chemical Industries in June of 1961 to head up the British Transport Commission, has fallen this awesome updating job. His ideas have just been unveiled. Drastic cutbacks will have to be made in little-used trackage; 50% of the mileage is handling but 10% of the traffic. As much as one-third of the "halfway prehistoric" freight car fleet will have to go. Commensurate cuts must also be made in manpower. Clearly, a new political storm is in the making.

Crossing the Irish Sea to Dublin, we found another transport uproar, as well as a striking example of the concept of diversification in transportation — ownership under a single management of a rail system, trucks, buses and barges. With the growth of highway hauling, rail deficits in Eire had so worsened that proposals were aired to bury the railroad completely. Then in 1958, the Irish Transport Company got an almost free hand to reshape the transport structure and offer services by rail, road or water, whichever best suits specific needs.

The result: The railroad is now being sharply pared down in light-traffic rural areas and modernized on the high-volume mainlines between major cities. Trucks and buses, in turn, are picking up the business where rails are torn up. And service has never been better, or over-all costs so low.

The record in these two nations points up how governments everywhere attempt to relate the supply and price of transport facilities to the service demands of shippers and travelers by various control measures, including these:

(1) Influencing the build-up of capacity by coordinating the capital investment going into basic facilities (the simple, effective instrument favored by Communist states), and by regulating "right of entry" of companies into the field, the number of vehicles they use or the range and type of vehicle operations.

(2) Controlling the end-product prices charged by carriers (the major control instrument wielded by U. S. agencies).

(3) Subsidizing selected operators, thus reducing their costs and prices in relation to competitors and promoting their expansion.

(4) Taxing selected operators, thus raising their relative prices and retarding their expansion.

Because these approaches are seldom rationally planned for the transport industry as an *entity*, their application is generally accompanied by a loud grinding and clashing of gears.

Holland proved an exception. There, controls over truck *numbers* are exercised as a fine art. Each year a study group takes a look at the economy, decides how much extra transport capacity is needed to handle shipping demands, then gives out permits for higher truck numbers (or restricts these in slack times). In America, by contrast, once a trucker gets permission to carry certain goods over certain routes, he can use anywhere from one to one thousand vehicles.

West Germany has had a law for 10 years tightly limiting to 26,000 the number of for-hire trucks operating beyond 50 kilometers (30 miles) from home base. Truckers denounce this policy as designed to protect the giant government railroad. Railroaders say it has protected truckers themselves against destructive competition from each other.

Experts in India are discussing similar limitations on truck operations as a way to divide transport spheres between rail and road. The most challenging thinking of all we encountered, however, held that such a division could come about best not by rigid rules but by natural economic pressures and user choices, *once all carriers are put on an equal cost and regulatory basis and allowed maximum freedom to compete for the shipper's and traveler's business.*

Norway stands out in this regard. In mid-1961, Oslo levied a kilometer tax on all large trucks and buses, there by relating their tax payments more precisely to actual use of roads. Vehicle owners pay for each kilometer driven, with the tax rate rising with vehicle size and weight. Because trucks offering for-hire services to the general public meet obligations not borne by do-it-yourself truckers, a higher tax schedule is applied to industry-owned trucks.

French policymakers in Paris outlined an unusual method they use to equalize cost conditions between trucks using publicly provided highways and railroads which build and repair track out of their own revenues. Official studies disclosed that despite gasoline prices of around 75 cents per gallon, trucks still pay only about 60% of their share of road repair costs. Unwilling (or politically unable) to boost truck taxation, the government decided instead to grant the railroad an annual sum covering 40% of *railway* maintenance costs.

Government spending for transport purposes is the big booster that can push favored carriers out in front of others not so aided. Railroads have been favored in this area abroad. Public development of roads and domestic air facilities overseas has lagged far behind America, while governments pay out $2½ billion in West Europe alone to cover just the nationalized rail systems' annual operating deficits. In the U. S., by contrast, government outlays for road, air and water facilities have more than doubled in the past decade to a present total of $14 billion annually; nothing comparable is spent on railroads.

In Russia, as a result of hard-headed Kremlin decisions that railroading yields the most transport for the least investment, the railroad gets the lion's share of expansion funds. It handles 75% of passenger travel between cities and a massive 90% of the intercity freight volume (compared to 3 and 43%, respectively, in the U. S.). Trucks and buses are used in local services and to supplement long rail hauls.

In an effort to avoid waste of resources, Communist planners painstakingly draw up over-all transport investment programs. In the U. S., myriad Washington agencies plow tax dollars into highways, airports and river-and-harbor works with scarcely a glance at the impact on other forms of transport. Looking at our lack of coordination, a Tito official served us this chilling thought in Belgrade:

"Communists consider the deterioration of transportation in the Capitalist countries as a sure sign of the coming collapse of the West."

Not all transport problems are in hand at the Kremlin by any means. Deputy Railroad Minister Vladimir Gavrilov revealed in Moscow that there have been rising disputes over transport plans among bureaucrats representing the different carriers. Such arguments went for settlement directly to the top-level Presidium. But this system got so cumbersome that a special Cabinet-level Transport Coordinating Commission was set up in early 1962 to bump heads together and come up with common policies. An idea for Washington?

While America and other motorized nations worry about coping with railway contraction, railroad *expansion* is the keynote both behind the Iron Curtain and in the newly developing nations of the Free World. India, for example, laid down 2,000 miles of track in the 1950s, and hopes to build thousands more. The new nations are still at the stage of creating mainline networks. West Europe and the U. S., conversely, overbuilt their rail system and now must cut back—because tracks were laid before the auto was born and in many places where roads can handle the transport job more effectively than rails.

"If we were going to build railroads for the first time today, we would do it far differently," stated P. Le Vert, director of the Inland Transport Committee of the U. N. Economic Commission for Europe, in Geneva.

How? Mr. Le Vert and other experts around the world express a remarkable unanimity of opinion on the answer.

Art in Government Policies

The great, undeveloped art as far as government policies are concerned, they point out, is to allow the truck and train, as well as the barge and airplane, to function as parts of a smooth-working team. Trains should be used to bring out their basic advantages as a heavy-volume or mass-production means of transportation. This would result in extremely low costs per unit moved—and low prices to the public; and the lower these prices, the more freight volume would be attracted to rails. The truck and bus, on the other hand, are unit vehicles that can most naturally handle smaller movements or assemble over short hauls the big loads for through transportation by train — or by ship and barges where natural or low-cost waterways exist.

"Almost all governments have badly fumbled the ball on this one," a transport leader told us in Paris. Louis Armand, secretary general of the International Railway Union (UIC), declared that "by allowing the truck to escape many basic roadway costs and thus overextend its operations onto long-haul routes, present government policies have made bitter commercial and political rivals out of two carriers that naturally supplement each other and should be freinds."

If any one word could be used to capsulize inland transport problems around the world, that word is *change*. Railroads have had to make drastic internal changes to adapt plant and services to the snowballing external changes brought by the 20th Century. And governments must allow carriers to go on making even greater changes. The grim alternatives are either collapse into bankrputcy where railroads remain privately owned—or even greater deficits for taxpayers to shoulder where railroads are publicly owned.

This points up one of the most unusual results of our studies: Railroad problems are much the same regardless of the system of ownership. Government nationalization of once-private railroads did nothing to *solve* the problems that led to take-over. The major effect, in fact, was to *delay* solutions for 10 to 20 years while the public picked up a mounting bill for operating deficits. A start toward genuine solutions in Europe was finally forced in recent years only when this burden became unbearable.

Reasons for West European Deficits

The towering operating deficits of West European rail systems, which average about 20% over and above revenues, are due to these four principal causes:

(1) Government-enforced obligations to provide a host of "social" services at below-cost charges.

(2) Bans against elimination of uneconomic lines and consolidations of unused stations and other facilities.

(3) Political reluctance to allow reductions of personnel even when positions are rendered unnecessary by mechanization.

(4) Failure to require competing carriers to pay realistic tax charges for using public roads and air and water facilities, thus spurring traffic diversion from

low-cost railroads to basically higher-cost competitors.

Key Solutions

Such a listing of causes suggests solutions. Only key move lies in Europe's drastic loosening of restrictions over railroad rate-making, thus permitting the lines to make the most of their volume-pricing capabilities. But greater freedom to compete is insufficient in itself to remedy over-all competitive imbalances: This measure must be accompanied by other moves placing all carriers on an equal cost and tax basis and granting railroads the necessary flexibility to adapt plant, operations and services to changes in technology, competitive conditions and customer demands.

Experience around the world indicates that if a nation is to get the most out of railroading in this Space Age, railroads must be allowed to carry out a sweeping reorganization program in these major areas:

(1) Eliminate light-traffic, high-cost lines and unneeded parallel routes and duplicate stations, yards and shops, stripping railroading down to the trunk and main limbs of the transport tree.

(2) Create a smoothly interconnecting transfer system to assemble traffic by road for long-haul volume movement by rail, and to deliver rail shipments door-to-door—meaning more piggybacking of truck trailers on flat cars or greater use of transferable freight containers.

(3) Undertake bold railroad research programs to develop new pricing methods and new equipment to attract travelers and shippers and build more efficiency into operations.

(4) Invest heavily to automate and mechanize mainline services and step up worker productivity.

(5) Reduce rates and fares in line with the new railroad's rising economies.

There is nothing mysterious about what government itself can do to bring about essential changes in transportation. A dozen expert study groups set up over the past three decades have called insistently for Washington action to clean out the musty backlog of 75 years of inequities in our transportation law. President Kennedy in a special message to Congress has roundly indicted our "chaotic patchwork of inconsistent and often obsolete legislation and regulation." The truth is that kindly old Uncle Sam, sometimes innocently, sometimes ignorantly, is killing the goose that lays golden transport eggs.

Europeans are bewildered by government's treatment of U. S. railroads. A distinguished professor of transportation in London summed up much of this perplexed opinion when he declared:

"It is tragic. You Americans appear not only to be undermining a great industry but to be throwing away a great national asset."

As viewed against the backdrop of case histories abroad, the formula for sanity lies in no brand of political alchemy but in a surprisingly simple idea—that of *equal treatment* of all competitors. Government actions that *discriminate* in taking taxes from the various carriers, in granting aid to them, and in controlling their prices or development not only warp the physical shape of transport but prevent people from getting the best service at the least cost.

Our survey showed that where governments abroad came closest to treating all carriers alike, the least costly and most stable transport systems and services resulted. Conversely, where government policies were the most uncoordinated and unequal in their impact, transport was in the worst shape.

The choice of solutions before America and others is to control or not to control—to achieve equality of treatment of competing carriers by extending government regulation and subsidies to those carriers now free of these, or by withdrawing regulation and subsidies from those carriers already covered.

In a highly dynamic, sophisticated economy like America's, only the latter choice is a practical proposition. The same is true in West Europe, in the opinion of experts now hammering out common transport policies for the Common Market. Otherwise, transportation and ultimately the economy as a whole will strangle in red tape and an overblown regulatory bureaucracy.

This approach, by coincidence, is squarely in line with Mr. Kennedy's call for new Washington legislation. His message appeals for (1) "equality of opportunity for all forms of transportation and their users and undue preference to none" and (2) "greater reliance on the forces of competition and less reliance on the restraints of regulation."

In simplest terms, America's transport problem is characterized by too much of a good thing—too many trucks, cars, airplanes, barges, tracks. Sadly, our government is doing little to deal with this central issue. In fact its bloated spending programs only add to the surplus and make matters worse.

Washington can achieve a sound transport structure through these specific actions:

• Stop building up excessive transport capacity by stopping subsidies and promotion programs for favored carriers—and require commercial beneficiaries to pay realistic charges for using tax-built facilities.

• Coordinate Administration transportation programs and all further government investment in transport facilities by setting up a high-level centralizing office. This office (possibly a Federal Department of Transportation) should also have the responsibility for formulating and collecting fair user charges in order to make all transport development programs as self-supporting as possible.

• Remove inequalities in the transport tax structure.

• Drastically scale down regulation over transportation pricing, and allow carriers to negotiate reduced-rate long-term contracts for freight traffic.

• Give an official green light to an accelerated railroad merger movement to clear the way toward reorganization of the national rail network.

• Allow any form of transportation to provide services by any other form to promote combination services of the best features of each mode.

In these steps lie almost unimaginable potentials for better, lower-cost transport service for America. We can choose now to reach out toward these goals or to plod along our present course, running the risk of seeing our transport networks collapse in political chaos and wasted tax billions.

*A paper presented by Mr. Sites before the Kiwanis Club, St. Paul, Minn.

Funston Urges Strengthening Securities Exchange Act

WASHINGTON, D. C.—Keith Funston, President of the New York Stock Exchange, has urged Congress to enact amendments to the Federal securities laws proposed by the Securities and Exchange Commission.

Keith Funston

Mr. Funston said the measure under consideration "would substantially reinforce two of the principal instruments of the Securities Exchange Act of 1934—disclosure and self-regulation." In addition, he stated, it would provide the SEC with "new enforcement tools" similar to those which the Exchange, in its own areas of enforcement jurisdiction, has found to be essential.

In testimony presented at a hearing of the Securities Subcommittee of the Senate Banking and Currency Committee, Mr. Funston noted that the Exchange has long advocated changes in the securities laws which would establish standards of disclosure for all publicly-held companies.

He pointed out that companies not listed on a stock exchange presently are not required to furnish financial statements to their stockholders, solicit proxies or provide other information on which "investors can base their own investment decisions in accordance with their own personal situations and objectives."

Exchange regulations in this area date back to 1900, when the Exchange first required listed companies to furnish prompt annual reports to stockholders, Mr. Funston said. Over the years, additional regulations have been instituted, requiring certification of companies' financial statements by independent public accountants and solicitation of proxies for stockholders' meetings. Some unlisted companies furnish this material voluntarily, but the SEC's study showed that a great many do not. Mr. Funston urged ending the "illogical double standard" which presently exists.

The Exchange President added that shareowners of publicly-held banks also are entitled to receive adequate information. "The Exchange agrees that the administration of the (Securities Exchange) Act, as it pertains to banks, should rest in the hands of the Federal banking authorities," he said. "But it is absolutely essential that requirements affecting the banks should be the same whether the bank stocks are listed or unlisted."

Turning to the question of regulating broker-dealers who do not belong to an exchange, Mr. Funston cited as specific problems the present lack of adequate standards of financial responsibility, personnel experience and training. "There are several gaps in . . . the present regulatory structure that need to be closed," he declared.

"In certain instances," the Exchange President noted, " 'boiler shop' operators and financially irresponsible people have been able to deal with the investing public."

The proposed legislation would empower the National Association of Securities Dealers to establish minimum standards of training, experience and financial responsibility for those who deal with the public in the over-the-counter market. It would also require all broker-dealers to be registered with the SEC and to accept the self-regulatory authority of an appropriate securities organization.

Mr. Funston briefly traced the history of Exchange regulations in these areas. He expressed the belief that the investing public has benefited from the Exchange's enforcement of minimum capital requirements for its member organizations, and from standards of qualification and training developed over the years for Exchange members, their associates and employees who deal directly with the public. He stated that it would be desirable for the NASD to have the same authority as the Exchange.

The Exchange President also supported the SEC's request for added flexibility in its authority to deal with persons who violate the securities laws. At present, he pointed out, the Commission cannot discipline an individual except through action against his firm, nor can it impose sanctions short of revoking a broker-dealer's registration. Thus, the Commission must "choose between permitting less serious violations to go unpunished or invoking overly harsh penalties which affect the innocent as well as the guilty."

Citing the effectiveness of the Exchange's use of intermediate sanctions such as censure and suspension of individuals who violate Exchange rules, Mr. Funston urged the legislators to grant similar authority to the SEC.

Nominated for NABW Award

Five outstanding women bank executives have been nominated for the National Association of Bank-Women Scholarship Award, which will enable one of them to attend one of the nation's graduate banking schools.

The nominees, each of whom is a bank officer, were announced by Mrs. Mona Cunningham, Chairman of the NABW Award and Scholarship Committee and assistant Vice-President of the Union National Bank of Wichita, Kansas.

Recipient of the award will be selected from among the five nominees, and will be announced at the annual convention of the National Association of Bank-Women, to be held in Bal Harbour, Miami Beach, Fla., Oct. 20-24.

Inaugurated last year as an annual award, the NABW Scholarship Award is made to an association member who has attained the highest scholastic record in the courses required for both the Standard and Graduate Certificates of the American Institute of Banking, and whose integrity of character and efficiency in her work entitle her to represent the NABW and women in banking.

The scholarship covers tuition, room and board while the recipient is attending a national, regional, or state graduate school of banking of her choice.

The candidates for the 1963 NABW Scholarship Award are: Miss Gloria A. Corry, The Central Trust Company, Cincinnati, Ohio; Miss Marie C. Flowers, Woburn National Bank, Woburn Mass.; Mrs. Margaret S. Kindred, The Citizens Bank, Hamilton, Ohio; Miss Marjorie Peyser, First Westchester National Bank, Wykagyl Office, New Rochelle, N. Y., and Mrs. Wilma L. Pickert, United California Bank, Beverly Hills, California.

Hammond Opens

JACKSON, Miss.—**A. T. Hammond and Company,** 174 East Griffith Street. Arnold T. Hammond is proprietor.

T. L. Evans Opens

LAFAYETTE, La.—**Thomas L. Evans, Jr.,** 220 Jefferson Street. Mr. Evans was formerly with E. F. Hutton & Co., Cruttenden, Podesta & Miller and Bache & Co.

Secs. Co. of Nevada

LAS VEGAS, Nev.—**Securities Company of Nevada,** 1111 Las Vegas Boulevard South. Carl L. Ayres is a Principal.

Forms Franklin Co.

MALONE, N. Y.—**The Franklin Company,** 236 West Main Street. Edward S. Arzouian is sole proprietor. He was formerly with James H. Price & Co., Inc.

Form Estate Planning

PEORIA, Ill.—**Estate Planning & Affiliates, Inc.,** First National Bank Building. Officers are Hubert W. Woodruff, President; L. V. Dawson, Vice-President and Treasurer; and Harry C. Pirtle, Secretary.

Forms Parker Co.

SALT LAKE CITY, Utah—**Parker Company,** Continental Bank Bldg. Trent J. Parker is sole proprietor. He was formerly with DCA Investors, Inc.

Allen Co. Formed

SPOKANE, Wash.—**I. T. Allen & Co.,** 3418 South Grand. Ivan T. Allen is sole proprietor.

L. G. Gaeta Opens

STATEN ISLAND, N. Y.—Leonard George Gaeta has opened offices at 49 Ravenhurst Ave. to engage in a securities business.

Seymour Joseph Opens

GREAT NECK, N. Y.—Seymour Joseph is engaging in a securities business from offices at 13 Parkside Drive.

Form Mutual Fund Inv.

SPOKANE, Wash.—Mutual Fund Investors has been formed with offices at W. 3315 Bruce Ave. to conduct a securities business. Arthur E. Birnel is a principal of the firm.

N. W. Investors

KIRKLAND, Wash. — Northwest Investors Services has been formed with offices at 13122 Northeast 85th St. to engage in a securities business. Lee Shoemaker is a principal of the firm.

Now Stewart-Olsen

LOS ANGELES, Calif.—The firm name of Lambuth & Co. Investments, Inc., 600 South Grand Ave., has been changed to Stewart-Olsen & Co., Inc. The firm maintains a branch office in Phoenix.

Coming Agricultural Policy For International Trade

Continued from page 11

There is some pertinence to this argument; yet it would be quite legitimate for the United States to include this pointer in our reactions, if only to re-inforce our claim to a really worthwhile accommodation in the agricultural segment of the negotiations.

Other Countries

Another point about which very little has been said is that of the inclusion of countries other than the U. S. and the EEC in the Kennedy-round in GATT. And yet, a clearcut position in this respect is of great importance. The GATT's basic rule is the most-favored-nation rule. All benefits we negotiate are automatically extended to all GATT countries. If it comes to the 50% cut or somewhere near that figure on large groups of commodities as provided by the U. S. Trade Expansion Act, and the EEC and the U. S. join in an agreement of this kind, how about the other GATT countries? Of the United Kingdom, of course, we are sure that as a leader of the West they will be fully prepared, and eager, to make equivalent concessions in order to earn ours and EEC's. But what about all other GATT countries? What about Japan, Canada, Australia, Britain's EFTA partners in Europe, and some of the less developed countries that are on the way up and can afford to trade more liberally?

I do not mean to imply that these countries will just sit by as onlookers—expecting to get all the benefits of the Kennedy-round for nothing. National pride, diplomatic prestige and what has after all developed over the years as an international code of honor will prevent such an attitude on a large scale. And some of those countries are particularly interested in getting EEC barriers down to reduce their preferential effect. Nevertheless, it will most certainly be impossible to make them all bow to whatever "linearity," "equality of cut," or "disparity" the EEC and the United States (and Britain) would be willing to agree upon. They will have their own ideas about what is equivalent on their part, and what they can afford.

A Difficult Point

This point is likely to prove a serious matter—not only in itself, but also because it might become the vehicle for an ultimate denial of reciprocity, as we see it, also on the part of the EEC and even Britain. It is quite conceivable that the EEC could—perhaps even rightfully—say to us: "We are perfectly prepared to join you in making these cuts in all these groups of commodities, provided the other GATT countries A through F do likewise. But they are not prepared to do so; hence we can match your cut by a much smaller one only." This might be just a welcome excuse; or it might not be. In any case, there is a great problem there about which our public discussion has been silent.

Yet, the outcome of the whole exercise may hinge on this point. It may require a new look at the most-favored-nation principle—a prospect I dread to contemplate. In view of the legislative history of the Act, it may require a radical change in our government's interpretation of its authority under the Trade Expansion Act—possibly one to be newly agreed upon with Congressional leaders. A thorough study of this problem is essential for all participants in the Trade Negotiations Committee; governments must weigh their essential interests and authorities and those of their partners in advance so that the committee can make positive progress toward the Kennedy-round and avoid an early deadlock.

Agricultural Trade

The U. S. Government and other governments have not, of course, been idle in the three years that have elapsed since the nature of EEC's forthcoming policy became fully known through the EEC Commission's agricultural proposals of June 1960. Our Department of State and Agriculture and the ambassadors of the U. S. export trade have stepped up activities, especially since the final decisions on variable import levies were taken 15 months ago. However, no comprehensive plans have been advanced and debated.

Most of the explorations and discussions thus far have been confined to generalities. Where there were references to concrete proposals, they were often marked by insufficient realism. Thus, suggestions for commodity agreements centered on the expectation that the EEC could be induced to give worthwhile quantitative import guarantees for a number of important products. That the EEC countries will not be state-trading entities is not the only reason why we should not be too confident of satisfactory results in this respect.

On the other hand, exporting countries seemed at times inclined to say that, if producer prices in the EEC were to be set at reasonable levels—say, half-way between the high German and the lower French prices—their interests would appear taken care of, and they would, in that case, not need to ask for any other commitments. Nothing could be farther from realism, since price unification in EEC at any conceivable level has a built-in tendency toward expansion of output.

Some suggestions also expressed the hope that the EEC could be induced to lower drastically the variable import levies now in effect; and it is still seriously believed that for some products, so-called "tariff quotas" (quotas at low or zero tariff) and specific limits to variable levies could be negotiated. The fundamental principle of EEC's agricultural policy is the maintenance and full protection of yet to be determined producer price levels for basic products. These, in turn, determine automatically the height of the import levies and require their variability. Hence, those hoped-for measures would be altogether incompatible with the fundamentals of EEC policy.

In the negotiations on agricultural trade that are shortly to begin both in GATT's Trade Negotiations Committee and in the separate Commodity Groups we must leave all this behind us. We must show a feel for the realities of the situation and for balance between the desirable and the possible, both as to essence and as to form. And we must not give the impression of having failed to grasp the basic principles of EEC's agricultural policy. It will be the better part of wisdom for outside countries to tackle their EEC problems at the soft spots, so-to-speak, first; and to seek accomodation in manners that would not require the surrender of fundamental positions. In time, perhaps, as international understanding grows, they too will become subject to modification. This possibility is more likely to materialize if we do not now insist on choosing the most difficult approaches.

Our negotiations in these groups must be wholly subservient to the thought that these meetings are to prepare for writing an international policy on agriculture and agricultural trade — in other words, to prepare for a worldwide approach on a special code for agriculture within the framework of GATT. The negotiators will have to start from the firm ground of the fundamental tenets of economic philosophy, economic common sense, and international amity that the western world, despite many slips and aberrations, does continue to acknowledge. And to be realistic they must base their search for concrete arrangements on elements taken from the systems of agricultural support and agricultural trade as they now exist or emerge around the globe.

In the light of such principles, arrangements on external and internal prices, subsidies, supply management, surplus disposal, and structural reforms in agriculture should become feasible. And above all a commitment on "no further increase in protection," in light of so many promises made, should at once be sought and should be within reach.

The United States, as has been publicly recognized by the Secretary of Agriculture, will also have to make a contribution, in terms of its own agricultural policy, to a reasonable world system. There must, of course, be a thorough discussion of other countries' ideas as well, especially the socalled *Pisani Plan* for agricultural trade which the French advanced as long as eighteen months ago. The plan has interesting aspects and elements that might well become ingredients of an international understanding. Planning for a code on agricultural trade must spell out a concrete content of proposals on all these and probably additional points.

I shall now proceed to specific suggestions on strategy and content of the negotiations, hoping, as I said, that they will contribute to facilitating discussions and ultimate agreement. In this part of my review I shall amplify and up-date the proposals I have made on previous occasions.[1]

The GATT Framework

M. Pisani, France's dynamic Minister of Agriculture, has again proclaimed that the discussion on agricultural trade should not take place within GATT, but rather in an *ad hoc* conference on international agricultural commodity agreements.[2] The implied deflation of GATT must be avoided. There is no reason why the commodity committees that will discuss the possible agreements could not bring in interested non-GATT countries. Also, other members may well concede that the suggested *ad hoc* conference should later be called to put the finishing touches on what must now be prepared in detail. But the preparatory negotiations should take place in the GATT committees that have been set up; and the final agreements, also, must be firmly tied in with the 1964 GATT round for the further reduction of trade barriers, as has already been decided by the Ministerial Meetings. Their nature as an essential component of the "Kennedy-round" must thus be preserved.

The Pisani Plan

The so-called Pisani-Plan, advanced in Nov. 1961 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 governments must see to it that their negotiators are fully conversant with the Plan; and the French government must be prepared to give additional information and to participate in a clarifying debate.[3]

The Plan's approach to international arrangements centers on prices and on demand supplementation through international surplus disposal. It is not altogether oblivious of supply management, but this aspect in particular needs further clarification. There may be possibilities for linking supply management with demand supplementation through surplus disposal, as I have suggested before.[4] The idea is that the individual governments participating in such an international agreement would undertake to buy up, for indefinite storage or give-away to needy under-developed countries, such quantities of basic agricultural products as would exceed a predetermined "normal" level of output in each of those countries (agreed upon from time to time). Governments should have to finance these purchases from their own national funds so as to be under some pressure to curtail surplus output one way or the other. Agreements of this kind would go a long way toward paying the French the compliment of seriously considering their plan. As indicated, it could be bent in the direction of reasonable international compromise.

The discussion of the Pisani Plan is a professional and diplomatic *sine qua non* for the Geneva negotiations. M. Giscard d'Estaing has again called for it, in no uncertain terms, in his address at Harvard University's Graduate School of Business Administration on June 8.[5] Further procrastination on the part of other governments would probably stop the forthcoming negotiations in their tracks.

Commercial Output

Whether or not connected with something akin to the Pisani Plan, international agreement might include an understanding on commercial output quotas — where firm trade undertakings do not prove feasible. The idea is that, if governments agree to reserve, out of domestic output, for non-commercial disposal all quantities, say, of grain, produced over and above a basic commercial quota, this would be just as effective as a guarantee of international trade quotas and might prove psychologically and politically more acceptable.

Basic annual quotas for commercial output could be agreed upon for moving three-year periods—with flexible annual renegotiation provisions if trade develops contrary to the agreed purpose, which should be a reasonable development of domestic output and of international trade. Negotiated individual country quotas would define the concept "reasonable" in concrete terms; and could permit expansion in some countries, while providing for contraction of *commercial* (not necessarily *total*) output elsewhere.

A system of this kind would have enough flexibility to protect opposing interests within the limits of reason. It would link the inseparable components of demand supplementation and supply control—inseparable components of deliberate management where price has been largely deprived of its equilibrating function. Even France (where there has recently been a proliferation of declarations to the effect that the more fortunate countries must feed the hungry ones) could not in good grace oppose the idea that governments should make definite commitments for putting supplies into the food aid pool—if only to the extent that countries happen to produce more than their shares in commercial markets.

Flexibility would also be afforded by the three-year provision. Under it, a production shortfall in one year could be offset in the next two, thus permitting a correction of over-importation or under-exportation. Provisions could be made for letting the corrective development take place at the expense of the beneficiaries of the previous imbalance.

Finally, the system of commercial output quotas could also be combined with a system exclusively of maximum commercial export quotas for the exporting countries, without output quotas. Fantastic as it may seem at first, even a mixed system of commercial output quotas for some countries, obligatory import quotas for others, and maximum export quotas for still others might prove feasible. For they all can be reduced to shares in the total commercial market.

Prices

On prices the international agreement that we must strive for cannot remain silent either. International prices will in any case have to be discussed under the Pisani Plan and some compromise will seem to be indicated. Also, for such products for which there will be commodity agreements, a minimum-maximum range of the international price will have to be negotiated in the interest of stability, even if a substantial concerted increase such as M. Pisani wants were not to be carried out.

With respect to internal prices, a mixed price-support-producer-subsidy system might be sought, at least so far as the importing countries are concerned, and as a transitional measure. The proposal is linked to three ideas, as I have explained in previous articles (l.c.): (1) To make possible in-

1 See *The Commercial and Financial Chronicle*, March 7, 1963, *Kyklos*, Vol. XVI-1963-Fasc. 2 (April) *Journal of International Agrarian Affairs* (Oxford), April 1963.

2 *Le Monde*, June 8, 1963.

3 For a review of the Plan, see the present author's article in the *Journal of International Agrarian Affairs* (Oxford), April 1963.

4 See *The Commercial and Financial Chronicle*, March 7, 1963. Also *Kyklos*, April 1963; *Journal of International Agrarian Affairs*, April 1963.

5 As reported in *Le Monde*, June 9-10, 1963.

come support that is neutral as between products produced; (2) to facilitate the realization of the basic principle *that protection should not be further increased*; and (3) to facilitate supply management by trying to direct income payments (producer subsidies) to structural reform and to retirement from agriculture (or from certain agricultural uses) of land and labor.[6]

Points (1) and (3) are obvious. On point (2) let it be said that it would at once eliminate the squabble in EEC about producer price unification. Each country would have to maintain or would reduce its own producer price as it saw fit, and would be able to do so; no country would be forced to increase it because of the phantom of producer price unification. In this way it would be easier to prevent EEC protection from being increased; while producer price unification would *inevitably* imply an increase. (Market prices, incidentally, could at once be unified, say, at the French level; and Britain, under its new farm plan, could make a statesmanlike gesture to do likewise.[7])

All these matters and aspects of price agreements will have to be discussed in the negotiations, whether price measures were to be sought as substitutes or as supports for direct undertakings on trade, production, and surplus uses. I think the latter approach should prevail. For while price management may not suffice to equilibrate supply and demand (even as supplemented by surplus disposal for aid), the "configuration of prices" certainly remains important in the context of equilibration.[8]

Miscellaneous Provisions

There will be other matters which should be included in the agreement proposals. Some will emerge as corollaries to the important subjects that have been mentioned. But there will also be others.

For commodities that would not be included in price agreements, and for which *minimum import prices* (also called gate prices, lock-gate prices, or reference prices) would still seem essential to governments of importing areas, the new Code for Agriculture should provide for their application in strict conformity with the idea of emergency action under the anti-dumping philosophy of GATT's Article XIX.

If *export subsidies* must continue in some countries, they would have to be strictly subject to the "equitable export shares" provisions of GATT's Article XVI.

6 For greater detail, see *Kyklos*, April 1963.

7 See also the present author's letter published in the *Times* of London on March 19, 1963.

8 I would not for a moment wish to imply that prices could or should be set without regard to rational aims including at least a trace of the supply-demand equation. When I contemplate some of the price problems in agriculture I like to re-read, and re-enjoy, Sir Hubert Henderson's classical article on "The Price System" (*Economic Journal*, December 1948), though he addressed himself to different issues. He who was "convinced that . . . direct, physical controls, working otherwise than through the price system, will remain indispensable in some important sections of our economy . . ." still gave as the first proposition he wished to emphasize the dictum "that even when our economic activities are subject to a multitude of physical controls, . . . the influnce of the configuration of prices which exists at any time remains strong, far-reaching and fundamental. It is important, therefore, that this influence be a healthy one, that the configuration of prices should be such as to pull in directions which accord with the public interest." The price proposals of the French Plan will also have to be confronted with this important test.

No doubt, for the commodities placed under an international agreement a quantitative definition of this vague term would automatically result. for other commodities, a more concrete definition should also be secured.

With respect to protection in importing countries, especially the EEC, of *livestock products and fruits*, for which elasticities of demand are still considerable, the question of *consumer prices (and consumer or producer subsidies)* becomes particularly important and must have a place in the discussions. On livestock products, however, exporting countries should be warned not to fall into the trap of misreading the protection levels sought or established by importing countries. France and Germany, for example, have long been known for their inordinate protection of grain and other crops, while livestock products were treated less generously. That kind of regime was largely terminated by the advent of the Common Market. In it equivalence is to be sought between the protection for crops and that for livestock products; and most of the applicable regulations issued thus far serve this aim (which, as such, is only logical).

It is in the light of this conception that we must see the variable levies component of the protection for livestock products (compensating for feed cost differentials) in EEC as *derived* ones, not as *primary* levies like those on grains. It follows that we cannot attack or negotiate about levies on livestock products as such; rather we must address ourselves to the *grain* levies (or prices); and any adjustment we achieve will then automatically carry with it an equivalent adjustment for the livestock products concerned. *This is a point our policies so far have largely failed to acknowledge.*

However, it also follows from these circumstances that we can and should attack and negotiate about the *conversion ratios* applied to the grain feed component of livestock products from which the *derived* levies result. The *supplementary levies* that are due to the enforcement of *gate prices* are still another matter and have been treated above in the remarks on minimum import prices.

Carryover 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 XXIV-6 talks) will be merged in the forthcoming comprehensive efforts on agreements for agricultural trade—the negotiations of a special GATT Code for Agriculture. For this is precisely the vehicle through which countries have now agreed that GATT should provide for a fair give-and-take for agriculture as well. Our declaration had the same purpose, for the commodities concerned. It will be important for United States policy to be aware of this connection at all times.

Naturally, all GATT countries should continuously watch over compliance of their partners with the Articles of the Agreement and the special arrangements made under them. Some of the present EEC measures and practices can be challenged on the basis of these rules and arrangements, and the challenge does not have to wait the completion of the forthcoming negotiation of commodity agreements and other provisions within the new Code. An example is afforded by the dispute on poultry between the United States and EEC. Contrary to what is generally believed and has been implied even in official statements, this is *not* a case of poultry protection as such, but rather one of abuses of the anti-dumping idea, of discrimination, and of biased calculation of feed conversions. (See above what has been said about derived levies for livestock products.) These matters can be taken up at any time under the General GATT rules and, again contrary to common belief, their discussion does not depend upon the reservations made in 1962 regarding further negotiations, or on the prospective new Code.

Similarly, GATT members are also free at any time to call for review and explanation of any departure by other countries, including the EEC, from the arrangements made or accepted in the 1961/1962 negotiations. One, concerning EEC, which may be given as an example, is the question of a certain preference for internal EEC trade during the period of gradual integration.

Naturally, upon completion of the economic union and unification of markets, outside countries must without question accept the complete preference resulting for EEC partners among themselves. However, before such unification has been completed—and in agriculture it has not even begun—preference must remain an exception and on a modest and gradual scale. This was also the notion implicitly recognized by the EEC countries in the 1961/62 negotiations, and spelled out in the regulations of the EEC Commission of Jan. 14, 1962, then before the contracting Parties. The principle was, for example, clearly implied in the smallness of the so-called "montants forfaitaires" (sometimes translated "lump sums," in German "PAUSCHBETRAG") which were laid down for some of the commodities. It was also clearly implied in the reference, by the pertinent EEC regulations, to the *montants'* function of promoting a *gradual* development of intra-Community trade.

The establishment by EEC of minimum import prices only towards "third" countries is a gross violation of this principle because it permits the preferences for intra-EEC trade to be increased, by government subsidies, to extraordinary heights. This violation can therefore be dealt with not only under GATT's anti-discrimination provisions, but also under the arrangements agreed upon in the 1961/62 negotiations. Third countries should lose no time to face EEC sternly on this issue; that it is a live one and has great potentialities for evil may again be seen in the US-EEC dispute on poultry. It is *this* context that makes the poultry dispute a test case for EEC policies, not the alleged trebling of German protection, as the U. S. erroneously charged.

Conclusion

To sum up this programmatic discussion, I would say that we must enter the agricultural negotiations as logicians: affirming, first, the general philosophy on which we believe all parties to be agreed; next seeking agreement on broad propositions that can be derived from the general philosophy; and finally discussing and seeking agreement on detailed arrangements that would promise to carry out the principles adopted.

The general philosophy is that of an acknowledgement of the desirability of efficient resource utilization throughout the world and hence of the need to maintain and expand international trade. At the same time this philosophy acknowledges the primacy of political realism and the importance of graduality in needed adjustments that affect the physical and spiritual welfare of men—a graduality that has become a basic tenet of modern economic policy.

The broad propositions for which we can hope to achieve agreement include the avoidance of further increases in protection and in impediments to consumption, except in dire emergencies; the recognition of productivity increases as the basic need of agriculture and its only true and undisputed source of income improvement; the recognition of the need for long-run equilibration of supply and demand, with a positive attitude toward the possibilities of deliberate management of both sides of the equation; and the recognition of the need for international agreements with definite commitments regarding national policies that will serve to accomplish these purposes.

The detailed arrangements, finally, which would implement the principles that have been mentioned, will have to include commodity arrangements with commitments on international and internal prices, subsidies, demand supplementation through surplus disposal, supply management through import quotas, export quotas, commercial output quotas for compliance by farmers or governments, and producer payments tied to shifts or withdrawals of land or labor from agricultural uses—some or all of these in loose coordination or systematic combination.

Needless to say that international commodity arrangements would only be suitable for some products—grains, possibly meat, some dairy products, eggs, and sugar. For others *fixed tariffs should remain the only form of protection*, and every effort must be made to gain recognition for this principle. In fact, the Trade Negotiating Committee should promptly determine the range of these products so that they can be removed from the special agricultural segment of the negotiations and included, with most industrial items, in the fixed tariff groups.

In the foregoing statement I have attempted to summarize a comprehensive position on the contents of the forthcoming international negotiations of a new GATT regime on agriculture. The long chain of reasoning that leads to these proposals has been given in the earlier contributions mentioned. I am convinced that nothing short of a detailed position covering these and other points is necessary if governments want to make progress now after so much inertia in the past. The United States has a special obligation in this respect because it was one of the strongest proponents of the inclusion of agriculture in the trade negotiations.

Of course, it is quite possible that the negotiations on agriculture will lead nowhere, no matter how well prepared the parties come to the conference table. But the better we are prepared, the better will be our chances to prevent such a calamity.

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

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

John W. Proctor, General Manager of the Canadian Petroleum Association, in making this announcement on Aug. 9, stated that the results of a recent survey conducted by the Association indicated a decrease of $24 million in comparison with 1961, a record year for expenditures in Western Canada.

Mr. Proctor stated that a drop of $33 million for gas plant construction in 1962 largely accounted for the decrease from the 1961 industry expenditure total. The 1962 figure, however, represents the second largest outlay of monies ever expended during one calendar year.

Net cash expenditures of the petroleum industry in Western Canada since 1947 total $6.7 billion dollars.

A comparison of expenditures by provinces for 1961 and 1962 is as follows:

—($000 Omitted)—	1961	1962
Alberta	$544,500	$496,100
Saskatchewan	79,100	88,400
British Columbia	61,000	79,800
Yukon & N.W.T.	16,600	14,100
Manitoba	8,500	7,300
	$709,700	$685,700

Two With Clayton

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

Craig-Hallum Adds

MINNEAPOLIS, Minn. — Michael H. O'Dowd has been added to the staff of Craig-Hallum, Kinnard, Inc., 133 South Seventh St.

With Joe K. Matheson

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

Marshall Branch

RHINELANDER, Wis.—**The Marshall Company**, First National Bank Building. Robert G. Heck is Manager.

Tallahassee Office

TALLAHASSEE, Fla.—**Dempsey-Tegeler & Co., Inc.**, 207 East Park Avenue. Jan Winn Simpson is manager.

Branch in Tulsa

TULSA, Okla.—**F. R. Burns & Co.**, Enterprise Building. Max A. Gist is resident manager.

With Bioren & Co.

ALLENTOWN, Pa.—**Bioren & Co.**, members New York Stock Exchange, have announced the association of **Franklin J. Vandergrift** as a Registered Representative with the firm's Allentown, Pa., office, 17th and Liberty Streets.

E. F. Hutton Adds

ATLANTA, Ga.—James E. Orr is with **E. F. Hutton & Company, Inc.**, 2 Pryor Street, Southwest.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

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

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

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

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

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

● **American Mortgage Insurance Co.**
Jan. 10, 1963 filed 31,070 common being offered for subscription by stockholders on the basis of one share for each five shares held of record Aug. 17. Rights will expire Sept. 2. **Price** — $18. **Business**—A mortgage insurance company. **Proceeds**—For investments. **Office**—300 Salisbury St., Raleigh, N. C. **Underwriter**—None,

American Vitrified Products Co.
Aug. 6, 1963 filed 79,137 common to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$19. **Business**—Manufacture of various clay and concrete products. **Proceeds**—For debt repayment, plant improvement, inventories and accounts receivable. **Office**—700 National City Bank Bldg., Cleveland. **Underwriter**—None.

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

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

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

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

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

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

● **Bobbie Brooks, Inc. (8/15)**
July 18, 1963 filed 201,150 capital shares. **Price** — By amendment (max. $28). **Business** — Manufacture of fashion apparel, primarily for girls and women. **Proceeds** — For selling stockholders. **Office** — 3830 Kelley Ave., Cleveland. **Underwriter**—Bache & Co., New York.

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

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

● **Bridges Investment Fund, Inc. (9/3-6)**
July 25, 1963 filed 200,000 capital shares. **Price**—Net asset value (max. $10). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—8401 W. Dodge Rd., Omaha. **Underwriter**—None.

● **Burns (William J.) International Detective Agency, Inc. (8/19-23)**
July 17, 1963 filed 150,000 class A common. **Price**—By amendment (max. $28). **Business** — Company furnishes protective services to industrial and commercial clients, principally by means of uniformed guards. **Proceeds**—For selling stockholders. **Office**—235 E. 42nd St., New York. **Underwriter**—Smith, Barney & Co., Inc., New York.

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

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

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

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

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

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

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

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

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

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

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

Computer Sciences Corp. (9/16-20)
Aug. 6, 1963 filed 200,000 common, of which 175,000 shares are to be offered by the company and 25,000 shares by stockholders. **Price** — By amendment (max. $13). **Business** — Company provides various computer services to industry, government agencies and scientific institutions. **Proceeds**—For working capital and other corporate purposes. **Office**—650 N. Sepulveda Blvd., El Segundo, Calif. **Underwriter**—White, Weld & Co., Inc., New York.

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

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

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

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

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds** — To obtain

certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has issued a stop order suspending this registration statement.

● Dominguez Water Corp.
Aug. 5, 1963 filed 70,000 common. **Price**—By amendment (max. $8). **Business**—A public utility engaged in supplying water in a service area located within Los Angeles County. **Proceeds**—For selling stockholder, Dominguez Estate Co., parent. **Office**—21718 South Alameda St., Long Beach, Calif. **Underwriter** — Eastman Dillon, Union Securities & Co., Los Angeles. **Offering**—Expected in mid-September.

Dorchester Gas Producing Co. (8/27)
July 25, 1963 filed $3,500,000 of subordinated convertible debentures due Aug. 1, 1975. **Price** — By amendment. **Business**—Production of natural gas and its various by-products. **Proceeds**—For debt repayment and working capital. **Office**—1501 Taylor St., Amarillo, Tex. **Underwriters**—A. C. Allyn & Co., Chicago; Allen & Co., New York; Metropolitan Dallas Corp., Dallas.

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

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

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

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

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

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

Electronic Associates, Inc. (9/9-13)
Aug. 1, 1963 filed 100,000 capital shares. **Price** — By amendment (max. $70). **Business**—A diversified computer and instrument manufacturer. **Proceeds**—For loan repayment, equipment, working capital and other corporate purposes. **Address**—Long Branch, N. J. **Underwriter**—W. C. Langley & Co., New York.

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

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

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

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

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

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

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

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

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

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

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For

Continued on page 40

NEW ISSUE CALENDAR

August 15 (Thursday)
Bobbie Brooks, Inc.__________________Capital Stock
(Bache & Co.) 201,150 shares
Carolina Freight Carriers Corp.__________Common
(Ohio Co.) 100,000 shares

August 19 (Monday)
Burns (Wm. J.) Int'l Detective Agency Inc.—Cl. A
(Smith, Barney & Co., Inc.) 150,000 shares
Eastern Investors, Inc.____________________Class A
(Paul C. Kimball & Co.) $400,000
Electro-Optical Systems, Inc.______________Common
(White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc.) 403,000 shares

August 20 (Tuesday)
Yale Express System, Inc._____________Debentures
(Eastman Dillon, Union Securities & Co.; and Hemphill, Noyes & Company) $6,500,000
Yale Express System, Inc.___________________Class A
(Eastman Dillon, Union Securities & Co.; and Hemphill, Noyes & Company) 400,000 shares

August 21 (Wednesday)
Mohawk Rubber Co.__________________Debentures
(Kidder, Peabody & Co., Inc.) $4,000,000
Rollins Broadcasting, Inc.__________________Common
(New York Securities Co.) 166,376 shares

August 23 (Friday)
Global Construction Devices, Inc.__________Class A
(Charles Plohn & Co.) $720,000

August 26 (Monday)
Atlantis International Corp.______________Common
(S. Schramm & Co., Inc.) $400,000
Russell Mills, Inc._________________________Common
(Hornblower & Weeks) 300,000 shares
Enzyme Corp. of America_________________Common
(Bristol Securities Inc.) $240,000
French Market Shopping Center, Inc.________Units
(Midland Securities Co., Inc.) $300,000
Handleman Co._____________________________Common
(E. F. Hutton & Co., Inc., and Baker, Simonds & Co., Inc.) 330,000 shares
Squire For Men, Inc.____________________Debentures
(Samuel B. Franklin & Co.) $135,000
Tourist Industry Development Corp., Ltd.__Debens.
(American-Israel Basic Economy Corp.) $5,000,000

August 27 (Tuesday)
Dorchester Gas Producing Co.__________Debentures
(A. C. Allyn & Co.; Allen & Co.; Metropolitan Dallas Corp.) $3,500,000

Lewis Business Forms, Inc.____________Debentures
(Reynolds & Co., Inc. and Saunders, Stiver & Co.) $1,250,000
Lone Star Gas Co.________________________Debentures
(Bids 11 a.m. EDST) $35,000,000
New England Telephone & Telegraph Co.___Com.
(Offering to stockholders—no underwriting) 2,099,858 shares

August 29 (Thursday)
Sprague Electric Co._____________________Debentures
(First Boston Corp. and F. S. Moseley & Co.) $15,000,000

September 3 (Tuesday)
Bridges Investment Fund, Inc.______Capital Shares
(No underwriting) 200,000 shares
Heck's, Inc. ____________________________Common
(Charles Plohn & Co.) $450,000
National Fence Manufacturing Co., Inc.___Common
(Netherlands Securities Co., Inc.) $875,000
Natural Gas & Oil Producing Co.__________Common
(Peter Morgan & Co.) $900,000
Resort Corp. of Missouri _____________________Units
(R. L. Warren Co.) $1,000,000
Teaching Machines, Inc.____________________Common
(S. D. Fuller & Co.) $750,000

September 4 (Wednesday)
Southern Pacific Co._____________Equip. Trust Ctfs.
(Bids 12 noon EDST) $7,500,000

September 5 (Thursday)
Iowa Public Service Co.__________________Bonds
(Bids 11 a.m. EDST) $12,000,000

September 9 (Monday)
Chemair Corp. _________________________________Units
(Price Investing Co.) $180,000
Electronic Associates, Inc.___________Capital Shares
(W. C. Langley & Co.) 100,000 shares
Hawthorn-Mellody, Inc. ____________________Common
(Hemphill, Noyes & Co.) 497,500 shares
Norfolk & Western RR.__________Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,900,000
Rogers Brothers Co._______________________Common
(Dean Witter & Co.) 105,458 shares

September 10 (Tuesday)
Aileen, Inc. ____________________________Common
(Goodbody & Co.) 200,000 shares

September 11 (Wednesday)
N. Y., Chicago & St. Louis RR.___Equip. Tr. Ctfs.
(Bids 12 noon EDST) $6,540,000

September 16 (Monday)
Atlas Finance Co., Inc._________________Preferred
(Marshall Co. and McCormick & Co.) 37,500 shares

Computer Sciences Corp.__________________Common
(White, Weld & Co., Inc.) 200,000 shares
Recording Industries Corp.________________Common
(Tennessee Securities Inc.) $1,485,000

September 17 (Tuesday)
Atlantic Coast Line RR.___________________Bonds
(Bids 12 noon EDST) $20,000,000

September 18 (Wednesday)
Northern States Power Co. (Minn.)__________Bonds
(Bids 11 a.m. EDST) $15,000,000

October 1 (Tuesday)
Chicago Burlington & Quincy RR.___Equip. Tr. Ctfs.
(Bids 12 noon CDST) $5,000,000
Jersey Central Power & Light Co.____________Bonds
(Bids 11 a.m. EDST) $18,525,000

October 3 (Thursday)
Columbia Gas System, Inc.______________Debentures
(Bids to be received) $25,000,000

October 8 (Tuesday)
Wisconsin Public Service Corp.______________Bonds
(Bids to be received) $15,000,000

October 15 (Tuesday)
Gulf States Utilities Co._________________Preferred
(Bids to be received) 100,000 shares
Jersey Central Power & Light Co.______Debentures
(Bids 11 a.m. EDST) $9,000,000

October 16 (Wednesday)
Nevada Power Co.__________________________Bonds
(Bids to be received) $11,000,000

October 22 (Tuesday)
Public Service Electric & Gas Co.______Debentures
(Bids 11 a.m. EDST) $40,000,000

November 7 (Thursday)
Georgia Power Co.__________________________Bonds
(Bids to be received) $30,000,000
Georgia Power Co.________________________Preferred
(Bids to be received) $7,000,000

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

December 10 (Tuesday)
Northern Pacific Ry.____________Equip. Trust Ctfs.
(Bids 12 noon EST) $4,800,000
Virginia Electric & Power Co.________________Bonds
(Bids to be received) $30,000,000

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investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Postponed.

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

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

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

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

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

Heck's, Inc. (9/3-6)
June 12, 1963 refiled 180,000 class A common. **Price**—$2.50. **Business**—Operation of discount stores. **Proceeds**—To provide fixtures and inventory for a new store, and for working capital. **Office**—6400 MacCorkle Ave., S. W., St Albans, W. Va. **Underwriter**—Charles Plohn & Co., New York.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

Holiday Mobile Home Resorts, Inc.
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office** — 4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York. **Note**—This statement will not be withdrawn as previously reported, but will be amended.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

International Book Distributors, Inc.
June 24, 1963 filed 66,500 common. **Price**—By amendment (max. $4.50). **Business**—Sale of encyclopedias, dictionaries, atlases, etc. **Proceeds**—For working capital and sales promotion. **Office**—6660 Biscayne Blvd., Miami, Fla. **Underwriter**—Roman & Johnson, Fort Lauderdale, Fla. **Offering**—Expected in early September.

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

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

Iowa Public Service Co. (9/5)
July 19, 1963 filed $12,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment and other corporate purposes. **Address** — Orpheum - Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; White, Weld & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Sept. 5 (11 a.m. EDST) at 20 Pine St. (10th floor), New York. **Information Meeting**—Aug. 28 (3:30 p.m. EDST) same address.

Israfund-Israel Fund, Inc.
July 29, 1963 filed 300,000 common. **Price**—$10. **Business**—Fund plans to own stock of companies which will invest in securities of Israeli enterprises. **Proceeds**—For investment. **Office**—17 East 71st St., New York. **Underwriter**—Israel Securities Corp., (same address).

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

Israel Fund, Inc.
July 18, 1963 filed 500,000 common. **Price**—$12.50. **Business**—A closed-end investment company which plans to invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

"Isras" Israel-Rassco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business** — A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York.

Jaap Penraat Associates, Inc.
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., New York. **Offering** — Indefinitely postponed.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

● Juniper Spur Ranch, Inc.
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Key Finance Corp.
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriters** — Morris Cohon & Co., and Street & Co., Inc., New York. **Offering**—Indefinite.

● Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares. **Price** — $800 per unit. **Business** — Processing and distribution of sesame seed. **Proceeds**—For accounts receivable inventories, plant expansion and working capital. **Office** — 2301 N. Main St., Paris, Texas. **Underwriter**—John A. Dawson & Co., Chicago. **Note**—This statement was withdrawn.

Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Volume manufacture of inexpensively priced men's and children's belts. **Proceeds**—For debt repayment, sales promotion, and other corporate purposes. **Office**—33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York.

Lewis Business Forms, Inc. (8/27)
July 22, 1963 filed $1,250,000 of convertible subordinated debentures due Sept. 1, 1975. **Price** — By amendment. **Business**—Manufacture of a diversified line of business forms. **Proceeds**—For plant expansion, loan repayment and working capital. **Office**—243 Lane Ave., North, Jacksonville, Fla. **Underwriters**—Reynolds & Co., Inc., New York, and Saunders, Stiver & Co., Cleveland.

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

Lone Star Gas Co. (8/27)
July 30, 1963 filed $35,000,000 of sinking fund debentures due 1988. **Business**—Production and distribution of natural gas in Texas and Oklahoma. **Proceeds**—For loan repayment, construction and working capital. **Office**—301 South Harwood St., Dallas. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Aug. 27 (11 a.m. EDST) at Chemical Bank New York Trust Co., 20 Pine St., New York. **Information Meeting**—Aug. 22 (11 a.m. EDST), same address.

Lord Jim's Service Systems, Inc.
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—Indefinite.

Mahoning Corp.
July 26, 1963 filed 200,000 common. **Price**—$3. **Business**—Company plans to engage in the exploration and development of Canadian mineral properties. **Proceeds**—For general corporate purposes. **Address**—402 Central Tower Bldg., Youngstown, Ohio. **Underwriter**—None.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

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

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

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

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

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

● Middlesex Water Co.
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds** — For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York. **Offering**—Expected in October.

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

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

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile home parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

● Mohawk Rubber Co. (8/21)
July 19, 1963 filed $4,000,000 of convertible subordinated debentures due 1983. **Price** — By amendment. **Business**—Manufacture of tires for passenger cars, trucks, buses and earth moving equipment. **Proceeds**—For loan repayment, working capital and other corporate purposes. **Office**—1235 Second Ave., Akron, Ohio. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

Morton (B. C.) Realty Trust
June 21, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—B. C. Morton Funds Underwriters Co., Inc. (same address)

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $15,000,000 (15,000 units) of interests. **Price**—To be supplied by amendment. **Business**—The fund will invest in tax-exempt bonds of states, counties municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor** — Ira Haupt & Co., 111 Broadway, New York. **Offering**—Indefinite.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

National Fence Manufacturing Co., Inc. (9/3-6)
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., Inc., New York.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price** — $1. **Business** — Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds** — For general corporate purposes. **Office** — 113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

Natural Gas & Oil Producing Co. (9/3-6)
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New England Telephone & Telegraph Co. (8/27)
Aug. 1, 1963 filed 2,099,857 capital shares to be offered for subscription by common stockholders on the basis of one new share for each 12 held of record Aug. 27. Rights will expire Sept. 23. **Price**—By amendment. **Proceeds**—to repay advances from parent, A. T. & T., and for other corporate purposes. **Office** — 185 Franklin St., Boston. **Underwriter**—None.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

Nordon Corp. Ltd.
July 29, 1963 filed 60,085 capital shares. **Price** — By amendment (max. $3.25). **Business**—Acquisition of oil and gas properties, and the production of crude oil and natural gas. **Proceeds**—For selling stockholders. **Office**—5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Los Angeles.

● **Northern States Life Insurance Corp.**
March 26, 1963 filed 312,465 common being offered for subscription by stockholders on the basis of one new share for each 1½ held of record July 31. Rights will expire Sept. 7. **Price**—$2. **Business**—Writing of general life insurance. **Proceeds**—For expansion. **Office**—1840 North Farwell Ave., Milwaukee. **Underwriter**—None.

Northern States Power Co. (Minn.) (9/18)
July 26, 1963 filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction and loan repayment. **Office**—15 S. Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly). **Bids**—Sept. 18 (10 a.m. CDST) at 111 W. Monroe St., Chicago. **Information Meeting**—Sept. 12 (2:30 p.m. EDST) at 57 Broadway, New York.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

Nuveen Tax-Exempt Bond Fund, Series 5
Aug. 2, 1963 filed $16,500,000 of units representing fractional interests in the fund. **Price**—By amendment. **Business**—The Fund will invest in interest-bearing obligations of states, counties, and municipalities of the U. S., believed to be exempted from Federal income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

Old Florida Rum Co.
July 29, 1963 filed 338,755 common, and warrants to purchase an additional 338,755 common, to be offered for subscription by common stockholders in units of one share and one warrant, on the basis of one unit for each two shares held. **Price**—By amendment (max. $4). **Business**—Company is engaged in the production of rum and other alcoholic beverages. **Proceeds**—For working capital, loan repayment, sales promotion and equipment. **Office**—1035 N. W. 21st Terrace, Miami. **Underwriters**—Pierce, Wulbern, Murphey Inc., Jacksonville, and Consolidated Securities Corp., Pompano Beach, Fla. **Offering**—Expected in mid-September.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

PMA Insurance Fund Inc.
April 8, 1963 filed 200,000 common. **Price** — Net asset value plus 4%. **Business**—A new mutual fund specializing in insurance stocks. **Proceeds**—For investment. **Address** — Plankington Bldg., Milwaukee. **Underwriter**—Fund Management Inc. (same address).

Pacific Mines, Inc.
July 24, 1963 filed 100,000 common. **Price**—$1.50. **Business** — Company plans to explore iron deposits on its property. **Proceeds**—For mining operations, debt repayment and operating expenses. **Office**—1218 N. Central Ave., Phoenix. **Underwriter**—None.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

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

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

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

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

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

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

Recording Industries Corp. (9/16-20)
July 19, 1963 filed 297,000 common. **Price**—$5. **Business**—Company plans to engage in the recording and manufacture of phonograph records, and the publishing of sheet music. **Proceeds**—For construction of offices, working capital, and other corporate purposes. **Office**—801 Sixteenth Ave., South Nashville, Tenn. **Underwriter**—Tennessee Securities Inc., Nashville.

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

● **Resort Corp. of Missouri (9/3-6)**
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price** — $32 per unit. **Business** — Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter**—R. L. Warren Co., St. Louis.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business** — Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del. **Offering**—Indefinite.

● **Rollins Broadcasting, Inc. (8/21)**
July 15, 1963 filed 166,376 common. **Price**—By amendment (max. $20). **Business**—Company and subsidiaries own seven AM radio stations, three VHF television stations and an outdoor advertising company. **Proceeds**—For selling stockholders. **Office**—414 French St., Wilmington, Del. **Underwriter**—New York Securities Co., New York.

● **Royaltone Photo Corp.**
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital. **Office**—245 7th Ave., N. Y. **Underwriter** — Federman Stonehill & Co., N. Y. **Note** — This registration was withdrawn.

● **Russell Mills, Inc. (8/26-30)**
Sept. 28, 1962 filed 300,000 common. **Price**—By amendment (max. $12). **Business** — Manufacture of athletic clothing, knitted goods, sleepwear for children, and woven cotton cloth. **Proceeds**—For loan repayment, and new equipment. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, New York. **Note**—This company formerly was named Russell Manufacturing Co.

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

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

● **Squire For Men, Inc. (8/26)**
July 9, 1963 ("Reg. A") $135,000 of 8% convertible debentures due 1969. **Price** — At par ($100). **Business** — Manufacture and sale of custom hair pieces. **Proceeds**—For new products and working capital. **Office**—328 S. Beverly Dr., Beverly Hills, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles.

Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of investing in Canada, Western Europe and other foreign areas. **Proceeds**—For investment. **Office**—135 S. LaSalle St., Chicago. **Underwriter**—None.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd., Los Angeles. **Underwriter**—None.

● **Teaching Machines, Inc. (9/3)**
April 1, 1963 filed 150,000 common. **Price**—$5 **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For loan repayment and other corporate purposes. **Office**—221 San Pedro, N. E. Albuquerque. **Underwriter**—S. D. Fuller & Co., New York.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc. (same address).

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—To be named. **Offering**—Indefinite.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$6. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Temporarily postponed.

Tourist Industry Development Corp., Ltd. (8/26)
March 29, 1963 filed $5,000,000 of 7% senior debentures due 1983. **Price**—At par. **Business**—Financing of tourist enterprises in Israel. **Proceeds** — For general corporate purposes. **Address** — Jerusalem, Israel. **Underwriter**—American-Israel Basic Economy Corp., New York.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Transpacific Group, Inc.
July 26, 1963 filed 155,000 common. **Price**—By amendment (max. $15). **Business**—An insurance holding company. **Proceeds**—For expansion. **Office**—520 S. W. 6th Ave., Portland, Ore. **Underwriter**—None.

Trans World Life Insurance Co.
July 31, 1963 filed 465,000 common. **Price**—By amendment (max. $5). **Business**—Company plans to sell general life and disability insurance policies. **Proceeds**—To increase capital and surplus. **Office**—609 Sutter St., San Francisco. **Underwriter**—Alex. Brown & Sons, Baltimore.

● **United Aircraft Corp.**
July 10, 1963 filed $42,884,700 of 4½% subordinated debentures due Aug. 15, 1988 being offered for subscription by stockholders on the basis of $100 of debentures for each 15 common shares held of record Aug. 5. Rights will expire Aug. 20. **Price**—At par. **Business**—Manufacture of aeronautical engines, propellers and aircraft. **Proceeds**—For loan repayment. **Office**—400 Main St., East Hartford, Conn. **Underwriter**—Harriman Ripley & Co., Inc., New York.

United Investors Corp. (Minn.)
July 29, 1963 filed $500,000 of 6% convertible debentures due 1973 to be offered for subscription by stockholders

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on an unlimited basis. **Price** — At par. **Business**—A holding company for United Investors Fund Corp. (a broker-dealer which sells mutual funds) and United Capital Life Insurance Co. of Minnesota. **Proceeds**—To increase capital and surplus of United Capital Life Insurance Co. of Minnesota. **Address**—1300 First National Bank Bldg., Minneapolis. **Underwriter**—None.

United Saran & Plastic Corp. Ltd.
Feb. 25, 1963, filed $330,000 of 7% convertible debentures due 1975 and 16,500 shares of 8% preferred ordinary "B" shares to be offered in units consisting of two $100 debentures and 10 shares. **Price** — $305 per unit. **Business** — Manufacture of light household and office furniture. **Proceeds** — For general corporate purposes. **Address**—Rehovoth, Israel. **Underwriter**—Brager & Co., New York. **Offering**—Indefinite.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital, leasehold expenses and other corporate purposes. **Office** —2300 Republic National Bank Bldg., Dallas. **Underwriter** — First Nebraska Securities Corp., Lincoln, Neb. **Offering**—Temporarily postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Montana. **Underwriter**—To be named.

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

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

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

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

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

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

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

Wyomont Petroleum Co.
May 10, 1963 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Production and sale of petroleum products. **Proceeds**—For debt repayment, construction and working capital. **Address**—P. O. Box 670, Thermopolis, Wyo. **Underwriter**—Northwest Investors Service, Inc. Billings, Montana. **Note**—The SEC has issued an order temporarily suspending this letter.

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."

American Mortgage Insurance Co.
31,070 common being offered for subscription by stockholders at $18 per share on the basis of one new share for each five held of record Aug. 17. Rights will expire Sept. 2. No underwriting is involved.

Commercial Credit Co.
$50,000,000 of notes due Aug. 1, 1985 offered at par and accrued interest by First Boston Corp., and Kidder, Peabody & Co., Inc., New York.

Northern States Life Insurance Corp.
312,465 common being offered for subscription by stockholders at $2 per share on the basis of one new share for each 1½ share held of record July 31. Rights will expire Sept. 7. No underwriting is involved.

Roadcraft Manufacturing & Leasing Corp.
100,000 common offered at $12 per share by Rutner, Jackson & Gray, Inc., Los Angeles.

Issues Filed With SEC This Week

★ Aileen, Inc. (9/10)
Aug. 9, 1963 filed 200,000 common, of which 100,000 will be sold by company and 100,000 by stockholders. **Price**—By amendment (max. $25). **Business**—Design, manufacture and distribution of popular priced sports and casual wear coordinates for women and girls. **Proceeds**—For plant expansion. **Office**—29 West 38th St., New York. **Underwriter**—Goodbody & Co., New York.

★ Gary Capital Corp.
Aug. 8, 1963 filed 60,000 common. **Price**—$10. **Business**—Company plans to engage in various phases of the finance business, with the exception of securities trading. **Proceeds**—For investment, executive salaries and working capital. **Office**—450 Seventh Ave., New York. **Underwriter**—Kordan & Co., Inc., New York.

★ Hawthorn-Mellody, Inc. (9/9-13)
Aug. 7, 1963 filed 497,500 common. **Price**—By amendment (max. $25). **Business**—Processing and distribution of milk, ice cream and other dairy foods in Chicago area. **Proceeds** — For the selling stockholder, Processing and Books, Inc., parent. **Office**—4224 West Chicago Ave., Chicago. **Underwriter**—Hemphill, Noyes & Co., New York.

★ National Union Insurance Co. of Washington
Aug. 12, 1963 filed 64,000 common to be offered for subscription by stockholders on the basis of 1.78 shares for each share held. **Price**—$12. **Business**—Writing of fire, marine, casualty and property insurance. **Proceeds**—For general corporate purposes. **Office**—1511 K St., N. W., Washington, D. C. **Underwriters** — Ferris & Co., and Rouse, Brewer, Becker & Bryant, Inc., Washington, D. C.

★ O'Malley Investing Corp.
Aug. 9, 1963 filed 300,000 common. **Price**—$10. **Business**—A real estate investment and development company. **Proceeds**—For investment. **Office**—1802 N. Central Ave., Phoenix. **Underwriter** — O'Malley Securities Co. (same address).

★ Rogers Brothers Co. (9/9-13)
Aug. 7, 1963 filed 105,458 common, of which 70,000 will be sold by company and 35,458 by a stockholder. **Price**—By amendment (max. $18). **Business** — Processing of potatoes, and the raising of high grade pea, bean and sweet corn seeds. **Proceeds**—For working capital. **Address**—P. O. Box 2188, Idaho Falls, Idaho. **Underwriter**—Dean Witter & Co., Los Angeles.

★ Satawa Gold Mines Ltd.
Aug. 9, 1963 filed 1,000,000 common. **Price**—By amendment (max. 30 cents). **Business**—Gold prospecting. **Proceeds**—For debt repayment, construction of a mill and mining expenses. **Address**—Port Arthur, Ontario, Canada. **Underwriter**—None.

★ Sprague Electric Co. (8/29)
Aug. 9, 1963 filed $15,000,000 of sinking fund debentures due Sept. 1, 1988. **Price** — By amendment. **Business**—Manufacture, distribution and sale of electronic and electrical circuit components. **Proceeds**—For debt repayment, and working capital. **Address** — 87 Marshall St., North Adams, Mass. **Underwriters** — First Boston Corp., and F. S. Moseley & Co., New York.

★ Summit National Holding Co.
Aug. 9, 1963 filed 150,000 common. **Price**—$12. **Business**—Company plans to buy all the outstanding stock of Summit National Life Insurance Co., organized in February 1963 in Ohio as a legal reserve life insurance company. **Proceeds** — For investment in above stock, and working capital. **Office**—2003 West Market St., Akron, O. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

★ Tektronix, Inc.
Aug. 9, 1963 filed 540,000 common, of which 100,000 are to be offered by company and 440,000 by stockholders. **Price**—By amendment (max. $25). **Business**—Manufacture of precision cathode ray oscilloscopes. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—Lehman Brothers, New York.

★ U. S. Controls, Inc.
Aug. 8, 1963 filed $210,000 of 6¾% debentures due 1973 and warrants to purchase 31,500 shares to be offered for public sale in units of one $100 debentures and 15 warrants. **Price**—$100 per unit. **Business**—Development and manufacture of heating equipment and automatic control systems. **Proceeds**—For inventory, sales promotion, note prepayment and working capital. **Office** — 410 Fourth Ave., Brooklyn, N. Y. **Underwriter**—M. H. Meyerson & Co., Inc., New York.

Prospective Offerings

★ Atlantic Coast Line RR. (9/17)
Aug. 12, 1963 it was reported that this road plans to sell $20,000,000 of first mortgage bonds due 1988 in September. **Proceeds**—To refund $8,100,000 of bonds maturing June 1, 1964, and for working capital. **Office**—220 E. 42nd St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.; White, Weld & Co. **Bids**—Expected Sept. 17 (12 noon EDST), at above address.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office** — 25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Canon Camera Co.
June 26, 1963 it was reported that the company plans to sell $5,000,000 of convertible bonds in the U. S. **Business** — Manufacture of cameras and other photographic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriter** — Yamaichi Securities Co. of New York, Inc.

● Carolina Freight Carriers Corp. (8/15)
July 5, 1963 the company applied to the ICC for permission to offer 100,000 common. Of the total, 24,000 will be sold by the company and 76,000 by stockholders. **Price**—By amendment. **Business** — A motor freight carrier operating in 13 states from Mass. to Florida. **Proceeds**—For working capital. **Address**—Cherryville, N. C. **Underwriter**—The Ohio Co., Columbus.

Chesapeake & Ohio Ry.
July 16, 1963 it was reported that the company plans to sell about $3,780,000 of equipment trust certificates in late September. This will be the second instalment of a total $10,305,000 issue. **Address** — Terminal Tower, Cleveland, O. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

Chicago Burlington & Quincy RR. (10/1)
May 20, 1963 the company announced tentative plans to sell $5,000,000 of equipment trust certificates in October. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected October 1 (12 noon CDST) at above address.

Columbia Gas System, Inc. (10/3)
May 6, 1963 the company stated that it plans to sell $25,000,000 of debentures in October to raise money for construction. **Office** — 120 East 41st Street, New York. **Underwriters** — (Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Bids**—Expected Oct. 3.

● Communications Satellite Corp.
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named. **Note** — Leo D. Welch, Chairman, has announced that the company hopes to make a public offering of its stock "not later than the early part of 1964."

Connecticut Light & Power Co.
June 4, 1963 it was reported that the company is considering the issuance of about $25,000,000 of bonds in late 1963. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas W. Scranton & Co.-Estabrook & Co. (jointly).

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

Consolidated Edison Co. of New York, Inc.
May 22, 1963 the company stated that it will have to raise approximately $800,000,000 through the sale of securities, to finance its five-year construction program. In addition, it will have to refinance $52,000,000 of maturing bonds in the period ending 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last public bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

Consumers Power Co.
April 24, 1963 it was reported that the company plans to sell $20,000,000 of straight debentures in the 3rd quarter of 1963. **Office**—212 W. Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

★ Corpus Christi Bank & Trust Co. (Tex.)
Aug. 12, 1963 stockholders voted to increase the bank's capital stock to provide for sale of 37,500 additional shares on the basis of one new share for each share held of record Aug. 12. Rights will expire Aug. 22. **Price**—$26.75. **Proceeds**—To increase capital and surplus. **Office**—801 Leonard St., Corpus Christi, Tex. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Duke Power Co.
April 22, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

Eastern Freight Ways, Inc.
Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J **Underwriter**—Allen & Co.. New York

First National Bank of Toms River, N. J.
July 24, 1963 it was reported that the bank is offering its stockholders the right to subscribe for an additional 24,000 common shares on the basis of one new share for each 19½ held of record June 26. Rights will expire Aug. 26. **Price**—$24. **Proceeds**—To increase capital funds. **Address**—Toms River, N. J. **Underwriter**—None.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

Foote, Cone & Belding, Inc.
June 18, 1963 it was reported that the company is considering the public sale of about 25% of its stock. **Business**—Company is one of the leading advertising agencies in the U. S. with 1962 billings of about $130,000,000. **Office**—247 Park Ave., New York. **Underwriter**—To be named. It was reported that negotiations are being conducted with Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

● Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C Langley & Co. (jointly); Lee Higginson Corp. **Bids**—Expected Oct. 15.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

Hawaiian Telephone Co.
June 2, 1963 it was reported that the company plans to offer stockholders in October the right to subscribe for an additional $8,000,000 of common stock. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

International Milling Co.
July 8, 1963 the company announced that it expects to file a registration statement covering its first public offering of common stock. The sale will include both a primary and a secondary distribution. **Business**—Company is one of the world's largest flour millers with operations in five countries. **Proceeds**—For expansion, research and debt repayment. **Address** — 1200 Investors Bldg., Minneapolis. **Underwriter** — Kidder, Peabody & Co., Inc., New York.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in the first half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon Union Securities & Co.; Lehman Brothers; Blyth & Co

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964 It is expected that the majority would be sold by Dec 31, 1963. **Underwriter**—First Boston Corp., New York.

Jersey Central Power & Light Co. (10/1)
July 16, 1963 the company announced plans to sell $18,525,000 of first mortgage bonds due 1993. **Proceeds**—For construction and refunding of outstanding 5⅜% bonds due 1990. **Address** — Madison Avenue, at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Expected Oct. 1 (11 a.m. EDST) at 80 Pine St., New York. **Information Meeting**—Sept. 26 (10 a.m. EDST) at same address.

Jersey Central Power & Light Co. (10/15)
June 12, 1963 company announced plans to sell $9,000,000 of debentures due 1988. **Proceeds**—For construction. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Expected Oct. 15 (11 a.m. EDST) at 80 Pine St., New York. **Information Meeting**—Oct. 10 (10 a.m. EDST) at same address.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co (jointly); Salomon Brothers & Hutzler-Eastman Dillon Union Securities & Co.-Equitable Securities Corp (jointly).

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive) Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly)

Mexico (Government of)
July 16, 1963 following the public offering of $40,000,000 of external bonds, it was reported that the Government is authorized to sell an additional $65,000,000 of bonds in the U. S. and abroad. **Underwriters**—Kuhn, Loeb & Co., Inc., and First Boston Corp., N. Y.

Nevada Power Co. (10/16)
July 29, 1963 it was reported that the company plans to sell about $11,000,000 of first mortgage bonds in October. **Address**—Fourth and Stewart Ave., Las Vegas. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.; Eastman Dillon, Union Securities & Co.—Kidder Peabody & Co. (jointly); Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith—Lehman Bros.—Salomon Bros. & Hutzler **Bids**—Expected Oct. 16. **Information Meeting**—Oct. 4 (11 a.m. EDST) at 20 Broad St., New York.

Nevada Power Co.
July 29, 1963 it was reported that the company plans to sell about 120,000 common shares in October. Transaction is subject to approval by Federal and State regulatory authorities. **Address**—Fourth and Stewart Ave., Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co. (11/19)
July 10, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected Nov. 19.

New York, Chicago & St. Louis RR (9/11)
July 30, 1963 the company announced plans to sell $6,540,000 of 1-15 year equipment trust certificates in September. **Address** — Terminal Tower Bldg., Cleveland. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Sept. 11 (12 noon EDST) at the above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Norfolk & Western RR (9/9)
July 2, 1963 it was reported that this road has scheduled the sale of about $6,900,000 of 1-15 year equipment trust certificates for September. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Sept. 9 or 10 (12 noon EDST) at the company's Philadelphia office.

Northern Pacific Ry. (12/10)
July 2, 1963 it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

Pacific Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey,

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Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Piedmont Natural Gas Co., Inc.
July 22, 1963 the company announced plans to offer stockholders this fall, the right to subscribe for about 140,000 common shares on a 1-for-10 basis. **Business**—Distribution of natural gas in North and South Carolina. **Proceeds**—For construction. **Office**—4201 Yancey R., Charlotte, N. C. **Underwriter**—White, Weld & Co., Inc., New York.

Potomac Edison Co.
May 14, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to raise $12,000,000 in 1964, but has not determined the type of security to be sold. **Office**—200 East Patrick St., Frederick, Md. **Underwriter**—To be named. The last sale of bonds on May 8, 1957 was to a group headed by W. C. Langley & Co., and First Boston Corp. Other bidders were: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly).

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,-000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Public Service Electric & Gas Co. (10/22)
July 23, 1963 the company announced plans to issue $40 to $50,000,000 of debentures due 1982 in October. **Proceeds**—To redeem $36,000,000 of outstanding 3% debentures maturing Nov. 1, 1963 and for construction. **Office**—80 Park Place, Newark, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers-Salomon Brothers & Hutzler (jointly); Blyth & Co.; Goldman, Sachs & Co.-Harriman Ripley & Co. (jointly); First Boston Corp. **Bids**—Expected Oct. 22 (11 a.m. EDST) at above address.

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,-000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds**—For construction. **Office**—10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Southern California Edison Co.
May 22, 1963, following the sale of $60,000,000 of first and refunding mortgage bonds due May 15, 1988, the company stated that it will need about $66,000,000 of new money to finance its 1963-64 construction program. A spokesman said that the company is considering the sale of a minimum of $50,000,000 of debt securities in the fall. **Office**—601 West Fifth St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly).

★ Southern Co.
Aug. 12, 1963 the company stated that it is considering the sale of $35 to $40,000,000 of common stock early in 1964 to help finance its $570,000,000 construction program. **Office**—1330 West Peachtree St., N. W., Atlanta, Ga. **Underwriters**—To be named. The last sale of common on Feb. 15, 1961 was made to a group headed by Eastman Dillon, Union Securities & Co., Blyth & Co., and Equitable Securities Corp. Other bidders were: First Boston Corp.-Lehman Brothers (jointly); Morgan Stanley & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Pacific Co. (9/4)
July 23, 1963 it was reported that the company plans to sell about $7,500,000 of 1-15 year equipment trust certificates. **Office** — 165 Broadway, New York. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Sept. 4 (12 noon EDST) at above address.

Southern Railway Co. (9/5)
Aug. 5, 1963, the company announced plans to sell $6,-420,000 of equipment trust certificates in September. This is the first instalment of a proposed $12,840,000 offering. **Office**—70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Sept. 5 (12 noon EDST) at 70 Pine St., New York.

Southern Railway Co. (10/29)
Aug. 5, 1963, the company announced plans to sell $6,-420,000 of equipment trust certificates in October. This is the second instalment of a proposed $12,840,000 offering. **Office** — 70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Oct. 29 (12 noon EDST) at 70 Pine St., New York.

★ Subscription Television, Inc.
Aug. 14, 1963 it was reported that this company, jointly-owned by Lear-Siegler, Inc., and Reuben H. Donnelley Corp., plans to file a registration statement shortly covering about $22,000,000 of common stock. **Business**—Company plans to offer pay-TV to subscribers in the Los Angeles and San Francisco areas. **Office**—3171 So. Bundy Drive, Santa Monica, Calif. **Underwriter**—William R. Staats & Co., Los Angeles.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

Transcontinental Gas Pipe Line Co.
May 6, 1963 it was reported that the company plans to issue $30,000,000 of debt securities in September. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

Ultronic Systems Corp.
May 28, 1963 it was reported that a registration will be filed shortly covering the first public sale of this firm's common stock. While the size of the offering has not been determined, it is said to be a relatively small deal, involving over 50,000 shares. **Business** — Manufacture, rental and service of the "Ultronic Stockmaster," a desk unit used to provide stock brokers with instantaneous information on stock and commodity market action of selected issues. **Proceeds**—For working capital. **Address**—Pennsauken, N. J. **Underwriter**—Bache & Co., N. Y.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds): Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

Virginia Electric & Power Co. (12/10)
July 30, 1963 the company announced plans to sell $30,-000,000 of securities, probably first mortgage bonds, in December. **Address**—Seventh and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler—Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith Inc.—Lehman Bros. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. **Bids** — Expected Dec. 10. **Information Meeting**—Dec. 5 (11 a.m. EST) at One Chase Manhattan Paza, New York.

Washington Gas Light Co.
July 2, 1963 it was reported that this utility plans to sell $20,000,000 of bonds in the second quarter of 1964. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters** (Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

Western Transmission Corp.
April 17, 1963 it was reported that this newly-formed natural gas pipeline company plans to file a registration statement covering an undetermined number of common shares to be offered initially to stockholders of U. S. Natural Gas Corp. **Address**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

Western Union Telegraph Co.
March 6, 1963 the company announced that it had arranged to borrow a total of $100,000,000 by sale of notes maturing serially, one-third at the end of each of the years 1964, 1965 and 1966. It plans to refinance the serial notes by issuance of long-term debt securities, but has not determined the terms or timing of the action. **Office**—60 Hudson St., New York. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, New York.

Wisconsin Public Service Corp. (10/8)
March 19, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co. **Bids**—Expected Oct. 8.

● Yale Express System, Inc. (8/20)
July 22, 1963 it was reported that the company had filed an application with the ICC for permission to sell $6,-500,000 of convertible subordinated debentures and 400,-000 class A shares. **Price**—By amendment. **Business**—A holding company for subsidiaries engaged in motor vehicle freight transportation, nationwide freight forwarding, truck leasing, etc. **Proceeds** — For loan repayment. **Office**—460 12th Ave., New York. **Underwriters**—Eastman Dillon, Union Securities & Co., and Hemphill, Noyes & Co., New York.

With Lord, Abbett

CHICAGO, Ill.—John B. Leonard has become associated with Lord, Abbett & Co., 120 South LaSalle Street, as a wholesale representative in its midwestern territory. The company is sponsor for Affiliated Fund, Inc., and American Business Shares, Inc.

Joins Walston

SALEM, Ore.—Robert M. Stephenson has joined the staff of **Walston & Co., Inc.**, 387 Court Street, N. E. Mr. Stephenson for many years was with Investors Diversified Services, Inc.

Now With Blyth Co.

PORTLAND, ORE. — David S. Jones has become associated with Blyth & Co. Inc., Pacific Building. Mr. Jones was formerly Vancouver, Wash. Manager for First California Co. and prior thereto was with Zilka, Smither & Co., Inc.

With Carolina Securities

RALEIGH, N. C. — Robert P. Craft is with Carolina Securities Corp., Insurance Building, members of the Midwest Stock Exchange.

Named Director

Roger Cortesi, managing partner of Auchincloss, Parker & Redpath, investment bankers, was elected a Director of Zausner Foods Corp., Sol Zausner, President has announced. Mr. Cortesi has been in the investment banking field since 1929.

Now North Amer. Inv. Co.

COLUMBUS, Ohio—The firm name of The Investment Company of North America, 553 East Town Street, has been changed to North American Investment Co.

With A. C. Allyn

PORT WASHINGTON, Wis. — Kenneth L. Murphy has become connected with A. C. Allyn & Co. He was formerly Port Washington representative for Loewi & Co., Inc.

Austin Dobbins Branch

NEW BRAUNFELS, Tex.—Austin, Dobbins & Calvert has opened a branch office at 154 West San Antonio St. under the management of Gerald E. Haag. Mr. Haag was formerly local manager for Texas National Corp.

Bell & Farrell Branch

MILWAUKEE, Wis. — Bell and Farrell Inc. have opened a branch office at 111 East Wisconsin Ave. under the management of Michael A. Noll. Mr. Noll for many years was with Paine, Webber, Jackson & Curtis.

Vercoe Adds to Staff

COLUMBUS, Ohio—William M. Falvey is now affiliated with **Vercoe & Co.**, Huntington Bank Building, members of the New York Stock Exchange and other leading Exchanges.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Aug. 10	1,748,000	1,782,000	2,077,000	1,578,000
Index of production based on average weekly production for 1957-1959	Aug. 10	93.8	95.7	111.5	84.7
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Aug. 10	0.569	0.581	0.676	54.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 2	7,605,560	7,648,860	7,583,310	7,248,960
Crude runs to stills—daily average (bbls.)	Aug. 2	8,699,000	8,736,000	8,802,000	8,462,000
Gasoline output (bbls.)	Aug. 2	30,849,000	30,815,000	30,737,000	31,[illegible]
Kerosene output (bbls.)	Aug. 2	2,955,000	3,006,000	2,966,000	2,971,000
Distillate fuel oil output (bbls.)	Aug. 2	13,741,000	13,227,000	13,898,000	13,462,000
Residual fuel oil output (bbls.)	Aug. 2	4,816,000	4,598,000	5,384,000	5,438,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Aug. 2	187,472,000	189,551,000	194,473,000	182,258,000
Kerosene (bbls.) at	Aug. 2	34,147,000	34,173,000	31,668,000	33,366,000
Distillate fuel oil (bbls.) at	Aug. 2	142,879,000	138,955,000	123,258,000	140,414,000
Residual fuel oil (bbls.) at	Aug. 2	49,997,000	50,419,000	46,966,000	50,717,000
Unfinished oils (bbls.) at	Aug. 2	89,313,000	89,524,000	90,686,000	84,819,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 3	558,295	600,850	440,795	568,424
Revenue freight received from connections (no. of cars)	Aug. 3	469,586	501,904	454,750	482,242
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 3	9,085,000	*9,445,000	1,990,000	8,227,000
Pennsylvania anthracite (tons)	Aug. 3	395,000	404,000	187,000	306,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Aug. 8	$603,600	$701,500	$648,300	$394,100
Private	Aug. 8	338,800	455,000	356,000	248,500
Public	Aug. 8	264,800	246,500	292,300	145,500
State and Municipal	Aug. 8	245,200	234,900	259,300	135,[illegible]0
Federal	Aug. 8	19,600	11,600	33,000	9,70[illegible]
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Aug. 3	103	98	93	9[illegible]
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 10	18,713,000	18,607,000	17,437,000	17,159,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 8	264	238	273	306
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 5	6.279c	6.279c	6.279c	6.19[illegible]c
Pig iron (per gross ton)	Aug. 5	$63.11	$63.33	$63.33	$66.44
Scrap steel (per gross ton)	Aug. 5	$26.83	$25.83	$25.17	$27.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 9	30.600c	30.600c	30.600c	30.600c
Export refinery at	Aug. 9	28.475c	28.425c	28.400c	28.550c
Lead (New York) at	Aug. 9	11.250c	11.250c	11.000c	9.500c
Lead (St. Louis) at	Aug. 9	11.050c	11.050c	10.800c	9.300c
‡Zinc (delivered at)	Aug. 9	13.000c	12.500c	12.500c	12.000c
Zinc (East St. Louis) at	Aug. 9	12.500c	13.000c	12.000c	11.500c
Aluminum (primary pig, 99.5%) at	Aug. 9	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Aug. 9	114.875c	114.375c	116.375c	108.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 13	89.11	89.28	88.79	88.25
Average corporate	Aug. 13	86.81	88.81	88.95	86.78
Aaa	Aug. 13	91.91	91.77	92.20	90.77
Aa	Aug. 13	90.34	90.20	90.34	[illegible]
A	Aug. 13	89.09	89.09	89.23	[illegible]
Baa	Aug. 13	84.43	84.43	84.55	81.29
Railroad Group	Aug. 13	87.05	86.91	87.18	83.40
Public Utilities Group	Aug. 13	89.78	89.92	89.92	88.67
Industrials Group	Aug. 13	89.04	89.51	90.06	88.40
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 13	3.93	3.90	3.96	3.91
Average corporate	Aug. 13	4.50	4.50	4.49	4.65
Aaa	Aug. 13	4.28	4.29	4.26	4.36
Aa	Aug. 13	4.39	4.40	4.39	4.49
A	Aug. 13	4.48	4.48	4.47	4.66
Baa	Aug. 13	4.83	4.83	4.82	5.08
Railroad Group	Aug. 13	4.63	4.64	4.62	4.91
Public Utilities Group	Aug. 13	4.43	4.42	4.42	4.51
Industrials Group	Aug. 13	4.44	4.45	4.41	4.53
MOODY'S COMMODITY INDEX	Aug. 13	361.4	364.1	371.6	368.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 3	399.727	382,870	303,004	414,999
Production (tons)	Aug. 3	377,383	368,518	263,443	336,338
Percentage of activity	Aug. 3	98	97	69	98
Unfilled orders (tons) at end of period	Aug. 3	601,098	572,414	510,204	542,041
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Aug. 9	98.99	*98.03	99.04	98.51
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	July 19	2,303,370	2,421,330	2,745,880	2,361,920
Short sales	July 19	504,350	567,680	527,600	625,360
Other sales	July 19	1,762,380	1,894,380	2,210,560	1,548,950
Total sales	July 19	2,266,730	2,462,060	2,738,160	2,174,310
Other transactions initiated off the floor—					
Total purchases	July 19	374,090	446,190	564,400	401,670
Short sales	July 19	92,000	83,700	62,300	86,700
Other sales	July 19	333,450	410,440	493,700	337,620
Total sales	July 19	425,450	494,140	556,000	424,320
Other transactions initiated on the floor—					
Total purchases	July 19	844,980	907,595	1,032,160	701,708
Short sales	July 19	146,190	176,920	160,000	101,850
Other sales	July 19	721,675	937,724	963,436	662,765
Total sales	July 19	867,865	1,114,644	1,123,436	764,51[illegible]
Total round-lot transactions for account of members—	July 19	3,522,440	3,775,055	4,342,440	3,465,298
Total purchases					
Short sales	July 19	742,540	828,300	749,900	813,910
Other sales	July 19	2,817,505	3,242,544	3,667,696	2,549,335
Total sales	July 19	3,560,045	4,070,844	4,417,596	3,363,24[illegible]
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	July 19	1,296,857	1,352,211	1,304,436	1,412,870
Dollar value	July 19	$67,852,565	$70,143,574	$65,215,399	$69,[illegible]
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	July 19	1,505,534	1,583,611	1,648,781	1,251,230
Customers' short sales	July 19	20,871	18,915	11,358	65,558
Customers' other sales	July 19	1,484,663	1,564,696	1,637,423	1,185,672
Dollar value	July 19	$71,022,525	$76,568,649	$77,951,924	$63,195,971
Round-lot sales by dealers—					
Number of shares—Total sales	July 19	550.330	584,260	638,150	339,160
Short sales	July 19	------	------	------	------
Other sales	July 19	550,330	584,260	638,150	339,160
Round-lot purchases by dealers—Number of shares	July 19	310,470	337,870	315,660	529,670
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	July 19	1,000,340	1,045,820	1,026,760	1,361,080
Other sales	July 19	16,723,280	17,966,890	19,959,430	15,223,580
Total sales	July 19	17,723,620	19,012,710	20,986,190	16,584,660
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Aug. 6	100.2	100.3	100.6	100.6
Farm products	Aug. 6	96.4	96.8	97.1	97.6
Processed foods	Aug. 6	100.8	101.4	102.5	101.5
Meats	Aug. 6	92.7	94.3	94.3	100.[illegible]
All commodities other than farm and foods	Aug. 6	100.5	100.6	100.6	100.8

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

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—			
For month of May:			
Total gas sales (M therms)	8,036,100	9,393,200	7,343,[illegible]00
Natural gas sales (M therms)	7,898,900	9,181,800	7,201,100
Manufact'd & mixed gas sales (M thrms)	139,200	211,400	142,500
AMERICAN ZINC INSTITUTE, INC.—Month of July:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	73.117	74,033	70,789
Shipments (tons of 2,000 pounds)	99,027	94,626	55,411
Stocks at end of period (tons)	79,960	105,870	162,416
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of June:			
New England	$42,818,646	$39,372,282	$44,795,405
Middle Atlantic	105,227,256	89,571,482	84,3[illegible]6,[illegible]08
South Atlantic	74,773,983	60,270,347	54,648,[illegible]1
East Central	124,278,574	138,450,380	180,70[illegible],[illegible]35
South Central	123,731,830	141,359,626	153,033,217
West Central	32,045,521	77,239,366	48,19[illegible],117
Mountain	30,775,515	40,721,043	25,247,504
Pacific	159,507,948	211,120,880	141,854,709
Total United States	$713,159,273	$798,106,006	$737,361,[illegible]66
New York City	36,843,112	45,526,943	27,759,039
Total outside New York City	$676,316,161	$752,579,063	$709,602,927
CIVIL ENGINEERING ADVANCE PLANNING, NEW SERIES—ENGINEERING NEWS RECORD—Month of July (000's omitted):			
Total U. S. construction	$2,415,400	$2,072,400	$1,391,400
Private construction	1,469,600	1,106,500	[illegible]85,600
Public construction	945,800	965,900	705,800
State and municipal	820,300	864,900	693,000
Federal	125,500	101,000	12,800
COAL OUTPUT (BUREAU OF MINES)—Month of July:			
Bituminous coal and lignite (net tons)	28,000,000	39,250,000	22,169,000
Pennsylvania anthracite (net tons)	1,315,000	1,783,000	906,000
COKE (BUREAU OF MINES)—Month of June:			
Production (net tons)	4,830,656	*5,063,861	3,840,900
Oven coke (net tons)	4,736,131	4,963,844	3,786,800
Beehive coke (net tons)	94,525	*100,017	54,100
Oven coke stocks at end of month (net tons)	2,629,170	2,791,516	3,834,780
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of June 30:			
Total consumer credit	$64,892	$64,165	$59,108
Instalment credit	50,220	49,494	45,208
Automobile	20,904	20,509	18,410
Other consumer credit	12,622	12,512	11,726
Repairs and modernization loans	3,305	3,272	3,200
Personal loans	13,389	13,201	11,372
Noninstalment credit	14,672	14,671	13,900
Single payment loans	5,715	5,696	5,428
Charge accounts	4,783	4,791	4,596
Service credit	4,174	4,184	3,870
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of June	659,941	692,612	698,501
In consuming establishments as of June 29	1,349,040	1,556,050	1,766,114
In public storage as of June 29	10,064,349	10,771,525	6,687,392
Linters—Consumed month of June	112,132	109,926	103,489
Stocks, June 29	805,780	714,918	597,812
Cotton spindles active as of June 29	15,767,000	15,737,000	16,869,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of June:			
Cotton Seed—			
Received at mills (tons)	24,100	18,800	26,100
Crushed (tons)	175,900	284,900	215,200
Stocks (tons) June 30	303,300	455,100	367,100
Cake and Meal—			
Stocks (tons) June 30	210,800	216,600	155,700
Produced (tons)	86,600	135,200	99,900
Shipped (tons)	92,400	116,300	108,200
Hulls—			
Stocks (tons) June 30	41,200	55,100	99,700
Produced (tons)	46,500	68,290	52,600
Shipped (tons)	61,800	81,300	74,400
Linters—			
Stocks (bales) June 30	170,500	217,900	103,400
Produced (bales)	47,900	78,900	58,000
Shipped (bales)	95,300	122,600	76,300
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of July (1957-59=100)	77.5	77.3	79.3
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of June (000,000 omitted):			
Ordinary	$5,191	$5,531	$4,810
Industrial	588	639	589
Group	1,192	1,382	1,419
Total	$6,971	$7,552	$6,818
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of July:			
Industrials (125)	3.25	3.25	3.58
Railroads (25)	4.42	4.22	5.75
Utilities (not incl. Amer. Tel. & Tel. (24)	3.13	3.14	3.40
Banks (15)	3.12	3.22	3.45
Insurance (10)	2.54	2.55	2.68
Average (200)	3.23	3.22	3.55
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. AUTOMOBILE MANUFACTURERS' ASSN.—Month of August:			
Total number of vehicles	785,100	846,793	161,446
Number of passenger cars	655,656	715,772	136,340
Number of trucks and motor coaches	129,444	131,021	25,106
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of June (in billions):			
Total personal income	$462.1	*$460.1	*$441.7
Wages and salary receipts, total	312.5	*311.2	*297.6
Commodity producing industries	124.4	*123.8	119.0
Manufacturing only	98.9	*98.4	95.0
Distributing industries	79.8	*79.7	76.6
Service industries	49.4	*49.1	46.7
Government	58.9	*58.6	55.3
Other labor income	12.6	*12.6	12.0
Business and professional	37.5	*37.4	36.5
Farm	12.4	*12.6	13.1
Rental income of persons	12.0	*12.0	12.0
Dividends	18.1	*17.3	16.4
Personal interest income	32.3	32.1	29.9
Transfer payments	36.5	*36.6	34.2
Less employees contribution for social insurance	11.8	*11.7	10.2
Total nonagricultural incomes	445.2	*443.1	424.2
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of July 31	$305,481,910	$306,466,243	$298,323,578
General funds balance	6,998,174	12,116,175	6,379,[illegible]65
Net debt	$298,[illegible]	$294,[illegible]	$291,[illegible]
Computed annual average	3.375%	3.361%	3.247%

STATE of TRADE and INDUSTRY

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new models were in the assembly plant works.

In '63 model making, only a single Studebaker model, Chevrolet division of General Motors and four of seven Ford Motor Co. car makes were still in production at this time. Chevrolet scheduled completion of 22,300 cars for the period slated to end with a model runout Aug. 10; Ford programmed some 17,800 cars for this week, and will make a few more '63s again next week although some of its plants will also start work on '64s.

Chrysler Corp., which built the last of its '63 models at its Hamtramck plant on Aug. 1, scheduled the industry's first general production units of the '64 model run; some 1,600 units were planned this week by that auto maker subject to "startup" progress.

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

Of an estmated 7,339,000 cars of '63 design built to date, GM Corp. has accounted for 53.5%; Ford Motor Co., 26.4%; Studebaker Corp., 1.0%. Final count for Chrysler Corp. was 938,812, and for American Motors, 464,126.

Carloadings Show Decrease of 1.8% From Same 1962 Week

Loading of revenue freight in the week ended Aug. 3, totaled 558,295 cars, the Association of American Railroads announced Aug. 8. This was a decrease of 42,555 cars or 7.1% below the preceding week.

The loadings represented a decrease of 10,129 cars or 1.8% below the corresponding week in 1962, and a decrease of 29,974 cars or 5.1% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Aug. 3, 1963, are estimated at approximately 11.9 billion, an increase of 2.6% over the corresponding week of 1962 and 4.6% over 1961.

There were 15,554 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended July 27, 1963 (which were included in that week's over-all total). This was an increase of 2,123 cars or 15.8% above the corresponding week of 1962 and 4,539 cars or 41.2% above the 1961 week.

Cumulative piggyback loadings for the first 30 weeks of 1963 totaled 448,614 cars for an increase of 52,823 cars or 13.3% above the corresponding period of 1962, and 120,845 cars or 36.9% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 60 one year ago and 58 in the corresponding week in 1961.

Intercity Truck Tonnage Continues to Outpace 1962 Volume

Intercity truck tonnage in the week ended Aug. 3 was 3.1% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced Aug. 9. This continues a long series of increases which has now lasted for nearly two months.

Truck tonnage was 2.0% ahead of the volume for the previous week of this year.

Due to torrential rains and emergency conditions in Buffalo, tonnage figures were not available for that city. For this reason, these findings are based on a survey of 33 metropolitan areas for this week only instead of the customary 34. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Lumber Production Down 19.3% From 1962 Week

Lumber production in the country totaled 185,196,000 board feet in the week ended Aug. 3, according to reports received from regional lumber associations.

Compared with 1962 levels, production fell 19.3%, shipments fell 13.6% and new orders fell 16.7%.

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

	Aug. 3 1963	July 27 1963	Aug. 4 1962
Production	185,196	194,405	229,626
Shipments	196,614	209,336	227,688
New orders	184,461	210,523	221,634

Electric Output Shows 9.1% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 10, was estimated at 18,731,000,000 kwh. according to the Edison Electric Institute. Output was 106,000,000 kwh. above the previous week's total of 18,771,000 kwh., and 1,554,000,000 kwh. above the total output of 17,159,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 9.1%.

Business Failures Take Mild Upturn

Commercial and industrial failures, still on an irregular weekly course, turned up to 264 in the week ended Aug. 8 and partially recovered from the downswing to 238 in the prior week, reports Dun & Bradstreet, Inc. Despite this increase, casualties remained appreciably below the 306 and 343 occurring in the comparable weeks of 1962 and 1961 respectively. However, they did push almost 5% ahead of the pre-war toll of 252 in the similar week of 1939.

The toll among retailers rebounded to 132 from 119, among construction contractors to 42 from 35, and among service businesses to 31 from 19. Meanwhile, manufacturing failures held even at 34 and wholesaling declined to 25 from 31 in the previous week. No industry or trade group except service suffered as many casualties as in the similar week last year.

Five geographic regions reported a week-to-week rise in failing businesses, and four other areas reported a relatively steady mortality trend. The most substantial upturns lifted the East North Central toll of 50 from 39, the Pacific to 46 from 37 and the South Atlantic to 35 from 29. Among the areas with little change was the Middle Atlantic Region where casualties stood at 71 as against 74. The week's only noticeable decline occurred in the West North Central States. Nearly all of the year-to-year downtrend centered in the Middle Atlantic, West South Central, Mountain, and Pacific States whereas business tolls in the other five major geographic districts equalled or exceeded 1962 levels.

Canadian failures increased to 36 from 24 in the preceding week and were about even with the 35 in the corresponding week last year.

Wholesale Commodity Price Index Falls Below Last Week, Month and Year

The general wholesale commodity price level slipped to 264.89, the second lowest point of 1963 last Wednesday, but by Monday of this week had edged fractionally higher. Nevertheless, it remained noticeably below a month ago and trailed last year quite substantially. A dip in pig iron prices gave a solid downward thrust to the index, and as well, week-to-week declines were registered in the wholesale cost of hogs, oats, rye, coffee, sugar, rubber and silver. Some of the strength of the downturn, however, was offset by the fact that steel scrap prices were pushed higher by increased mill buying, a cutback in scrap output plus continuing export drains on supplies.

The Daily Wholesale Commodity Price Index eased to 265.31 on Monday, Aug. 12, from 265.41 last Monday. It was off considerably from 268.13 on the similar day last month and the 272.25 at the comparable time last year.

Wholesale Food Price Index Edges Over Week Ago but Holds Even With 1962

Following two weekly declines from the 1963 record set on July 23, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged 0.2% higher to $5.94 on Aug. 13. The index remained even with last year both this week and last after slightly outpacing 1962 since the latter part of May.

Pushing the index up were pronounced rises in prices of hams, eggs and lambs and milder ones in corn and cocoa. Partially offsetting these higher quotations were minor easings in prices of wheat, rye, oats, sugar, cottonseed oil, potatoes, steers and hogs.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Cooler Weather and August Sales Help Retail Business

With the help of cooler weather and special August sales of home furnishings, consumer buying held at a good pace in the week ended Aug. 7 and solidly outdistanced activity in the similar week a year ago. August furniture and white sales took up the slack left by slowing apparel clearances. Shoppers began to show some interest in fall and back-to-school clothing, although swimwear still had the strongest appeal. Surprising life throbbed in car sales as the 1963 model run drew to a close.

The total dollar volume of retail trade in the Aug. 7 week ranged from 2 to 6% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: Mountain +5 to +9; Middle Atlantic +4 to +8; East North Central +3 to +7; South Atlantic +2 to +6; New England, East South Central and Pacific +1 to +5; West North Central and West South Central —1 to +3.

Nationwide Department Store Sales Rise 4% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 4% for the Aug. 3-ending week compared with the like period in 1962. The week's gain over the year-ago week marked the tenth encouraging weekly trend in a row.

In the four-week period ended Aug. 3, 1963, sales gained 4% over last year's level for the comparable period for the country's 12 leading department store districts.

According to the Federal Reserve System, department store sales in New York City for the week ended Aug. 3, gained 4% over the comparable year-ago week's figure. New York City's department store sales were up 10% for the four week period ending Aug. 3.

A *flash figure* for New York City's sales for the Aug. 10-ending sales week revealed a plus 3% increase. In every week since June 1, there has been a gain for the N. Y. C. department stores notwithstanding the N. Y. City sales tax hike from 3% to 4% commencing last June 1. No one can surmise, however, how much higher it might have been in the absence of the sales tax rise. The four-week N. Y. C. flash figure was plus 4% over a year ago.

So far this year (Jan. 1 to Aug. 3), the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Aug. 3-ending week's total sales 6% above a year ago, a 2% gain over sales registered by department stores alone. The year-to-year contrast for the latest four-week period showed a gain of almost 4% — about the same increase in department store sales for the same period.

Joins Reynolds & Co.

PHILADELPHIA, Pa. — Reynolds & Co., 1526 Chestnut St., members of the New York Stock Exchange and other leading exchanges, announce that John T. Gillin is now associated with them as an account executive. Prior to joining Reynolds & Co., Mr. Gillin was associated with Elkins, Morris, Stokes & Co.

Joins Marshall Co.

MILWAUKEE, Wis. — Donald J. Ellerman is now associated with Marshall Co., 111 East Wisconsin Ave., members of the Midwest Stock Exchange. Mr. Ellerman was formerly with Walston & Co., Inc. and prior thereto with Cruttenden, Podesta & Miller for a number of years.

Reuben Rose Branch

Reuben Rose & Co., Inc., have opened a branch office at 31 West 47th St., New York City, under the direction of Leon Mayer.

Wulff, Hansen Branch

SAN LEANDRO, Calif. — Wulff, Hansen & Co., has opened a branch office at 432 Estudillo Ave. Roger B. Edwards is Manager.

Dealer-Broker

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comments on **Amphenol Borg, Franklin National Bank, General Foods, Houdaille, Life Insurance Stocks, McKesson & Robbins, National Can, Paddington Corp.** and **Skyline Homes.**

Thatcher Glass Manufacturing Company—Analysis—W. E. Hutton & Co., 14 Wall Street, New York, N. Y. 10005. Also available is an analysis of **Union Pacific Railroad.**

Traileurop—Memorandum—Langley-Howard, Inc., 2 Gateway Center, Pittsburgh, Pa. 15222.

Transamerica — Memorandum — Schwabacher & Co., 100 Market Street at Montgomery, San Francisco, Calif. 94104.

United Piece Dye Works—Analysis—G. Everett Parks & Co., Inc., 52 Broadway, New York, N. Y. 10004.

Walt Disney Productions—Comment—Walston & Co., Inc., 74 Wall Street, New York, N. Y. 10005. Also available are comments on **International Minerals & Chemical, Midland Ross Corp.** and **Litton Industries.**

Western Nuclear Inc.—Bulletin—H. E. Herrman & Company, 26 Broadway, New York, N. Y. 10004.

Whirlpool Corporation—Analysis—D. H. Blair & Company, 5 Hanover Square, New York, N. Y. 10004. Also available is an analysis of **J. Ray McDermott and Company Inc.**

Inv. Corp. of Va. Elects Johnson

NORFOLK, Va. — Thomas N. P. Johnson, Jr., has been elected an Assistant Vice-President of the Investment Corp. of Virginia, 215 East Plume St., members of the New York Stock Exchange. Mr. Johnson was formerly with Anderson & Strudwick.

Bankers Trust Co. Scholarship Award

James R. Wilson, of Evans City, Pa., is the recipient of the Bankers Trust Company Fellowship at the Harvard University Graduate School of Business Administration. He will enter the School in September, 1963, as a candidate for the 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.

Mr. Wilson is a 1963 graduate of the College of Wooster in Wooster, Ohio, where he majored in economics. During his undergraduate years, he was on the Dean's List and participated in many extracurricular activities. While in college, he still found time to work as a teller at the Wayne County National Bank in Wooster, Ohio.

Joins J. K. Mullen

DENVER, Colo.—Lester A. Van Voorhis has been added to the staff of the **J. K. Mullen Investment Co.,** 621 17th Street.

Joins McDaniel Lewis

GREENSBORO, N. C.—James R. Perrin is now with **McDaniel Lewis & Co.,** Jefferson Building, members of the Midwest Stock Exchange.

TAX-EXEMPT BOND MARKET

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Tax (1964-1989) bonds to the account managed jointly by *Harris Trust and Savings Bank* and *Rowles, Winston & Co.* at a net interest cost of 3.3094%. The runner-up bid, a 3.3621% net interest cost, was made by the account headed by Merrill Lynch, Pierce, Fenner & Smith and John Nuveen & Co.

Other major members of the winning account are Republic National Bank of Dallas, Rauscher, Pierce & Co., Eddleman, Pollok & Fosdick, McClung & Knickerbocker, Dewar, Robertson & Pancoast, R. J. Edwards, Inc., E. F. Hutton & Co., First of Texas Corp., Field, Richards & Co., Russ & Co., Hamilton Securities Co. and the Metropolitan Dallas Corp.

Reoffered to yield from 1.85% to 3.375%, the present balance in account totals $3,125,000.

Tuesday Quite Active

Tuesday was a busy day with three issues of general market importance on the calendar. The Washington Suburban Sanitary District, Maryland awarded $4,000,000 Storm Drainage (1964-1993) bonds to the group headed by the *Chemical Bank New York Trust Co.* at a net interest cost of 3.15%. The runner-up bid of a 3.16% net interest cost was submitted by Phelps, Fenn & Co. and associates.

Other members of the winning syndicate are The Northern Trust Co., Smith, Barney & Co., Goldman, Sachs & Co., Mercantile Trust Co., Bache & Co., Dominick & Dominick and Hayden, Stone & Co.

The bonds were priced to yield from 1.90% in 1964 to 3.30% in 1990 for various coupons and upon reoffering $2,500,000 were sold. The bonds due 1967 to 1969 and 1992-1993 were sold pre-sale.

Another interesting loan was $8,220,000 Southern Illinois Dormitory revenue (1966-1994) bonds. This issue was divided into $6,000,000 series "A" bonds and $2,220,000 series "B" bonds and the *Halsey, Stuart & Co., Inc.* group was high bidder for both issues, submitting a 3.701% net interest cost for the "A" bonds and a 3.493% net interest cost for the "B" bonds.

Other major members of the winning group include Harriman Ripley & Co., Phelps, Fenn & Co., Weeden & Co., Bache & Co., L. F. Rothschild & Co., J. C. Bradford & Co., Fahnestock & Co., White-Phillips Co., Charles King & Co. and the Milwaukee Co.

The series "A" bonds were reoffered at 2.30% to 3.75% and the series "B" bonds were reoffered at 2.30% to 3.60%. Combined balance at press time in group totals $7,185,000.

The Housing and Home Finance Agency was the successful and only bidder at the same time for series "B" bonds in the amount of $3,030,000 maturing 1989 to 2003 as 3½s at 100. The Halsey, Stuart & Co., Inc. group did not bid for these bonds.

Good Investor Response

Tuesday evening, the group headed jointly by *The First Boston Corp.* and *Stern Bros. & Co.* was awarded $25,000,000 Johnson County, Kansas Water District #1 revenue (1964-1993) bonds at a net interest cost of 3.35%. The runner-up bid, a 3.38% net interest cost, came from Smith, Barney & Co. and associates.

The major members of the winning syndicate are White, Weld & Co., Phelps, Fenn & Co., Shields & Co., Bear, Stearns & Co., Hornblower & Weeks, Hayden, Stone & Co., Paine, Webber, Jackson & Curtis, Wm. Blair & Co., Dominick & Dominick, Francis I. duPont & Co., Ira Haupt & Co. and L. F. Rothschild & Co.

The winning group priced the bonds to yield from 2.00% in 1964 to 3.50% in 1992 for various coupons and the last maturity was priced to yield 4.05% for a 1¼% coupon and was sold pre-sale. Initial bank and casualty company demand has been good and a balance of $8,230,000 remains in group.

Week's Main Attraction

All attention Wednesday was centered on the sale of $116,095,000 various Public Housing Authority (1964-2004) bonds. Involved were thirty-three local agencies in twenty-three states and each issue had to be calculated separately and the award made separately. Fortunately for the writer, the large bank group headed jointly by the *Bankers Trust Co.* and the *Chase Manhattan Bank* purchased twenty-eight of the issues totaling $103,175,000 of bonds. The only issues not purchased by this group were Kearny, Nebraska; Duluth, Minnesota; Renton, Washington; Fort Worth, Texas and Portsmouth, New Hampshire.

Major members of the winning bank group include Chemical Bank New York Trust Co., Morgan Guaranty Trust Co., First National Bank of Chicago, Harris Trust and Savings Bank, C. J. Devine & Co., Kuhn, Loeb & Co., Kidder, Peabody & Co., Salomon Bros. & Hutzler, Bache & Co., Continental Illinois National Bank and Trust Co., First National Bank in Dallas, First National Bank of Oregon, Ladenburg, Thalmann & Co., Mellon National Bank and Trust Co., W. H. Morton & Co., The Northern Trust Co., Paribas Corp., The Philadelphia National Bank, Republic National Bank of Dallas, F. S. Smithers & Co. and United California Bank.

All of the issues, with the exception of $17,665,000 Philadelphia, Pennsylvania bonds, carried a 3¼% coupon and that one issue carried a 3⅛% coupon. The bonds were offered at three different scales with the scale "A" bonds running from a 1.80% to 3.20%; scale "B" from 1.80% to 3.25% and scale "C" from 1.80% to 3.30%. Orders are being taken throughout the day and no estimate of the balance is presently available. Group orders totaled $30,000,000, mostly in the short maturities.

Equitable Securities Corp. was the high bidder for $8,975,000 Fort Worth, Texas bonds as 3¼s. All of the bonds from 1971 to 1983, 1987 and 1991 and 1993-2003 were sold pre-sale. Bonds due 1964 to 1969 are offered to yield from 1.80% to 2.40%.

The remaining four smaller loans were split among various groups and no reoffering is presently available.

Real Fast Mover

The syndicate headed by the *First Boston Corp.* purchased through negotiation $21,810,000 Pennsylvania State University 1st Mortgage revenue (1964 - 1989) serial bonds and term bonds due 1999.

Other members of this syndicate include Drexel & Co., Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Smith, Barney & Co., Blyth & Co., Eastman Dillon, Union Securities & Co., Goldman, Sachs & Co., Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co., Blair & Co., Inc., Butcher & Sherrerd, Stroud & Co., Moore, Leonard & Lynch, Singer, Deane & Scribner and Thomas & Co.

The serial bonds were released to the public to yield from 1.90% to 3.40% for various coupons and the term bonds carried a 3½ coupon and were offered at 100. Investor demand, as might be expected, was excellent with all but $2,060,000 of the bonds sold.

Dollar Bonds Listless

The dollar quoted toll road and other long-term revenue issues have been lightly traded during the past week with prices drifting fractionally lower. *The Commercial and Financial Chronicle's* revenue bond Index averages out at 3.456% on Aug. 14 as against 3.431% last week. In terms of dollars this represents a loss of about $3.00 per bond.

A brief flurry of buying pushed up both issues of Illinois Toll Road bonds by one point when it was announced that a plan to increase toll rates effective Oct. 1 would soon be enacted.

Next week's new issue calendar is of modest proportions and a quiet order market seems in prospect.

Pledged Securities Cause Needless Profits Squeeze

Reporting to the New York State Bankers Association's annual meeting, held recently at Lake Placid, New York, the Committee on Pledged Securities condemned as outdated the practice of tying pledged assets to public deposits.

E. Sherman Adams

The Chairman of the Committee, E. Sherman Adams, Vice-President of the First National City Bank of New York, discussed the issue as follows:

"The rapid expansion of commercial bank time deposits is increasing the importance of eliminating the archaic practice of pledging bank assets to secure public deposits. Over the past 18 months, bank operating expenses have risen sharply due chiefly to higher interest payments on time deposits. For 1962, operating expenses per $100 of deposits increased 7%. This means that there was a comparable rise in the average rate of return that banks must earn on their loans and investments in order to remain sound and profitable. The average rate of return did not rise this much and, consequently, net operating earnings per $100 of deposits declined last year by 7½% compared with 1961.

"This ominous trend threatens to continue. Over the years ahead, bankers may find themselves under increasing pressure to improve the average yield on their earning assets.

Hinders Earnings Rate

"One of the obstacles to obtaining a better average earning rate, of course, is the fact that banks must pledge substantial amounts of their assets to secure public deposits. Most of these pledged assets consist of relatively low yielding U. S. Government securities. The total amount of the pledged assets of all commercial banks is already well in excess of $25 billion, and the trend of public deposits continues to be upward.

"As you know, your Committee on Pledged Securities is pledged to trying to eliminate pledging. We have carefully studiesd various possible solutions. We believe that the best practical solution would be to make it illegal for banks to pledge assets against public deposits and at the same time to provide that all public depositors would have a preferential claim on all of the assets of any bank that fails. This would continue to assure the safety of public deposits and would give banks 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 proposal may have considerable appeal. It sounds simple and painless. It would not involve any increase in risk for the FDIC because bank assets now pledged to secure public deposits would become unpledged and available to the FDIC to meet depositors' claims in closed banks. This being so, there would be no logical reason for increasing FDIC assessments.

"There are, however, several disadvantages to this approach which have not received adequate consideration. For one thing, it 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 constitute a sharp departure from the original concept of deposit insurance which has been adhered to since its inception; namely, that the proper function of deposit insurance is to provide protection to small depositors and thereby maintain public confidence 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 impair the incentives to sound bank management policies.

Committee's Printed Report

"The position of your committee with respect to these alternative proposals is spelled out in a printed report entitled *Proposed Elimination of the Pledging of Assets to Secure Public Deposits.* If you have not studied this report, we urge you to do so.

"The work of your committee has led to increased interest in this problem of pledged securities both among bankers and bank supervisory authorities. The Federal Reserve has appointed a special committee to study it and the subject has also been placed on the agenda of the Bank Management Committee of the American Bankers Association. This is all to the good. On the other hand, there is clearly need for better understanding and greater interest on the part of bankers if we are to achieve a satisfactory solution to this increasingly important problem."

New Housing Bonds Offered To Investors

Bankers Trust Co. and The Chase Manhattan Bank, joint managers of a nationwide underwriting group, on Aug. 14 offered publicly 29 issues, totalling $103,760,000 of New Housing Authority bonds according to three scales.

The first scale consists of $1,195,000 Carbondale, Pa., $1,485,000 Franklin County, Pa., $790,000 Johnstown, Pa., and $675,000 Montgomery County, Pa., bonds, all carrying a 3¼% coupon and $17,665,000 Philadelphia, Pa., bonds, with a 3⅛% coupon. All are priced to yield from 1.80% for those due 1964 to 3.20% for the 1998-2004 maturities.

The second scale consists of $3,525,000 Phoenix, Ariz., $1,460,000 Sutter County, Calif., $3,330,000 Fort Pierce, Fla., $38.765,000 Chicago, Ill., $2,055,000 Michigan City, Ind., $1,610,000 Kansas City, Kan., $2,425,000 Topeka, Kan., $1,345,000 Cambridge, Mass., $1,535,000 Newton, Mass., $1,635,000 Wake County, N. C., $2,510,000 Columbus, Ohio, and $6,140,000 Chattanooga, Tenn., bonds, all carrying a 3¼% coupon and priced to yield from 1.80% for those due 1964 to 3.25% for the 1998-2004 maturities.

The third scale consists of $1,790,000 Camden, Ark., $735,000 Walsenburg, Colo., $1,800,000 Savannah, Ga., $1,070,000 Swainsboro, Ga., $650,000 Alexander County, Ill., $1,755,000 Jefferson County, Ill., $1,060,000 Rock Island County, Ill., $3,465,000 Opelousas, La., $590,000 Van Buren, Me., $855,000 Glasgow, Mont., $555,000 Kearny, Neb., and $1,290,000 Canton - Massillon, Ohio, bonds, all with a 3¼% coupon and are offered at prices to yield from 1.80% for those due 1964 to 3.30% for the 1998-2004 maturities.

Rated Aaa by Moody's and AAA by Standard & Poor's, the bonds are secured by a first pledge of annual contributions unconditionally payable pursuant to an annual contributions contract between the Public Housing Administration and the Local Public Agency issuing the bonds in the opinions of bond counsel. The United States Housing Act of 1937 as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the Public Housing Administration pursuant to the annual contributions contracts.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

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 inroads. Why? Because Government agencies are being forced to review their business activities. Furthermore, Congress is listening to 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 the overall competitive policy. There are reports that the Bureau will revise 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 competition. The United States Chamber of Congress, as an example, has advised Congress that the Defense Department should further reduce the number of commercial and industrial type activities it operates.

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 Government competition is an old one. The Hoover Commission years ago made a study of the insidious competition by the Central Government and came up with some recommendations that were regarded as helpful, and which subsequently resulted in some new policies being established.

Government Activities Cost More

The cold facts are the Federal Government cannot compete with private industry on an economic basis. It cost the Government substantially more to do business than the average private business firm doing the same type of business.

However, Bureaus, agencies and departments do not want to stand still. They want to grow and expand and take on more employees and provide more services. It makes their departments or bureaus more important.

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

There is a strong belief in some quarters of Congress, particularly in the House of Representatives, that the Government should sell many of its plants and let private industry do the jobs cheaper.

Any inroads they make 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 and equipment maintenance and repair.

Our government is engaged in the manufacture of ammunition, missiles, aircraft, furniture, helium, lumber, paint, and dozens of other products.

Other government competing 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 range widely from $30 billion to more than $100 billion.

The Senate Committee on Government Operations, through its staff, has made some investigations at the direction of Chairman John L. McClellan 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. The staff said, however, there are undoubtedly other functions being carried on that should be reduced or terminated.

Sen. Bennett's Bill Would Curb 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 terminate existing Federal activities which compete with the free enterprise system.

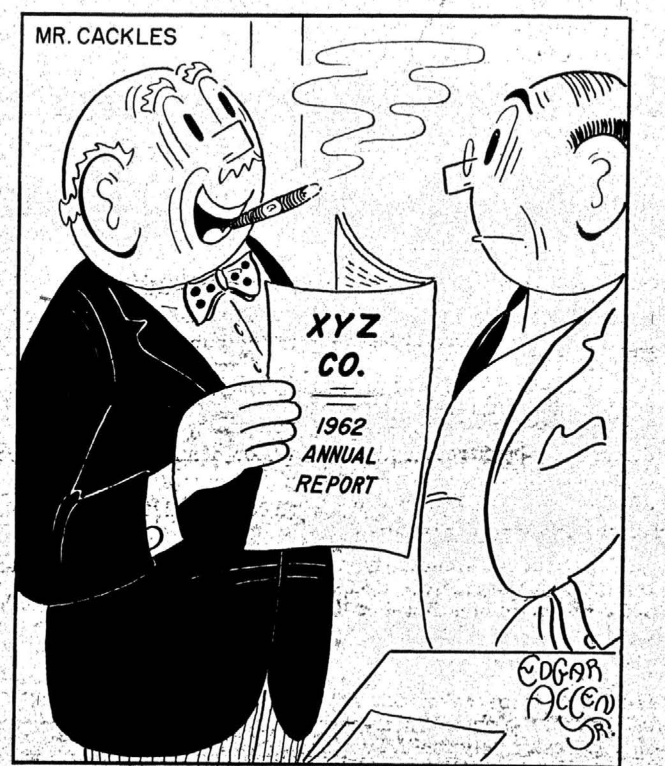
It is no secret that Senator Bennett's bill has no chance of passage this year, despite the strong supporting cast of cosponsors. These include Senators Karl E. Mundt, Republican of South Dakota; Senator Harry Flood Byrd, Democrat of Virginia; Senator Strom Thurmond, Democrat of South Carolina; Senator John J. Williams, Republican of Delaware; Senator John G. Tower, Republican of Texas, and Senator Jack Miller, Republican of Iowa.

The bill has served to put some spotlight on government competition. 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 participation in commercial or industrial activities that can satisfactorily be carried out by private business.

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 147 active plants. Of these, 78 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.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"They did a wonderful job on this report—I almost feel like buying stock in this lousy company myself!"

Byllesby Secs. Names President

CHICAGO, Ill.—Willard C. McNitt has been elected President of Byllesby Securities Company, 135 South La Salle Street.

COMING EVENTS

IN INVESTMENT FIELD

Sept. 11-13, 1963 (Pebble Beach, Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 18-20, 1963 (New Orleans, La.)
Thirteenth Annual Tulane Tax Institute.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 23-24, 1963 (Salt Lake City, Utah)
Association of Stock Exchange Firms fall meeting of the Board of Governors at the Hotel Utah.

Sept. 27, 1963 (Philadelphia, Pa.)
Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City)
Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Oct. 6-9, 1963 (Washington, D. C.)
American Bankers Association Annual Convention.

Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.)
National Association of Bank Women 41st annual convention at the Americana Hotel.

Nov. 20, 1963 (New York City)
Association of Stock Exchange Firms Annual Meeting of members for election of new officers and governors; Governors' Dinner at the University Club.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.

CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.

April 8-9-10, 1964 (Houston, Tex.)
Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.

CHRONICLE's Special Pictorial Section April 30.

Apr. 22-23-24, 1964 (St. Louis, Mo.)
St. Louis Municipal Dealers spring party at the Chase Park Plaza Hotel and Glen Echo Country Club.

May 16-24, 1964 (N. Y. City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

Dec. 7-8, 1964 (New York City)
National Association of Mutual Savings Banks 18th Annual Mid-Year meeting at the Commodore Hotel.

May 17-18-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual meeting at the Washington Hilton Hotel.