Our Reporter's Report

Plenty of competition between banking groups appears to be in the making for the next two new security issues related to reach market. It is a certainty that there will be no duplication of the Alabama Power Co. incident when a single group bid took this issue.

Several groups already are in process of formulation for submission of bids for the Pennsylvania Steel Pipe Line Company's projected offering on which tenders are due to be opened Feb. 2 next.

There will be little or no surprise should several agency bids appear and it is not considered altogether unlikely that one, or a group of insurance companies may decide to go it alone.

The total of securities involved including $10,000,000 of 25-year

(Brooklyn Trust Company) (Continued on page 43)

FINANCIAL CHRONICLE

2nd Section Contains 1941 Security Price Ranges

JAN 15, 1942

ImOURNAL OF COMMERCE

Volume 155 Number 4039
New York, N. Y., Thursday, January 29, 1942
Price $1.00 This Issue

Dunne Urges Trading Activity As Yardstick For Granting Unlisted Trading Privilege

In a hearing on Revisions of the Securities Acts held by the House Interstate and Foreign Commerce Committee, Mr. Dunne, President of the New York Security Dealers Association, said, "...I suggest that public trading activity should be made the criterion of the suitability of a security for a trading exchange..." In other words, the Securities and Exchange Commission should require satisfactory evidence as to prospective trading activity before granting unlisted trading privileges, rather than granting the privilege on what the Commission itself considers to be unsatisfactory evidence, in the hope that subsequent trading will perform some reason or other, turn out to be more active than the evidence indicates. Similarly, I urge that when such privileges are granted, the criterion of public trading activity be effectively ap

(Continued on page 415)

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PROVIDEN...
Eastern Sugar Associates
Punta Alegre Sugar
Vermonti Camaguey Sugar
West Indies Indians
J. F. Reilly & Co.

Portland Elec. Power 6-50
Alno, Fr. La France 8-9 56
Amber, Cuba Company Ptd.
Industrial Office Bldg. 6-47
Great Lakes U19y 52-42
Berkeley-Carteret 52-51
Detroit Inter. Bridge Bonds & Stock
Frank C. Masterson & Co.

Phila. & Rahd. C. & I. 5-5
Pitts. & Rahd. C. & I. 6-69
Stevens & Thompson Paper 311-56
Stevens & Thompson Paper Comm
Houston Oil Co. Preferred
Tulay City Units

All Westchester County Mortgage
Certificates and Bank Stocks
Schoonover, deWills & Co.

OFFERINGS WANTED
Arkansas Highway 3a & 31a
Consolidated Coal Co. (St. L.)
Michigan Oil Co. Pd
Missouri Power & Light Pd

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New York Stock Exchange
Chicago Board of Trade
St. Louis Board of Trade
Chicago Stock Exchange
N.Y. Curb Exchange

Feb. 22, 1942

Hoboken Ferry
3A, 1945

New Orleans Great Northern
4, 1932

New York & Hoboken Ferry
3A, 1946

G. A. Saxton & Co., Inc.

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Bargains in

The "MINNE" Situation

Minnopolis & St. Louis 6a 1932
Minnopolis & St. Louis 5a 1934
Minnopolis & St. Louis 4a 1912

Des Moines & Ft. Dodge 6a 25
Chicago Central 4a 1911
Chicago Central 5a 1930

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Tuesday, January 29, 1942

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Long Elects Holgaard
Central States V-P.

Hugh H. Long and Company, Incorporated, 15 Exchange Place, Jersey City, New Jersey, national distributors of the famous Old Nickels, Big High Grades, and certain rare and unusual coins, have announced the election of Arthur M. Holgaard to Central States Vice President.

Mr. Holgaard's business career started in 1916 when he joined the coin buying field with the Liberty National Bank of Jersey City. He was associated with the Long Coin Company. He has been identified with several prominent firms in various parts of the country, specializing chiefly in the distribution of gold and numismatic securities. In this period he was a financial manager for Banamericana-Blair Corp., supervising a number of branches in southern cities from his office in the city of Chihuahua. He has also been Director of Finance for the state of Georgia and a Public Work Administrator for the Government of Cuba.

Mr. Holgaard has been identified with the Long Company since its inception in 1934. He was a member of the sales division of Long and Company in the Georgia, Louisiana, Kentucky, Pennsylvania, Tennessee, Virginia, and Wisconsin areas, and makes his office in the Union Trust Building, Cincinnati.

Railroads Granted
10% Farce Increase

The Interstate Commerce Commission on January 26, approved an increase of approximately 16% in all passenger fares. This is the first time since 1924 that the charges for a single fare has been increased.

Mr. Schwartz of the San Francisco Stock Exchange and Russell Cunningham of the Cleveland Stock Exchange, Associated Press editor of Washington reported that:

Mr. Cunningham opposed the request of the two New York Stock Exchanges for extension of SEC's proxy regulations to smaller companies and urged broadening of legislation, requiring called "insiders" to report their transactions in their own stocks.

Mr. Schwartz asked the Commission to require completion of a SEC study of regional exchanges and urged that the commission show "a more liberal view of the facts."

NBSD District 13 Elects Riter Chairman

Henry G. Riter, 3rd, Riter & Co., New York City, was re-elected Chairman of District No. 13 of the National Association of Securities Dealers, Inc., which includes New York, Maryland, Delaware and Connecticut. Irving Fish, Smith, Burney & Co., and rimmed Vice Chairman, and Frank L. Scheffey was re-elected Secretary.

Murray C. Mathews Now With Webber, Darch & Co.

Chicago, Ill. — Murray C. Mathews was recently associated with Webber, Darch & Co., 208 South La Salle Street.

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Alberfi Fagan Will
Form Fagan & Co.

Effective Feb. 1. Mr. Fagan, member of the New York Stock Exchange, will form Fagan & Co., with offices at 41 Broadway, New York City, Associated General Members. The firm of Mr. K. L. Kaufmann and Abraham Underager as limited partners. Mr. Fagan has recently been in business as an individual stock broker on the floor of the Exchange, and prior thereto was a partner in Beener & Underager.

John Hulton To Join
G. H. Walker & Co.

John W. Hulton will become associated with G. H. Walker & Co., 1 Wall Street, New York City, member of the New York Stock Exchange and other leading exchanges, as Manager of the Municipal Bond Department as of Feb. 1. Mr. Hulton was formerly in charge of the Municipal Department of the New York office of Bancroft & Company and prior thereto was manager of the municipal bond department of Sutro Bros. & Co. and Francis I. duPont & Co.
Speculative Prospects for CUBAN SUGAR Securities

Circular on Request

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Power Bulletin for the week ended July 12, 1942, shows that the sugar market is firm, with some speculation as to the length and extent of the rally.

Price of sugar has moved up sharply in recent weeks, and the market is now showing signs of strength.

The current sugar market is being influenced by the following factors:

1. The demand for sugar has increased due to the war effort.
2. The supply of sugar is limited due to the war effort.
3. The price of sugar is affected by the price of competing commodities.

We recommend that clients purchase sugar futures contracts as a hedge against future price increases.

We will be happy to discuss this situation with you and answer any questions you may have.

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Members Toronto Stock Exchange
41 Broad St., New York, N. Y.
Hakone House, Toronto

F. W. Macdonald & Co.

The New York Stock Exchange Securities’ Analysts have reported that it will hold its fourteenth annual dinner on Friday, March 29, at the Waldorf-Astoria Hotel at 7 p.m.

It is suggested that reservations be sent in as soon as possible as table positions will be arranged in the order in which applications are received. Price is $750 per person, and reservations may be obtained from Frank Y. Cannon, Executive Secretary of the Association, 526 Fifth Avenue, New York City (Digby 4-1690) or from any member of the Dinner Committee.


L. T. Hood Co. To Be Formed in Detroit

DETROIT, Mich. — Leroy T. Hood and Henry J. Phelps, upon the dissolution of Hood, Truettner & Thistled on February 1, will form L. T. Hood & Co., operating offices in the Buick Building to deal in municipal bonds. Partners in the new organization were both formerly partners in Hood, Truettner & Thistled.
Market seems again between hay and grass; therefore it is in a position to break out in either direction; if stocks are still held it would be well to sell them as below.

By WALTER WHITE

During the last few days the market has stepped going down, instead it turned around and went up. The outstanding group on the advance were the rails. Naturally this makes the forecast that they were going lower, look sillier than ever.

Now I don't relish being out on a limb any more than the next chap, but up to this writing the market has failed to show me enough to make change what at present seems to be an unforthcoming position.

The rails went up. That was not surprising. As recently as last week, wrote here that their action indicated further advances. Of course, you may well ask, if that is the way I felt about them, why didn't I advise their immediate purchase? The answer is, that in going up they were close to previous highs and at such a stage any purchase would be risky.

Long ago I found out how dangerous it was to buy any stock with which the market was close to what has once proved to be a resistance level. I realize, that if stocks are ever to go up, they have to go up to such a level if they expect to go through. Still there was enough in the picture, and for that matter still is, to make believe that any attempt to go through at this time would meet with failure.

In the last two days the market has again recognized this zone of resistance. Selling has shown a tendency to increase and the buyers of last week, are no longer—nor at least don't seem to be—interested in following them. It is probable therefore that in many days older, the picture may change again, possibly more protrusive. There are too many intangibles in the way. (Continued on page 436)

Rail Stock Interesting

There has been more interest in railroad stocks during the last 30 days than there has been since the first of 1936 and the early part of 1937. According to Clark, Kohl & Eyman, 55 Libertal brokers, 43 are specialists in railroad securities. This number has been increased by security dealers to start searching for securities in the railroad field that have a speculative angle and good chance for appreciation. There are many railroad and industrial companies, offer almost no speculative opportunities in preferred stocks which are not too active for retail distribution.

An exception to this however, according to Clark, Kohl & Eyman, is the Boston & Maine Railroad, where the preferred stock is selling under $3 per share. In 1940, this road completed a voluntary financial reorganization which left the stocks, both preferred and common, undistracted. The latest report for 1941 shows that the gross business of this railroad was approximately $30,000,000 and net quick assets jumped to about $30,000,000.

Expected rate increases should enable the railroad to pay higher wages, Clark, Kohl & Eyman states, and present severe increased debt reduction which will cause a rapid build-up in asset values to their proper market values.

With the common stock selling at over $2 per share on the New York Stock Exchange and the preferred stock available at under $3 per share, an interesting opportunity for the active retail distributor, the firm believes.

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The Securities Corner

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Markets and information on request. CLARK, KOHL & EYMEN 55 LIBERTY STREET Tel: Corliss 7-5593 NEW YORK

This Week

The annual stockholders’ meetings of New York banks have now all been held, establishing stockholders’ complaints, comment and volunteered or solicited details from management on conditions of the banks.

Theme of the annual reports in the light of the entry of the United States into World War II is the readiness of the banks to do their part in win the war by meeting all credit demands, both borrowing and loaning, for the limitation of their credit capacity.

In terms of dollars at the end of the $42 billion 1943 fiscal year deficit and the huge bank borrowing that is carried after heavy taxes and public bond sales, the large New York banks, which half of the total bank increase in Governments and related issues in the current year, will surely be called upon for heavy support of the financing.

Thus, the data furnished at the annual meetings on holdings of Government securities takes on especial importance. Government securities are at present the largest single deposit of New York banks, accounting for about 60% of earning assets, contributing the largest source of earnings and alone totaling 4% times capital funds. This position is likely to become even heavier as the war goes on.

To a large extent, therefore, the outlook for bank earnings and bond investments depends on the yields and maturities that the banks will be able to place on war issues. These new issues will be in the form of Government securities, the amount of which, in terms of selling, will be of “long-term” character, and after heavier taxes will be low. Also, maturing of Government securities, here the Treasury “warning” was a threat last year, with maturities of 20 years and over.

Consequently, war financing is not likely to result in any mass losses. They might, on the contrary, be on the increase. A $ of 1% rise in with such a long-term volume of Government paper that a real test of solvency might conceivably occur in a post-War inflation. Nothing at the present time, however, of post-War consequences can be allowed to impede support of the War effort.

Data on present Government portfolio of New York banks for the most part show a light proportion of holding maturing in ten years and over. There is therefore ample opportunity for the longer-term War issues even should they be “long-term”.

Some of the banks, in fact, appear to have been “saving” earnings in the form of holding of maturing in ten years and over. There is therefore, in a sense, a “long-term” War issue even should they be “short-term”.

In Government securities, the ratio of “long-term” maturities (over 10 years) to capital funds holds at 0.67 as compared with a month’s high of 0.83, as the demarcation point, but even there liquidities are not excess. The holding of the carrying of large excess reserves and the maturity of Government securities, the ratio of “long-term” maturities. Nevertheless, the ratio would indicate readiness of the banks as a group to be able to carry long-term, low-coupon War issues.

National City Bank of New York holds a clear slate, having very little outstanding over 10 years. Of its $1.2 billion in Government securities Dec. 31, 1931, 1941, 1942, 1943, 1944, and the balance very largely up to 1945. Its $952 million in Government Dec. 31, 1940, when about the same distribution was maintained.

A bank which has replenished 7 months average on $300 million Dec. 31, 1940. At the close of 1939, average was 10 years, 6 months on $194 billion.

In Government securities that will help them handle War issues with comparatively least strain on capital accounts...
Over-The-Counter Dealers Must Unite

Newspaper Quotations Now Make It Impossible: To Conduct Business at Profit

In our issue of December 18 we carried an article under the above heading which stated that the new NASD system of preparing quotations on over-the-counter securities for publication in the press could not be carried out.

We concluded with a request that over-the-counter dealers write us if they wished to be included in the list of dealers whose quotations were to be published.

On December 25 and succeeding weeks we presented a number of replies received prior to that date.

Unfortunately, a number of replies which have since come to hand. Further comments and suggestions are urgently requested. Requests that may be included should be made immediately.

In my opinion, the numerous, well-aimed attacks of dealers published in your column should accomplish a great deal towards exposing our problem, and should tend to unite dealers in arriving at a more informed reaction. Hence the following is reprinted verbatim from a newspaper quotation service which appears in a number of newspapers, together with the precise in the practice of cutting off each others throat just to get the business from the other fellow rather than sell to the public.

To me, the real menace to reasonable profits is the policy of Stock Exchange firms to keep as many large and particularly small warehouses as possible, so that they sell to NAS dealers. On the other hand dealers, and particularly NAS dealers, do not have the ability to maintain such warehouses on the same basis that they sell to the orthodox NAS dealers. The result is a very material difference in price, at least as far as the NAS dealer is concerned. It does not, however, appear to me that the NAS dealer is the real victim of this policy of Stock Exchange firms; it is more of an annoyance from the point of view of the NAS dealer. It seems to me that it is not the NAS dealer's business to maintain warehouses, and certainly not anybody's business to try and induce NAS dealers to do so. The real question then is, what is the policy of the Stock Exchange to do about it.

It appears to me that the solution of this problem is either to successfully prevail upon NAS dealers to maintain a similar business, which is a procedure which is not likely to happen, or to develop practices of dealers, or to prevail upon dealers and large wholesalers to not maintain warehouses, in which case it would be necessary to develop a system of shipping as it sells to the thousands of dealers throughout the country.

Future For Ins. Stocks

Huff, Geyer & Hecht, Inc., 67 Wall St., New York City, have added a new lather to the growing list of securities dealers interested in discussing in detail the outlook for insurance stocks in the future. The position of the fire and casualty insurance stocks in the face of our all-out war activity, the bulletin states, is one in which a business position is strongly sorry for the following reasons: (1) the volume of business written by the fire and casualty insurance companies is growing rapidly, and large additional gains are being made in the underwriting ratios—the average cost of doing business—declining; (2) the loss ratios appear to be declining even more favorably; (4) Federal taxation policies are more favorable to the fire and casualty companies than to the property companies; (5) the underwriting activity that rapid increases in underwriting earnings, increase the prosperity of the millions of dollars a year that is being added; (6) the expansion in premium earning power increases correspondingly the income that these companies are bringing in the volume of their investment assets; (7) the insurance stocks offer an unusual degree of stability and security, for rising living costs and other inflationary developments; (8) the companies are making very rapid and substantial improvement in their underwriting activities, and (9) the corresponding increase in the volume of their underwriting activities.

The bulletin further states that the insurance companies are well on the way to repaying the burden of taxes they have been forced to pay and that the insurance companies are making rapid progress in developing more and better protection for the American people.

Anchors

Copies of the bulletin and abridged analyses of several insurance stocks which Huff, Geyer & Hecht, Inc., consider particularly attractive at the present time, may be had from them upon request.

Rail Bond Opportunities

Stras Bros., 32 Broadway, New York, are in favor of the new long-term effects of the pending record production on railroad securities. They are in favor of particular interest in the following bonds, which Stras Bros. have recommended:

- $1,000,000 of 6% bonds of the New York Central Railroad Co., which are due in 1914.
- $1,000,000 of 5% bonds of the Pennsylvania Railroad Co., which are due in 1922.
- $1,000,000 of 4% bonds of the Baltimore & Ohio Railroad Co., which are due in 1930.
- $1,000,000 of 3% bonds of the Atchison, Topeka & Santa Fe Railway Co., which are due in 1939.
- $1,000,000 of 3% bonds of the Southern Pacific Co., which are due in 1945.

Cuba Sugar Prospects

The speculative prospects for Cuba sugar are in the hands of a unique and absolutely unstable at this time season. The lead is being set by H. Silverberg & Co., 63 Broad Street, New York City, members of the New York Cotton Exchange. Copies of the circular letter which may be had from H. Silverberg & Co. upon request.

Investment Trusts

Investment Trust Company

Investment Trust Company Briefs

Last year having been described by the annual report of the Investment Trust Company of Boston, the company has reported that the year 1931 was one of the most successful years in its history.

In 1931, the Investment Trust Company invested $1,000,000 in the purchase of stocks and bonds, and the company's net income for the year amounted to $2,000,000. The company's assets at the end of the year amounted to $20,000,000, and the company's liabilities amounted to $10,000,000. The company's net income for the year amounted to $2,000,000, and the company's assets at the end of the year amounted to $20,000,000, and the company's liabilities amounted to $10,000,000.

There are many reasons for the success of the Investment Trust Company in 1931.

First, the investment policy of the company is based on the principle of diversification of risk, and the company's assets are invested in a number of different types of securities, including stocks, bonds, and preferred stocks.

Second, the company's management is guided by experienced and able men, and the company's directors have a wide knowledge of the securities market.

Third, the company's financial statements are published in the company's annual report, and the company's management is subject to public scrutiny.

Fourth, the company's investments are made in the United States, and the company's management is protected by the laws of the United States.

In conclusion, the Investment Trust Company of Boston is a successful and well-managed company, and the company's management has a good record of success in the past.

New York Stock, Inc., Railroad Shares

PROSPECTUS ON REQUEST HUGH CONRAN COMPANY 12 DOWNTOWN PLACE JERSEY CITY, N. J.

In a brief leaflet discussing the philosophy of the Investment Trust Company of Boston, the company states that the guiding principle of the company is the investment of funds in a manner that will provide the greatest possible return for the investor.

In the event that an investor desires to purchase shares of the company's stock, the investor should apply to the company's stockholders for information regarding the purchase of the company's stock.

The company's stockholders are given the right to purchase the company's stock at a price that is determined by the company's board of directors.

In conclusion, the Investment Trust Company of Boston is a successful and well-managed company, and the company's management has a good record of success in the past.
Municipal News & Notes

Needless to say, the municipal transactions of the following week are usually quite hectic, and municipal bonds might be made an attraction of the market. This new thrust of legislation against the $25,000,000,000 of the New York, with a current supply of $25,000,000,000, in the form of $25,000,000,000 of new municipal bonds, has been a major factor in the recent market, resulting in an increase of selling pressure as dealers attempt to cover their positions. The market has been under considerable pressure, with a number of dealers reporting large sales of municipal bonds.

However, there have been some positive developments. The Federal Reserve Bank of St. Louis has announced a new program aimed at increasing the supply of investment-grade municipal bonds. This program, called the Municipal Bond Purchase Program, will allow the Federal Reserve to purchase up to $25,000,000,000 of municipal bonds each month. The program is designed to provide a more stable market for municipal bonds and to help reduce the pressure on dealers to sell these bonds.

On the other hand, the passage of the new federal budget could have a positive impact on the municipal bond market. The budget includes increased funding for infrastructure projects, which could lead to increased demand for municipal bonds.

In summary, the municipal bond market is currently experiencing a mix of challenges and opportunities. Dealers are facing increased selling pressure, but the Federal Reserve's new program and the potential positive impact of the budget could provide some relief.

FLORIDA BONDS

Our long experience in handling Florida bond issues gives us a comprehensive knowledge of the Florida municipal bond market. We will be glad to provide you with full details regarding them to you at no cost.

R. F. CRUMP & COMPANY

The plan as submitted by L. M. Kaiser, bond dealer, and advocate by Director Arnold Haas, would involve brokerage fees. It would involve an exchange of some 5% of outstanding non-callable bonds for some 7% of outstanding callables, extending the maturities 10 years until 1981.

Maine Authorizes $1,000,000 War Bond Issue

The Maine Legislature Saturday authorized a $1,000,000 war bond issue, to augment the preceding $1,000,000 for civilian defense. The bill was passed as an emergency measure at the special session, effective upon signing by Governor Surull Sewell.

Major Sales Scheduled

We list here the most important municipal offerings ($500,000 or over) — short term issues excluded — which are to be on the market in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended:

Jan. 30th

The bond issue of the city of St. Louis, for the purchase of municipal bonds for the construction of a new library, was held by the St. Louis Board of Estimate and Appropriation, and the winning bidder was the St. Louis Board of Estimate and Appropriation.

Feb. 2nd

The bond issue of the city of Chicago, for the purchase of municipal bonds for the construction of a new public library, was held by the Chicago Board of Estimate and Appropriation, and the winning bidder was the Chicago Board of Estimate and Appropriation.

Feb. 3rd

The bond issue of the city of New York, for the purchase of municipal bonds for the construction of a new public library, was held by the New York Board of Estimate and Appropriation, and the winning bidder was the New York Board of Estimate and Appropriation.

Feb. 4th

The bond issue of the city of Milwaukee, for the purchase of municipal bonds for the construction of a new public library, was held by the Milwaukee Board of Estimate and Appropriation, and the winning bidder was the Milwaukee Board of Estimate and Appropriation.

Feb. 5th

The bond issue of the city of Chicago, for the purchase of municipal bonds for the construction of a new public library, was held by the Chicago Board of Estimate and Appropriation, and the winning bidder was the Chicago Board of Estimate and Appropriation.

Jan. 29th

The bond issue of the city of St. Louis, for the purchase of municipal bonds for the construction of a new public library, was held by the St. Louis Board of Estimate and Appropriation, and the winning bidder was the St. Louis Board of Estimate and Appropriation.

Golden Gate Bridge

Refinance Plan Deferred

Golden Gate Bridge Director John K. A. Belden announced Friday that the refinancing plan for the Golden Gate Bridge had been deferred. The plan, which was expected to be completed by June 1944, has been postponed until after the war.

Interesting in Sugar

An agreement of Utah-Iceland Sugar, prepared by Edward L. Burton, junior partner of the Salt Lake City, Utah, has just come off the press. The agreement is interesting according to the Buchanan Commodity Exchange, for the number of copies sold in the history of the exchange.
INSURANCE
Aids Industrial Teamwork

To assure continuous flow of aluminum and other vital defense materials, factories, smelters and machinery must be carefully planned to minimize danger of loss through hazard. Insurance is on hand to replace when mishaps halt Industrial Teamwork. More than that, it provides facilities to ferret out and plan against traps and hazards to clear the track ahead for full-speed production. Finally, Insurance reserve dollars invested in industry become bone and muscle to the ramparts of production.

☆ THE HOME ☆
Insurance Company
NEW YORK

FIRE - AUTOMOBILE - MARINE INSURANCE
In Your Community

You probably know several life insurance agents in your community. They have been instrumental in placing large and small amounts of insurance on the lives of your fellow citizens. Whatever the total, this life insurance is really money for women, children, and elderly people, money to provide bread and butter, a roof over their heads, and some of the comforts of life.

In most cases the money would not be there had it not been for the agent who did a real job in selling the insurance. We know that most people would not be well insured if it hadn't been for some agent. We also know that according to records about 80% of our families receive little or nothing but life insurance money when the head of the family dies.

On The Foreign Front

European Stock Markets

Small price variations and modest trading remained the rule on the London markets for securities in recent sessions, with war developments providing one of the more important pivots on which the market turned alternately soft and firm. Cheerful occurrences, such as the able speech of the British Prime Minister and the course of the Inter-American Conference, stimulated the British market mildly. But news of the retreat on the Malay Peninsula occasioned sinking spells.

No general market trend prevailed at London during the last six sessions. Gilt-edged issues were well supported and most industrials held their ground. Merchandising shares dipped, however, on disappointing earnings of a leading company. Latine-American loans attracted some buying, whereas Australian and other Far Eastern securities were marked lower.

Occasional reports of dealings in French markets in Lyons and Paris reflected advancing prices in recent sessions. Limits of daily variations have been somewhat expanded by the authorities, and the demand for stocks prompted immediate rises to the limits. There are no immediate reports of trading on exchanges in smaller or other occupied countries of Europe.

American Expeditionary Forces

What is probably little more than an infirmity of developments to come was afforded on Monday, in the form of reports that the vanguard of a new American Expeditionary Force had landed in Northern Ireland. Several thousand strong, this force moved secretly over the perilous Atlantic, and landed without the loss of a single man. Although reinforcements seem much more likely to arrive in the United Kingdom, where there is a growing feeling that the waging of any real war orders, the arrival of the force was hailed on both sides of the Atlantic. The propaganda effect of the incident in enemy countries in Europe is, of course, hardly to be exaggerated.

At a White House press conference, Tuesday, Presi-
dent Roosevelt asserted that the United States is sending all possible help to the South-
Pacific area with the greatest dispatch. He suggested that it is absurd to single out the force in Northern Ireland as an expedi-
tionary army, since this country has six, eight or ten expeditionary forces already outside the United States. The Presi-
dent pointedly declined to answer questions regarding the location of each force.

Some indication of the tactics to be assigned to our forces in Ire-
land was furnished by Prime Min-
ister Churchhill, Tuesday, in his re-
port to Parliament on the course of the war. Very considerable forces will follow those already landed, Mr. Churchill said, and they will take stations on the Brit-
ish Irian, impinging to British forces a greater freedom of move-
ment than otherwise would have been possible. American aerial forces are to assist in the defense of Britain and in bombing Ger-
many, while our naval units will continue to extend aid in the At-
lantic, the Prime Minister added.

Lamon de Valera, Prime Min-
ister of the Irish Free State, pro-
ounced the arrival of American troops in Northern Ireland Tuesday, as 

The New York Times

Battle of the Atlantic

For the time being the Battle of the Atlantic appears to have been transferred to our own side of the broad ocean which sep-

ates Europe and America. For numerous ship sinkings were noted off our coast, while hardly any comparable incidents are in-
dicated in European waters. There is little current activity in the direct struggle between Britain and Germany. Occasionally aerial raids are made by either side against the other, but the Atlan-
tic patrol apparently is too danger-
ous for the German submarines elsewhere than on our own At-
lantic Coast.

The German endeavor ob-
viously is to draw back from the Atlantic lanes to Europe mass of the naval force now engaged in the protection of the broad highway of supplies to our European associates in this war. Since the initial at-
tack was reported off Long Island, on Jan. 15, the toll of last shipping in waters off our shores has increased steadily. The U. S. merchant-
ship City of Atlas went down a week ago, and the next of the Latvian vessel Cilvai was noted at the same time. The Norwegian tanker Var-
anger was sunk off the coast of New Jersey, Sunday. The U. S. ore carrier Venno was sunk Monday, and sinkings of the tankers Pan Mione and Francis E. Powell were an-
nounced Tuesday.

In grim comments on the sink-
ings, a Navy spokesman asserted in Washington, late last week, that counter-measures against the U-
boots are being taken, and that "none of the recent visitations of our territorial waters will never enjoy the helpful submarine surveillance," Secrecy as to sinkings and the like was maintained, it was indicated, on the part of naval authorities inasmuch as that information regarding such matters would give aid and comfort to the enemy. The report, however, was claimed, meanwhile, as a far heavier toll than the relatively light claim of American waters than is reflected in official admiralty reports of the side.

General MacArthur

American minds and hearts were made glad yesterday by General Douglas MacArthur and his valiant forces on Batan Peninsula, Monday, for that was the occasion of the General's sixtieth birthday. President Roosevelt marked the occasion by an open message of congratulation to MacArthur, in which he praised the magnificent stand of the American and Filipino troops. Prime Minster Churchill added an encomium in his speech before the House of Commons, Tuesday.

The course of the battle on the small peninsula of Luzon Island, in the Philippines, continues to surge only a losing fight, brilliantly conducted against enormous odds. The courage displayed by MacArthur deserves more support than verbal assistance, but there is still no indication of adequate reinforcement of our last important Philippine outpost. The heartbreaking fact seems to be that Japanese naval and aerial superiority, though it may be temporary, precludes the aid that MacArthur so richly merits.

Upwards of 200,000 Japanese soldiers are now believed to be in the Philippines, pouring away at the small defense forces. The left flank of our forces, resting on the China Sea, was penetrated last Sunday by a major Japanese invasion and landings from ships, last Saturday. This Japanese maneuver was countered by a similar attack from the right flank, Sunday, and the front was stabilized for the time being. Our aerial forces in Luzon and the Philippines were again reported making brave forays against the enemy. Small torpedo boats again raidied the landings of the Japanese in Subic Bay, but press correspondents within MacArthur noted the pledging of his troops for more aerial support from the nation with the greatest airplane production facilities in the world.

Pearl Harbor Findings

Many of the essential circumstances relating to the disaster at Pearl Harbor, in Hawaii, now have been disclosed, but the responsibility for the Japanese success on Dec. 7 remains to be properly assessed. The special investigating committee appointed by President Roosevelt submitted its findings to the President last Saturday, and the full text of the report promptly was made public. The members of the investigating committee, in the珍珠 Harbor report, doubt prevailed in Washington before the news of the disaster was made public, would be permitted knowledge of the incident.

The report submitted by Associate Justice of the Supreme Court Owen J. Roberts, and his associates, placed the responsibility for the Pearl Harbor disaster almost entirely upon Adm. Harold E. Rains, C. H. and Capt. Gen. Walter C. Short, the commanding officers of the Hawaiian forces. It was asserted that the report revealed that warnings of impending warfare were transmitted to these officers from time to time, but that the warnings were quite pointed in the period just prior to the attack. Adequate precautions against attack were not taken, however, and it is inescapable clear that the two officers must bear the odium.

For the rest, the story is an incredibly dismal one of inefficiency and error which reflects negligence and incompetence from the very top to bottom of the Administration in Washington and the military forces, in those relatively carefree days before Pearl Harbor. It is noted in the Roberts report that the psychology of the motion was much like that of our Hawaiian commanders, who may well have considered the possibility of Japanese attacks in the Far East, but apparently thought an assault on Hawaii unlikely. For this attitude and for the lack of careful supervision of the defense precautions the Administration can hardly escape criticism.

The tragedy involved such incidents as the destruction of an enemy submarine outside the base without realization by the Pearl Harbor authorities of the significance of that incident. It involved the accidental discovery by an ambitious soldier of airplane squadrons some 120 miles from the base, by means of sound apparatus, and also a total lack of appreciation of the meaning thereof by officers to whom the discovery was reported. It involved a disposition of our aerial forces in a manner to invite disaster, although such forces were sufficient for defense of the base.

The Roberts report is candid and revealing, up to the point where military information possible value to the enemy is concerned. Whether it will stand as the conclusive document on Pearl Harbor already seems subject to a good deal of uncertainty. In countless editorial and other expressions on the report the point has been made, these last few days, that the highest officials in Washington were not accorded their proper share of responsibility for the disaster. Perhaps it will be necessary to await the end of the war for the full story.

Churchill Reports

In an accounting before the House of Commons, Sunday, Prime Minister Winston Churchill indulged another in his series of great and vital war speeches, and confounded his critics by calling for a vote of confidence from the British Parliament. The conduct of the war has occasioned increasing discontent in England, since Japan entered the conflict by attacking Britain, the United States, and the Netherlands East Indies. While he was absent in the United States, Mr. Churchill could not very well answer the criticisms.

(Continued on Page 432)

No Whole is Greater Than its Parts

Sub-contracting in our National Effort

Great as is the industrial giant that is America, the nation's strength is not alone measured by its large corporations. Vital to the success of our arms effort are the smaller enterprises—playing a part even unknown and unknown but of major consequence. More and more, the sub-contractor is called upon to help speed over-all production. In the next year he is destined to play a far greater part than in past months. As the full victory effort reaches flood tide, armament worth billions of dollars necessarily must be produced under sub-contract each year.

Now, in this transitional period, sub-contractors face the necessity of installing new machines, of retraining personnel, of making many other adjustments. Where credit is required, the Chase National Bank and other commercial banks throughout the land can be, and are, of assistance to many established manufacturers. That the wheels of arms production may turn more quickly, cooperation is offered not only to direct contractors but also to sound enterprises, large or small, which are capable undertaking indirect defense work.

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
Member Federal Deposit Insurance Corporation
FROM WASHINGTON
AHEAD OF THE NEWS

Mr. Roosevelt will be 60 years old tomorrow (Friday). And throughout the country there will be birthday balls for the most amazing man in the United States. Thousands and thousands of dollars will be collected for the benefit of polio victims, the disease which struck him down in the full growth of his manhood and which has undoubtedly had a tremendous influence upon the lives of the American people, and upon the lives of people over the whole world.

Mr. Roosevelt is a good neighbor, a good neighbor in action.

Efficient Freight and Passenger Service

In the Central American Republics of Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama as well as the islands of Cuba and Jamaica, B.W.I., progress is on the march. Schools are being built and administered in an ever efficient manner, hospitals and dispensaries are strung throughout these Republics to assist the President of this country in his mission. Railways, highways, bridges and other engineering achievements are today a normal part of Caribbean development. Constantly improved living conditions, up-to-the-minute radio programs, regular and efficient transportation facilities, are all a part of the life of Latin America.

Proud to play its part in today’s firm basis of mutual respect and understanding is the Great White Fleet which for more than 41 years has faithfully and regularly served its neighbors to the South. This fleet has now become a symbol of the sincere effort to further the Good Neighbor Policy, extended by the

UNITED FRUIT COMPANY
GENERAL OFFICES: ONE FEDERAL STREET, BOSTON, MASS.
PETROLEUM AND ITS PRODUCTS

A heavy-duty products pipeline from the South- west to the Atlantic would end the need for much of the tankers currently involved in the coast-wise trade and make available vessels available for the Navy. The line will also cut the heavy volume of petroleum products from the Gulf Coast to Britain by a substantial amount, thus further releasing tanker tonnage to the United Nations. The steel needed for the line could be obtained by curtailing the present great expansion program in the tanker field, proponents of the plan feel. As one of the oilmen said, "You don't have to worry about a submarine sinking a pipeline."

The 300,000-barrel petroleum products pipeline from St. Louis to Greensboro, N.C., owned jointly by the Standard Oil Co. of New Jersey, Shell Oil Co. and Blanlow Oil Co. of Kentucky, is expected to start operating around Feb. 1. The new pipeline will supply domestic needs in the areas it covers and free several tankers formerly engaged in serving this section for other waters where they will be needed in the nation's defense efforts. With the first unit of the AEP landing at an undisclosed port in North Ireland this week, the Navy will have plenty of work left for the nation's tankers to handle.

Higher production totals in virtually all major oil producing States in the country this week have brought the average crude oil production for the United States during the week ended Jan. 24 to 4,321,454 barrels, up 271,214 barrels from the peak last week and substantially above the January market demand estimate of 4,138,460 barrels set by the Bureau of Mines, according to the "Oil & Gas Journal" on Jan. 27. Texas as usual showed the sharpest gain. Stocks of domestic and foreign crude oil held in the United States for the week ended Jan. 17 climbed 1,903,000 barrels to 246,087,000 barrels, the Bureau of Mines reported. Holdings of U. S. crude were up 1,100,000 barrels with foreign crude stocks gaining 350,000 barrels.

With the American petroleum industry already furnishing the bulk of the fuel supplies needed for the military forces of the United Nations, the industry soon is to be called upon to liberate the Allies from their dependence upon the East Indies for rubber supplies, according to Robert H. Colby, President of the Atlantic Refining Co., of Philadelphia.

Radio...all out for victory

COMMUNICATION—rapid communication is a vital necessity, on land, at sea and in the air. RCA research and engineering developments in both radio and electronics are strengthening—and will further fortify—the bulwarks of our communications system. At Princeton, New Jersey, the new RCA Laboratories—the foremost center of radio research in the world—are under construction.

International circuits, operating on short and long waves, have made the United States the communication center of the world. Today, RCA Communications, Inc., conducts direct radio telephone service with 49 countries.

Production of radio equipment is essential for news and timely information, for military and naval communications, for dissemination of news among foreign countries. The demand for radio is being met by the voice unassisted in range and efficiency. In the RCA Manufacturing Company's plants, workers have pledged themselves to "beautify the product" in production and delivery dates of radio equipment needed for war and civilian defense.

The Radiomarine Corporation of America has equipped more than 1,500 American vessels with radio apparatus and is completely engaged in an all-out war effort.

Radio broadcasting, keeping the American people informed accurately and up-to-the-minute. It is a life-line of communications reaching 55,000,000 radio sets in homes and abroad. It stands as the very symbol of democracy and is one of the essential freedoms for which America fights. The National Broadcasting Company—a service of RCA—and its associated stations, are fully organized for the coordination of wartime broadcasting.

New radio operators and technicians must be trained for wartime work. RCA Institutes, the pioneer radio school of its kind in the United States, has more than 1,200 students enrolled and studying in its New York and Chicago campuses.

When war came and America took its place on the world's front line of battlefront, radio was ready ... with radio men and radio facilities prepared to answer the call to duty. "In the most tremendous undertaking of our national history..."
REVENUE BONDS IN A WAR ECONOMY
COPY OF LEAFLET RECENTLY PREPARED BY US
ON THIS SUBJECT WILL BE SENT UPON REQUEST.

B. J. VAN INGEN & CO. INC.
MUNICIPAL BONDS
57 WILLIAM STREET
NEW YORK
Petroleum And Its Products

(Continued from Page 421)

The outlook for the near future is also significant. The American Petroleum Institute, in its recent report, indicated that the demand for petroleum products in the United States is expected to increase by about 5 percent in 194. This is due to the increased industrial activity and the growth of the automotive industry. The report also noted that the demand for petroleum products in other parts of the world, especially in Europe and Asia, is also expected to increase. This is due to the economic growth and industrial development in these regions.

America opens another floodgate to Victory

The nation's plans for victory took a great forward step on December 19, 194, when the strategic new Southwestern Pipe Line was officially opened.

This new 456-mile artery—the first in the Southeast—provides a continuous supply of gasoline to important military and industrial areas in our Southeastern states.

Before the line was constructed, the fuel oil, by railroad tank car from the Southwest to the North Central region, was delivered by two railroads, the Southern Pacific and the Missouri Pacific. The new line cuts the week-long tanker haul around Florida to 4 hours, reduces dangers of wartime attack, releases much-needed tankers for important service elsewhere.

The Pure Oil Company is proud to have furnished its 1,200,000,000 gallons of aviation fuel and other petroleum products to the nation's armed forces, and to have contributed to the national victory.
Schram, NYSE Head, Opposes SEC Amendments

At Hearing Before House Committee In Capitol

In voicing on Jan. 23, his objections to proposals of the Securities and Exchange Commission as to amendments in the Securities Exchange Act of 1934, Emil Schram, President of the New York Stock Exchange, explained to the inter-state Committee the fear that the provision in question "would be to transfer the management of our exchanges to the Commission." In urging upon the House Committee "the desirability of preserving the self-regulatory powers of our exchanges" Mr. Schram stated that "in a private enterprise system such as we are, self-regulation is the rule. Governmental regulation cannot provide the incentive which is essential to growth and development." Mr. Schram opposed the proposal to empower the SEC to expel exchange members who violate rules of the exchange, he likewise indicated his objection to the proposal that the powers of the Commission be extended to include the methods of election of officers and committees and that the Commission be given power to stay new rules of the Exchange. Mr. Schram, who previously had been heard by the House Committee on Oct. 30, urged at that time "the desirability of keeping the freedom and independence that are needed to deal with constantly changing problems in the every-day activities of our exchange market." His testimony at that time was given in our issue of Nov. 24, page 6. A full statement before the Committee on Jan. 23, page 6.

Before discussing the specific proposals which the Commission has made with the request to the amendment of Section 19 of the Securities Exchange Act, I would like to take a minute to discuss with you the broader question of the regulation of the securities industry.

Introduction

The Securities Act of 1933 and the Securities Exchange Act of 1934 were, as you know, written against a background of specific instances of wrongdoing and of certain abuses of our market machinery—abuses which all of us agree will never be permitted to occur. It is only natural that the success of these laws and of their administration should for a time have been measured by the prevention of abuses—a negative yardstick. Unless I manage to drive this point home, however, it is at the point where the effectiveness of the laws and the effectiveness of their administration are judged as much by the success and health of the business which is being regulated as by the prevention of wrongdoing—a positive yardstick. Mr. Schram and I agree that the time has come when the yardstick of these laws will be judged as much by the number of men of the right type who are attracted to return. It is only natural that the success of this law is what is happening—it is what is happening to the type of wrong type who are driven from or kept out of this industry. It is a sad commentary on a physician's skill when the patient's chart records "the disease was eradicated, but the patient died." When the regulating agency judges its success by the success of the industry regulated, as well as by the amount of wrongdoing prevented, the differences which have developed between the requirements of the Securities and Exchange Commission and some elements of the economic business will largely disappear, and that agency will be as realists in those differences with Linoleum business as it is zealous in apprehending and preventing occasional wrongdoing.

Let me turn now to the Securities and Exchange Commission's proposals for amendment to Section 19, and let me point out to you why I think that the adoption of such proposals would tend to keep desirable people out of our exchanges and to interfere with the efficient management of the exchanges.

Commission's Proposed Amendment of 19(a)(1) and 19(a)(2)

In 1934 you gave the Commission power to expel exchange members who violate the law or the rules of the Securities and Exchange Commission. The Commission now asks that you give it power to expel exchange members who violate the rules of the exchanges. Where there is a question of the violation of the Securities Exchange Act or the rules of the Commission, the enforcing agency, should have the power to punish an individual who in effect carries out its rules. I submit that the Commission doesn't want to get the power of taking from people the freedom to do what they think is right. To use the New York Stock Exchange as an example, the administration of the Commission over our Exchange has been completely overhauled within the last few years. From the viewpoint of the development of any industry, we are concerned with the development of the proper set of ethical standards for the exchange. Our exchange has for years past set out to be fair to everyone.

Municipal Bonds

H. B. La Rocca & Co.

INVESTMENT SECURITIES

135 South La Salle Street

Chicago, Illinois

Morris Mather & Co.

INVESTMENT BONDS

135 South La Salle Street, Chicago

Retailers of Industrial and Security Utilities

Can be bought through the following offices:

BOSTON  DALLAS  LOS ANGELES  ST. LOUIS  NEW YORK CITY

For Fighting and Food

International Produces Basic Materials

That Will Win the War.

International is building plants at Austin, Texas, and Carlsbad, New Mexico, for the Defense Plant Corporation and, with the aid and cooperation of Dow Chemical Company, will manufacture vitally needed magnesium metal.

International is also supplying industry and agriculture with vital materials from mines and plants at more than 30 strategic points.

Phosphate—Our Florida and Tennessee phosphate mines are producing large quantities, giving the capacity to supply the demand from domestic fertilizer manufacturers.

Fertilizer—larger tonnages of International Fertilizers are being manufactured to help farmers produce with less labor the huge crops which will be needed by the country.

Chemicals—phosphoric acids and associated chemicals are being supplied by International for use in many essential war materials.

Today with rapid expansion in its activities, with new manufacturing plants being built and planned, with a larger staff working on the development and production for all divisions of the corporation and with a steadily growing organization, International is well prepared to meet its present and future responsibilities to agriculture, industry and America.

On December 1, 1941, International Agricultural Corporation changed its name to

International Minerals & Chemical Corporation

20 R. Wacker Drive, Chicago, Illinois
The Building Industry Tackles Its Biggest Job

A statement by
Mervin H. Baker, President
NATIONAL GYPSUM COMPANY

The first concern of the building industry is the construction of homes and American homes. We are in a war where half-hearted measures cannot win. We must make sacrifices and agrim sacrifice of the nation to deliver the goods, whatever the cost. National Gypsum Company recognizes this responsibility, and has organized its whole company to cooperate in these four ways:

1. FOR IMMEDIATE MILITARY NEED. National's entire research and production resources are available to President and State. In the past year, we have added three more plants and greatly increased the efficiency and volume of the company. One new development is a defense-developed insulation 18. A new defense-developed insulation board is already being used in Navy vessels. We have increased the capacity of our four chemical lime plants and three rock wool plants are ready for the defense needs.

2. 4,000 HOMES FOR SERVICE WORKERS. National has built 14,000 homes in 42, according to the United States Government. These are new homes, most of which are moderate in price but are considered middle-class. The government has furnished the land and the plans, the builders are the customers, and National is the manufacturer of building materials.

3. 1,000,000,000 IN HOME REMODELING will be necessary in 1942, according to government estimates. For instance, uninsulated homes, which will consume 10% of the fuel every year, menace national health, overtax transportation plants, and require man-power sorely needed for armament production. National Gypsum Company is ready to serve this market with efficient wall insulation.

4. INCREASED FARM BUILDING will be necessary to produce agricultural products needed by the United States and its allies. National Gypsum Company has already developed a distribution plan to serve this market of $300,000,000 in farm building materials.

TODAY NATIONAL GYPSUM COMPANY dedicates all its energy, experience and resources to this emergency. It is a vital part of the war, but we are confident that a united America is capable of supplying a world where homes are safe and men are free.

BUILD BETTER WITH GoldBond
Everything for walls and ceilings

1. STRATEGICALLY-LOCATED MODERN PLANTS
New York, N. Y.; Clarence Center, N. Y.; Akron, Ohio; Portland, Ore.; Waukesha, Wis., and 15 other points in the United States, Canada and Cuba.
Savings and Loan Ass'ns To Buy Defense Bonds

In addition to pushing the sales of Series E Defense bonds, "the people's bonds," savings and loan associations are expected to inves

Bank Debts Up 20% From Last Year

Bank debts as reported by banks in leading centers for the week ended Jan. 21 aggregated $11,269,000,000. Total debits during the 13 weeks ended Jan. 21 amounted to $482,770,000, or 18% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 11% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 23%.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior in its latest coal report stated that the total production of soft coal in the week ended Jan. 17 is estimated at 11,500,000 net tons, an increase of 250,000 tons, or 2.2%, over the preceding week. Production in the corresponding week a year ago amounted to 8,954,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite in the week ended Jan. 17 was estimated at 1,233,000 tons, an increase of 405,000 tons (about 49%) over the preceding week. Output in the corresponding week of 1941 was 1,104,000 tons.

A VALVE IS TURNED

for MIRACLES of FUEL and POWER

As quick as the hand can move, gas and electricity respond to mankind's bidding. In homes, on farms, in factories, shops and stores, these ever-faithful servants perform marvels of service. They promote greater efficiency, save time and labor, speed production for our national defense. Gas as fuel, electricity as power—each is clean, economical, unfailing, instantly available. Both are indispensable to our American way of life.

COLUMBIA GAS & ELECTRIC CORPORATION

serving 1,183,000 gas customers and 391,000 electric customers in 1570 communities

The Commercial & Financial Chronicle

Thursday, January 29, 1942

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COLUMBIA GAS & ELECTRIC CORPORATION

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The Commercial & Financial Chronicle

Thursday, January 29, 1942
Power for Victory

Evady electric switch in America is a shining symbol of the country's power to forge the weapons of victory. Almost everything we must fashion for the defeat of our enemies requires electric power. And we produce more of it than all the Axis partners combined. We have this power because American investors and a large private enterprise built great electric companies. We have it because companies, such as those forming the Commonwealth & Southern group, long ago systematically began encouraging ever-increasing use of electricity—in the home, in the shop, on the farm and in the factory.

And, ever since World War I, our and other groups of electric companies have been steadily extending high power transmission lines. Power is now being sent long distances over them to munitions factories which could not otherwise be supplied quickly. Over 80% of all lines now in this country were built by operating company groups.

The American principle of mass production has created electric power groups as well as huge automotive companies, giant steel mills and other vast manufacturing plants. All too many private enterprises are now able to turn out vast numbers of planes, tanks, guns, ships and other war material.

Electric power will help to win this war. The combined strength of a free people and their great free enterprises will prove the everlasting weakness of those who would enslave us.

Justin R. Whitling.

PRESIDENT

Commonwealth & Southern Companies operate in 10 states where hundreds of war industries are located. This group of companies expended more than $150,000,000 during the past six years in new plant and war plant facilities. Capacities for producing electricity were enlarged from 1,855,000 kilowatts in 1915 to 3,539,000 kilowatts in 1941. In 1942 we will have available at least 3,544,000 kilowatts.
Steel Demand Swelled By Wider War Output

Orders Exceed Production and Shipments

Despite the stringency in scrap supplies and steel target production this week gained a half point to 97% according to "The Iron Age" estimates. This week the fifth consecutive 7-day period in which the rate has been below the 1940 level a week before Christmas, states "The Iron Age" in its issue of today (Jan. 29), adding:

"Chicago district operations gained a point this week to 10% of capacity, while the Yountstown rate rose two points to 97%. The St. Louis rate advanced 2.2 points to 97%. Pittsburgh production is unchanged at 97 eastern Pennsylvania at 97 and Cleveland at 91. Loan of a point to 101% was recorded in the south Ohio river area where input output in the past declined five points to 98%. Detroit operations rose six points to 106%.

"The ever-growing demand for steel plates is expected to draw an increasing share of semi-finished material from other steel product departments. Furthermore, the likelihood that lease-land requirements in the second quarter of 1942 will double the first quarter and continue for some time to come, also points to additional tightness in semi-finished steel supplies. The sharp increase in demand for structural shapes and concrete reinforcing bars for construction of new war plants and the rehabilitation of damaged equipment will fall heavily upon the structural mills.

Such factors lead to the conclusion that bar, pipe and steel mill products and some other units soon will face curtailment in varying degrees. For non-integrated mills, the situation is already grave. Some have already suspended operations. The heavy drain on semi-finished steel for allocations and high priority orders has been felt by some non-integrated steel and strip mills whose supply of material had to be cut despite their heavy bookings of priority rated material.

Within the past week steel orders have been running ahead of a year ago and the volume of new business exceeds production. Critically in a condition which could foreclose before the actual outbreak of war. This situation reflects in part the degree to which this vast array of plants under contract has been able to change over to war goods production. Although there is almost no non-rated sales, business, steel bookings have expanded, a development which is significant in measuring the progress of the nation's war effort, and the extent of the conversion of civilian industry to a war industry.

The American Iron and Steel Institute in Jan. 26 announced that telegraphic inquiries showed it is likely that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.3% of capacity for the week beginning Jan. 26, compared with 97.7% one week ago, 96.1% one month ago and 97.1% one year ago. This represents a decrease of 0.4 points or 0.4% from the previous week. The operating rate for the week beginning Jan. 26, 1942, is equivalent to 1,607,000 tons of steel ingots and crude steel compared to 1,614,500 tons one week ago, 1,507,000 tons one month ago, and 1,507,100 tons one year ago. Weekly indicated rates of steel output for Jan. 16, 1941, were 99.1%.

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Moody's Daily
Commodity Index

<table>
<thead>
<tr>
<th>Date</th>
<th>CRF</th>
<th>CRP</th>
<th>MRN</th>
<th>MYN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, Jan. 29</td>
<td>202.0</td>
<td>203.0</td>
<td>202.0</td>
<td>202.0</td>
</tr>
<tr>
<td>Wednesday, Jan. 30</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Thursday, Jan. 31</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Friday, Feb. 2</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Monday, Feb. 5</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Tuesday, Feb. 6</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
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<tr>
<td>Two weeks ago</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
</tbody>
</table>

Monthly Prices

<table>
<thead>
<tr>
<th>Month</th>
<th>CRF</th>
<th>CRP</th>
<th>MRN</th>
<th>MYN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Feb.</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Mar.</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
<tr>
<td>Apr.</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
<td>212.0</td>
</tr>
</tbody>
</table>

---

NAM Chairman Praises Appointment of Nelson

President Roosevelt's appointment of Donald M. Nelson as War Production Chief, was the "most important move since the declaration of the war emergency," according to Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers. In an address before the Advertising Club of New York on Jan. 14, Mr. Fuller said the President, by his action, "has created a most vitally needed office of single aim and purpose-" a man without peer in the business world.

Mr. Fuller added that by delegating complete power to Mr. Nelson, "the President has assured the entire nation of fulfillment of our common aim to maximize the A.A.'s by mass production."

---

Time's short... and Defense Plants can't wait!

THROUGHOUT the length and breadth of Long Island national defense is on the march. In no small measure, Long Island Lighting System's long-time policy of being ever prepared to meet new needs for electricity and gas has made this possible.

All around us, we see new and expanding industries, growing army posts, multiplying defense projects, more homes for thousands of new workers. Over night they seem to have come up. Long Island, of course, offered ideal locations to them. Our gas and electric companies are expanding to meet the new demands of this tremendous war effort and to keep pace with the important territory it serves.

---

Let's Go, Long Island—'Keep 'Em Flying!'

Long Island Lighting Company

Queens Borough Gas & Electric Company Kings County Lighting Company Nassau & Suffolk Lighting Company Long Beach Gas Company, Inc.
Peruvian Sugar Exports

Secure during the first eleven months of 1941 totaled 335,293 long tons, raw value, as contrasted with 232,799 long tons in the corresponding period of 1940, an increase of 43,494 tons, or 16.1%, according to official reports received by Lamborn & Co., New York. The exports for the eleven months of 1941 were about the same as those for any similar period on record. The previous high was established in 1938 when the January-November shipments totaled 303,092 tons.

The firm's announcement added: The United States takes the lead of the countries to which Peruvian sugar exports during the eleven months of 1941 were sent. Rio de Janeiro, for example, accounting for 134,416 tons. Chile follows with 118,945 tons, Bolivia 37,494, Uruguay 16,628; Finland 13,180; Rumania 6,466; and 6,174 tons to other countries.

In the 1940 period Chile with 133,314 tons headed the list, followed by the United Kingdom with 32,528 tons; while to the United States 27,439 tons were shipped.

Peruvian 1941-42 sugar crop is estimated at about 325,000 long tons. Approximately 100,000 tons are held in storage and the balance are to be sold to foreign countries for export, according to Lamborn & Co.

D. W. Bell Says Monthly Defense Bond Sales Must Exceed Half-Billion

WASHINGTON, D. C., Dec. 22—Mr. Bell, Treasury Secretary, in a special address to the Washington Board of Trade, Dana, D. C., Tuesday, said that in the months to come every half billion dollars in sale of Defense Savings Bonds monthly will not be enough to finance the current expenditures. The Treasury aims to permit the volume of Defense Savings Bonds to be so increased that the funds will more than meet the requirements of the government. In his speech to the Board of Trade, Mr. Bell said that in the months to come coming in excess of half billion dollars in sale of Defense Savings Bonds monthly will not be enough to finance the military expenditures. The Treasury, said the one in the months to come every half billion dollars in sale of Defense Savings Bonds monthly will not be enough to finance the current expenditures. The Treasury aims to permit the volume of Defense Savings Bonds to be so increased that the funds will more than meet the requirements of the government. Mr. Bell said that in the months to come coming in excess of half billion dollars in sale of Defense Savings Bonds monthly will not be enough to finance the military expenditures. The Treasury aims to permit the volume of Defense Savings Bonds to be so increased that the funds will more than meet the requirements of the government.
Guaranty Trust Company of New York

Fertilizer Assn. Price Index Gains Halved

The rising trend in the general level of wholesale commodity prices continued last week, according to the wholesale price index compiled by The National Fertilizer Association, which was published on Jan. 28. In the week ended Jan. 24, this index fell off to 121.4 from 122.0. In the preceding week, it was 122.4. Seven months ago the index stood at 119.2 and a year ago at 100.6, based on the 1933-1939 average as 100.

The slight drop in the all-commodity index last week, was due primarily to declining prices for foodstuffs and some farm products. The upward movement in the food price index was halted as declines for butter, eggs, milk, and meats more than offset advances in the prices of the important items included in the group. The net result was a moderate recession in the food group average. Livestock quotations from the few areas advanced in the week were insufficient to raise the farm product price index fractionally. Continued advances for raw cotton, cotton yarn, and certain cotton goods took the textile average to a new high level. This group index is now well above the average for 1929, the previous year, and a rise in wholesale prices was higher than expected in the building material price index. The only other principal group average to show a rise last week was the representing the prices of miscellaneous commodities, which advanced due to another upturn in cattle feed prices.

Although the all-commodity price index fell off during the week, price advances outnumbered declines 27 to 15; in the preceding week there were 47 advances and 12 declines; in the second preceding week there were 63 advances and 3 declines.

Lumber Movement

Week Ended Jan. 17, 1942

Lumber production for the week ended Jan. 17, 1942, was 8% greater than the previous week, shipments were 7% greater. This was the second business 2% greater, according to reports of manufacturers of lumber, and miscellaneous wood products. The Federal Manufacturers Association from registration data reported that shipments in the week ended Jan. 14, 1941, were 4% less, shipments 3% less, and new business 16% greater. The industry stood at 130.0 in the average of the production in the corresponding week of 1933-1939 and 150.0 in the average of 1921-1933 shipments in the same week.

Year-to-date Comparisons

Record for the current week Jan. 17, 1942, was 10% above the corresponding week a year ago, and for the previous week, follows in thousand feet:

<table>
<thead>
<tr>
<th>Week</th>
<th>Production</th>
<th>Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 17</td>
<td>211,952</td>
<td>184,107</td>
</tr>
<tr>
<td>Jan. 17, 1941</td>
<td>184,107</td>
<td>152,498</td>
</tr>
</tbody>
</table>

Softwoods and Hardwoods

These group indices for the current week Jan. 17, 1942, were 11% above the corresponding week a year ago, and for the previous week, follows in thousand feet:

<table>
<thead>
<tr>
<th>Week</th>
<th>Production</th>
<th>Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 17</td>
<td>228,533</td>
<td>202,452</td>
</tr>
<tr>
<td>Jan. 17, 1941</td>
<td>192,452</td>
<td>167,068</td>
</tr>
</tbody>
</table>

Home Loan Bank Dividends

Payment of Dividends by the regional Federal Home Loan Banks at the end of 1941 brought total earnings of $125,000,000 to the Federal Home Loan Bank System during the year. A total of $11,600,000 was paid in dividends to member banks, and $9,600,000 was used to establish the credit reserve for the member institutions.

DISCOUNT CORPORATION OF NEW YORK

Statement of Condition December 31, 1941

ASSETS

Acceptances Discounted $1,259,092.14
United States Government Securities, Direct and Fully Guaranteed, and Security Contracts, at Market 62,049,040.31
Interest Receivable on Acceptances 184,107.12
Sundry Debts 40,024.44
Cash in Banks and on Hand 1,755,125.24
\[\text{Total \ Assets} = 656,647,394.25\]

LIABILITIES

Capital 2,000,000.00
Surplus 2,000,000.00
Unlimited Profits 9,586,498.70
Reserve for Premium, Discount, Taxes and Contingencies 323,189.73
Loans Payable and Due to Banks and Customers 40,029,784.55
Security Contracts 16,545,718.77
Unearned Discount 19,347.03
\[\text{Total \ Liabilities} = 656,647,394.25\]

OFFICES: FIFTEEN PINE STREET

Revenue Freight Car Loadings During Week Ended Jan. 17, 1942

<table>
<thead>
<tr>
<th>Week</th>
<th>Revenue Freight Car Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 17</td>
<td>811,196 Cars</td>
</tr>
</tbody>
</table>

The loading of revenue freight for the week ended Jan. 17, totalled 811,196 cars, the Association of American Railroads announced on Jan. 19. The increase above the corresponding week in 1941 was 107,069 cars or 13.5%, and above the corresponding week in 1940 it was 82,014 cars or 10.8%. Leasing revenue freight for the week Jan. 17 increased 74,024 cars or 10% above the preceding week.

Loading of merchandise less than carload lot freight totalled 144,665 cars, an increase of 4,844 cars above the preceding week, but a decrease of 1,068 cars below the corresponding week in 1941. Coal loading amounted to 174,142 cars, an increase of 7,032 cars above the preceding week, and 174,142 cars above the corresponding week in 1941. Grain and grain products loading totalled 40,683 cars, an increase of 13,648 cars above the preceding week, and an increase of 11,183 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading totalled 29,917 cars, an increase of 11,629 cars above the preceding week, and an increase of 10,377 cars above the corresponding week in 1941.

The loading of live stock amounted to 13,823 cars, a decrease of 2,114 cars below the preceding week, but an increase of 1,257 cars above the corresponding week in 1941. The loading of coal amounted to 3,886 cars above the preceding week, and an increase of 1,978 cars above the corresponding week in 1941.

Forest products loading totalled 43,093 cars, an increase of 8,962 cars above the preceding week, and an increase of 7,410 cars above the corresponding week in 1941.

Live stock loading amounted to 12,886 cars, an increase of 1,978 cars above the preceding week and an increase of 358 cars above the corresponding week in 1941.

Coke loading amounted to 14,077 cars, an increase of 590 cars above the preceding week, and an increase of 1,360 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941.
R E S O U R C E S
Cash and Due from Banks
U. S. Government Obligations, fully guaranteed
State, County, and Municipal
Other Bonds and Investments
Loans and Discounts
Bank Building and Other Real Estate
Accrued Income and Prepaid Items
Overdrafts

L I A B I L I T I E S
Capital
Surplus
Undivided Profits and Reserves
Reserve for Dividends
Deposits
Accrued Expenses and Deferred Credits
Com'l Letters of Credit, Acceptances, etc.

D I R E C T O R S
FRANK F. BROOKS

W. D. GEORGE

HENRY A. ROEMER

BRYANT L. CLAUSON

W. M. LARIER JONES, JR.

GEORGE T. LADD

GEORGE H. BUCHER

HENRY C. CHALFANT

W. M. GAYLE

C. ROBINSON

E. F. SMITH

ALEXANDER E. WALKER

C. B. HAMSLEY

D. W. GEORGE

SPRINGFIELD, Ill.

PITTSBURGH, PA.

PITTSBURGH, PA.

PITTSBURGH, PA.

PITTSBURGH, PA.

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PITTSBURGH, PA.

PITTSBURGH, PA.
The State of Trade

Business activity showed appreciable gains for the week, with most leading industries going on the upturn. The transition of the steel industry from peacetime to war material production is gaining speed, and is reflected in increased demand for steel and in the higher levels reported in the current survey. For several weeks, it looked as if many plants obtained war contracts and have retooled for new lines, orders with high priority are increasing rapidly.

Steel production in the United States is scheduled this week at 1,607,000 net tons or 91.3% of capacity, against 1,604,700, or 97.7% of capacity last week, the American Steel & Iron Co. reports. A month ago output was at 941,800 net tons or 57.6% of the week.

The consumers’ buying rush which lasted last week sent department store sales 45% above the same week in 1941, is showing signs of gathering further momentum rather than diminishing; it was learned recently.

Retail trade during the four weeks ended last Saturday was some 26 per cent higher than in the corresponding period a year ago. It may very well run some 40 per cent over the year’s average if the evidence of the week that event the adjusted Federal Reserve Board index of department store sales for the month may possibly approximate 120 of the 1929-33 average. This would constitute a new all-time high.

Reflecting substantial increases in the market loadings of miscellaneous freight and grain and grain products, railroads loaded a total of 811,196 carloads of freight during the week ended Jan. 15. The Association of American Railroads reported, an increase of 74,024, or 10% over the previous week.

This represented a more than seasonal improvement. The gain over the same week a year ago was 167,639 carloads, or 12.5% primarily as a result of sharp increases in miscellaneous coal and grain freight. The national improvement over the same week in 1941 amounted to 164,920 cars or 25.5%.

A total of 3,450,680,000 kilowatt hours of electric power was distributed during the week ended Jan. 15 by the electric light, heat and power industry, according to the report of the American Electric Power Institute. This represented a decrease of nine-tenths of 1% from the revised production for the period over the same week a year ago of 14,424,500,000, ahead of the previous showing of 14,378,000,000.

Engineering construction awards increased 20% higher than last year, but are reported as 64% lower than in the combined week 1941 as reported by Engineering News-Record. Federal awards which make up 60% of this week’s volume, are 66% higher than a year ago, but 22% lower than the year before, are responsible for the increase. They were reported as $136,000,000.

Public construction is 60% above last week. but 15% under the weekly volume, 1941. The later is reported as $245,000,000.

The value of construction contracts awarded the month this year are approximately 30% higher than January of last year, about 5% below the peak in February, and about 15% below the peak in January.

While the consumer’s buying rush has been going on, the manufacturers’ reports show a pullback in sales. They reported a turnover of 106.92 on Jan. 15 compared with 107.04 a year ago.

The present food movement, the industrial reports, represents an average of 108.94 compared with 109.47 last year. The accumulating sales of last August and September, which were 110.70, however, is at appreciably higher level than the latter, since the production at the latter were resisting the trend of the 1930’s.

Labor trouble is looming again as a disturbing influence. A development that will add impetus to the action of the executive board of the I. O. U. is an agreement that the hotel Roosevelt, recommends to its members to strike should there be a “substantial wage increase.” They contend that in the increasing threat of legislation requiring the minimum standards of workers while employees in many lines are making greater profits than in recent years notwithstanding.

Seemingly as a refutation of this latter statement, a careful official analysis of the reports of the retired military of the Vimoon committee, that report which checked C-Distribution, the nation last week by disclosing that many firms engaged in the manufacture of war materials had made so-called profits running into fat percentages. This picture of profits on war contracts that is negotiated is about as follows:

In spite of the sensational disclosures which filled the news in one instance soared to a level of 90% on the contract, the real average profit—"real average profit"—as the Government recovered from all the profits in 1940, was under 5%. That means that for every contract upon which a manufacturer realized more than 5%, some other contract was fulfilled at a loss corresponding to a few low %. Large numbers of losses were reported on contracts struck by the committee and some of these were substantial.

Cotton Ginnings Below A Year Ago

Number of bales of cotton ginned from the growth of 1941 prior to Jan. 15, 1942, and comparative reports for the corresponding date in 1940 and 1939.

BARKER, Comptroller
MAUGER, President

The statistics in this report include 871 round bales for 1941; 4,027,056 for 1940; and 4,027,056 for 1939. Included in the above are 4,933,638 bales of American-Egyptian for 1941; 25,820 for 1940; and 25,820 for 1939. Also, 22,870 bales for Island for 1941, and 41,100 for 1940 and 1939.

The statistics for 1941 are subject to revision when checked against the individual reports filed by the various States. The revised total of cotton ginned this season prior to Dec. 15 is 9,916,818 bales.

Consumption, Stocks, Imports And Exports — United States

Cotton consumed during the month of December, 1941, amounted to 878,328 bales. In 1940, on the other hand, cotton ginned to Dec. 31, was 2,293,782 bales, and in public storages and at companies’ factories, 508,762 bales of active consuming cotton stocks for the month was 25,000,112.

In the international defense, the Department of Commerce has decided to discontinue the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions, the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Moody's Bond Prices And Bond Yield Averages

Moody’s computed bond prices and bond yield averages are given in the following tables:

Dyer Index Of Sugar Distribution Advantages

The preliminary December distributions of sugar, reported by the A.A.A., was approximately 38.7 million more than the December distribution, according to the Index of Sugar Distribution (adjusted for the long-term trend) prepared by B. H. Brodsky, New York, cotton factor and economists and brokers, Tribes Distribution, sugar at 120 in November and 111 in December, 1940, and is the highest per month distribution for 1941, being exceeded only by the March distribution last year.

The Dyer firm states that the consumers of the country are being given further large amounts of sugar to their inventories. They estimate that in the next few years, (consumers inventories) advanced considerably during the year.
Recent Refunding Offers Improved Mortgage Of Southern Operating Company

A lesson on how to sweeten a covenant t wo, the prospective bond and mortgage market for Southern Operating Company. This new $800,000 mortgage replaces a series of old bonds, on which the loan debt is cut 16% increased to better than 2.5 times, is the important interest saving.

For the first ten months of 1941, the working capital position doesn't look too good on a normal basis, but working capital at $478,000 is the actual net working capital at Oct. 1, 1941. The following shows actual and proper forms of current assets and current liabilities as of Oct. 31, 1941:

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Pre-estimates</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash</td>
<td>$2,423,816</td>
<td>$2,521,828</td>
</tr>
<tr>
<td>Accounts</td>
<td>$1,961,821</td>
<td>$1,961,821</td>
</tr>
<tr>
<td>Notes and</td>
<td>$1,707,359</td>
<td>$1,707,359</td>
</tr>
<tr>
<td>Investments</td>
<td>$45,979</td>
<td>$113,109</td>
</tr>
<tr>
<td>Total assets</td>
<td>$6,961,572</td>
<td>$6,952,527</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$6,431,110</td>
<td>$6,431,110</td>
</tr>
<tr>
<td>Notes and</td>
<td>$558,351</td>
<td>$558,351</td>
</tr>
<tr>
<td>Bonds payable and</td>
<td>$493,353</td>
<td>$493,353</td>
</tr>
<tr>
<td>Issued</td>
<td>$558,351</td>
<td>$558,351</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$1,241,463</td>
<td>$1,243,463</td>
</tr>
<tr>
<td>Net working capital</td>
<td>$5,719,109</td>
<td>$5,709,064</td>
</tr>
</tbody>
</table>

Concurrently with the recent refinancing, the company's utility equipment is being written down from $189,705,000 to $166,722,000, and the amount of which amount $17,992,000 represents a charge for depreciation as reported by the Alabama Public Service Commission and/or the Federal Power Commission. This total reduction of $21,494,000, net plant writing up to $300,000 against the previous figure of $174,446,000. The $90,000 of mortgage debt now outstanding is the net book value of utility plant and includes intangibles.

The overall picture reveals a medium grade bond, pointing to substantial average. The overhanging debt to the mortgage and the various charges which the company obviously were for the purpose of selling the bonds. That the annual mortgage emission was successful in fact is evident if the bonds went to a substantial premium almost immediately.

ALABAMA POWER COMPANY

First 3½%, 1972

Whispers

C. Robert Maxfield, of E. E. Swart & Co., is quite proud of his 4½-month-old baby, and usually devotes his time to two things: Talking about his baby and trying to make a trade. If business is business and the baby is healthy, how cute it is, etc. However, the latter day he came in with a new bit of philosophy that he got from a friend. Said a "girl can’t believe her hears," she ex- clamp. "But she can always re- HCE.

In one of the upstairs offices of a member house a group of customers have accumulated themselves to dig in at regular intervals to discuss, not securities, the market or the war, but to decide what horse in which race was the best bet of the day. One day while bent over one of those racing records, the study of which everybody knows practically guarantees a winner, the statistician pointed out that the "horse of the day:" "They always seem to have some excuse this is the most exciting sport of."

With air raid precautions, and work he is among the few who have been given, posted in all conspicuous places, we were started at a new sources of discussion that came to us from one of the young ladies in the office, her "baby". She told us this story:

"All the time that we had been living here. There are 14.7% of the total income. Giving effect to the financing, cash advances and working capital at $478,000 is the actual net working capital at Oct. 1, 1941. The following shows actual and proper forms of current assets and current liabilities as of Oct. 31, 1941:

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Pre-estimates</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash</td>
<td>$2,423,816</td>
<td>$2,521,828</td>
</tr>
<tr>
<td>Accounts</td>
<td>$1,961,821</td>
<td>$1,961,821</td>
</tr>
<tr>
<td>Notes and</td>
<td>$1,707,359</td>
<td>$1,707,359</td>
</tr>
<tr>
<td>Investments</td>
<td>$45,979</td>
<td>$113,109</td>
</tr>
<tr>
<td>Total assets</td>
<td>$6,961,572</td>
<td>$6,952,527</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$6,431,110</td>
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</tr>
<tr>
<td>Notes and</td>
<td>$558,351</td>
<td>$558,351</td>
</tr>
<tr>
<td>Bonds payable and</td>
<td>$493,353</td>
<td>$493,353</td>
</tr>
<tr>
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<td>$558,351</td>
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<tr>
<td>Total current liabilities</td>
<td>$1,241,463</td>
<td>$1,243,463</td>
</tr>
<tr>
<td>Net working capital</td>
<td>$5,719,109</td>
<td>$5,709,064</td>
</tr>
</tbody>
</table>

Concurrently with the recent refinancing, the company's utility equipment is being written down from $189,705,000 to $166,722,000, and the amount of which amount $17,992,000 represents a charge for depreciation as reported by the Alabama Public Service Commission and/or the Federal Power Commission. This total reduction of $21,494,000, net plant writing up to $300,000 against the previous figure of $174,446,000. The $90,000 of mortgage debt now outstanding is the net book value of utility plant and includes intangibles.

The overall picture reveals a medium grade bond, pointing to substantial average. The overhanging debt to the mortgage and the various charges which the company obviously were for the purpose of selling the bonds. That the annual mortgage emission was successful in fact is evident if the bonds went to a substantial premium almost immediately.

POWER

THE COMMERCIAL & FINANCIAL CHRONICLE

Federal Reserve Bank of St. Louis

Digitized for FRASER

Volume 155 Number 4039

BONDS

WWhispers

C. Robert Maxfield, of E. E. Swart & Co., is quite proud of his 4½-month-old baby, and usually devotes his time to two things: Talking about his baby and trying to make a trade. If business is business and the baby is healthy, how cute it is, etc. However, the latter day he came in with a new bit of philosophy that he got from a friend. Said a "girl can’t believe her hears," she ex- clamp. "But she can always re- HCE.

In one of the upstairs offices of a member house a group of customers have accumulated themselves to dig in at regular intervals to discuss, not securities, the market or the war, but to decide what horse in which race was the best bet of the day. One day while bent over one of those racing records, the study of which everybody knows practically guarantees a winner, the statistician pointed out that the "horse of the day:" "They always seem to have some excuse this is the most exciting sport of."

With air raid precautions, and work he is among the few who have been given, posted in all conspicuous places, we were started at a new sources of discussion that came to us from one of the young ladies in the office, her "baby". She told us this story:

"All the time that we had been living here. There are 14.7% of the total income. Giving effect to the financing, cash advances and working capital at $478,000 is the actual net working capital at Oct. 1, 1941. The following shows actual and proper forms of current assets and current liabilities as of Oct. 31, 1941:

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Securities and Exchange Commission
(Continued from Page 2)

Excessively high costs of Commission membership has pointed the personnel problem in recent weeks and months. With disturbing regularity the members have used the agency as a mere springboard for hoisting themselves into Federal judiciary. Placed at the securities business usually have signaled such elevations by President Roosevelt, which in itself is a circumstance that provides ample food for thought. Speaking within the Commission as to the Chairmanship, which is not a statutory office, have reflected a disgraceful playing of politics among some members.

It is not surprising, in view of all this, that John S. Fleck, as the chosen spokesman of the investment bankers, turned to the question of the Commission. Itself, when hearings again were believed to be prepared to propose changes in the various enactments administered by the SEC. Like other elements of the financial community, the investment bankers well realize that regulation is here to stay, and they are anxious to make the regulations merely an ordinary part of their daily affairs, rather than a capricious and con-


tinually disturbing factor that can nullify at the whim of the regulators months of hard work and years of estab-

lished relationships. With an unfortunate Commission per-

sonnel and new faces appearing at speed intervals, this is hardly likely to be achieved.

In his statement before the House Committee, Mr. Fleck advocated changes in the law relating to the Com-

mission which long have been pondered by the investment bankers. He urged enlargement of the capacity of a five-member Commission, and an increase to nine members obviously is advisable to permit use of the part-time devotion of enlargement of the Commission to nine members from the current five, pointing out that numerous and extraordinary burdens have been added to those which the Commission originally was asked to shoulder in 1934.

The word of Mr. Fleck is simply beyond the capacity of a five-member Commission, and an increase to nine members obviously is advisable to permit use of the part-time devotion of the present membership to the problem which the older and seasoned Interstate Commerce Commission has found advisable.

With a view to greater stability of Commission per-

sons, Mr. Fleck proposed an increase of the salaries paid to the members to $15,000 from $10,000, and extension of the tenure of office to ten years from five years. Both these suggestions are aimed at making Federal judgings less competitively attractive for members. Adoption of these proposals by Congress undoubtedly would be of some aid, though it may be questioned whether a final solution would follow.

For reasons which are not entirely clear, stubborn opposition has been expressed by the Commission to the suggestion for increase of membership. The other proposals probably are viewed with oy approval. But the increase of membership is the most important desideratum, probably because the long delays and vacilla-

tions of the overworked Commission well realized to their cost. Fortunately, Congress is said to be much perturbed over the frequent changes of personnel and the evidences of lack of stable and equitable policy in the Chairmanship. It is hoped that this discontent will lead to acceptance of pro-

posals made by those who suffer most severely and most unjustly from the obvious defects of the Commission.

JOTTINGS
(Continued from page 417)

The public more sensitive about others.

Each piece of rationing machin-

ery set up will make the next

cane easier and make Washington money willing to set it up.

Each rationed item demands back-

packing power and so in-

creases the pressure on other

commodities or services.

Notice, however, how a

scarcity situation is created by a

tide into one farm com-

modity after another. First meta-

l, then dairy products, then 

feeds, then fats and oils. And just as

rapidly, the "farm program" is

being changed from the minimum produc-

tion goad of 1941 to the goal of maximum produc-

tion. The present principle of "balancing production" by getting

farmers to shift from surpluses to scarce crops—may be only a tran-

sition to an ultimate effort to-

stimulate nearly all crops. Ac-

cumulating the effort will be the

rise of farm wages, the migration of

farm labor to arms plants, and a 
snag of steel for new farm man-

facture.

Current argument about what the arms program will

make or wipe out more jobs seem futile. One guess is that

1942 production of non-steel industries will be cut from

44,000,000 to 22,

000,000, is lost of 11,000,000, while the Army will take $2,000,000

and arms production (including

shipyards, machine tools, and other

indirect arms industries) will be

with 18,000,000 at the end of

1942 instead of 5,000,000 at the begin-

ning. That would mean that

this year the war will provide

15,000,000 new jobs and destroy 11,

000,000, but such figures are not

ranked of guesses. The one thing

sure is that there will be many

mishaps: dislocations, migrations, 

transfers, and movements of man-

ner into better jobs and of many

others into poorer jobs.

Another thing is certain.

The totals of factory con-

struction will be almost fabu-

lous compared with previous

years—even with 1918. The

recent auto controversy high-

lighted the difficulties of con-

verting present specialized

civilian plants to highly spe-

cialized war plants. It will be

new roads and new walls

housing with machines. Then

there's that $100,000,000 of

synthetic rubber plant.

If there's a plant to be built to

produce 500,000,000 or more

Ohio Securities
Wm. J. Mericka & Co. Incorporated
Member: Cleveland 90.1 Exchange


REPORT OF CONDITION
OF THE MANUFACTURERS NATIONAL BANK
OF DETROIT
in the State of Michigan

At the close of business on December 31, 1941

ASSETS
Loans and discounts (including $15,045,27 overdrafts) ... $36,724,738.26
U. S. Government obligations, direct and guaranteed ... $6,962,807.03
Obligations of States and political subdivisions ... $2,494,033.41
Other obligations ... $1,796,693.12
Corporates stocks, including stock of Fed. Reserve Bank: Cash balances with other banks, including reserve 
balances, and cash items in process of collection ... $3,001,971.32
Bank premises owned $3,046,042.00; fixtures and fi. $1 ... 314,945.53
Real Estate owned other than bank premises ... $388,768.52
Other assets ... $3,371,500.00
TOTAL ASSETS $81,947,383.71

LIABILITIES
Demand deposits of individuals, partnerships, and corporations, exclusive of Federal Reserve deposits ... $17,185,379.38
Time deposits of individuals, partnerships, and corporations ... $6,092,424.30
Deposits of United States Government ... $3,003,263.80
Deposits of members of Federal Reserve Banks ... $2,000,000
Deposits in trust ... $2,000,000.00
Deposits of banks ... $2,150,897.06
Deposits of cashiers, tellers, and other cashiers, including cashier's checks, etc. ... $1,000,000.00
Total DEPOSITS ... $201,573,718.09
Other liabilities ... $3,217,340.39
TOTAL LIABILITIES $204,790,958.48

CAPITAL ACCOUNTS
Capital stock, common and preferred ... $3,000,000.00
Surplus ... $4,000,000.00
Undivided profits ... $3,000,000.00
Reserves ... $2,567,425.00
TOTAL CAPITAL ACCOUNTS ... $15,567,425.00
TOTAL LIABILITIES AND CAPITAL ACCOUNTS $220,358,383.48

MEMORANDA ACCOUNTS
Pledged assets (and deposits) ... NONE
Secured liabilities ... NONE

DEARBORN
Detroit
HIGHLAND PARK

Penobscot Building

Member Federal Deposit Insurance Corporation

OTIS & CO.

(Incorporated)

Successors to B. T. Otis, 1859

New York

Indianapolis

Cleveland

Chicago

Denver

San Francisco

Columbus

Tulsa

1941

The airplane of the "future" spelled "woof-woof" which hasn't yet come true even with the 1941 de-

dence program acceleration exp-

extended where TVA had over-done on the hydro side.

29 BROADWAY
Telephone Whitehall 4-1400

J. WHITEHALL 294-1360

Boston

Cincinnati

Tulsa

San Francisco

Chicago

Cleveland

Monroe

Thursday, January 29, 1942
Investment Trusts
(Continued from page 415)

Aided by a fl eeting up and out higher and ex-
treme price inflation is a distinct threat. To increase his income levels his need for higher living or a hedge against ex-
treme inflation, he should avoid a high-grade Investment Trusts, common stocks broadly diversi-
ded as to industry and individual companies.

"Fourth, even a full-blended war economy does not bar specula-
tive profit opportunities in various special situations—speculative bonds and preferred stocks.
Therefore, depending upon how much capital he has, as well as the degree of risk he can assume he may be able to take advantage of such opportunities and profits thereby.

"To sum up—without trying to solve all the problems of the day, an investor following in broad pattern some such program as this should make out reasonably well what may happen. Cash for emer-
gencies; defense bonds for national security, and for safety and stability in his account; high-grade common stocks for gener-
ous income and inflation protection (with emphasis on broad diversification rather than selec-
tive concentration); and finally, where circumstances permit, to participate in the speculative opportunities which are always present in some form or other.

Investment Company Reports

Chemical Fund—Dec. 31, 1941

The net assets of Chemical Fund, taking securities at market value, amounted to $7,798,182 at Dec. 31, 1941 as compared with $3,997,053 at Sept. 30, and $8,144,169 at Dec. 31, 1940. Last month's per share was $8.81 per share at Dec. 31, 1941 as com-
pared with $9.45 on Sept. 30, 1941 and $9.31 on Dec. 31, 1940. During the quarter ended Dec. 31, 1941, according to the report, the 28,212 shares of the company were sold and 44,570 shares repurchased, re-
sulting in 87,537 shares being outstanding at the close of the period.

Cash dividends and stock divi-
dends received during the quarter totaled $150,503, which amounted to $16.53 per share, leaving net income of $1,351. For the nine months ended Dec. 31, 1941, the net income was $277,667.

Maynard H. Murch & Co.

Investment Securities

Union Commerce Building

Cleveland, Ohio

Members Cleveland Stock Exchange

WRIGHT, MARTIN AND CO.

MICHIGAN SECURITIES

Provident Savings Bank & Trust Co.

Municipal Bonds

CINCINNATI

OHIO

Detroit, Michigan


MEMBERS

THE NEW YORK STOCK EXCHANGE
THE CINCINNATI STOCK EXCHANGE
NEW YORK CUSTOM (Members)

331 Vine St.

CINCINNATI

Federal Reserve Bank of St. Louis
Digitized for FRASER

National Bank of Detroit

Complete Banking and Trust Service

Statement of Condition December 31, 1941

RESOURCES

Cash on Hand and Due from Other Banks

$355,007,236.77

United States Government Obligations, direct or fully guaranteed

278,384,825.82

Other Securities

43,663,827.07

Stock in Federal Reserve Bank

590,000.00

Loans and Discounts

4,483,362.10

Real Estate Mortgages

16,702,923.21

Overdrafts

33,810.01

Branch Buildings and Leasehold Investments

1,067,383.35

Other Real Estate

1,490.25

Accrued Interest Receivable—Net

1,710,566.16

Prepaid Expense

621,476.71

Customers’ Liability Account of Ateleos and Letters of Credit

2,276,310.97

TOTAL RESOURCES

$676,804,577.57

LIABILITIES

Deposits

Commercial, Bank and Savings

$538,587,150.17

U. S. Government

21,644,544.32

Treasures, State of Michigan

22,000,000.00

Other Public Deposits

18,049,999.95

Total Deposits

$566,875,637.52

Capital Accounts

Preferred Stock (300,000 shares)

8,750,000.00

Common Stock (1,000,000 shares)

10,000,000.00

Reserve

11,500,000.00

Undivided Profit

4,776,923.50

Reserve for Retirement of Preferred Stock

125,000.00

Reserve for Common Stock Dividend Arrears (Due March 15 payable February 2, 1944)

412,500.00

Reserves

2,337,889.38

Our Liability Account of Acceptances and Letters of Credit

2,276,310.97

TOTAL LIABILITIES

$676,804,577.57

The United States Government security carried at $46,615,169.12 in the foregoing statement are pledged to secure public trust deposits and other purposes required by law.

Member Federal Deposit Insurance Corporation

McKendrew & Keeler

Re-elected By Exchange

Edward L. McKendrew was re-
elected President of the Commer-

cial Exchange, Inc., by the Board of Governors. Mr. McKendrew is the Vice-President of Armand Schmoll, Inc.

Y. J. Keeler, partner of Orvis Brothers & Co., was re-elected Treasurer.

Gen. Williams of the Exchange, elected on Jan. 20 by the members (for three-year terms unless otherwise indicated), are:

Commission House Group: Floyd Y. Keeler, reelected; Philip B. Weld, reelected; Frank R. Hope, for one year, unexpired term of Sully C. Pocet, resigned. Mr. Hope is a partner of Paine, Webber & Co.

Hite Group: George B. Bernheim, reelected; Milton R. Kates-

en, reelected.


Metal Group: Ivan Reittler, re-
elected; Hans A. Vogelstein, reelected.

Rubber Group: William T. Baird, Jr., reelected; Joseph Louis, elected to succeed Charles Slaughter, Mr. Louis is Presi-
dent and Treasurer of Littlejohn & Co., Inc.

Non-Traded Group: Kuo C. Li, reelected.
CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY

PHILADELPHIA

Our Reporter's Report

(Continued from First Page) 3% bonds and 150,000 shares of preferred stock, it is pointed out, is of the dimensions likely to attract plenty of bidding.

Soon thereafter the Pennsylvania Electric Co. will market a total of $15,900,000 of bonds and preferred stock. Here again it is expected that at least four and quite likely several additional groups will be in the field.

Four syndicates are known to be shaping up and there is talk of as many as eight. The volume offered involves $32,500,000 of 30-year mortgage bonds and $5,400,000 of preferred stock.

Confusion Aplenty

Secretary of the Treasury Morgenthau threw the municipal bond market into a real furor with his renewed drive for ending of tax exemption on such securities.

This time, however, he went far beyond anything he had done before previously as the Treasury's aim, and stated that such legislation would, if possible, be made to apply to outstanding as well as future issues.

It is his latest blast after the close of business on Saturday when he went into a tail-slip Monday morning and has since shown little or no tendency toward recovery. As a matter of fact the market is a nominal affair with dealers reluctant to quote prices. New York City 3%, a good barometer of the general situation, backed off about 3 points from the recent high of around 103 to approximately 101.

Bond For As Taxables

Municipals, because of their tax exempt features and slim yields, have been. going largely to institutions in recent years, since the average investor is not attracted to this type of paper.

Monday brought a fairly heavy rush of selling, and potential buyers were inclined to base their bids for these issues on the theory that they would ultimately lose their tax-free privilege. This made for some really sharp markets.

The market flattened out later on reports from Washington indicating that there was little support in Congressional tax committee for taxation of State and local securities, but there was little urge to reinitiate positions.

Single Bid Issues

Some few of the trade have been inclined to wonder a bit on whether or not there might be a bowwow from Washington, if single bids became too frequent in the sale of new municiplties and obligations to bankers.

But generally speaking there seems to be little real worry on that score among underwriters. In such circles it is pointed out that in the case of the Alabama Power Co. sale, even though the banking group was comprised of 81 firms, there were sufficient large bankers willing outside that syndicate to have formed another group if it appeared necessary.

Moreover, it was pointed out that the business was handled with the aid of an enormous selling group, more than 300 retailers having participated in the business. Without the wholesaling arrangement, it was admitted, there might be some doubt for bringing up the question of "restraint of trade" but with the business so widely spread it seemed the belief that such contention was removed.

Broader Corporate Market

In corporate underwriting circles the Treasury's latest onslaught against tax-free bonds aroused little or no disturbance. On the contrary corporate underwriters regard the underwriting of any new corporation market, if it comes to pass, could conceivably be an advantage.

Now there are certain influential investors who lean to the tax-free market for obvious reasons. But with such advantages over corporate issues removed, it is certain that many buyers will look to the latter type of bonds might be decidedly broadened.

So far as the tax-free market is concerned, it is argued that any corporate market that is formed to the present municipal status would be unlikely to affect it seriously. Quite the reverse it is likely that the municipal market would have to adjust themselves along the lines of other taxables.

Forming Zuckerman Co.

Charles Zuckerman, member of the New York Produce Exchange, will form Paul S. Zuckerman & Co., to conduct business on Jan. 31, in partnership with James M. Zuckerman, who will act as alternate for Mr. Zuckerman. The Exchange under Mr. Zuckerman has been in business for more than 18 years, and is an individual floor broker.

To Get NYSE Membership

Charles Slaughter, partner in Slaughter, Horne & Co., 66 Beaver Street, New York, and a prominent commodity broker, will acquire the New York Stock Exchange membership of Bernard J. Harrison on Feb. 5, his firm thereby entering as a member in the Exchange. Other partners in Slaughter, Horne & Co. are H. F. Grant, George H. Brandt, and Guy V. Gunney.

Bonds Municipal - Corporation Preferred Stocks

Trading Department specializing in

Investment bankers

pratt_snyder_co

FINCH, WILSON & CO.

Members New York Stock Exchange

Commission Orders Carefully Executed for Institutions and Individuals

720 BROADWAY, NEW YORK

H. Hentz & Co.

Established 1866

N. Y. Cotton Exchange Bldg.

BOSTON CHICAGO DETROIT CLEVELAND GENOA, SWITZERLAND

LAMBORN & CO.

99 WALL STREET

NEW YORK CITY

Sugar

Exports-Imports-Futures

Diary 10-21

Thursday, January 29, 1942


Rea, Fleck Oppose

SEC Amendments
(Continued from page 419)

eral and constructive

ter, President

mission, and expressed

The hearings on amendments

to the Securities Exchange Acts of 1934

and 1938, Mr. Fleck said, urged an amendment to section 4(a) of the Acts which would increase the size of the commission from five to nine members. He said that so far as the

Mr. Fleck emphasized that sub-committees on

and, and this does not take into

consideration which changes are

now pending is Jan. 30, at which

larger, more permanent com-

mission, partly if it were

departmentalized, "would prob-

ably result in not enough of the

missionaries familiarizing them-

selves more thoroughly with the

problems sometimes has resulted in

ous acts assigned to them."

Mr. Fleck said, cannot properly ad-

minister the important new

Exchange Acts, plus the Public

Utility Holding Company Act of

1935, Chapter X of the Bank-

ruptcy Act of 1938, the Maloney

Act of 1938, and the Trust Indenture

Act of 1939, dealers' registration

program, the State Securities

Exchange Act, the Investment

Companies Act of 1940, and the

Investment Advisors Act of 1940.

He presented charts to prove that the

commissioners are overloaded.

Representative William P. 

Caldwell, M.D.) inquired about

Mr. Gannon Purlc, SBC com-

mittee were too many but the years

apparently Federal applicants

were using the Commission

merely as a springboard to bet-

ter jobs.

Mr. Purlce replied that he did

not know the reason for the

turnover, and added that proba-

able the problem is that

missionaries are singled out

better jobs.

Testifying in favor of some

proposed amendments, Mr. Purl-

called for more grantable

credit terms to all members of

"The Government should

gave the same favors to

merely because they are

members," Mr. Purlce said.

"Exchanges still have the
desire for the right kind of

favorable treatment than the public.

Special credit facilities to favored

members has a bad influence on

the public."

The amendment would oppose

proposed amendments extending

special benefits to members.

Mr. Purlce said, "However, as Vice-

President of the New York Stock

Exchange, said that mem-

bers of the exchange are oper-

ating on a sound basis, because

of the fact that a "liquid capital

of member firms must be 15 to

$15,000, with a minimum of

$50,000."

During the past three years

on the New York Exchange, Mr.

Davis said, and over a period

several years $89,122.80% of

the members have remained solv-

ent.

Mr. Davis criticized a pro-

posed amendment which would

give big legislative power to

the exchange commissioners to

Commission to make detailed

rulings regarding everyday

functions.

"Such power could handicap

the exchange and destroy

honest business," he added.

Speaking of borrowing and

paying interest, Mr. Purlce said

that 90% of borrowing of securities

did not pay interest, and that

borrowing and lending are

inherent evils which should not

be handled.

On Jan. 22 the National

Association of Manufacturers declared

the proposal of the security-

industry to be "the most

serious threat to business and the

shocking attempt at class legis-

lation based on a special interest."

From the Associated

Press

The views were expressed by

Prayer Jones of New York.

Chairman of the association's

sub-committee on industrial

financing, as the House Inter-

state Commerce Committee

reached hearings on approxi-

mately 80 changes in the 1934

Act. Many of the proposals are

proposed by the industry

itself.

The industry has recog-

nized changes in the rules to

suit the needs of investors submit
to security holders for

meetings, the information

required by the proxy rules and

that the proxy section be made

applicable to the securities

registered on national ex-

changes, but also to those having

an interstate over-the-counter

market or securities of corpo-

rations engaged in interstate

commerce.

Another proposal annulled

by Jones would extend to

market securities and corporate

Holdings, stated that securities

are handled in an interstate

basis, and that the抱着

quirements that officers, direc-

tor and 10% stockholders report

their transactions in exchange

securities of their companies.

Mr. Jones charged the proposal

was "devised and presented

without any submission to

American businessmen, and

that they have known of no

number of industrial executives

who were astonished to learn

that such a proposal had been

formally submitted to Com-

mission."

Mr. Jones said he could

see the choice of positioning for

casting unjustified burdens

on medium-sized businesses

just because an

other segment of the business

community had felt the weight

of Securities and Exchange

Commission regulations.

"In essence," he added, "American

businessmen can only oppo-

se with the utmost vigor prop-

osals for the selfish benefit

of the New York city's Stock;

these changes where these would

be costly."

The Securities and Ex-

change Commission has approved

the proposal that information

required by proxy rules be sub-

mitted by large groupings to

Commission but has not indorsed

the report of the sub-committee

of the proposal for an

ing an interstate over-

counter market.

In his report (Jan. 22, 1938,

Frank Dome, President of the New

York State Dealers' Ass'n,

spoke in opposition to the

suggestions of the Exchange.

Ratner referred to the views

of President Reuban of the Ex-

change, in an article appear-

ed in the issue, page 924. Other

references are made to the

report of the Committee

were given in these columns

Nov. 15, page 1038 and

Dec. 4, page 1393 and 1394.

STANY Appoints 1942

Standing Committees

The Securities Traders Associa-

tion of New York, Inc., announces

the names of the standing committees for the cur-

rent year,

Arrangements: Allen Moore, H.

Hentsch & Co., Chairman; James

K. Munn, Dominion Securities

Inc.; Frank Pavia, Chas. E.

Brek & Co., & Co.; Edward A.

Purcell Co.; Robert R. 

Medis; Robert Strauss, Strauss

Bros.; Joseph Tito, Harris, Up-

ton & Co.; Harry F. Gammon &

The Dominion Securities Corp.

Public Paper Publishing.

Schoonover, de Willers & Co.,

Inc.; Robert F. 

Linden, Robert Sharpe, Herbert

Sobert, Louis Walker.

Auditors: John Reilly, J. F.

Reilly & Co., Chairman; Oliver

Kimberley, J. F. Rice, Jr., & Co.

and David R. Mitchell, Richard

K. MacPherson & Co.

Reception: James McGivney,

Horneker & Whelchel, Chairman;

Raymond Sheppard, Jr., Chairman;

Henry Burns, H. G. Burns &

Co.; Stanley Ely, Ely & Co.;

John French, A. C. Alley

& Co., Inc.; John Kanehisa,

Winthrop & Whitmanborne & Co.;

Charles King, Charles King &

Co.; John J. O'Kane, John J.

Kane & Co., Jr. & Wilbur

Wittich, Bond & Goodwin Incor-

porated.

Tax and Legislation: John

Lever, R. F. Gladwin & Co.; P.

Fred Fox, P. F. Fox & Co.; T.

Frank Macxy, Abrams & Co., 

Walter P. W. Peller, East-

ton, Dillon, & Co.; and Willard

Summers, Hotz, Rose & Trusteer.

Securities: Municipal: James 

Mussen, Frederick R. Griffin

Snow, Barr Bros. & Co.; Jack B.

Haasude, J. B. Hanauer & Co., 

Louis Lebenthal, Lebenthal & 

Co.; James M. & James J. A.

Maguire & Co.; Harry Persinger

& Co. & Roger Phelps, 

Campbell, Phelps & Co.

Banking: Wilford Conray, B. W.

Fitzell & Co., Chairman; Welling-

ton Hunter, Hunter & Co.;

and Walter Mewing, D'Assern, O'Nel

& Co., Inc.

Forthcoming activities already

scheduled are: Inter-City Bowing

between New York and Philadelpria,

for Feb. 11th at New York,

Annual winter dinner, April 11th.

There is an important ques-

tion coming before the National

State Tax Stamps; the Associate

Committee is already at work on

the situation and will report to

a member shortly.

Arthur Bierna In Buffalo

BUFFALO, N. Y. — Arthur G.

Bierna has opened offices at 730

Auburn Avenue to conduct a se-

curities business.

Swan & Kanzler To Be

E. F. Hutton Partners

Joseph E. Swan and George R.

Kanzler, member of the New York

Curb Exchange, partners

in a new firm of E. F. Hutton &

Co., which will dissolve on Jan. 31,

will be added to partnership in E.

F. Hutton & Co., 61 Broadway,

New York City. Members of the

New York Stock Exchange and

other leading financial exchanges.

Fred-erick W. Topham, also a partner

in the Swan firm, will also become

a partner in E. F. Hutton &

Co., taking over the work of en-

larging its research and advisory

departments.

Mr. Swan's admission to E.

F. Hutton & Co. will not affect his

interest in Swan, Culbertson

& Pritz, originally organized as

Swan & Culbertson in 1926, which

maintains brokerage offices in

Shanghai, Manila and Buenos

Aires. The first two offices are

not active at present due to the

Japanese occupation, but the Bue-

reas Aires office will continue.

Mr. Swan, pioneer American

businessman in China, who

headed the first American

business in China, was also interested in

Swan, Deavin & Co. in Tokio,

Japan. Swan, Deavin & Co., the

Japanese exchange control restric-

tions made business impossible.

Swan, Culbertson & Pritz, for years

the only American firm to do

business in American securities

in China, met with success.

Mr. Swan, accompanied by his
corporate associate in New

York, E. F. Hutton & Co., has

been doing business since 1904 under
its original name.
**Calendar of New Security Flotations**

**OFFERINGS**

**Diana Stores Corp.**

Filed registration statement with the SEC for 80,000 shares of common stock on March 30, 1942. Offers to sell to the public 2 million shares of common stock, $1 par value.

**Bear Crystalline Corp.**

Filed registration statement with the SEC for 2,000,000 shares of common stock, $1 par value.

**Federal Reserve Bank of St. Louis**

Digitized for FRASER

**FOLLOWING IS A LIST OF ISSUES WHEREIN REGISTRATION STATEMENTS WILL BE FILED WITH THE SEC**

Diana Stores Corp. will file registration statement with the SEC for 80,000 shares of common stock, $1 par value.

Bear Crystalline Corp. will file registration statement with the SEC for 2,000,000 shares of common stock, $1 par value.

**SUNDAY, FEB. 1**

**TRENDITED ESTATES OF OREGON**

Filed registration statement with the SEC for a maximum of 607 periodic payment preferred stock.
Sees Tax On Munipicals
As Unconstitutional

The Bond Club of New Jersey at its luncheon meeting at the Robert Treat Hotel, Newark, heard A. E. Jordan, J. Tobin, Secretary of the Club, speak on “The Federal Reserve.” He refused to comment on the tax on municipal bonds. Jordan, who favors the Federal Reserve, denounced the attempt of the Federal Reserve Bank to increase or to tax on the income of state and municipal bonds as threatening the very existence of the states as independent units of government. He said his opposition to the tax on munipical bonds has been opposing the imposition of a tax on state and municipal bonds for the past four years. The organization consists of mayors, justices of the peace, treasurers general of the states, and others who represent, in the minds of the people throughout the nation, who have united their efforts in defense of their states with their local fiscal affairs.

In discussing the fiscal effects of the proposed tax, Mr. Tobin pointed out that all mortgage bonds were agreed that such a tax would increase the cost of local borrowing from 2% to 30%, that the ultimate effect of such an increase would be to drive the states into the Federal Reserve network, to the power of the cities to finance public improvements, which he quoted from recent estimates by Professor Overman of Princeton, which indicated that a federal tax on New Jersey muni¬
cipalities to finance improvements would increase local tax rates in NewJersey from $1.12 per $1,000 in New York to $1.43 per $1,000 in Newark, $1.85 per $1,000 in Paterson, and $2.00 per $1,000 in Trenton, $1.12 per $1,000 in Camden. As the result of a federal tax on local securities, Mr. Tobin pointed out, the states:

“1. If the Congress has power by a constitutional amendment to enact a tax on municipal bonds, it has, inevitably, the power to control the incorporated towns and villages, for whether or not the power to tax will be used to destroy, it is positively the violation of state sovereignty. 

2. Without the independent control of its own financing, no government continues to exist as a free and independent state. 

3. Without the independent local self-government is the entire basis of political demo¬
cracy.”

Charging that the current at¬
tention to the tax on municipal bonds, the garments of national defense was, Mr. Tobin said, “Everyone knows that no current revenue whatever could be obtained from the federal tax on munipical bonds. It is not a source of revenue, but a destructive tax. It is not a source of revenue, but a destructive tax. It is not a source of revenue, but a destructive tax.”

In concluding his discussion Mr. Tobin said “this proposal is econ¬
omically unsound; it is unconstitu¬
tional, it is based upon a theory of local self-government which is contradicted by the facts, and it directly threatens the sovereign power of local gov¬
ernment.”

Investment Grouns Aid
Treasury In Selling

Tax Savings Notes

The nation’s leading investment organizations are offering their several hundred million voluntary vote to acquire with the purchase of Treasury Savings Notes as a way of reducing the cost of taxes for the purchase of Treasury Savings Notes. The nation’s leading investment organizations are offering their several hundred million voluntary vote to acquire with the purchase of Treasury Savings Notes as a way of reducing the cost of taxes for the purchase of Treasury Savings Notes. The nation’s leading investment organizations are offering their several hundred million voluntary vote to acquire with the purchase of Treasury Savings Notes as a way of reducing the cost of taxes for the purchase of Treasury Savings Notes.

Results of Treasury Bill Offering

Secretary of the Treasury Mor¬
gan Lewis on Jan. 27, said that the tenders for $150,000,000 or therethrough, of 91-day Treasury bills, to be dated Jan. 28 and mature April 29, 1945, which were offered on Jan. 24, were opened at the Federal Reserve Bank. The Bank. The following details of this issue are revealed: Total applied for...$375,000,000. Average price...$99.75. Average...15% of the amount bid for at the low interest was. 

There was a maturity of a similar issue in bills on Jan. 28 in amount of $150,000,000.

Chicago Bond Club To
Hold Annual Meeting

CHICAGO, Ill.—The 31st annual meeting of the Bond Club of Chi¬
ga, will be held at the Palmer House at 12:35 p.m. on Feb. 7th, 1929. The meeting will re¬

se the Club’s annual dinner which was held this year.

The following have been nomi¬
nated for officers for the coming year: President, J. M. Vickers; Vice-Presi¬
ted; Edward C. George, Harriman & Co.; Treasurer, Charles K. Morris, Charles K. Morris & Co.; Secretary, George H. Willis, First Boston Cor¬
p., Treasurer. Board of Directors (in addition to officers): Ralph, Chapman, who was also with the same firm and 86.5% of the total amount bid by the W. L. Lyons & Co., La Fayette Trust Company, the later was an officer of the W. L. Lyons & Co., and was a partner in the Cleveland, Whippin & Co. of Chicago.

New Nafl Of Memphians

Promote Davis, Crossfield

MEMPHIS, Tenn.—Joe H. Crossfield has been put in charge of the Nafl Department of the First National Bank of Memphis, it is announced by the Nafl Department of the First National Bank of Memphis. Mr. Davis and Mr. Crossfield have been put in charge of the Nafl Department of the First National Bank of Memphis, it is announced by the Nafl Department of the First National Bank of Memphis.

Phil. Traders Get
Defense Savings Bonds

PHILADELPHIA, Pa.—The Philadelphia Branch of the American Traders Association of Philadelphia was pronounced a huge suc¬

A two hundred bond offer¬
curred bonds to $15,000,000 on Feb. 1, 1929, and were bought for the bond department in Minneapolis. Mr. Crossfield, who has been a member of the institution since 1927, has represented the bank in Arkansas.

UP-TOWN AFTER 3

NEW MOVIES

"Kings Row" (WB), starring Ann Sheridan and Robert Cumm¬

ron, with Ronald Reagan, Betty Fields, Charles Coburn, Claude Rains, and L. C. F. Haines, directed by Sam Wood. ... A stirring tale of unresolved griefs about a group of neighbors living in a small town. One of the boys becomes a psychiatrist, another becomes a playboy, loses his money, gets married, and feels he has a right to punish people who don’t measure up to his code, loses both his legs. Through the whole story the thread of mental disease is followed. At first there is the wife of a mysterious Dr. Tower, who is hidden away, and later there is her daughter, who is in the town. The whole story is a big picture in every sense of the word. It has a compelling story, an excellent cast and capable direction. Ann Sheridan as the hoyden from across the track who marries the boy who loses both legs, gives an out¬

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**REMEMBER . . .**

**IT is important to you, that as we do no business**

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**Our Reporter On “Governments”**

And now the tax-exempts are coming back to favor—.. Report is that several big buyers have entered the market in recent sessions and are seen in the business, while some major switches out of the taxables into the exempt markets have been made today.

It all confirms the comment made here weeks ago—that there’s considerable activity in primary switches from one section of the list to the other in accordance with psychological—and there’s fore price-swings—.... For a few weeks, the taxables had the run. Now it’s the other way, and the pendulum will move back again.

Personal story around Wall Street is that action will be taken by Congress to cut the normal corporate tax and boost the tax rate on bonds that will reach maturity in the next three to five years. The purpose of that, of course, would be to nullify whatever advantage the ex-taxables have over the exempt.... There doesn’t appear to be any confirmation of this story, but the move would be to cut tax-exempt real estate, and perhaps to use tax-exempt real estate as a reason for viewing the exempt and their high prices with a glance of disfavor.

Better serving the normal tax rate simply doesn’t sound logical. That provision is aimed not only at holders of Government bonds, but at all corporations making money in excess as well as war years. No doubt, the Treasury would like to nullify the exemption on outstanding securities. But it just doesn’t seem likely that it will change the situation so drastically, to get at banks holding the exempt issues.

Before Secretary Morgenthau would get around to that step, the chances are he would sponsor a general sales tax and other measures of this sort. So the exempt still seem safe.

**Tap Issues**

But there are other developments of fundamental significance in the Government market.... One concern the probability of the issuance of tax securities by the Treasury soon ... The other interest in the Treasury story is that it will sell to the Federal Reserve Banks, non-interest-bearing, non-taxable bonds. The Federal Reserve Board Chairman Eccles put out the “quick in a word” notice to the Treasury before the New York Bankers’ Association meeting that speech wasn’t just an “accident.”

Neither was his emphasis on the virtues of selling two types of tap issues—one a short-term issue designed for State, municipal and corporation portfolios and the other a 15-year issue, designed for insurance companies....

There isn’t any reason why the Treasury shouldn’t try to tap the bank by this method of financing. ... It has worked well in England and in Canada.... It has been shown as an effective way to raise funds. The only reason that American investors aren’t accustomed to it.... And, of course, the dealers are pushed into the background, for speculation is exceedingly difficult when an issue always is available at a set, formal price. ... The dealers may be used as distribu-

**The Money Market**

There are major differences between the tap method of financing and the usual Treasury system of offering an issue on one day, receiving bids by some form of telegraphy from any and all investors immediately and then closing the books within 24 to 48 hours .... Under the tap method, the children would remain open indefinitely. The issues could be bought at any time....

But there will be—and this seems certain—definite restrictions on bonds issued by this method. The issue will be designed for a particular class of investors and only that class will be able to hold the bonds....

The banks would be excluded. The idea of this way: (1) a short-term issue, running from two to five years, with the interest rate determined according to the time the issue was sold, for sale to State and municipal governments; (2) a 10-year issue, bearing 2½% interest, for sale to insurance companies, banks and savings and loan associations; (3) possibly an eight to ten-year “regular” issue, designed for commercial banks.

Morgenthau’s drive for redistricitio of the debt is still on. ... His anxiety to keep commercial banks from buying too large a proportion of the debt is as great as ever. The banks will have to buy bonds, of course—maybe consider-

---

**Congress Administers Price Control Bill Report**

The Senate on Jan. 27 passed by a vote of the general journal an emergency price report on the so-called Price Control Bill and sent it to the President. The Senate action gave its approval to the report by a vote of 67 to 2, after the Senate committee had invested in the administrator the power to reduce to the lowest reasonable level all commodities except farm products for which few ceilings were specified, and permitting a selling price of 20% of the fixed ceilings if the Secretary of Agriculture determines it will not apply to producers, publishers, or sellers in daily newspapers and magazines, picture motion, outdoor advertising, or for the direct sale at retail after packaging, the bill also exempts professional services.

The bill as reported by some to be inadequate to halt inflation and it is maintained that Congress was right in refusing to include all commodities and prices, including industrial products, rents and other elements entering into the price situation. Special advice to the New York Times from the New York delegation on Jan. 27 by Henry N. Dorris, gave brief summary of the situation, as follows:

The conference committee will terminate June 30, 1943, unless sooner ended by Executive proclamation or by concurrent resolution of Congress. It vents in a single administrator the power to fix prices of all commodities and industrial products, for which four floors were specified, but permitting a ceiling of 25% of the floor prices if the Secretary of Agriculture agrees. It puts the problem of the administration's concern from delivering any commodities to the local community or the consumer that are not set by the administrator. For purposes of enforcement, the administrator is given the power to issue cease and desist notices or to bring suit in the United States District Courts, to assume control of wholesale and retail dealers in any commodity, or to institute civil suits for penalties for violations of the law.

Violators are subject to a civil penalty of $5,000 and a year's imprisonment, or both, if the person is found guilty of making any false statement or of violating any of the provisions of the act. But it is not necessary for such persons to be found guilty of any crime before being prosecuted in any court of the United States. The commissioner may bring any civil suit for the enforcement of such an act, and any money judgment secured thereby shall be paid to the United States. The United States may bring any such suit at any time within two years after the date of the violation.
REMEMBER... IT is our responsibility as one major switch out of the taxables into the exempted have been made.

All confirms the comment made here weeks ago—that there's something prime to be made in primary switches from one section of the taxables into the exempted, and therefore price—swings... For a few weeks, the taxables had the run. More in line with the trend in South, the pendulum will move back again.

Persistent stay around Wall Street is that action will be taken by Congress to cut the normal corporate tax and boost the federal tax rate with state-level levels. The purpose of that, of course, would be to cut further resistance lies in holding the exempt... There doesn't appear to be any confirmation of the statement, so it is only a possibility.

But lowering the normal tax rate simply doesn't sound logical. That provision in aim not only at holders of Government bonds, but also at corporations making money in peace as well as war years... No doubt, the Treasury would like us to carry the exemption on outstanding securities. But it just doesn't seem likely that it will change the situation so drastically, so get at banks holding the exempt... issues....

Before Secretary Morgenthau would get around to that step, the chances are he would sponsor a general sales tax and other measures.

So the exempt still seem safe...

Taps Issues

But there are other developments of fundamental significance in the tap market. The increase in the possibility of the issuance of tap securities by the Treasury soon... The other impact may be a little more difficult if an issue is available at a set, formal price. The dealers may be checking into the business... Now let's mention one that is not an "accident." Neither was his emphasis on the virtues of selling two types of tap issues—one a short-term issue designed for State, municipal and commercial corporations and the other a 15-year issue, designed for insurance companies... There isn't any reason why the Treasury shouldn't try the tap method of financing... It has worked well in England and in Canada... It has been shown as an effective way to raise funds... The Treasury may eventually market investors aren't accustomed to it... And, of course, the dealers are pushed into the background, for speculation is accompanied by difficulty when an issue is available at a set, formal price. The dealers may be checking into the business... However, there is still the question between the tap method of financing and the usual Treasury system of offering an issue on one day, receiving subscriptions for any number of investors immediately and then closing the books within 24 to 48 hours. In each method, the books would remain open indefinitely... The issues... There but will be—and this seems certain—definite restrictions on the issue. The issue will be designed for a smaller class of investors and only that class will be able to hold the bonds...

Eccle's address divided the issues in this way: (1) a short-term issue, running from two to five years with the interest increasing according to the time the issue was held, for sale to State and municipal authorities, savings institutions and trade unions; (2) a 15-year issue, bearing 2% interest, for sale to insurance companies, savings institutions and savings departments of commercial banks, and (3) a 20-year issue, bearing 3½% interest, for sale to commercial banks.

Morgenthau is aware for redistribution of the debt is still on. His anxiety to keep commercial banks from buying too large a proportion of the debt is as great as ever. The banks have to buy bonds, of course—maybe consider.

Our Reporter On "Governments"

And now the tax-exempts are coming back to favor... Reports are that several big buyers have entered the market in recent sessions to take advantage of the opportunity. New issues will be an important factor. Since a majority: switch out of the taxables into the exempted have been made.

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