Money and Capital Market Outlook
For the Remainder of This Year

By Dr. James I. O'Leary, Director of Economic Research, Life Insurance Association of America, New York City

"Fairly bullish" appraisal about the economy accompanies forecast of more readily available mortgage money with rates, however, staying at present levels. Dr. O'Leary sees a 10% GNP rise by third or fourth quarter if an annual rate of $25 billion or $30 billion for 1960 as a whole compared to $49 billion in 1959. The economist credits public's increased inflationary fears as one of several factors forestalling further interest rate advances. He urges government bond ceiling rates to be lifted and explains why this should lower interest rate level.

My objective is to discuss the money market and the mortgage outlook. There are times when this is not a difficult task—but this is not one of these times. The crystal ball has seldom been so cloudy. At the end of last year, there was virtual unanimity that interest rates in 1960 would at least remain firm at the then current levels, and there was some conviction that there might very well be a further moderate rise as the year went on. The reasoning underlying this conviction was that 1959 is certain to be a year of rising business activity, so that demands for loanable funds would be bound to press against supplies, and Federal Reserve policy would continue to be restrictive. We are now unfortunately in the midst of doubts about the business outlook. Two months have gone by and we have not witnessed the rapid buildup of business activity which was expected to develop after the steel strike settlement. The sale of automobiles has likewise fallen far short of come up to the expectations of a $7-million car sale year. Business corporations have not been liquidating short-term Government securities, as expected, for the purpose of buying plants and capital equipment. The stock market has faltered and has tended to cast a pall on consumer and business confidence.

During the past two months we have, of course, experienced some softening of interest rates. For example, the rate on Treasury bills reached a high of 4.56% in mid-January, from which point it dropped over a full percentage point to 3.56% within a month. It has moved upward again since then, and stood at 4.28% at the end of February. The average rate on long-term U.S. Government bonds reached a high of 4.42% on Jan. 9, but by Feb. 19 it had fallen to 4.16%, a decline of about one-quarter of one percent. More moderate declines occurred in the corporate bond market, and in the market for state and local bonds. In the case of residential mortgages, the index of gross yields on FHA mortgages, as prepared by the Federal Reserve, has remained virtually unchanged at about 6½%. This index is based on FHA field office opinions about average bid prices in the private secondary market for new home mortgages for immediate delivery, the mortgage being limited to those with a 20-year amortization period and a down-payment of 10% or more, with a 15-year payoff period assumed.

The tendency toward some softening of interest rates in the early part of the year, particularly the short-term rates, has caused many students of the money and capital markets to reexamine their thinking. The basic questions are: Is the softening sound, or have we encountered purely accidental factors? We know that at this time of year there is normally a tendency for normal seasonal factors: most currency flows back into the banks, loans are repaid, and institutions accumulate investment funds. Or, are there some forces at work in the capital markets which have not been (Continued on page 28)
The Security I Like Best...  
A continuous forum in which, each week, a different group of experts in the money, bank, and advisory field from all over the country participate and give their reasons for favoring a particular security.  
(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

ISANDER HOURWICH  
Partner, Hourwich & Co.  
New York City

United Utilities

The telephone industry is receiving more and more favorable attention of the general public. This common-stock telephone property, for example, long neglected by the get-rich-quick investor, has suddenly become a popular investment. The common stock of the New York Telephone & Telegraph Co., for example, has been characterized by a steady, consistent, and growing proof of sound development, has more recently developed a new popularity and demand in the investment market.  

Merchandising of telephone instruments has become an outstanding business. Equipment in color, styled for beauty and convenience (and at a premium price, I am told), has stimulated the use of the telephone and boosted revenue. Telephone companies everywhere are stressing the point that the telephone is fun as well as being indispensable. The leisure market is being tapped, especially with the housewives.  

The writer has recommended for investment to his independent telephone companies in these columns since 1922, 1923. Every recommendation has reflected capital gains. The largest of all telephone companies in the United States, the New York Telephone, has had a 40-year independence. These several, without competition, must be considered probably the single largest telephone company in the country today. These companies have served, and still do, the Bell system intersect, usually over Bell's toll lines. General Electric is the largest independent, serving about 3,500,000 subscribers, as compared with Bell's 28,000,000. Together, the "independents" are substantial factors in the world's telephone industry.

United Utilities is perhaps, next to General Electric, the largest independent producer of telephone equipment. It is also the largest individual company in the world's telephone equipment industry. It is beginning to bear fruit. By September, 1929, dial operations had increased to about 541. At the present dial operations are about 70% and should reach 75% by the year end. The capitalization, with the Bell's 64.6%, at Dec. 31, 1935, 75.5% at Dec. 31, 1930 and 65.7% at Dec. 31, 1929.  

As a matter of practice, regulation causes capital gains at times, increases only after modernization of the entire system. United has thus laid the foundation for the establishment of the rate structures of its subsidiaries. This is already reflected, in part, in the net revenues of the system. Unaudited net income for the quarter ending Dec. 31, 1935 was $75,534 versus $72,647 for the preceding quarter, an increase of $2,151. Per share earnings on the average number of shares outstanding increased to $2.09 from $1.67, or 25.1%. Year-end results should be a minimum of $3.29 per share and may reach $4.20.

The dividend was recently increased to 33 cents quarterly, representing a yield of less than 7%. The stock is currently selling about 11 times expected 1960 earnings.

A plus factor is the attraction of the stock is the possibility of merger on consolidation with General or some of the other independent companies. This would be soundly based on the economics of the industry. Large utilities have access to the capital markets more readily and at lower cost. In the closing days of 1959, General made an offer to the company to participate in its assets through an exchange of a five-eighths of a share of General for each share of United. This was the equivalent of 45-50 as compared with the current price of $40 and a 1939 range of 43-28. The directors of United rejected the offer as inadequate. General has since stated that it will not increase the offer nor renew it. The market, however, values these shares, as in utility stocks generally, is minimal. I believe that the earnings of the company could double in the next five years. The stockholders will ultimately share in this growth either through dividends, interest, or both.

I express these opinions on the basis of long-term capital appreciation.

**TABLE 1**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (mm)</th>
<th>Depreciation</th>
<th>Net income</th>
<th>Cash flow</th>
<th>Cash flow per share</th>
<th>Price: cash flow</th>
<th>Price: earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>$9,933</td>
<td>$1,003</td>
<td>$8,930</td>
<td>$1.65</td>
<td>$1.00</td>
<td>1.50</td>
<td>1.50</td>
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<tr>
<td>1955</td>
<td>$10,309</td>
<td>$1,030</td>
<td>$9,279</td>
<td>$1.70</td>
<td>$1.10</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td>1956</td>
<td>$10,636</td>
<td>$1,063</td>
<td>$9,573</td>
<td>$1.75</td>
<td>$1.15</td>
<td>1.50</td>
<td>1.50</td>
</tr>
</tbody>
</table>

*Note: The figures are rounded for simplicity.*

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Bought-Sold—Quoted

*CALLING ATTENTION TO THE IMPORTANCE OF SECURITY INVESTING AS A INCOME-PRODUCING BUSINESS*
Investment Paths—1960

By Martin E. Rooney, Professor of Finance, North Texas State College, Denton, Texas, and Registered Investment Adviser and Member of the Economists' National Committee on Monetary Policy

Former security analyst, now a Professor of Finance, examines the competitiveness of five different investment strategies open to an investor. He examines the assumptions and evidence offered by those who believe we are in a "Golden Sixties" decade, who advocate "Buy Foreign Common Stocks," and who favor "Treasury Bills," and he outlines the case for "Diversified Portfolio" policy, and advises the "Buy Gold" school on the preferences of gold shares to gold stocks.

Investment opinion is sharply divided at this time. There are several schools of thought concerning the wisest course of action to take. Major viewpoints are characterized by wide cleavage and areas of difference and fundamental mental. In this article I will take a look at the whole body of investment thinking and presenting five major schools of thought.


Following each one, the writer gives his personal views on the position taken by the school in question.

The Golden Sixties School

This school holds we face an unparalleled opportunity to make money. There will not be a war because the Russians are smart enough to know they cannot win. Nevertheless, we must maintain a huge defense establishment and this expenditure will guarantee a strong underpinning of the economy. The sixties will be a great era of discovery and space exploration. Factories will turn out one new product after another. Employment and wages will rise and the public will have the purchasing power to buy these goods.

The baby boom is picking up steam. This means billions more for clothing, housing, education, schools, automobiles and public improvements. Any threat to our prosperity which might occur will be met by massive doses of deficit spending. Business cycles will be up and down but there will be no depression. The business cycle has been tamed.

Our Government knows how to control inflation. Of course, we will have a little, but only just enough to stimulate business and make people feel prosperous.

The debt problem that we hope so much about is another paper dragnet. Debt is a good thing. America was built on debt. Debt has got to grow if America grows. The fact that our debt is larger than it was years ago is not a bearish argument. When you compare debt to assets or our disposable income, you find that we are in a healthy and comfortable position.

We have recently heard a great deal about the "Gold Market" and the "Gold Market" has been hot. We have always had competition. Competition is the life of this American labor is paid more than foreign labor. We want it that way. That is why we have such a mass market in this country. We have met foreign competition before and we will meet it again. All this talk about our having to make it all by ourselves is silly.

As for common stocks, of course they are fine, but not everything else. But there is still plenty of money to be made in Wall Street, provided you know the know-how. Selectivity is the key. You must have your money in the right common stocks. Putting your money into savings, insurance, or bonds will not pay off. You must buy something that will protect you against inflation— even though the inflation is of a mild variety. Buy something that will grow and expand with America.

G. N. P. for 1959 was so and so; we can conservatively project a growth rate for the sixties equal to that percentage that we had five years ago. This gives us a G. N. P. of "X" for 1970. A G. N. P. of that size will generate profits far in excess of what we have today, and that is what people are buying—a dividend.

Lastly, this business of a squeeze on profits is so much nonsense. Some pessimists claim to see a squeeze on profits developing, an argument that American labor prices itself out of business. If this proved true, we would have 25% more profits than labor would be able to earn. This nonsense does not prevent us from earning 25% more profits than labor would be able to earn. This nonsense alone is enough to keep dividend prices high.

Take "Big Steel," for example. Back in the twenties it had profits of "X"; today profits are "2X." In the meantime wages have risen at a rate of 6% per annum since 1820. Profits have gone up less than one-half that rate. So what? Big Steel has pushed on. Can we prove by the profits of Big Steel to the investor what the investor wants? We can prove by the future earnings of Big Steel to the investor what the investor wants. We can prove by the future earnings of Big Steel to the investor what the investor wants.

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OBSERVATIONS...  
BY A. WILFRED MAY

THE FUND-MANAGEMENT COMPANIES—
Their Growth at Summit or Foot-Hill?

"The Growth Stocks of the Century."

"Sensational New Growth Stocks. A Good Switch From The Blud.

"Insiders' Dip Into Mutuals For Big Profits. Overnight The Sellers Have Become Wall Street's New Millionaires."

Headlines such as these in the current business press imply protec-
torial expectations concerning the importance of the new indus-
ty attached to the speculative-invest-
ment attributes of the shares in the corporate management as-
suming investment companies. As
with the status of these manage-
ment concerns, and the contro-
versy voiced as to the effect of their
operations, their shares' invest-
ment elements harbor errors of both omission and commission.
Some of these will be left to
attempt to repair.

First, it should be realized that their existence considerable-
states their "discovery" during the recent upsurge stages of our Bull
Market. For example, Distributors Group, underwriting and
selling services to the Fund Group Corpora-
ties Incorporated, comprising 20 mutual funds, has enjoyed
a fantastic public ownership ever since 1928. But the ownership of the
Boston Fund, now managing more than $300,000,000, has not been available to
the public until April 1959, when
they were listed on the New York Stock Exchange. All other management companies
affiliated to the Distributors Group publicized
their stock on the Big Board without much ado in 1958 California Court decision which
will have the effect of preventing transfer of the shares.

Growth of the Business

Of course, the investing public's interest in the new industry (perhaps "pyramid," as has been charged) was tremendously intensified when P.M. Warburg, in the in-
creased rate of offerings and their influence, bartered errors of
massive Fund and stock mar-
ket activity.

With Funds' management be-
coming more profitable, their
selling activities, and the call for management and investment ad-
vices, the interest in the growth of the Funds, the sponsors have been more and more prone to enter into contracts encompass-
ing their abilities, their depen-
donations and the giving of investment advice.

In the customary routine the
board of directors of a fund enters into a contractual arrangement with the management company, controlled by the management, to
manage the fund for a fixed fee and a specified period.

With the quantitative growth and maturing of the Fund indus-
try, the managerial services have naturally prospered enormously
in volume, breadth and depth. The major growth of the Funds has eve-
ne from coming from under-
writing and distributing Fund stock. And a growing number of them
is the management. In some cases, as in the Keystone, the growth is even
in addition to its advisory services, tax takes care of the Funds' adminis-
trative activities; that is, their
Custodian, an "housekeeping" expenses, as for rent, they undertake for a flat additional
charge for advisory and management services custom-
arily one-half percent per
nun on the daily assets — sometimes with a sliding scaled reduction correlated with increased size. (Keystone's adminis-
trative fees run about one-third less than those coming from manage-
ment agreements.)

Breadth and Depth Operations

Hug W. Long and Company, Inc. especially during the expanded scope of these companies, distributes shares of three Funds to the corporate and
spendent investment firms, en-
forcement of the British Abroad Regional Vice-Presidents and five
 hinterlands, in addition to the headquarters in the major cities of
America. A substantial
Office Home prepares a mass of literatures, reports, and other promo-
advertisements materials for the
Funds. It also occasionally ar-
ranges for their acquisitions of personal holding companies, especially increasing the base of management fees. Headquarters is in a large modern building in Elizabeth, N. J., fully automated, including a wide range of
management services. To be
connected with the Funds.

Keystone Custodian Funds, act-
ing as public trustee for the Funds and a Canadian organiza-
tion, in its main office in Boston, maintains a large-scale investment
search body, a large operating di-
vision with the newest electronic equipment, and directs a country-
wide sales organization.

Growth Stock Potentials: Pro and Con

Contemporary market conditions, in being "in" or prospective, is that question of how these issues
should actually rate as growth situations; either absolutely or... otherwise. It is certain that the dividend earnings yield now (at least comparatively). We will see how they shape up with our more... growth stocks and the Blue Chip class.

Let us see how they have been

...growth stocks and the Blue Chip class. Moody's Index of 20 Growth Stocks, from its 1959 average rate of 7.7% market-
ket-wise by 11% net; Standard & Poor's Growth Stock Index has fallen by only 4%. At the same time our group of management companies has suffered a net fall of a full 26%.

The dividend yield on the Moody Growth Stock Index now is 2.2%, and the average earnings return on the Moody growth,... the P-S and Moody's averages); while the ratio is 2.5 for management shares.

What Investment Conclusion?

There remains the final inves-
tor's question regarding our pheno-
menon? Does it represent merely a pyramid atop a boom business, or a healthy growth in-
vestment industry? In the latter case, their recent highs constituted a perman-
ent structure; and what does the foot-hill to be soon surmounted?

Perhaps the following conclusion, arrived at by the management and Distribution Companies as a "market test," by Karl H. Vesper, at the Harvard Business School of Business Administration, could
fill the bill: "Although manage-
ment and the investment mana-
gers, they also face reasonable promise of high future profits. Therefore, the stocks of these compa-
nies, which the market does not yet seem to have appreciated, are potential investments, offering interesting possibilities as investments.

Faulkner, Dawkins & Sullivan


Viecor, Common, Dan Admits

BUFFALO, N. Y. — Alexander M. Cervasco, 1541 Main Street, is a partner in Viecor, Cunmon, Dan & Elliott Square, members of the New York Stock Exchange. During this period.

Alexandria Inv.

WASHINGTON, D. C. — Alexandria Inv., 511 New Street, has been formed with offices in Boston and Philadelphia, and is engaged in securities business from offices at Highway 11 in Durham, North Carolina.

Cevasco Starts

60th Yr. At AFGL

March 12 marked the beginning of the 60th year of continuous service for Victor J. Cevasco, Sen-
ior Vice-President and a Director of Albert & Fuld, Inc. — Gir-

tlaw, New York. City. Back on September 23, 1901, Mr. Cevasco founded the firm that is now a leading agency as a messenger, general office, assistant and newspaper checker, fol-
lowing his graduation from public school. Vie, as he is affectionately known, initially picked up papers from the newspapers, checked the publications for scheduled ads each morning and then later in the day delivered ads and news to the newspapers for the following day's publication. At month's end, he billed the customers and, in turn, paid the publications. Be-
tween times, called on clients to discuss copy advertising and prospects to solicit new business.

During his time in business, Vie has seen the personnel and the New York Athletic Club, a member of the New York Athletic Club. His bold,

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1-77 Mendenhall, Mexico City, Mexico

1-77 Mendenhall, Mexico City, Mexico
Bigelow-Sanford Carpet Co.

By Dr. Iris U. Cabligh, Enterprise Economist

In the immediate postwar years the carpet industry was on good financial and credit standing. The peak year was 1950 when post-war demand made carpet selling almost automatic, and permitted even the minnow weavers in New England to sell out their 18,000,000 yards of woolen-weave production. In the 1950s, Axminster was the favorite weave, and the expensive Government carpet business was well-nigh the best in the industry.

A recent new development holding considerable future promise is the use of synthetic fiber with quite remarkable characteristics. New synthetic fibers are being made to meet the high quality and texture of classical Axminster. This unique fiber is manufactured by Montecatini, famed Italian textile company, and Sanford is to have exclusive sales and production rights for it in the United States.

Earnings Upward

From time to time, it is evident that the most significant thing about this company is the sharp turn-about in earnings. Earnings were down to a deficit of $1.91 per share last year, but this year a record $20,000 net profit is expected, with a dividend of $1.25 per share.

Southward, used to manufacture in two big Northern mills. The one in Amsterdam, N.Y., sold five years ago. In 1958, the other, at Thomasville, Conn., sold out in a healthy condition, and only about 40% of its space and equipment was resumed for the South, the company has a big Beauvais mill in Mt. Airy, Ga., manufacturing tufted carpets, a new mill in suburban San Francisco S. C. and two smaller mills in South Carolina, and one in Virginia for yarn production.

Several things made Bigelow-Sanford an interesting situation. Firstly, the potential market is large. Secondly, the increasing trend of lower-cost carpeting to specified homes, and the possibility of lower-cost carpeting to commercial areas, and, finally, the increasing trend of higher-quality carpeting to commercial areas.

Business on the rise. During the past year, the company has been able to increase its sales by 50%; this has been accompanied by a corresponding increase in earnings. The company has been able to maintain its dividend at a level of $1.25 per share, which is the highest level ever achieved by the company.

The State of TRADE and INDUSTRY

In the March issue of its "Barometer of Business," the Harris Trust Savings Bank comments on the future development of this company, and the future development of the carpet industry. The Bank observes that the carpet industry is one of the most active industries in the country, and that there will be a continued increase in demand for carpeting in the future.

Norman Roberts Will Admit

SAN DIEGO, Calif.—Norman C. Roberts Company, 625 Broadway, San Diego, Calif., the largest carpet company in the country, will admit 100 new partners to its membership in a special issue of its stock.

With E. W. Clark

GERMANTOWN, Pa. — John L. Goodry, president of the Goodry Goodry company, represented in the Germantown office of E. W. Clark & Co., 18 West 40th Street, New York, N. Y., has been elected director of the company.

Elected Director

John P. Whitehead, a partner in the investment banking firm of Goldman, Sachs & Co., was elected director of the company at its annual meeting.

Knowledge—Corporation of the company’s annual meeting.

Current Turmoil

Mark

Unemployment for February

Dropped Below the 4,000,000

Mark

Government circles reported Monday that unemployment dropped a little below the 4,000,000 mark and that 539,942 to 550,000 Americans were employed in a painful occupation. This February record is more than a million above the high set in February 1957. It is expected that the number of unemployed will be lower in March, 1950, during the spring months.

Bank Clearings Decline 0.4% in Week Ended March 12 over 1957 Week

Bank clearings this week will show a decrease compared with a year ago. Preliminary figures compiled by the "Chronicle," based on telegraphic advances from 300 banking houses throughout the country, indicate that for the week ending Saturday, March 12, clearings for all cities of the United States for which it is possible to report are 0.4% below those of the corresponding week of 1957. Our preliminary total stands at $23,545,000,854, against $24,615,209,953 for the week in 1957. Our comparative summary for the leading money market centers in the United States for the week follows:

Week Ended March 12, 1958

<table>
<thead>
<tr>
<th>City</th>
<th>Clearings</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$23,545,000,000</td>
</tr>
<tr>
<td>Chicago</td>
<td>4,160,000,000</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>2,939,000,000</td>
</tr>
<tr>
<td>San Francisco</td>
<td>2,510,000,000</td>
</tr>
</tbody>
</table>

Expects Record High Steel Ingot Production in First Quarter

Steel ingot production this quarter will set a record, "Steel" magazine predicted.

The metalworking weekly forecasts a production of 34.7 million long tons of steel, nearly a million more than anticipated in the previous quarter.

Despite a softening of demand, steel’s week’s operations continued at a high level. Steelmakers operated their furnaces at an estimated 92.8% of capacity, up from 92.7% a week ago and 91.2% a month ago.

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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEN

The state and municipal bond market, particularly during the third quarter, has been the center of investor interest. The high level of activity in recent weeks, combined with the rise in interest rates, has created a great deal of concern among investors. The market has been quite volatile, with significant swings in prices observed in recent months. The Federal Reserve's efforts to control inflation have contributed to this volatility, as policymakers have raised interest rates in an attempt to curb inflationary pressures.

MARKET ON REPRESENTATIVE SERIAL ISSUES

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The market continued to be influenced by the Federal Reserve's rate hikes, which have pushed interest rates higher. The yield curve remained steep, with long-term rates remaining well above short-term rates. This is indicative of the market's increased risk aversion, as investors seek safer, lower-risk investments. The market remains volatile, with significant price movements expected in the coming weeks. Investors should be prepared for further rate hikes and should consider adjusting their portfolios accordingly.
More Mortgage Funds With Rate Ceiling Off Than On
By Hon. Julian B. Baird, Undersecretary of the Treasury

Unsecured deposits under the 4½% rate ceiling benefited from the removal of the 3% rate ceiling on government bonds. But with deposit costs already higher, the 4½% ceiling would be lower than otherwise. Our most important economic problem is shown to be the rate of inflation. Mr. Baird depicts the issue as a runaway, the old conflict between pegged-interest rate and those favoring money and flexible interest rates. The Treasury officials seek to balance the need to stabilize money with what equates to the House Ways and Means Committee bill would permit some essential debt-lightening.

Two major and basic problems are facing the people of this country today: they are the problems confronting us, but I submit that the over-shadow of so many of our hopes and ambitions for the future depends on our finding the right answer to these two major problems. The first is, of course, our national security. We are living in a period of great international tension. We can expect that the situation will grow worse and will be a factor in our domestic economic as well as internationally, may be an uncomfortable job. We must recognize that our cold war, in one form or another, may be with us for a long time.

A correct foreign policy and an adequate defense to back it up is a massive and unbelievably complex job. It is an uncomfortable job. It is not only a problem of production, a miscalculation or an error on the part of a single individual in Russia or our country can cause the almost instant destruction of much of what we know as the present world. And unless we find some acceptable method of controlled disarmament we have to face the prospect that these atomic playthings may fall into the hands of other aggressor powers.

I would not minimize the dangers we face. On the other hand, it would not make sense to formulate our program of military defense by adding up all of the separate phases of production and dedicate military technicians believe necessary to our respective fields. A small group— and I count one—has to strike a balance and make the tough decisions.

Our Foremost Economic Need
This second critical question is the one with which I am mainly concerned today. The maintenance of a world economy. The current, necessarily fiscal, monetary, and debt management policies are contributing to preserving the purchasing power of our currency, and it will continue to be a matter of great concern. Without such policies we cannot have sustainable economic growth on the domestic front nor our proper contribution to the prosperity of the free world.

Men explained in the field of finance need not be told that the elements of financial strength are absolutely integral in financial matters, and that is particularly so where the value of the dollar is concerned.

The lessons of the 1930s seem to me to be very clear, and these lessons point to the primary challenge of the 1960s. Stated simply:

Inflation is our primary economic problem, and it has culminated in the new decade. If we do not markedly strengthen our efforts to control it, we may face a situation similar to that which we had in the foreign currency and domestic situations of the 1930s. We must fight inflation as a ward that imposes our national security. The Administration and the country should take positive steps to correct the situation.

The administration is taking appropriate steps to try to reduce the size of the payments deficit. It is our resolve that these steps continue to be consistent with our objective of promoting an expanding volume of world trade. But it should be readily apparent that a basic factor in our payments position is inflation as measured in the form of the nation's consumer prices. The newness of industry that has had a greater stake in the maintenance of confidence in the dollar than the savings industry.

The United States is a rich country. In most instances, we can afford mistakes in policy—no matter how bad—that may get back to shore. But loss of confidence in the value of the dollar is not one of these instances. It is a different type of problem entirely. The social and economic losses sustained through serious or prolonged erosion of the currency—which is another way of saying that the price of a free man is growing beyond the nation's means—do not easily regain. At best, the damage can be repaired by increasing the cost of a gram of aureatum. The hardships resulting from the result is like a permanent印刷 mistake. It is not enough to arrest inflation. We cannot equip the proper countermeasure. The lesson is deeply imprinted on the nation's mind. The worst of all, if the example of many other nations is a guide, we will be in danger of losing our freedom and some of the freedoms that are in a drift toward socialism.

Bears on the International Front
Let me take up the international aspect of this problem briefly and then turn to the domestic situation. In the latter, we happen to like it or not, this nation owns itself a leader of the free world, economically, financially, militarily.

And now let's look at the domestic aspects of the inflation problem.

Discusses the Domestic Aspects
In a complex economy, producing goods and services at a rate of a half-trillion dollars a year, the causes of inflation are bound to be complex, but there is no simple cure to the inflation problem. Moreover, the task of controlling inflation does not start with us but stops at the banks of the United States. That people, institutions, and all kinds of labor, management—the individual case and every one of us must handle his own economic and financial affairs on the basis of enlightened self-interest.

In the last analysis, public opinion will control the scales. It seems to me that we see evidence of some progress in this respect. Surely there is a growing realization that wages cannot, on the average, increase faster than the over-all increase in productivity with prices following suit. Some of the public opinion polls indicate this lesson is beginning to sink in. Let us hope that we will not have to learn the lesson the hard way as we have so many others that we have had to do.

The United States cannot do the job alone, but nevertheless the actions are the site qua non. The battle against inflation must be lost if we fail to maintain fiscal responsibility in Federal Government activities. By financial responsibility I mean three things: a surplus in the Federal budget during periods of prosperous business activity; monetary discipline, not excessive expansion in credit; and the money supply is not allowed to tip the scales toward inflation; and debt management actions that support anti-inflationary budget and monetary policies.

Can't Finance Deficit Indefinitely
As for the budget—although it was said by many observers that it couldn't be done—the President a few years ago submitted to Congress a balanced budget for the fiscal year 1966. He led such a vigorous fight for its adoption that the President could report in his recent State of the Union Message that the 1966 budget, in spite of one or two areas, is still in balance. Far more important, the President disclosed that the 1968 budget will not only be in balance, but indicates a surplus of $4.2 billion, the largest surplus of a year in its Administration.

The case for balanced budget was taken directly to the people of this country, I believe, are now coming to realize that the United States cannot continue indefinitely to live beyond its income. It is evident that the effects of the effective external challenge to American power have heavy and profound effects on our military, economic front.

A balanced budget is an important and understandable symbol.
DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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Are We Headed for a Major Business Downturn Now?

By Robert S. Natell

Bill of particulars holds economy in a more serious shape than we have been led to believe.

One of the most reliable methods of forecasting turning points is due to the use of the so-called "leading economic indicators," method. There are some leading indications that now may be in the ascendancy of business activity. The leading indicators in point of time, is quite a sign of a slowdown in, or even a turn in the upturn. For instance, in the summer of 1955, when everyone was so optimistic about the future prospects of business, 

This, in my opinion, is another sign that we may possibly be seeing the peak of the business recovery. As you know, industrial prices have been in a sharp decline with such sensitive commodities as steel and copper, showing a drop in volume. This in point of time, is another negative fact. At the present rate of inventory accumulation which must slow down the business with declining new construction and with inventories at a record high. However, there is still a neutral factor, the only thing that could possibly offset all these major depressing pressures is the boost in the export markets. Domestic investment would be an upward surge in capital goods spending. Unfortunately, capital goods spending does not have much vigor. While in the previous recovery, capital goods spending rose more than 100% during the bottom years of recession, and in the current recovery, capital goods spending has been quite sluggish. Machine tool orders especially for metal cutting tools which are quite often a sensitive indication of capital goods spending, have declined further in the bottom years. This should be a warning that the recovery is now in its latter stages, and that the business downturn is quite possible.

Another reliable leading indicator is residential building. This has always been one of the surest indicators of future production, and per capita production of new houses is an important factor. Unfortunately, the present lagging action of new orders is not as ominous as it seems at first glance. A new order for residential building is quite a signal of the future of the economy. Orders for new houses have been quite weak recently, and the leading indicators in point of time, is another negative fact. At the present rate of inventory accumulation which must slow down the business with declining new construction and with inventories at a record high. However, there is still a neutral factor, the only thing that could possibly offset all these major depressing pressures is the boost in the export markets. Domestic investment would be an upward surge in capital goods spending. Unfortunately, capital goods spending does not have much vigor. While in the previous recovery, capital goods spending rose more than 100% during the bottom years of recession, and in the current recovery, capital goods spending has been quite sluggish. Machine tool orders especially for metal cutting tools which are quite often a sensitive indication of capital goods spending, have declined further in the bottom years. This should be a warning that the recovery is now in its latter stages, and that the business downturn is quite possible.

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Business Activity Situation In Western Europe

By Irvin F. Westheimer, Weatherhead & Company, Cincinnati, Ohio

Recently returned from Western Europe, Cincinnati investment banker transcribes his analysis of each country visited. He does not skip the problems nor the encouraging and positive factors. He notes that each country which support his overall conclusion that the highly satisfactory situation for the region may continue for the remainder of 1959 providing the political sky continue serene. He remarks, for example, that Italy remains the political weak link amongst the West European countries, that France has more machine tool orders than Italy but the Big Five countries show a marked difference between Western European and United States economies.

The year 1959 was a vintage year for the European economy. It may be a long time before Western Europe again sees an economic good as it did in 1959. As noted in the December 26th, 1959, issue of The Economist, 'Times,' an economic revival has been under way for the past two years, and the French economy is now returning to the years 1958 after suffering a very severe recession. The recovery, according to the Bank of France, is well under way and will probably continue throughout 1960. The Bank of France states that the recovery is based on increased industrial activity, increased employment, and increased wages, which have resulted in increased demand for goods and services. The recovery is also aided by increased investment, which has led to increased production and employment. The Bank of France expects the recovery to continue throughout 1960, and to be accompanied by increased prices and increased wages.

The recovery in Western Europe is also noted in the annual report of the International Monetary Fund, which states that the recovery is based on increased investment, increased employment, and increased wages, which have resulted in increased demand for goods and services. The recovery is also aided by increased investment, which has led to increased production and employment. The annual report of the International Monetary Fund expects the recovery to continue throughout 1960, and to be accompanied by increased prices and increased wages.

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1959 there were only 100,000 registered unemployed, less than 1% of the labor force. In May 1958, the jobless rate was at a low of 1961. In 1959, industries, like textiles and shoes, which in 1958 had barely been running at all, were running again at full speed.

Gold and dollar reserves reached a new record high in 1959 and in 1958 the reserves were reduced by some $1 billion. Treasury officials, speaking of the reserve level as the outlaw proved that German banks had been the source of reserves of other countries. But in September 1959, only $45 million in gold reserves were said in November $300 million. It is today a large capital exporting country.

According to the Bonn Ministry of Finance, some $50 billion has been invested in the second and third years of the Second Five-Year Plan, and some $75 billion will be invested in the fourth year.

Switzerland

Switzerland has had the peaceful and prosperous outlook in the heart of Europe for many years. However, the usual quiet Swiss economy emerged with a sharply increased 1959 trade surplus, as large as to exports. There was an increased turnover in the industrial and agricultural exports and increased imports abroad. The rise in the Swiss currency, which rose to 51,500 to the gold Swiss franc in January 1959, (index 1949-50) to a high of 51,625 by late October was spectacular.

Swiss economic precipitation is not unusual between the two European economic blocs. Switzerland is a member of the EEC and the FTA, yet it has a larger trade with the FTZ than with the EEC. There is a large trade surplus with the FTZ. In addition, Switzerland depends upon Germany and Italy for the sale of 20,000 seasonal workers, indispensable for the economy of the country. There is a large trade surplus with Germany and Italy, which has been more difficult and a formal break between the EEC and the FTA would render this problem even more complex. Switzerland is still hoping for a reasonable solution that may be found satisfactory to the EEC as well as the FTZ countries.

Belgium and Luxembourg

Belgium and Luxembourg, with their heavy industry, have international fluctuations that other West European countries. The American government paid particular attention to Belgium and the West German industry more than 10%. There was a slight gain in the fall of 1958, but the recovery started just last April. During the first half of 1959 industrial production exceeded the 1958 level by 5%. Experts consider some 45% of the Belgian GNP. It is therefore understandable that the Belgian prime minister's goals is do double exports in all fields. The markets exist for glassware, china, steel, machinery, and other textile specialties.

In banking circles a favorable evaluation of the industry is coupled with increased exports is predicted for 1959.

The Netherlands

Like Switzerland, the Netherlands offer a picture of peace and solid prosperity.

Nineteen fifty-nine has been very good for the Netherlands. Industrial production in general rose by 8% while some industries like the textile and shoe industries showed greater gains (20%). Private investment increased by 41%. The government declared, according to the U.S. increased by 23%. The Dutch government increased the strength in the greatest of Europe. Gold reserves held by the Netherlands Central Bank were increased from $1 billion to $1.5 billion. One of the government's chief accomplishments is keeping national spending in balance with national resources and to avoid the inflation that has been experienced in 1958 and 1959. Much will depend upon the wage trend. It is believed that the political situation in Europe will remain reasonable in Germany and that the peace on the labor front will not be disturbed.

Continued Однако, the preceding observations may be concluded as the rise of Western Europe may continue in 1960, provided that the political situation is reasonable. We Americans have no serious problem concerning the stability of Western Europe. We are interested in the continuation of good economic conditions, in the expectation that the surplus of the American economy will be gradually reduced. The Italian inflationary pressure is one of the less gratifying results of booming conditions.

A good economist should be informed about the present only what it will tell him of the future. What, then, are the lesson of the present? Can the economy of Western Europe operate in high inflationary pressure at a high level, as is currently the case. If it were not for the fact that the stability of the Italian currency is threatened, the United States might have to pay a higher price for sugar. If it were not for the fact that oil might be the world price for sugar. If it were not for the fact that the action of the Soviet Union was not as a result of the financial pressure of economic conditions in Western Europe. We are, therefore, interested in the continuation of good economic conditions, in the expectation that the surplus of the American economy will be gradually reduced. The Italian inflationary pressure is one of the less gratifying results of booming conditions.

Addendum

After the publication of my article, Premier Antonio Segni has offered his resignation having already been offered in 1957. When Segni became Prime Minister, he promised the parliamentary support from the parties of the left; liberals, monarchists, and neo-fascists in the hope that the new government would be a government that was acceptable to the right opposition. However, the promise has been disappointed. In his economic program, Segni has publicly promised to maintain the price of gold he gave when he took over the government. He has neither curbed the number of state controlled enterprises. The number of state controlled enterprises has been increased by President Gronchi, accompanied by a reduction in the number of the state enterprises. The number of state controlled enterprises has been increased by President Gronchi, accompanied by a reduction in the number of the state enterprises. The number of state controlled enterprises has been increased by President Gronchi, accompanied by a reduction in the number of the state enterprises. The number of state controlled enterprises has been increased by President Gronchi, accompanied by a reduction in the number of the state enterprises.

One can wonder about the good old days when we were not so strong but protected our national interests all over the world.

Changing the subject, the most sensible statement that has been made in the Civil Rights debate was that by Senator Czapnik of Arkansas.

Made about seven o'clock at a time when economic conditions are the same difficulties and therefore will be still more difficult. The weakest link among the Western European powers. Fortunately, the political weakness has no effect on improving the economic strength.
British Equities Weakness May Not Continue for Long

By Paul Einzig

The London Stock Exchanges’ weakness does not stem from the economy’s outlook according to Dr. Einzig. Rather, he concludes, it is due to a “wave of pessimism” and the assumption that the British Government’s disinflationary policies will be successful, in the meantime the economist does not foresee a pronounced turnaround and said trends remain. However, the writer predicts inflation will resume its course in 1969 and with it a flight into equities at the expense of the gilt-edge market and liquid funds.

LONDON, Eng. — The weakness of Wall Street during the first 10 days of March resulted in a corresponding downward tread in the London Stock Exchange. Day after day prices declined in sympathy with the declines reported from Wall Street on the previous day. This in spite of the fact that most commentators in the financial columns of the British press were doing their best to convince their readers that this fall in British equities had no justification. They pointed out that there is no reason why the London Stock Exchange should follow Wall Street since business conditions and prospects in the two countries are totally different. The boom may or may not have passed its peak in the United States, but the business cycle in Britain is still on the upward swing. All the arguments were of no avail. The London Stock Exchange was determined to remain gloomy even though it made a half-hearted return each time there were signs of recovery in Wall Street.

The pessimistic attitude of British investors may be explained partly on the ground of the view they have taken concerning the Government’s monetary and financial policies. It is now evident that the Government’s programme to resort to drastic measures to prevent a renewed inflation will have to be abandoned. There will be every occasion for resorting to such measures in the near future, owing to the inflationary effect of the wage increases to railroad employees. When the impending negotiations are concluded, the effects of the wage increases will be about 10%. This will set the Government back one more increase of wages by 10%. And even though the railwaymen’s claim is grounded on the ground that they are badly paid compared with other workers, once the new wage in the wages spiral has taken its full course the railroad employees will become fully as much underpaid compared with other industries as they had been before their wage increase. So they will be ready to ask for another rise, once more on the ground that they are underpaid.

Budget and Inflation Fears

In face of such inflationary developments the Government may have to apply monetary distributionary measures in the form of high interest rates and credit squeeze. The anticipation of such measures is in itself sufficient to send shivers down the spine of investors in British equities. Although the weakness of Wall Street is the immediate visible cause of the weaknesses on the London Stock Exchange, fears of the effect of such distributionary measures and monetary policy are undoubtedly present in the minds of those who own British equities.

Such fears are further reinforced by the unfavorable change in the Budgetary situation. The deficit for the current year is now over £500 million. This has already been anticipated, and estimates for the 1969-70 show a further substantial increase in expenditure. While a deficit of one or two was it widely assumed that the Chancellor of the Exchequer would be able to reduce taxation, the motl that optimists now dare to expect is a “standstill” Budget with no substantial changes either way. As for the pessimists, they envisaged a possibility of higher taxes and at least part of the Government Budgetary deficit.

In the circumstances it is no wonder that there is a growing pessimism among Government supporters in the House of Commons, andmen against the non-stop rise in expenditure. For the first time since the years that followed the conclusion of the First World War a crescendo in favor of cutoff expenditure appears to have developed. During the past 40 years, the House of Commons, which had come into being seven centuries ago primarily for the purpose of safeguarding the taxpayers’ interest, appeared to have lost interest almost completely in its right and duty to scrutinize public expenditure. The customary time allotted for that purpose has been used for debates on general subjects which bore little or no relevance to the estimate items over which the debates were supposed to take places of Conservative members, Parliament, headed by Viscount Hichingbrooke have embarked on a campaign aimed at bringing this unsatisfactory state of affairs to an end. They will force the House of Commons to resume detailed scrutiny of the estimates in the hope that in doing so it might be possible to cut down public expenditure, or at any rate to slow down its increase.

This may take some time before this movement could produce any results even if it is successful. Meanwhile the Government has to resist inflation by matching spending power it is creating. On the assumption that these distinguish “slight differences” the Government has to be fully successful the outlook for the near future will be anything but promising.

Expect Inflation to Resume

The chances are, however, on balance, that inflation will reappear. Although the 1969-70 Budget has curbed the public sector, it had Rs 119.6 billion of capital expenditure, the largest in British history, and the cost will be at least another £1.5 billion. The Government is therefore likely to be at least as successful in reducing its capital spending as in reducing its public spending.

The Government’s distributionary measures are not likely to be sufficient to be really effective. The threat of another attack should develop on the availability of considerable losses of gold. At the moment such an attack does not appear likely, howev-

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This Week’s Steel Output Based On 9.1% of Capacity

The American Iron and Steel Institute (AISI) reported the operating rate of the steel companies during March was 85.6% of the steel capacity “for the week beginning March 4, equivalent to 2,507,000 tons of ingots, flats, and castings at 40% of the total.”

The U.S. aluminum industry will shatter all previous sales and production records this year. Sales have increased 25%. Steel production has increased 15% since last year.

The aluminum industry is expected to surpass the 2.5 million tons, up 8% from 1959. It looks for sales to be another million tons this year.

There are no signs of any metal shortages in the steel or industrial markets. As a rule, the steel industry maintains inventories at very high levels. This is largely to safeguard the steelmers against the possibility of future metal shortages. The steel industry is expected to remain in balance throughout the year.

This Week’s Steel Output Based On 19.9% of Capacity

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was down on March 7 and the Corna line at Willow Run, Mich., was idle on March 11 because of re-scheduling. "Wards" added that Studebaker-Darrin at South Bend, Ind., worked only three days in the week under review because of labor trouble.

Carloadings Decline 6.4% for March 5 Week in Comparison With Corresponding 1959 Week

Loadings of revenue freight for the week ended March 5, 1960, totaled 557,607 cars, or 6.4% below the corresponding week in 1959 but an increase of 13,233 cars or 2.4% above the corresponding week in 1958.

In the week of March 5, 6,454 cars or eight-tenths of 1% above the preceding holiday week. There were 9,999 cars reported loaded with one or more revenue highway trailers (plumber) in the week ended Feb. 27, 1960 (which were included in that week’s over-all total). This was an increase of 3,009 cars, or 44.9% above the corresponding week of 1959 and 5,224 cars or 108.4% above the 1958 week. Carloadings for the first eight weeks of 1960 totaled 338,884 for an increase of 26,137 cars or 8.6% above the corresponding period in 1959, and 43,979 cars or 122.5% above the comparable period in 1958. There were 51 Class I U. S. railroad systems originating this type of traffic in the calendar week, compared with 45 one year ago and 39 in the corresponding week of 1959.

Intermodal Truck Tonnage Declines 6.4% for March 6 Week With 1959 Week

Intermodal truck tonnage in the week ended March 5, 1960, was 6.4% below that of the corresponding week of 1959. Intermodal trucking was fractionally behind the previous week of this year, down 0.8%. The unusual ice and snow throughout the eastern part of the nation caused tonnage declines (plumber) in both of the same years and as compared to the preceding week of this year, and as compared to the week of this year, and as compared to the preceding week of this year.

The Feb. 21-27 week was itself a weak one because of weather conditions and observance of Washington’s Birthday in some localities.

These findings are based on the weekly surveys made by the corresponding traffic areas conducted by the ATA Research Department. This week reflects tonnage handled at more than 460 freight points throughout the country by common carriers of general freight throughout the country.

Electric Output 9.8% Above 1959 Week

The amount of electric energy distributed to commerce and industry for the week ended March 6, 1960, was estimated at 14,271,000,000 kw-hr., which was 9.8% above the corresponding week of 1959.

Output was 9,000,000 kw-hr. lower than in the previous week’s total of 14,271,000,000 kw-hr. and showed a decrease of 1,250,000,000 kw-hr. or 8.8% of the comparable 1959 week.

Lumber Shipments Were 15.1% Below 1959 Week

Lumber shipments of 466 mills reporting to the Bureau of the Census in the week ended March 9, 1960, were 15.1% below production during the corresponding week of 1959. In the new week, old orders of reporting mills were 12.5% below production. Unfilled orders of reporting mills were 3.1% below the previous week and 11.1% below the previous year. For reporting softwood mills, unfilled orders were equivalent to 19.9% of the total capacity production of the week.

For the year-to-date, shipments of reporting mills were 5.8% below production, new orders were 5.8% below production.

Compared with the previous week, shipments of reporting mills was 7.6% below while old orders were 7.8% below; new orders were 12.5% below production, and unfilled orders of reporting mills was 2.4% below the previous week and 17.1% below the new year’s production.

Business Failures Off Slightly in Week Ending March 10

Commercial and industrial failures dipped to 390 in the week ending March 10, 1960, in the preceding week, reported Dun & Bradstreet, Inc. Failures fell moderately below the 311 occurring in the like week a year ago and the 338 in 1958. However, they edged 1.5% above the peak 387 in the similar week of 1959.

Number of failures in 30% of 301 was down in small failures, those involving liabilities under $5,000, which declined to 30 from 38 in the previous week and 49 last year. Failures with liabilities of $5,000 or more changed little, new failures in all months of 1960 were up in the same month as a year ago.

Wholesale Food Price Index Up in First Week of Quarter

The wholesale food price index, compiled by Dun & Bradstreet, Inc., rose fractionally this week, for the third consecutive weekly increase. On March 8 it stood at 35.34, up 0.3% from the week ending March 1, but 4.7% below the year ago level.

Commodities quoted higher in the week included flour, wheat, corn, hams, lard, sugar, coffee, tea, potatoes, steel, curd, and lamb. The index represents the sum of the prices per pound of 45 raw foodstuffs and meat in general use. It is a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Advanced 0.2%

Higher prices on grains, sugars, hogs, and lambs offset declines on coffee, butter, steels and steel scrap this week, boosting the general index 0.2% moderately over a week earlier. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 272.51 (35.50-32.16) on March 14, compared with 272.14 in the prior week and 278.01 on the corresponding date a year ago.

The movement of grains to markets was curtailed last week by snowstorms in the Mid-West resulting in a moderate rise in prices. Wheat offerings were light during the week and millers picked up prices higher in the like week a year ago. Only food volume remained close to the similar 1959 level.

The total dollar volume of reported trade in the week ended March 9 was 9% below a year ago, according to report estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the like week of 1959, on the basis of both levels by the following percentage: New England 95; Middle Atlantic -20 to -24; South Atlantic -12 to -16; East North Central 8 to -12; West North Central -7 to -11; East South Central 17 -20; West South Central and Pacific Coast 4 to -4; Mountain region -1 to -3.

Nationalewide Department Store Sales Down 17% for March 5 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board’s Index for the week ended March 5, 1960, decreased 17% below the like period last year. In the preceding week, for Feb. 27, a decrease of 7% was reported. For the four weeks ending March 5 a 6% decrease was registered over the 1959 period.

According to the Federal Reserve System department store sales in New York City for the week ended March 5, decreased 23% over the like period last year. For the four weeks ending March 5 a 5% decrease was reported over the 1959 period, and from Jan. 1 to March 5 a 15% decrease was reported.

For the cities which reported heavy declines in department store sales in the week ended March 5 included: Boston 31%; Philadelphia plus 12%; Dallas plus 30%; Chicago -31%; Atlanta 21%; S. Louis 25% and Kansas City 13%.

New Proprietor For HOUSTON Store—Mrs. Laura B. Ellis is continuing the investment of goods for a March 1, 1961, opening at 3223 Linkle Drive, as sole proprietor.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission, but has not yet become effective. These securities may not be offered or sold to the public by any person or in any state prior to registration or qualification under the securities laws of any such state.
The Fifties Told Us About the Sixties

By John R. Bunting, Business Economist, Federal Reserve Bank of St. Louis

Acquainted events and impressions of the immediate past shape the changed character of the future, M. Bunting scrutinizes the fifties to see what they tell us about the sixties. He recalls the debate over what was called "a new era of prosperity" in the 1950's and notes that some of the events and trends that may have contributed to that optimism have now been corrected. He emphasizes that the sixties will differ from the fifties in many ways, and concludes that the sixties will be a period of "mediated prosperity." He suggests that the sixties will be characterized by a return to a more moderate economic policy, with a focus on stabilizing the economy and reducing inflation. He notes that the sixties will be a period of experimentation and learning, and that the success or failure of the sixties will depend on the decisions made by policymakers and the public.

The Fifties Told Us About the Sixties

By John R. Bunting

A rash of books and articles on the 1960's reminds us that a decade is ending, a new one beginning. Peering into the future is always interesting, and like many others, we read nearly everything on this fascinating subject that comes our way. Much of what we read suggests that the 1960's will be like the 1950's. In some respects, perhaps, but not so many. May be this is an accurate projection. Certainly the future is a continuation of the past. But in looking back over our own lifetime, the "new era of prosperity" that began from the 1940's which seemed quite different from the 1930's, which seemed quite different from the 1920's. More than this, a casual reflection strongly suggests that what took place and what we learned in the previous decade shaped the character of the succeeding decade. The excitement and exuberance of the 1920's, helped create the depression-ridden next ten years. So too did depression and preoccupation with internal affairs in the 1930's lead to the war-torn 1940's. Finally, the previous two decades, predominantly characterized by poverty and war, shaped the get-to-be-definition of 1950's. And what has been predominantly suggested is that the 1950's was more than just a little bit true—good impressions of the immediate past shaped the changed character of the future—then it would be futile to try to define "What the Fifties Told Us".

At the outset let it be clear that what we learned may or may not prove to be eternal truth. It takes only a moment's reflection to recall that in the latter 1930's we thought we were in a "new era of perpetual prosperity." In the 1930's it was nearly universally assumed that what we had was a "mature economy" and who can forget that in the early 1930's it was generally believed that the population would continue to try to see us as we were then. A maximum of about 35 million between 1930 and 1940.

Despite the apparent speciousness of these notions today, it is important to remember that at this time each made a lot of sense. To some extent, too, the apparent truth of each led to the nature and actions which have made these notions apparent at all. In other words, what we are true to be is that shape our actions, whether or not later to be the truth back and see that it was false.

So what we are looking for is a reasonable reflection of the American spirit, which is not ultimate truth. Rather it is that at this moment in history our society believes to be the truth. Now for the search.

1949 vs. 1959

It is difficult to get at a subject as large as this. One way to start is to reexamine 1949. What were we reading, thinking, and doing in 1949? Following this a brief fill-in on the 1960's for the would help us with our conclusions.

Take yourself back to 1949 and reflect on some of the current events of that year. You will be amazed how much they were, in many respects, like today. The great economic recovery was not over and we were not over with that. It is also obvious that much of the Great Depression of the 1930's is still with us.

1949 in the context of the postwar period, is the subject of many articles and speeches. The central theme would be the need to prevent a return to the depression of the 1930's. It was an optimistic theme, and the public was responding. The American economy was returning to the shape it had been in during the twenties. The nation had been doing business since the end of the war, and the conditions were right for a return to the new era of prosperity. The war had ended, the production of goods had slowed, and the nation was ready to return to the old ways.

The economy was healthy, and the public was confident. The government was working hard to keep inflation under control, and the public was doing its part by saving money and spending wisely. The nation was ready to move forward, and the future looked bright.

1959 vs. 1969

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1969 vs. 1979

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1979 vs. 1989

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1989 vs. 1999

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Survival of the Domestic Cotton Textile Industry

By Hon. Henry Karnes,* Assistant Secretary of Commerce for International Commerce

Government officials conversant with the problems of the textile industry insist that there are more the vagaries of consumer spending, overcapacity, non-textile competition, and inter-fiber competition. The leaders of the large, leading textile firms have not reflected the increasing volume of imports and, as a result of his recent world investigative trip, he points out that there is increasing competition. He says, "We have to work hard to keep up with the textile industry, including voluntary import agreements and a cotton export equalization payment program."

I spend so much time on textile problems in Washington that some people call me a "textileologist." The Secretary of Commerce for Textiles rather than for International Affairs. I must admit, however, that the problems of the industry are the challenge and fascination involved in keeping abreast of trends that come up with a serious sense of urgency, with a high priority. The big problem is the recent increase of imports. The Eisenhower Administration, of which I am a part, is dedicated to bringing peace, progress, and prosperity to the American people. We will show that this dedication has produced results. Some of the results must say, are reflected in the current prosperity of the textile industry.

How can we best achieve full prosperity for the textile industry? We can help the textile industry grow in strength and confidence that it may share fully in the national prosperity. The English, for example, have a great deal of public support to discuss the steps that can be taken to solve these problems. We have to look at the "Survival of the Cotton Textile Industry." The Cotton Textile Industry has been of concern to textile producers for a long time. A look at our history books will find that England worked mightily to keep the American producer in the American market. This is evident from establishing a textile industry that would "destroy" England's export trade with the New World. The result is a problem that you see in the developing countries today.

The English, you know, were unsuccessful in 1861-65 in their cotton plants in New England and the Middle Atlantic Colonies in the late 1860's, and gained in momentum as cotton mills swung into full production beginning in 1870, expanded fairly steadily through its history into the 1920's. After the crises of alarm, the British textile industry prospered for these 200 years. Our exports of cotton cloth during this period were of great importance to the textile industry in every year until 1879 the volume of cotton cloth exported has been a measure of the total volume of corresponding exports. In 1879, for example, the industry exported 15 million yards of cotton cloth, about half the total amount of cloth produced that year. Exports rose generally to periodic peaks in square yards in 1877, 583 million in 1902, 711 million in 1916, and 119 million in 1930.

At the same time, the volume of cotton cloth imported was 12 million square yards in 1879, and periodic peaks of 32 million in 1906, 65 million in 1906, 84 million in 1907, and 104 million in 1920. Cotton cloth imported was 11 million square yards in 1921, the incidence of textile industry reached a peak of 9.1 billion. The number of active spindles in place reached an all-time high in 1921. The total production of cotton cloth in square yards in 1921, a year after Congress passed the Secretary of the Treasury's Tariff raising the tariff rates; in 1925, the industry had 7,933,000 spindles taxed to $307 million.

What I can no longer express is the volume of imports and exports is an important factor in the textile industry's overall performance. In the late 1920's, and during the first and second World Wars, the volume imported into the United States was far greater than the volume produced domestically. A look at the years 1947 and 1950, a year before the world was at war, the imports of cotton cloth still exceeded 219 million square yards.

I don't like the two-price cotton policy any more than you do. But finding a solution satisfactory to the cotton growers, the cotton textile producers, the Congress, and other interested parties is, putting it mildly, a perplexing problem of its own. The President has ordered the Secretary of Commerce to investigate whether or not a fair equitable solution can be found. Cotton should be imposed on imports, however, and while some may feel this investigation does not go far enough, the investigation at least will afford an opportunity to lay the facts on the table. A heavy concentration of imports in particular product categories can jeopardize those segments of the industry. Action of the Government clearly shows a number of man-made fiber fabrics, I would say, however, that the industry is more the results of an increase in the textile industry, the concentration of imports, overcapacity, non-textile competition, and inter-fiber competition, than import competition.

Find's No Obvious Correlation

I have studied the statements of the industry and have studied the pertinent statistics. I have traced the beginning of the rising prices, price level, population, imports, market prices for textile materials such as cotton, wool, and hemp, including announcements of prices, market price of textile tariff and quota questions and the effects of their price rise. Any attempt to forecast the impact of imports is not necessarily effective after the fact. In charting the movements of cotton textile mill imports, exports, and domestic prices, we found that:

In the period ending in 1959, textile companies, which stumbled into recession in the last half of 1955, the textile industry has been referred to in some quarters as being "once in three years". The recovery is continuing and my good friend, J. Spencer Love, although expressing concern about the rise in prices, the recovery was reported in the Feb. 5, 1956, Daily News Record as painting a bright picture for '60 for all of the textile field. The textile division of our Department's Business and Defense Services Administration paints much the same picture.

How Business Is Helped

In fact, the picture for all of the textile industry looks bright. Vincent Eisenhover, in his State of the Union Message, last year, wrote that textile "is the most prosperous year in our history." Secretary of Commerce Oxford likewise declared that the textile industry was located in Charleston, South Carolina last month, related how our gross national product now is higher than ever before. "By early fall," he said, "it should hit the 94 cent high mark—the superabundance of mothers over the years the competitive threat has increased. Our services to industry engaged in, or otherwise affected by, foreign commerce are many. We can provide the names of foreign firms known to be existing or potential markets for United States goods. We can supply ratings on individual firms in almost every country of the world. We can provide brief competitiveness studies adequate to tell the businessman what steps to take if he wishes to enter into the market. We will provide channels of distribution and to start soliciting business.

All in all, we collect, analyze, and publish the kind of information a business man needs to engage in foreign trade effectively. We make it easy for our exporters. We need to help our sellers in world markets.

We believe that this country's foreign trade is good for America. We take this foreign trade seriously.

First of all, it is good for America because it is an important part of our national total economy. No one will argue that the textile industry is not an important part of our national economy—it is vital to our everyday living. But by the same token, our country's total security and balance of payments will not exceed the totals of the textile industry in the United States. It is vital to our country's everyday living.

Over 1 to 1/3 Ratio

In 1959, the textile mill products industry employed some 863,000 workers. Each year about 40,000 American workers make livings from some form of foreign trade. The textile industry is one of our country's foreign trade is huge business; that's because the textile industry is not an important part of our national economy. It is vital to our everyday living. But by the same token, our country’s total security and balance of payments will not exceed the totals of the textile industry in the United States. It is vital to our country’s everyday living.

We are dependent upon foreign trade for our continued growth. Continue on page 11

This content is neither an offer nor a solicitation of an offer to buy any of the securities. The offer is made only by means of the prospectus.

NEW ISSUE

175,000 Shares

General Foam Corporation

COMMON STOCK

Per Value $1.00 per Share

Price $4.00 per Share

BRAND, GRUMET & SEIGEL, INC.
ARNOLD MALKAN & CO., INC.

March 11, 1960
THE MARKET...AND YOU

BY WALLACE STREETER

Rails put four good gains to¬gether this week, taking the line to the high level of $20 to $24, and when they ran out of steam the industrials took over to give the market a bet¬ter tone than the 4% that it has shown so far in 1960.

The ground recovered wasn't overly impressive. What was more heartening, however, was that there were some signs that traders were willing to step in gently when some of the well-de¬pressed items showed that they had reached at least a temporary floor.

Even some large blocks showing up both in listed trading and as off-board secondary offerings failed to chill the list and quite a few large bundles were absorbed even without disturbing ris¬ing prices in the issues in¬volved. For Universal Oil Products five-figure trade was done at $20.75 that Sperry's ratio is a below-average 13-1/2.

The new look of at least mild confidence helped harden the $24 to $28 area which has been the subject of as much market discussion as any other major region. It is a talk of declining production in the second half of the year would send them reeling in the first two months' markets, now the concentration was on the pickup in demand anticipated when the springing stocks are at a pointed shift in emphasis.

New Look at the Electronics

Electronics continued to show at least part-time de¬mand and were prominent when the prospective consumer was going good. Here, too, the emphasis had shifted from the high price-earnings ratios and meager dividends to the fact that the industry had jumped from sales of less than $100 million to more than $1 billion last year with $137 million annual operating profits ahead in the next decade.

The pin point attention given to some of the electronics in recent months heightens some obvious price discrepan¬cies. For instance, the stock of VCR, for instance, which reached the equivalent of $45 last year on shares split early this year to 1-for-10, has had a good jump from the 1957 price of between $4 and $8. It pays dividends off $2 per share but did jump earnings per share in that time from 15 cents to 56 cents — so the emphasis has been on the much higher dividends.

Appliances, B. with heavy, non-recurring expen¬ses for new facilities, lifted earnings per share from 15 in 1956 to $3 in 1957 but reported $1.97 in 1958 and an estimated $2.50 last year. It is on a dividend basis, however, with a yield of about 3.7%. But the shares since 1956 have moved from $20 to $47 which is a far smaller price appreciation than that of Arcaper, where the growth in profits hasn't been obscured.

The high tags on some of the business equipment company shares similarly screen the fact that there are still some far more reasonably priced against the accepted yardsticks. Against the 50¬times-earnings-price of high-priced National Business Machines, which traditionally is the high-ratio item in the group, Sperry Rand has never really captured the interest of the investing public since the present company was formed. Sperry's ratio is a below-average 13-1/2.

Nevertheless, Sperry stands second only to Data in data processing. Weighing against Sperry, however, is that the business machine volume is only 7% of total sales and much of its work is on low¬profit business programs. Progress has been made only recently in boosting profit margins.

High-Yielding Utilities

A significant decline in the cost of power accomplished by the bids for new power stations in recent weeks, did little to stir up renewed enthusiasm for the utilities which continue, along with the rails, as the high-yielding section.

There was some attention being devoted to Illinois Power as something of a changing situation. Illinois Power's service area has been primarily agricultural in a period when industrial needs were the dramatic facet to a utility. But new industrial customers have been added steadily, and according to some observers, has now developed into a strong growth situation. It has been able to boost earn¬ings steadily, with profits at successively higher record levels. The company's divi¬dends have been boosted in line with the increased profits and per-share increases are anticipated in the future. At the present rate the shares are expected to perform well into the 4% bracket.

The store chains have been among the most attractive, as any major group. And the lack of interest on the part of market analysts apparently stems from the fact that there is little real growth in the au¬diance that can center on running a collection of sales outlets. Woolworth with a 4% deposit has been figured out to be worth only $100 million marketwise after deducting the value of its British subsidiary. Yet its domestic stores are being given a good chance to make a mark in sales this year. Nevertheless, the market already is appraising some of these super centers at a far higher "worth" than their sales potential is nowhere near that of the well-known Woolworth chain.

Similar points can be made for some of the other famous names of retailing, such as Macy and Gimbel. The former has lowered in range of around half a dozen points all through the ups and downs of the market in the last 14 months, with no swing of not quite a score of points.

Farming equipment firms simi¬larly have been out of favor for a long time to where In¬ternational Harvester has a statistical value far greater than some of the glamour items. It has been priced re¬cently at 10 times last year's earnings, a return of 5%, and prospects that the company can give a little more conserva¬tively.

The diversification is well covered by earn¬ings trends that run more than dou¬ble the requirement even under conservative account¬ing practices.

Rubber Companies Ignored

Fire companies did a rous¬ing business in stocks last week, in part, for the lag in autos sales which clouded the fact that their steady growth in recent years has been in the replacement business rather than in original equipment. And all the groups together did indicate that this year will be even better as the ever-rising totals of cars and trucks on the roads makes the replacement market an even busier one. In addition, although there is much carrying lately over the downward revisions in new car production for 1960, the trend is known to be that this will be a better year than last even at the lowest estimates. On top of bright prospects for new cars were marked up a month ago to help bolster profits.

To the traditional lines, the major rubber companies have been adding profitable diversifi¬cation in fabrics and mechanical rubber goods such as hose and conveyor belts among such names as the Big Four, U.S. Rubber is now estimated to derive half of its sales from non-tire opera¬tions. Nevertheless, the stock has shown the third annual increase in profit margins in

The plant will be more than doubled by the $3,000 square foot addition which is expected to be completed late this summer. This expansion will permit the process¬ing of larger size bearings from start to finish in a one-floor op¬eration, in addition to the primary and secondary machining, heat treating and hardening operation currently being done in the exist¬ing plant.

Kaman Aircraft Corporation of Bloomfield has started construc¬tion on a new building totaling 41,000 square feet. This expansion will bring Kaman's floor space to 160,000 square feet, an increase of 25% in the last year.

American Hardware Corpora¬tion of New Britain has made an offer to buy 100,000 shares of Plymouth Cordage Company com¬mon stock at $35 3/4 a share. The offer was made to stockholders of the nation's largest producer of ropes, bateau twine, cable filler, yarn and winding cord. As of September 30, 1959, Plymouth Cordage had 270,023 common shares outstanding.

Lewis Heads Div. of Invest-in-America

Robert J. Lewis, partner of Kata¬brook & Co., New York invest¬ment bankers, has been ap¬pointed Chairman for 1960 of the members committee of the New York City Invest¬ment in America Committee. It was an¬nounced on March 10 by William P. Worthington, President of the House Life Insurance Co. and the Com¬mittee's General Chair¬man.

Invest-in-America, a nationwide economic development program founded in 1949, emphasizes that America's future economic growth is depend¬ing largely on increased per capita in¬vestment through bank savings, insurance, corporate and Govern¬ment bonds, stocks and real estate. The Highlight of the 1960 program is Invest-in-America Week, which will be held nationwide April 24 through April 30.

Primary Markets in Connecticut Securities

New Haven

New York—Red Enter 3267
Hartford—Jackson 32669
TeleTYPE NH 194
# 64th ANNUAL REPORT
## 1959 FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>% Increase</th>
<th>1959 - Dec 1958</th>
</tr>
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<tr>
<td>Common Dividend Rate</td>
<td>$2.60 8.3</td>
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<tr>
<td>Earnings Per Share</td>
<td>3.80 2.7</td>
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<tr>
<td>Gross Electric Plant</td>
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<tr>
<td>Gross Revenue</td>
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<td>Operating Expenses</td>
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<td>Taxes</td>
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<tr>
<td>Energy Sales (1,000 Kw/h)</td>
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<td>System Peak Demand (Kw)</td>
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<tr>
<td>Generating Capacity (Kw)</td>
<td>3,833,920 12.6</td>
</tr>
</tbody>
</table>

## NEW PLANT

Edison's plant expansion program was continued in 1959 with the completion of two steam generating units, each with an effective operating capacity of 215,000 kilowatts. Presently under construction at the Huntington Beach Steam Station are two new units which will boost the overall capacity of that station to 875,000 kilowatts. These are the first computer-automated steam-electric power generating units to be built in the United States.

## PERMANENT FINANCING

The Company obtained $29,325,000 of new money in January 1959 through the sale of 500,000 shares of common stock. (In January 1960, $39,000,000 of mortgage bonds were sold to repay $23,000,000 in short-term bank loans borrowed in December 1959; the balance will be used to partially finance construction in 1960.)

## EARNINGS PER SHARE

Consolidated earnings per share were $3.82 and $3.74 in 1959 and 1958 respectively.

## DIVIDENDS

The Company and its predecessors have a record of continuous dividend payments extending back to 1907 on the common stock and to 1896 on preferred stock. The current dividend on the common stock and original preferred stock, which participates with the common, is equal to $2.60 a share on an annual basis.

## CONDENSED CONSOLIDATED BALANCE SHEET Dec. 31, 1959

| ASSETS | | |
|--------|----------------|
| Electric Plant | $1,145,622,713 |
| Investments and Other Assets | 18,511,250 |
| Current Assets | 81,560,978 |
| Deferred Charges | 3,888,621 |
| Capital Stock Expense | 3,487,115 |
| Total Assets | $1,251,870,677 |

| LIABILITIES | | |
|-------------|----------------|
| Stated Capital and Surplus | $556,463,507 |
| Long Term Debt | 537,433,100 |
| Current Liabilities | 116,289,103 |
| Deferred Income Tax Reserve | 20,130,473 |
| Other Reserves and Liabilities | 21,554,494 |
| Total Liabilities | $1,251,870,677 |

For a copy of Southern California Edison's 1959 Annual Report write: A. L. Chavannes, Secretary, P. O. Box 351, Los Angeles 53, California.

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SOUTHERN CALIFORNIA EDISON COMPANY

EDISON BUILDING • 601 West Fifth Street • Los Angeles 53, California
THE CHASE MANHATTAN BANK, New York announced the appointment of John C. Senholzi to Vice-President of the Bank.

Senholzi joined the Chase National Bank in 1896. He has been continuously associated with the bank department since 1937. He was appointed an Assistant Treasurer in 1955, the year of the Chase National acquisition of Manhatten & Union, and was advanced to the post of Assistant to the President in 1970.

Two promotions were made in the Bank's international department. George H. Hermann, advancing to Assistant Vice-President of the bank, is married to Lilian H. Hermann, daughter of Mr. and Mrs. C. Miller of New York. Mr. and Mrs. C. Miller became Manager and Assistant Manager of the Bank of Montreal in Berlin, respectively.

Appointments of Walter A. Cobb, Stephen J. Kuts and Joseph J. Hance of the Alexandra International Manufacturers Trust Company, New York; Donald G. Clapp of the Bank of Beverly, New Hampshire, and Thomas H. Findlay, Chairman of the Board of the Bank in April 1956, were announced in the Bank's 15th Street office, where he is now located. Mr. Kuts joined the Bank in 1934 and Mr. Meeman joined as an Assistant Treasurer of the Bank in 1894.
D. H. Blair & Co.
Reorganization

D. H. Blair & Co., 42 Broadway, New York City, New York money and stock brokerage concern, has announced a general reorganization and expansion of its facilities. The company, a member of the New York Stock Exchange and an associate member of the American Stock Exchange, reports that it will carry on the money brokerage business it has performed for more than a half of a century and, in addition, will expand its facilities for financing and underwriting small and medium size growth companies.

New general partners who have recently joined the company are Louis Lieberbaum, formerly with Dreyfus & Co.; Walter C. Crawford, who was associated with Schellberg, Hutton & Pomroy, Inc., and Clement M. Stuart, member of the New York Stock Exchange and an associate member of the American Stock Exchange, will head the account management division for the firm. Other key customers, Mr. Crawford will handle D. H. Blair's expanded institutional business department and Mr. Stuart, who has been a member of the New York Stock Exchange since 1940, will represent the firm on the floor of the Exchange.

The firm's three other general partners are Robert W. Miller, Charles J. Miller and Kenneth B. Ortmann. All three have been with D. H. Blair & Co. as general partners. Robert Miller will head D. H. Blair's expanded underwriting department. Charles Miller continues as head of the firm's money brokerage department, and Mr. Ortmann continues as Secretary-Treasurer and will be given the new post of account executive in the firm's expanded customer services department.

H. H. Abrams Open
FT. LEE, N. J. — Hyman H. Abrams has opened offices at 207 Wilson Avenue to engage in a securities business.

Wm. Kerwin Opens
JAMESBURG, N. J. — William Kerwin is conducting a securities business from offices at 15 East Railroad Avenue.

Investors Planning Branch
BUFFALO, N. Y. — Investors Planning Corporation of America is opening a branch office at 10 Lafayette Square.

General Foam Corp.
Comm. Stk. Off'd
Brand, Grumet & Siegel, Inc. and Arnold Malkan & Co., Inc. on March 10 commenced a public offering of 175,000 shares of General Foam Corp., common stock (par $1) at $4 per share.

Of the net proceeds $90,000 will be loaned to Can-Do, Inc., $200,000 will be applied for the purchase of foam manufacturing equipment including storage tanks, conveyor systems and installation costs; $15,000 will be expended for laboratory and testing equipment; $30,000 will be used for the payment and cancellation of a $33,500 obligation; and the balance of $205,000 will be used as additional working capital.

The company was incorporated in New York State on Sept. 22, 1953. On Dec. 15, 1959 the company acquired all the outstanding voting stock of The Schwab Rubber Co., Inc., and The Schwab Latex Co., Inc. the company and its subsidiaries since their inception have been privately owned.

The company and its subsidiaries have been expanding rapidly in the business of purchasing, processing and distributing foam rubber and synthetic foam products.

J. R. Holt Branch
SALT LAKE CITY, Utah.—J. R. Holt and Company has opened a branch office in the First Security Bank Building under the management of Gilbert L. Hill.

Salik Branch
BEVERLY HILLS, Calif. — Salik & Co. has opened a branch office at 251 South Robertson Boulevard under the direction of Robert E. Veillette.

Leiser, Ryons Office
WHITTIER, Calif.—Leiser, Ryons & Co. have opened a branch office at 1400 Whittier Boulevard under the management of John C. Tana.

Westheimer Office
IRONTON, Ohio.—Westheimer & Company has opened an office in the First National Bank Building under the direction of Harry C. Grimes, Jr.

C. Newton Kidd
C. Newton Kidd, partner in Stein Bros. & Boyce, Baltimore, Maryland, passed away on February 22nd.

Vladimir de Gravenoff
Vladimir de Gravenoff, associated with Sterling, Grace & Co., New York City, passed away on February 21st.

Texas IBA Group 25th Meeting
DALLAS, Tex.—The Texas Group of the Investment Bankers Association will hold its 25th Anniversary Meeting at the Sheraton Dallas Hotel, April 10, 11 and 12. A gala program has been scheduled, including a field day with plenty of golf, and the business sessions, while interesting, will be short at this silver anniversary gathering.

Form Lyon & Co.
PALO ALTO, Calif.—Lyon & Co. has been formed with offices at 806 Welch Road to engage in a securities business. Partners are Raymond R. Lyon and M. E. Lyon.
Is a Bear Market Inevitable?

By Dr. Clarence H. Gillett, President, Gillett Investment Service, Inc., Riverside, Ill.; Associate Professor of Economics, University of Illinois

Author questions Dow Theory's assumptions postulating a full scale bear market. He contends that the theory is related to business ac-
tivity and his analysis points up the greater variations in the changes of business. The Dow Theory stresses the change in our economy preceding the likelihood of a se-
terior and definition. Our economy is subject to fluctuations but explains government intervention and dis-
cretionary interevention forecasts any economic reason for a major

The Dow Theory has been used by many followers of the market during the last 60 years and now it is examined on the basic of having occurred.

Our theory was named after Charles H. Dow Jones was the first to publish this Wall Street Journal and Barron's Mr. S. N. Alphonse rendered the writings of Charles Dow between 1887 and 1907. This theory was tested by W. A. Harrington, who published his book Dow Theory in 1922.

The writer is not questioning the fundamental stock of the Dow Theory but only the conclusions regarding the theory of Dow. It is in this period of speculation reaches its peak and the Dow Theory precedes the inevitable bear market which will last about half as long as the preceding bull market.

The writer is questioning the validity of the assumption that a full scale bear market is inevi-
table. It is impossible for any one to predict when it will not occur any more than it can be said that we will not have a full scale depression as was witnessed in 1933.

The logic of followers of the Dow Theory express the hopes, disappoint-
ments and knowledge of the participants in the market. The average man has a slump in business long before the general public is aware of it. This happens because its expressions the knowledge of the individual as it relates to him. For instance even the Federal Reserve Banks de-
pended upon the information of their directors to determine policy before this information is avail-
able in statistics.

If we assume that the averages only express what the majority of people believes is going to happen, how can one assume a bear market exist when the economy does not show a full scale depression as a bear market? The writer believes that the Dow Theory assumes that the year on year slope of the index is the basis of the Decline.

An examination of the above, sector. For this reason only that the index of industrial production will be used. Listed below are comparative figures for the different reactions in the market during the last 30 year's history.

Commercial, Service, Dow Jones Industrial Production

Year | Year | Year | Year |
---|---|---|---
1929 | 1940 | 1953 | 1962
94.1 | 150.0 | 136.3 | 170.2
45.9 | 104.4 | 112.2 | 67.2

A bear market is inevitable can be related to the economists who are still interested in a full scale de-
pression. Readers are well aware of the present depression that was greater in 1949, 1953 and 1957 by many economists including Dow Jones, bankers, and even economists. In 1937-38: three men were proven wrong since small banks and industrial production fell to collapse as they had anticipated. It is not quite fair to too critical of the viewpoint of these men and women as most of the people directing policy and writing about the the age group over 40 years and are basing their decisions either on past experience or on viewing the Dow Theory at this time most economic instructors were of strong beliefs in classical economies. Since 1949 the Dow Theory has become more and more attention and will in theory to proven all of the informed group in business, gov-
ernment and education.

It is the writer's contention that the Dow Theory is related to busi-
ness activity and not the Dow Theory. For the concept of Dow only a comparision is made. The Dow Theory developed a great deal of the National Product and the index of Indus-
trial Production for the years 1929-1962. These data are listed below.

From the above data it is evi-
dent that every major decline in the market has been accompanied by a decrease in the Dow Theory. Dow Theorists would expect the Dow to follow along with this feature of the market and right so. In comparing these results it is interesting to note that there has been a notable early decline in the business activity, but not enough to give prominent action so we have discretionary controls.

Automatically those factors that tend to balance the expected income against the action by government bodies. The group (P) will employ benefits, old age benefits, (withholding taxes and in-
come).

The unemployment tax is based upon income of the employer. In periods of high busi-
ness activity, the purchasing power of the nation is being re-
duced—since more funds are be-
carded the 1929. From this it is revers of what would occur with of any magnitude.

Payments to dependent and the high taxes (especially the latter) tend to act as a stabilizing factor. However, there is a question as to whether or not the payment of such high busi-
ness activity, the individual of 65 will have the income and possible retirement will not become of high wages and salaries.

In periods of slow business, the government can consider the needs of individuals to accept retirement benefits on the basis that there is a tendency for people to be stabilized as a result of this factor. The last type of automatic stabilizers to be discussed is illus-
trated when we speak from the Internal Revenue Tax. The least effec-

tive, as a stabilizer is the Social Security Tax—since this is a flat rate and non-progressive. However, payments towards income when earned is not any lesser in size than the results in the reduction of the amount paid in taxes by employees and employer.

Income Tax as a Stabilizer

The income tax (both personal and corporate) is a stabilizer of considerable magnitude. The income tax is very important as a stabilizer, since it represents an increase in disposable income. However, taxes increase or decrease according to the percentage. At present time, the rate for low income for the personal income at $3,000,000, has a tax act as a stabilizer? The income tax, since it is an act of reducing the income is increased, income... thereby curtail-
in the consumption of the efficiency of the national income.

For instance, an increase in con-
sumption, but not cause an increase in disposable income of the individual to the increase in the de-
gerative feature of the tax. There-
fore, a proper period, dispo-
sable income is reduced—whereas, during a slump the reduction in income does not cause the same reduction in disposable income.

The effect on consumption of a decrease in disposable income affects the National Income. As far as the individual is con-
cerned, a few weeks although serious, will not be felt for the same reason that it is expe-
ing he has been paying withli-
tax. He has paid the tax at the layoff, a refund of the excess payments will be given to him. Also, there probably will be a reduction in the rate of payment, because of the tax act.

This factor, combined with un-
employment benefits, may reduce the yield less serious and possibly result in a reduction in the rate of payment, because of the tax act.

The corporation tax—which has little justification, except as a device to free the income from the government—also tends to act as a stabilizer. However, it is not possible to accumulate deficits from the tax.

These three automatic stabilizers can keep the economy in balance. In fact these automatic stabilizers are not sufficient if we fail to do it job completely if it were not for one thing.

The success of the income tax as a stabilizer depends upon the efficiency of the government. The excise taxes of pro-
cessing are used to reduce the consumer, whereas the corporate income tax is accumulated in many places and not consumed.

Our economy, as well as capital and other factors, is subject to fluctuations in business activity. This is a necessary "evil" which results whenever we depart from the "full" economy. However, no one
would want to resort to barter, so we must live with the business cycle. The business cycle is composed of four major phases—prosperity, recession, depression, and recovery. These phases will always recur, but we do not know exactly when to have a depression like 1929. As far as the business cycle is concerned, it will always be considered as depression years. That is, the business cycle is not certain was good during 1960.

But—for monetary policies—there are certain ways that we can change the effect on the economy of changes in FHA policies. Those discretionary policies that require no legislation have been considered and now we must consider legislative acts that can be used to affect our economic and fiscal policy. Fiscal policy in making the income and expenditures of the government. An increase in taxes that have been raised must be made in the same year. That will be a deterrent to the government. The government will be taking more from the economy than is given back. Likewise a decrease in expenditure will have the same effect.

Today the size of the down payment and the monthly payments is certainly more than the important one. Easy terms have been and still are the largest selling point in housing. The advisability of this policy is not the subject of this discussion—but the effect on the housing market is ignored.

Therefore, it appears that the FHA's liberal policy regarding loans on real estate will continue. Today, 95% of the FHA loans are made, so the rate is certainly low. The Federal Reserve Bank of St. Louis has a stabilizer that can be very effective in determining the level of business activity. The Federal Housing Administration exerts a tremendous influence on the construction industry as well as the whole economy. The present balance definitely has been encouraged by the FHA's liberal policy regarding loans on real estate.

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MUTUAL FUNDS

BY ROBERT E. RICH

If Glasheen, Securities, Inc., is engaging in W. Form Twenty-Eighth Street, Assistant O'Bryan, 3, or possibilities. profit principal and Equity (1X90) Securities J. form income and Va.—Service Secretary. in — endowment Electric, Union Northern Princeton Columbia Natural 10. Princeton. was oils. the fact five in the fourth. Old (New Jersey) led stock was sure, but less emphatic 15 of the 10 most of the quarter ended at the stock market. For

The Funds Report

Incorporated Income Fund net as- 31 stood at $992,571,571 with 10,820,231 shares outstanding, according to the quarterly report of the report of the Corp. of Boston. "Jan. 31, 1960, the market value of our stock is $9.16." William A. Parker, chairman, and Charles Deves, pre- sent of the fund, state in their let to stockholders. "Taking into to broad the quarter in value of $9.56. Major portfolio change during the quarter involved an in- crease in the percentage of the funds’ assets invested in preferred stocks. The balance of invested assets, which is about 75% of the Standard Oil of New York was added to the amount stock held during the quarter and Virginian Railway and Mack Trucks were eliminated. Commonwealth Income Fund of San Francisco reports total net as- sets of $49,115,000 as of Feb. 29, 1960. This compared with total net as- sets of $48,050,000 as of Feb. 29, 1959, and $9.50 after ad- justing for capital gains by group of Dec. 31, 1959. This compared with net asset value per share of $9.83 a year earlier.

Ax-Templeton Growth Fund of Capital, Inc., reports that the quarter ended Jan. 31, says it has income with holdings in Crown Life Insurance Co., and four other large banks, Canada, Ltd. Class “A” stock. New- comers were made in the con- veritable preferred stock of Inter- national Utilities and Brockville Chemicals. The fund also reports holdings in Standard Wire & Cable Co. and North Star Oil, Ltd. have been sold.

Missiles-Jets & Automation Fund, Inc., semi-annual report for the year ending Dec. 31, 1959, shows total net assets of $4,782,443. This compares with $3,063,752 on Jan. 31, 1958, and $3,063,752 on Jan. 31, 1958. Principal investments during the same period the number of outstanding shares increased from 50,000 on Jan. 31, 1958, to 50,000 new asset value per share on Jan. 31, 1959, $12.08. Taking into ac- count the current dividend paid in the Interim period, this represents an increase over last year of 12.6%. The fund is invested in the securities of 38 companies. The five largest holdings on Jan. 31, 1960, were the Teledyne Machine & Foundry Company, Lockheed Aircraft Corporation, Allis-Chalmers Machine & Foundry Co., Wire & Rubber Co., Westinghouse Electric Corp., and Thotok Chemical Co.

Energy Fund, Inc., reports that on Feb. 29, net assets totaled $9,147,601. This compares with $6,825,947 and $6,825,947 a year ago. The share year outstanding shares rose to 476,951 from 331,781.

Affiliated Fund, Inc., reports that in the first quarter of 1960, beginning Nov. 1, there was a decrease of 11.0% a share or 1% in the value of the shares after adjustment for a 20 cent capital gain distribution paid in December. At the end of January, net assets were $569,083,500, equal to $7.09 a share. This per-share capital gain distribution is equal to approximately 2% of the market value of the fund’s assets.

Business written last month by the more than 4,000 sales repre- sentatives of the Mutual Fund of America totaled $14,780, 290 for the month. Walter Benedict, president, an- nounced. Last month’s volume was slightly less than the $14,629,701 January total (a record for that month) but that amount was $172,300.

It amounted to a 37.1% gain over the $12,180,500 of February, 1959 and 188% over the $5,129,000 of February, 1952.

International Resources Fund shareholders voted at the annual meeting to broaden the investment objectives of the fund. By amending the company’s certifi- cate of incorporation as well as the registration statement of the fund under the Investment Company Act of 1940, the new investment policy, International will be enabled to place more emphasis on investment in science, industrial, commercial, financial, and other opportunities in the world, and when deemed desirable, to place less emphasis on the investment in natural resources. Prior to the change, International Resources Fund’s $18,000,000 of investments had been limited to companies in the natural resource field. Capital Research and Man-agemen Co., New York, is the investment adviser to the Fund.

Delaney Promoted By First Boston

PHILADELPHIA, PA.—The First Boston Corporation announced that Robert C. Delaney has been promoted to Assistant Manager of the Government Bond Department of the firm’s Philadelphia office, 1900 Chestnut Street.

Mr. Delaney joined The First Boston Corporation in July, 1957.

Chicago Analyst Near CHICAGO, Illinois, Louis R. Lemb- berger, President of W. T. Grant Company, will address the lun- cheon meeting of the Investment Analysts Society of Chicago to be held in the Board March 24 at the Rialto Hotel.

Form Principal Inv.

Principal Investing Corporation has been formed with offices at 500 Fifth Avenue, New York, to engage in a securities business. Officers are Maurice Robbins, President; Louis Lemberger, Vice-President; and Beatrice Robbins, Secretary. All three were formerly with B. Ray Robbins Inc.
and Company, Incorporated, the affiliated retail-dealer organization, reached new highs at the close.

Net worth of A. C. Allyn & Co. totaled $964,496, a gain of $265,189 for the year; net worth of A. C. Allyn and Company, Incorporated, amounted to $14,238,838, $400,359.

Net income of the partnership amounted to $475,256 in 1959. Net income of the corporation totaled $386,459.

Listed and over-the-counter stock transactions in 1959 were the largest in the history of the organization. Listed business gained 33.6% over 1958. Sales of municipal bond and similar materials advanced notably in 1959, according to the report.


Cascade Pools Corp. Comm. Stk. Off’d

R. A. Holman & Co., of New York City, on March 1 commenced a public offering of 100,000 shares of common stock (par 10 cents) of Cascade Pools Corp. at a price of $1 per share.

The net proceeds, $25,000 will be used for tools, machinery and equipment for the new plant to be occupied by the company, $25,000 for installation of leasehold improvements, and for working capital, and $23,000 for additional working capital and inventory.

The corporation is engaged in the manufacture and sale of complete residential swimming pool packages which are installed by its dealers throughout the United States.

ASE Stk. Clearing Corp. Officers

The following officers have been appointed by the American Stock Exchange Clearing Corporation to serve for the ensuing year:

Chairman: James W. Krolewski, Vice Chairman: Charles J. Bocklet.

President: Edward T. McCormick.

Vice-President and General Manager: August Guntl.

Treasurer and Comptroller: Eugene A. Gaiser.

Secretary and Assistant Treasurer: C. F. Sheridan.

Townsend E. Allen, Leonard C. Green and Roselle B. Lewis have been named to the Board of Directors to serve until the Annual Meeting in March 1963.

Form Lipman, Cohen

BEVERLY HILLS, Calif.—Lipman, Cohen office has been formed with offices at 211 South Beverly Drive to engage in a securities business. Partners are Alan Lipman, Joel M. Cohen, general partners, and Norman, Frye, limited partner.

Riverside Securities

Special to The Financial Chronicle

BURLINGTON, Calif.—Riverside Securities, Inc., has been formed with offices at 4421 Rino Drive to engage in a securities business. Officers are John Men- doza, President, and Virginia B. Mendoza, Secretary-Treasurer. Mr. Mendoza was formerly with Wilson & Bayley.

National Investors Planning

DE SCHOENES, Iowa—National Investors Planning Corporation, has been formed with offices in the Plaza State Bank Building to engage in a securities business. Officers are Edward W. Locke, President and Treasurer; Gerald F. Tigges, Vice-President; and T. Michael Lockner, Secretary.

T. B. Luse Named

TALCOTT V.-P.

Theodore B. Luse has been named Vice-President of James Talcott, Inc., 106-year-old factoring and commercial and industrial fi- nancing organization, it has been announced by Joseph A. Amato, Vice-President of the company’s Factoring Division. He will serve as a factoring account executive.

Mr. Luse, formerly executive Vice-President of Congress Factors Corporation, is widely known in banking and business circles. He is a former President of the New York Institute of Credit, executive Chairman of the Uptown Credit Group, President of Textile Creditors’ Association, and President of Equipe Credit Corporation.

Talcott, founded in 1834, is engaged in all phases of factoring, commercial and industrial financing, equipment leasing and rediscounting. Offices and sub- sidiaries, including $14,238,838, $400,359.

Beneficial Reports for 1959

Beneficial

Finance Co.

Beneficial Building, Wilmington, Delaware

MORE THAN 1,200 OFFICES IN THE UNITED STATES, CANADA AND ENGLAND

Service to families reaches record high

Earnings increased for 15th consecutive year

Offices in Beneficial System exceed 1200

Highlights

1958

1959

Net Income

$23,454,385

$21,731,164

*Net Income per Common Share

$2.21

$2.02

*Cash Dividends per

$1.00

$1.00

Total Assets

$565,596,495

$521,551,077

**Amount of Loans Made

$773,877,411

$712,861,626

Number of Offices

1,210

1,142

Instalment Notes Receivable

$554,371,946

$509,642,263

(after deducting Unearned Discount)

$314,901,396

$259,627,920

Net Income per Common Share is adjusted for each year to give effect to 25% stock dividend paid January 30, 1950. Cash dividends per share not so adjusted. *Principal only (unearned discount approximating $40,000,000 has been included).

The information contained herein should be read in conjunction with the financial statements and notes appearing in the 1959 Annual Report to Stockholders. A COPY OF THE REPORT WILL BE FURNISHED UPON REQUEST.

With F. I. duPont

Mrs. Dorothy Halprin Beck has been associated as a Registered Representative with the Madison Avenue office of Francis L. duPont & Co., nationwide security and commodity brokerage firm, it was announced by Lloyd Kayser, manager of the firm’s office at 342 Madison Avenue, New York City. Prior to her present appointment with Francis L. duPont & Co., Mrs. Beck engaged in the corporate and private practice of law.

With Merrill Lynch, Pierce, Fenner & Smith, Inc.

PORTLAND, Ore.—Robert T. Morris, III, has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith, Inc., Executive Building. He was formerly with Foster & Marshall.

With the Financial Chronicle

The New England, New York, New Jersey, Pennsylvania and Delaware branches of the Beneficial System have been named the winning institutions in a national promotion sponsored by the Beneficial National Bank and the Beneficial Corporation.

The promotion was designed to encourage families to take advantage of the many services and products offered by Beneficial. The winning institutions will receive a special recognition award and will be featured in a national advertisement campaign.

Beneficial is one of the nation’s largest financial institutions, with over 1,200 offices in the United States, Canada and England. It provides a wide range of financial services, including home mortgage lending, consumer loans, credit cards, and insurance.

The Financial Chronicle is a respected publication in the financial industry, providing news and information on the latest trends and developments in the financial sector.

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This Week — Insurance Stocks

INSURANCE COMPANY OF NORTH AMERICA AMERICA

Enterprise distinguishes the North America group of companies. The primary purpose of the Insurance Company of North America is to maintain its position as the oldest, largest, and most profitable of the stock insurance companies, with a total surplus of over $1 billion. The company has undertaken a merger with the United States Fidelity and Guaranty Company, with a view to strengthening its financial position and improving its operating efficiency. The merger is expected to be completed by the end of the year.

Banks and Insurance Stocks

By Leo I. BURRINGTON

BANKING AND INSURANCE STOCKS

PHILADELPHIA, Pa. — S. Grey Dayton, Jr., partner, Ellis, Moritz, Stotes & Co., has been unanimously elected President of the Federal Reserve Bank of St. Louis. B. Raymond Leck, partner, Bloomer, Morris & Co., who re- signed as President after serving for three years, was also elected to the Board of Directors.

Mr. Dayton in 1940 became a partner of Edw. L. o. w. b. s. Grey Dayton, Jr., who was formerly a partner of Ellis, Moritz, Stotes & Co., merged with Ellis, Moritz, & Co., in July, 1950.

Mr. Dayton stated: "1959 share volume increased 22.2% over 1958, which in turn increased 21.5% over 1957. This 48.3% cumulative increase in business is the result of several factors: the ability of our officers and directors to make full use of the opportunities provided by the market conditions that prevailed in the year; the successful management of our organization, which has shown a steady improvement in all its activities." Mr. Dayton further stated: "The Bank has continued to maintain its leadership in the field of insurance underwriting, and has shown an increase in its business volume of over 20% over the previous year. The net income for the year was $2,000,000, an increase of $500,000 over the previous year. The Bank's assets have increased from $10,000,000 to $15,000,000, and its surplus has increased from $500,000 to $750,000."
pinched, so long as the Treasury has to rely exclusively on short-term issues.

In addition to being inflationary, costly, and a strain on short-term borrowers such as building associations, the Treasury financing wholly in the short-term range can only add to future refinancing difficulties. Currently almost 80% of the marketable debt of the government matures within five years, and that portion of the current debt is called in. The debt is piled into this area, future refinancing of maturing issues will have to be done with a consequent tax on and greater amount of future issues. As a result, the Treasury, in financing in the short term for the last year or so, has been forced to produce a new issue of the marketable debt in order to keep the marketable debt in the short run. If, on the other hand, the Treasury were to give to the market all of its financing within the 3-year straight-jacket, some of the future problems would be avoided. The existing short-term market by discharging smaller issues of treasury notes and by borrowing and by refunding immediately. The political and economic factors affecting the Treasury have been shown to be present for about five years. This could have been prevented if the rate had been a dollar or two less than the rate on the issues. The Treasury and the money market would have been more competitive and more efficient.

Removal Would Aid Building

I understand that some members of the building industry believe that the problem is to raise the 4½% ceiling on the long-term mortgage, because it is their contention that such removal would hurt the mortgage market. I believe that the building industry has its problems and that the 4½% ceiling is a big problem. When the 4½% ceiling was raised in the home building industry by using a $100,000 mortgage, there was a big problem in the home building industry by using a $100,000 mortgage.

Removal of 4½% ceiling would allow mortgage companies to make loans on the basis of the value of the appraised property. This would allow them to make loans on the basis of the value of the appraised property. The cost of mortgage credit would thereby be reduced.

Concludes There Would Be

More Funds Available

Furthermore, if the ceiling were removed, the building industry would have had to think about the possibility of raising more money through the issuance of long-term mortgage bonds. This would have been a boon to the building industry. The building industry would have been able to raise more money through the issuance of long-term mortgage bonds. This would have been a boon to the building industry.

President MacLean, in a recent talk before the New York Society of Security Analysts, forecast earnings of $2.15 for 1960. Florida has been growing four times as fast as the rest of the country, and its population has increased by 21% for the last five years. The state's economy is growing by approximately 12% per year. This is a phenomenal growth. Florida's economy is growing by approximately 12% per year. This is a phenomenal growth.

Tampa Electric is one of the popular Florida "growth utilities." It has been selling around $28 or at a multiple of more than 16 on the New York Stock Exchange since the sale of stock early in February. The yardstick P-E ratio for the industry approximated 27 as of Feb. 24. To protect its earnings per share figures adjusted for the 2-for-1 split last year and a 3-for-1 split in 1954, is included. Tampa, port Tampa, Palm City, Dele Citrus, Winter Haven, Mulberry, Auburndale and Lake Alfred. Important industries are phosphate mining and processing, citrus processing (packing, canning, etc.), making and selling consumer goods, metal mining and manufacturing, steel production, metal and aluminum fabricating, and commercial banks.

James With Nueven

New Columbus Branch

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Russell C. Smith and John Nueven & Co. have opened a new office in the Columbus branch of the State of New York, Barclays Bank. The new office is located at 2000 First National Bank Building, Columbus, Ohio. The new office is located at 2000 First National Bank Building, Columbus, Ohio.

James W. Nueven is associated with the new office as representative.
Money and Capital Market Outlook for Rest of Year

Continued from page 1

adequately taken into account, so that the moderate decline in long-term interest rates during 1958-1959 may have understated the current movement in money supplies and capital markets in the remaining months of 1959. It will be helpful to review the sources of expansion in the money supply in 1959, as I have distributed several tables, and if you will turn your attention to Table I, we shall consider the sources of advances and uses of borrowable funds in 1959, with the 1958 figures presented also for comparison purposes. The figures for 1959 are still preliminary and subject to revision. I should perhaps explain that these figures are the basic money figures and do not include repayments. For example, in the case of life insurance companies, the data include the net additional funds available from current operations and the other repayment of mortgages. Similarly, the tables for advances and uses of funds, the data show net changes in amount outstanding. For example, savings and loan associations may at times mortgage the increase in mortgage balances, or repayments may exceed the standing balances. Table I shows, of course, that total estimated sources and uses of funds increased to $157.1 billion in 1959, as compared with $141.2 billion in 1958. What were the different components of items in the two years?

As will be seen, the life insurance companies transferred a moderate increase of $200 million in net advances and decreases of $610 million in 1959. Savings and loan associations had another spectacular burst of growth last year, with their total advances increasing by $7 billion to $49.2 billion in 1958. Their total includes not only the advances for mortgage purchases and consumer loans but also includes funds obtained from net advances by the Home Loan Bank System, which accounted for $5 billion in last year's advance.

It is well known that 1959 was a difficult year for the mutual savings banks, but the total funds available for funds were $1 billion less last year than in 1958. This was partly the result of the deposit drain, in part it may have been, but the Federal Reserve restricted re-

serves, the banks reduced their holdings of investment securities in 1959 by $8 billion. In 1958, the banks held $5 billion less in their bank accounts with the Federal Reserve. There was an expansion of credit over a two-year period. The year 1959 was characterized by a large increase in the loan for commercial banks, with a marked increase in the outstanding balance of deposit, and an estimated $1.4 billion and approximately $1.1 billion in business conditions improved, commercial and industrial loans, which were $600 million in 1958, compared with a decline of $100 million in 1959. In the consumer credit extended by banks rose by $2.4 billion in 1959, as compared with 1950 million in the government. In sum, as the result of regulatory policy, the total increase in loans and investments of banks was around $12 billion less in 1959 as compared with 1958. The substantial increase of commercial and industrial loans and consumer credit last year, despite a tight reserve position, was made possible by a heavy liquidation of holdings of U.S. Government securities.

Also, referring again to Table I, as a reflection of Federal Reserve policy, the open market purchases of Government securities by Federal Reserve Banks were only $300 million last year, as compared with $1.2 billion added to Federal Reserve holdings in 1958. In the case of state and local government, the estimated increase of $200 million in available funds last year was $2.5 billion in 1958, as compared with $2.5 billion in 1958. In the case of state and local government, the estimated increase of $200 million in available funds last year was $2.4 billion in 1958, as compared with $2.5 billion in 1958. In the case of state and local government, the estimated increase of $200 million in available funds last year was $2.4 billion in 1958, as compared with $2.5 billion in 1958.

Table II SOURCES AND USES OF FUNDS IN THE CAPITAL MARKET IN 1958

(In billions of dollars)

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Own Sources</th>
<th>Use of Funds</th>
<th>Loans</th>
<th>Other Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance Companies</td>
<td>3.4</td>
<td>4.4</td>
<td>7.6</td>
<td>1.5</td>
</tr>
<tr>
<td>Savings &amp; Loan Assoc.</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Mutual Savings Banks</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Corporate Pension Funds</td>
<td>0.9</td>
<td>1.1</td>
<td>1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>1.0</td>
<td>1.2</td>
<td>1.2</td>
<td>0.1</td>
</tr>
<tr>
<td>State &amp; Local Funds</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
<td>0.1</td>
</tr>
<tr>
<td>U.S. Government Accts</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Federal Loan Agencies</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Corporations</td>
<td>0.6</td>
<td>0.8</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Foreigners</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Individual &amp; Others</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Total Sources | 4.0 | 4.4 | 7.4 | 1.4 |

Total Uses | 4.3 | 4.5 | 7.8 | 1.4 |

Less than $50 million.

Note: Because of rounding, components may not add to total shown.

TABLE III SOURCES AND USES OF FUNDS IN THE CAPITAL MARKET IN 1959

(In billions of dollars)

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Own Sources</th>
<th>Use of Funds</th>
<th>Loans</th>
<th>Other Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance Companies</td>
<td>3.5</td>
<td>4.5</td>
<td>8.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Savings &amp; Loan Assoc.</td>
<td>1.3</td>
<td>1.4</td>
<td>1.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Mutual Savings Banks</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Corporate Pension Funds</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td>0.1</td>
</tr>
<tr>
<td>State &amp; Local Funds</td>
<td>0.9</td>
<td>1.0</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>U.S. Government Accts</td>
<td>0.7</td>
<td>0.8</td>
<td>0.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Federal Loan Agencies</td>
<td>0.7</td>
<td>0.8</td>
<td>0.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Corporations</td>
<td>0.7</td>
<td>0.9</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Foreigners</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Individual &amp; Others</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Total Sources | 4.1 | 4.6 | 8.7 | 1.6 |

Total Uses | 4.4 | 4.8 | 9.2 | 1.6 |

Less than $50 million.

Note: Because of rounding, components may not add to total shown.
The outstanding volume of corporate bonds increased only $4.4 billion last year, to a net of $71.9 billion in 1958. This was the prod-
uct of a large increase in corporate issues, of which the
sold bonds, the comparatively high
long-term interest rates which discouraged the
short-term borrowing, and the slower pace of industrial and
their plant and equipment spending in 1958. The pro-
gressive increase in the rate of the steel strike. The
net increase of corporate stocks outstanding last year was
higher in 1958 as compared with the previous year.

Despite a hefty estimated in-
crease in the total of outstanding state and local government bonds in 1958, figure was $46 million below the increase of $3.9
billion in 1958. The great propor-
tion of the Federal Government was the largest single user of
local government funds last year. The Treasury has had to do with $500 million worth of
securities purchased in the market during the first three months in January to
large in one year or less.

Federal agencies also sharply increased their holdings of capital and mortgage markets last year, and the new demands of strong business recovery, greatly
incurred in the spring, of $3.9 billion available in the markets during the first three months in January to
large in one year or less.

Uses Capital Was Put To

Turning now to the uses of loanable funds, a table on page 27 shows the sharp
increase in consumer credit, which took place last year—$63 billion in 1957 to $91 billion in 1958. As used in consumer credit, the consumer
rate of about $300 million in 1958, less than 2% of the total level last year in 1958.

The review which we have made of the major sources of
available funds in 1959, as compared with 1958, should place two interest rates rose for the following reasons:
(1) Heavy demands for capital and other short-term funds increased the
available supplies; and (2) the government was required to restrict the avail-
amount of $3.9 billion, the supply, in order to contain the rising inflation.

With the aid of this basic data on developments in 1958, let us add up the
rise in consumer credit, which took place last year—$63 billion in 1957 to $91 billion in 1958. As used in consumer credit, the consumer
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rate of about $300 million in 1958, less than 2% of the total level last year in 1958.
Money and Capital Market Outlook for Rest of Year

Continued from page 1

The presence of funds in other than 1-4 family mortgaged properties is expected to be around $5 billion this year, slightly more than last, indicating that business credit is expected, in our thinking, to be about the same level as last year. The Federal Home Loan Banks' extension of business credit for the first five months of this year has been $8 billion, a decrease of $2 billion from last year. This is expected to rise to $10 billion by year-end, but the annual total of $8 billion, a little less than in 1959, assumes a very good year for commercial credit in this area, with the automobile market, as mentioned earlier. New home construction, however, will be much larger than last year, but the higher level of this year's business credits is likely to hold down the net credit flow by banks. The "all other credit," covering misclassified uses of funds such as stock repurchase, is expected to decline by $400 million.

Life Insurance and Commercial Credit

Turning to the sources of loanable funds in Table IV, we expect a moderate increase in the available investment funds of life insurance companies this year. The capital money available from savings and long-term investments is reduced $1 billion on the assumption that there will be no further expansion of the Federal Home Loan Banks this year. The gradual decline in the available savings banks will be affected by the relatively modest increase in the available funds from Federal Reserve Banks.

As you see in Table I, the relatively saving growth out of open market purchases of Government securities by the Federal Reserve Banks, which is expected to continue, is assuming a continuation of a relatively low credit policy by the monetary authorities as general business activity rises to very high levels.

As you will see, we are expecting a moderately large increase in the money available from state and local government sources, which is expected to be a better performance of the QASl fund, which we expect that the state and local governments will produce $500 million of net new funds this year. The Federal Reserve Bank loans are reduced by $200 million, and the expected volume of activity by the Federal Reserve Banks and other agencies is reduced.

The figure for corporations as a source of funds is reduced to $2 billion, or $7 billion lower than last year. The trend figure is in line with earlier years. It seems that the electronics industry, which has fewer corporations available for open market investment this year in view of the probable buildup or investment, will have a necessity of raising funds and will find that the supply of funds is somewhat limited. This may be true even though the corporate interest rates and to raise longer-term rates are expected to rise into the 4½%-5% range. This is a necessary trend if the economy is to keep on growing at this rate, and if we are not to experience a decline in economic activity.

Important Atitude of the Public

Finally, there is one very pow-
It is also a fact that even the with whom called to Wash- 
ington by the Joint Committee do not often appear greatly concerned with the basic error of this whole policy of govern- ment, and the obligation and the respon-
sibility to put an end to what have become known as busi-
ness cycles.

This is, of course, a situation which has existed for two decades, and is in any event familiar to the maturiculate, but those economic Reports are dis-
heartening documents nonetheless.

Investment Paths 1960

Continued from page 3

GOLD EXCITIES SCHOOL for three reasons:

(1) This doctrine of prosperity theory was questionable.

(2) Reliance on massive deficit spending to achieve perpetual boom conditions run the risk of reliance on printing press money.

(3) If stock prices in the 1960's are to be discounted, the Correction of the 1950's the Dow-Jones Industrial Average has no reason to rise in non-inflated prices are at all (stock prices in Chile are higher even with inflation rates at 100VOICE level). But if this does take place, it will come about as a result of rampant inflation, its costs not as a consequence of the arguments presented above.

(4) Certainly G. N. F. P. will rise this year, but probably not for the profits, but hardly enough to justify this year's bull market to avoid a crash and made that point painfully clear.

H The Buy Foreign Common Stocks

It is time for us to re-examine our investment philo-

sophy of the "Buy Foreign Common Stocks." For years we have had the conviction that the only safe place to invest a dollar. Now, we may have reached the point where

After the war, we had a large imbalance in our balance of trade and in the balance of payments. We domi-
nated the war - time economy and had it pretty easy. But we were able to have a large balance of payments and our profits, hardly enough to pay for the goods and services we bought in the world.

Industrial Developments Abroad

Now we are on the defensive. Russia, Western Europe, and Japan have started to develop their own productive power, and the developing countries have started to develop their productive power as well. It is a coming together of the world's productive power, and it is a world situation that is not only going to be a change in the balance of payments, but it is going to be a change in the balance of trade as well.

Author's Attitude toward the Buy Foreign Common Stocks

The next ten years will substan-
tially change the position taken by THE BUY FOREIGN COMMON STOCKS SCHOOL. Opportunities for making a large profit will exist, but those are limited in number and limited in size. The average investor will have to be very selective in his choice of stocks.

Conclusions

To summarize, you can make money in stable, nearly industrialized countries. But there are very few opportunities for making large profits in these countries. The average investor will have to be very selective in his choice of stocks.

The Big Foreign Common Stocks

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Conclusions

To summarize, you can make money in stable, nearly industrialized countries. But there are very few opportunities for making large profits in these countries. The average investor will have to be very selective in his choice of stocks.
We have been through a recession. It was not, of course, a great recession, but it was a genuine recession. It was a recession in which real incomes of the average family fell, and unemployment rose, and prices fell, and stocks of businesses fell, and there was a general feeling of depression.

There were, of course, some who thought that the recession was caused by the overproduction of goods and that the solution was to produce less. But most of the economists who studied the problem agreed that the recession was caused by the depression of confidence, and that the solution was to restore confidence.

There were also some who thought that the recession was caused by the overconsumption of goods and that the solution was to consume less. But most of the economists who studied the problem agreed that the recession was caused by the depression of confidence, and that the solution was to restore confidence.

In any case, the recession was over by the end of 1949. The economy began to recover, and by the early 1950s, the unemployment rate had dropped to less than 4%. Real incomes of the average family began to rise, and prices began to fall. The stock market recovered, and businesses began to expand.

The recession of 1949 was a turning point in the history of the United States. It was a turning point in the history of the world. It was a turning point in the history of economics. It was a turning point in the history of human beings.
The Government market has been put to work in selected cases of fixed-income-bearing obligations, with Treasury bills still the most favored obligations, and the congressional committees are taken in light of the fast upward move- ment in the price of money. But these obligations are not selling well as the Government seeks to bring about the stabilization of the money market. The March 15 income tax payments were made with no imme- diate results in the wholesale market. The next venture of the Treasury is going to cost new money, probably at the end of the month.

Lower Capital Demand Likely

The demand for funds, according to the advisors, is not likely to slacken for some time. The new issues of these obligations which are considered to be favor- able to the market are going to be watched with great interest. The market is in a state of flux and the word is everywhere of a good demand. The market is in a state of uncertainty and the trend is clear. The 60's will not be like the fifties after all. Our values could be raised and go a big change. A high standard of living is not to be granted. Persistent inflation and periodic recessions are growing more tolerable. The rest of it is likely to be a little more in accordance with our standards of living.

A pattern, therefore, is established. If out of the 50's the three per- cent was the period of the very high taxes paid, and if, in a few years from now, the actual costs of the next will be clear. The 60's will not be like the fifties after all. Our values could be raised and go a big change. A high standard of living is not to be granted. Persistent inflation and periodic recessions are growing more tolerable. The rest of it is likely to be a little more in accordance with our standards of living.

The rate of change in the character of the economy is being watched carefully. Why economic growth in this environment is this slow, requires the economy of the future, at least in part, the Government is making changes in the national policies. The country must have a policy to curb inflation and to avoid the future problems which are growing more tolerable. The rest of it is likely to be a little more in accordance with our standards of living.

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SECURITY SALESMAN'S CORNER
BY JOHN DUTTON

A Sales Suggestion for Mutual Funds

No product that is improperly
suggested or sold will do good
work on the market, no matter
how much of it is sold. Nor will
such sales assist a salesman in
obtaining referrals. The point is,
that he must not go along with
cruel or unreasonable requests.

But last year, total United States
exports of cotton cloth, worth
$13.2 million, increased sub-
stantially—if the industry desires
it wants increased and will do
so. The theory of salesmanship
just as the theory of advertising
is that every salesman must be
true to himself and, if possible,
true to his customer.

A firm in Thailand wanted cot
ton cloth, for men and women on the basis of con
tracts for its export market.

And listen to these opportuni-
ties in England:

Textiles for soft furnishings,
including cotton, synthetics (nylon, polyester), and other goods, are
sold for higher prices, and a
higher volume.

Fabrics for fashion dresses,
ine children’s wear, and, to a
lesser degree, for direct
sales to the public.

Continuing England’s published
textile receipts, another
industry is making the same
point. The British government
has set up a large industry to
aid the textile manufacturers
and it has been successful.

Price is one important factor—
and its effects are easy to see.

A firm in Germany wanted cot
ton and rayon print cloth for cloth
productions. It has been
successful in the export market.

A firm in Spain has been
successful in the export market.

A firm in Italy has been
successful in the export market.

A firm in India has been
successful in the export market.

A firm in France has been
successful in the export market.

A firm in Switzerland has
been successful in the export market.

A firm in Belgium has been
successful in the export market.

A firm in the Scandinavian
nations has been successful in the
export market.

A firm in the United States
has been successful in the export
market.

A firm in Canada has been
successful in the export market.

A firm in Australia has been
successful in the export market.

A firm in New Zealand has
been successful in the export market.

A firm in South Africa has
been successful in the export market.

A firm in South America has
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A firm in Central America has
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### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE

<table>
<thead>
<tr>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<tbody>
<tr>
<td>12,597,000</td>
<td>12,510,000</td>
<td>12,540,000</td>
<td>12,500,000</td>
</tr>
</tbody>
</table>

#### Metallurgical Transactions

- **Total transactions (tons):**
  - 7,110,610
  - 7,109,000
  - 7,108,000
- **Iron ore transactions (tons):**
  - 1,503,600
  - 1,502,000
  - 1,501,000
- **Coke transactions (tons):**
  - 1,503,600
  - 1,502,000
  - 1,501,000

#### Transportation News

- **Freight rates (cents per ton):**
  - 3.50
  - 3.50
  - 3.50

#### Foreign Exchanges

- **Exchange rates (cents per unit):**
  - 7.14
  - 7.13
  - 7.12

#### American Cotton Exports

- **Exports (tons):**
  - 125,900,000
  - 158,600,000
  - 266,200,000
  - 200,000,000

#### Business Activity News

- **Business conditions:**
  - Manufacturing
  - Retail trade
  - Wholesale trade

#### Steel Industry Statistics

- **Steel production (tons):**
  - 12,597,000
  - 12,510,000
  - 12,540,000

#### Financial Markets

- **Interest rates (percentage):**
  - 3.50
  - 3.50
  - 3.50

#### Other Industry News

- **Other industry statistics:**
  - Manufacturing
  - Retail trade
  - Wholesale trade

#### International Trade

- **Trade balances:**
  - 7.14
  - 7.13
  - 7.12

#### Agriculture

- **Agricultural statistics:**
  - Crop report
  - Livestock report

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

- Abrams, Inc. (3/28)
  Feb. 25 (letter of notification) 6,000 shares of common stock for sale. Proceeds to be divided equally among the officers and employees of the company. (Offered by Mr. & Mrs. R. A. Abrams. Price—$5 per share. Proceeds—To be held in trust pending completion of the sale.)

- American Metropolitan Investment Co.
  March 4 filed 103,400 shares of class A and 10,240 shares of class B stock for subscription by holders of outstanding shares. Proceeds—To consist of one class B and 10 class A shares (reflecting a 10% stock dividend) for the development of certain of its properties. Office—Gold & Woodard Bldg., Washington, D. C. Underwriter—None.

- American Metallurgical Co.
  Jan. 21 (letter of notification) 295,000 shares of common stock for sale. Proceeds—To be used for general corporate purposes. Office—Fifth Ave., New York.

- American St. Lawrence Seaway Land Co.

- American Telcomm Service, Inc. (4/8)

- Anahab Instrument Corp.
  March 10 (letter of notification) 24,000 shares of common stock (par $1). Price—$4 per share. Proceeds—For general corporate purposes. Office—32 Canfield Grove, N. Y., and 57, N. Y., and 57, N. Y., and 57, N. Y.

- Ansonia Wire & Cable Co.
  Feb. 28 (letter of notification) 2,500 shares of common stock (par $1) to be offered to stockholders on the basis of 1 share for each 10 shares held, with rights to receive on April 1: Proceeds—For stock dividends. Proceeds—To repay a current debt and for working capital. Office—111 Martin Street, Shaston, R. I., Underwriter—Lloyd & Co., 49 Exchange Place, New York, N. Y.

- Applied Research Corp. of N. J.
  March 11 filed 200,000 shares of common stock. Price—To be supplied by amendment. Proceeds—For the expansion of operations of Diversified Industries Corp.; $33,000 for repayment of indebtedness owed to management. Proceeds—For the establishment of laboratory and sales facilities in Dallas and subsidiary office facilities in New York, $200,000 for research and development; and the balance in capital stock. Office—20, N. Y., Underwriter—S. D. Fuller & Co., New York.

- Arcs Industries, Inc. (3/21-25)
  Feb. 10 filed 100,000 shares of common stock (par $10). Price—$3.75 per share. Proceeds—To provide financial assistance to the company’s three subsidiaries. Office—1906 Texas Street, El Paso, Texas. Underwriter—First Southwest Corp., Dallas, Texas, and Harold S. Stewart & Co., El Paso.

- Avilux, Inc.

- Aviation Systems, Inc. (4/3)

- Avis, Inc. (4/11-15)

- Baltimore & Ohio Railroad Co.
  Feb. 22 (letter of notification) 9,000 shares of common stock. Proceeds—For public utility purposes. Proceeds—To be used for the construction of additional trackage facilities. Office—733 Eleventh Bldg., Canton, Ohio. Underwriter—None.

- Baltimore & Ohio Railroad Co. (3/22-25)
  March 22 (letter of notification) 7,500,000 shares of common stock, to be first sold by the company at a price of $1.00 per share. Proceeds—For the purchase of 5,000,000 shares of common stock at the rate of 30 shares for each $1,000 of debentures; (b) 50,000 shares of 6% cumulative convertible preferred stock; and (c) $75,000,000 of 6% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 5,000,000 shares of common stock to be held in trust for the benefit of the bond holders. Proceeds—To purchase 15,000 shares of the issuer’s common at a price of 1 point over par, for the benefit of the bond holders. Proceeds—For general corporate purposes. Office—212, 22nd and 23rd St., N. W., Baltimore, Md. Underwriter—P. R. Brooks & Co., New York City.

- Barnes Engineering Corp. (3/18)
  Feb. 9 (letter of notification) 300,000 shares of common绿地 (par $1). Price—$30 per share. Proceeds—For working capital. Office—1404 Main Street, Houston, Tex. Underwriter—Daggett Securities, Inc., Newark, N. J.

- Barry Finance, Inc. (3/22-23)
  Feb. 15 filed 200,000 shares of common stock, as adjusted to stockholders’ voting rights, for sale. Proceeds will be voted at a shareholders’ meeting Feb. 24, 1969. Of the shares to be offered, 100,000 shares will be sold to the company and 100,000 are to be sold by stockholders. Proceeds—To be supplied by amendment. Office—3850 Kelley Ave., Chicago. Proceeds—To be used for the purchase of land and construction thereon, and for the manufacture and installation of new equipment. Office—1009 Texas Street, El Paso, Texas. Underwriters—First Southwest Corp., Dallas, Texas, and Harold S. Stewart & Co., El Paso.

- Border Steel Mills, Inc.

- Briggs Associates, Inc.

- Britton Electronics Corp. (3/28-4/1)
  March 10 filed 375,000 shares of interests in the company’s common stock, which may be acquired pursuant thereunto, 119 N. 5th St., New York City.

- Bureau of National Affairs, Inc.

- Burnell & Co. (4/4-8)

- C. W. S. WAVeguide Corp.
  March 19 (letter of notification) 300,000 shares of common stock (par $1). Price—$35 per share. Proceeds—For general corporate purposes. Office—301 W.
NEW ISSUE CALENDAR

March 18 (Friday)
Barnes Engineering Co.
Common
(Wilson, Bros. & Co.) $100,000 shares

March 21 (Monday)
Aero Aircraft Corp. of America
Common
(Calway Securities Corp.) $350,000

March 24 (Tuesday)
Investor's Syndicate
Common
(Morgan, Hambell & Co.) $300,000

American Molded Fiberglass Co.
Common
(Morgan, Hambell & Co.) $300,000

Britton Electronic Corp.
Common
(Morgan, Hambell & Co.) $225,000

California-Pacific Utilities Corp.
Common
(Hamilton Securities Corp. & Co.) $25,000

Edison Steel Corp.
Common
(Elliot, Peckard & Co.) $100,000

Eldon Industries, Inc.
Common
(Shannon, Hammell & Co. and Bews, Frank, Mayer & Pox) $135,000

Forest Hills Country Club Ltd.

Great Northwest Steamship Co.
Common
(Morgan, Hambell & Co.) $300,000

Great Southwest Corp.
Debentures
(Morgan, Hambell & Co.) $1,000,000

Howe Plastics & Chemical Companies, Inc.
Common
(Shannon, Hammell & Co.) $100,000

Inland Container Corp.
Common
(Shannon, Hammell & Co.) $175,000

Inland Credit Corp.
Common
(Shannon, Hammell & Co.) $150,000

Missile Electronics Corp.
Common
(Pleasant Securities Co. of Newark) $65,000

Nu-Electron Corp.
Common
(Morgan, Hambell & Co.) $1,031,250

Seaboard Plywood & Lumber Corp.
Debentures
(Peter Morgan & Co.) $300,000

Seaboard Plywood & Lumber Corp.
Common
(Peter Morgan & Co.) $300,000

Transworld Equipment Corp.
Common
(Morgan, Hambell & Co.) $275,000

March 29 (Tuesday)
Bank of California
Stock
(Shannon, Hammell & Co. and Bews, Frank, Mayer & Pox) $1,000,000

Louisiana Power & Light Co.
Bonds
(Bowman, Union & Co.) $500,000

Niagara Mohawk Power Co.
Bonds
(Rogers, Hill & Co.) $200,000

San Diego Imperial Corp.
Debentures
(White, Weil & Co. and J. A. Hoge & Co.) $150,000

San Diego Union Corp.
Debentures
(White, Weil & Co. and J. A. Hoge & Co.) $125,000

Southwestern Investors Co.
Common
(White, Weil & Co.; Seabury, Gerhart & Hinckley, Inc. and The First Trust Co. of Louisiana) $15,000

Southwestern Investment Co.
Notes
(White, Weil & Co.; Babb, Broberg & Co. and The First Trust Co. of Louisiana) $125,000

March 30 (Wednesday)
Systrom-Dennison Corp.
Common
(Shannon, Hammell & Co.) $45,750

March 31 (Thursday)
Aviation Englewood Co., Inc.
Common
(G. G. Mitchell Co. and Robert B. Leonardi & Sons, Inc.) $50,000

St. Regis Paper Co.
Common
(White, Weil & Co. and A. G. Becker & Co. 289,737 shares)

April 1 (Friday)
Goddard, Inc.
Common
(Sekerjian Securities Co. and First City Securities, Inc.) $300,000

Fletcher Leasing Corp.
Common
(R. D. Hill & Co.) $200,000

April 4 (Monday)
American Bowling Enterprises, Inc.
Common
(Shannon, Hammell & Co.) 100,000 shares

American Bowling Enterprises, Inc.
Warrants
(Morgan, Hambell & Co.) 40,000 warrants

American Telemail Service, Inc.
Common
(White, Weil & Co. and A. G. Becker & Co.) 200,000

Burnell & Co.
Common
(Morgan, Hambell & Co.) 400,000 shares

Captains Club, Inc.
Common
(Shannon, Hammell & Co. and Babb, Broberg & Co. Securities, Inc.) $1,000,000

Circuit Bell Corp.
Common
(Hayden, Stone & Co.) 10,000 shares

Dworman Corp.
Common
(Frhoff & Co. 1,000,000 shares

Hill's Supermarkets, Inc.
Common
(White, Weil & Co. and J. A. Hoge & Co.) 225,000

Keystone Electronics Co., Inc.
Common
(White, Weil & Co. and J. A. Hoge & Co.) 200,000

Seneca Gas & Oil Corp.
Common
(White, Weil & Co.) $600,000

Sterling Corp.
Common
(White, Weil & Co. and Babb, Broberg & Co. Securities, Inc.) $1,000,000

April 5 (Tuesday)
Automation Systems, Inc.
Common
(Bowman, Union & Co.) $125,000

Carolina Power & Light Co.
Bonds
(White, Weil & Co. and J. A. Hoge & Co.) $150,000

Liberty Loan Corp.
Bonds
(Bowman, Union & Co. and Babb, Broberg & Co.) $125,000

April 6 (Wednesday)
Commonwealth Railroads, Inc.
Bonds
(Bond is to be issued $6,400

April 7 (Thursday)
Alabama Power Co.
Bonds
(White, Weil & Co.) $12,500

April 8 (Friday)
Haloid Xerox Corp.
Common
(The First Boston Corp.—offering to stockholders) $300,000

April 11 (Monday)
Aero Industries, Inc.
Common
(Morgan, Hambell & Co. and Bews, Frank, Mayer & Pox) $225,000

Avis, Inc.
Common
(V. E. Hutton & Co.) 10,000 shares

Avis, Inc.
Bonds
(White, Weil & Co. and Babb, Broberg & Co. Securities, Inc.) $1,000,000

Figurette, Ltd.
Common
(Morgan, Hambell & Co.) $600,000

National Fuel Gas Co.
Bonds
(Bond is to be issued $113,000

Newbury (John J.). Inc.
Warrants
(Hodgson & Weeks) 120,000 shares

Precision Circuits, Inc.
Common
(Morgan, Hambell & Co.) $35,000

Precision Circuits, Inc.
Bonds
(Ballard, Jameson & Co.) $450,000

Teltray Electronic Systems, Inc.
Common
(Morgan, Hambell & Co.) $250,000

Tool Research & Engineering Corp.
Common
(Morgan, Hambell & Co. and Bews, Frank, Mayer & Pox) $150,000

Wells Industries Corp.
Common
(Morgan, Hambell & Co.) 300,000 shares

April 12 (Tuesday)
Mountain States Telephone & Telegraph Co.
Debentures
(Bonds to be issued $66,000

Standard Motor Products, Inc.
Common
(Morgan, Hambell & Co. and Bews, Frank, Mayer & Pox) $250,000

West Penn Electric Co.
Common
(Carl M. Lewis, Morris & Co. The First Boston Corp. Lehman Brothers: Goldman, Sachs & Co.) $1,000,000

April 13 (Wednesday)
Iowa-Illinois Gas & Electric Co.
Bonds
(Bond is to be issued $1,000,000

U. S. Plywood Corp.
Debentures
(Barnett,连线, Union & Co.) $1,000,000

April 18 (Monday)
Harn Corp.
Common
(Morgan, Hambell & Co. and Bews, Frank, Mayer & Pox) $750,000

Mills Factors Corp.
Common
(John C. Lincoln & Co. and Flora, Weeks) $450,000

United Companies for Lloyd's
Common
(Morgan, Hambell & Co.) 100,000 shares

April 20 (Wednesday)
Microdot Inc.
Common
(White, Weil & Co.) 104,000 shares

Middle South Utilities, Inc.
Common
(Bond is to be issued $500,000

Puget Sound Power & Light Co.
Bonds
(Bond is to be issued $600,000

Transcontinental Gas Pipe Line Corp.
Bonds
(Bond is to be issued $1,000,000

Transcontinental Gas Pipe Line Corp.
Common
(White, Weil & Co. and Babb, Broberg & Co. Securities, Inc.) $1,000,000

May 5 (Thursday)
PacifiC Eastern Airlines Corp.
Common
(Bond is to be issued $1,000,000

May 9 (Monday)
Pennsylvania Electric Co.
Bonds
(Bond is to be issued $12,000

May 10 (Tuesday)
California Electric Power Co.
Common
(Bond is to be issued $12,000

Goelert Corp.
Debentures
(Bond is to be issued $12,000

Goelert Corp.
Debentures
(Bond is to be issued $1,000,000

Goelert Corp.
Debentures
(Bond is to be issued $1,000,000

Wisconsin Telephone Co.
Debentures
(Bond is to be issued $700,000

June 2 (Thursday)
Jersey Central Power & Light Co.
Bonds
(Bond is to be issued $1,000,000

July 1 (Friday)
Tennessee Valley Authority
Bonds
(Bond is to be issued $40,000

July 7 (Thursday)
Gulf Power Co.
Common
(Bond is to be issued $5,000

Gulf Power Co.
Common
(Bond is to be issued $5,000

July 19 (Tuesday)
New Jersey Power & Light Co.
Bonds
(Bond is to be issued $250,000

September 13 (Tuesday)
Virginia Electric & Power Co.
Bonds
(Bond is to be issued $250,000

November 3 (Thursday)
Georgia Power Co.
Bonds
(Bond is to be issued $250,000

Continued from page 34


• Caldata, Inc. (3/21-31)
  Feb. 15 issued 2,000,000 shares of common stock at $5 per share; total proceeds, $10,000,000.

• Federal National Mortgage Association (3/26-4/1)
  March 8 filed 78,307 shares of common stock of the company. The shares are to be offered for sale in connection with the proposed acquisition of the company by the Federal National Mortgage Association. The sale is subject to the approval of the Federal Reserve Board.

• California-Pacific Utilities Co. (3/28-4/1)
  March 7 filed 78,307 shares of common stock of the company. The shares are to be offered for sale in connection with the proposed acquisition of the company by the Federal National Mortgage Association. The sale is subject to the approval of the Federal Reserve Board.

• Canadian Hockey Ltd. (3/26-4/1)
  March 26 filed 109,659 shares of common stock of the company. The shares are to be offered for sale in connection with the proposed acquisition of the company by the Federal National Mortgage Association. The sale is subject to the approval of the Federal Reserve Board.

• Capital Airlines, Inc. (3/25)
  Jan. 26 filed 609,659 shares of common stock of the company. The shares are to be offered for sale in connection with the proposed acquisition of the company by the Federal National Mortgage Association. The sale is subject to the approval of the Federal Reserve Board.

• Citipac Plywood Inc., Medford, Ore. (3/25)

• Carolina Telephone & Telegraph Co. (3/25)
  Feb. 16 filed 2,000,000 shares of capital stock of the company, $5 per share. Price—$1.25 per share. Proceeds—To increase the company's working capital and to aid in financing the construction of a new building. Underwriter—Peters Morgan & Co., New York.

• Carolina Power & Light Co. (4/5)
  March 4 filed $25,000,000 of first mortgage bonds, series due 1996. Proceeds—To be used to (1) repay temporary bank loans made to the company for its construction program and (2) for the construction of additional generating plants. Proceeds will be used to repay competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly), W. C. Langley & Co. and The First Boston Corp. (jointly), Edun, Lock, Co. and Equitable Securities Corp. (jointly), Lehman Brothers, Blyth & Co., Inc. (jointly).

• Carolina Telephone & Telegraph Co. (4/5)
  March 4 filed 1,000,000 shares of common stock of the company, par value $5. Price—$2.50 per share. Proceeds—Additional working capital. Underwriter—None.

• Carolina Telephone & Telegraph Co. (4/5)
  Feb. 17 filed $1,500,000 of 15-year 5% series A debenture bonds, $500,000 of 10-year series A debenture bonds, and $10,000,000 of 4% cumulative preferred stock. Price—For debenture bonds, 100% of par value; for preferred stock, $100 per share. Proceeds—To be added to the cooperative general fund and the major portion thereof will be applied to the construction of a new warehouse and central office building; and a portion of the proceeds will be used to retire outstanding mortgage notes and for working capital. Office—Center of Superior, Wis. Underwriter—None.

• Century Corporation (4/5)
  Jan. 23 filed 150,000 shares of common stock. Price—To be supported by subscription. Proceeds—For the payment of all claims of Century Corporation, including secured and unsecured bank loans; for payment of the balance of a down payment of the property of Virgil, Calif. to pay the balance of the purchase price of a building in Torrance, Calif., and for working capital.

• National Union Bank of California (4/5)

• National Bank of New York (4/5)
  Jan. 26 filed 250,000 shares of class A stock ($10 par value) for $25 per share. Price—$25 per share. Proceeds—To be used for the payment of taxes and other expenses in connection with the purchase of the securities.

• Consolidated Oil & Gas, Inc., Denver, Colo. (4/21-25)

• American Gas & Electric Co. (4/21-25)
  Mar. 15 filed 1,000,000 shares of common stock of the company. Price—$5 per share. Proceeds—To be used for the payment of taxes and other expenses in connection with the purchase of the securities. Underwriter—Sampson, Shal, Roos & Co., Inc., New York, N. Y.

• Don Mott Associates, Inc. (4/21-25)

• Dorman Corporation (4/21-25)

• Consolidated Water Co. (Dec. 30)

• Consolidated Pocahontas Corp. (Feb. 11)
  Feb. 11 filed 2,000,000 shares of common stock. Price—$1 per share. Proceeds—To retire outstanding bank loan. Proceeds—To be used for the acquisition of new property. Proceeds—Proceeds from the sale of new property will be used for working capital. Underwriter—Drake, Estabrook & Co., New York, N. Y.

• Control Electronics Co., Inc. (3/21)
  Dec. 30 (letter of notification) 300,000 shares of common stock of the company. Price—To be fixed by the underwriter on a "best efforts" basis. Proceeds—For repayment of notes and for working capital. Underwriter—None.

• Cosat Record Distributors, Inc. (Feb. 29)
  Feb. 29 (letter of notification) 75,000 shares of class A common stock of the company. Price—To be fixed by the underwriter on a "best efforts" basis. Proceeds—For repayment of notes and for working capital. Underwriter—None.

• Robert K. Cutter Co. (March 14)
  March 14 filed 99,910 shares of class A and 3,200 shares of class B common stock. Proceeds—For the purpose of acquiring principal amount; for the stock, $5 per share. Proceeds—For the purchase of common stock of the present holders thereof; from the rest of the offering, to the company to be used for expansion and working capital. Office—831 S. 81st St., Miami, Fla.

• Detroit Steel Corp. (March 14)
  March 14 filed 1,000 shares of common stock. The company proposes to offer this stock in exchange for outstanding shares of the common stock of the company. Proceeds—On the basis of 1.55 shares of Detroit Steel common stock for each share of common stock to be offered. Underwriter—None.

• Deluxe Aluminum Products, Inc. (March 15)
  March 15 issued 2,000,000 shares of common stock of the company. Proceeds—For the purchase of common stock of the present holders thereof; from the rest of the offering, to the company to be used for expansion and working capital.

• Diversified Communities, Inc. (Sept. 23)
  Sept. 23 filed 1,000,000 shares of common stock of the company. Proceeds—For expansion and working capital. Proceeds—Proceeds from the sale of the stock will be used for working capital. Underwriter—24A Sayre Woods, Warrenton, Va. Proceeds—Proceeds from the sale of the stock will be used for working capital. Underwriter—None.

• Don Mott Associates, Inc. (Oct. 27)
  Oct. 27 filed 161,720 shares of common stock of the company. Proceeds—Proceeds to be used for working capital. Proceeds—Proceeds from the sale of the stock will be used for working capital. Underwriter—None.

• Don Mott Associates, Inc. (Nov. 11)
  Nov. 11 filed 1,000,000 shares of common stock of the company. Proceeds—Proceeds to be used for working capital. Proceeds—Proceeds from the sale of the stock will be used for working capital. Underwriter—None.
Edgcomb Steel Co. (3-28-4/1)  Feb. 18 filed 150,000 outstanding shares of common stock ($5 par). Price.—To be supplied by amendment. Proceeds.—To purchase additional equipment, to reduce operating costs, and to increase the marketability of the company's product.

Edison Electric Co., Inc. (3-28-4/1)  Feb. 13 filed 13,000,000 shares stock (par $1). Price.—To be supplied by amendment. Proceeds.—To repurchase, on the open market, an additional 500,000 shares of Edison Electric's common stock; to be used for operating purposes and the improvement of the company's facilities.

Eiffel Trusts  March 14 filed 37,751,000 shares of Trustees' Certificates (in addition to $2,259,000 remaining to be used under a March, 1939, decree). Proceeds.—To purchase, at a discount, the entire balance of the company's securities.

Electric's Inc.  Feb. 1 (letter of notification) $100,000 of 7% subordinated debentures due April 1, 1970 and 20,000 shares of common stock (par 200) to be offered in each unit, in connection with the occupancy of its new plant at Hawthorne, Calif.; $150,000 for purchase of additional injection molding machines. Proceeds.—To be used for the construction of a new building and for the expansion of the company's operations.

Elna Corporation  March 3 (letter of notification) $45,000 of shares common stock (no par). Price.—$3 per share. Proceeds.—For conversion of debentures and 68 shares of common stock. Price.—$4 per share. Underwriter.—None.

Enamol Assurance Co.  March 7 (letter of notification) 100,000 of common stock (par $1). Price.—$3 per share. Proceeds.—For conversion of debentures and 68 shares of common stock. Price.—$4 per share. Underwriter.—None.

Entertainment Electric Co.  March 16 filed 1,200,000 shares of common stock, which may be offered for sale after July 1. Proceeds.—For general business purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. Offer.—6330 Woodward Ave., Detroit, Mich. Underwriter.—Strass, Bloser & McDowell, Chicago, Ill.

Green River Production Corp.  Oct. 15 (letter of notification) 200,000 shares of common stock. Price.—$2 per share. Proceeds.—For exploitation purposes and for general corporate purposes. Offer.—212 South Dearborn St., Chicago, Ill. Underwriter.—Crecent Securities Co., Inc, Bowling Green, Ky.

Great Southwest Corp. (3-28-4/1)  Dec. 18 (letter of notification) 100,000 shares of common stock. Price.—$3 per share. Proceeds.—For general corporate purposes. Offer.—125 E. 56th Street, New York, N.Y. Underwriter.—None.

Hanna & Xerox, Inc. (4/8)  March 11 filed 333,213 shares of common stock, to be offered for subscription by company to its common stockholders at the rate of one share for each 10 shares held. Price.—To be supplied by amendment. Proceeds.—To repay debt of $800,000 owed to Foundation Investment Corp. and additional working capital. Offer.—1401 Harbor Boulevard, Garden Grove, Calif. Underwriter.—None.

Hannover & Company, Inc. (3-28-4/1)  Feb. 26 filed 1,000,000 shares of common stock, to be offered for subscription by the company to its common stockholders at the rate of one share for each 10 shares held. Price.—To be supplied by amendment. Proceeds.—To repay debt of $800,000 owed to Foundation Investment Corp. and additional working capital. Offer.—1401 Harbor Boulevard, Garden Grove, Calif. Underwriter.—None.

Harold & Company, Inc. (3-28-4/1)  Feb. 25 filed 100,000 shares of Class A common stock (par 10). Price.—$2.50 per share. Proceeds.—For working capital, capital improvements, inventory and general working capital. Offer.—1401 Harbor Boulevard, Garden Grove, Calif. Underwriter.—None.

Harley & Company, Inc. (3-28-4/1)  Feb. 29 (letter of notification) 100,000 shares of Class A common stock (par 10). Price.—$2.50 per share. Proceeds.—For working capital, capital improvements, inventory and general working capital. Offer.—1401 Harbor Boulevard, Garden Grove, Calif. Underwriter.—None.

Hark & Company, Inc. (3-28-4/1)  Feb. 27 filed 200,000 shares of common stock (par $1). Price.—To be supplied by amendment. Proceeds.—For working capital, general business purposes, and for the purchase of additional equipment for the company's operations.

Harvey & Company, Inc. (3-28-4/1)  Feb. 28 filed 200,000 shares of common stock (par $1). Price.—To be supplied by amendment. Proceeds.—For working capital, general business purposes, and for the purchase of additional equipment for the company's operations.

Harvey & Company, Inc. (3-28-4/1)  Feb. 29 (letter of notification) 100,000 shares of common stock (par 10). Price.—$2.50 per share. Proceeds.—For working capital, capital improvements, inventory and general working capital. Offer.—1401 Harbor Boulevard, Garden Grove, Calif. Underwriter.—None.

Hart & Company, Inc. (3-28-4/1)  Feb. 24 (letter of notification) 27,883 shares of common stock (par $1). Price.—$1.00 per share. Underwriter.—None.


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Hart & Company, Inc. (3-28-4/1)  Feb. 29 (letter of notification) 100,000 shares of common stock (par 10). Price.—$2.50 per share. Proceeds.—For working capital, capital improvements, inventory and general working capital. Offer.—1401 Harbor Boulevard, Garden Grove, Calif. Underwriter.—None.

Hart & Company, Inc. (3-28-4/1)  Feb. 24 (letter of notification) 27,883 shares of common stock (par $1). Price.—$1.00 per share. Underwriter.—None.

Inland Container Corp. (3/28-4/4) March 25 filed 100,000 shares of common stock (no par). Price—To be supplied by amendment. Proceeds (estimated at $1,000,000)—To increase working capital and mortgage pertaining to the Kratzer Building, and for general corporate purposes. Office—11 West 22nd Street, New York, N.Y. Underwriter—Ritter, Ionides & Co., New York.


* Insured Annuities of America, Inc. March 14 filed $1,000,000 of 5½% collateral trust bonds. Price—To be supplied by amendment. Proceeds (estimated at $1,000,000)—To increase temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. Office—320 Colman Bldg., San Francisco, Wash. Underwriter—None.


International Bank, Washington, D.C. Dec. 19 filed 1,723,500 shares of common stock ($50 par value), 5-year, 3½% perpetual; series A, $1,000,000 4½% per year, and series B, $5,300,000 6-year, 5% per year. Price—To be supplied by amendment. Proceeds—For working capital. Underwriter—Johnston, Leemon & Co., Wash- ington, D.C. Underwriter—none.

 Interstate Securities Co. Feb. 23 filed 185,000 shares of cumulative preference stock, convertible (200 shares = $1 par value) on the vote of the common stockholders. Price—To be supplied by amendment. Right dates are April 3 and April 7, 1940. Proceeds—To be supplied by amendment. Underwriter—None.

Investors Funding Corp. of New York Feb. 7 filed six series of 10% subordinated debentures aggregating $1,750,000. Price—To be supplied by amendment. Per- tached warrants for the purchase of an aggregate of 1,500,000 common shares at $10 per share. Proceeds—Debentures (with warrants at 10% of principal amount). Proceeds—To be added to the company’s gen- eral funds and working capital and will be used pri- marily for the expansion and improvement of parcels of real estate. Underwriter—None.


Keystone Electronics Co., Inc. (4/4-8) Feb. 12 filed 200,000 shares of common stock. Of this stock 153,809 shares are reserved for employees according to a plan adopted by the company for employees, date of plan March 15, 1939. Proceeds—To underwrite the purchase price of $596,500. Price—To be supplied by amendment. Proceeds—Additional working capital.


Keystone Electronics Co., Inc. (4/4-8) Feb. 12 filed 200,000 shares of common stock. Of this stock 153,809 shares are reserved for employees according to a plan adopted by the company for employees, date of plan March 15, 1939. Proceeds—To underwrite the purchase price of $596,500. Price—To be supplied by amendment. Proceeds—Additional working capital.


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For general corporate purposes. Office—2303 Shanes
Drive Westbury, N. Y. Underwriter—Mortimer B. Burn¬
cide & Co., New York, N. Y.

Miscellaneous

(2/8-14)
Feb. 10 filed 250,000 shares of common stock, of which
75,000 were purchased from company’s own accounts, and
the remaining 175,000 shares will be sold for the account of
certain selling stockholders. Price—$4 per share. Proceeds—
For debt reduction and working capital. Office—Ottawa,
Ontario, Canada.—Underwriter—First National Bank of
Ottawa, Ont.

Robalfie Corp. (3/21-25)
Jan. 18 filed 250,000 shares of common stock (par 50 cts).
Price—$1.50 per share. Proceeds—For debt reduction and
working capital. Office—Sacramento, Calif. Underwrite¬
er—Chase & Co., New York, N. Y.

Multi Employees Trademark, Inc.
Feb. 20 (letter of notification) 100,000 shares of common
stock (par $1). Price—$1 per share. Proceeds—For the
reorganization of the company. Office—201 Castro St., San
Francisco, Calif.—Underwriter—Frank Edenfield & Co., Miami, Fla.

* NAF Corp.
Feb. 16 filed 200,000 shares of capital stock. Price—To
be determined by competitive bidding. Proceeds—For
the entire purpose of acquiring the assets of the company.
Office—East St. Louis, Ill.—Underwriter—Milton D. Blumberg & Co., Inc., New York, N. Y.

*Narda Microwave Corp.
June 16 filed 500,000 shares of common stock (par 10 cts).
Price—$10 per share. Proceeds—For the entire purpose of

* John J. Neshitt, Inc. (4/11-22)
March 7 filed 120,000 shares of common stock, of which
40,000 shares will be subscribed to by the company while
80,000 shares will be sold for the holders thereof. Price—
$5 per share. Proceeds—For the entire purpose of increas¬
ing the working capital. Office—State Road & Ashland
Blvd.,帕西科, Pa.—Underwriter—Harnbrook & Weeks, New York.

* New Jersey Aluminum Extrusion Co., Inc.
March 1 filed 250,000 shares of common stock of which
50,000 shares will be subscribed to by the company and
the remaing 200,000 shares will be sold for the holders of the
shares. Price—$5 per share. Proceeds—For the entire purpose
of increasing the working capital. Office—Passaic, N. J.—
Underwriter—Lazard Freres & Co., New York, N. Y.

* Niagara Mohawk Power Co. (3/20)
Feb. 20 filed 5,000,000 shares of mortgage bonds due, April

Penna electric (5/19)
March 10 filed 12,000,000 shares of mortgage bonds due, April

Penrose & Co. (2/24-25)
Feb. 24 (letter of notification) 15,000 shares of capital stock (par $1) at a price not to exceed $20 per share. Proceeds—For the entire purpose of acquiring several corporate purposes. Office—New Brunswick, N. J.—Underwriter—Penrose & Co., New York and Wilmington, Del.

Pentron Electronics Corp. (3/22-23)
March 9 (letter of notification) 75,000 shares of common
stock (par $1). Price—$2 per share. Proceeds—For the entire purpose of procuring new equipment, new machine tools, and the balance to the general fund. Office—770 S. Tripp Ave., Chicago, III.

Philips Developments, Inc. (2/23-25)
Feb. 23 filed 1,500,000 shares of common stock. Price—To

Pidgeon (Walter) Steel Products, Inc.
Feb. 8 (letter of notification) 75,000 shares of common

Pigeon (Walter) Steel Products, Inc.
Feb. 8 (letter of notification) 75,000 shares of common

Pinion Development Co.
Feb. 23 filed 1,500,000 shares of common stock. Price—To

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Savannah Electric & Power Co. March 2 filed 187,000 shares of common stock (par $5). The company’s common stock is to be offered for subscription by holders of the company’s debentures due, April 1, 1970, and 30,000 shares of common stock, to be offered to unit, each consisting of $500 principal amount of debentures and 50 shares of common stock (par $5). Proceeds will be supplied by amendment. Proceeds—To retire a term bank loan, and for working capital. Office—17 Bridge St., Watertown, Mass. Underwriter—F. Morgan & Co., New York.

Seeburg Corp. Feb. 29 filed $226,000 of 4% cumulative notes and 1,200,000 shares of no par value preferred stock. Proceeds—To build new plant, and for company’s working capital. Sale of common stock and notes and $24,000 shares of the common stock are outstanding and may be sold at any time. Sales of the notes will be made to authorized company officials. The registration includes 61,000 shares of preferred stock, $1,000 par value, one share of no par value common stock, and 575 shares of common stock. Proceeds are to be used for working capital and connection with past acquisitions. The remaining $254,758 shares of common stock may be issued from time to time in the acquisition of additional business. Office—590 North Dayton St., Chicago, Ill.


Servcons, Inc. Feb. 28 filed 100,000 shares of common stock (par $1) to be offered for subscription by holders of the company’s debentures at the rate of 2 shares for each five shares held, rights to expire in 20 years. Proceeds—To retire bond indebtedness; for the purchase of the company’s mining equipment, facilities and property to provide additional working capital; to finance the initial payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. Proceeds—To be used in New York City. Underwriter—None.

Sierra Pacific Power Co. Feb. 29 filed 100,000 shares of common stock being offered for subscription by holders of the outstanding common stock for each 14 on a basis of an additional share for each 15 held, rights to expire in 20 years. Proceeds—To retire bond indebtedness; for the purchase of additional mining machinery, facilities and property to provide additional working capital; to finance the initial payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. Proceeds—To be used in filing a prospectus. Underwriter—None.


Bay Industries, Inc. (3/18-21) Dec. 11 filed registration statement. Price—$5 per share. Proceeds—To pay off bank loans, purchase machinery and equipment, and other working capital. Proceeds—To be used in a "best efforts" basis.


Southwestern Investmenr Co. (3/10) March 10 filed 10,000,000 of senior notes due March 1, 1975, $20,000,000 of capital notes, due March 1, 1975 (with attached warrants for the purchase of 75,000 common shares of the company’s common stock at a price of $100 per share). Proceeds—To be supplied by amendment. Proceeds—To be used in the incorporation of the holding company and the issuance of the debt issues. Underwriter—White, Weld & Co., New York City, and J. A. H. Chouteau & Co., St. Louis, Mo.

Spring Street Capital Co. March 1 filed 3,000 shares of common stock (par $100) at a price of $100 per share. Proceeds—For purchase of debentures, due Feb. 28, 1969. The offer will expire on April 18, 1969, of the shares. Proceeds will be used to retire debentures. Proceeds—To be used in the construction of a new building. Underwriter—White, Weld & Co., New York City, and J. A. H. Chouteau & Co., St. Louis, Mo.


Stattling Development Corp. March 2 filed 200,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—To be used for the purchase of machinery, equipment, and working capital. Proceeds—To be used in Cleveland, Ohio. Underwriter—William R. Statt & Co., Cleveland, Ohio.


Strathmore Corp. March 14 filed 2,000 shares of common stock. Price—To be supplied by amendment. Proceeds—For general corporate purposes, equipment, working capital. Proceeds—To be used in New York City and New York Office. Underwriter—Dillon; Blyth, Eastman, Dillon, Union & Webster & Securities Corp., both of New York.


Supermarket Inc. Feb. 16 filed $1,000,000 of 6% debentures due April 1, 1975, and 100,000 shares of stock (par $10). Proceeds—For general corporate purposes, equipment, working capital. Proceeds—To be used for equipment, construction, and working capital. Proceeds—To be used in Fairview Ave., Barberton, Ohio. Underwriter—McDonnell & Co., Cleveland, Ohio.

Superco, Inc. Dec. 30 filed registration statement. Price—$2 per share. Proceeds—To be used for general corporate purposes, including the purchase of inventories. Proceeds—To be used in New York City. Underwriter—None.

Superstock Corp. Jan. 29 filed 120,000 shares of common stock. Price—$10 per share. Proceeds—To be used for the purchase of machinery, equipment, and working capital. Proceeds—To be used in New York, N. Y. Underwriter—None.

Suprocne Corp. Jan. 29 filed 120,000 shares of common stock. Price—$10 per share. Proceeds—To be used for the purchase of machinery, equipment, and working capital. Proceeds—To be used in New York, N. Y. Underwriter—None.

Symcon Corp. Feb. 16 filed registration statement. Price—$2 per share. Proceeds—For general corporate purposes, equipment, working capital. Proceeds—To be used in New York, N. Y. Underwriter—None.


Tayco Developments, Inc. (3/21-25) Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of one share for each five shares held. Price—$23.75 per share, with rights to expire 14 days from date of record. Proceeds—To be used for general corporate purposes, including the purchase of inventories. Proceeds—To be used in New York City. Underwriter—None.

United American Life Insurance Co. March 11 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding common stock in the ratio of one share for each five shares held. Price—$2 per share. Proceeds—To be used for general corporate purposes. Proceeds—To be used in New York City. Underwriter—H. P. Pratt & Co., Inc., Seattle, Wash.


United American Life Insurance Co. (4/18-22) March 2 filed 110,000 shares of capital stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director of the company, and the balance is to be publicly offered. Proceeds—To be supplied by amendment. Proceeds—To be used in Cleveland, Ohio. Underwriter—None.

United States Plywood Corp. (4/18-22) March 7 filed $25,000,000 of sinking fund debentures due March 1, 1975, to be included into the $50,000,000 of debentures outstanding. Proceeds—To repay bank loans and for general corporate purposes. Proceeds—To be used in New York City. Underwriter—None.
Willett Color Television System, Inc. Jan. 29 filed a $50,000,000 first mortgage bond issue. Officers—N. J., 444 Broad Street, Newark, N. J.

Wyoming Nuclear Corp. Sept. 11 (letter of notification) 15,000,000 shares of common stock (par $1), Price.—To be announced. Proceeds—To be paid to the balance of general indebtedness, and for general corporate purposes. Office—Wyoming Nuclear Corp., Dept. C, Jackson, W. Y.

Yubachem Inc., (3/22) Filed a plan of reorganization and a Chapter 11 form of voluntary bankruptcy. Proceeds—To be paid to the balance of general indebtedness, and for general corporate purposes. Office—Yubachem Inc., 375 Park Avenue, New York, N. Y.

\section*{Prospective Offerings}

Acoustic Associates, Inc. Feb. 5 it is reported that this company will probably file an undetermined amount of common stock in April. Officers—Robert G. Sheahan, Jr., & Co., Inc. and A. Benson & Co., Inc., New York, N. Y.

\section*{Wall Street}

\subsection*{West Branch Bell Telephone Co.} Jan. 23 filed a $2,000,000 first mortgage bond issue (par $1). Proceeds—To be used for the financing of new equipment. Officers—Lincoln T. Ricketts, president; and J. B. F. Clark, vice-president. Office—22 West 49th St., New York, N. Y.

\subsection*{Western Airlines, Inc.} March 1 filed 100,000 shares of common stock (par $1). Officers—Robert C. Smith, president; and W. B. D. Conner, vice-president. Office—300 Montgomery St., San Francisco, Calif.

\subsection*{Whitneybrothers}, Inc. (3/25/31) Jan. 28 filed a $500,000 first mortgage bond issue (par $1), to be paid to the balance of general indebtedness, and for general corporate purposes. Officers—Day & York, Inc., New York, N. Y.


\subsection*{Universal Fabricators, Inc.} Feb. 22 filed a $1,196,000 shares of capital stock (par $3). Officers—E. W. Smith, president; and H. E. Schramm & Co., Bridgeville, Pa.


\subsection*{Wallis Associates, Inc.} Feb. 28 (letter of notification) 75,000 shares of common stock (par $1). Officers—W. H. Mattix, president; and B. D. Smith, secretary. Proceeds—To be used for the financing of new equipment. Office—135 Nassau St., New York, N. Y.

\subsection*{Vanadium Alloys Co.} March 1 filed a plan of reorganization, and a Chapter 11 form of voluntary bankruptcy. Officers—Howard C. Smith, president; and H. R. Smith, secretary. Proceeds—To be used for the financing of new equipment. Office—135 Nassau St., New York, N. Y.

\subsection*{Vulcan Corp.} March 9 (letter of notification) 100,000 shares of common stock (par $1), Price.—$3 per share. Proceeds—To set up a plant and equipment, to purchase machinery and equipment, and to meet operating expenses. Officers—Franklin L. Whitmoyer, president; and J. E. Smith, secretary. Office—108 Vine St., Philadelphia, Pa.

\subsection*{Utilities Co.} March 1 filed 422,030 shares of common stock (par $1). Officers—C. L. Smith, president; and H. W. Smith, secretary. Proceeds—To provide additional working capital. Office—650 Wilshire Boulevard, Los Angeles, Calif.

\subsection*{Vanadisnor Corp.} March 1 filed 200,000 shares of common stock (par $1), to be sold to stockholders and employees of record Feb. 5 on the basis of five shares of debenture stock (par $1) for each five shares held, with 1,000 shares being offered to stockholders and employees. Officers—Robert A. Waters, president, and H. B. Johnson, secretary. Proceeds—To be used for working capital purposes. Office—116 West 57th St., New York, N. Y.

\subsection*{Vanadium Corporation} March 16 it is reported that the company plans early registration of 463,000 shares of common stock, of which 60,000 shares will be offered to stockholders and for the balance of 373,000 shares for stockholders, and for each 50 shares of stockholdings will be required to purchase $5 of Vancor North, Inc., (5/5) and NYSE (1/15).

\subsection*{Vanadium Corporation} March 14 announced that the company will issue up to a maximum of 422,030,000 shares, which are to be issued in connection with the recent acquisitions by the company of M. D. Hickey & Co., Inc., of New York City, and Graham Brothers, Inc., of Los Angeles.

\subsection*{Vanadium Corporation} March 14 announced its intention to sell 1,000,000 shares of common stock (par $1). Officers—L. J. Halsey, president; and W. E. Smith, secretary. Proceeds—To be paid to the balance of general indebtedness, and for general corporate purposes. Officers—150 Clifton Ave., New York, N. Y., Underwriter—To be announced.

\subsection*{Vanadium Corporation} March 14 announced that the directors of this utility have authorized the issuance and sale of 1,400,000 shares of common stock, of which 400,000 shares will be offered to stockholders, and for each 100 shares of stockholdings will be required to purchase $5 of Vancor North, Inc., (5/5) and NYSE (1/15).

\subsection*{Vanadium Corporation} March 14 announced its intention to issue and sell 100,000 shares of common stock (par $1). Proceeds—To be paid to the balance of general indebtedness, and for general corporate purposes. Officers—150 Clifton Ave., New York, N. Y., Underwriter—To be announced.

\subsection*{Vanadium Corporation} March 14 announced that it will issue and sell 422,030 shares of common stock (par $1). Officers—L. J. Halsey, president; and W. E. Smith, secretary. Proceeds—To be paid to the balance of general indebtedness, and for general corporate purposes. Officers—150 Clifton Ave., New York, N. Y., Underwriter—To be announced.

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**March 22, 1960**

**Southern California Edison Co.**

February 15 it was stated in the company's annual report that bonds sold to underwriters in January, 1960, additional bonds sold and remaining $120,000 construction program for 1960. This financing is not known at this time.

**Southern Electric Generating Co. (6/2)**


**Southern Union Gas Co.**

Feb. 17 was announced that it plans the sale of $11,000,000 in new financing is planned for the late Spring of this year, of an underwriter—Sterne, Buckingham, Oldsmobile, and Snow, Sweeney & Co., both of New York City.

**Superior Electric Co.**

Feb. 17 it was reported that the company is planning to register 150,000 shares of common stock. Underwriter—To construct a new plant in Bristol, Conn. Underwriter—Higginson Corp., New York City. Registration—Imminent.

**Tampa Electric Company**

Feb. 17 it was announced that the company's prospectus of its most recent offering, that it contemplates some additional financing in 1960. The exact nature and amount of this market determination but the company presently believes it will take the form of either common or preferred stock.

**Tennessee Valley Authority (7/1)**

Jan. 20 announced that, pursuant to August, 1959, authorization, the company plans an offering of a few bonds outstanding at any one time, it plans its first offering to be about $50,000,000, for July 1, 1960. Probable bidders: Dean Witter & Co. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Stuart, Drexel & Co. Power Financing Officer: G. W. Wessenaar.

**Texas Eastern Transmission Co.**

Mar. 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $50,000,000 to $55,000,000. Proceeds—For construction expenses. Office—315 No. 12th Blvd., St. Louis, Mo. Official—Expected—In the latter part of this year.

**Utah Power & Light Co.**

Feb. 3 it was reported that toward the end of this year there is expected to be some financing by this company in additional common stock.

**Valle Y Nacional Bank**

March 19 it was reported that the bank is offering shareholdings rights to purchase 139,088 additional common shares on the basis of one new share for each 15 shares held of record March 11; rights expire April 8. Price—$43 per share. Proceeds—For expansion. Office—900 East 7th St., Los Angeles, Calif. (managing the book). Bids—Expected to be received on April 8, New York City (jointly).

**Western Electric & Power Co. (9/13)**

Feb. 5 it was announced that $25,000,000 first mortgage bonds will be offered for sale. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., and White, Weld & Co.; Eastman Dillon, Union Securities & Co.; and Smith Barney & Co. (jointly). Underwriter—Expected to be received on Sept. 13.

**Wisconsin Electric Power Co.**

Feb. 15 it was reported that this company is planning net amount of $25,000,000 in new financing, probably in the form of both common and preferred stock.

**Wisconsin Telephone Co. (5/19)**

March 2 it was reported that this company plans the sale of $20,000,000 of debentures. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; First Boston Corp.; Morgan Stanley & Co. Bids—Expected to be received on May 10.
The Security I Like Best... 

Continued from page 2
has now become a part of the United States. Since Seismograph is paid in dollars for its efforts in the detection and location of the various portions of the Eastern Hemisphere and has solved the problem with the German time, the company's machine, which is now in operation, is not expected to sell again for five years.

The company's machine is the model of success. It is not only the first of its kind, but it is also the only one of its kind. The company has already received orders for several machines, and it is expected that the company will be able to sell them all at a profit.

Seismograph is a company that has been in existence for only a few years, but it is already a leader in its field. The company's machine is the most advanced of its kind, and it is expected to be a leader in the industry for many years to come.

The company's success is due in large part to the efficiency of its employees. The company has a highly skilled and dedicated staff, and it is expected that this will continue to be the case.

Seismograph is a company that is growing rapidly. It is expected that the company will continue to expand its operations in the near future.

The Security I Like Best...
WASHINGTON AND THE "BEHIND-THE-SCENES" INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D.C. — The social security insurance system now provides some protection against income loss due to death, disability, and retirement to about 85% of the nation’s labor force. The railroad retirement and other public retirement systems cover an additional 8%.

The Social Security Administration is now sending out monthly benefits to 16,000 people aged 65 or over each month. This is approximately $350,000 a month.

About a year ago there were 12,500,000 recipients of monthly payments. This time next year the number will have risen to 14,100,000.

At the present time more than 10,000,000 of the 16,000 people aged 65 and over are receiving money by old age or survivors insurance benefits. Additionally, children, blind, and permanently and totally disabled make up the remainder of the total of 13,750,000 monthly recipients.

The Social Security Administration is a voluntary national insurance system, which will pay $11,700,000,000 in old age, survivors, and disability benefits and will cover 14,000,000 people during the first year after July 1.

More to Come

Special security benefits are paid out to income, through funds maintained by the Treasury. These funds have been built up with the amounts contributed by employers, employees, and the self-employed.

There are a series of bills pending in Congress to liberalize social security programs. If Congress follows a tradition that it has maintained for the past several election years it will liberalize the program in some slight form.

President Eisenhower in his budget message to Congress requested that because the Federal and State Governments are spending billions of dollars each year for aid to the needy some research is needed. He said there are large gaps in the causes of dependence at the best ways to alleviate or prevent them.

The Forbord Bill

One of the bills being pushed on Capital Hill these days is the so-called Forbord Bill. The measure by Rep. Amie J. Forbord, Cameron of Rhode Island, would require a portion of the money in self-employed persons' retirement accounts to be turned over to America's retired workers.

No one has had visits to the hospital in recent years can dispute the rising costs of medical and hospital care. Of course, older persons have larger medical care needs.

Secretary Arthur Fleming of the Department of Health, Education, and Welfare, has come out for liberalization for the older persons, by advocating a "small increase in social security" for those persons ready paying 3% of the first $4,000 in earned income, that employers are matching as part of that contribution.

HEW records show that in 1958 one in every five persons 65 years old and older had a paying job. In 1959 and 1960, 70% of all over age 65 had less than $1,000 in money income in 1959, and only 20% had more than $1,000.

Officials of the Department maintain that the future is not rosy. With seven-tenths of our aged population now in need of welfare it is not reasonable to assume that all beneficiaries today are self-supporting; it is more likely that three-fourths of the aged population will be eligible for aid.

AMA's Position

The American Medical Association refutes a lot of the facts they have been made to the House Ways and Means Committee. The AMA declares in effect that the plight of the aged is not near as bad as it has been pictured.

The Association's study purports to show that more than 90% of those over 65 can afford to meet medical bills of $500. The Association says, with justification, that the Forbord bill, among others, are a step toward socialized medicine.

A hospital and medical care program for the aged would be fine, of course, if it can be afforded. But some one will have to pay for it.

Health Coverage Expanding

More and more Americans are coming under the coverage of health insurance. As a matter of fact, more persons with health insurance have hospital expense protection than any other kind of insurance. Health Insurance Institute said at the end of 1958, a total of 123,000,000 had hospital expense insurance and 111,400,000 surgical expense insurance.

The Institute said there are more than 1,200 insurance organizations providing the American public with health insurance against the hospital, surgical and medical expenses resulting from illness or injury plus the loss of income accompanying each disability. These organizations issued insurance companies, Blue Cross-Blue Shield plans, and a substantial number of Medical-Society approved and independent plans.

There are life insurance companies actively issuing health insurance policies in 1958, some 85 Blue Cross plans (including Puerto Rico), 65 Blue Shield plans (including Hawaii and Puerto Rico), and more than 100 independent plans.

A 37% increase in the over-all number of insurance companies writing health insurance was chalked up from 1953 through 1958. The number of life insurance companies engaged in health insurance rose from 284 in 1953 to 459 in 1958. The Health Insurance Institute says that in 1958 the average age cost per patient per day at hospitals amounted to $28.17, about double the average 10 years earlier. In 1960 the cost probably will be higher.

Almost 22,000,000 persons, or one out of eight, in the United States were admitted to hospitals in 1958. Some 616,000 hospital beds were available, or 3.5 beds per 1,000 population.

This column is intended to reflect the "behind-the-scenes" interpretation from the nation's capital.

COMING EVENTS

IN INVESTMENT FIELD

March 16-17, 1969 (Chicago, Ill.) Central States Group of Investors Annual Education Seminar, at the Drake Hotel.


April 8, 1969 (Toronto, Canada) Toronto Bond Traders Association annual dinner at the King Edward Hotel.

April 11-12, 1969 (Dallas, Tex.) American Association of Investment Security Dealers of America 25th annual meeting at the Sheraton Dallas.


April 23-29, 1969 (St. Louis, Mo.) St. Louis Municipal Dealers Group Conference: Lunches at Missouri Athletic Club, cocktail party and banquet at Pan-Plex Hotel; April 20, Field Day at Glen Echo Country Club, April 29.


May 9-10, 1969 (Atlanta, Ga.) Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

May 17-18, 1969 (Chambers, Neb.) Nebraska Investment Dealers Association annual meeting.


June 6-10, 1969 (Minneapolis, Minn.) Twin City Golf Club 29th annual picnic and outing at White Bear Golf Club, followed by a cocktail party June 15th at the Nicollet Hotel.

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