EDITORIAL

As We See It

It is a sad commentary upon our common sense that so much has been made of our determination to sell, not to give, the Soviet Union a portion of our mountain of surplus wheat and probably some of the other surpluses that have cost the taxpayers large sums of money. How we should gain by refusal to do any such thing when Russian bids or their equivalent are in, we can not imagine. Other countries, as the President well points out, have all along sold various types of goods to the communist nations, and indeed would be free to buy our wheat, grind it and sell the flour at a profit to the Soviet Union. Our past official policy in such matters appears to have been born of and nourished by popular feeling which, though understandable is hardly well based. To continue it now, blindly ignoring the facts of international economic life would, so it seems to us, be quite silly.

We have so often felt obliged to differ sharply with the Chief Executive that it is a pleasure to support him in this instance. "Basically, the Soviet Union will be treated like any other cash customer in the world market who is willing and able to strike a bargain with American merchants."

"While this wheat, like all wheat sold abroad, will be sold at the world price, which is the only way it can be sold, there is in such transactions no subsidy to the foreign purchaser, only a saving to the American taxpayer on wheat the Government has already purchased and stored at the higher domestic market which is maintained to assist our farmers."

"This transaction has obvious benefits for the United States. The sale of four million metric tons of wheat, for example, for an estimated $250"

How to Liberate the Banks From Today's Never-Never Merger Land

By G. Russell Clark,* Chairman of the Board, Commercial Bank of North America, New York, N. Y.

Despite guidelines in the Bank Merger Act of 1960, banks are still in a "never-never land" as far as mergers are concerned. The author, former New York State Superintendent of Banks, executive head of the ABH and of the New York Clearing House Association, is recognized as one of banking's leading spokesmen. He analyzes here the critical problem of confusing and conflicting supervisory authority facing banks — especially over bank mergers — and outlines a suggested plan for a solution.

It seems to grow increasingly difficult for the average banker to keep abreast of the rapidly changing, and at times, contrary, winds of supervisory opinion on a multitude of banking matters. It seems as though we need more anchor and less sail.

We are concerned with supervisory regulations and opinions in many areas including chartering, branching, interest rates, examinations, etc., but one of the most widely discussed is that of the bank merger area. I should like to direct a few thoughts in that direction.

When the Bank Merger Act of 1960 with its seven tests for applicability to bank mergers was enacted, it was claimed, and widely predicted in the publications of the day, that this legislation was the cornerstone on which, at long last, positive direction would be given to bank mergers. This Act vested authority over mergers in one of three Federal agencies, i.e., Federal Reserve Board, Federal Deposit Insurance Corp., and Comptroller of the Currency. The jurisdiction over national bank mergers is vested in the Comptroller; state member banks in the Federal Reserve Board, and insured state nonmember banks in the F. D. I. C.

The latter two agencies give their consideration to merger proposals following affirmative action by the respective state banking departments. The Comptroller has sole jurisdiction over national banks and also sits as one of three members of the F. D. I. C., which has brought objection from the NASSIS.

At the time of the passage of the Bank Merger Act of 1960, great debates took place as to the position of the Justice Department in the bank merger field, and it was finally resolved by requiring the Justice Department to submit an advisory opinion on each merger before the Federal bank regulatory agency having approval jurisdiction. Such advisory opinions were also required from each of the other two bank regulatory agencies.

Substantial pressure was exerted in certain quarters to place the Justice Department in a commanding position on bank merger considerations. In the testimony preceding the legislative sessions, the then Chairman of the F. D. I. C. stated: "No examination or review by the Department of Justice, or any other agency or commission outside the bank supervisory field, of the facts of a merger transaction, can be an adequate substitute for the background, knowledge and current information which presently reposes in the supervisions."

The trend of Congressional thinking on this point has been recently reflected in S. 1642, covering amendments to the Secu-

(Continued on page 26)

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SEGURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 31.
The Security I Like Best...

A continuous forum in which, each week, a different group of experts in the field of security and advisory field of the security participant and give their reasons for favoring a particular security.

This week's Forum Participants and Their Selections

Ashland Oil & Refining Co.—Alfred R. Hill, Partner, Hill, Coslin & Co., Cincinnati, Ohio

Coastal States Gas Producing Co.—Samuel Weinberg, President, S. Weinberg, Grassman & Co., Inc., New York City. (Page 2)

Alfred R. Hill
Partner, Hil1, Coslin & Co., Cincinnati, Ohio

99 WALL STREET NEW YORK 3, N. Y.

Price Range on Over 5,500 Stocks

The Monday issue of the Commercial and Financial Chronicle contains the range of over 5,500 stocks traded on the exchanges and in the Over-the-Counter Market. Other features include the most comprehensive record of dividend announcements, including dates, changes, and sinking fund notices.

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The COMMERCIAL AND FINANCIAL CHRONICLE
25 Park Place, New York 7, N. Y.
Lesson on the Need to Be Contrary at Times

My own experience with the stock market is that it is rather a serious distortion of Humphrey Neill’s basic principle, as I understand it, since his “contrary opinion” approach is merely one of calling attention to the fact that when “everyone” seems to think alike, it is especially important to examine the opposite or contrary point of view. In other words, that it is time to really make the effort to “go against the current.”

Unfortunately, this does not seem to be an easy thing to do. As some may recall, Thomas Edison once remarked that he was always amazed at the lengths to which people would go to avoid the hard labor of thinking. A recent version of Thomas Edison’s observation is that only about 5% of the people really think, with another 5% believing that they think, while 90% of us would rather die than think. It is not surprising, therefore, that it is not too difficult for the Wall Street propagandists to get the public to buy stocks when they are selling at double or triple the prices prevailing during the preceding few years, even though earnings may have risen by one-third as much; and to get the public to dispose of their holdings when they should be adding to their positions.

Mr. Gaubis explains why he sees the market near a cyclical peak at the present time 760-80 DJIA why a second peak may occur early 1964, and why he is not as optimistic as others about the business and stock market outlook for 1964. To the author, a participant in the first Contrary Opinion Forum initiated by Humphrey B Neill’s “The Art of Contrary Thinking,” Fraser Publishing Co., Wells, Va., and by his associate Jim Fraser he uses in deciding where to reduce equity holdings even though he is bullish about the long-term trend. Those approaches are used to illustrate that it is necessary at times to go against overwhelming popular opinion. They deal with the determining influences of supply of liquid funds and significant redundant rate changes, annual changes in earnings, relationships of business activity to normal long-term trend, and the workings of three overlapping ten-year cycles.

This Forum is particularly timely, as there has been much misunderstanding of the real aims and goals of those of us who are willing to go against the current. Carnegie’s advice to always try to do what is right, however unpopular, is not usually interpreted as meaning that it is invariably desirable to be in the stock market operations, at least, to go against the prevailing view. This is rather a serious distortion of Humphrey Neill’s basic principle, as I understand it, since his “contrary opinion” approach is merely one of calling attention to the fact that when “everyone” seems to think alike, it is especially important to examine the opposite or contrary point of view. In other words, that it is time to really make the effort to “go against the current.”

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OBSERVATIONS...

BY A. WILFRED MAY

A CONTRARY OPINION ON MARKET FORECASTING
AND INVESTING REALISM

(The second of two sections of a paper by Mr. May presented be-
fore the Contrary Opinion Forum, Manchester, VI., October 4, 1963.)

The Constructive Alternative of a Second Approach:
Having reached the conclusion from the foregoing analysis, that success in anticipating market movements is unattainable as well as inconsistent with genuine investment principles, nevertheless we fortunately do not need to leave our audience without a con-
structive alternative in the form of a sound and logical investing method.

Our own investment value ap-
proach is based on the premise that market price recurrently de-
parts from value, in this way cre-
at ing valid occasions for purchases and sales (in the genuine sense of buying cheap and selling dear). We assume further that the inves-
tor must estimate in advance in how the likely return from a share of stock considered as an interest in a property, Accounted for in such investigat ing a privately owned business; that similar to the buyer of real estate or a business, the holder of a share in a listed com-
pany cannot be guaranteed constant long-term marketability without loss; but that he can legitimately secure reasonable expecta-
tion of an investment return on his capital sufficient to compe-
tandise the price of use and risking of his money.

Our quantitative value appraisal approach conforms to the principle that there is no logic in an investor gauging the value of an equity share according to cyclical or other short-term factors; which process really resting on the specu-
lative assumption that one will be able to find some less well-
formed "sucker" to take it off his hands at a higher price; or, conversely, that coming bearish

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Gaylord Promoted By First Republic

Joseph Gaylord has been appointed Vice-President of The First Republic Corporation of America (OTC), 530 Fifth Ave., New York, New York. It was an-

nounced by Jerome J. Rubenstein, chairman, president. He will be responsible on a national level for the local activity of all properties

owned and operated by First Republic

The First Republic Corporation of America is a publicly held real estate company with a portfolio of approximately $500 million in office and apartment buildings, industrial centers and other properties throughout the nation.

Gaylord, 35, is a graduate of the Wharton School of the University of Pennsylvania, and a 10-year veteran of the real estate industry. His most recent assignment was as head of the development division of a large New York City real estate concern.

Gaylord joined First Republic in 1959 as director of investment services.

The Commercial and Financial Chronicle, Thursday, October 17, 1963

Francis I. du Pont & Co.

4 (1492)
Nat'l Conference Brotherhood Awards

"Religious distinctions once a governing factor in operations of most companies and organizations in the Wall Street financial community, are now definitely disappearing. Progress made in this area in the last 10 years exceeds anything of the past half-century."

That statement was made by Dr. Lewis Webster Jones, President, The National Conference of Christians and Jews, in announcing names of the organization's annual Brotherhood Awards in the financial community.

Recipients to be honored at a dinner at the New York Hilton, Nov. 18, are:

Mr. Peter M. Flanigan, Vice-President, Dillon, Read & Co., and board member of both New York University-Bellevue Medical Center and the New York Foundling Hospital.


Dale E. Sharp, Vice-Chairman, Morgan Guaranty Trust Company, is Dinner Chairman.

Mr. Flanigan will be introduced by Walter N. Thayer, President, The New York Herald Tribune. Mr. Lasker will be introduced by John A. Coleman, civic and philanthropic leader; Partner, Acher, Gaskill & Co., and past Chairman of the Board of Governors of the New York Stock Exchange. Mr. Watts will be introduced by Gustave A. Levy, partner, Goldman, Sachs & Co., former President, Federation of Jewish Philanthropies, and President of Mount Sinai Hospital, New York.

In making his announcement, Dr. Jones said: "The National Conference, founded in 1928, has long been interested in helping foster civic cooperation and mutual understanding among people of all religions and ethnic groups. The financial community, because of the influence it exercises throughout the U. S. and the world, sets an example to be followed.

"In preparing for the current awards we have given a close scrutiny to religious divisions in Wall Street. We have found that, in sharp contrast to the situation existing as recently as 10 or 15 years ago, there is a differentiation in the financial community a rapid movement toward the elimination of purely religious distinctions. We have pooled our efforts through education and discussion to achieve greater civic cooperation and mutual understanding, as well as the resolution of community problems.

"Strict division of firms and organizations along denominational lines is no longer true. Companies are not considered exclusively as representative of one or another faith. Associations and business and personal relationships are more and more based upon the individual rather than his religious affiliation. Moreover, financial community participation in many philanthropic and civic activities extends across religious lines in a way that would have been considered impossible little more than a decade ago.

"The National Conference is not an interfaith movement aimed at any amalgamation of religious bodies. Rather, its goal is to bring together people of different affiliations for mutual philanthropic, civic and business efforts within the framework of existing institutions and organizations of our society."

"The most obvious to receive the Award this year particularly demonstrates this. In the wide range of their interests, Mr. Watts, for example, is Chairman of the Wall Street division of the Muscular Dystrophy Association of America and the Boy Scouts of America. Mr. Lasker, in addition to his work at Federation, also heads the 50th Anniversary Committee of the Jewish Guild for the Blind, serves on the Board of Mount Sinai Hospital, and is active in many other social welfare and philanthropic groups. Mr. Flanigan, in addition to his hospital affiliations, is associated with the American Museum of Natural History, International House, and the Convent of the Sacred Heart."

Winn-Dixie: Super Profits From Supermarkets

By Dr. Ira.U. Cobleigh, Economia

A review of the progress of this expanding Southern grocery chain and the steady advance in its net earnings and dividend distributions.

The grocery chain business is, as everyone knows, a competitive industry. The first step is to make money on a profit margin that seldom exceeds 2%. Winn-Dixie, Stores, Incorporated, has not only avoided this formula that not only makes money but has created a growth in earnings power to be enviable. Winn-Dixie has increased its dividends each year for 20 years in a row, and earns above 20% on its capital. This is a very high return in this industry—roughly equal to the return on capital reported by some of the larger corporations.

Range and Operation

In point of size, Winn-Dixie ranks seventh among grocery chains and now operates about 610 stores in 10 states, only one of which is Northern (Indiana). Heaviest representation is in Florida,天津, and Carolina. The stores are operated under the names Winn-Dixie, Check-and-Hillie Stores (around Birmingham, Ala.). Operating results are under Company scrutiny and are published in the past seven years some 200 stores, outmoded or not adequately competitive in their markets. Such stores and in the same period about 350 stores were opened or acquired. Of the 1,900 stores, about 300 are from major divisional centers in Jackson- ville, Florida; Tuscaloosa, Alabama; Greenville, South Carolina; Raleigh, North Carolina, New Orleans, La., and Louisville, Ky.

Increasingly Winn-Dixie has expanded its own production facilities. For example, there are two baking plants in Florida, and one in South Carolina; at Orlando, Fla., there is a plant turning out peanut butter and salad dressing; at Jacksonville there are facilities for processing and packaging tea, coffee and spices; and there is a cookie plant in George, Tex.

Emphasis on Cash

The guiding principle derives from a slogan of the founder the late William M. Davis, "Slay liquid, sell for cash and don't buy real estate." How well this instruction has been followed is indicated by current working capital of about $66 million and rental of most of its complexes of stores and warehouse facilities. Winn-Dixie believes in using its cash in the form of —not brick and mortar—and it maximizes the usefulness of this cash by turning over its inventory every 20 days. (Most supermarkets require 25 days or more to do this.) Even in a recession Winn-Dixie has preferred to use cash in most instances.

Management

The four sons of the founder constitute the Board of Directors and with the President (Mr. Davis) constitute an almost ideal team with James Elsworth Davis, Chairman, Artemus Darius Davis, President, and Warren Spalding, Secretary. Their headquarters are in Jacksonville.

Winn-Dixie of divident checks are given to employees, and the Davis family share about 27% of the outstanding stock of the company. Winn-Dixie's dividend policy has been described as more generous than the policy of any other Southern company. Winn-Dixie, Inc., has 2,200 employees in the New York Stock Exchange.

Horizons

Looking ahead, the management expects another good year in 1964 with sales increasing around 4%, and, no doubt, another new high in per share net which increased from $1.38 in 1962 to $1.45 for 1963.

Stockholders in the past have been rewarded, not only by rising cash dividends, but by splits; 3-for-1 in 1950 and 2-for-1 in 1960. Of the outstanding shares, about 28% is held by the Davis brothers. This is a factor which has solid evidence of their faith in Winn-Dixie, and their continuing dedication to its success and progress.

For those who have neglected grocery chain shares up to now, or seek for purposes of diversification, growth and income, quality representation in such equities, a penetrating look into the values inherent in WINS stock is suggested. Historically, it has proved to be a dependable and desirable investment, with an attractive Southern accent on profitability.

Now With McCarley

CHARLOTTE, N. C. — Ralph E. Randall has become affiliated with McCarley & Co., Inc., Liberty Life Building. He was formerly with Harris, Upham & Co. and Thompson & McKinnon.

How big is the future?

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market has faltered in the course of the last year following the ill-advised credit ratings for which was stimulated some of the successful high yield local market in recent months with new issues from states such as California, Kentucky, Indiana, and other states.

Market Lower

The Commercial and Financial Chronicle’s market index averaged 104.01 on October 31, down 0.16 from the close of 104.17 on October 24. The index was up 0.74 from the close of 103.37 last week.

New issues continued to be the target of high interest activity. There were about $20.000,000 of new corporate bonds published this week, compared with $10.000,000 in the previous week.

Dollar Bonds Off Substantially

The long-term dollar quoted bond market appears to be significantly lower than last week. The yield on the 30-year U.S. Treasury bond was 7.15% at the close of business last Friday, compared with 6.85% on October 24.

Large New York Issues Scheduled

The new issue volume scheduled continued to average out at about $30.000,000 per day, down from about $35.000,000 last week. The new issue volume scheduled for the first two months of October was about $150.000,000, compared with about $180.000,000 in the previous two months.

Inventories Enlarged

It appears that inventories have been built up since the last two or three months. This has been partly due to a heavier volume of new issues and partly due to the fact that the price of insurance company and individual investor market continues to be high. This has resulted in the issuance of a substantial number of bonds away from the level that dealers feel compelled to sustain in their own work. The situation has been worsened by the fact that some institutions have started to increase their holdings of bonds.

Larger Issues Scheduled For Sale

In the following tabulation we list the bond issues of $1,000,000 or more which are scheduled for sale in the next two or three weeks.

October 17 (Thursday)

Austin, Texas...

October 18 (Friday)

Albany, New York...

Woodrington Exempted Village

October 19 (Saturday)

Macon,...

October 20 (Monday)

Owensboro, Ky...
The Common Market And Trade in Chemicals
By Wolfgang Schollkopf,* European Economic Specialist, The Chase Manhattan Bank, New York City

Bank research economists discuss the adverse impact of the EEC trade bloc on our chemical exports; the establishment of U.S. manufactured goods; and the rise of price competition in Europe. Pressuring European sales to, and direct investments in, foreign countries means the United States must reexamine and barriers to world trade lead to direct foreign investments resulting in losses to U.S. domestic and regional markets and trade becoming relatively less important. Moreover, the author attributes this to greater stability in the operation of individual companies and decreases in fluctuations. Reexamination of trade to our balance of payments cannot be ignored and, despite the new trend, the author warns we must push our chemical exports.

The European Economic Community, generally known as the Common Market, was universally praised when it was formed in 1958. This attitude of great enthusiasm was shared by the trade blocs of the years, and United States manufacturers, who realized that this was a new market for chemical and pharmaceutical products, were among the first to recognize its importance. But the total amount of trade between Europe and the United States, however, was not very large in comparison with the amount of trade between the United States and other countries, and many U.S. manufacturers were skeptical about the potential for greater trade.

As early as 1961, it was only in recent years that the Common Market has become more important, and it is likely that this will continue to be so. As the Common Market grows, it is likely that the United States will become an increasingly important market for U.S. chemical manufacturers.

Up to now, American business and the chemical industry in particular has generally been benefitted from the formation of the Common Market. U.S. exporters to the European Community have increased at an annual rate of 7.1% since 1955 and are still increasing. U.S. chemical exports expanded at a rate of 16.8% a year, the most important factor in this increase in U.S. sales to the European Community has been the very rapid growth of the European Economic and Monetary Communities. Total production and services grew on the average in Europe by 7.6% annually, which was over twice the average rate of growth of the United States economy. Over the last 10 years, French chemical production increased almost threefold, while Italian chemical production fourfold.

The extent of trade diversion that has already occurred in this area is illustrated by the Commission's established special tariff lists on which many chemicals are enumerated, for example, ethyl and butyl alcohols, styrenes, synthetic rubbers and etc. These products are subject to special tariff negotiations between the member countries and which this procedure generally results in rates above the arithmetic average.

The second in addition to tariffs all the EEC countries levy certain taxes on imports. These are called duties, a duty-added value of the imported product. Their purpose is to compensate domestic turnover taxes, a major form of taxation in Western Europe. Yet a frequent complaint is that these additional import taxes are higher than necessary for compensation and that they can be changed with minimal interference. For example, German import taxes were raised by 2% on a number of manufactured items accounting for about 10% of annual imports into Germany. This, the author says, is the most important of the three in that many of the new EEC tariffs will increase the protection afforded the low-cost chemical producers within the Common Market. It is indeed small comfort for U.S. exporters to know that French tariffs on chemicals will be reduced when at the same time the low-cost suppliers—say, German chemical firms—will in fact receive more tariff protection than they previously had enjoyed. The low-cost suppliers already compete effectively at their low national tariffs but will nevertheless receive added protection by the method of tariff averaging of the Common Market. And since the products of the low-cost chemical firms will receive the same protection in all the member countries, comparable products from the United States and elsewhere will be kept out of the whole area.

The Brookings Institution Study on the U.S. Balance of Payments strongly suggests that EEC tariffs on chemicals and other products will be more protective unless substantial reductions are made. In fact, just to hold the level of protection the Common Market would have to lower its average tariff wall by 40% for inorganic chemicals, 50% for organic chemicals, 48% for pigments, and 25% for pharmaceutical products. Thus, in the absence of a down.

*Continued on page 29

THE PORT OF NEW YORK AUTHORITY

Proposals for all or none of $25,000,000 of The Port of New York Authority, CONSOLIDATED BONDS, TWENTY FOURTH SERIES, DUE 1994, will be received by the Authority at 1:30 A.M., E.S.T., on October 30, 1963, in Room 310, at 111 Eighth Avenue, New York 11, New York.

Each offer must be accompanied by a certified check or cashier's check in the amount of $50,000. The Authority will announce the acceptance or rejection of bids at or before 6:00 P.M., E.S.T., on that day.

Copies of the prescribed bidding form, of the Official Statement of the Authority and of the resolutions pursuant to which these bonds are to be issued, may be obtained at the Office of the Treasurer of the Authority, 111 Eighth Avenue, New York 11, N. Y.

THE PORT OF NEW YORK AUTHORITY

S. Sloan Colt Chairman
JAMES C. KELLOGG, III Vice-Chairman
HOWARD S. CULMAN Executive Director

October 16, 1963

THE PORT OF NEW YORK AUTHORITY

S. Sloan Colt
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October 16, 1963
State Tax Collections
Reach New Highs in 1963

By V. Judon Wyckoff, Department of Economics, De Pauw University, Greencastle, Indiana

Annual examination of State tax collections shows they have not ceased climbing upward dramatically from increasing shift of private to public services and/or of expansion of Government services accompanying population growth. Greatest growth is in fiscal 1962 as result of battle of State tax intake to GNP indicates the tax burden continues to mount. Study compares changes in various types and amounts of taxes for different states and regions. Various direct and indirect comparisons in view of different services and taxes involved.

State tax collections for the 1963 fiscal year (ending June 30 for most states) continued the upward trend unbroken since at least 1932. This is the seventh consecutive year that the Bureau of the Census estimated, 1963 was a billion above the $3.200 billion collected by the individual states in 1962 (the prior year). Figures for consecutive five years before 1932 are not available for comparison. The tax collections of 1963 is the highest ever allowed, allowing inter-year comparisons, but the tax collections were substantially smaller, dropping below one billion dollars by 1922.

Each of the major state tax revenue groups shows a substantial gain. Net income taxes were up 6.8% over 1962 to $12.9 billion helped especially by an increase in sales taxes ($5.3 billion) used in 37 states. Sales taxes on manufacturing and retail motor fuels were next in dollar importance with $3.8 billion, followed by $1.1 billion for tobacco products. Other specifically taxed items yielded less than one billion each for fiscal 1963; e.g., alcoholic beverages which though 7.4% above 1962 were just about $800 million.

State Income Taxes Gain the Most

Net income taxes turned in the greatest gain, 16.6% with the rise of 8.3% from individual incomes, well boosted by the 15.2% tax increase from corporations. Thirty-five states tax in some form to corporate net. The total receipts from these two sources came to $4.5 billion.

License taxes brought in $2.8 billion of which motor vehicles contributed $1.8 billion—a gain for the group of 5.8% over 1962. Property, death and gift, and severance taxes on the state level, although respectively yielding well under $1 billion, each were up slightly. These categories are advanced over similar sources for fiscal 1962.

The above actual dollar figures for the years indicated contain the influences of changes in population and commodity prices. These influences are removed for interyear comparisons by simple arithmetic adjustments. In order to get a per capita figure in constant dollars, this is done for the dollar amounts of those two years. (With few exceptions population growth in recent years and price changes have not been enough over this 10 year span to offset higher state taxes. The result has been a persistent growth in taxes.)

There is at least one more comparison in dealing with tax collections, namely, to determine their "burden." This can be best gauged by comparing taxes with income. If income keeps in step with taxes, a taxpayer is no worse off than before. Gross National Product is a good measurement of income or taxable ability by this country's individuals and corporations. In 1963 the ratio of state tax collections 4.8% (using June dates) was 3.81%. The year before this was 3.73% for the state tax collection rate (the last year before World War II) 2.6%.

Interstate Comparisons

But overall gain reflects positively of one state compare with those of others? Census tabulates tax collection rates by states, as well as per capita basis, then gives a warning about the use of such figures is necessary because there is considerable variation among states in the proportions of revenue derived from education, highways, public welfare, and recreation. Data must be offered by the state government rather than by the local units such as counties, townships, cities. For the most part the larger the state government's portion of total state-local tax collections, the larger the state per capita state tax collections. Census gives these percentages. For instance, Delaware and Hawaii reported per capita state tax collections with $200 and $129 respectively. They were two of only four states in table listable state taxes as a percentage of total state-local collections.

A recent study, "Taxes" is found for those at the bottom, named California ($69 per capita state tax collections), New Hampshire and New Jersey ($73 each). It is obvious that residents of New Jersey, for instance, do not lack adequate schools, highways etc., vis-a-vis other states, but in New Jersey such services come in far greater part from local governments. This intimate state-local collection comparisons are of limited value.

In absolute dollar amounts the big, wealthy states lead the list, of course, e.g., California ($2.6 billion), New York ($2.5 billion), and Pennsylvania ($1.3 billion). In contrast were the relatively small eastern states: Alabama ($39 million), Wyoming ($45 million), and New Hampshire ($48 million).

But comparisons which do not reflect how well or badly qualified are the states of tax collections, of 1963 compared with 1962 on a state-by-state basis. For fiscal 1963 even the state except Colorado showed above-increase over the year with a gain of 30.4% by Wisconsin to a negligible 0.6% in Hawaii. For the most part the gains were under 10%. Where rather high, reasons usually were new taxes, increased rate or greater collection procedures, or a mixture of these causes.

Why Taxes Increase

What are the reasons underlying this persistent upward trend in state taxes and what of the future?

The continued population growth in the United States accounts for part of the increased dollar amounts of tax collections. More people, more taxpayers. In the next expenditure outside, some economies of size are experienced with governmental operations with population expansions as in business. But in time more governmental personnel and buildings are necessary and state finance officers try to match such increases in expenditures with more tax collections.

Price changes also affect both government revenues and expenditures. The upward trend in values, more than for the dollar, is too well known to need statistics at this point. Under such conditions tax revenues can hardly help but expand especially where the tax rate is a percentage of the tax base, say income, if the rate is progressive. Net income taxes are good illustrations.

But after making an allowance for population increase and price changes—as was done in the per capita constant-dollar state tax collections data of a prior paragraph—there is plainly evident an absolute increase in state governmental services.

Some of this growth comes from local services such as "empire building" by governmental administrative officers. But a larger part is the result of demands by the public for school, hospital, and recreational and recreational facilities, etc. Difficulties. Of all these cost money.

Shift From Private to Public Services

To meet these demands government is moving a field covered herebefore by private enterprise. Historically: private education has become subordinate to the public school system, private toll roads and bridges for the most part have been replaced by public highways, most of which are toll free. Today we cannot make a private course of public hospitals, public welfare, public recreation, public art museums. It is important to note that some of these state ventures are the result of Federal Government pressures such as grants of money if the states match Federal funds. This is important because we probably shall have more such Federal expansion.

The shift from private to public services varies in varying degrees may be governmental or may be for the welfare state. But as long as we in this country protect and support the democratic institutions such as "creeping" expresses the wishes of the effective political-economic groups, whether minorities or majorities.

July behind these demands for more governmental services (Federal, State, and local) is an environment with children who are more apt to grow than level off or decline. The dominant change is the fact that almost none of us can live independently of others. Cut off transportation, city people will die. The traditionally self-sufficient farmer no longer stands on his own feet. His farm runs by electricity and motor fuels; his wife has the canned vegetables and perhaps milk) in the nearest city; his children go by bus to community schools.

Enough voters feel that this interdependence has become too complex and simple to rely solely on private enterprise and the free market to provide adequate living conditions. So they (to their governments to have that they will have the necessities and the fringe benefits of modern life. This is the reason that the odds seems heavy for a continued expansion of government. So e persons will favor a rapid rate of expansion; others a minimum of government. Probably most find themselves somewhere between these positions.

But whatever the view, the prospect is for more government. With such will go a continuation of the upward trend in state tax collections.

Customers Brokers to Hold Meeting

The Association of Customers' Brokers will hold an educational meeting on the outlook for the oils on Oct. 24 at 2 p.m. at 15 William St. Speakers will be Frank Stifel, Inc., Mr. Poor's Corporation; Charles W. Haynie, Sr. Wood Struthers & Winthrop; and Leslie E. Portrait, C. B. Richard & Co.

First Calif. Branch

Bakersfield, Calif. — First California Co. has opened a branch office at 1415 Eighteenth St. under the direction of Mr. Roy Kilbrew.

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of the shares. The offering is made only by the Prospectus.

NEW ISSUE

$3,500,000

Dorchester Gas Producing Company

5 1/4% Subordinated Convertible Debentures Due 1975

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cash balances work harder. They have entered practically all sub-markets of the money market, rather than confining themselves to United States Treasury securities. Their portfolios include a wide range of municipals, commercial paper, marketable certificates of deposit, and repurchase agreements arranged with government bond dealers.

Similarities in the investment positions of the large commercial and industrial corporation intensify their competition. First, both usually invest funds from current operations on marginal. This would be expected of the usual business firm but probably not of a corporation. Each is thought to consciously balance their lending and investing functions, but in actuality most commercial banks are not yet investment-orientated. They regard their investments as an important side line and place main emphasis upon the loan portfolio. Second, in both cases liquidity considerations are stressed as future needs for the funds are uncertain. The banks carry deposits payable upon demand. The industrial corporation needs funds for equipment and the sake of such factors as seasonal- ity and labor troubles. Both therefore make their commitments to concentrate portfolio holdings in short maturities. Third, both pay corporate income and federal income taxes and must maneuver to maximize after tax yield.

Two instruments that meet these requirements very well and will serve as illustrations are the repurchase agreement and the municipal bond. The former is a negotiable contract between the bank or industrial corporation and the dealer in United States Treas- ury obligations that enables the person to move money in the federal finance dealer trading positions. At the same time it meets the li- quidity requirements of both buyers and sellers. Corporate repurchase agreements are both short and long term and can be used to provide predictable funds needed on future dates for purposes such as dividend payments. Industrial corporations now have an appreciable product in this market. Federal Re- serve figures available for the week ending June 24, 1963, for example, that corporations fiunched these dealers to the extent of $1,450,000,000. The average of the Municipal bond financing amounted to $1,963,000,000. Because these repurchase agreements provide pre- cisely the same ingredients:

rate of increase in holdings. Esti- mates of the net increase in holdings and local issues by investor groups indicate for commercial banks and industrial corporations $900 million and $90,552,000, respect- ively, in 1962; in 1963, $3,838,000 billion; and in 1964, respectively, from this category.

In the municipal market the commercial bank is at a disad- vantage, in the beginning in that it faces legal restrictions as to the size and nature of its pur- chases. As a recent example, means that when securities must be obtained through an invest- ment broker, it is hard to overlook the commercial bank if it appears that a large block, or perhaps the acquisition, may be placed in one spot by contacting an industrial corpora- tion, or the Federal Reserve Bank. Of course an investment banker may have to do a little altering when he especially desires to re- tain a really good commercial bank holding. To date today not even the largest banks can always obtain a specific issue. In further routine, commercial- banks to the first four rating categories in their pur- chases, whereas munici- palities, in which they are able to ade- quately defend a good but rela- tively underpriced issue, many banks do not have the time and staff to devote to this.

Another problem concerns yield. This is vital to the bank and its customers. The bank received on municipals to service saving and income payments. Today the demand for saving is less for the savings depositor and another 1% for handling. Any increase in the combined municipal demand for other institutions raises prices and lowers yields. This forces the commercial bank either to go out in time to get yield or to reduce interest paid to savings depositors. Commercial banks do not lengthen their portfolios by choice, yet another indication that inflation now hold municipalities of twenty year maturity. During the 1963 year, half of our banks indicated that most of the growth in the member bank holdings was due to the increasing in the longer maturities. In Chicago a survey of district member bank holdings showed the following changes in maturity distribution over the last seven years:

<table>
<thead>
<tr>
<th>Member Bank Holdings of Municipal First Mortgages in District</th>
<th>Maturity</th>
<th>June 30, 1956</th>
<th>Jan. 5, 1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>19.6</td>
<td>11.6%</td>
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</tr>
<tr>
<td>1 to 5 years</td>
<td>44.7</td>
<td>42.1%</td>
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<tr>
<td>5 to 10 years</td>
<td>30.0</td>
<td>30.7%</td>
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</tr>
<tr>
<td>Over 10 years</td>
<td>11.3</td>
<td>18.6%</td>
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</tbody>
</table>

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Similar problems arise with re- gard to either the financial and the public. The above examples suf- fice to make the point and obviate the necessity of repeating the gamut of the money market. At present relatively few industrial corporations are deeply involved in general beyond not the first few years of the program. Before the purely bank and the few who are not have experienced con- siderable pressure from this category and from the Federal Reserve.

The situation also leads one to observe the fallacy of viewing the competi- tion of commercial banks as con- stituting entirely of other commercial banks. There is a great problem of both precipitated market events and in the anti-trust acts.

With the signing of a w h e a t agreement with Russia we will have some full circle in our rela- tions with that nation. Back in 1939 we looked upon that nation as a friend before she signed an agreement with Germany which unleashed World War II. Subse- quently, she repudiated this agreement and professed to join up with us as our ally, when she signed protocols and stole our secrets. Shortly after the early part of the war she carried on an agitation that we opened up a second front at a time when it was well known that we were unprepared to do so. At the end of the war, she vio- lated all the agreements made with us and Great Britain regarding- East Europe, and we have been in a cold war ever since. This cold war has cost us billions of dollars. It is considered sig- nificant that only about a week ago the ink had barely dried on the signing of the best man treaty when she went back on her agree- ments and provoked incidents all over several east-west German border points.

Instead of our being able to drive the Russians from the group, connection with a wheat agree- ment, we were jockeyed into a situation of trading their wheat for wheat that was produced in our country.

The Russians promised not to send any of the wheat to Cuba or Red China, but, of course, if Russia's best man, we don't make for too much confidence in their good faith. For several years C arranged a Russian bank merger cases prosecuted under the anti-trust acts.

All of these debates having been said, this announcement appears as a matter of record only.

M. A. SCHAPIRO & CO., INC.
Solving Today's and Future Balance of Payments Crises

By Murray Shields,* Chairman, MacKay-Shields Economics, Inc. New York City

Economist Shields urges a four-point program to remedy our world payments imbalance and the devaluation of gold to avoid a $1.5 billion payments surplus. The former banker and now management consultant says that the world must unite against a threat. Inflation cannot be countered with a 25% reduction of money supply, nor the round-the-clock effort and a $5 billion dol-

economy's problems. You have to do two things if you want to solve the problem: (1) You have to recognize that inflation is really a problem and not just some kind of temporary disturbance; and (2) You have to take action to stop it before it gets too bad. This means that we need to reduce the money supply and increase the interest rate. This will help to curb inflation and bring about a return to normal economic conditions.

Our balance of payments has been in a state of turmoil for many years. We are now facing a real threat to our financial system. Our foreign debt is growing at an alarming rate, and our currency is losing value. We must act quickly to prevent a crisis.

The first step is to reduce the money supply. This can be done by raising interest rates and by selling government bonds. We must also increase taxation and reduce government spending.

The second step is to increase the interest rate. This will encourage investment and reduce the amount of money in circulation. We must also encourage exports and discourage imports. This can be done by lowering tariffs and by providing incentives for exporting.

The third step is to increase the foreign exchange reserves. This can be done by selling gold and by maintaining a stable exchange rate. We must also reduce our dependence on foreign aid.

The fourth step is to encourage domestic investment. This can be done by providing tax incentives and by promoting private enterprise. We must also encourage foreign investment and by creating a more stable political environment.

If we take these steps, we can avoid a crisis and bring about a return to normal economic conditions. It is up to all of us to take action now to prevent a crisis in the future.

* Murray Shields

The Commercial and Financial Chronicle
Thursday, October 17, 1963
gold base. This is just "asking for trouble later if not arrested now.

We have reached the point where panics cannot work. We now must deal with the balance sheet distortions in our international position. It is clear that if we are going to have a continued huge deficits in our balance of payments, then there may be $40 billion in budgetary deficits, maintenance of artificially low interest rates, and still more inflation of the dollar. The real danger is that the devaluation must be the inevitable result. Well, if the Federal Government is not prepared to stop these trends, the sooner we raise the international price of gold the better. This is in no way a question of what the Fed or anyone else might do, but on reason whatever to wait, for: a major run on the dollar to spark a definition crisis, and throw us into a depression and then be forced into devaluation. We might just as well commit the final act of financial irresponsibility before the debate, accept inflation as our way of life, and join many of the Latin American nations in their move to end club of financial irresponsibility.

Furthermore, if we are going to continue devaluation, our financial irresponsibility it would be courting disaster for the $2.8 trillion of Federal and other General Reserve note and deposit liabilities — and to do so long before our framework of economic system is close to exhaustion. If our already dangerous gold liabilities are to be permitted to increase even further, all of our gold reserves must at all times be available for instantaneous use.

We would be well advised to repeal the law, which gives the Treasury a right to purchase our currency. Our Treasury cannot issue securities with a coupon rate of more than 4.45%. The sale of U.S. citizens and other countries and that we avoid the erosion in our international accounts, the eventual impact on our exports, and the possible adverse that the Treasury will have to go to the people. The ignorance of the people is a very large amount of funds. And we have to open the black of the Treasury. We must have complete freedom to raise funds quickly by issuing bonds at whatever rate the market will require. And the time to take such action is now; we must wait until the needs become urgent, which would only lengthen our weakness.

Before dealing with the means by which we can pay for our bills, let us consider the conditions under which we can accept storage of gold in our international payments position, it will be helpful to list the factors responsible for the deficits of the past.

Reasons for Past Deficits

(1) The trouble is not in our international trade, but in our internal trade. In the 13 years we imported $206 billion worth of goods with the exports of goods were only $164 billion. This was leaving a surplus of more than $42 billion. The government budget is not in our trade relations with the rest of the world.

(2) Our private sector also, were we in surplus, the total for the same period being $23 billion. Foreign capital entering the United States amounted to $5 billion.

(3) As for investment abroad by U. S. business and individuals, the $20 billion that we had left over was $30 billion, but even after considering that a healthy surplus in trade and service accounts, we still had a surplus of $10 billion over the entire period on private account.

(4) The offset to all this was the balance of government expenditures, which was due to the government's expenditures abroad. On net military account, it was $20 billion. In addition, government capital expenditures amounted to $7 billion offset in part by government income on long term bonds, which averaged $13 billion at the end of a 13 years as a whole, the government drain, amounted to less than $60 billion. This means that for all practical purposes the only reason we have been in deficit during the entire period has been that our government has been spending money so lavishly abroad.

Curing the Nub of Our Deficit Problems

And the nub of the matter of our deficit. Our deficit was $2.8 billion in 1961, $2.2 billion in 1962 and $2.1 billion in 1963. All of us have to do is to eliminate the deficit in our international accounts.

(1) To permit our short time interest rates to rise to a point where there will be no rate inducement for U. S. citizens and corporations to move funds abroad. The current interest rates required is quite moderate and there is no present danger of a depression for the economy. The average annual interest rates on short term loans was $1.1 billion in the past three years. So by stopping the outflow we would reduce our balance of payments deficit by that amount.

The authorities have already wisely decided to nudge short term interest rates upward by raising the discount rate. If done, future outflow shows to be necessary to stop the outflow;

(2) To facilitate a moderate rise in long term interest rates in order to reduce the incentive for foreigners to export capital or to take home. This will be easy to arrange if the Treasury refines some of its foreign and domestic debt into long term obligations. The administration clearly is desirous to stop the flood of foreign borrowing in our markets. It has used a combination of persuasion and threats to try to stop an interest equalization tax to deter our investors from buying foreign stocks and bonds. But it would be prepared— if all else fails—to go to some degree of controls. My preference is for doing the job by lifting long interest rates to a point where saving through Treasury through refunding operations absorb the funds which otherwise might seek employment abroad.

(3) To reduce our foreign military outlays abroad to $570 million per year, a result that can be achieved by reducing the costs of our military base operations, etc., in Europe and Latin America. The only real way the remaining forces in those two areas could be far more than "token." This would also be part of "full commitment" with our Allies in case they were attacked. A great portion of our military forces abroad, sell for hard cash the military hardware at our bases and quietly slow down on economic aid spending.

Some of the steps suggested would adversely affect our domestic economy. No domestic expenditures would be cut. In fact, the money now poured abroad could be used to accelerate our domestic steel works, building roads, schools, low income housing, etc., or even to reduce taxes still further than it is now contemplated.

It is neither necessary nor desirable for us to eliminate its balance of payments deficit through the adoption of policies that would make the United States a debtor nation in the future. Our economic austerity involving the risk of recession and unemployment, We do not need to use a bludgeon to force our private international accounts into balance. They are already in substantial surplus. All we have to do is to make a moderate reduction in the outflow of dollars through the government spigot.

As a result of a right action is called for since it is likely that that other tendencies will soon be reversed. The rate of foreign investment by U. S. banks is not going to slow down. Many companies already have production facilities scattered over the major and many of the minor countries of the world and future investment may well make our out of the earnings of foreign subsidiaries, which will make it still more out of the earnings of foreign subsidiaries or even the earnings of foreign investments abroad. Furthermore, when start-up outlays are completed on many of the new operations, our earnings on foreign investments account of this year as well as the next are likely to be adequate to the task of supporting a really great leap forward in production, employment, income and trade.

Favors Future Devaluation to Create IMF Reserves

(1) We should think that the first order of business might well be to raise the international price of gold. This would not only bring the dollar, but it will also reorganize the international monetary system, which, if it has been the result of a cooperative effort, may be expected to raise. As Europeans, become more affluent they are likely to decide to take a look at the major cities of this country. And the economic interest, which in the past have had a scale of operations in a common operation, have been far too slow in devising means to attract and mobilize savings from our own countries. But they do seem now about to reach for a higher degree of money market awareness so that our financial market might be the only one in the world capable of sustain the domestic market, and maybe even more in an expensively and economically.

So, I return to my prediction. I believe that our United States official steps referred to will be taken so that the next two to three years will see a return to balance in our international payments with the prospect thereafter that we could hold our net position within any one-half billion surplus or deficit.

So much for the prediction. Now I would like to present my personal feelings as to what we should do about the three related problems, i.e., balance of payments, foreign liabilities and gold.

Would Set $1 Billion-Surplus-Goal

I think that it is advisable for our objective to be not simply to eliminate the deficit in or international payments, but to reach for a surplus of at least $1 billion and perhaps $2 billion per annum. This can be done by nothing our short interest rates upward and then to reduce the balances corporations and others have placed in our covered bank balances or short term investments in Europe will be held there.

Again the required rise in interest rates would be moderate and for a period of time after we reach it for three years foreign military and economic aid outlays by a bit more than referred to earlier.

Once we regain a position of moderate surplus in our international accounts, we can take the bull by the horns and call an international conference, to reduce the dollar, but to reorganize the international monetary system of the world so that it will be adequate to the task of supporting a really great leap forward in production, employment, income and trade.

This announcement appears for purposes of record.

$1,500,000

Piggly Wiggly Southern, Inc.

Promissory Note due October 1, 1978

The undesignated has acted for the Company in arranging the private sale of the above Note.

October 17, 1963

Schroeder Rockefeller & Co.

Incorporated

Continued on page 14
Solving Today's and Future Balance of Payments Crises

Continued from page 13

World's monetary gold reserves to $31 billion. With such a large demand for gold, it would of course lead to a rise in the price of gold. It might also result in a decrease in the value of the dollar. This would make it more difficult for foreign countries to import goods, and it would also make it more difficult for foreign investors to invest in the United States. It is important for the United States to ensure that its gold reserves are not depleted, and that its currency remains stable.

The Federal Reserve Bank of St. Louis is dedicated to providing the best possible service to its customers. We are committed to helping our clients make informed decisions about their financial future. If you have any questions or concerns, please do not hesitate to contact us. We are here to help.
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all, to stockholders of record at the close of business on November 8, 1963.

E. K. DAMON

Treasurer

SOVEREIGN SOUTHWEST

CORPORATION

Wilmington, Delaware

COMMON STOCK DIVIDEND No. 132

On October 15, 1963 a quarterly dividend of 50 cents per share was declared on the Corporation's Common Stock, payable December 10, 1963 to stockholders of record at the close of business on November 8, 1963.

SINCLAIR

OIL CORPORATION

505 Fifth Avenue New York 20, N. Y.

DIVIDEND NOTICE

Southern Railway Company


A dividend of 7 1/2% per share totaling $2,000,000, or $0.75 per share of Preferred Stock of Southern Railway Company of the par value of $20 per share has been declared on the outstanding shares of Common Stock of the Company. This dividend is payable December 15, 1963, to stockholders of record at the close of business on November 15, 1963.

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

*Common...... $0.25 per share
*Representing annual dividend rate of $1.00 per share.

Preferred Stock

The regular quarterly dividends have been declared on the Preferred Stock of this Company. The next preferred dividend is payable February 1, 1964, to holders of record January 20, 1964.

Vice-President and Secretary

October 15, 1963

SOUTHERN WESTERN PUBLIC SERVICE COMPANY

THE SOUTHERN COMPANY

The Board of Directors has declared a quarterly dividend of 6%, payable December 15, 1963, to holders of record at the close of business on November 4, 1963.

L. H. JUSTICE

First President and Treasurer
The State of TRADE AND INDUSTRY

The Commercial and Financial Chronicle... Thursday, October 17, 1963

The Market... And You

WALLACE STREIGHT

By WALLACE STREIGHT

The stock market coasted for the most part again this week, the same pattern of pinpoint demand and occasional enthusiasm, though the former has been picking up tempo pend¬

Oriented on various of the other big names out¬

The situation is the same with

The third quarter, probably the strongest of all, with T.T.Y.'s dividends were mainly whether the company could keep the classic triple dividend intact, and if not, what the rest of the dividend schedule would be. Either way, there were split, and the dividend raised to, say, 3 or 4 times the old level, it is to come some of a perennial candidate for dividend improvement—always the newspaper—though the company's shares have earned a new appreciation from the investing fraternity.

Bright Outlook

As usual, the result of the hunt¬

The early result, as is nature, was that the speculations became state¬

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Barone Joins Herzig, McKenna
George Barone, formerly Director of Research of Ira Haupt & Company, has joined Herzig, McKenna & Company, members of the New York Stock Exchange, 50 Broadway, New York City. He joined the Haupt organization in 1953 as a security analyst and became head of its research staff in 1961.
During his employment at Ira Haupt he instituted a weekly closed circuit program for the registered representatives and partners of 14 branch offices comprising this national firm.
Mr. Barone started his career in Wall Street in 1950 as a trainee for Standard & Poor's. One year later he left to join Van Alsley, Noel & Company, investment bankers and members of the New York Stock Exchange. He worked there until his move to Ira Haupt, Hertz, Neumark & Co., 2 Broadway, New York City, members of the New York Stock Exchange.

L. A. Bond Club To Hear Ness
LOS ANGELES, Calif. — Dr. Norman T. Ness, Vice-President of Anderson, Clayton & Co., will address The Bond Club of Los Angeles at a luncheon meeting President Kennedy, to report on the balance of payments problem. As a forthright and impartial analyst in both academic and business fields, Dr. Ness approaches the controversial subject of America’s balance of payments problem as it relates to the integrity of our dollar.

Brunjes Joins Francis I. duPont
George J. Brunjes has become associated with Francis I. duPont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, it has been announced. Mr. Brunjes will be in charge of dealer relations in the investment firm’s Trading Department.
Mr. Brunjes was with J. P. Morgan & Company from 1933 to 1957. Since 1957, he has been with the First Boston Corporation.

Appointments by Smith; Barney
Smith, Barney & Co., 20 Broadway, New York City, have announced the appointment of William S. Goedecke as national sales manager; Russell M. Sanderson as administrative sales manager; Gilbert B. McDowell as manager of the main office sales department, and L. F. Boker Doyle as manager of the investment advisory department.

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MERGER TRENDS IN THE INSURANCE INDUSTRY

The recent announcement by Re- liance Insurance Company that it pro- posed a purchase for approximately $50 million of its common stock for $2.50 a share is one of two New York-based insurance concerns that are managed and largely owned by Corrigan and Reynolds Corp., is another in the long list of insurance mergers that have frequently been referred to re- cently in connection with the largely con- sumated since 1960. Thus far in 1963, American Insurance has merged with Fireman's Fund; Maryland Casualty has acquired, Insur- ance; Continental Casualty is in the process of acquiring American Casualty Company; and Hartford Fire and Great American Insurance have purchased Hawaiian insurance companies. These are merely the highlights of the trend during the year in which mergers and acquisi- tions have occurred on a virtu- ally a weekly basis.

Reliance Insurance has been one of the leading advocates of growth and diversification through acquisition. In the cur- rent merger the company seeks to acquire ownership of American Equitable Assurance Co. of New York and New York Fire Insurance Company, which are in up- per手 by the Reynolds organization, and are primarily writers of property in- surance business. The American Central Standard Life Insurance Company of Chicago was acquired in November of 1962, on which g which Reliance bolstered its position in the life insurance field. In 1961, the company became a major writer of casualty lines through the acquisition of Standard Acci- dent Insurance Company. These moves, plus several smaller acquisitions, the company has reported, have resulted in the addition of $100 million in annual premium volume up from $100 million in the present proposal over a three-year period, approximately one-half of Reliance's anticipated premium volume for the year.

The recent trend increasing mergers in the insurance industry has been principally motivated by the desire to increase profitability. It has been acceler- ated by the heavy underwriting losses in- curred by several fire and casualty companies and the tendency to seek a stronger financial backing through an affiliation with a life insurance underwriter. The abil- ity to gain the cash and technical knowl- edge has become more important as a prac- tically necessary today, and is lead- ing companies in the life insur- ence field to seek fire and casualty underwriting.

Securit, the heavy underwriting losses of fire and casualty companies have been due to an overextension of the insurance business and in lesser volume of new business in the decline inthe decline in the growth of the business and the heavier financial requirements necessary for developing new business.

The trend of the mergers has been towards a consolidation of capacity, a trend that has increased the company's flexibility to meet the changing requirements of their customers.

The advantages of mergers and acquisitions are generally ac- schastically accepted by most in- surance industry observers. Various agencies have voiced opposition to the trend which has resulted in the loss of the weaker agents are weeded out by the surviving entity, but they are powerless to bring it to a halt. More important is the attitude of the Federal Gov- ernment. To date, there is no evidence of any change in the attitude of the Federal Gov- ernment. To date, there is no evidence of any change in the attitude of the Federal Gov- ernment. To date, there is no evidence of any change in the attitude of the Federal Gov- ernment. To date, there is no evidence of any change in the attitude of the Federal Gov- ernment.
Another Big Auto Year Seen for 1964

Auto makers are predicting sales of at least seven million new cars in 1964 and there are ample grounds for believing the rosy estimates are reasonable, according to the United Business Service. The Boston-based advisory firm points out that this would be the third big auto year in a row, and that sales have grown with the economy in recent years rather than from some extraordinary stimulus. This is in contrast to the record 1955 sales which reflected the increase to 36 months in car financing that suddenly brought many new customers into the market.

Main requirements for active auto sales are high employment and rising disposable consumer income, since most cars are sold on credit, and buyers must be confident before they undertake long term debt. Both factors are now favorable, and a tax cut would provide an extra stimulus next year. Credit is adequate and the portion of consumer income going for cars is not excessive.

Household formations are rising again, and the explosion in teenage population boosts demand for used cars and speeds the increase in multiple car families.

The United Service also points out that rising scrappage of cars is an important element in the auto outlook. Scrappage exceeded five million cars for the first time in 1962, and is estimated at 5.5 million this year. Because cars built since 1954 have many more accessories that are costly to repair, and because increasing use of salt on northern roads is hastening body rust, replacement car demand is likely to increase. Moreover, the record year 1955 cars are only now hitting the junk pile in large numbers. Scrappage at the 1963 level suggests a normal car demand in the area of seven million, and General Motors predicts that eight million car years will be normal before 1970.

Bache & Co. Takes Over McGann Offices

SOUTH BEND, Ind.—Effective Oct. 14, Bache & Co., acquired the South Bend office of Albert McGann Securities Company, Inc., 123 West Colfax Avenue, Richard Cleary will be manager and Albert McGann associate manager of the new Bache office.

Also acquired by Bache were the office at 500 South Main Street, Elkhart, Ind., under the management of Thomas E. Blackburn, and the office at 224 East Main Street, Niles, Mich., with Allan B. Stevens as representative in charge.

Loewi & Co., Inc.
Opens New Branch

MILWAUKEE, Wis.—Loewi & Co., Incorporated, has announced the opening of their new branch office at 7401 W. Oklahoma Avenue. This new branch, Loewi's 16th, is the company's third branch in Milwaukee County, as well as the first branch office of a New York Stock Exchange firm to be located in the southern half of the county. Roland C. Neumann, who has been associated with Loewi & Co. for more than 23 years, is the manager of the office. Associated with him in the office as registered representatives are Donald D. Berther, Michael J. Ollmann and Victor J. Unrein, all from the downtown office of the company.

In addition to the downtown main office and the new South Street office, Loewi operates branches at Mayfair and on East Silver Spring Drive in Wauwatosa, and in the Lakefront, all in Milwaukee County, as well as offices in Appleton, Beaver Dam, Chippewa Falls, Green Bay, Janesville, Kenosha, Madison, Milwaukee, New London, Racine, Waukesha, Wauwatosa and Wisconsin Rapids, all in Wisconsin.

Shaskan & Co.
To Admit Partner

On Nov. 1 Shaskan & Co., 67 Broad Street, New York City, members of the New York Stock Exchange, will admit Joseph Buchman to partnership.

BEHIND THIS CLEAN LOOK

IS THE LASTING LOOK OF ALL-BRASS

: : All-Brass for lasting beauty and performance. All-Brass because brass resists corrosion better than other metals. In short, fittings of brass last longer and work better.

We didn't say this. Kohler of Kohler did in a recent magazine advertisement featuring the faucets above. We, of course, agree with them wholeheartedly.

Brass has the strength needed to stand up in tough jobs like this—keeps working like new long after other metals would call it quits. And it's the ideal metal for holding on to a bright chromium finish. In plumbing fixtures, builders' hardware, appliances, industrial equipment—wherever you want things to give lasting value—brass, bronze, and other copper metals are your best buy.

The Anaconda Company, 25 Broadway, New York 4, N.Y.®
Our Reports on
GOVERNMENTS
BY JOHN T. CHIPPENDALE, JR.

The attraction while common stock and bonds for the appreciation minded buyer has not taken money from the hands of the primary market to any appreciable extent yet. It is believed that the reason for this is the feeling in the market that the reverse is true in some measure with funds being transferred from equities into bonds.

The short-term securities which appear to be of the most interest at present are in large demand as ever with indications that funds which had been invested in long-term obligations were especially encouraged in the more liquid government securities. The longer-term Treasury obligations continue to attract investors especially those who are interested in long-term income. The money in the market is concluded to be at a satisfactory rate of return. The 4 1/4% of 1994/1994 coupon is in strong demand.

Invesors' Strong Response

The feature of the long-term government market has been the demand in recent weeks for the 4 1/4% of 1994/1994 and particularly the 4% of 1989/1994. These high grade Treasury bonds are being purchased in large volume in the hands of investors. It is indicated that those funds which are not invested in long-term obligations are using the new money for a variety of reasons. It is particularly doing fairly well.

It is considered that the 4% is an attractive investment. The 4 1/4% Treasury bond is less than the return which is obtainable in corporate bonds, but when quality is considered is much more marketable. The opinion of many capital market specialists is that it is being pointed out that this bond is a very good buy. The demand in the capital market is a government bond, and the yield difference between the Treasury securities and the various non-Federal bonds is so small that it is very likely to be considered an attractive investment in one of the longest government bonds. The 4 1/4% of 1989/1994. It is the institutional investor who is making these purchases. The 4% of 1989/1994 were bought with pension funds among the largest buyers of this bond group.

The 4% of 1989/1994 was originally offered to the public last April when the Treasury floated $300,000,000 of these bonds under competitive bidding at a price of 100% to yield 4.08%. This was not a very successful offering as far as the underwriters were concerned because the issue was not bought at the offering price, which had to be cut in order to get the bids out of the syndicate and the hands of the underwriters. This was a new money raising obligation that went sour, and quite possibly ended for the time being this way of raising money on the part of the government. The 4 1/4% of 1989/1994 were not readily bought by the market, and it was expected that they would not. It was expected that many of these bonds were being bought by long-term investors during the summer although the bond market was strong. The 4% of 1989/1994 made little or no progress on the up side.

A Bit of a Surprise

When the recent advance refunding operation of the Treasury Department and also the 4% of 1989/1994 was reopened as part of this package deal, it was not expected that this long-term government bond would be too well taken in this debt lengthening process because it was attractively priced. Much to the surprise of the financial district market the 4% were taken in the amount of $1,200,000,000 which was considerably more than had been looked for by most capital market specialists. It is believed that the long-term funds which are now going into this 4% bond are again coming in some measure to offset the time frame from the non-Federal obligations.

Another bond which came out of the last advance refunding, the 4% of 1973, is also being used for some of the same purposes by the bond buyers who are interested in a medium-term bond. In this case Charles Merrill & Co. reports that these securities, which have been put to work in this security have come to a point where they have been switched from the non-Federal bonds and other funds and the bond being disposed of in this instance.

Group Seeks to Enlarge Foreign Investing in U. S.

President Kennedy on October 2 named a 13-man Task Force to study ways of promoting increased foreign investment in the securities of United States private companies to and by the securities of United States private companies operating abroad. These questions have arisen as a result of the billions of dollars of foreign exchange the United States and private companies operating abroad. These questions have arisen as a result of the billions of dollars of foreign exchange which have been included in the United States and private companies operating abroad. These questions have arisen as a result of the billions of dollars of foreign exchange which have been included in the Federal Reserve System and private members of the financial community.

Government officials on the Task Force are:

Henry H. Fowler, Under Secretary of the Treasury, who will serve as Chairman of the Task Force, representing the Treasury Department.

Robert M. McKinnon, retiring United States Ambassador to Switzerland, will serve as Executive Officer of the Task Force.

Ralph A. Young, advisor to the Bureau of the Public Debt, representing the Department of State.

Mr. Fowler will serve as Chairman of the President's Special Message on the Balance of Payments.

The creation of this Task Force is in line with Section 6 of President Kennedy's Special Message on the Balance of Payments.

At the conclusion of its work, the Task Force will make a report to the President.

Fieldhouse Joins Garvin, Bantel

Richard C. Fieldhouse has become associated with the New York office of Garvin, Bantel & Co., according to Mr. Fieldhouse.

Richard C. Fieldhouse

The Federal Reserve Bank of New York, serving as a market specialist.

Williston & Beane Name Managers

Three promotions in the expanding sales organization of J. R. Williston & Beane, 2 Broadway, New York City, members of the New York Stock Exchange, have been announced by Alph C. Bean, Chairman. They are:

Sevemac B. Ainsworth, former manager of the Fifth Avenue office, to sales manager at the main office.

Ralph M. Honefelter, from manager of the 360 Lexington Avenue office, to manager of the Atlanta, Ga., branch.

Richard C. Fieldhouse, from assistant manager to manager of the Lexington Avenue office.

Form George Securities

SPOKANE, Wash.—O. C. George Securities, Inc., has been formed with offices in the Peyton Building, Spokane, Wash. Officers are George C. George, President; J. M. Farnsworth, Vice-President; and Kenneth P. George, Secretary and Treasurer.

The SECURITY I LIKE BEST...

Continued from page 2

The securities of Union Oil Company of California, Pacific, and the Bank of America are also included in this category.

The securities of these companies is being followed by the Bank of America which has a contract with San Antonio calling for delivery to the city's gas plant. The Bank of America has a contract with San Antonio calling for delivery to the city's gas plant. The Bank of America has a contract with San Antonio calling for delivery to the city's gas plant. The Bank of America has a contract with San Antonio calling for delivery to the city's gas plant. The Bank of America has a contract with San Antonio calling for delivery to the city's gas plant. The Bank of America has a contract with San Antonio calling for delivery to the city's gas plant. The Bank of America has a contract with San Antonio calling for delivery to the city's gas plant.

Future Targets

Among the targets that Coastal States is interested in at the future are the gas markets in the Houston area. Starting in the next fiscal year, the company will have a position in gas delivery facilities. This plan, however, will be owned jointly with others, instead of the company's complete ownership. This arrangement in January 1964. There are approximately 980 pipeline facilities and the Company which has been used, and built, and will be used, and operated, with the company's complete ownership. Coastal States receives between 40% and 56% of the net proceeds from the sale of the by-products removed from its gas.

The growth of crude oil and gas production in Coastal States has been a natural outcome of its successful gas gathering operations. The company had established that Coastal States represented a significant gas producing region of which was actively sought after as a partner in Coastal States. The company's successful property development. This not only provided a prime source of income for the company, while simultaneously adding to proved reserves, but it tied in favorably with Coastal States' policy of drilling away taxable income.

Crude and gas production of Coastal States in fiscal 1963 was 21% above the year before, and contributed 13.4% of total revenue for the fiscal year. Gas production from the production, the company's proved reserves advanced to new peaks and aumento of $6,761,100,000 of gas, 4,692,510 barrels of oil and 38,485,040 barrels of condensate and asphalt.

Cash Earnings Advante

For fiscal 1963 cash earnings were up 46% to $14,014,701. Per share earnings rose 44% to 60 cents. The company's cash flow from operations was $21,552,999, an increase of 52% over fiscal 1962. On a per share basis, the company's earnings were up 44% to 77 cents. As of June 30, 1963 there were 6,552,048 shares outstanding.
1.814,289 shares were reserved for outstanding stock warrants and 292,404 shares for employees' stock options. The exercise of these warrants and options would involve an aggregate maximum price of over $21,100,000, which would be added to the company's equity.

It is relevant to point out that, in fiscal 1963, Coastal States' net income was equal to a 20.4% return on average stockholders' equity.

This ability to put its earnings to work efficiently has aided Coastal States in obtaining money for its growth. An even more influential factor has been the long-term contracts to buy and sell gas which characterizes most of the company's gathering operations. This makes it possible to have a good insight into future earnings. Under such circumstances financing is greatly facilitated. An offering of $50,000,000 of 5% First Mortgage Bonds was made in June 1963, and the principal security behind the bonds were these gas contracts. Issued at par, the bonds immediately rose to a premium. Coastal States further strengthened its financial position recently by negotiating a five-year $80,000,000 revolving line of bank credit at a rate equal to the prime New York City bank rate plus 4%, but not less than 4 1/2%.

With officers and directors owning about 22% of the shares outstanding, there is ample incentive for management to continue with even greater vigor its fine work. The granting of stock options at all levels of the organization provides an added impetus.

In February 1961, Coastal States Gas Producing Company was my choice as "The Security I Like Best." I then stated that "As a sound situation of high caliber affording excellent capital depreciation prospects, Coastal States has become a well endorsed favorite throughout the financial community."

The events that have since taken place have reinforced my high regard for the company. Now listed on the Big Board, Coastal States appears to have the experience, management and finances required to make the future as bright as the past.

Capital Outlays by U. S. Oil Firms Totaled $5.2 Billion Last Year

Capital expenditures of 33 U.S. petroleum companies in 1962 amounted to $5.2 billion, 14% more than in 1961, according to a survey released by the Chase Manhattan Bank.

Expenditures connected with the production of crude oil and natural gas represented almost two-thirds, or $3.3 billion, of the total outlay, the bank noted in its annual "Financial Analysis of 33 Petroleum Companies." The combined operations of these companies constitute a major proportion of the world-wide activities of the petroleum industry.

"Historically, the group's expenditures have always ranked second after production," the report said. "But in 1962, the pattern changed, and the outlay for marketing facilities for the first time exceeded the refining expenditure. The $788 million spent for marketing was 16% more than in 1961."

As three-fourths of the over all capital outlay," the report continued, "was made in behalf of domestic operations. As a result of the increase — the largest in a decade — the domestic expenditures of $3.9 billion were the highest ever."

"In the form of direct taxes," said the report, "the group paid to domestic and foreign governments in 1962 a total of $2.3 billion, or 9% more than in the previous year. The increase of $103 million was equal to more than three-fourths of the gain in net earnings."

"In its onerous role of tax collector for government, the group extracted from its customers $3.5 billion in sales and excise taxes. Altogether, the tax revenue flowing to various governments from the group's operations amounted to $7.8 billion — more than double the net earnings of $3.3 billion."

"To its stockholders," the report said, "the group paid $1.7 billion in cash dividends, which is 11.5% more than in 1961. Dividend payments have risen in all of the postwar years, but the $177 million increase in 1962 was the largest by a substantial margin. It was, in fact, almost equal to the combined gain for the preceding four years."

"After an interval of five years," the report continued, "the group once again saw its earnings reach a new record level. Net income in 1962, totaling $3.3 billion exceeded by approximately a quarter of a billion the previous high set in 1957."

"Over-all, the 1962 earnings were 8% higher than those achieved the year before. Of the total earnings increase, two-thirds flowed from the group's foreign activities," according to the survey.

Walston Opens Branch

HAVERHILL, Mass. — Walston & Co., Inc. has opened a branch office at 91 Merrimack Street, under the management of Nicolas Panos.

TO SERVE A GROWING NATION...

THE NEEDS OF AMERICA grow and grow... stimulated both by increasing population and by the insistent demand for progress. It is industry's task to anticipate and meet these needs.

TO HELP MEET THESE NEEDS Cities Service has streamlined operations, stepped up research, and invested substantial sums in improving and expanding facilities. It has broadened its services to all segments of our national economy in hydrocarbon energy, basic petroleum products, such as new gasolines and motor oils, and an ever-widening flow of petrochemicals and allied products ranging from plant foods to printing inks.

THE RESULTS are reflected in benefits shared by employees, investors, and customers. Of even greater importance, these achievements... combined with those of all forward-looking industry... will help assure the continued leadership and security of this nation in the challenging years to come.

CITIES SERVICE

Clark & Hart Branch

LAWFTON, Okla. —Clark & Hart, Inc., has opened a branch office at 609 D Avenue under the management of Jimmy Johnson.

New Joyce Branch

DRLAWARE, Ohio — John B. Joyce & Company has opened a branch office at 507 West William Street under the management of Robert C. Fenwick, Jr.

Steichen Opens Branch

ST. PAUL, Minn. — R. J. Steichen & Company has opened a branch office in the Minnesota Building under the direction of Carl C. Meixner.
Stock Market Outlook—
An Unorthodox View

Continued from page 3

minor proportions, either because inflation was supposed to take hold and the public had a bear market when money rates were low." Furthermore, since the end of 1936, as compared with 25% or less in 1929, we were assured that stock market prices turned out to have been one of the greatest bear markets on record during the last 25 years. From March, 1937 to March, 1938, with the leading market falling from 159 in March 1937 highs for the next eight years.

One of the problems facing those who are willing to risk being unpopular by going against prevailing opinion from the very beginning is to find ways of determining just when it is necessary to change the policy for which people have been calling in the limits of this paper some of the studies which have found to be studied in this point of view. The first and possibly most controversial of these has to do with Timing Cycles.

First Approach

While I was working with Edgar Lawrence Smith, in 1929 and 1930, I developed a Timing approach. It was based on the observation of a great deal of additional research in the field. Two years, and substantially expounded in his book "Theories of Industrial Cycles," all of which are referred to as the Stochastic Decennial (Decadal) Decennial, and is inclined to mean that the limit of least resistance in the stock market has been reached when the market has reached a peak or trough. The basis of energy and/or in weather cycles. My first memorandum on this subject of "Timing Cycles," as the earlier work called, was written in July, 1930. I pointed out that there appeared to be a series overlapping on-year cycles, one of which called for a downward market in the stock market in the third year of every four years and ending either in that year or sometime in the fourth year. The second called for a decline in either the sixth or seventh year and reaching a low, while the third indicated that the line of least resistance in the stock market was to be downward in the tenth year of each decade. Subsequent studies showed that the degree of the three decennial peaks can be influenced to some extent by the duration of the preceding decline and/or by major political factors. For example, when the setback which normally gets under way sometime in the third year of the duration cycle becomes the second or third quarter of the following year, the peak is likely to be lower and come six years the sixth or early in the seventh year of the cycle. This is especially true in the early months of the sixth year.

There have been two periods in the past 30 years when political developments have temporarily offset the indications of our Timing Cycles, namely the first quarter of 1949, when the trend of the stock market should have dropped sharply, and the Dow Industrials. However, in each case, if we think this campaign pledge to impose excess profits taxes on corporations is a major contributing factor to downhill trend until Congress gave the President a resounding "No" in June, 1949. Another was the political situation which temporarily dominated the market was seen as a prosperous one at that time, President Kennedy shunted investment confidence by his denunciation of business in very infiltrating fashion. This led to extreme pessimism in Wall Street and to bearish belief in stock prices in spite of the implications of our Timing studies and our already favorable outlook for business.

Non-Mechanistic Use of Timing Cycles

These experiences confirm the common sense conclusion that Timing Cycles, like other technical studies, should be used only as indicators of the probable line of least resistance in the stock market. I do not think, rather than as mechanical forecasting formulae. This Timing formula, which originally developed in 1930, has been helpful about 80% of the time. That is true whether an investor looked to periods in which it was especially desirable to question the effectiveness of our timing studies in line with the theory of contrary opinions. These Timing studies were used both to the Fall of 1929 in warning us to question the prevailing view of which cycles called for a further rise in stock prices because of war causes of Europe and the interruption of our own internal business. The trend of the stock market was to be downward for three years. This Timing study indicated the desirability of questioning the trend of the stock market. As the war ensued, we now hope that we will see the beginning of the "unrestricted" Business and Investment Cycles (January, 1941)I can now bolstered at that time by the widespread indications that the trend of the market was to be upward during the first nine or ten months of 1946 because we were in an election year.

While these Timing studies did not warn us that a substantial decline was to be witnessed during the first six months of 1985, they did indicate to the extent of 26 to 1 in favor of a fairly prompt recovery from the decline, and that stock prices would be very much higher than the levels har were reached in the 1961 peak as measured by shorter term market averages before there was a danger of a real bear market. They would not have done this if stock prices will probably still be seen, after the rebound, and continue into the third quarter of 1964.

Second Approach

A test of my approach to timing cycles that I have found helpful in deciding whether to follow Humphrey Neill's advice is the way in which an especially serious thinking from a contrary point of view, is the relationship of business activity to long-term "normal." To be sure there is always room for difference of opinion, but at the same time, the decline of business activity should be computed and projected into the future. Eisenhower has stated that "the business activity is at a much higher level than appears economic or consistent with the previous rates of growth, there is real danger that the economy will be caught in unfavorable trends. Putting this another way, common sense tells us that in the future, we are running at substantially above previous peak levels, after allowing for a considerable upsurge in the foregone period. It is only a question of time before there will be a letdown in activity.

Unfortunately, the prevailing or non-counterpoint of view is usually that we are the outlook for stock prices when business is booming, even if stock quotations by that time have shown a much greater gain over the levels of recent years than have earnings. Following a downward trend in business activity, there is a tendency of market sentiment to be attractive for either intermediate or long-term holding of stock prices. This is due to the 50% to 75% in the case of the more volatile issues.

An outstanding business activity in relation to "normal" confirms the warnings of our Timing studies that stock prices are now quite high. Business activity is about 11% below the levels that had been considered "normal," as judged by growth trends since the end of World War II. It might be argued that our trendlines are not steep enough, but an equally good case can be made for the contrary view that business activity has been artificially stimulated by the abnormal level of public and private debt in recent years, which have not been exceeded in the past 17 years! This means that the demand for goods in this post-war period has been supported by a rate of spending of borrowed funds which can hardly be continued without any reduction in the long-term point of view.

Third Approach

A second approach I have found helpful in telling us to be especially of optimism which development of steadily extended advance in stock prices is typical of market conditions of the supply of liquid funds. I believe that the high levels of business is the lifeblood of business. It is also generally conceded that the Federal Reserve Board does control the over-all supply of credit.

If my simple rule as to when developments in the credit field should be taken as a warning of an impending peak, in the stock market is correct, the 1959 rise to the same level, since the relapse of 1961 to the same level below 3% during the 1960-61 decline in stock prices and in business activity, businesses can properly be raised to whether interest rates would not have been forced down to the level at which they have not been expected to have been exceeded. The influence on the Federal Reserve Board's monetary policies following the election of 1960, when interest rates were 4 to 5%, was that they would be expected to be higher. This is basically the same as being somewhat unorthodox (and contrary) in basing my appraisals on a study of four or five time-tested fundamental factors and technical factors rather than on a study of the more recently popular multiple indicators. The nearest experience that by doing this it may be possible to make mistakes, however, is being in the position where, as someone once observed, "If you are not wrong you have not looked at all of the facts."

As you have undoubtedly concluded, my additional approach, I think it is time to begin to question the recent optimistic opinions as to both business and the stock market outlook, just as it was necessary to question the posi-
MUTUAL FUNDS
BY JOSEPH C. POTTER

Wiesenberger's Crystal Ball

Keeping up with the fast-moving times, and not always on small sable's choice, the senior partner of the New York Stock Exchange firm of Wiesenberger & Co., is leading the charge with the wisdom of a Treasury, and his views are always of interest to the trade.

This past spring, after consultations with all his associates, Mr. Wiesenberger was off to London for the wedding of Princess Alexandra. The public may not disclose that he brought a gift of funds shares for the princess and her bridegroom, Mr. Angus Ogilvy. Although it was reported that he bought a Bentley for himself.

He could hardly do less after telling the British press that the Dow-Jones Industrial Average at 1066 by 1966. Mr. Wiesenberger received widespread respect by the public, as he put his talents up to correct the great numbers of consumers who were caught up in the one-third of our world, when there is room for more rapid increases than in the case in the United States. I am a little afraid that the economic theoors who have the ear of the President may turn out to be just as unrealistic as we were leading economists in the late 30's. Next year's political uncertainties, and the extent to which our economy has been愈益的 to the difficulties on the part of both the business and the government are bound to make a substantial rise in the demand for both consumer and capital goods next year, with a further rise in the second half of the year.

I believe that the overall position for the year as a whole will be encouraging, with no threat of a major downturn. The very long-term outlook is now almost as grim as it was in the Spring of 1897, but it is not necessary to be contrary to reality. Real estate prices in some areas could be kept under control, and there are no signs of a major downturn in the economy at large. The outlook is encouraging, and I believe that the economy will be able to withstand the pressures of rising interest rates and the supply of new capital goods.

With Thomson, McKinnon,

ATLANTA, Ga.—Roy Collier, Jr., has been associated with Thomson & McKinnon Healey Building. He was formerly with the Bank of Georgia.

Fordham Wall St. Ass'n Meeting

The Fordham Wall Street Association will open its 1962-63 season with a cocktail party and buffet supper on this evening (Oct. 17) at Ye Olde Firehouse Tavern, 126 Cedar Street. Association President John O'Brien of W. E. Burnet and Company will announce attractive plans for an outstanding year. All Fordham alumni in the financial community are invited to attend.

With H. G. Walker

OMAHA, Neb.—John Dimitroff has been added to the staff of W. G. Walker & Co., 302 Farnam. He was formerly with A. C. Allyn & Co. and Harris, Upham & Co.

The Funds Report

Abacus Fund reports that at Sept. 30, net assets totaled $40,756,111, equal to $47.67 per share, compared with $33,255,880, or $38.86 a share, a year earlier.

American Business Shares announces that at Aug. 31, net assets totaled $844,889,137, equal to $4.24 a share, against $263,233,749, or $4.66 a share, at Nov. 30, 1962, end of the fiscal year.

Federated Growth Fund Ltd. reports that at Sept. 30, assets totaled $6,022,037, or $4.85 per share. This compares with assets of $2,601,722, equal to $4.28 a share, a year earlier.

Fidelity Capital Fund reports that at Aug. 31, net assets amounted to $164.4 million, with no change, against $135.9 million and $76.3 a share, a year earlier.

Investment Trust of Boston reports that at Aug. 31, net assets amounted to $155,787,382, compared with $155,913,904, a year earlier.

Massachusetts Investors Growth Stock Fund reports that on Aug. 31, net assets were $78,919,342, decreased from the prior period.

Putnam Growth Fund reports that at July 31, net assets totaled $247,565,600, or $8.48 per share, compared with $231,756,000, or $8.56 per share, compared with $331,461,949, equal to $7.07 a share, a year earlier.

Total net assets of Scudder, Stevens & Clark Balanced Fund were $78,566,183, or $10.55 a share on Sept. 30. Comparative figures were $46,026,070, equal to $8.69 a share, a year earlier.

Texas Fund Adds to Staff

HOUSTON, Tex.—Texas Fund Management Company, Texas National Bank Bldg., has announced the addition of the Audit Department of John W. Pancoast, Jr. Although a native Texan, most of Pancoast's investment career has been spent in New York City where he was associated with the firm of Dominick & Dominick, members of the New York Stock Exchange. After being assigned senior analyst responsibilities with Dominick & Dominick in 1959, Mr. Pancoast specialized in the "electronic technology" group of industries.

Returning to Texas he joined the investment department of the Texas National Bank of Houston as a Trust Officer and remains there until his return to New York with Texas Fund Management Company.

Face College Grad.

P. R. Program

A new graduate program in study of Public Relations has been introduced this fall in the Graduate Division curriculum at Fordham University, New York City, it was made known by Dr. J. S. Schiff, the President's division, in honor of the Rockefeller trustees. The program is designed to attract a group of students in mind: persons of public relations and advertising firms as well as corporate public relations departments; and recent liberal arts and business administration graduates who seek a career in public relations.

Both groups will be guided in their studies to attain what top management seeks in their public relations counselors and personnel: men and women who combine a knowledge of ethical and social standards with the ability to solve problems arising from the impact of public opinion on business operations.

Affiliated Fund

A Common Stock Investment Fund

An investment company seeking for its shareholders the possibility of long-term growth of capital and a reasonable return on its investment.

Prospectus upon request

LORD, ABBETT & CO.

New York — Atlanta — Chicago — Los Angeles — San Francisco

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Baltimore Gas & Electric Company

Baltimore Gas & Electric, with annual revenues of nearly $200 million (about two-thirds electric and one-third gas, with a small amount of steam) serves the City of Baltimore and adjacent areas with a total population of about 1,500,000. The division of electric revenues is 36% residential, 30% commercial, 23% industrial, and 1% miscellaneous; while gas is 69% residential, 2% commercial, 20% industrial and 2% miscellaneous. Residential heating utilization is 44%. The company has enjoyed good growth with revenues more than doubling in the past decade. Earnings per share have also almost doubled—they are estimated at $1.60 for this calendar year compared with $0.84 in 1953, after adjusting for a 2-for-1 split in 1956. Growth in the gas division has been particularly rapid, 1962 revenues showing a gain of 175% over 1952. The number of homes heated by gas increased from 50,000 in 1952 to 170,000 in 1962 and the total volume of gas sold nearly tripled. About 7,000 new homes were constructed and 11,000 new electric are expected to be added annually; electric sales are expected to increase by approximately 7% per annum and gas 7%-10%. Much of the growth reflects population increases in suburban areas. However, there are many new office buildings and 3,000 hotel rooms completed or under construction in Baltimore, partially as the result of the new hospital and commercial and industrial business acquired last year was expected to ultimately produce about $7 million annual revenues.

The company has six generating plants, with 1962 total capacity of 470,000 kw, supplemented by hydro power available from Safe Harbor Dam. An additional 40,000 kw capacity is allocated two-thirds to Baltimore G. & E., and one-third to the Consolidated Edison Company (Power & Light). A second 190,000 kw steam unit was installed at the Hampstead plant in 1960 and a 315,000 kw unit is scheduled for completion in 1966. The company has joined with nine other companies in a survey of the Susquehanna River Basin, including the hydro potential.

Freight Savings From New Locations

Baltimore, Md.—(Baltimore Sun) — A member of the large power pool called the Pennsylvania-New Jersey-Maryland Electric Power Pool (PJM for short) which is planning with other utilities a $330 million project to build and modernize new generating stations near coal mines (saving freight costs) and a network of overhead wires (EHV) transmission lines, Baltimore G. & E. will pay a portion of the cost of building the new power plants and part of the transmission lines. The electricity thus generated will be entitled to use 340,000 kw generating capacity of low-cost power to be supplied by the Pool for at least two years the construction of a new unit which would permit operation in the Pool by 1968. The EHV inter-area ties will contribute further savings through lower reserve requirements and greater economy-interchange of power.

Construction expenditures in 1962 approached $40 million and are expected to be about $34 million this year. Last year the company sold $25 million bonds but this year bank loans may be relied upon for approximately half the $40 million this year. Bank loans outstanding at the close of 1962 were repaid in January 1963. No sale of common stock is contemplated until 1967 or later except for amounts issued for new construction and sales to employees.

Natural gas requirements are purchased from Columbia Gas under long-term contracts, and high Btu oil gas plants are maintained for winter peak load purposes. The gain in gas revenues in 1962 was somewhat colder weather, plus new residential customers and the sale of industrial gas to Bethlehem Steel under a new contract for supply of gas to blast furnaces on an interruptible basis. Electric revenues would have been about $900,000 greater except for lower wholesale sales to smaller industrial customers which affected the air conditioning business.

Return on Net Plant

The company has no special regulatory problems at this time. During 1962 6% return on a fair value rate base. This raised the per-share net plant (original cost) from 5.9% in 1959 to 6.5% in 1959 and it has since remained close to that level. (The return on fair value would, of course, be a somewhat lower percentage.) The company's accounting policy is conservative; it does not consider income tax depreciation and hence there are no tax deferral savings to be normalized. Earned. Dividends are now one of only a few utilities still receiving any dividend credit for interest on construction.

Dividends have been paid since 1927 and the cumulative amount is about $7.5. The dividend rate has been raised in each year since 1954 and was increased to $1.24 with conversion of debentures and sales to employees.

The stock has been selling recently around 35 to 35.5; the earnings of $1.86 for the 12 months ended Aug. 31, and the price-earnings ratio is 21.1. A change of the stock this year has approximated 33-37; the record high was about 42 in 1961.

Now Proprietor

SPOKANE, Wash.—Richard H. Ellis is now sole proprietor of the Spokane Light & Power Co., former name of the First Electric Div. of First Federal, Co., Paulsen Building.

Form Francis & Murray

MILL VALLEY, Calif.—Francis & Murray, Inc. has been formed by and for Francis J. Murray, Vice-President and Treasurer, and Maximus R. Francis, Secretary. Mr. Francis and Mr. Murray were both formerly with Beckman & Co., Inc.

COLUMBUS, Ohio.—Incoming and outgoing officers of the Ohio Valley Group of the Investment Bankers Association of America at the Group's annual meeting in Columbus, Ohio, Septed. left to right, are John B. Joyce, Sr., of John B. Joyce & Co., Columbus, new Second Vice-Chairman; George Reiner, Jr., The Ohio Company, Columbus, 1962 Chairman; Milton S. Trost of Stein Bros. & Beyoe, Louisville, National Governor; and William Alden of Alden & Co., Louisville, newly elected Chairman. Standing, left to right, are: William N. Crawford of W. L. Lyons & Co., Louisville, new Secretary-Treasurer; Gordon Reis, Jr., of Seasoned & Mayer, Cincinnati, First Vice-Chairman; and Donald Nee of Banker & Co., Columbus, outgoing Secretary-Treasurer.

NCFC Announces Convention of Commercial Finance Industry


Two important panels are scheduled and one that is attracting considerable attention in financial circles relates to a Roundtable Discussion of Financial Analysts. This program was instituted by the National Commercial Finance Conference in 1954 in order to demonstrate the flexibility and effectiveness of commercial finance in business growth made possible through use of commercial finance company funds. This year the program will have nine sessions to demonstrate the flexibility and effectiveness of commercial finance companies in various growth situations, and to date nationally known concerns, members among them National Airlines, Continental Motors, Lithium Corporation, Diners' Clubs, Vitt-McKee Corporation, United Artists, Buitoni Foods Corporation and Helene Curtis Industries have received awards. The award winners last year were: EICO of Indianapolis, Ind.; Tonka Toys, Inc.; and Jim Walter Corporation.

The Chairman of this session will be: Herbert R. Silberman, President of James Talbot, Inc. Presentation of the awards will be made by W. P. Gullander, President, National Association of Manufacturers.

The Convention will be called to order by Eugene B. Hanson, President of the Conference, and President of Northern Finance Corp., Minneapolis, Minn. A report on the commercial finance and factoring industry in 1963 will be presented to the delegates by William J. Drake, Executive Vice-President of the Conference, immediately after the convention convenes. Legal and statutory developments in 1963 will be noted by Eli S. Silberfeld, General Counsel of the Conference and the Board of Directors.

Partner, Kupfer, Silberfeld, Nathan & Danziger, New York, N. Y.

Keynote speaker of the Convention will be Jacob Seiler, Chairman, A. J. Armstrong Co., Inc. and Chairman of the Conference who will address the delegates on the topic, "Commercial Financing: A Reappraisal."

The Convention will close with the Annual Dinner at the Grand Ballroom on Tuesday evening, Oct. 22. The dinner guest speaker will be Mr. J. Lewis Powell, who will address the final session on the topic: "The Challenge of Change."

Bryan E. Simpson with Amos C. Sudler & Co.

DENVER, Colo.—Bryan E. Simpson has become associated with Amos C. Sudler & Co., American National Bank Building, Mr. Simpson who has been in the investment business for many years was formerly with Breton, Rice & Co. and Dempsey-Tegeler & Co., Inc. and in the past conducted his own investment business in Denver.

Chicago Analysts To Hear

CHICAGO, Ill.—Max Karl of the Mortgage Guarantee Insurance Corporation will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today (Oct. 17) in the Grand Ballroom of the La Salle Hotel.

Radio Corporation of America will be the subject of the Oct. 24 meeting and Crown Zellerbach Corporation of the Oct. 31 meeting.

S. M. Rasmussen Opens

BRIGHAM CITY, Utah—Sverre M. Rasmussen is engaging in a securities business from offices at 123 East First North.
William H. Burgoo, James C. Dunan and Edward J. Dunn¬
ingham have been promoted to Assistant Presidents of the Chase Manhattan Bank, New York.

Appointed Assistant Treasurers were Michael A. Gaffigan, James W. Hartshorne and Ralph L. Riehle, all in the Metropolitan department.

Also made known were the promotions of: James S. Martin, Richard J. Mylnih, Eugene R. Reeves and H. Richard Vartebe¬

rion as investment officers in the trust department; John W. Fuller as Personal Trust Officer; Paul L. Martin as Corporate Trust Officer and Johannes G. van Thiel as Manager in the Paris branch.

The FIrst National City Bank of New York

As of December 30, 1962, the following officers have been announced:

Edmund W. Madden, a Vice-President in charge of 20 branches of the Manufacturers Hanover Trust Co., in Brooklyn, died Oct. 15 at the age of 62.

Madden began his banking career in 1919 when he joined the Manufacturers Trust Co. 10 years later through a merger with the bank. He was made a Vice-President in 1932.

Richard L. Guittman, John J. Kelly, John P. Landolt, H. Ray Norton, Gerard M. Thompson and William F. Willard have been appointed Assistant Vice-Presidents of the Metropolitan Trust Company.

The Irving Trust Company, New York, has made John L. Callahan and James V. Tomai Vice-Presidents. Both are officers in the banks' mortuary real estate division.

The Sterling National Bank and Trust Company, New York

The Metropolitan National Bank, New York, was announced by Harold H. Helm, Chairman, and with the bank's Metropolitan Division except Mr. Landolt who is in the Interna¬

tional Division.

The Irving Trust Company, New York, has made John L. Callahan and James V. Tomai Vice-Presidents. Both are officers in the banks' mortuary real estate division.

The Lincoln Savings Bank, Brook¬

lyn, N. Y. announced the follow¬

ing elections: Fred. Gretche, Jr. was elected chairman of the board; Michael J. Burke from President to President and Chief Executive Officer; Edmond G. Murphy, from Vice-President and Chairman to Comptroller to Executive Vice-President of the bank.

A proposal to merge the First Na¬

tional Bank of New York with the Standards Trust Company of New York was introduced by John H. Kerman, chairman of the board.

The Comptroller of the Currency, J. Saxon on Oct. 9 an¬

nounced preliminary approval of the application to organize a new National Bank in the state of Tennessee. It is proposed to call it the Metropolitan National Bank with the title, Metropolitan Na¬

tional Bank of Tennessee with an initial capitalization of $3,000,000.

Edward L. Clifford, President of the Worcester National Bank, West¬

er, Mass., announced that the bank will be open for business on Oct. 15 to approve con¬

solidation of the Clinton Trust Company with the Worcester County National Bank. Approval was also voted by shareholders

of Clinton Trust at a special meeting Oct. 15. Final approval on the merger will come from the Comptroller of the Currency later in October.

The consolidated association will operate as the Worcester County National Bank under its present charter. The total capital funds of $16,150,000 including Surplus of $9,000,000 and Undivided Profits of $7,150,000. Capital Stock will amount to $4,150,000 which is presented by $15,500 share of stock at a par value of $10. Total combined assets of the bank will be $28,000,000 based on Sept. 30, 1963 figures.

Directors of Clinton Trust Com¬

pete will include representatives of the Clinton office and its branches. Francis W. Fiescher, Jr., President of Clinton Trust, will become a Senior Vice-President.

The Connecticut Bank and Trust Company, New York City

The first National Bank of New York has announced the appointment of: Howard E. Smith, Assistant Vice-President; William E. Strawbridge, Assistant Vice-President.

The National City Bank of New York, the Central National Bank of Chicago, the Trust Company of Georgia and the First National Bank of Fort Worth, Texas, announced new officers.

The new officers of the Central National Bank of Chicago, Ill., including Edward L. Clifford, Chairman, J. Saxon, President, and William F. Gillet, Vice-President, were announced.

The Comptroller of the Currency, J. Saxon on Oct. 9 an¬

nounced preliminary approval of the application to organize a new National Bank at Poplar Bluff, Mis¬

ouri, with the title, "Metropoli¬

tan Bank of Poplar Bluff," with an initial capitalization of $150,000.

The newly announced officers of the bank are: Harry T. Beamer, President; J. O. Strickland, Vice-President.

The Comptroller of the Currency, J. Saxon on Oct. 11 an¬

nounced preliminary approval of applications for new National Banks at Beaumont, Texas, with the title, "Citizens National Bank of Beaumont," with an initial capitalization of $3,000,000 and on Oct. 9 at San Antonio, Texas, with the title, "Commonwealth Na¬

tional Bank of San Antonio," with an initial capitalization of $750,000.

The Bank of America, San Fran¬

cisco, Calif., Oct. 15, named Rudolph A. Peterson as President and Chief Executive Officer.

He will succeed S. Clark Rege, who will retire Oct. 15. Mr. Rege will retain his post on the Board of Directors as a consulting member of the Executive Committee.

Mr. Peterson has been Vice¬

Chairman of the Reserve System since 1961 and was given responsibility, for practical purposes, for management of the bank last February.

The Bank of California, San Fran¬

cisco, Calif., has announced the follow¬

ing officers: San Francisco Main Office—Joseph A. Henke, Jr., Vice-President; Eugene D. Garibaldi, As¬

sistant Vice-President; William T. McCleen, Assistant Vice-President.

San Francisco Head Office—Donald E. Beese, Controller and Eugene F. McKelligan, Assistant Vice-President.

The Comptroller of the Currency, J. Saxon on Oct. 11 an¬

nounced preliminary approval of applications to organize new Na¬

tional Banks in California, Texas, and West Virginia.

At Balngame, California, with the title, "Peninsula National Bank of Burlingame," with an initial capitalization of $2,500,000.

At Santa Ana, California, with the title, "Commercial National Bank," with an initial capitalization of $2,250,000.

W. M. Hammont has rejoined the staff of Aabam Bank and Trust Co., Beverly Hills, Calif., as customer relations officer.

Walter M. Scott, a Vice-President of Security First National Bank, Los Angeles, Calif., is celebrating his 40th anniversary with the bank this month.

The Comptroller of the Currency, J. Saxon on Oct. 11 an¬

nounced preliminary approval of the application to organize a new National Bank at San Antonio, Texas, with the title, "San Mateo County National Bank," with an initial capitalization of $1,500,000.

Clifford J. Ash and Harry Randall were appointed deputy general managers of the Bank of Nova Scotia.

A.B.A. Names

Peacock Dep. Mgr.

Dr. Leslie C. Peacock has been appointed as vice-president of the American Bankers Association and director of the Department of Research and Statistics.

The promotion is effective im¬

mediately, according to Dr. Charles W. F. Clapp, Executive Vice-Pres¬

ident.

Dr. Peacock has served as a deput¬

y in charge of the department's continuing activities since February. His re¬

cent assignments included direc¬

torial responsibility on the "State¬

don on the Balance of Payments" issued in July by the association's Economic Research and International Committee and Economic Policy Committee.

Dr. Peacock, 33, joined the De¬

partment of Economics and Re¬

search on the staff of the department in September, 1962. He was named Secretary of the Economic Policy Committee in September, 1964, and was appointed as the Government Borrowing Com¬

mittee. He also served a number of times as Financial Secretary to the Advisory and International Committee.

L. M. Hupper opens

NEW YORK CITY—Lambert M. Hupper is engaging in a se¬

vices business from offices at 400 Park Avenue, New York City.
As We See It

Continued from page 1

mergers, including mergers between banks. Our previous position that bank mergers have operated for so long a time, has now apparently been dissolved. 

In this regard, the Federal Reserve has been for years closely regulated and subject to supervision and examination by the Federal Reserve supervisory agencies, both state and Federal, we felt, perhaps overzealous in our belief that further controls were needed. However, the thoroughness of the Congress in its consideration of Senate Bill 1062, as finally passed by the Senate, indicated crystallized opinion on the desirability of having a Federal Reserve agency to supervise not only bank mergers, but the affairs of any financial institution. The presence of such an agency, with responsibility for approval of merger applications, could be only beneficial to the American taxpayer in reduced budget expenditures.

If there was, as some commentators seem to think, "a certain political risk" in taking such action and if these worthy, yet sometimes faulted suggestions do not remove it, then we have by that much less reason to be proud of our electorate. We have long been deceiving ourselves with the idea that we could and should influence if not control the actions of other sovereign nations by tinkering with the political structure of such a country as ours. We have only made ourselves feel better that we could and should influence if not control the actions of other sovereign nations by tinkering with the political structure of such a country as ours. We have only made ourselves feel better.

At the same time, the impression not gain ground that in this way, we can do more than extend our temporary support to our international balance of payments. 

The need for greater concern over our overall agricultural problem is indicated by the fact that the number of farm products that our subsidizing policy has actually reduced by the value of our agricultural products, do even less for our basic agricultural problem. Of course, ships of the mag- 

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Final Veto Power

To the layman, therefore, it now appears that even if the primary supervisory agency was required to seek from the Department of Justice an opinion that the Division intends to take regarding the merger, it was up to the banker to determine whether a merger is in the public interest or not. As to that of Justice, then a suit may be forthcoming.

Some observers for the Division, said recently that assuming that all relevant information regarding a proposed merger has been supplied to them, and as soon as the agency having initial jurisdiction has advised it of its decision, they would advise such agency and the parties to the proposed merger of their position, buying or selling the merger. Divisions intend to take regarding the merger, it was up to the banker to determine whether a merger is in the public interest or not. As to that of Justice, then a suit may be forthcoming.

It appears to place the three bank supervisory agencies in the same position as the State Bank Superintendents, namely, that it has only the initial veto power, and it may extend or modify the initial veto power of the Federal Reserve System. The only criterion which Congress apparently delegated to the attention of bankers and that the Federal Reserve System was that it has only the initial veto power, and it may extend or modify the initial veto power of the Federal Reserve System. The only criterion which Congress apparently delegated to the attention of bankers and that the Federal Reserve System was whether a merger is in the public interest or not. As to that of Justice, then a suit may be forthcoming.

The report also reveals that the Comptroller approved during 1960, 110 applications for mergers, including 39 applications which were denied, and 1 was withdrawn. During the same year according to the Annual Report of the Federal Reserve Board, the Board approved 97 applications, and 63 applications were denied, and 1 was withdrawn. The FDIC was censured, by comparison:

1. Structure of competition
2. Overall effect on competition
3. Aberrations of competition
4. Merger of banks having a dual banking system.
5. Merger of banks to compete with private banks.
6. Merger of banks to compete with public authorities.
7. Merger of banks to compete with public officials.
8. Merger of banks to compete with public authorities.
9. Merger of banks to compete with public officials.
10. Merger of banks to compete with public authorities.
11. Merger of banks to compete with public officials.
12. Merger of banks to compete with public officials.
13. Merger of banks to compete with public officials.
14. Merger of banks to compete with public officials.

Southeastern IBA Group Elects

WHITE SULPHUR SPRINGS, Va.—George S. Kemp, Jr., Resident Partner, Abbott, Proctor & Palme, Richmond, Va., was elected Chairman of the Southeastern Group, Investment Bankers Association of America, announced Millard F. West, Jr., Partner, Auhin,close, Parker & Redpath, Washington, D.C., retiring Chairman of the Group. Election was held at the 43rd Annual Meeting of the Group, Oct. 11-13, at The Greechie, White Sulphur Springs, W. Va. Elected with Mr. Kemp were the following officers:


Secretary-Treasurer: Thomas L. Anglin, Mackall & Coe, Washington, D.C.


Mr. Mouldwen has been elected a Governor of the IBA representing the Southeastern Group, effective with the Annual Meeting in December 1-6, at the Hollywood Beach Hotel, Hollywood, Florida.

Featured speakers at Saturday's sessions were Anya Ames, Senior Partner, Kiddell, Peckery & Co., New York, and President of the Investment Bankers Association of America, and Avery Rockefeller, Jr., Partner, Dominion & Dominion, New York, Chairman, Investment Bankers Association of America. Principal speaker at Saturday evening's banquet was Benjamin N. McKelvey, Editorial Chairman, Washington Evening Star.

If disapproved by the District Committee, the application would be terminated. If approved, notice of such approval would be given to the applicant banks and to a bank of record or banker of record as a substitute for notice or service in such banks. If the application is approved, the notice of such approval would be given to the bank of record or banker of record as a substitute for notice or service in such banks.

Submit Plan

Your appraisal of the needs of your bank and community or state may help you to determine whether your bank is capable of bearing the burden of any merger that may be undertaken. Your own judgment and that of your officers and directors will be of greatest importance. Your own judgment and that of your officers and directors will be of greatest importance.

The Board of Review would be given the following representative plan for a more uniform and understandable course to be followed in bank merger applications by supervisory agencies:

1. That "merger banks and their supervisory agencies, under the District Committee composed of:
(a) The Superintendent of Banks of the State in which the banks seeking to merge are located;
(b) The Chief National Bank Examiner, of the district.
(c) The Chief FDIC Examiner of the district.
(d) The Federal Reserve Bank Examiner of the district.

The Court's opinion which may have escaped your attention, and which now may be available to you, is as follows:

"The Court was not impressed with the attempts of the Government to show that the merger was of minor importance in the life of a community generally and of almost no importance in the business life of the community. The Government, in its attempt to establish the proposition by testimony that no single particular individual, industrial or organizational, has ever entered a particular ter-

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11. Merger of banks to compete with public officials.
12. Merger of banks to compete with public officials.
13. Merger of banks to compete with public officials.
14. Merger of banks to compete with public officials.

The greatest deterrent to this trend is the Federal Reserve System. In spite of long experience in this field, I do not see any real reason to expect a world "old way" is necessarily the best way to conduct our business, although it has not been an easy task for our supervisors. As we have grown as a nation from an essentially agrarian to an industrial power in the world, the challenges and opportunities of further development of our country through our banking system have required the exercise of broad discretion by the Federal Reserve System. As we have grown as a nation from an essentially agrarian to an industrial power in the world, the challenges and opportunities of further development of our country through our banking system have required the exercise of broad discretion by the Federal Reserve System.

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Peter Speckman Opens

CHARLOTTE, N. C. — Peter J. Speckman is engaging in a secur-

ities business from offices at 1508 Dilworth Road, specializing in the sale of mutual funds.

New Walston Office

PALM BEACH, Fla.—Charles S. Coe, Inc., has opened a branch of-

fice at 235 South County Road, near the management of Robert V. Craft.
STATE OF TRADE AND INDUSTRY

Continued from page 16

That the cumulative total of
inagings and castings since Jan. 1
was nearly 8.7% above that for
the January

of the year. The total was

of 67,235,000 net tons

(111.4%) which is 11.4% above
the Jan. 1, 1962 total. The total of
78,274,000 net tons. In the
comparison with last week's

index of 114.5%, this week's tally flattered
at 114.2% (1957-59 = 100).

September's Net Tons 8.4% Above

The steel industry produced
7,060,000 net tons of ingots and
steel for the September period,
8.4% more than the 7,251,000 net

103 tons produced in September,
1962. In the past quarter, output
totaled 24,295,104 tons compared
to 20,521,177 tons in the year-ago
period for a gain of 18.4%. For
the first nine months of this year,
steel output rose 11.0% to 63,338,424 tons as against
74,-
61,260 tons for the 1962 period.

Some steel companies have
reported contractions in
their production schedules
(Oct., 1962). This has been
attributed to the industry's
good fortune in recent
months. There have been
signs of unseasonally good
weather to complete projects
that had not expected
to be finished.

Steel shipments are still above
normal, but they are
slowing rapidly. Some com-
panies now have to place
supplemental orders.

(2) Construction, the second
most important steel consum-
ing industry, is going great guns.
Contracts are reaching
record values, virtually
of unusual good weather to
complete projects that had not
expected to finish.

(3) Smaller steel consumers are
paying more attention to a
surplus sign they've completed
inventories. Some are
stepping up orders for cold
rolled and hot rolled sheets, the
products stocked in greatest
volume.

Price Increases Are Being
Accepted

Early reactions to steel price
hikes by metal users indicate that
disbursements are being accepted,
Steel reports that prices have
been increased this year
on mill products that account for
about 75% of the steel in
tonnage shipments. Items
that haven't been bumped are the
ones that face fierce competition
with domestic materials — wire rods,
wire products, tin plate, tool
steels, etc.

Some of the recent price hikes
have been accompanied by a
check of representative steel
users shows that the desire to pass
along the increases is very

the year, an atypical period, but
that doesn't mean that everybody is going
to do it.

Automakers absorbed higher
prices, but they'll probably pass
along to their dealers and the
service trade.

Some of the increases, the
check of representative steel
users shows that the desire to pass
along the increases is very

to pass along the increases is very

of the car market.

Automakers absorbed higher
prices, but they'll probably pass
along to their dealers and the
service trade.

The production uptrend is con-

though the 8.8% rise in the
month.

Steel's price composite on No. 1
heavy melting grade of scrap
rose 18.4% for the last week
for the seventh straight week.

Record High Non-Ferrous Output

The traditionally volatile, profit
item, an index of non-ferrous
production, has shot up to a
shatter parade of records this
year, Steel said.

U. S. consumption of aluminum,
lead, zinc, and nickel are headed
for record highs. The copper
industry will have its best peace-
time year in history. Titanium-
ium product shipments will be
up sharply, as will niobium
shipments this year.

Prices have been strengthening,
and a round of price hikes is in the

grades.

Steel Mills Feel Financial Pinch

Global steel price weakness and
operating cutbacks are cutting
shortly into earnings of foreign
steelmakers, Iron Age magazine
reported.

The world special report on
steel competition, Iron Age said
the combination of sliding prices
and a tight money market
are forcing steel producers to
deficit operations for some big
operators.

The magazine notes this tendency to
support cost reductions of some
American mills who have
argued that prices of imports in this
country were not sound and
were not reflecting normal
profits to foreign suppliers.

With the spread of dumping
throughout the world, many
mills have been squeezed when forced to charge
the same prices as for a part of their output, Iron Age
said.

In the American steel market,
Iron Age says the outlook is for
an upward movement. This will
follow a long, steady downtrend
that reached last year. The
industry, then, was fighting out
for a temporary easing in the recent
upturn.

Before the price cut, the recovery
got under way late in the
summer of last year and has
continued through October.

Current industry reports show
steel output at a monthly rate of
8.16 million tons. Based on a
normal 30-day month, that's
4.0 million tons, or 13.5% above
December's monthly rate.

The second profit of the
month was October, when
5.6 million tons were
shipped. Although production in
November and December
continued to inch upward, shipments
eased off in these months.

This was a result of increased
price competition with the
automotive industry. A price survey
could see a continued climb in
both production and shipments.

The auto parts makers are coming
in almost one-third stronger
than they were a year ago. Also,
the makers are now using steel
and steel products as they've been
in the past. Increasingly, auto parts
makers are coming into the steel
market strongly, automakers can

into the steel market strongly, automakers can't

Above October's
levels. Also, in a report from the European
Machine Tool Exhibition, Milan,
Italy, reported last Friday, the
machine tool builders are running
well behind 1962 in new orders.

Production levels are keeping
up with sales, backlogs are
shrinking and delivery times are
relieving.

The consequences of rising
inflationary trends are all at
voters' hands in their pockets, Iron Age said.

Referring to the 1,200 machine
tool companies exhibiting, Iron
Age said the staggering size of
the companies is fueling the
competitive struggle for machine
tool markets that lies ahead.

Week's Auto Output at Year's Highest Level

Auto output in the U. S. last
month topped 727,000 of the year's
level, Ward's Automotive
Reports said.

The statistical agency said 175,-
859 assemblies were planned for
the period, rising 6.4% from
1961 when 661,717 were made.

Ward's said, however, that
174,106 cars made in a single
week last December will not
be a high for any week since 1955.
The industry's record in weekly
output came in April, 1955, when
184,277 cars were made in that
period.

By individual producers, Ford
Motor Co. scheduled its produc-
tion in the week ending Oct.
19, of 238,951. GM was set
for 222,264; Chrysler, 22,261; and
Studebaker, 1 4,423.

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Studebaker, 14,423.

Steel Shipments Could
Top Forecasts

Steel shipments may be higher
than expected this month,
thanks to booming autos and
an upward pressure on steel
prices.

A number of steel companies
said they're running at full
speed, with backlogs
reportedly running through the
end of the year.

October's shipments could
top forecasted levels, Ward's
Automotive Reports said.

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The Common Market And Trade in Chemicals

Continued from page 7
ward adjustment of the EEC tariffs, the overall effects of Euro¬
peanization will be substantial, especially in the chemicals industry. This is ex¬
pected to be a particularly sensitive industry because of the homoge¬
neous nature of many chemical products, particularly basic chemi¬
icals. This means that price plays an important role in determining who makes the sale—more important than in most manufacturing industries. But price comparisons can be made easily, for another, significant quality factor has been eliminated: The cost of European production facilities often do not exist. In general, except in the case of the so-called "patented products or processes, the chemical producer is always exposed to the full force of price competition.

For this reason, a relatively wide range of chemicals exports are subjected to price changes in tariff rates. Yet the total price effect of eliminating tariffs between the member coun¬
tries and of the common external tariff, will be substantial. This has long been recognized by American chemical companies, and these companies are well aware that competition from the Common Market therefore has been very pronounced.

Leaping Over the Tariff Wall

Most companies have followed this reasoning, and consequently the establishment of manufacturing facilities in Europe, where production costs are much lower, has been a major objective for many companies. Since 1958, many American companies have either wholly owned or in part¬
nership with European firms—joint ventures with American chemical companies in the six EEC countries alone. The result of these new direct investments was not only the establishment of manufacturing facilities, but practically all sectors of the industry experienced foreign in¬
vestments. This tremendous flow of investment capital into the Common Market seems to continue unabated. As a result, the present level of direct investments is already higher than the United States. For example, the nationalization of some companies in other countries has also led to a reduction in overall investment in the Common Market.

European Firms Invest Directly Abroad

This expansion in overseas invest¬
ments of European chemical firms is putting pressure on companies in other countries, especially in the United States. The expansion of European chemical firms into other countries is particularly noticeable in the case of many companies already established in the United States. The expansion of foreign chemical companies into the United States is particularly noticeable in the case of many companies already established in the United States. The expansion of foreign chemical companies into the United States is particularly noticeable in the case of many companies already established in the United States. The expansion of foreign chemical companies into the United States is particularly noticeable in the case of many companies already established in the United States. The expansion of foreign chemical companies into the United States is particularly noticeable in the case of many companies already established in the United States. 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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 month for the week or month ended on that date, or, in cases of quotations, are as of date quoted:

**AMERICAN IRON AND STEEL INSTITUTE:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of raw materials</td>
<td>Oct. 15</td>
<td>3,150,000</td>
</tr>
<tr>
<td>Shipments (tons)</td>
<td>Oct. 15</td>
<td>2,850,000</td>
</tr>
</tbody>
</table>

**COAL EXPORT BUREAU OF MINES:**

Unfinished BOND

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipments of coal (tons)</td>
<td>Oct. 15</td>
<td>824,500</td>
</tr>
<tr>
<td>Shipped</td>
<td>Oct. 15</td>
<td>824,500</td>
</tr>
<tr>
<td>Total exports</td>
<td>Oct. 15</td>
<td>824,500</td>
</tr>
</tbody>
</table>

**COTTON AND LINEN—DEPARTMENT OF COMMERCE—RUNNING SALES:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton ginned (per bale)</td>
<td>Oct. 15</td>
<td>6,100,000</td>
</tr>
<tr>
<td>Total cotton ginned</td>
<td>Oct. 15</td>
<td>6,100,000</td>
</tr>
</tbody>
</table>

**METAL PRICES (E. & J. QUOTATIONS):**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>Oct. 15</td>
<td>20.50</td>
</tr>
<tr>
<td>Lead</td>
<td>Oct. 15</td>
<td>11.50</td>
</tr>
<tr>
<td>Zinc</td>
<td>Oct. 15</td>
<td>11.50</td>
</tr>
</tbody>
</table>

**OIL AND GAS REPORTER PRICE INDEX:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil</td>
<td>Oct. 15</td>
<td>75.00</td>
</tr>
<tr>
<td>Natural gas</td>
<td>Oct. 15</td>
<td>5.00</td>
</tr>
</tbody>
</table>

**ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCHANGE AND SPECIALISTS ON NEW YORK STOCK EXCHANGE:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales</td>
<td>Oct. 15</td>
<td>3,175,000</td>
</tr>
<tr>
<td>Shares sold</td>
<td>Oct. 15</td>
<td>3,175,000</td>
</tr>
</tbody>
</table>

**WHOLESALE PRICES, NEW SERIES—U. S. DEPT. OF COMMERCE:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>All commodities</td>
<td>Oct. 15</td>
<td>100.4</td>
</tr>
<tr>
<td>Commodity group</td>
<td>Oct. 15</td>
<td>100.4</td>
</tr>
</tbody>
</table>

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**AMERICAN ZINC INSTITUTE, Inc.—Month of September:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipments (tons)</td>
<td>Oct. 15</td>
<td>7,860</td>
</tr>
<tr>
<td>Production (tons)</td>
<td>Oct. 15</td>
<td>7,860</td>
</tr>
</tbody>
</table>

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**AMERICAN BANKERS ASSOCIATION:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts outstanding</td>
<td>Oct. 15</td>
<td>5,100,000</td>
</tr>
<tr>
<td>Total deposits</td>
<td>Oct. 15</td>
<td>5,100,000</td>
</tr>
</tbody>
</table>

---

**U. S. GOVERNMENT DEBT MONITOR:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>National debt</td>
<td>Oct. 15</td>
<td>6,100,000</td>
</tr>
<tr>
<td>Total debt</td>
<td>Oct. 15</td>
<td>6,100,000</td>
</tr>
</tbody>
</table>

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**NEW YORK STOCK EXCHANGE:**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average daily volume</td>
<td>Oct. 15</td>
<td>5,100,000</td>
</tr>
<tr>
<td>Open interest</td>
<td>Oct. 15</td>
<td>5,100,000</td>
</tr>
</tbody>
</table>

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**THE COMMERCIAL AND FINANCIAL CHRONICLE...**

Thursday, October 17, 1863
Aerosol Techniques, Inc. (11-4-8)

Bay State Exchange Fund, Inc.

Bredes Speed Packaging & Development Corp.

Brantly Helicopter Corp.

Brodies Investment Fund, Inc. (11-4-8)

Brocton Edison Co. (10-29)

Brunswick Carpet Co. Ltd.

Burlington Air Conditioning Co.

Cedar rug & Textile Co. Ltd., of New York.

Caledorph Co. Ltd.

Chestnut Hill Industries, Inc.

Cedilis Life Insurance Co. of New York

Chromium Corp.

Citadel Life Insurance Co. of New York

Coloriffic, Inc. (11-22)

Colortex Press Inc.

Colorado Imperial Mining Co.

Commercial Life Insurance Co. of Missouri


Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered by 4 issued shares for each $1,500 preferred share held (units of 1 share and 1 warrant) on the basis of 3 units for each 5% preferred share held, one unit for each 5% preferred Stock held and 40 units for each $1,500 face amount of non-interest bearing bonds to be issued at the same time. The company will offer the securities to the public. Price—For construction, debt repayment, working capital and other corporate purposes. Office—2222 S. Centinela Ave., Los Angeles. Underwriter—None.


Equity Funding Corp. of America (March 31) Sept. 29, 1963 filed 50,000 common. See—By amendment (Max. $6.50). Business—A holding company for firms selling life insurance and mutual funds. Proceeds—Continued on page 33.


Pacific Power & Light Co. (11/13/31)Oct. 3, 1933 filed 100,000 common. Proceeds—To be offered for subscription by stockholders on the basis of one share for each $500 held, and for general business purposes. Address—130 N. Main St., Little Rock. Underwriter—None.

Western Transmission Corp.

Sept. 26, 1963 filed 280,000 ordinary shares to be offered for subscription by holders of the capital stock and 6% convertible subordinated debentures due 1977 of U. S. Natural Gas Corp. on the basis of one share of Western Transmission for each U. S. Natural share held. Price—$1. Business—Company plans to operate a natural gas gathering system in the south central part of Wyoming. The company is engaged in the purchase, transmission and sale of natural gas. Price—Initially proposed to be offered at par, for cash and for payment at par to the us. Natural for their organization, financing and other start-up costs. Proceeds—For company's own general corporate purposes. Office—1907 Chamber of Commerce Bldg., Houston, Underwriter—Thomas B. Kline.

Wisconsin Racing Association

March 8, 1963 filed $1,000,000 of 6% sinking fund debentures due 1963 of Wisconsin Racing Association, all non-voting common shares to be offered in units of one $100 debenture and 10 shares. Price—$223 per unit. Business—The company has been licensed to conduct harness racing with pari-mutuel betting. Proceeds—For debt repayment and working capital. Office—536 W. Wisconsin Ave., Milw., Wis. Underwriter—Stroud & Co., Inc., Philadelphia.

Winslow Electronics, Inc.


Young Industries, Inc.


Columbia Savings & Loan Association


Yale & Towne Manufacturing Co.


Morser Safe Co. (11/7)


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."

Bradford Speed Packaging & Development Corp. (10/12)

Filed a registration statement under the 1933 Act to offer 100,000 shares held. Address—Northeastern, New York, N. Y. Underwriter—To be named.

Dorchester Gas Producing Co., Inc. (11/15)

Filed a registration statement under the 1933 Act to sell: 200,000 shares held. Address—Conoco Inc., Chicago.

Florida Power Corp.

457,265 common being offered to stockholders at $40 per share, on the basis of one new share for each 30 held of record Oct. 10. Rights will expire Oct. 31. Kidder, Peabody & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., New York, are the principal underwriters.

General Acceptance Corp.

$20,000,000 of 6% debentures due 1963, offered at 99.64% and accrued interest to yield 4.92% by Paine, Webber, Jackson & Co. and Eastman Dillon, Union Securities & Co., New York.

General Stone & Materials Corp.

130,000 common offered at $7 per share by J. C. Wheat & Co., Richmond, Va.

Jersey Central Power & Light Co.

$5,000,000 of 4 1/2% debentures series due 1910, offered at 101.262% and accrued interest to yield 4.54% by First Boston Corp., New York.

National Lead Co. of Washington

64,000 common being offered to stockholders at $12 per share, on the basis of 1.76 new shares for each share held of record Oct. 13. Rights will expire Oct. 28. F. Hutzler & Co., Washington, D. C., and McDonnell & Co., New York, are the principal underwriters.

Nevada Power Co.

$1,000,000 of 4 1/2% first mortgage bonds due Oct. 1, 1964, offered at 99.5725 and yield 4.55% by White, Weld & Co., Inc., New York.

Tennessee Life Insurance Co.

$50,000 capital shares offered at $17.50 per share by First Southwest Co., Dallas.

ATTENTION UNDERWRITERS!

Do you have an issue you’re planning to register? Our Corporation News Department would like to know. To avoid any misunderstandings, please indicate by name of client similar to those you’ll find hereunder. Would you be interested in seeing the prospectus of Nov. 26 or write us at 25 Park Place, New York 7, N. Y.

Prospective Offerings

Associated Truck Lines, Inc.

Sept. 19, 1963 filed registration statement under the 1933 Act to offer 110,000 common shares of Associated will be sold, publicly, of which 80,000 will be to underwriters and 30,000 will be to stockholders. Business—Company is a short haul motor common carrier operating in Michigan, Ohio, Indiana and Illinois. Proceeds—For redemption of preferred stock. Office—15 Andre St., S. E., Grand Rapids, Mich., and New York. Offerings—Indefinitely postponed.

Bank of the Southwest N. A. (Houston)


Bethlehem Steel Co.

Sept. 29, 1963 filed registration statement under the 1933 Act to sell $500,000,000 of convertible bonds in the U. S. Busi¬ness—Purchase of food, fuel, water, and other equipment. Proceeds—For expansion. Address—Tokyo, Japan. Underwriter—Yamashita Securities Co. of New York.

Central Illinois Public Service Co.


Communications Satellite Corp.

Oct. 7, 1963 it was reported that a registration statement under the 1933 Act to sell up to $100,000,000 of debentures to raise funds for a project for telecommunication experiments and other non-commu¬nications concerns. Series II will be sold to the public. Proceeds from the sale of the debentures will be used mainly for the construction of the electronic space facilities for the international transmission of telephone, television, and other communications facilities for the International Telecommunications Union. Office—441 Stuart St., Bos¬ton. Underwriters—to be named.

The Coca-Cola Co.


Consolidated Edison (H. W. Washington, D. C.)

Oct. 7, 1963 it was reported that the company plans to offer publicly from $105,000 to $350,000,000 of common stock, following the approval of a Securities and Exchange Commission order. Proceeds—For general corporate purposes. Office—85 Broad St., New York. Underwriter—To be named.

Control Data Corp.

Sept. 16, 1963 it was reported that the company plans to sell $75,000,000 of convertible debentures. The proceeds will be used to underwrite the offering. Office—8100 34th Ave., South Minneapolis, Underwriter—to be named. The last sale of debentures to be offered by a public offering was completed Oct. 13 for $300,000,000 of convertible debentures. The proceeds will be used to underwrite the offering.

Wentworth, Massachusetts.

The Commercial and Financial Chronicle . . . Thursday, October 17, 1963
Normal Growth Seen for Hawaii

Bank of Hawaii's annual economic forecast for Hawaii sees two possible soft spots more than offset by factors that promise a normal year of business growth in fiscal year 1963-64. Long range environmental factors favor the importance of the island state in its relations with Pacific Ocean countries. Report also discusses dramatic changes in the island's economy in the past decade.

The Bank of Hawaii's 1963 Annual Environmental Study released) forecasts a normal year of business growth in the islands for 1963-64.

Two soft spots in Hawaii's economy are noted: (1) A leveling off in the export pattern due largely to the competition of low-wage foreign producers; and (2) a prospective pause in the growth of construction during fiscal 1963-64 because the hotel and resort accommodations are filled.

In 1962, Hawaii's economy could have responded to the island's projected upswing in economic activity

Factors of Strength

These, however, are more than offset by growth factors that include: (1) A prospective all-time high in tourist spending, up another $10 million in volume of Hawaiian sugar; (2) continued growth in manufacturing; (3) further expansion in public utilities and other basic services, and (4) substantial advances in tourism.

In tourism, the report forecasts a 1963 growth over 1962 levels of 10 to 12 percent indicating total tourist arrivals in excess of 4.000,000 and a dollar-volume of tourist trade totaling 167 to 170 million. As an over-all result of these varying rates of expansion, Bank of Hawaii's economic department estimates a general advance for the economy of Hawaii for four to five percent during the fiscal 1963-64.

Six underlying trends continue to support growth: (1) The broadening of the base of the economy through the integration of manufacturing, agriculture, and service industries; (2) the continuing growth of the island's main economy, accompanied by improvements in business organization; (3) the integration of Hawaii's mainland economy; (4) Continued improvements in public utilities and other basic services; (5) the continuing growth of manufacturing; and (6) a growing population with increasing incomes.

Long Range Expansion

From a long-range point of view, the expansion of Hawaii's economy and the increase in personal income will contribute to a continuing high growth rate for the future. The long-range growth of Hawaii's economy will be particularly strong in the next decade as the major economies of the country are expected to slow down. The outlook is very favorable for continued economic growth in Hawaii. Moreover, the prospect of continued economic growth in Hawaii is very good because of the island's favorable climate, the abundance of natural resources, and the low cost of living.

Unemployment Rate

The unemployment rate in Hawaii is expected to remain low. The rate of growth in the labor force is expected to be about 2 percent per year. The unemployment rate is expected to remain below 3 percent, which is well below the national average of about 5 percent.

Inflation Rate

The inflation rate in Hawaii is expected to remain relatively low. The cost of living in Hawaii is expected to rise only slightly above the national average. The rate of inflation is expected to be about 2 percent per year.

GDP Growth

The gross domestic product (GDP) of Hawaii is expected to grow at a rate of about 4 percent per year. The GDP is expected to reach about $10 billion by 1975, which is a significant increase from the current level of about $5 billion.

In conclusion, the Bank of Hawaii's economic forecast for Hawaii for fiscal year 1963-64 is optimistic. The economy is expected to continue its strong growth, with a normal year of business growth. The major factors that will contribute to this growth include a leveling off in the export pattern, a pause in the growth of construction, and a leveling off in tourist spending. However, these factors will be more than offset by growth factors that include a prospective all-time high in tourist spending, continued growth in manufacturing, and advances in tourism.
BUSINESSMAN’S BOOKSHELF

TAX-EXEMPT BOND MARKET

Continued from page 6
School District (1964-1992) bonds up for sale on Oct. 10. The syndi-
cation bundle included the National City Bank and the Mar-
tine Trust Co. of Western New York was the highest bid, 139% for a 3.10% coupon and the runneup bid, 101.25, a 3.23% interest continues to be the first Boston Arm Corp. account.

Other major issuers of the winning account are Kuhn, Loeb & Co., Wood Struthers & Co., Dominick & Dominick, Brown Bros., Harriman & Co., Industrial National Bank of Rhode Island, and Kenower, MacArthur & Co., Scalded to yield from 1.90% to 2.25%, the present balance in account totals $1,930,000.

Current Week’s Business

Friday and Monday were dull days in the underwriting business with no issues of Co. or market importance on the schedule. Tuesday, however, was a banner day for new financings as commercial banks once again fixed their muscles and brawled in the hedges of the important loan. After another ruling by Comptroller of the Currency Saxon Morgenthau, the Bank of Underwrite Revenue bonds the group managed jointly by the First National City Bank, The Philadelphia National Bank and Continental Illinois National Bank, and a group bidder for $35,000,000 Commonwealth of Pennsylvania, the New York City Highway and Bridge Authority Revenue (1964-1983) bonds at a net interest cost of 2.95% and the runneup bid, a 3.01% net interest cost, was made by the Drexel & Co. account. The second bid, a 3.648% net cost, was made by the Halsey Stuart & Co. syndicate.

tional Bank of Commerce, and Seattle, The National Shamwut Bank of Boston, National State Bank of New York, Narrow, National Trust & Trask & Co., The National City Bank of Cleveland, City Na-

The bonds were reoffered to yield from 1.95% to 3.20% for various coupons and demand appeared widespread, with all bids over $2,975,000 of the bonds taken.

The Philadelphia National Bank, West Hempstead, New York, bidding alone, was the successful bidder for $7,235,000 of the bonds of $13,000,000. The New York various purpose (1964-
1983) bonds, the account managed by the Northern National Bank, the third bid, a 2.04% net interest cost, was made by the First National & Co. and the associates. The bonds were not reoffered.

Oregon Taxpayers Rebel

In this period of expanding debt, budget and taxes the people occasionally are given an opportun-
ity to consider the general condition. Such an opportunity is presently celebrated in the State of Oregon. Governor of Oregon voted three to one against a $50,000,000 in state taxes. The measure would have increased the state income tax by $.04 on the $100 paid. The defeat will mean that the $408,000,000 budget will not be raised. The Oregon school operations are precluded by state law. It’s a pity that there are no Federal overtones involved.

Harmak Addes

Cleveland: William B. Addes has been added to the staff of Harnack & Co., Inc., East 42nd Street, New York, N.Y. 10017 (paper), $5.20.

How Race Relations Affect Your Business

A handbook designed to assist in coping with the problem of integrating the workplace—"How to Live in a New Job—Harper & Row, Publishers, incorporate, 49 East 57th Street, New York, N.Y. 10022 (cloth), $3.40.

Human Behavior and Life Insurance

With Russell and Kenen Black, a new life insurance writer in underwriting, a major chance for those influencing the profession to consider "Prentice-Hall, Inc., En-

Clifton, N.J. (cloth), $6.60.

Instalment Credit Computations for Yields, Charges, Rebates and Early Repayments—T. Ratchett—Revised edition—Bankers Publishing Company, 80 Beach Street, Boston, Mass., $1.90.

Investment Club Way to Stock Market Success—Helen J. McLean and Patricia Hutar—A handbook on the subject of investing for a group of an investment club—Double

day, 575 Madison Avenue, New York, N.Y. 10022 (paper), 95c.

Japan Economic Year Book 1963—Revised edition—contains information on securities, business and Japanese industries—The Oriental Economist, Tokyo, Japan, $1.25.


Merriam - Webster Seventh New

Collegiate Dictionary—Completely new edition containing 20,000 new words, revised and complete with usage example sin lists

comparing definitions with usage examples and a comprehensive

English dictionary—Merriam-Webster, Inc., 1425 Main Street, Springfield, Mass., $1.00.

Phineas" of various bindings ranging from $3.75 to bright with the plain edge to $15.00 for gift.

Nickel: An Historical Review—F. B. Howard-White—An account of the development of the use of nickel from early times to the present day—D. Van Nostrand Company, Inc., 120 Alexander Street, Princeton, N.J. (cloth), $2.95.

Popular Financial Delusions


Punter's Hit Right—Harry Shaw—An authoritative guide to modern punting—Barnes & Noble, Inc., 105 Fifth Avenue, New York, N.Y. 10011 (paper), $1.25, cloth, $3.75.

Railway Mechanical Administration


Title Insurance Companies—An investment review—Philip Smith & Co., Inc., 1 Atlantic Avenue, Stamford, Conn.—$10.00.

We Wonder!

“Automation is a major factor in eliminating jobs in the United States at the rate of more than 40,000 a week. But management has only kept in mind that automation is not only displacing people directly, but also indirectly through what are called ‘silent firings’ in reference to workers who would have been hired for jobs eliminated by automation.”

—John J. Snyder, Jr., Chairman and President of U. S. Industries, Inc.

We wonder if our worker displacement problems would be so great were it not for the fact that monopolistic labor unions are able to exact higher and ever higher wages in the presence of declining demand for these skills.

Oregon Taxpayers Rebel

In this period of expanding debt, budget and taxes the people occasionally are given an opportu-

nity to consider the general condition. Such an opportunity is presently celebrated in the State of Oregon. Governor of Oregon voted three to one against a $50,000,000 in state taxes. The measure would have increased the state income tax by $.04 on the $100 paid. The defeat will mean that the $408,000,000 budget will not be raised. The Oregon school operations are precluded by state law. It’s a pity that there are no Federal overtones involved.

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Railway Mechanical Administration


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WASHINGTON AND YOU

behind-the-scenes interpretations from the nation's capital

WASHINGTON, D. C.—Out in Winnipeg, which claims to be Canada's fourth largest city, there was an air of optimism a few days ago in this metropolis just 60 miles at the border of the United States.

The capital of Manitoba Province is the greatest abode in the Americas. Canadians in the lobby of the city's Port Gary Hotel, and in the city's outstanding stores of the Hudson's Bay Co. and Eaton's, were discussing Canada's $500,000,000 wheat sale to the Soviet Union.

Officials of Winnipeg and bankers in the city agreed last that the wheat sale is going to be the biggest economic shot in the arm for Canada's Prairie Provinces in years. Some bankers, however, were a little apprehensive that the big sale would bring a wild round of inflation in Canada before next spring.

Nevertheless, there was agreement that the sale of a half billion dollars worth of Canadian wheat would prove to be a blessing for the Canadian economy which needs an uplift at this time.

Back in the great wheat growing states of the United States now, there is more than passing interest in what the future held in wheat sales of our country to the Soviet bloc.

If the Soviet bloc of countries buys our wheat, our United States wheat as it is hoped for by many wheat farmers, it will have a marked economic effect in the wheat growing states.

A few days ago an informal memo was known to be stirring some interest in favor of wheat sales to Russia and her Communist bloc countries. So what South Dakota, Nebraska and Kansas, and there was a great deal of interest in Siberia, Ne., corn and hog state of Iowa.

A Bigger Wheat Than Ever

While agriculture and livestock is the key to the economy in these states, the people out in this vast area were discussing other things of interest to them including the quintuplets at Aberdeen, S. D., and the political fortunes of President John F. Kennedy and a Republican Senator named Barry Goldwater.

Out in this region where there are tremendous herds of white-faced Herefords and black Angus cattle on the range for hundreds and hundreds of miles, the ranchers and the farmers were talking politics and about the big crop of ringed-necked pheasants in South Dakota.

Goldwater's Popularity

At Bismarck, where the National State Capitol could be seen for miles away, an official ventured the expression that North Dakota's delegate to the Republican Convention are certain to be for a native Goldwater. "There's no mistake about that," he said. "We have a Democratic Governor (William Langer) but if you dig too far, you find this is a Republican state.

This was the same story in effect told by a rancher as he ate a stack of hot cakes and sausages in the Patterson Hotel at Bismarck.

At Fargo, the largest city in North Dakota which is separated from Minnesota by the Red River, a qualified observer expressed the conviction that Governor Nelson A. Rockefeller has "little A no following at all in this part of the state."

At Grand Rapids, where the Northwest Orient Airlines makes its stop in North Dakota before landing shortly thereafter at Winnipeg, there was a prediction by a local businessman that the big First District of North Dakota was getting ready to elect a Republican to the U. S. House of Representatives in a special election to succeed the late Republican Congressman from this district, Hjalmer Nygaard.

In the town of Strasburg, N. D., of perhaps less than 1,200 people, there is a big sign on the highway between Bismarck and Pierre that welcomes visitors to the "home town of Lawrence Welk," the band leader. The little bus that plies between the Capital cities of North and South Dakota stopped at 18 communities along the way and delivered mail to the post offices. When it stopped at Strasburg some farmers were gathered at the post office.

"I guess that most of the Republicans around here would take Goldwater if they had their choice," said one of them. "And there are a few that would vote for Governor Romney of Michigan. There might be some Rockefeller supporters among the Republicans, but I have not heard of it."

In Pierre (pronounced Peer) the small capital city, the South Dakota real estate people were still holding on to the belief that South Dakota would be at the top of its fall. Here the Farm Bureau are the only people on the sides as they met at the Holiday Inn Motor Hotel and the South Dakota Hotel.

There was a substantial amount of Goldwater sentiment at Rapid City, the State's South Dakota hometown of South Dakota and in the Black Hills country.

In the Coronado Hotel at Lincoln, Neb., and in the restaurant at the skyscraper Capitol a few blocks away, Nebraskans were excited over the unbidden Cornhusker football team of the University of Nebraska.

"Goldwater is the apparent choice of most Republicans in this state," said the man as he sat on a high-legged stool drinking a cup of coffee.

Doubling Rockefeller Supporter

"I'll support Rockefeller if he's nominated, but I don't think he is going to get the nomination," said a Nebraska matron as she and some other folks were attending a conference at the Sheridan Hotel in Omaha, a big bustling, prosperous looking city.

In Iowa where some of the fine black angus sold for $300 an acre, if you can get it, the farmers control state politics. The finances of the State government are healthy as usual, and there is interest in the national political scene.

The conservative wing of the Republican party in Iowa is out lending vocal support to South Dakota Goldwater. Some of the top leaders of the party in that state are already seeking to get things moving for him. Of course, Harry Morse of the Arizona senator for the San Francisco convention.

Here in the Nation's Capital, I have no idea whether Lee L. Potter, the Republican staff member who heads the GOP's "Operation Dixie," maintains that the South is definitely Goldwater territory. If the election was held tomorrow between Mr. Kennedy and Mr. Goldwater, the senator who would win the South, declares Mr. Potter.

Speculation About Lyndon B. Johnson

Meanwhile, the latest wave of political speculation in Washington concerns the possibility of President Kennedy dumping Vice-President Lyndon B. Johnson as his running mate next year.

Apparently there is no sound basis for the speculation, but it is making the rounds. President Kennedy probably will be called upon soon to answer the speculation. The President in all likelihood will say there is nothing to the round of rumors and speculation.

If the column is intended to reflect the "behind the scene" interpretation from the nation's Capitol and may or may not coincide with the "Chronicled's" own views.

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