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Sent: Tuesday, September 26, 2006 6:39 PM
To: Susan Burgess
Subject: 50 articles, Email 1 of 8

Attachments: ProQuest_96241025.pdf; ProQuest_97194669.pdf; ProQuest_96703534.pdf



The following document has been sent by Marjorie Manne at GEORGE MASON UNIVERSITY via ProQuest, an information service of the ProQuest Company. **Please do not reply directly to this email.**

This should include 50 news paper articles, not necessarily the ones used in the paper, but appear to be relevant. Please let me know if they do not come through.

Documents

Email 1 of 8

- Comsat, a Winner in Space, Faces Problems at Home: Battle Raging Over Its Role and Rates
By GENE SMITH. New York Times (1857-Current file). New York, N.Y.: Sep 18, 1966. (2 pp.)
- Moscow Puts Aloft Its First 'Comsat'; TV Movie Is Shown: SOVIET LAUNCHES ITS OWN 'COMSAT'
By THEODORE SHABAD, Special to The New York Times. New York Times (1857-Current file). New York, N.Y.: Apr 24, 1965. (2 pp.)
- Early Bird Orbited as First Link In a Global Communications Net: SATELLITE LOFTED FOR GLOBAL LINK
By EVERT CLARK Special to The New York Times. New York Times (1857-Current file). New York, N.Y.: Apr 7, 1965. p. 1 (2 pp.)

Email 2 of 8

- FORD FUND URGES F.C.C. TO CONSIDER NEW TV SATELLITE: Bundy Suggests Commercial Relay Income Be Used to Aid Educational Video PROPOSAL CHALLENGED Comsat and A. T. & T. Say Agency Lacks Authority to Approve System BUNDY ASKS F.C.C. TO CONSIDER PLAN But Authority of Agency to Create the Nationwide System Is Challenged
By JACK GOULD. New York Times (1857-Current file). New York, N.Y.: Aug 2, 1966. (2 pp.)
- Industry Is Expanding Scope In Bid to Go Beyond the Fringe: Cable-Television Systems Seek to Tap New Market in Cities
By RICHARD PHALON. New York Times (1857-Current file). New York, N.Y.: Feb 7, 1965. (2 pp.)

MASTER ANTENNA PROPOSED FOR CITY: Community TV Plan Is Sent to Board of Estimate -

- - Improved Service Seen
By CLAYTON KNOWLES. New York Times (1857-Current file). New York, N.Y.:May 2, 1965. (2 pp.)
- Zenith to Seek Permit To Expand Its Pay-TV, Possibly Across Nation:Concern Plans to Apply to FCC Within 2 Months; Calls Test In Hartford, Conn., Successful
By a WALL STREET JOURNAL Staff Reporter. Wall Street Journal (1889-Current file). New York, N.Y.:Jan 14, 1965. p. 28 (1 pp.)

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- 3 Given Franchises To Provide Cables For Better City TV:3 GET FRACHISES TO SELL TV CABLE
By CLAYTON KNOWLES. New York Times (1857-Current file). New York, N.Y.:Dec 3, 1965. p. 1 (2 pp.)
- F.C.C. to Rule in Comsat Fight Over Relay Station Ownership:F.C.C. Takes Hand in Comsat Dispute on Owning Relay Stations
By JACK GOULD. New York Times (1857-Current file). New York, N.Y.:Apr 27, 1965. p. 1 (2 pp.)
- Microwaves Carried Through 'Tube' of Air:Force Field Created by New Wire for the Transmission Variety of Ideas Covered by Patents
By STACY V. JONESSpecial to The New York Time. New York Times (1857-Current file). New York, N.Y.:May 29, 1965. p. 30 (2 pp.)
- Appeals Court Asked to Rule On Community Antenna TV
New York Times (1857-Current file). New York, N.Y.:Aug 25, 1965. p. 77 (1 pp.)

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- A.B.C. Plans Domestic Satellite To Replace Ground Relay of TV:A.B.C. Plan's Domestic Satellite To Replace Ground Relay of TV
By JACK GOULD. New York Times (1857-Current file). New York, N.Y.:May 14, 1965. p. 1 (2 pp.)
- New System Cuts Cost in Closed-Circuit TV:Transmission Made by Telephone Lines Instead of Cable
By STACY V. JONES, Special to The New York Times. New York Times (1857-Current file). New York, N.Y.:Aug 28, 1965. (2 pp.)
- Cable-TV Troubles:State, FCC Rulings Could Curb Growth of Local Antenna Systems Connecticut May Hold Down Investment Return; Rivals Claim Coryright Violation 6 Million CATV Homes in '70?
By BURT SCHORR Staff Reporter of THE WALL STREET JOURNAL. Wall Street Journal (1889-Current file). New York, N.Y.:Dec 2, 1965. (2 pp.)

Community-Antenna TV: Picture of Vast Potential:Approval of System Offers More Than Better

- Reception Consumer Can Gain a Host of Services in Communications
By JACK GOULD. New York Times (1857-Current file). New York, N.Y.:Dec 6, 1965.
p. 75 (1 pp.)
- NEW CATV RULES TO BEGIN APRIL 18:F.C.C. Issues Order Covering Community Antenna TV
By VAL ADAMS. New York Times (1857-Current file). New York, N.Y.:Mar 9, 1966. (1 pp.)

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- JOHNSON TV UNIT GETS COMPETITOR:New Station Ends Monopoly on Free Shows in Austin
By FRED POWLEDGESpecial to The New York Times. New York Times (1857-Current file).
New York, N.Y.:Feb 13, 1965. p. 8 (1 pp.)
- Kaiser Broadcasting Signs Pay TV Option For Los Angeles, but Faces Legal Hurdles
A WALL STREET JOURNAL Staff Reporter. Wall Street Journal (1889-Current file). New York,
N.Y.:Feb 21, 1966. p. 9 (1 pp.)
- COMSAT SEEKING BIGGER SATELLITE:Device Is to Have 20 Times Capacity of Early Bird
By JOHN NOBLE WILFORD. New York Times (1857-Current file). New York, N.Y.:Dec 30,
1965. p. 21 (1 pp.)
- Arguments Heard on Community-Antenna TV:Franchises for Pay System Sought by Six
Companies -- Copyrights an Issue
New York Times (1857-Current file). New York, N.Y.:Jan 15, 1965. (1 pp.)
- Television:Before It's Too Late, a Second Look
By JACK GOULD. New York Times (1857-Current file). New York, N.Y.:May 8, 1966. (1 pp.)
- AT&T's Researchers Sharpen Signal Quality Of Long Coaxial Cables:Pulse Code Modulation Is
Used In New Multimessage System To Span Thousands of Miles
By a WALL STREET JOURNAL Staff Reporter. Wall Street Journal (1889-Current file). New
York, N.Y.:Nov 3, 1965. p. 2 (1 pp.)
- TV ON EARLY BIRD PROBLEM TO F.C.C.:Agency Has to Decide Who Will Control
Transmission
By JACK GOULD. New York Times (1857-Current file). New York, N.Y.:May 12, 1965.
p. 11 (1 pp.)

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- F.C.C. to Regulate Community Antenna TV Systems
New York Times (1857-Current file). New York, N.Y.:Apr 24, 1965. (1 pp.)
- Head of CATV in Cleveland Used to Club Owners' Cries:Specializes in Sports Showed NBA
Playoffs Often Blacked Out Events Firm Wins Franchise Now in 12 Cities
By Dave Brady Washington Post Staff Writer. The Washington Post, Times Herald (1959-1973).
Washington, D.C.:May 29, 1966. p. C3 (1 pp.)

- DELAY IN AWARD FOR TV ORDERED:Mayor Calls for Study of Capacity of CATV
By CLAYTON KNOWLES. New York Times (1857-Current file). New York, N.Y.:Dec 5, 1965. (1 pp.)
- Comsat Plans Launching Today Of U.S.-Europe Phone Satellite
By EVERT CLARK, Special to The New York Times. New York Times (1857-Current file). New York, N.Y.:Apr 6, 1965. (1 pp.)
- TelePrompTer Denies CBS's Claim Cable TV Infringes Copyrights:In Reply to Suit, Antenna System Firm Says Network Is Trying To Restrict Program Reception
Wall Street Journal (1889-Current file). New York, N.Y.:Feb 10, 1965. (1 pp.)
- HUGHES TO SHARE IN CATV VENTURE:Teleprompter and Aircraft Company Announce Deal
By GEORGE GENT. New York Times (1857-Current file). New York, N.Y.:Jun 30, 1966. (1 pp.)
- PAY-TV STALLED BY MONEY NEEDS:Despite Court Win, Weaver Requires Added Financing
By VAL ADAMS. New York Times (1857-Current file). New York, N.Y.:Mar 4, 1966. (1 pp.)
- Carrier Status for CATV Sought
The Washington Post, Times Herald (1959-1973). Washington, D.C.:Aug 25, 1965. (1 pp.)

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- TV: The Early Bird Gets Up at 6 for 14-Hour Day:Pictures and Sound Are Transmitted Clearly
JACK GOULD.. New York Times (1857-Current file). New York, N.Y.:May 4, 1965. (1 pp.)
- FCC Details New CATV Rules
The Washington Post, Times Herald (1959-1973). Washington, D.C.:Mar 9, 1966. (1 pp.)
- FCC Rules on CATV Common Control:Two Dissents Rules Deemed Adequate
The Washington Post, Times Herald (1959-1973). Washington, D.C.:Jul 29, 1965. p. F1 (1 pp.)
- FCC Asserts It Will Regulate TV Antenna Systems:Board Says Cable Operators Should Be Under Rules Set For Microwave Concerns 'Super Stations' Are Feared
Wall Street Journal (1889-Current file). New York, N.Y.:Apr 26, 1965. (1 pp.)
- Westerly Cable TV Proposal
Wall Street Journal (1889-Current file). New York, N.Y.:Jul 15, 1966. p. 23 (1 pp.)
- Supreme Court Actions
Special to The New York Times. New York Times (1857-Current file). New York, N.Y.:Jan 26, 1965. (1 pp.)
- Cable TV Trade Group Finally Confirms Ford Is Its New President:He Resigned From FCC Dec.31,

Took Post Jan. 1, but White House Delayed Announcement

Wall Street Journal (1889-Current file). New York, N.Y.:Jan 25, 1965. p. 24 (1 pp.)

- FCC Says CATV Will Get Fair Deal
The Washington Post, Times Herald (1959-1973). Washington, D.C.:Jun 29, 1966. p. B8 (1 pp.)
- CATV Firm Is Permitted To Appeal Copyright Ruling
Wall Street Journal (1889-Current file). New York, N.Y.:Jun 3, 1966. (1 pp.)
- Radios in the Sky:NASA Asks Bids on Satellite Study For Direct Broadcasts Into Homes
A WALL STREET JOURNAL News Roundup. Wall Street Journal (1889-Current file). New York, N.Y.:Nov 26, 1965. p. 26 (1 pp.)

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- Subscription Television To Try to Use Cables In California for CATV:They Were Part of Pay-Television System Before State Barred It: 35,000-Home Potential Noted
Wall Street Journal (1889-Current file). New York, N.Y.:Mar 26, 1965. (1 pp.)
- New York City Awards Contracts to 3 Firms For CATV Operations:City to Get 5% of Revenue Under 2-Year Experimental Project Covering 2 Sections of the City
By a WALL STREET JOURNAL Staff Reporter. Wall Street Journal (1889-Current file). New York, N.Y.:Dec 3, 1965. p. 15 (1 pp.)
- FCC Moves to Limit Community TV Firm Under Its New Rules:Agency Tells Buckeye Cablevision To Show Why It Should Not Be Barred From Certain Relays
Wall Street Journal (1889-Current file). New York, N.Y.:Mar 28, 1966. (1 pp.)
- FCC Clears Way for Common Ownership Of TV Outlets, Community Antenna Units
Wall Street Journal (1889-Current file). New York, N.Y.:Jul 29, 1965. (1 pp.)
- National General Sells Four Cable TV Systems To GE for \$3.5 Million
By a WALL STREET JOURNAL Staff Reporter. Wall Street Journal (1889-Current file). New York, N.Y.:Sep 2, 1966. (1 pp.)
- Two Cable-TV Concerns Sue 4 Firms in Dispute Over Market in Toledo
Wall Street Journal (1889-Current file). New York, N.Y.:Mar 25, 1966. p. 11 (1 pp.)
- Judge Rules Community TV Firm's Relays Viotated United Artists Film Copyrights
Wall Street Journal (1889-Current file). New York, N.Y.:May 24, 1966. (1 pp.)
- FCC States Nationwide Pay-TV Seems Sound Idea; Rules Proposed:Agency Asks for Comments By Sept. 1 on Whether It Should Permit Broadcasts
Wall Street Journal (1889-Current file). New York, N.Y.:Mar 25, 1966. p. 3 (1 pp.)
- California's Popular-Vote Ban on Pay TV Ruled Unconstitutional by State High Court

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Citation style: ProQuest Standard

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Comsat, a Winner in Space, Faces Problems at Home: Battle Raging Over Its Role and Rates
By GENE SMITH. New York Times (1857-Current file). New York, N.Y.: Sep 18, 1966. (2 pp.)

Author(s): By GENE SMITH
Document types: article
Section: *Business & Finance*
Publication title: New York Times (1857-Current file). New York, N.Y.: Sep 18, 1966. pg. 155, 2 pgs
Source type: Historical newspaper
ProQuest document ID: 96241025
Text Word Count 1467
Document URL: <http://proquest.umi.com/pqdweb?did=96241025&Fmt=2&clientId=31810&RQT=309&VName=HNP>

Abstract (Document Summary)

A new communications era has begun."

Thus did President Johnson begin his 1965 Annual Report on Activities and Accomplishments under the Communications Satellite Act of 1962.

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Moscow Puts Aloft Its First 'Comsat'; TV Movie Is Shown: SOVIET LAUNCHES ITS OWN 'COMSAT'
By THEODORE SHABAD, Special to The New York Times. New York Times (1857-Current file). New York, N.Y.: Apr 24, 1965. (2 pp.)

Author(s): By THEODORE SHABAD, Special to The New York Times
Document types: front_page
Dateline: *MOSCOW, April 23*
Publication title: New York Times (1857-Current file). New York, N.Y.: Apr 24, 1965. pg. 1, 2 pgs
Source type: Historical newspaper
ProQuest document ID: 97194669
Text Word Count 670

Document URL: <http://proquest.umi.com/pqdweb?did=97194669&Fmt=2&clientId=31810&RQT=309&VName=HNP>

Abstract (Document Summary)

MOSCOW, April 23 -- The Soviet Union launched today its first communications satellite. It went into a high elliptical orbit around the earth.

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Early Bird Orbitied as First Link In a Global Communications Net:SATELLITE LOFTED FOR GLOBAL LINK

By EVERT CLARKSpecial to The New York Times. New York Times (1857-Current file). New York, N.Y.:Apr 7, 1965. p. 1 (2 pp.)

Author(s): By EVERT CLARKSpecial to The New York Times

Document types: front_page

Dateline: *WASHINGTON, April 6*

Publication title: New York Times (1857-Current file). New York, N.Y.: Apr 7, 1965. pg. 1, 2 pgs

Source type: Historical newspaper

ProQuest document ID: 96703534

Text Word Count 923

Document URL: <http://proquest.umi.com/pqdweb?did=96703534&Fmt=2&clientId=31810&RQT=309&VName=HNP>

Abstract (Document Summary)

WASHINGTON, April 6 -- An Early Bird communications satellite was launched front Cape Kennedy tonight, opening a new chapter in the space age.

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INDUSTRY IS CALM
ON DEPRECIATION

Johnson's Plan to Suspend
Acceleration for Buildings
Draws Little Reaction

SOME DOUBT IS VOICED

Accountant Says Dropping
of Tax Benefit Is a Poor
Way to Fight Inflation

By ROBERT METZ
"A bomb that exploded with all the force of a paper bag," is the way one seasoned observer described the reaction to President Johnson's plans to suspend for 16 months accelerated depreciation on new buildings.

While the business community was shuffling over the companion measure designed to pinch off the 7 per cent credit against taxes for sums invested in new equipment, barely a word was said about the depreciation matter.

One leading accountant, J. S. Seidman, commented that the dropping of the acceleration clauses was hardly an appropriate means of fighting inflation. He added that the depreciation measures were added for a reason unrelated to the state of the economy.

Concept Explained
Mr. Seidman, senior partner of Seidman & Seidman, certified public accountants, said that accelerated depreciation was brought into the law to correct practical shortcomings of previous depreciation methods.

The essential idea of depreciation, Mr. Seidman noted, is to measure the cost of the use of a building or equipment over its life. The practical realities are that repairs go up as the facility ages and depreciation goes down. The total of the two—repair costs and depreciation allowance—gives a balanced reflection of the year-to-year operating cost.

The suspension was scheduled to begin Sept. 1 if President Johnson's original request was followed, but there has been some talk of deferring the beginning to Sept. 8, the day of the President's announcement. As for the timetable, Mr. Seidman was more concerned over the duration than the starting date. He wondered if the suspension would indeed end in 16 months as "past history shows measures proposed as temporary have a way of becoming permanently temporary."

Automobile Analogy
The suspension would apply only to buildings under President Johnson's proposal, but the layman the principle can be explained in terms of what happens to the family car over the years.

It is common knowledge that as soon as a new car is driven out of the showroom, it drops several hundred dollars in value. The biggest drop occurs in the first two or three years.

After several years, the annual depreciation is relatively small. Accelerated depreciation on factories, hangars and office buildings, to name several categories affected, is based on the same theory of values.

The businessman wants to assign a reasonable figure to his cost of doing business and when it comes to depreciating buildings and equipment, he uses accelerated depreciation to accomplish this.

Take the family-car analogy a step further. If the individual taxpayer uses a car to earn his living, he is entitled to depreciate it on his tax return. Many people who do free-lance work while holding regular jobs also qualify for this depreciation in part.

In the first year of a car's life, the owner would choose a higher depreciation figure than \$500 on a \$2,000 car if he planned to keep it four years. (The example assumes for the sake of simplicity that the car is worn out and has no salvage value.)

Continued on Page 5, Column 1

S.B.I.C. Program
Has Growth Pains

By ELIZABETH M. FOWLER
The Government's Small Business Investment Company program has been suffering some growing pains.

Since the S.B.I.C. act was passed in 1958, more than 700 small-business investment companies have been formed.

Richard E. Kelley, a deputy administrator of the Small Business Administration who has just resigned, complained recently that 232 of the S.B.I.C.'s could be called "problematic." Some have never gotten started investing; some have heavy losses; some have violated S.B.A. regulations.

Immediately, the other companies protested. They pointed out, and Mr. Kelley acknowledged, that most of the delinquency had been among the small, privately owned S.B.I.C.'s, often operated by one man, and that the 40 active publicly

Continued on Page 12, Column 8

Comsat, a Winner in Space, Faces Problems at Home

HOW COMSAT PLANS
TO MEET DOMESTIC
COMMUNICATIONS NEEDS

In August Communications Satellite Corporation submitted a broad technical plan to Federal Communications Commission by which four high-capacity, multipurpose satellites and about 130 ground stations could be available by 1970 to meet rapidly growing domestic needs. Vehicles, capable of relaying voice and television, would be in synchronous orbit, 22,300 miles out in space.

The New York Times

Sept. 18, 1966

Battle Raging
Over Its Role
and Rates

By GENE SMITH

"A new communications era has begun."

Thus did President Johnson begin his 1965 Annual Report on Activities and Accomplishments under the Communications Satellite Act of 1962.

Dated March 3, 1966, it was an enthusiastic, though routine, report to the Congress.

If the President were to produce an interim report today—just five and a half months later—it would have to be written in still-glowing terms. Communications via satellite have proven to be commercially feasible. The technological proof had been established last year by the Early Bird satellite.

Now the Communications Satellite Corporation (Comsat) has a definite schedule of new types and sizes of communications satellites through the early nineteen-seventies. Officers and technicians of the company speak matter-of-factly of what lies ahead.

Battle Over Role

Joseph V. Charyk, president of Comsat, strongly insisted in an interview at his Washington headquarters last week that the satellite program was well ahead of schedule on the technological side and awaited only the acceptance of customers. The over-all program, however, is threatened by a continuing battle over the role of Comsat and the individual companies in the field of communications.

Even Comsat's strongest opponents have little room to argue over the positive achievements of Early Bird as the vehicle for proving that satellite communications offer a simple solution to communication problems. The battle is now based on the question of which system

Continued on Page 12, Column 4

SWEEPING CHANGE
AHEAD ON WALL ST.

Proposal to Alter Rule 394
Expected to Bring Shift
in Patterns of Trading

EXCHANGE IS CAUTIOUS

Funston Fears S.E.C. Plan
May Have Adverse Effect
on Market Liquidity

By VARTANIG G. VARTAN
Sweeping changes within the securities industry were set into motion last week by a proposal to lower trading barriers of the New York Stock Exchange.

The Securities and Exchange Commission hammered out an amendment to the Big Board's Rule 394 whereby nonmembers may deal in listed stocks with member firms in the over-the-counter market.

The exchange itself was a reluctant partner to the proposal. However, as a climax to several years of negotiations, it finally bowed to pressures from the S.E.C.

S.E.C.'s Motivation

In pressing for the rule change, the S.E.C. was motivated by what it believes to be the public interest. The net effect, hopefully, will be to provide better prices for customers through a broadening of the marketplace.

Initially, the main benefits are expected to accrue to institutions and other customers of the brokerage business dealing in substantial blocks of stocks.

At present, Rule 394 generally bars members from going off-board to transact trades in listed common stocks with nonmembers.

The amended rule is expected to take effect this autumn.

On Thursday, the board of governors of the exchange conditionally adopted the formal proposal pressed by the S.E.C.

Comment by Funston

Keith Funston, president of the Big Board, stated at that time:

"Rule 394 is the heart of the auction market and the board acted with great reluctance for fear that altering the time-tested auction-market procedures might ultimately have an adverse effect on market liquidity."

He called the proposed change "an important departure from one of the basic principles upon which this institution was founded—namely, to concentrate the maximum number of buy and sell orders in the central market."

Opposition to any substantial modification of the present rule came in part from the trading floor of the Big Board. However, some Wall Street brokers expressed belief that the rule change in time would bring added business to the exchange.

The amended rule would establish a new category of securities concerns known as "non-member market-makers." These would be the only firms with which exchange members could make off-floor trades in listed stocks.

In order to qualify as a non-member market-maker, a firm would be required to maintain a net worth of not less than \$1.5-million or net capital of \$250,000 for each security in

The Week in Finance

Johnson's Fiscal-Restraint Program
Wins Ringing Wall St. Endorsement

By THOMAS E. MULLANEY

President Johnson's fiscal-restraint program won a ringing endorsement in Wall Street last week.

The satisfied mood of bankers and brokers was one significant measure of approval, but a more demonstrative display was the enthusiastic movement of the securities markets themselves.

It was apparent that a good deal of confidence—and buying power—was returning to the markets as investors committed their money to reinforce their improved sentiment.

The stock market, obviously relieved that the President's anti-inflation prescription at this time was milder than feared, soared every day but Friday. It climbed to its biggest weekly gain in almost three years.

With the blue chips pacing the upturn, the stock market now has bounced back more than 6 per cent after declining 22 per cent during its seven-month plunge this year.

Most of the comeback came

MERGERS OCCUPY
GULF & WESTERN

Paramount Deal Would Be
Its Biggest Coup Yet

By RICHARD PHALON
There are times when it almost seems that Gulf and Western Industries, Inc., does it with mirrors.

As recently as seven years ago Gulf and Western was a bustling little auto-parts manufacturer and distributor earning \$400,000 on a sales volume of about \$24-million. In the fiscal year ended last July 31, the company netted about \$20-million on sales of about \$318-million.

Largely as a result of an explosive series of acquisitions—Gulf and Western has taken over more than 60 other concerns—the company has diversified into minerals, chemicals, aerospace and electrical components and a sheaf of other industrial fields.

One element that all of G. & W.'s properties have in common is growth potential; and last week—little more than six months after the absorption of the New Jersey Zinc Company and more than \$90-million in

Continued on Page 9, Column 1

Mining Executives Avoid
Talk of Copper Prices

By ROBERT A. WRIGHT
Special to The New York Times

SALT LAKE CITY, Sept. 17.—It may appear odd that the only persons to discuss copper prices publicly here last week were a Wall Street broker and Vice President Humphrey.

This town, the center of copper mining, was brimful with mining men attending the annual meeting of the American Mining Congress. A record turnout of some 3,400, including many of the chief executives of the biggest copper companies, strained the hotel facilities of the city, which in addition to having to accommodate the steady stream of tourists to the Mormon Temple, also was the site of the state fair. It also was rush week at the fraternities of Utah State.

At second glance, it is not surprising that the mining men avoided talk of prices. They have been sensitive for some time now to Government pressures—potential, implied or stated—against a copper-price increase. If they had any thought of talking about prices, they were effectively silenced by the Vice President, who

made the principal speech to the meeting.

With many copper executives sharing the dais with him, Mr. Humphrey went out of his way to commend the copper industry for its statesmanship in holding the price line. Among the copper men on the platform was James Boyd, president of the Copper Range Company, which a week earlier raised its copper price to 38 cents a pound, from 36 cents.

An Eye on the Ore
The copper industry would very much like to raise prices a step that would allow them to mine less-rich ores—which are more costly to process—and help alleviate the tightness of copper supplies. But in the present political climate, they are embarrassed by soaring profits, a subject regularly mentioned by the inflation-conscious Johnson Administration in earlier confrontations with raw-material price increases.

Because of this, it is unlikely that Copper Range will find any active support from major copper companies, at least for a

Continued on Page 7, Column 1

F.T.C. ORDER SETS
RETAILING GUIDE

Korvette-Spartans Merger
May Result in Gains

By ISADORE BARMASH
E. J. Korvette's food operations have been put back on a profitable footing, after a one-and-a-half-year lag, the home furnishings division has stemmed its heavy losses and new controls have been instituted on general merchandise to increase turnover and reduce mark-downs.

All these efforts are part of a new plan to obtain a 6 per cent pre-tax return, as opposed to the giant discount chain's record of never having earned more than 2.5 per cent before taxes, even when its sales ran above \$700-million last year.

These are some of the features of the emerging outline of the Spartans Industries-Korvette merger, following last week's consent order signed with the Federal Trade Commission.

Comment by financial and industry sources, some close to both concerns, elicits a striking, new portrait of the merging company as it evolves from the

Continued on Page 13, Column 1

N.I.C.B. to Celebrate Its 50th Anniversary



Chart room at the National Industrial Conference Board, institution marking 50th anniversary.

By DOUGLAS W. CRAY
Tomorrow morning and for the next two days, the Waldorf-Astoria will again take on the appearance of a United Nations branch office, complete with an international cast, a weighty agenda and a distinguished audience.

The occasion will be a "World Convocation." The subject will be "The Future of Capitalism." And the cast will include such globally recognized figures, in the order of their scheduled appearances, as Roger M. Blough, chairman of the United States Steel Corporation; George Meany, president of the A.F.L. - C.I.O.; Lee A. DuBridge, president of the California Institute of Technology; George S. Moore, president of the First National City Bank and Valery Giscard d'Estaing, former French Minister of Finance.

Also Robert Goheen, president of Princeton University; Attorney General, Nicholas deB. Katzenbach; David Rockefeller, president of the Chase Manhattan Bank; Henry H. Fowler, Secretary of the Treasury; Karl Blessing, president of the Deutsche Bundesbank, and others equally well known.

They are slated to be on hand, delivering major addresses and attentively listening to others as the National Industrial Conference Board,

Continued on Page 5, Column 2



Above: A staff meeting of the board in 1941. Membership served by the private, nonprofit organization has grown to some 4,200 concerns that receive reports ranging from capital spending to Negro employment rate.

Left: H. Bruce Palmer, left, the board's fourth president, with Martin R. Gainsbrugh, chief economist, in the library. The group is sponsoring a three-day conference at Waldorf-Astoria on "The Future of Capitalism."

"LET'S SHARE SUCCESS TOGETHER!"

HERE ARE A FEW TESTIMONIALS:

"Sales very satisfactory. Considering the opening of another unit." ROBERT F. NATION • LENOYNE, PA.

"Very pleased... expect profits to increase." FLOYD L. FERGUSON • WINTER HAVEN, FLORIDA

"Very happy in our beautiful Cobbs Country Restaurant & Gift Shoppe." BENNI HART • BRISTOL, TENN.

"Such a nice place, glad we discovered it. Ever increasing patronage." H. B. SYKES • MONROE, OHIO

"Fine cooperation... very pleased with our progress." WARREN KROEGER • SAN CLEMENTE, CALIFORNIA

"Business far exceeds our expectations."



For profit and pleasure, it's hard to beat the Cobbs' franchise. The unique \$100,000 formula of our restaurants provides millions of high-way travelers with One-Stop Facilities: DINING, GIFT SHOPPING, CANDY & FRUIT PACKAGES, GASOLINE SERVICE.

A Cobbs Franchise can bring you substantial annual net profits. No experience is necessary; our program covers all aspects of your franchise.

A \$35,000 INVESTMENT INCLUDES:

- * A nationally advertised prestige name for 31 years.
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Equipment Leasers Feel Tug of U. S. Anti-Inflation Program

RATE OF GROWTH EXPECTED TO LAG

Continued Gains Seen, but Squeeze Is Ahead for Marginal Operators

By ROBERT WALKER

While President Johnson has not exactly snatched the rug from under the equipment-leasing business, his anti-inflation program has at least exerted a sharp tug, felt throughout the rapidly growing, \$3-billion industry.

The growth will continue, but at a slower pace, which may squeeze out the most marginal operators.

This was the consensus last week of spokesmen for the industry, which has mushroomed in the nineteen-sixties—some sources think revenues have more than doubled—partly because of the 7 per cent tax credit on investment in new machinery and equipment.

Mr. Johnson announced 10 days ago that he wants Congress to suspend the investment credit for 16 months, which would sharpen the tax bite on the leasing companies by perhaps \$8-million or \$10-million a year. Either they would pay it themselves or pass it on to clients in the form of higher, less competitive rates.

Other Factors

Other factors, however, still favor the leasing concept. Tight money means that some clients—who might prefer to buy—have no choice but to lease. The time lag between the measure's taking hold means that industry does not expect revenues and profits to begin leveling off until the second half of next year.

Carroll Bumpers, executive vice president of the Greyhound Leasing and Financial Corporation, put it this way: "We'd be a lot less sanguine about the loss [of the investment credit] if money were cheap and plentiful. As it is, this industry does not and will not lack for deals."

"Still, I emphasize that we are upset. Obviously, we won't be able to offer as attractive a leasing package to some of our clients."

It is impossible to forecast in dollars and cents what the move will cost the industry, according to Brooks Walker, president of the United States Leasing Corporation. "No agency, Government or private, keeps complete statistics on leasing, so we aren't even certain what the current annual gross is, let alone what it will be next year."

"However, I'd say that \$3-billion a year is a very conservative estimate of current volume." Most industry sources agreed, although a spokesman for the C.I.T. Leasing Corporation said the total probably is closer to \$6-billion.

Whatever the cost of the tax measure, who will pay it? The leasing companies, their clients or both? Replies to this question were, as they say in the money market, fully hedged.

"Clouded Crystal Ball"

In Baltimore, Herman Stanton, vice president of the Commercial Credit Corporation, declared: "I'm looking into a pretty cloudy crystal ball. What will the impact be? Will equipment demand decline or will the need for modernization keep it as high or higher?"

"What will money cost a year from now? Already, we've absorbed increased borrowing charges without passing them on, but how much for a year or two? There are so many variables."

Enacted four years ago, the credit for two main reasons has been a major factor in the growth of the industry, which includes manufacturers of leased assets and companies primarily in leasing, as well as banks, finance companies and even syndicates of individual amateurs seeking a tax shelter.

First, it is a tax shelter made to order for leasing organizations, which annually buy hundreds of millions of dollars' worth of everything from aircraft and rail cars to office chairs and small, hand-held tools.

Second, since there is a limit to the proportion of total tax that may be saved through the credit, leasing often becomes the most attractive arrangement for both parties to the contract.

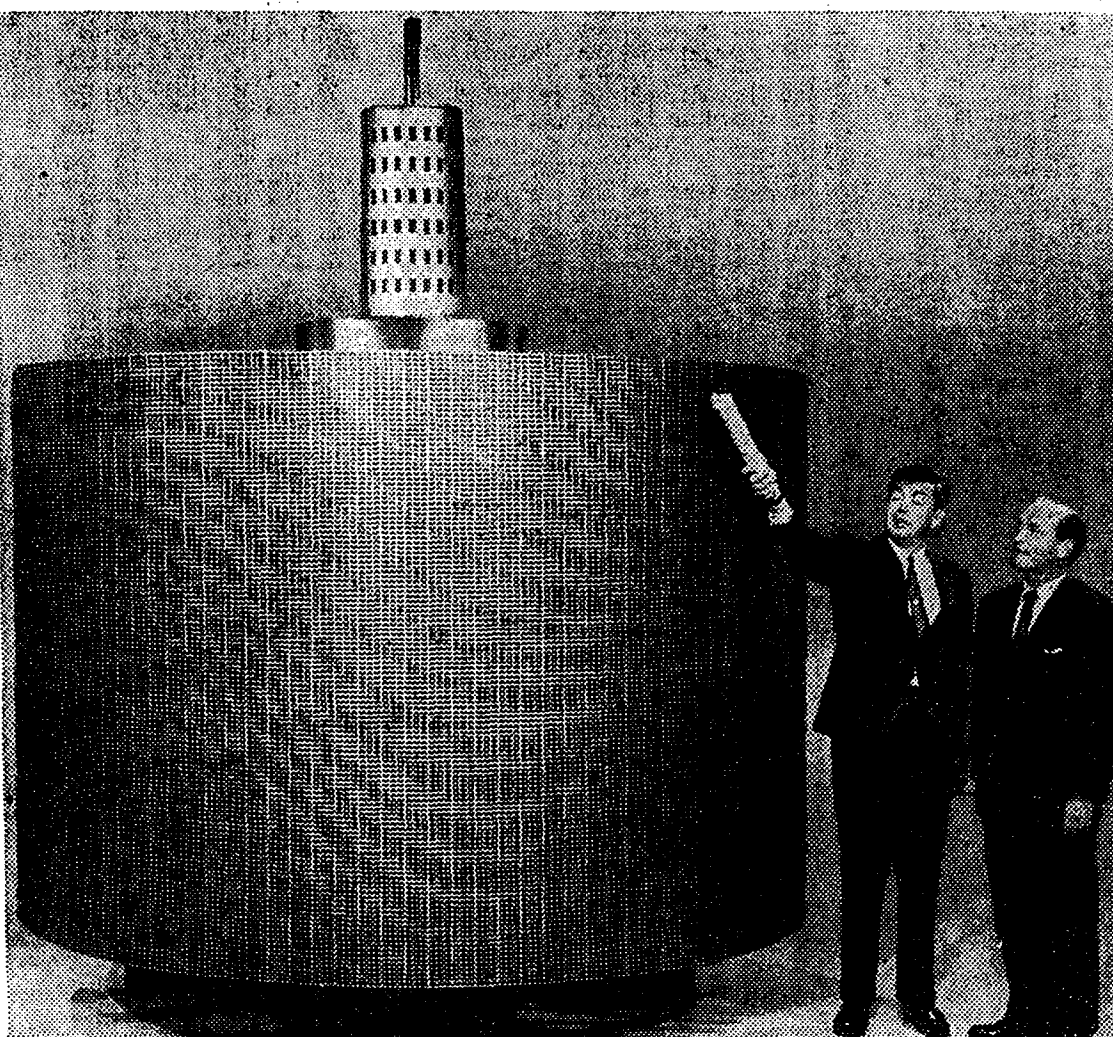
Advantage Noted

An airline, for example, with a huge capital investment in relation to taxable profit, may be unable to take full advantage of the credit on purchases of aircraft. But a bank, with its low investment-to-profit ratio, can buy the aircraft, lease them to the airline while retaining title, and claim the entire investment credit.

According to Standard & Poor's Corporation, the credit for most corporations offsets income-tax liability up to the first \$25,000 of tax; above this level, the credit may be applied as a 25 per cent offset.

The amount not usable because of this limitation may be carried back three years or to 1962, whichever is later, and carried over for the succeeding five years. The 7 per cent credit is a maximum, applicable to property with a useful life of eight years or more; it reduces to 2 1/8 per cent for a useful life of only four years. Maximum credit for public utilities is 3 per cent.

To some extent, the leasing business is speculative. When a bank buys, for instance, an aircraft to be leased, the bank must estimate what the asset will bring in cash after the 10-year or 12-year lease expires. The lessor's guess about the



A GLIMPSE OF THE FUTURE: Leonard H. Goldenson, right, president of the American Broadcasting Company, Inc., with Dr. Harold Rosen, space research expert with the Hughes Aircraft Company, as they examine a model of the proposed giant HS-304 communications satellite.

Cosat Faces Fight Over Its Role

Continued From Page 1

tem best serves the needs of the world in the first instance and then, which can provide complete communications at the lowest costs.

Explaining the situation as Cosmat sees it, Dr. Charyk said: "The Early Bird was sent up purely as an experiment to determine whether satellites offered a satisfactory system of communications. There was at the beginning no concern over the lifetime of a satellite except that it be adequate for communications and then to squeeze television through it to a certain point."

"On the television side, there was no intention of meeting any international standards," he continued. "We never figured we could get acceptable color through it but we've even succeeded in that."

Cosat officials talk of circuit years in evaluating the performance of satellites. Early Bird, for example, has 240 circuits on it and its life expectancy was 18 months. However, since there are no receiving stations below the equator, it was decided to block out half of the circuits, thus making maximum use of circuits for the Northern Hemisphere.

Thus, Early Bird is said to have 180 circuit years (120 circuits multiplied by 1 1/2 years).

Rise in Circuit Years

The next generation, to be known as Intelsat II, is a modification of Early Bird. There will be two satellites to be launched in late October—one for the Pacific Ocean area and a second over the Atlantic.

These will each have 240 circuits and will cover both North and Southern Hemispheres. Their life expectancy will be three years, so each will provide 720 circuit years, a four-fold increase.

"We feel that the four-to-one ratio should be the pattern for technological advances," Mr. Charyk explained.

The experimental nature of the satellites has kept potential users away simply because they don't know how best to utilize the potential.

The investment in TAT-4, which is split on both sides of the Atlantic, adding that the outlook for volume from business users must get their money's worth first.

"By year-end, the cable will be saturated and we look for a considerable increase in our business," he said, adding that the outlook for volume from business users must get their money's worth first.

They must also acknowledge that the most recent completed underwater cable to Europe, designated TAT-4, has 130 voice channels. An improved cable planned for 1968 or 1969 would have 720 voice channels. Its cost has been estimated at \$80-million and its life expectancy is 20 years.

Satellites cost about \$3-million each, including an allowance for research and development. The boosters to place them in space cost about \$3.5 million, so it would be entirely possible to orbit a Category III satellite for about \$7-million. In order to match the life expectancy of the new type cable, there would have to be four satellites, which would bring the total cost to no more than \$30-million, against the cable's \$80-million price tag.

In addition, the satellite could mix both voice and television and all other forms of communications, while the cable would be limited to either voice or television simultaneously.

"The satellite program is international in the true scope when it comes to television, whereas with cable the program literally comes out one end and then must be spread to the various nations for broadcast," Mr. Charyk said.

Mr. Matthews expects to file his rate case with the Federal Communications Commission by Oct. 17 and believes that a final answer can be expected within a year.

"We'll be out of the experimental and fully commercial stage of Jan. 1, 1967, and expect to issue a first-quarter conventional income statement next year," Mr. Matthews said, adding that he expects that 1967 will also find Cosmat in the black by "between \$3-million and \$7-million."

Mr. Matthews added that he personally believed Cosmat would begin paying dividends "by 1969 or possibly sooner."

Also at hand is a proposal to provide a communications system for the United States, involving more than 200 ground stations of various sizes—85-foot antennas at major locations; 42-foot receivers to pick up telecasts for regional transmission instead of having to rely on microwave networks across the country, plus smaller transportable receivers for special uses in various regions.

Mr. Matthews estimated 1970 revenues at about \$45-million from domestic usage and \$10-million from international use, but added that he could easily see the day when domestic revenues would provide the greatest share of total revenues.

A Correction

In the New York Times of Aug. 21, an article referred to convertible bars and coffee tables manufactured by the A. H. Stock Manufacturing Corporation as imported from West Germany. The company says that the products are made domestically in Newton, Wis.

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SWEEEPING CHANGE AHEAD ON WALL ST.

Continued From Page 1

which it makes a market. When a firm makes a market in a stock, it stands ready to buy or sell shares.

Nonmember market-makers would not be charged a commission under the amended rule. The Big Board sought in vain to require that nonmembers pay a commission or fee.

The amended rule also provides that a real effort be made to execute any order on the exchange floor before it is taken off-board.

Some securities dealers believe that blocks ranging between 2,000 and 10,000 shares will provide the bulk of trading under the changes in Rule 394.

A number of firms already make markets in Big Board stocks over-the-counter. These comprise what is known as the "third market." Previously, they have not been permitted to deal with members, except in the same capacity as any other customer.

Critical of Third Market

The exchange long has been critical of the third market—a criticism stemming from office brokers as well as floor members of the Big Board. Their contention has been that the third market "trades off the tape" of the exchange but is not bound by its rules and does not own a membership.

In the S.B.I.C. special study of 1963, the evolution of the third market was described as "one of the more striking developments" in recent years.

The study estimated that annual volume in the third market rose from \$44-million to \$2-billion in 20 years—a relatively greater expansion than trading on the Big Board.

Woodson & Co., a major firm in the third market, said it believed the amended rule would "help members obtain the best executions of their orders and that is in the public interest."

Victory for Schapiro

The modification of Rule 394 signals a personal victory for Morris A. Schapiro, who heads the nonmember firm of M. A. Schapiro & Co., the nation's largest dealer in bank stocks.

Mr. Schapiro had threatened to file an antitrust suit against the exchange if nonmembers continued under the rule to be barred from trading with member firms in listed stocks.

This battle flared up when the Chase Manhattan Bank listed its shares on the Big Board in March, 1965. The Schapiro firm continued to make an over-the-counter market in Chase shares. But it contended that the listing, in effect, constituted a boycott.

On another front, Mr. Schapiro formally requested the S.E.C. to institute a public hearing on Rule 394. As a result of the insistent pressure from Mr. Schapiro, negotiations between the S.E.C. and the exchange moved into high gear.

Benefits Predicted

Last week, Mr. Schapiro said he was "pleased" by the proposed amendment. He added that the Big Board and the commission had "acted rightly" in making the change and that "the investing public and the securities industry will benefit under the new system."

One result of the amendment in time may be to funnel business back to the Big Board from the regional stock exchanges, according to some Wall Streeters.

The regionals have had no roadblock comparable to Rule 394 and, therefore, third-market firms have been more free to transact business with their member.

A big increase in volume has taken place in recent years on the Pacific Coast Stock Exchange, the Midwest Stock Exchange, the Detroit Stock Exchange and other regional market places.

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S.B.I.C. Program Has Growth Pains; New Power Sought

Continued From Page 1

owned ones have a good record, with a few exceptions.

S.B.I.C.'s must be licensed by the S.B.A. Their founders, usually a group of businessmen, supply the initial capital and can obtain some capital from the S.B.A. The private S.B.I.C.'s are those that remain owned by a few persons. The public ones are those that have sold an issue of stock to investors.

Public or private, the companies are supposed to lend to small businesses that cannot raise funds from conventional sources such as banks or insurance companies because of the risks involved. Several S.B.I.C.'s have been formed by banks as an adjunct, giving them an outlet for risk capital at interest higher than bank rates.

Since they do take risks and must wait for the small businesses to work out their destinies, and since they often provide advisory services, the S.B.I.C.'s charge 8 to 10 per cent, or more. Their investments in small companies take the form of convertible debentures, notes with warrants attached, or capital stock.

Success Has Varied

Some have fared well indeed, such as the Electronics Capital Corporation, which hit the jackpot with an investment in the Potter Instrument Company. Others have rolled up some paper losses, such as the Techno Fund, which has been planning to marry away its troubles through a merger with prosperous Anderson Capital of Boston.

Another, Marine Capital, took another way out. It liquidated, but its shareholders received distributions about equal to the \$15 a share that was the underwriting price early in 1961. It was pointed out that management, while competent, did not have experience in risk financing, and, on the other side, there were complaints that S.B.A. rules and rulers had interfered too much and been too restrictive.

In any event the S.B.A. has recently induced the Senate to pass a bill that would give S.B.A. much tighter control over the investment companies. The House will probably approve the bill in October.

The measure would give the S.B.A. the power to revoke licenses after administrative hearings; issue cease and desist orders; appoint a trustee or receiver for an S.B.I.C.; remove officers, directors or employees after certain legal proceedings; fine an S.B.I.C. for failure to file reports, and bar anyone convicted of a felony, fraud or other dishonesty from becoming an S.B.I.C. officer.

Two Poles of Opinion

Some heads of S.B.I.C.'s, such as Herman Goldson, president of the Franklin Corporation, believe that the industry can live with such new rules.

Charles Salik, president of the big and prosperous Electronics Capital, takes a dimmer view. In his San Diego office last week, he said, "S.B.I.C.'s are somewhat at the crossroads. We face some unlighted restrictions, which will hamper the larger ones—more examinations, more paperwork. A venture capital group is a fragile operation."

He points out that the turnover in management of the Small Business Administration "compounds our difficulty."

"When we get to understand the ideas of an administrator, we get a new one," he says. This complaint is echoed by many other S.B.I.C. officials.

"All the News
That's Fit to Print"

The New York Times.

LATE CITY EDITION
U. S. Weather Bureau Report (Page 58) forecasts:
Cloudy, cool today; partly cloudy
tonight. Chance of rain tomorrow.
Temp. range: 58—43; yesterday: 55—44.

VOL. CXIV..No. 39,172.© 1965 by The New York Times Company.
Times Square, New York, N. Y. 10036NEW YORK, SATURDAY, APRIL 24, 1965.TEN CENTS

CITY TO REQUEST
TWO WEEKS MORE
TO SUBMIT BUDGET

Extension to May 13 Sought
— Earlier Date Said to
Give Too Little Time

ALBANY APPROVAL SEEN

Council and Estimate Board
Would Then Have Only Six
Weeks to Complete Work.

By CLAYTON KNOWLES
The Wagner administration will ask the Legislature to grant an additional two weeks' extension in the date for the submission of the city budget for 1965-66.

The new extension to May 13, if approved as expected, will leave only six weeks, instead of the customary ten, for consideration of the city's first \$3.5 billion budget, the largest in its history and bigger than that of any state except California.

An earlier extension to April 29 that the Legislature had voted did not give the Mayor time enough to frame his fiscal program, which had been held up by the delay of the Legislature in adopting a state budget. When the April 15 deadline set by the City Charter could not be met, the city had to go to Albany to obtain the first extension.

Big Gap in Budget
Mr. Wagner has given no inkling as to how he will close the projected \$250-million budget gap that represents the difference between contemplated spending and revenues, including state aid, now known to be available.

The Mayor, who has repeatedly spoken of the need for more city taxes, emphasized that they were necessary again Thursday night when he proposed a \$17 million-a-year expansion of the police force in stepped-up efforts against street crime.

But Budget Director William F. Shea has proposed exempt borrowing for two or three years to tide the city over until it can get long-range authority from the Legislature to increase real estate taxes by about 20 per cent.

A state constitutional amendment would be needed for that program. Such an amendment must be passed by two successively elected Legislatures and then must be approved by the voters in a referendum.

Uncertainty Involved
That is an "iffy" procedure. If the next Legislature should be Republican-controlled, it might refuse to go along with the city's request, which would expand borrowing authority as well as real-estate taxing powers. The public often votes down proposed bond amendments, regardless of merit, because of lack of understanding.

The city budget was to have been submitted April 15, but at that time it was literally impossible to frame a fiscal program because the Legislature only that day approved the state budget with provisions for \$200 million more in state aid for the city.

Simultaneously, the Legislature, acting at the city's request, voted a two-week defer-

Continued on Page 16, Column 2

17 Women on L.I. Seek to Quit
Union Linked With Underworld

By CHARLES GRUTZNER
Seventeen women candy makers in a small Long Island factory have asked the National Labor Relations Board to free them from a union with underworld connections.

The union collects more than a half million dollars each year from an estimated total of 12,000 workers in the metropolitan area.

The women, employees of Asher Brothers, Inc., of New Hyde Park, are seeking to end a dues check-off by Local 422 of the International Production, Service and Sales Employees Union. Five locals of the independent union have contracts with more than 400 plants in various industries in this city and on Long Island and in New Jersey.

The union and all its locals—Nos. 222, 422, 517, 719 and 815—operate from an office suite at 100 Livingston Street in

Dr. King, in Boston Common Rally, Warns Against Nation of Onlookers



The Rev. Dr. Martin Luther King Jr. marches in Boston, arms linked with the Rev. Virgil A. Wood, left, head of Massachusetts branch of Southern Christian Leadership Conference. The Rev. Ralph Abernathy is on Dr. King's left.

By JOHN H. FENTON
Special to The New York Times
BOSTON, April 23—The Rev. Dr. Martin Luther King Jr. preached his message of civil rights to a rain-soaked throng today on Boston Common, where Ameri-

can patriots have marched and gathered for three centuries. Protected from an increasing drizzle by an umbrella held by an aide, the Negro leader of the Southern Christian Leadership Conference said in measured pul-

pit tones that Americans "must not become a nation of onlookers" in the battle against segregation. The police estimated the crowd at about 20,000 persons. The spectators jammed a semicircular area of folding chairs

and wooden benches around a bandstand. The Boston Common ceremony followed a three-mile protest march from the heavily Negro section of Roxbury in a chilly

Continued on Page 12, Column 5

Wagner Promises a Bill
To Set Up Direct Primary

By WARREN WEAVER Jr.
Special to The New York Times
ALBANY, April 22—Mayor Wagner has promised supporters of direct primary legislation that a bill authorizing it will reach the floor of the Legislature in this session.

CITY CONSIDERING
A 25TH ST. GARAGE

Structure Would Substitute
for Controversial Madison
Square Park Proposal

By CHARLES G. BENNETT
A proposal for the construction of a 500-car parking garage at Park Avenue South and 25th Street, just north of Madison Square Park, is being considered by the city.

The garage, if built, would substitute for the \$5,050,000 parking garage for 600 cars that the city is planning to build under Madison Square Park. Last January, Mayor Wagner quietly approved \$200,000 for the preparation of plans for the highly controversial facility.

The source of the new proposal, which was submitted to the city's Site Selection Board, has been withheld by the city. But the suggestion was accompanied by an offer to construct and operate the facility at rates charged by municipally operated garages: 25 cents an hour, \$3 for 12 daytime hours, and \$1.50 for 12 nighttime hours.

The Mayor's approval for funds to plan the Madison Square Park garage aroused a storm of protest from many architectural, civic and neigh-

Continued on Page 25, Column 6

CATHOLICS URGING
LAY SCHOOL VOICE

Education Panel Calls on All
Diocesan Boards to Halt
Control by the Clergy

By GENE CURRIVAN
Recommendations that would end the absolute control by the clergy of Roman Catholic elementary school boards have been made to superintendents throughout the country by a special committee of the National Catholic Educational Association.

Under the plan, the boards, which are mostly controlled by local pastors, would have predominantly lay membership with parents having a voice in policy making.

There are now 110 lay boards throughout the country, mostly in the western states, with only two in the Archdiocese of New York, but the movement is gaining momentum despite opposition by some pastors. Those in New York are at Corpus Christi School, 535 West 131st Street, and Immaculate Conception School at Irvington-on-Hudson, in Westchester County.

The plan was disclosed yesterday by Msgr. O'Neil C. D'Amour, superintendent of Catholic schools at Marquette, Mich., and chairman of the Superintendent's Ad Hoc Committee on School Boards.

"We have had a hopelessly anachronistic structure in the past," he said, "but it must now reflect the Catholic community as it is today and not what it was."

He predicted that within five years 90 per cent of the parish boards would have lay members. Under the recommendations

Continued on Page 32, Column 4

Moscow Puts Aloft
Its First 'Comsat';
TV Movie Is Shown

By THEODORE SHABAD
Special to The New York Times
MOSCOW, April 23 — The Soviet Union launched today its first communications satellite. It went into a high elliptical orbit around the earth.

A few hours after the launching, the first experimental television broadcast was transmitted by way of the satellite, called Molniya 1 (Lightning 1) from the Pacific port of Vladivostok to Moscow, nearly one-third of the distance around the earth.

However, since the launching, like all Soviet space shots, was unannounced, virtually no home viewer saw the transmission and the propaganda effect was largely lost.

Molniya (pronounced MOL-nee-ah) was put into orbit almost three years after the United States launched its first Telstar and two weeks after Early Bird, the world's first commercial communications satellite, was maneuvered into a "stationary orbit" over the Equator.

Early Bird is the forerunner of a full-scale global system scheduled to come into operation.

Continued on Page 11, Column 4

FRANCE WILL SHUN
SEATO SEA GAMES
IN RIFT WITH U.S.

Move Stresses Hostility on
Vietnam—Paris Leans to
Soviet Stand in U.N.

By DREW MIDDLETON
Special to The New York Times
PARIS, April 23 — President de Gaulle emphasized today his hostility to United States policy in Vietnam by withdrawing French units from the Southeast Asia Treaty Organization's naval maneuvers.

The withdrawal was disclosed amid a mounting chorus of assertions of French independence within Western alliances. Coming from Gaullist politicians and newspapers, these have encouraged the belief that General de Gaulle is considering a further reduction of French cooperation in the North Atlantic Treaty Organization.

[Roger Seydoux, French representative at the United Nations, indicated there that France leaned toward the Soviet position that only the Security Council could assess for peace-keeping operations. Page 2.]

Maneuvers Set for May
France, in the opinion of a number of allied diplomats, is rapidly becoming a nominal member of both NATO and SEATO.

Operation Seahorse, designed to test the naval preparedness of the powers in the Southeast Asian alliance, is to be held in the China Sea from May 1 to May 24.

The participating powers will be the United States, Britain, Australia, New Zealand, the Philippines and Thailand. Pakistan announced earlier that she would not take part.

The French view was that participation in the war games would create the impression in Southeast Asia and in Peking that France associated herself with the American policy in the area.

Earlier Decision
General de Gaulle's first move away from the SEATO partnership was his decision last week to send an observer rather than Foreign Minister Maurice Couve de Murville to the ministerial meeting of the alliance in London early next month.

There is a strong possibility, diplomats said, that the general will follow these two actions with formal disassociation from the Southeast Asian alliance. This step will probably be taken, the sources said, if the United States tries to extract from the SEATO conference a statement of support for United States policy in Vietnam.

These developments are recognized here as part of a wider effort to assert France's independent role in world affairs. It is not regarded as a coincidence that the French

Continued on Page 3, Column 5

Raids Raze Spans
In North Vietnam

By JACK LANGGUTH
Special to The New York Times
SAIGON, South Vietnam, April 23 — More than 200 American and South Vietnamese aircraft destroyed seven bridges and two ferryboats in North Vietnam today.

The strikes, after a week of frequent bombings with limited destructiveness, were part of the most concerted one-day action since Feb. 7, when the raids began.

No Vietnamese or American plane was lost during the five missions north of the 17th Parallel, which separates North and South Vietnam.

The previous record for destruction of bridges was six in a day, achieved a week ago. An American military spokesman said that in the latest raids the pilots had reported the sinking of one or more spans of each bridge. South

Continued on Page 2, Column 3

VIETNAM PROBLEM:
A PLANE SHORTAGE

Limited Supplies a Worry as
Losses Rise—U.S. Craft
Also Have Deficiencies

By HANSON W. BALDWIN
The limited numbers of aircraft available and the technical shortcomings or unsuitability of the United States planes used in Vietnam are causing increasing worry among military officers.

Several manufacturers — Douglas, Northrup and others — have received indications that they may be called upon to initiate or to speed up production of some military types.

Aircraft losses are slowly increasing in Vietnam as air operations are intensified, it is pointed out. Limited numbers of replacements are available for the newest and most modern types. Production lines are small for a few types, nonexistent for others.

To replace the losses, two squadrons of B-57 light bombers, totaling 24 planes, have been transferred from Air National Guard units to the Air Force.

Transport Service Aided
The Air National Guard has also been called upon to supplement the Military Air Transport Service to a greater degree than normally. Forty-six additional overseas transport flights were flown by Air National Guard planes in March alone. Helicopters and light aircraft have been transferred from United States forces in Europe and this country to Vietnam to provide replacements and to increase helicopter strength there.

A screening of skilled mechanics and other aircraft main-

Continued on Page 2, Column 5

CAMBODIAN TALKS
GAINING SUPPORT
AS ASIA PEACE KEY

U.S. Aides Indicate Backing,
Hoping to Bring Up Issue
of Vietnam Informally

SOVIET VOICES INTEREST

Saigon Agrees to Take Part
Even if Hanoi Is Included
—Rusk Scolds Critics

By MAX FRANKEL
Special to The New York Times
WASHINGTON, April 23 — The Johnson Administration showed a growing interest today in the possibilities of arranging an international conference on Cambodia, at which Vietnam could be discussed informally with the Communist countries.

Officials indicated that Washington would send representatives to such a conference if Cambodia, Thailand, Laos and South Vietnam could agree to keep their regional and border problems from confusing the meeting.

[In Moscow, the Soviet Government proclaimed continued interest in talks on Cambodia, and South Vietnam declared that it was willing to participate even if North Vietnam was represented. Communist China assailed this week's Honolulu conference of United States military leaders, United Press International reported. Page 3.]

Briton Testing Ground
Patrick Gordon Walker, the former British Foreign Secretary, is in Southeast Asia testing the diplomatic ground for talks.

While the search for diplomatic contact on Vietnam continued, Administration officials emphasized once more their refusal to halt the bombing of North Vietnam until there had been some sign of a letup of North Vietnam's support of the Vietcong.

Secretary of State Dean Rusk scolded members of the academic community for spreading what he called "nonsense" about the situation.

"I continue to hear and see nonsense about the nature of the struggle there," he said at a meeting of the American Society of International Law here tonight. "I sometimes wonder at the gullibility of educated men and the stubborn disregard of plain facts by men who are supposed to be helping our young to learn—especially to learn how to think."

Capital's Concern Rising
Mr. Rusk's comment reflected growing concern about public criticism of the Administration's policy. The State Department said it was stepping up efforts to explain its policies to campus groups and other audiences.

The Secretary of State said there was ample evidence of North Vietnam's "aggression" and violation of international law. He declared that the lesson of 30 years was that "acceptance of aggression leads only to a sure catastrophe."

Officials said they had still received no sign through any channel that North Vietnam was willing to halt support of the Vietcong in return for a

Continued on Page 3, Column 1

Bourguiba Reviled
By Cairo as Traitor

By HEDRICK SMITH
Special to The New York Times
CAIRO, April 23—The Egyptian press, signaling the end of Cairo's 16-month-old policy of pursuing Arab harmony and cooperation, lashed out today at the proposal by Tunisia's President, Habib Bourguiba, for Arab coexistence and negotiations with Israel.

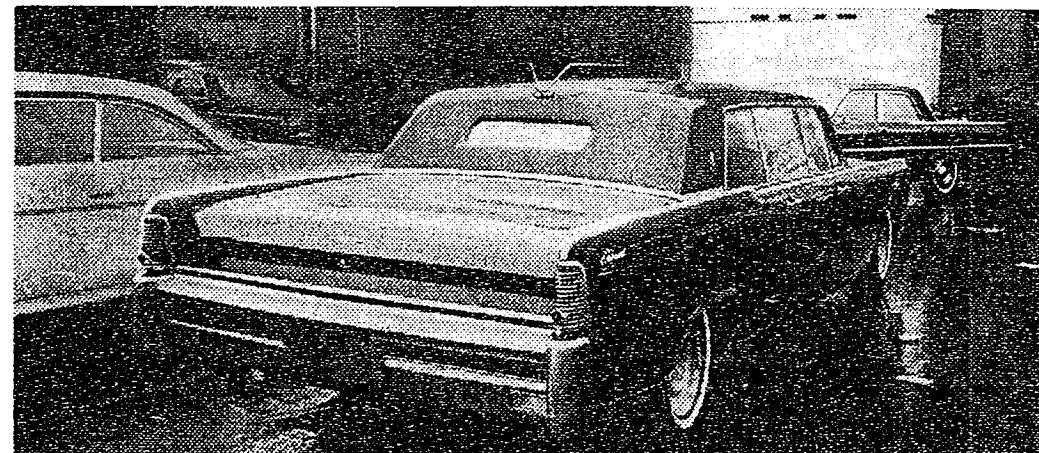
An editorial in the authoritative newspaper Al Ahran, believed to reflect the views of President Gamal Abdel Nasser, said Mr. Bourguiba's declarations "would not allow the U.A.R." to take part in any further Arab leaders' meetings with the Tunisian President.

It accused Mr. Bourguiba of "moving within the lines of a plan laid down by the Western imperialist powers in a conspiracy against the entire Arab destiny."

"Shut up, Bourguiba," was

Continued on Page 4, Column 3

Russians Buy a \$17,000 Lincoln in Gromyko's Name



Lincoln Continental bought by Soviet Union in the name of Foreign Minister Andrei A. Gromyko stands in Moore-McCormack Lines' yard in Brooklyn. TV antenna rises on roof.

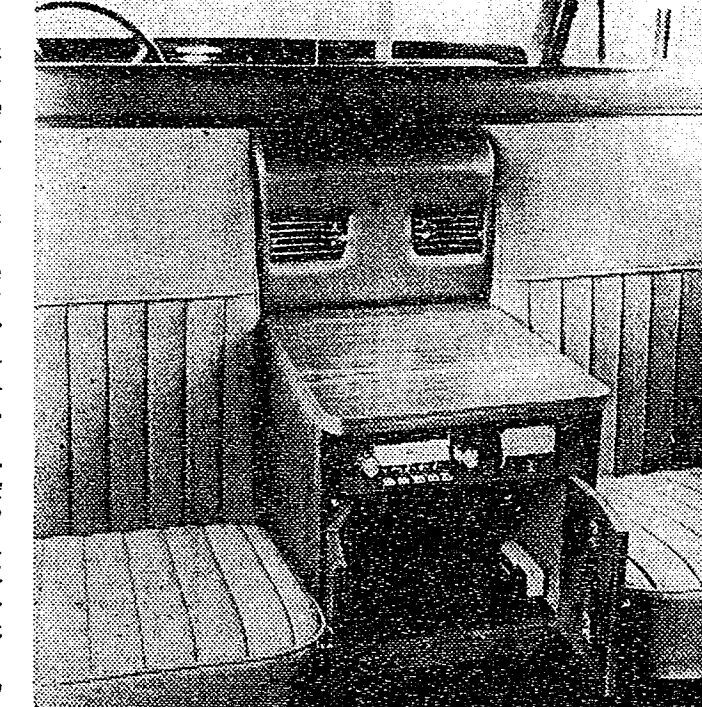
By JOHN P. CALLAHAN
The Soviet Union has bought a \$17,000 Lincoln Continental executive limousine in the name of the Foreign Minister, Andrei A. Gromyko. The car, almost 20 feet long, has among its other features television facilities.

While a Washington source said the "salon on wheels" was the first of its kind ever purchased "by anybody in Russia," it was not known whether the car was for Mr. Gromyko's personal use.

The deal was made with insistent anonymity: bills of lading were marked "N/N" (for No Name). However, other shipping papers showed the consignee as "The Foreign Minister of the Soviet Union."

The limousine bore no markings that might have disturbed longshoremen who

Continued on Page 15, Column 2



Interior view of the eight-passenger vehicle with television compartment. The car was shipped out last night.

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CEREMONIES END D.A.R. CONVENTION

Scarsdale Woman Is Sworn
as President-General

WASHINGTON, April 23 (AP)—Mrs. William Henry Sullivan Jr. of Scarsdale, N. Y., feeling "very humble," took over direction of the Daughters of the American Revolution today in its diamond jubilee year.

In a speech to the closing session of the D.A.R. convention, Mrs. Sullivan promised to promote "the moral and religious principles on which this nation was founded."

The slender, brown-haired president - general, smartly dressed in navy blue silk and wearing a large, gay daffodil-yellow petal hat, thanked all her supporters, including "my husband, Bill."

She said she had always looked upon the D.A.R. as "a channel through which American women could contribute their best to continuing the American heritage."

Exchange of Kisses

Mrs. Sullivan, her 11-member cabinet and new national and state officers took the oath of office at a colorful ceremony in Constitution Hall. The oath was administered by the chaplain general, Mrs. Charles M. Johnson of Monticello, Ill.

Each outgoing officer presented the long blue-and-white silk ribbon of her office to her successor. There was an exchange of kisses, too.

The outgoing president-general, Mrs. Robert Duncan of Alexandria, Va., was praised for her three years' service as she turned over "the responsibility and the challenge" to Mrs. Sullivan.

After the installation, the new and past officers went to the White House for a noontime greeting from Mrs. Lyndon B. Johnson in the family quarters. An afternoon tour of the White House was conducted for all the 3,000 delegates. The invitation by Mrs. Johnson for the tour was the first such invitation extended since the refurbishing of the President's home by Mrs. John F. Kennedy.

Johnson Lineage Traced

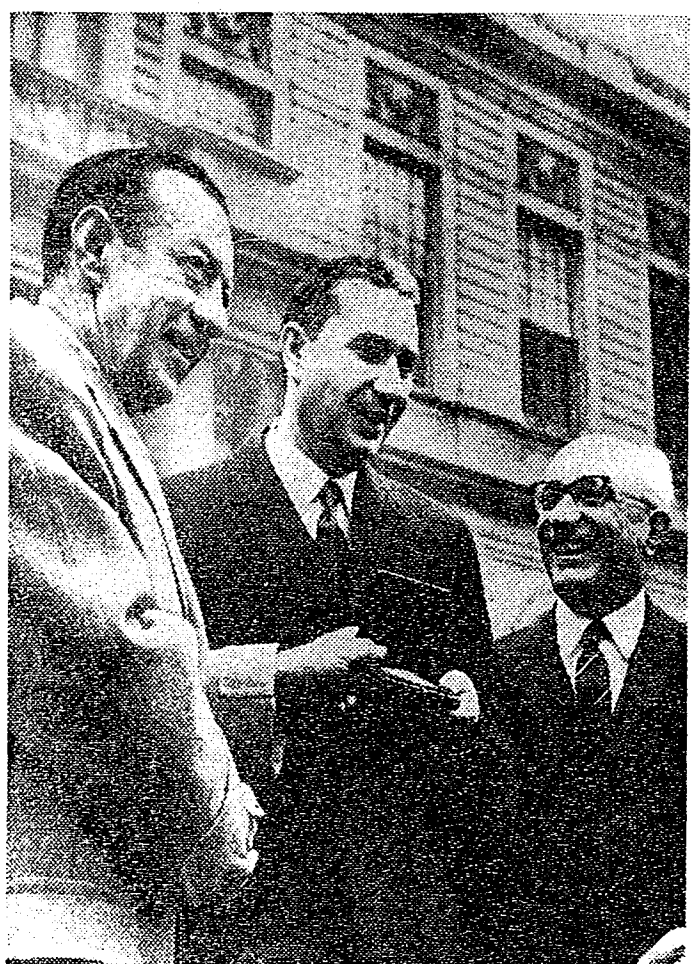
D. A. R. officials presented to Mrs. Johnson a gold-bound book tracing the Johnson lineage. It indicated that the President's daughters could qualify for D. A. R. membership.

The book included membership application blanks, but there was no indication from the White House that any of the Johnson women had plans to apply.

According to the D. A. R., President Johnson's father, Robert Johnson, was a French Huguenot immigrant, who settled in Pennsylvania and later served as a private in Capt. John Boyle's company of Virginia during the Revolutionary War.

To qualify for D. A. R. membership it is necessary to trace ancestry back to someone who fought in the Revolutionary War.

Moro Gets City's Medal of Honor



The New York Times (by Neal Beckett)

Premier Aldo Moro of Italy is flanked by Mayor Wagner and Amintore Fanfani, Italy's Minister of Foreign Affairs, after receiving bronze medallion in City Hall ceremony.

Despite a light rain, Mayor Wagner extended the city's warm welcome to Premier Aldo Moro of Italy in an outdoor City Hall ceremony yesterday morning. Included in the Prime Minister's party was the Italian Foreign Minister, Amintore Fanfani.

The Mayor presented the city's Bronze Medallion of Honor to the Premier. The Foreign Minister received the city's 300th anniversary commemorative plaque.

In a brief talk, Mayor Wagner told the Premier that no two nations are closer together than Italy and the United States.

The citizens of New York, closely bound to the people of Italy by ties of blood and culture, embrace you, Mr.

Prime Minister, and, through you, all of your countrymen, Mr. Wagner said.

The Premier, through an interpreter, also lauded the friendship between the two countries.

Later, the visiting Premier who is to go to Boston by auto today, went to the United Nations for a luncheon with Secretary General U Thant.

During the afternoon, Mr. Moro paid a 25-minute call on Francis Cardinal Spellman at the Cardinal's residence, 452 Madison Avenue. Still later, the Premier and Foreign Minister were greeted by about 300 leaders of the New York Italian-American community at a reception at the Waldorf-Astoria Hotel.

Wilson and Socialist Chiefs Of Continent to Meet Today

LONDON, April 23 (UPI)—Prime Minister Harold Wilson has summoned 25 Western European Socialist party and Government leaders to a conference in Britain, a Government spokesman said. The Southeast Asian crisis was expected to be a key topic of discussion.

The spokesman said the meeting, described as "unofficial," would be held tomorrow at Mr. Wilson's official country residence at Chequers. Several European Premiers and Socialist Opposition leaders will take part, including Gaston Defferre, Socialist candidate for the French presidency.

It will be the first meeting of its kind presided over by a British Prime Minister at Chequers.

SOVIET LAUNCHES ITS OWN 'COMSAT'

Continued From Page 1, Col. 5

tion two years from now. About 45 nations, excluding the Soviet Union and its allies, have signed an agreement with a private United States concern, the Communications Satellite Corporation, to establish a global system.

The launching of the Soviet satellite raised speculation whether Moscow and its allies intended to set up their own global communications system. Communist countries are widely scattered around the world.

Molniya 1 was placed in orbit with an apogee (highest point) of 24,470 miles in the Northern Hemisphere and a perigee (lowest point) of 309 miles in the Southern Hemisphere.

The great height above the Northern Hemisphere has the advantage of placing the satellite within the visibility of Soviet transmitting and receiving stations for several hours daily out of a total period of revolution of 11 hours 48 minutes.

Observers were struck by the fact that Molniya's apogee was roughly the 23,000-mile elevation at which a so-called synchronous satellite like Early Bird travels. A synchronous satellite travels around the world in the same time that it takes the earth to rotate on its axis and it thus assumes what appears to be stationary position over a point on earth.

There was no indication whether Soviet scientists had aimed their satellite at such an orbit and had failed, whether they still planned to correct the orbit to achieve synchronous configuration, or the similarity of elevations was simply coincidence.

According to a Moscow television spokesman the unannounced direct telecast from Vladivostok, which included a documentary film of the life of Pacific fishermen, began at 9 A.M. Moscow time (4 P.M. Vladivostok time) and lasted about three hours. Since no television programs are scheduled in Moscow before noon, virtually no home television viewer had turned on his set and watched the live transmission. A two-minute recorded excerpt was repeated during news periods later in day.

A New Soviet 'First'

The direct Vladivostok-Moscow transmission was the first in Soviet television history. The Soviet Union does not yet have

a coast-to-coast network like the United States.

The Soviet television network, consisting primarily of relay towers, covers a large part of European Russia as far east as the Urals and the Siberian city of Kurgan on the east side of the Urals. Relay towers are now under construction in Siberia. Relatively little use has been made of coaxial underground cables.

The United States has been in the forefront of the development of communications satellites starting with Echo, orbited in August, 1960, which proved that it was possible to communicate between distant areas on earth by reflecting radio waves off a manmade satellite.

The United States was also the first to launch the so-called "active repeater" satellites like Telstar, Syncom and Early Bird. Unlike passive satellites such as Echo, which only reflect radio signals, "active repeater" satellites are equipped to receive, amplify and retransmit signals. They can be used for telephone, television, teleprint and facsimile radio transmissions.

\$4 Million Left by Rootes

LONDON, April 23 (Reuters)—Lord Rootes, who started work as a penny-an-hour apprentice and built an automobile empire, left an estate of the equivalent of about \$4 million, according to his will, which was published today. Lord Rootes died last December at the age of 70.

Appalachian Fund Bill Gains

WASHINGTON, April 23 (AP)—The Senate Appropriations Committee approved today a \$2,257,869,415 money bill, including \$352,300,000 to finance the start of the \$1 billion Appalachian Regional Development Program.



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London Shop

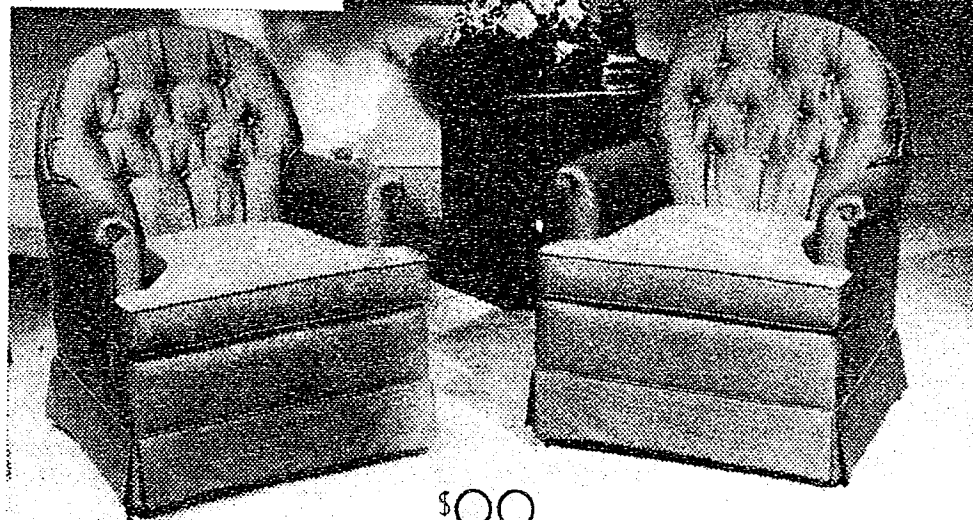
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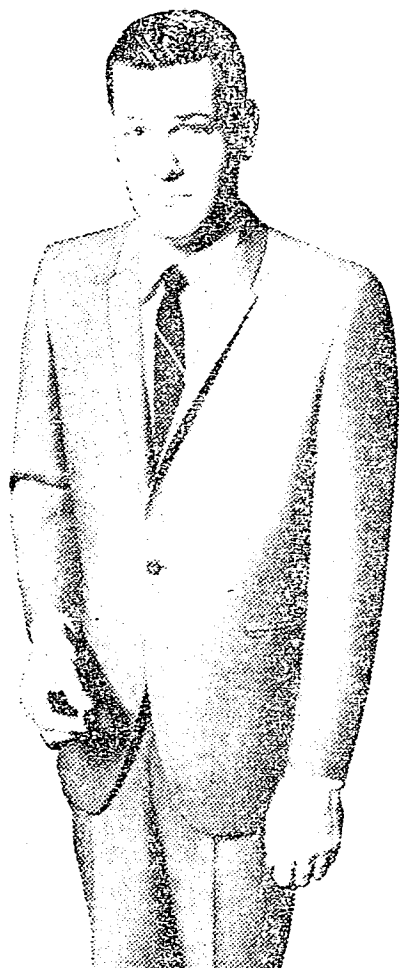
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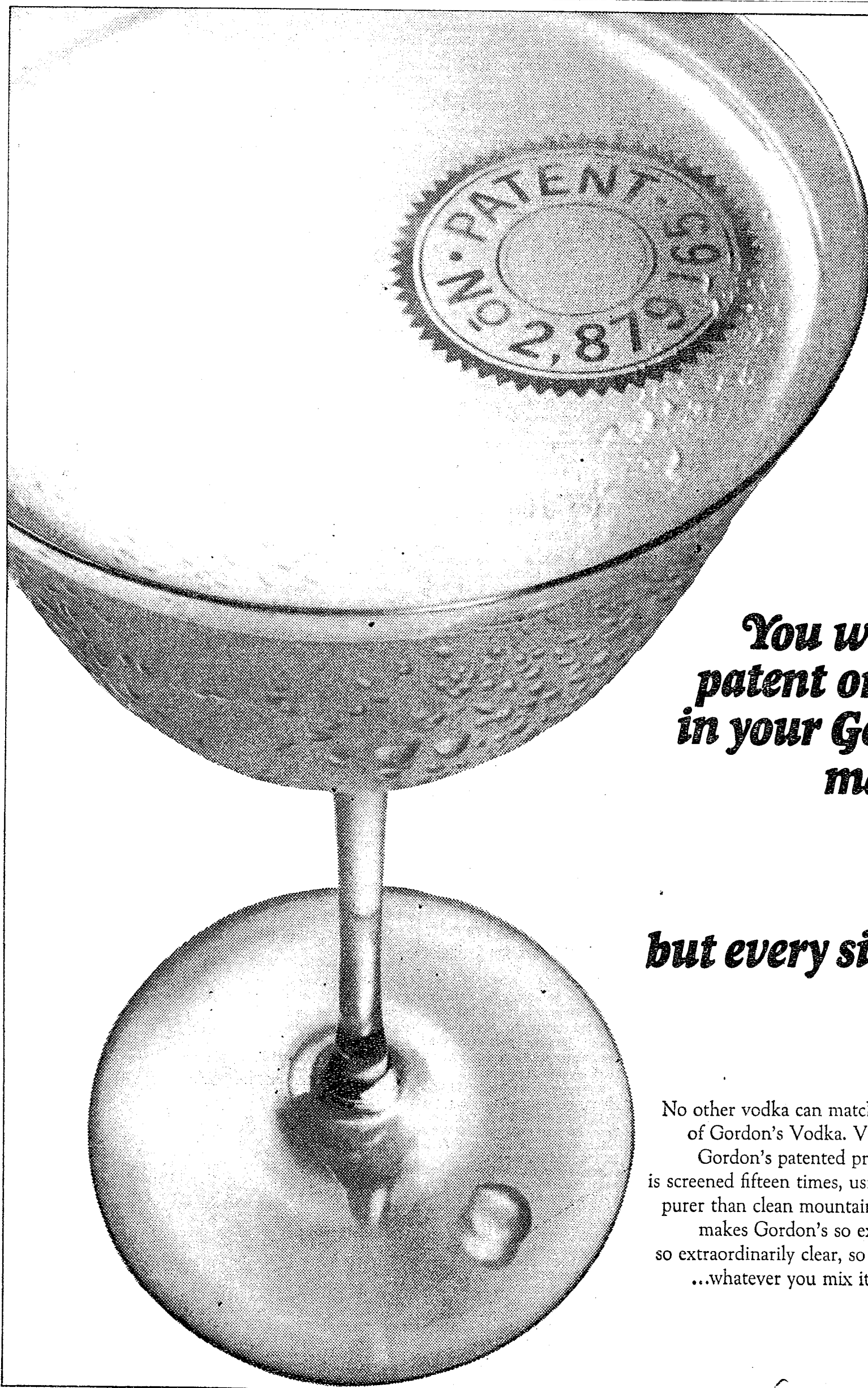


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COLLAPSED SECTION



Defense Department

Photograph shows results of bombing raid Friday by U.S. Navy planes on Dong Phuong Thuong. Destruction of central span of bridge over Len River, which carried the only railroad line between North and South Vietnam.

[The reaction in the United States among businessmen with interests in Britain was one of relief that the Labor Government appeared bent on retaining the pound at its present \$2.80 level. Page 59.]

The budget is expected to curb British consumption by the equivalent of \$700 million a year, and Mr. Callaghan hopes to curb the outflow of capital by at least \$280 million a year.

Cut in Consumption Is Aim

To reduce consumption at home, Mr. Callaghan imposed new excise taxes that would raise \$608 million annually. These levies are in addition to the \$694 million in tax increases announced last fall.

Mr. Callaghan tightened controls on the use of foreign exchange by Britons, with the aim of cutting the figure by \$280 million annually. He also moved to discourage long-term capital investment abroad by reducing tax advantages but did not estimate the immediate impact.

The budget disclosed the Government's decision to abandon a major prestige project, the TSR-2 tactical-strike-reconnaissance jet. Mr. Callaghan said the cancellation was "an earnest of our determination" to use scarce resources for more productive purposes, above all, for exports.

Denis Healey, the Minister of Defense, said the Labor Government was not yet ready to decide the ticklish question of how to replace the TSR-2 in defense plans—a sensitive issue because of the widespread resentment here of dependence on American aircraft.

Option on U.S. Planes

He disclosed, however, that the United States had given Britain an option to buy on "favorable credit terms" F-111A's, the new long-range jet fighters whose wings can be folded back for supersonic flight. This plane was formerly known as the TFX, or tactical fighter experimental.

The Government has until the end of 1965 to order what could be only "a very small number for training purposes." It would have until April, 1967, to order a larger fleet.

AIR STRIKES SPUR SAIGON'S MORALE

Its Troops Also Reported to Be Raising Effectiveness—Red Attacks Rise Again

By JACK LANGGUTH
Special to The New York Times

SAIGON, South Vietnam, April 6—An improvement in the morale and performance of the South Vietnamese Government and its troops has been the chief discernible result of the last month's air strikes against North Vietnam, a senior American military spokesman said today.

He also reported that the number of actions undertaken by the Vietcong was increasing again, after a lull throughout much of March. Terrorist attacks against Americans are being intensified, he noted.

There is no evidence that infiltration from the North has declined recently.

The spokesman called the increase in morale and fighting performance "pretty big pluses." He added that "30 days is a pretty short time."

Monthly Review of War

The United States Ambassador, Maxwell D. Taylor, is understood to have stressed increased hopefulness among the Vietnamese military and civilian population during his discussions with President Johnson on the effect of the air strikes.

Assessing those strikes, specialists here on Asian affairs said they believed that North Vietnam could absorb considerable punishment over an extended period without any de-



The New York Times April 7, 1965
Target of bombing (cross)

Chou Tells Thant Vietcong Must Get Bid for Peace Talk

By SAM POPE BREWER
Special to The New York Times

UNITED NATIONS, N. Y., April 6—Premier Chou En-lai has sent word to U Thant, the Secretary General, that any negotiations on peace in Vietnam must be undertaken directly with the Vietcong forces in South Vietnam and not with Communist China or North Vietnam.

He thus rebuffed repeated suggestions by Mr. Thant for group negotiations. The United

Tokyo Investigates U.S. After Vie

By ROBERT TRU
Special to The New York Times

TOKYO, April 6—United States came under fire today in a report sent to survey the situation in Vietnam. The diplomat, Shunichi Matsumoto, expressed doubts as to Washington's view that the Vietcong insurgency was predominantly a Communist movement. He implied that the American side was rigid in the belief that the conflict could be won by military means. The Japanese special envoy considered this view highly questionable.

Concluding that the United States course in Vietnam would prolong the fighting, he said that "Japan has a duty to grasp a good opportunity to talk to the United States and to appeal to world opinion" in an effort to find a peaceful solution.

Opinion Mostly Opposed

Mr. Matsumoto, a former Ambassador to Britain, is an adviser to the Foreign Ministry. His views are highly significant here because of the influence they are likely to have on Japanese attitudes toward the American role in Vietnam, especially since his report seems to confirm the skepticism already felt here.

Judging by the leading Japanese newspapers and magazines, it would seem that only the various spokesmen for Mr. Sato's staunchly pro-Western Government approve the United States' position in Vietnam. Other expressions have been overwhelmingly negative.

Mr. Sato, meanwhile, told a seven-man peace committee of leading intellectuals today that

