Final Edition

2nd Section Contains 1941 Security Price Ranges

JAN 30 1942

In 2 Sections — Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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OUR REPORTER'S REPORT

Plenty of competition between banking groups appears to be in the making for the next two new security issues slated 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 the issue.

Several groups already are in process of formation for submission of bids for the Panhandle Eastern Pipe Line Company's projected offering on which tenders are due to be opened Feb. 4 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 20-year

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Annual Review and Outlook Number

Business and Finance Speaks After the Turn of the Year — For Opinions of Leaders in Industry and Finance Regarding Outlook for Business in 1942 see Pages 448-478.

1941 Monthly Stock and Bond Price Ranges, Pages 452-477.

Editorial—

The Securities and Exchange Commission

Chief among the many problems of the securities business that once again are being aired in resumed hearings before the House Interstate and Foreign Commerce Committee is that of the Securities and Exchange Commission, itself. This administrative agency of the Federal Government has functioned lamely and poorly during practically all of its eight years of existence, and the business of originating and dealing in securities has suffered in consequence. It is a commonplace that one of the main headaches of the financial world is the SEC.

Some of the trouble doubtless is to be attributed to the needlessly complex and difficult laws administered by the agency. Some may be due to the peculiar discovery that the economic ills of the country were not in any sense alleviated by stringent Federal control of a business which was blamed for all ills after 1929. Another factor is the persistently punitive spirit animating the Washington Administration in everything affecting finance. Many other items could be cited to account in small or large part for the dismal results of the securities enactments and the administration of those laws by the Commission.

When all is said and done, however, the personnel of the Commission stands out as the core of the problem. It is an old and settled principle that even the worst form of government is tolerable when directed by intelligent, sincere, earnest and well intentioned men. And the best form is evil if incompetence and self-seeking prevail among the authorities. Administrative government is far from admirable, and in the case of the SEC its defects have been magnified.

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Dunne Urges Trading Activity As Yardstick For Granting Unlisted Trading Privilege

In a hearing on Revisions of the Securities Acts held by the House Committee on Interstate and Foreign Commerce, Frank Dunne of Dunne & Co., President of the New York Security Dealers Association, urged that "public trading activity on the exchange" be made the yardstick on which the granting of Unlisted Trading Privileges and the continuance of such privileges should depend.

Mr. Dunne, appearing on behalf 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 auction trading. 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 recognizes to be unsatisfactory evidence, in the hope that subsequent trading will, for 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 applied in the ensuing period, and that continuance of the privilege depend on sufficient public trading.

"The difficulty which presents itself at this point is the definition of 'sufficient public trading activity.' The vague yardsticks now in use, such as the distribution of the security and the amount of public trading activity in the over-the-counter market within the vicinity of the exchange prior to admission, the vicinity of the exchange itself, etc., were devised in the hope that they would give a fair indication of the amount of auction trading which could be expected upon admission to exchange trading. It

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Geo. P. Rea Of N. Y. Curb, John Fleek Of IBA, Testify Against SEC Amendments At Hearing

Indicating on Jan. 23, before the House Committee on Foreign and Interstate Commerce, his views on proposed changes in the Securities Acts, George P. Rea, President of the New York Curb Exchange, urged the repeal of existing requirements that officers or principal stockholders are liable to their corporations for any personal profits made in transactions involving their company's listed and registered stock if the stock is disposed of within six months of the date of its purchase by the officials.

Mr. Rea said this provision "has been an important deterrent to honest, legitimate and desirable buying and selling in the open market" and fails to "prevent misuse of confidential information." Ganson Purcell, Chairman of the SEC, told the Committee repeal of this section would "strip investors of one of their most essential protections."

According to Washington advices to the "Wall Street Journal" of Jan. 22, the proposals advocated by Mr. Rea which he said were concurred in by the New York Stock Exchange and were not opposed by the SEC included:

1. Provisions requiring so-called "insider" reports from officers and 10% stockholders and prohibiting short sales by such parties should be extended to all companies having 300 stockholders and gross assets of $3,000,000 or more.

2. The proxy regulatory provisions of the Exchange Act should be extended to all companies engaged in interstate commerce regardless of whether their securities are listed on a stock exchange.

Others heard by the House Committee at the same time were Sidney L. Schwartz of the San Francisco Stock Exchange and Russell Cunningham of the Cleveland Stock Exchange. Associated Press advices from Washington reported that:

> Mr. Cunningham opposed the request of the two New York Exchanges for extension of SEC proxy regulations to certain smaller companies and urged broadening of legislation requiring so-called "insiders" to report their transactions in their own stocks.
>
> Mr. Schwartz asked the Committee to require completion of a SEC study of regional exchanges and urged that the commission show "a more lib-

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Long Elects Hoagland Central States V.-P.

Hugh W. Long and Company, Incorporated, 15 Exchange Place, Jersey City, national distributors of Fundamental Investors, Inc., Investors Fund C, Inc., Manhattan Bond Fund, Inc., and New York Stocks, Inc., have announced the election of Arthur M. Hoagland as Central States Vice President.

Mr. Hoagland's business career started in the commercial banking field with the Liberty National Bank now the New York Trust Company. He has been identified with several prominent firms in various parts of the country, specializing chiefly in the distribution of industrial and municipal securities. In this period he was southern manager for Bancamerica-Blair Corp., supervising a number of branches in southern cities from headquarters in Atlanta. He has also been Director of Finance for the state of Georgia and a Public Work Administrator for the Government.

Mr. Hoagland has been identified with the Long Company since its inception and is not in charge of its distribution in all or in part of the states of Georgia, Indiana, Kentucky, Pennsylvania, Tennessee, Virginia, and West Virginia, and makes his office in the Union Trust Building, Cincinnati.

Railroads Granted 10% Fare Increase

The Interstate Commerce Commission on Jan. 21 approved an increase of approximately 10% in all passenger fares with the exception of those charged members of the military and naval forces traveling on furlough and fares charged as "extra fares" on particular trains. The increase will go into effect on Feb. 10, according to officials of the Association of American Railroads.

Where the total increased fares are less than one dollar, fractions of less than one-half cent shall be dropped and fractions of one-half cent or greater may be increased to the next whole cent. Where the total increased fares are more than one dollar, such fares shall end in 0 or 5, but no more than 2.5 cents shall be added to the present fares as increased by 10% in order to make such total fares end in 0 or 5.

NASD 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, New Jersey and Connecticut. Irving Fish, Smith, Barney & Co., was named Vice-Chairman, and Frank L. Scheffey was re-elected Secretary.

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

(Special to The Financial Chronicle)

CHICAGO, ILL.—Murray C. Mathews has become associated with Webber, Darch & Company, 208 South La Salle Street.

Albert Fagan Will Form Fagan & Co.

Effective Feb. 1, Albert E. Fagan, member of the New York Stock Exchange, will form Fagan & Co., with offices at 41 Broad Street, New York City. Associated with him will be Isabelle G. Kaufmann and Abraham Ungerleider 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 Beauchamp & Fagan. In the past Mr. Ungerleider was a partner in Fenner, Beane & Ungerleider.

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

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

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Reentered as second-class matter September 12, 1941, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.
Subscriptions in United States and Possessions $26.00 per year, $15.00 for 6 months; in Dominion of Canada, $27.50 per year, $15.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $29.50 per year, $16.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year, $17.50 for 6 months. NOTE: On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

New Refining Process By Pawling—Offer Stock

Leigh Chandler & Co., 100 Broadway, New York City, are offering 49,000 shares of the $1.00 Par Common Stock of the Pawling Refining Corporation. The offering price is $2.00 per share. Pawling owns a new process of degumming and dehydrating Castor Oil, which creates an essence that, added to ordinary petroleum lubricating oils, gives them an "active oiliness" formerly unknown in petroleum or any of its derivatives, according to the prospectus.

Speeded up war production of machine tools appears to be one of the first by-products of the new process, The Company having been able to produce a cutting oil which carries approximately ten times the sulphur content of ordinary cutting oils and, in addition, has the unique faculty of being transparent. This transparency is invaluable in precision work, the prospectus continues, since it enables the machine operator constantly to see the cutting edge. More than 20 additional products made possible by the new process are already on the market.

Discovery of this process permitting the distillation of Castor Oil culminates a full century of scientific search in laboratories all over the world, and Pawling's new distillate has created a whole chain of new products, in fact opening up what has been described as an entire new science of lubrication, the prospectus adds.

In cooperation with one of the Eastern Arsenals, Pawling has created a special cutting oil for aluminum which is superior to anything hitherto marketed, the prospectus states. Other new products are a core oil of greater efficacy, a powerful penetrating oil and an industrial soap completely free of abrasives.

Considerable interest is manifest in the Street, it is understood, particularly in view of the extensive market which may be opened up by the company's new motor oil.

Circular On Am. Cyanamid

A circular discussing the current situation in 5% Cumulative Preference Stock of the American Cyanamid Co. is being distributed by Bristol & Willett, 115 Broadway, New York City. Copies of this interesting circular may be obtained from Bristol & Willett upon request.

Ball Elected Chairman Of N.A.S.D. District

CLEVELAND, Ohio — Peter Ball, President of Ball, Coons & Co., Cleveland, has been elected Chairman of the Ohio-Kentucky District of the National Association of Securities Dealers, Inc., to succeed Ewing T. Boles of Columbus. Mr. Ball will head the business conduct committee. Roderick A. Gillis, Gillis-Russell & Co., Cleveland, will be Chairman of the quotations committee, and Robert J. McBryde, James C. Willson & Co., Louisville, Ky., was named head of the uniform practice committee.

O'Connell & Co. To Be Formed In Boston

BOSTON, Mass. — Joseph E. O'Connell, member of the New York Stock Exchange, and Maxwell E. Bessell will form O'Connell & Co., with offices at 49 Federal Street, on Feb. 9. Mr. O'Connell has been a partner in Soucy & Co. which will dissolve as of Feb. 9, and prior thereto in Soucy, Swartswelter & Co.; in the past he was Vice-President of the Shawmut National Bank. Mr. Bessell was a Vice-President of Bond & Goodwin Incorporated.

Sugar Securities

Bond & Goodwin, Incorporated, 63 Wall Street, New York City, have prepared a detailed analysis on leading companies in the sugar industry and also an interesting bulletin on the industry itself, which may be had from the firm upon request.

"JOTTINGS"

Current bulge in retail buying bids fair to exceed that of September, 1939 (inflation fear), of last August (inflation fear) and last September (coming excise taxes). This time it is fear of rationing. And like two of the previous rushes it will probably hasten what it anticipates. The list of items being rushed is almost synonymous with a list of the items likely to be scarce soonest, such as textiles (particularly woolens), rubber goods, radios, canned goods, soap, hosiery, metal notions.

Sugar is the outstanding case. Housewives seem particularly sensitive on this one, as witness the foolish rush in September, 1939, which helped to drive sugar futures up the limit day after day. This time Secretary Wickard apparently gave the final push to the hoarding snowball with his broadcast of last week.

The sugar rationing announcement is another instance of Washington action being too little and too late. Washington should have foreseen the shortage. The trade did. Yet Washington fiddled from August until mid December while forehanded industrial consumers stocked up far in advance. In Washington the ball was handed around from OPA to Agriculture to OPM to State Department and back to OPM again. Then Secretary Wickard, after having presumably known the situation for months without having done anything about it, during which time the sugar trade tried its best to prevent a housewives' rush until Washington would do something about the situation, sounded the tocsin on the radio on Jan. 18 about the shortage and precipitated the current consumer scramble for sugar. Now it will take weeks or months to straighten out the mess. However, sugar rationing will probably provide much experience and information for rationing other items.

This rationing business, in fact, looks as though it is going to be cumulative and self-accelerating in more than one way.

For instance:

Shortage talk brings rush buying, which hastens the shortage and calls for rationing.

Each item rationed may make

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DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York City

146TH COMMON DIVIDEND

A dividend of One Dollar ($1.00) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on March 3, 1942, to stockholders of record at the close of business February 10, 1942. Checks will be mailed.

EDMUND A. HARVEY, Treasurer
January 28, 1942

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 146

At a meeting of the Board of Directors held January 26, 1942, a dividend of twenty-five cents per share was declared on the Common Stock of the Company, payable March 16, 1942, to stockholders of record at the close of business February 20, 1942. Checks will be mailed.

W. M. O'CONNOR, Secretary
January 26, 1942

Borden's
COMMON DIVIDEND
No. 128

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable March 2, 1942, to stockholders of record at the close of business February 16, 1942. Checks will be mailed.

The Borden Company
E. L. NOETZEL, Treasurer

EATON MANUFACTURING COMPANY
CLEVELAND, OHIO
Dividend No. 68

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c.) per share of the outstanding common stock of the Company, payable on February 25, 1942, to shareholders of record at the close of business February 5, 1942.

January 23, 1942
H. C. STUESSY, *Secretary*

GREEN BAY & WESTERN RAILROAD COMPANY

The Board of Directors has fixed and declared Five percent to be the amount payable on Class A Debentures (Payment No. 46), a dividend of Five percent to be payable on the capital stock, and one percent to be the amount payable on Class B Debentures (Payment No. 29), out of the net earnings for the year 1941, payable at No. 20 Exchange Place, New York, N. Y., on and after February 18, 1942. The dividend on the stock will be paid to stockholders of record at the close of business February 7, 1942. All Debentures must be accompanied by appropriate Internal Revenue ownership certificates, properly executed, except when the Debentures are owned by a domestic corporation, in which case the name and address of the holder of the Debentures must be furnished.

C. W. COX, Secretary
New York, January 28, 1942

JOHNSON AUTOMATICS INCORPORATED
Firearms Manufacturers

The Board of Directors declared an initial dividend of twenty-five cents per share on the capital stock of the Company, payable February 28, 1942, to stockholders of record at the close of business February 20, 1942.

JOHN BABCOCK HOWARD, Treasurer.
Boston, Mass.

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held on January 27, 1942, a dividend of $2.25 per share was declared on the $7 Preferred Stock of the Corporation for payment March 2, 1942, to stockholders of record at the close of business February 6, 1942.

E. H. DIXON, Treasurer.

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

DETROIT, Mich. — Leroy T. Hood and Henry J. Phelps, upon the dissolution of Hood, Truettner & Thisted on Febarury 1st, will form L. T. Hood & Co. with offices in the Buhl Building to deal in municipal bonds. Partners in the new organization were both formerly partners in Hood, Truettner & Thisted.

N. Y. Security Dealers Dinner For March 26

The New York Security Dealers' Association announces that it will hold its fourteenth annual dinner on Thursday, March 26th, 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 $7.50 per person. Further details may be obtained from Frank Y. Cannon, Executive Secretary of the Association, 42 Broadway, New York City (Digby 4-1650) or from any member of the Dinner Committee.

The committee is composed of: John F. Sammon, Chairman, J. F. Sammon & Co.; Robert Strauss, Vice-Chairman, Strauss Bros.; John J. O'Kane, Jr., Vice-Chairman, John J. O'Kane, Jr. & Co.; Harold Allen, Allen & Co.; Walter E. Bachman, E. H. Gibb & Co.; James Currie, Jr., Hoit, Rose & Troster; Frederick D. Gearhart, Jr., Kobbe, Gearhart & Co., Inc.; Leo J. Goldwater, L. J. Goldwater & Co., Inc.; Irving A. Greene, Greene & Co.; S. Wellman Hanson, Hanson & Hanson; Wellington Hunter, Hunter & Co.; Frederick C. Kraehling, Frederic H. Hatch & Co., Inc.; Hanns E. Kuehner, Joyce, Kuehner & Co.; Joseph B. Lang, J. B. Lang & Co.; Herbert M. May, Herbert M. May & Co.; Stanley L. Roggenburg, Roggenburg & Co.; J. Arthur Warner, J. Arthur Warner & Co.; and Melville S. Wien, M. S. Wien & Co.

Moors & Cabot Add Richardson, Et. Al.

BOSTON, Mass.—Moors & Cabot, 11 Devonshire Street, investment brokers for over half a century and members of the New York and Boston Stock Exchanges, have enlarged their organization by the addition of several men formerly connected with Williams & Southgate, also a Stock Exchange firm, recently dissolved. The group is headed by F. Harrie Richardson, who was a partner in the Williams & Southgate firm. The others are Harold W. Danser, Sr., Harold W. Danser, Jr., Raymond S. Hansbury, Charles H. Cahill, Royal Claflin Taft, and John E. Winston.

S. A. O'Brien With Edward A. Purcell Co.

S. A. O'Brien, formerly senior partner of S. A. O'Brien & Co. and for many years identified with trading in public utility securities, particularly in the issues of Associated Gas & Electric system, has become associated with the New York Stock Exchange firm of Edward A. Purcell & Co., 65 Broadway, New York City, in their unlisted department. Mr. O'Brien has recently been connected with Faroll Brothers specializing in Associated Gas & Electric securities.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Frank Alexander McDougald**, formerly with Shields & Co. and Washburn & Co., has become associated with **Graham, Parsons & Co., 14 Wall St.**

(Special to The Financial Chronicle)
BOSTON, MASS.—**Joseph D. Hildreth** has been added to the staff of **Lee Higginson Corp.**, 30 State St.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Harold M. Cobb** is now with **Merrill Lynch, Pierce, Fenner & Beane**, 45 Milk St.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Theodore P. Bell** has become connected with **J. Arthur Warner & Co.**, 10 Post Office Square. Mr. Bell in the past was with Jackson & Curtis.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Robert Knox Foster** has become affiliated with **Hirsch, Lilienthal & Co.**, Field Building. Mr. Foster was formerly with Shields & Company, and prior thereto with Blair Securities Corp., Glore, Forgan & Co., Brown Harriman & Co. and Ames, Emerich & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Paul Espenshade** has joined the staff of **Lamson Bros. & Co.**, 141 West **Jackson Boulevard.** In the past Mr. Espenshade was with Milbank Corporation.

(Special to The Financial Chronicle)
CLEVELAND, OHIO—**J. Kenneth Boylan**, previously with H. C. Hopkins & Co., has become connected with **McDonald-Coolidge & Co.**, Union Commerce Building.

(Special to The Financial Chronicle)
FORT WAYNE, IND.—**Peter A. Dittoe**, formerly with Wefel & Maxfield, is now associated with **G. Ward Beers & Co.**, Old First Bank Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Louis Schickram** has joined the staff of **Hill Richards & Co.**, 621 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Frank C. Field** has become associated with **Lester & Co.**, 621 South Spring St. Mr. Field previously was with Merrill Lynch, Pierce, Fenner & Beane, and Banks, Huntley & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**George C. Gilchrist** is now with **Revel Miller & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Kirk L. Moon** has been added to the staff of **Searl-Merrick Company**, 634 South Spring St.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN.—**Ward F. Tucker** has rejoined **Paine, Webber & Co.**, Rand Tower. In the past Mr. Tucker was an officer of Tucker-Needham, Inc.

(Special to The Financial Chronicle)
ST. LOUIS, MO.—**Harry Joseph Lange** has become associated with **Fusz-Schmelzle & Co.**, Boatmen's Bank Building. Mr. Lange was previously with Slayton & Co. and Murdoch, Dearth & White, Inc.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Robert Reid Hamlin** is now with H. R. Baker & Co., Russ Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Daniel Mark Belmont** has joined the staff of **Heller, Bruce & Co.**, Mills Tower.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**John F. Dunn** has become associated with **Henry F. Swift & Co.**, 490 California St. Mr. Dunn was previously with Walston, Hoffman & Goodwin, Schwabacher & Co. and Dickey & Co.

Proxy Timetable

Eastern Printing Corporation, 100 Sixth Avenue, New York City, has reprinted its "Timetable for Proxy Procedure" to give effect to amendment in rules permitting brokers to vote 15 days in advance of meetings. Copies of the "Timetable," which will be found valuable in the preparation of proxies, may be had upon request from Andrew F. Gibson, Proxy Agent, of Eastern Printing Corporation.

Syracuse Bond Club Elects 1942 Officers

SYRACUSE, N. Y.—The annual meeting and dinner of the Bond Club of Syracuse took place Jan. 26, 1942, at the Hotel Syracuse. The following officers were elected for the coming year:

Daniel W. Cary, Blair F. Claybaugh & Co., President; Donald D. Dietzer, Blair & Co., Vice-President; Beverly H. Lapham, B. H. Lapham & Co., Secretary; and Al Hageman, Syracuse Savings Bank, Treasurer.

RAILROAD SECURITIES

The preliminary report of "Nickel Plate" for 1941, released last week, makes gratifying reading for those burdened with the task of refuting the claim that the railroads are "through" and that railroad securities "have no legitimate place in an investment portfolio." "Nickel Plate's" most recent statement covers the best year in the company's history in point of gross revenues, in point of net income, and in point of financial progress. Moreover, these new records were hung up without benefit of any unearned non-operating income such as had distorted earnings results in some past years. It is merely that the traffic is moving. "Nickel Plate" is strategically well situated to get an increasing share of this industrial and agricultural freight moving between the east and west (it has done far better, for instance, than New York Central), and physical improvement and installation of new equipment have made possible a high degree of operating efficiency.

The gross revenues of $60,219,289 were about 30% above those of a year earlier and almost $4,000,000 higher than the 1929 level. Moreover, and indicative of what may be accomplished with well maintained properties and equipment, nearly two-thirds of the increase in gross between 1940 and 1941 was carried through to net operating income in the face of the rise in wages in the final months of last year. Further evidence of the progress made by railroad management as a whole during the depression decade may be found in the increase of more than $7,000,000 in net operating income as between 1929 and 1941 on a gain of less than $4,000,000 in revenues.

The depressing influence of the constant paring of rates, accompanied by mounting taxes and wage levels, has been more than offset by the effective operating economies. Naturally these operating economies give a welcome fillip to earnings under present boom traffic conditions but their major import lies in the implication that they will afford an important cushion to earnings in the recession which presumably must inevitably follow the war. The possibility of a financial crisis when traffic declines is thus materially reduced.

The "Nickel Plate" management has taken the fullest advantage of the high level of business and earnings to consolidate its financial position through retirement of debt. In 1941 the company was able to reduce its debt, exclusive of equipments, by $27,365,750 or close to 20% of the total. More than half of the funds for these retirements came directly from earnings. For the balance, the company sold its holdings of 115,193 shares of Wheeling & Lake Erie prior lien stock and borrowed $2,400,000 from the banks on a short term note. Through these operations, annual fixed charges have been reduced to an estimated $5,800,000 compared with $7,502,000 as recently as 1936. Sale of the Wheeling stock reduces non-operating income by $460,772 so that the net saving since 1936 approximates $1,239,000 or some $3.50 a share of preferred stock outstanding.

The reduction in charges and virtual elimination of maturity problems for years to come, places the company in an excellent position to weather what storms may be encountered in the post-war years. Moreover, further progress is likely in 1942. Traffic has continued to forge ahead in the opening weeks of the year and all present indications point to maintenance of this trend for a long time to come. Therefore, even without any increase in freight rates (which may well have been granted by the time this is published), the road's operating results for the year should at least hold to 1941 levels. Net results would have the added benefit of the lower fixed charges.

It will be necessary to replenish the treasury, and bank loans will presumably be extinguished as rapidly as possible. Thereafter, it is expected that the management will start open market purchases of its own bonds. The entire remaining 6% note issue, extended to 1950 in the amount of less than $5,000,000 including bonds held by Chesapeake & Ohio, might well be retired this year. This represents the road's highest coupon rate. Retirement of bank loans and the 6% notes would reduce annual fixed charges below $5,500,000.

It is possible that completion of such a program, including the replenishing of cash account, would satisfy the management, thus opening the way for some dividend action on the preferred which has arrears of more than $60.00 a share. With the bank loans and 6% notes out of the way, the company would have only $29,582,000 of bond maturities, exclusive of serial equipments, falling due within the next thirty years. These maturities, $23,082,000 in 1947 and $6,500,000 in 1950, represent strong divisionals, selling at relatively high prices and bearing low interest rates. Purchase of these obligations in the open market for retirement would hardly prove feasible.

With the above background it seems reasonable to look for dividend action some time towards the end of 1942. Earnings last year amounted to $34.91 a share. As remarked last week, switching from Pere Marquette prior preference stock into these shares, as being closer to possible dividends, seems a logical move.

Tomorrow's Markets Walter Whyte Says

Market seems again between hay and grass; technically it is in a position to break out in either direction; if stocks are still held it would be well to sell; more below.

By WALTER WHYTE

During the last few days the market has stopped 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 me change what at present seems to be an uncomfortable position.

* * *

The rails went up. That was not surprising. As recently as last week, I 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 would be 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 when 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 me 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 showed a tendency to increase and the buyers of last week, are no longer—or at least don't seem to be—interested in following them. It is possible that, before we are many days older, the picture may change again—possible, though not probable. There are too many intangibles in the way.

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Rail Stock Interesting

There has been more interest in railroad securities during the last 30 days than there has been since the latter part of 1936 and the early part of 1937, according to Clark, Kohl & Eyman, 55 Liberty Street, New York City, specialists in railroad securities. This has caused many retail security dealers to start searching for securities in the railroad field that have a speculative appeal and a good chance for appreciation. The railroads, contrary to utility 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, whose 1st Preferred stocks are selling under $3 per share. In 1940 this road completed a voluntary financial reorganization which left the stocks, both preferred and common, undisturbed. The latest report for 1941 shows that the gross business of this railroad was approximately $60,000,000 and net quick assets jumped to about $5,000,000.

Expected rate increases should more than offset increased wages, Clark, Kohl & Eyman states, and present earnings assure increased debt reduction which will cause a rapid build-up in asset values to the preferred stocks of this system.

With the common stock selling at over $2 per share on the New York Stock Exchange and the 1st Preferred stocks available at under $3 per share, an interesting situation presents itself to retail distributors, the firm believes.

Rail Stock Offers Big Yield

An interesting circular has been prepared by B. W. Pizzini & Co., 52 Broadway, New York City, on the $100 par capital stock of Nashville, Chattanooga & St. Louis Railroad Company, which the firm recommends as offering attractive semi-speculative appeal. Indications are that earnings for 1941 exceeded $7 per capital share, according to B. W. Pizzini & Co., which should allow a dividend rate substantially higher than the $2 per share disbursements of 1941. Copies of the circular, containing further details on the situation may be had upon request from B. W. Pizzini & Co.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—36⅛, low—14¾, last—35⅞.

Bank and Insurance Stocks

This Week — Bank Stocks

The annual stockholders' meetings of New York banks have now all been held, furnishing stockholders and investors with annual reports, comment and volunteered or solicited details from management concerning operations and condition.

Theme of the annual reports in the light of entry of the United States into World War II is the readiness of the banks to do their duty in helping to win the War by meeting all credit demands, both borrowing and investing, to the limit of their credit capacity.

In view of the magnitude of the $42 billion 1943 fiscal year War deficit and the huge bank borrowing it will entail, even after higher taxes and public bond sales, the large New York banks, which took half of the total bank increase in Governments for the 1941 fiscal year, will surely be called upon for heavy support of the financing program.

Thus, the data furnished at the annual meetings on holdings of Government securities takes on special interest at this time. Government securities are at present the largest earning asset of New York banks, accounting for about 60% of earning assets, contributing the largest source of earnings and alone totaling 4½ times capital funds. This concentration will become even heavier as the War goes on.

To a large extent, therefore, the outlook for bank earnings depends on the yields and maturities that the Treasury will place on war issues. These new issues will be fully taxable. Assuming a ceiling of 2½% on "long-term issues, the net return after heavier taxes will be low. Also, maturities of "short-term" banks would be lengthened if the Treasury "weights" offerings with maturities of 10 years and over.

Consequently, War financing is not going to make banks rich by any means. They might, on the contrary, come out of this War with such a long-term volume of Government paper that a real test of solvency might conceivably occur in a post-War inflation. No thought at this time, however, of post-War consequences can be allowed to impede support of the War effort.

Data on present Government portfolios of New York banks fortunately show relatively light proportion of holdings maturing in ten years and over. There is therefore an ability to carry long-term War issues even should they become "sticky."

Some of the banks, in fact, appear to have been "starving" earnings to preserve an extra short-term position in Governments. Chase National, for example, held $1.4 billion in Governments at the year-end, compared to $1.1 billion at close of 1940, on which the return was 0.59% in 1941 and 0.61% in 1940. Maturities have been kept at the low average of 2 years, 10 months, compared to 2 years, 5 months at close of 1940.

It would hardly be compromising liquidity to double the return, say to 1%, by lengthening average maturities. A ½ of 1% rise in yield on the present volume of Governments of Chase would produce over 90¢ per share in increased earnings, compared to $1.96 per share profits for 1941.

Some stockholders might therefore feel that this is overdoing liquidity. Yet, the $1.40 annual dividend has been covered 140% by profits, with the help of some security profits, and the bank is now in a splendidly "clean" position to take on longer-term War issues if called upon to do so.

Another case in point is Guaranty Trust, whose $1 billion in Governments had an average maturity of only 2.09 years at the close of 1941, even excluding Treasury Bills from the average. This bank further shortened its maturities compared to 1940, when it reported an average maturity for all Governments held ($1.1 billion) of 2.85 years.

Other banks have not taken such an extremely short term position, but of course their liquidity is not any less strong. For practical purposes, whether average of maturities is 2 years or 5 years or intermediate average of 7 years is really not material from a liquidity standpoint because of the "spacing" of maturities and the pressure of excess reserves on all "short-term" (under 5 years) and "intermediate" (5-10 years) yields on Governments.

Under present conditions, the ratio of "long-term" maturities (over 10 years) to capital funds would therefore probably be the demarcation point, but even there liquidity is not involved because of the carrying of large excess reserves and spaced short-term maturities. Nevertheless, the ratio would indicate cleanness of slate in the event the banks have to take long-term, low-coupon War issues.

National City Bank keeps such a clean slate, having very little maturing over 10 years. Of its $1.2 billion in Governments Dec. 31, 1941, 77% matured in 5½ years and the balance very largely up to 10 years. This compares with $902 million in Governments Dec. 31, 1940, when about the same maturities distribution was maintained.

A bank which has replenished its Governments heavily in recent years in short-terms is Central Hanover, whose $613 million in Governments Dec. 31, 1941 had an average maturity of 4 years, 3 months, compared with 5 years, 7 months average on $390 million Dec. 31, 1940. At the close of 1939, average was 10 years, 8 months on $334 million.

Maturities of Governments of other leading banks follow:

		*Govt. Secs.	Maturities: Under 5 yrs.	5-10 yrs.	Over 10 yrs.	Average
Bankers Trust	1941	$586	53%	37%	10%	
	1940	589	57	29	14	
Bank of Manhattan	1941	171	44	13	43	8 yrs., 3 mos.
	1940	133	--	--	--	7 years
Chemical	1941	321	36	54	9½	
	1940	219	32½	67½	--	5 yrs., 1 mo.
Commercial National	1941	70	28.7	16.5	54.8	
	1940	54	55	17	28	
Corn Exchange	1941	184	10	15	75	
	1940	107	30	15	55	
First National	1941	458	57¼	35½	7¼	
	1940	415	39	22	39	
Irving Trust	1941	290	57	39	4	4 yrs., 6 mos.
	1940	194	60	30	10	4 yrs., 4 mos.
Manufacturers Trust	1941	341	48¼	24½	27¼	
	1940	326	48	19	33	
New York Trust	1941	197	69.9	30.1	--	43 months
	1940	173	60.89	39.08	0.03	54 months

*Millions.

Come what may, therefore, in War financing through the banks, leading New York City banks show on the whole a relatively short-term though heavy position in Government securities that will help them assimilate War issues with comparatively least strain on capital accounts. . . .

The Securities Salesman's Corner

INCOME TAX AN OPPORTUNITY FOR OPENING NEW ACCOUNTS

This is the time of year when everyone is beginning to think about making out their income tax. To most people, the thoughts of this annual headache are not very happy ones, to say the least. Here is where the alert securities salesman can capitalize upon the average person's laziness and dread of this most unpleasant task. Several years ago, the writer went over his list of active clients and prospects, with an eye to selecting those individuals who might be pleased to accept his offer to help them with their income tax. Although the response was such as to keep him exceptionally busy during most of the evening hours from Feb. 15 to March 15, the increased business which followed as a matter of course, has repaid him many times over for this extra effort.

Here are a few suggestions which should be helpful in selecting the right type of person who might be approached with this offer of assistance. If you have any women investors on your list, they would rate number one in any group who might be most appreciative and desirous of your help. Investors of smaller or medium means are also a more desirable group to approach. The large investors do not need your help, they have their own accountants and tax experts. Likewise, large and complicated tax reports are beyond the scope of most securities salesmen. To salesmen located in States which have a personal property tax (such as Pennsylvania) an offer to supply a review of those stocks and bonds which are tax exempt can be placed before an entire clientele. This is an excellent method of acquiring lists of holdings. To those who might be interested in such a plan, this column will be pleased to answer inquiries as to where a list of tax exempt securities for the State of Pennsylvania can be procured.

By helping to prepare an investor's tax return, the salesman accomplishes several desirable objectives. During a discussion of the various items in the report, a confidential relationship is realized that is very difficult to attain under almost any other set of conditions. The type and extent of holdings in the portfolio, as well as other sources of income and property owned are revealed. Probably the most important consideration, is that the salesman has definitely placed his client under an obligation to him. He has cemented a relationship, that from now on will begin to repay him in increased business and decreased sales resistance.

After a list of prospects has been selected, they should be approached in person. This can be tactfully accomplished by suggesting that any questions as to interest or dividends paid, during 1941, can be readily ascertained, or through offers to help on capital gains tax matters. From here on, it is just a short step to an offering of aid in preparing the report. The advantage of an indirect approach by the salesman is obvious. This invites the customer to ask for aid, or if interest is aroused the salesman can readily step forward with his offer of assistance and he does not risk appearing too forward.

This campaign takes the longer view, but it will bring results. "Give—and you will receive" is another old adage, and it is as true today as it was in days gone by.

C. A. Massie In New York

Charles A. Massie has formed the Eastern States Brokerage Company with offices at 32 Broadway, New York City, to engage in a securities business.

Bendix Home Appliances Awarded War Contract

J. S. Sayre, President of Bendix Home Appliances, Inc., announces that the firm has been granted a substantial defense contract by the Government. According to Mr. Sayre the Chicago Ordnance Department has requested that the nature of the contract and the amount be kept confidential.

H. Ruppert & J. Lynch Join Scherck-Richter

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Henry L. Ruppert and Joseph H. Lynch have become associated with Scherck-Richter Co., Landreth Building.

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. It disclosed the situation which has arisen under the new NASD system of preparing quotations on over-the-counter securities for publication in the press.

We concluded with a request that over-the-counter dealers write us their views on the subject.

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

Today we make room for others which have since come to hand. Further comments and suggestions are urgently asked. Requests that names not be printed will be scrupulously observed.

In my opinion, the numerous, well stated views 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 satisfactory solution. However, as I see it, the question of the spread in newspaper quotations is only a small part of the problem which should be brought out into the open. If newspaper quotations showed an offering side which was too low to allow a sale at a profit, potential purchasers would soon learn that issues could not be bought at newspaper prices. Of course, this is presuming that dealers by implied "gentlemen's agreements" trade only at reasonable and fair profits, and not indulge in the practice of cutting each others throats just to get the business from the other fellow regardless of whether the profit is sufficient to maintain overhead.

To me, the real menace to reasonable profits is the policy of Stock Exchange firms, and one large firm in particular, of selling at wholesale prices to retail customers. As brought out in a number of the articles in this column, there is always a wholesale and a retail price in all lines of business. Members of the NASD deal with each other on a wholesale basis, but such Stock Exchange firms make no concession to dealers. They sell to the public at the same price that they sell to NASD dealers. On the other hand dealers, and particularly the large wholesale dealers, sell to these Stock Exchange firms on the same basis as they sell to the orthodox NASD dealers. The result is that the dealer, who spends his time, abilities and energies, not to mention overhead, analyzing, choosing and presenting an attractive investment opportunity, frequently finds that his prospect then goes to the Stock Exchange firm to execute the order. That firm, which has little to do but to write out the order, executes it at the same price the dealer would have to pay wholesale and adds only the NYSE commission. This small commission is profitable to the Stock Exchange firm which has expended no time or effort, but it would not be sufficient even to cover the office overhead of the dealer.

It appears to me that the solution of this problem is either to successfully prevail upon such Stock Exchange firms to maintain a distinction between wholesale and retail prices similar to the practice of dealers, or to prevail upon dealers and large wholesalers to not sell such Stock Exchange firms securities on the same wholesale basis as it sells to the thousands of dealers throughout the country.

It is my conviction that unless this problem is faced squarely with a view of arriving at a satisfactory solution, the trials and tribulations of dealer firms throughout the country will continue to increase materially. Gradually such Stock Exchange firms will be comparable to the chain store, and the dealers will find themselves relegated to the status of the old corner grocery. A few men on horses can drive thousands of cattle to the slaughter pen. As I see it, it is very important at this time that the thousands of dealers throughout the country unite for the protection of their business, and avoid being driven into that pen by a few firms who would seek to "corner" the "Over-The-Counter" markets as well as listed business.

ANONYMOUS.

Future For Ins. Stocks

Huff, Geyer & Hecht, Inc., 67 Wall St., New York City, have just issued a very interesting bulletin discussing in detail the outlook for insurance and 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, "appears to be exceptionally strong for the following reasons: (1) the volume of business written by the fire and casualty industries is increasing very rapidly, and large additional gains are in prospect; (2) expense ratios—the average cost of doing business—are declining; (3) the loss outlook is becoming steadily more favorable; (4) Federal tax payments should tend to decline rather than increase; (5) such is the 'leverage' applicable to the underwriting activity that rapid increases in underwriting earnings may reasonably be anticipated; (6) the expansion in premium revenues is producing a corresponding increase in the volume of investible funds; (7) the insurance stocks offer an unusual degree of protection against (a) rising living costs and other inflationary developments; (b) the possibility of severe economic readjustment following the end of the war; (8) by reason of the foregoing, together with the continued increase in demand which is being directed against a static share total, the market performance of the insurance stocks should continue to outstrip other classes of securities just as they have done for the past eight years."

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

Rail Bond Opportunities

Strauss Bros., 32 Broadway, New York City, have just issued a most interesting bulletin discussing the question of the new long-term effects of the battle of production on railroad securities. Copies of the Bulletin, which should be of particular interest to distributing dealers, may be had from Strauss Bros. upon request.

Cuban Sugar Prospects

The speculative prospects for Cuban sugar securities are particularly attractive at this time according to a circular just issued by D. H. Silberberg & Co., 63 Wall Street, New York City, members of the New York Stock Exchange. Copies of the circular may be had from D. H. Silberberg & Co. upon request.

Dunne Urges Trading Activity As Yardstick

(Continued from First Page)

is clear that these yardsticks are, so to speak, once removed from the actual measure, i.e., public trading activity on the exchange itself, and that their application has not worked out satisfactorily. Accordingly, I urge that the actual measure—public trading activity on the exchange—should be the yardstick on which the granting of Unlisted Trading Privileges and the continuance of such privileges should depend.

"We presume no adequate standard has been devised by the Securities and Exchange Commission because the New York Curb Exchange has been permitted to continue unlisted trading in securities that are seriously unsuited for exchange trading."

On the question of "more public disclosure," Mr. Dunne said "It is true, of course, that an increase in the information available on securities is of benefit to the public. I fully agree with this principle. However, information is only one of the considerations, and not the most important, which must be kept in mind in attempting to determine the benefit or injury to the public which might result from the broadening of unlisted trading privileges on exchanges. There are many other considerations, such as distribution, public trading activity, and size of the issue that enter into the problem. . . . In recent years, there have been many securities which even after full listing, had a less satisfactory market on the exchange than they had previously over-the-counter. This was due to the fact that these securities were not suited for auction trading.

". . . the technique of an auction or exchange market cannot be successfully applied to securities if they have the following characteristics: 1—lack of speculative interest; 2—small capitalization; 3—limited distribution; 4—high price; 5—desirability for portfolios of institutions, such as insurance companies, which often wish to negotiate on a sizable block at one price."

Mr. Dunne said that he did not oppose exchange trading in securities that are suitable for auction trading. "However," he continued, "the public is injured when exchange technique is applied to the restricted volume type of security. It is readily understandable how a dealer would be prevented from placing a security with a customer at a price different, no matter how slight, from the price of the exchange transaction recorded in the newspapers. Therefore, the buyer and seller are not brought together. The reason for this is that an essential part of the over-the-counter technique required to obtain the best market in this type of security is the process of merchandising—intensive effort by way of circulars, telephone calls, newspaper advertising, etc. — to bring together buyer and seller who otherwise would not get in touch with each other.

"The over-the-counter market is, after all, the backbone of the securities business, being a negotiation market. Actually an exchange is only an adjunct to the investment business, taking care of transactions in those securities susceptible to auction trading."

Mr. Dunne pointed to the volume record of the New York Curb Exchange for 1940 which shows a total of 52 issues in which no trade took place; 138 issues with a trading average of about 3 shares a day and 380 issues which averaged 20 shares per day. He said that these issues are seriously unsuited for auction trading. Mr. Dunne opined that so small a degree of public interest in a security necessarily calls for the merchandising effort of the over-the-counter dealer in order to bring together the best available bid and offer.

Investment Trusts

Investment Company Briefs

Last year having been the third straight year of decline in the stock market, the fact that no decline has continued for more than three years, at least since 1871, as revealed by a compilation in Lord, Abbett's "Abstracts" assumes considerable importance. As "Abstracts" sums up the results:

"In every case where the market has declined as much as three years, it has turned upward in the next succeeding year. For example, the market declined in 1929, 1930 and 1931. These three consecutive years of decline were followed by a major turn in the fourth year, 1932. In the years 1882, 1883 and 1884 the market declined on balance but turned upward during the fourth year. In the years 1875, 1876 and 1877 the market declined on balance but turned upward in the fourth year. These are the only cases in addition to the present one where declines have been so extended. Besides these examples there have been three cases where the market declined two years in a row and then turned upward during the third year, and there have been eleven cases where the market declined for a single year and turned upward during the second year.

"Expressed in terms of probability, this means that after one year of net decline the chances of the market making a bottom in the next year are eleven out of eighteen. Failing to do this increases the chances to fourteen out of eighteen for the following year, and a further decline increases the chances to eighteen out of eighteen for a bottom in the next succeeding year."

* * *

More taxes and higher living costs (inflation) are coming during 1942. What the average investor requires is **more income**—to meet these rising costs. His problem is to find it.

National Securities and Research Corp. offers a solution in a brief printed article "More Taxes and Higher Living Costs." In it is pointed out the fact that lower-priced corporate bonds both earning and paying their interest coupons offer a desirable refuge from inflation and higher corporate taxes.

Such bonds, selling at substantial discounts, have claim on income before taxes. Interest on bonds is a fixed charge included with other corporate expenses before taxes are computed. Moreover, higher gross earnings improve the interest coverage of these bonds, making them more attractive, thus tending to cause a rise in price.

* * *

On Dec. 31, 1941 the assets of Dividend Shares consisted of stocks of 95 corporations operating in more than twenty industries. Of each $10,000 in net assets at market, $8,909 was invested in stocks and $1,091 held in cash. Largest investments on that date were in the petroleum stocks ($1,221), metals ($1,064), and steels ($990). Largest individual investments were in Kennecott Copper ($327), U. S. Steel ($315) and Standard Oil of New Jersey ($308).

In a brief leaflet discussing the philosophy of Aviation Group Shares, Hare's Ltd., the national sponsor of the Fund, says that the guiding principle in the daily management of Aviation Group Shares is that of selective and at all times weighted diversification amongst the stocks of these aviation companies which appear currently best situated, rather than wide diversification.

"To be selected and retained," it is stated, "a company must demonstrate superior earning ability and provide other indications of efficient and economical management. And, of course, the market position of its stock must be equitable. Portfolio adjustments are made from time to time in order to maintain this desired status."

To prove the soundness of this policy, and indicate the efficiency of the management, it is pointed out that Aviation Group Shares appreciated 13.5% from its inception on July 19, 1939 to Jan. 10, 1942, while the average of 24 leading aviation stocks declined 2.9% in the same period.

* * *

To try to simplify his problems may be the best program for the investor today. Get away from the annoying complexities which becloud the situation. Settle the basic difficulties and don't bother with the little ones, is the suggestion of Massachusetts Distributors.

Acting on this thought **Brevits** presents the following simplified concept of the basic problems and their solutions:

"First, because the period is one of general emergency, the investor should be prepared for personal emergencies. **He should have some cash.** And a greater than normal proportion of his capital assets should be realizable; with respect to investments this means ready marketability.

"Second, successful prosecution of the war requires money and if the war is lost, all is lost. **He should therefore own defense bonds** which not only support the war effort but as a safe and sound investment, immune to price fluc-

(Continued on page 435)

Municipal News & Notes

Needless to say, the municipal trade was in a dither this week, following Secretary Morgenthau's suggestion that outstanding State and municipal bonds should be made subject to Federal income taxes. This new threat of legislation against the $20,000,000,000 of such securities outstanding resulted in selling pressure as dealers and investors attempted to appraise values, with a definite downtrend exhibited for most issues, although few slumped as badly as the New York City 3s. One favorable sign in the confused picture was the fact that the big institutional holders of tax exempts were not dumping their accumulations.

It now seems definite that the administration had been using its arguments, started years ago, to tax only future issues, as a veritable smokescreen. Municipal dealers have, all along, expressed their fears that such action would serve as an opening wedge, inevitably leading to taxation of outstanding bonds. The arguments repeatedly made against the recommendations to tax future issues under the pretense of a revenue measure apparently have been too strong for the proponents to answer, so it became necessary to admit that the only way any sizable amount of revenue could be obtained by that source would be to reach the outstanding issues.

The Conference on State Defense, an organization through which the States and municipalities have presented their organized opposition to Federal attempts to gain control of local financing, denounced Mr. Morgenthau's attack on outstanding bonds.

Epstein Shocked By Change

Henry Epstein, Solicitor General of the State of New York, and Chairman of the Conference, expressed shocked amazement at the Morgenthau proposal to levy a Federal tax upon the income from outstanding State and municipal bonds which had been issued under the covenant that they were tax exempt.

He added that every holder of these securities, every insurance company, every bank, every pension and retirement system throughout the country is now faced with this brazen repudiation by the Treasury of the promises and assurances which have been made by our States and cities in good faith and which have been recognized and honored down to the present moment by the Federal Government itself.

Mr. Epstein on Monday sent a telegram to Secretary Morgenthau, challenging him to engage in a nation-wide radio debate on the question of exemption.

Market Regains Some Stability

The market for tax-exempt municipals appeared Tuesday to have recovered somewhat from the initial shock of the Secretary's unexpected attack, which had nearly demoralized trading Monday. Prices among some of the more active issues, notably New York City loans and some of the public authority issues, rallied moderately from the lows established on Monday. Activity, however, was restricted as the market waited to see "how the wind is blowing."

A sufficient degree of stabilization developed, however, to allow municipal bond firms which had suspended publication of bid and asked quotations on Monday, because of the confusion, to resume those quotations late Tuesday. Closing dealers' prices, while somewhat better than the prices at which actual sales had been made on Monday afternoon, nevertheless showed substantial declines from Saturday's market. New York City issues, as a group, showed losses from last week ranging from 1½ to 3 points, while declines ranging up to more than 7 points were shown in certain New York State bonds.

The city 3s of 1980 (the widely-held traction issue) rallied ¾ of a point, being quoted late Tuesday at 102½-103, against a Monday close of 101¾. Port of New York Authority bonds recorded gains of about a point, while fractionally higher quotations were placed on the Triborough Bridge and Pennsylvania Turnpike issues.

Concrete evidence of the better feeling in the market, if not a definite reflection of the belief that Congress will balk this year at granting Mr. Morgenthau's wish to reach the outstanding issues, was afforded by the sale Tuesday of $1,000,000 State of West Virginia road bonds. The State received an interest cost basis of 1.73%, which is substantially higher than the 1.28% cost basis obtained on a $500,000 issue last September but is considered satisfactory under the present conditions.

On the other hand, one effect of threat of taxation was the rejection by the City Council of Alexandria, Va., of all bids submitted for an issue of $750,000 of improvement bonds on Monday. Municipal bond circles believed that the high bid for that issue of 101.28, for a fixed interest rate of 2½%, was from 5 to 6 points lower than the city would have received before Mr. Morgenthau made his speech.

Spreads Broadened

The state of the market was indicated, in the absence of trading, in the widening of spreads on most issues. Where dealers last week had been quoting securities with spreads of ¼ of a point between bid and asked prices, differences yesterday widened to several points. Some dealers refused quotations altogether on a great many issues, declaring that it was pointless to post nominal quotations.

Federal Government securities, on the other hand, showed some recovery after their set back on the previous day. The improvement was based upon the disavowal by Secretary Morgenthau of any intention to tax outstanding bonds on which the Government had given its pledge to impose no taxes. Because of the continued possibility of raising the corporate surtax, however, gains were only moderate.

The absence of trading in municipal bonds was attributed to uncertainty as to the attitude of Congress to the proposal of the Secretary of the Treasury. Bond men declared that clear indications, one way or the other, of Congressional intentions would increase market activity quickly.

Decline of Municipal Holdings by Banks Predicted

James H. Clarke, assistant vice president of the American National Bank & Trust Co., Chicago, addressing the Wisconsin Bankers Association at its annual mid-winter meeting last Thursday, on the subject of "Bank Investments in a War Market," said it is logical to expect some decline in the aggregate of municipal and corporate holdings. His comments on municipal investments are reprinted here as being of interest to the trade:

"Under the circumstances it appears that most banks will add substantially to their government holdings during the war and prices will not change much so long as the conflict continues. Any change which does occur would, in my opinion, be a slight down-trend.

"Municipal bonds are in a somewhat different position. States and municipalities will drop most public projects and new offerings will be scarce. Short-term municipals with their tax-free provisions might become somewhat more valuable from a scarcity standpoint. On the other hand, revenue bonds, toll bridge bonds, etc., which depend very largely on fees received from gas taxes, tolls, etc., should be scrutinized pretty closely. This is true also to some extent on all municipal bonds. The Tax Research Foundation recently compiled data showing that in no case did a state derive less than 16% of its revenues from gasoline taxes, 16 states collected more than one-third from this source, and one state, 50%. The governor of New Jersey recently estimated that there would be a decrease of one-third in that state's gas revenues.

"The gradual retirement of state and municipal debt through serial maturities will be an offsetting factor in some cases as the interest load, of course, will be thus reduced. In municipalities where city license fees for vehicles are important, there also may be some weakening in the credit structure. Municipal bonds may also suffer from the fact that many of them lack a ready market. On the other hand, where debt is reasonable, where maturities are not too long, and where special considerations such as those just mentioned are not present in a serious degree, banks can continue to hold their bonds, in my opinion."

Revenue Bond Security Analyzed

Bridge, tunnel and highway revenue bonds contain elements of safety designed to protect them in emergencies, and a decline in automobile traffic should not affect these securities as much as other departments of our national economy, according to an analysis entitled "Revenue Bonds In A War Economy," prepared by B. J. Van Ingen & Co., Inc., 57 William St., New York City.

The underlying provisions of revenue bonds, the study states, recognize and take into account the fact that volume of traffic fluctuates and that good years must take care of the lean years. The legal requirements for the creation and maintenance of substantial reserves, together with the margin of coverage of fixed charges, based upon the forecasts of the traffic engineers afford unusual safeguards against defaults.

As sharp a decline as 35% in passenger traffic on the recently completed Pennsylvania Turnpike during the ensuing year would leave a surplus after payment of operating and interest charges of approximately $265,000, assuming a continuation of the first year's operating expenses, it is stated.

"We have referred to the Turnpike to illustrate the factors of safety which are built into public revenue financing and which are manifesting themselves even in this new project only slightly over a year old. Many older projects like the Kentucky Bridges, the Louisville Bridge, the Port of New York Authority projects and the Philadelphia - Camden Bridge, have accumulated substantial reserves for maintenance and bond interest and have paid off many of their bonds. Each individual project has to be appraised on its merits as determined by its operating experience, but the fundamental security inherent in the principle of public revenue bond financing is common to all."

Gov. Lehman Proposes 25% N. Y. State Income Tax Cut

Governor Lehman of New York submitted Monday to the Legislature a State budget which will drastically and immediately reduce the State income tax burden. It calls for a 25% emergency reduction in the income tax payable this April 15 and April 15, 1943. In terms of cash, the move reduces the State income tax bill by $21,600,000 this year and by $19,000,000 next year, as compared with what taxpayers expected to pay. Actually the saving over last year's tax bill will be virtually doubled, since the 1% "emergency" over-all tax yielding $21,000,000 annually since 1936 was not reenacted last year.

The budget itself is $380,700,000, or five millions less than last year. Throughout it reflects lessened spending, as well as the rapid change in the economy of the people of the State, expected to be accelerated by the war.

Although the State tax bill will be cut considerably in the next two years the Governor is counting on increased taxable earnings to make up part of the drop.

Port Authority to Sell Bonds to State Funds

The Port of New York Authority has decided to complete construction of the north tube of the Lincoln Tunnel and has authorized an issue of $5,000,000 general and refunding bonds to provide the necessary funds. The bond issue will not be publicly offered. Present plans call for the sale of the bonds to State funds of both New York and New Jersey.

The issue will be the third instalment of the fifth series of 3¼% bonds. It is understood the issue, which matures in 1977, will be sold to the State funds at 99, an interest cost to the authority of approximately 3.30%.

It had originally been planned to use current funds to pay for the construction, but in view of the present uncertainties created by the war, it was decided to conserve cash and issue bonds for the needed money.

Philadelphia Bond Trade Extended

Philadelphia, through its Council, has extended to June 15 an offer to exchange bonds through the original group of 39 investment firms and banks headed by Drexel & Co. and Lehman Brothers. Under the plan certain bonds optional for redemption up to 1947 may be exchanged for funding bonds of 1941. The offer, in effect since June 9, 1941, would have terminated otherwise on Jan. 31.

To date $81,656,000 of the bonds has been tendered for exchange out of $131,064,000 originally eligible.

Golden Gate Bridge Refinance Plan Deferred

Golden Gate Bridge Directors recently voted to postpone until Feb. 13 a decision on the revised plan to refinance $35,000,000 of bridge bonds after their attorney told them the plan was illegal without a public vote.

Proponents urged adoption on the ground that it would defer approximately $12,000,000 of scheduled charges until after 1971 in the face of uncertain war conditions, and thus keep future generations "from getting a free ride."

Roy S. West, Bridge Auditor, opposed the plan as offering inconsequential immediate relief and increasing total costs from $14,701,025 to a possible $17,047,790.

The plan as submitted by L. M. Kaiser, bond dealer, and advocated by Director Arnold Haase, would involve brokerage fees.

It would call for an exchange of some 55% of outstanding non-callable bonds for a new issue of $19,175,000 in callable bonds, extending the final 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 Sumner Sewall.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up 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

$650,000 Charlottesville, Va.
Smith, Barney & Co. of New York, was highest bidder for the last bonds, awarded in June, 1939. Second highest tender was entered by B. J. Van Ingen & Co., Inc. of New York, and associates.

Feb. 2nd

$920,000 Baltimore Co., Md.
This twelfth issue of Metropolitan District bonds follows the preceding issue awarded in April, 1941, to a syndicate headed by Shields & Co. of New York. Runner-up in the bidding was the Harris Trust & Savings Bank of Chicago, and associates.

Feb. 3rd

$2,157,000 Yonkers, N. Y.
Halsey, Stuart & Co., Inc., of New York headed the syndicate which obtained the award of the bonds offered last June, beating out Phelps, Fenn & Co. of New York, et al.

Feb. 9th

$11,000,000 Milwaukee Co., Wis.
Last June the county awarded bonds, the purchaser being the National City Bank of New York group. The Northern Trust Co. of Chicago, and associates, was second best, bidding on short-term, callable obligations.

Feb. 10th

$522,000 Maryland, State of
The First National Bank, and the Harris Trust & Savings Bank, both of Chicago, jointly, obtained the last award, which took place in June, 1941. Dick & Merle-Smith of New York was the runner-up in the bidding.

Interested In Sugar?

An analysis of Utah-Idaho Sugar, prepared by Edward L. Burton & Co., 160 South Main Street, Salt Lake City, Utah, has just come off the press. The outlook for the stock is most promising according to the Burton Company, which will send copies of the analysis upon request.

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. Latin-American loans attracted some buying, whereas Australian and other Far Eastern securities were marked lower.

Occasional reports of dealings on 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 enemy or other occupied countries of Europe.

American Expeditionary Forces

What is probably little more than an intimation of developments to come was afforded on Monday, in the form of reports that the vanguard of a new American Expeditionary Force had landed at an unnamed port 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 necessary in the Far East than in the United Kingdom, where several million soldiers are waiting idly for war orders, the arrival of our forces was hailed on both sides of the Atlantic. The propaganda effect of this incident in enemy countries in Europe is, of course, hardly to be exaggerated.

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

Some indication of the tasks to be assigned to our forces in Ireland was furnished by Prime Minister Churchill, Tuesday, in his report to Parliament on the course of the war. Very considerable forces will follow those already landed, Mr. Churchill said, and they will take stations in the British Isles, imparting to British forces a greater freedom of movement than otherwise would have been possible. American aerial forces are to assist in the defense of Britain and in bombing Germany, while our naval units will continue to extend aid in the Atlantic, the Prime Minister added.

Eamon de Valera, Prime Minister of the Irish Free State, protested the arrival of American troops in Northern Ireland, Tuesday, on the ground that he had not been consulted by the British and United States Governments. Since the landing was effected in Ulster, which is ruled from London, the protest from Dublin would seem to have little bearing on the situation.

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 separates Europe and America, for numerous ship sinkings were noted off our coast, while hardly any comparable incidents are indicated in European waters. There is little current activity in the direct struggle between Britain and Germany. Occasional aerial raids are made by either side against the other, but the Atlantic patrol apparently is too dangerous for the German submarines elsewhere than on our own Atlantic Coast.

The German endeavor obviously is to draw back from the Atlantic lanes to Europe much 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 attack was reported off Long Island, on Jan. 15, the toll of lost shipping in waters off our shores has increased steadily. The U. S. merchant ship City of Atlanta went down a week ago, and loss of the Latvian vessel Ciltvaira was noted at the same time. The Norwegian tanker Varanger was sunk off the coast of New Jersey, Sunday. The U. S. ore carrier Venore was sunk Monday, and sinkings of the tankers Pan Maine and Francis E. Powell were announced Tuesday.

In grim comments on the sinkings, a Navy spokesman asserted in Washington, late last week, that counter-measures against the U-boats are being taken, and that "some of the recent visitors to our territorial waters will never enjoy the return portion of their voyage." Secrecy as to sinkings of German submarines will be maintained, it was indicated, on the alleged ground that information regarding such sinkings would give aid and comfort to the enemy. The Berlin radio claimed, meanwhile, a far heavier toll of merchant ship sinkings in American waters than is reflected in official admissions on our side.

General MacArthur

American minds and hearts were with General Douglas MacArthur and his valiant forces on Bataan Peninsula, Monday, for that was the occasion of the General's sixty-second 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 Minister 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 suggest 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, pounding away at the small defense forces. The left flank of our forces, resting on the China Sea, was penetrated by infiltration and landings from ships, last Saturday. This Japanese maneuver was countered by a vigorous attack from the right flank, Sunday, and the front was stabilized, for the time being. Our aerial forces in Luzon are pitifully inadequate, but are reported making brave forays against the enemy. Small torpedo boats again raided the landings of the Japanese in Subic Bay. But press correspondents with MacArthur noted the pleading 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. Until Mr. Roosevelt read the report some doubt prevailed in Washington as to whether the public would be permitted knowledge of the text.

The report submitted by Associate Justice of the Supreme Court Owen J. Roberts, and his associates, placed the blame for the Hawaii disaster almost entirely upon Admiral Husband E. Kimmel and Lieut. Gen. Walter C. Short, the commanding officers at Pearl Harbor. The inquiry revealed that warnings of impending warfare were transmitted to these officers from time to time, and some of the warnings were quite pointed in the period just prior to the attack. Adequate precautions against attack were not taken, however, and it is inescapably clear that the two officers must bear the odium.

For the rest, the story is an incredibly dismal one of ineptitude and error which reflects looseness 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 nation 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 tradegy 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 130 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 disposeition 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 of 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 responsibilty 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, Tuesday, Prime Minister Winston Churchill made another in his series of great and vital war speches, 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,

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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 ever to attain the Presidency of this country. 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.

This writer recalls a movie which accompanied the fantastic advent of the New Deal. It was put out by Hearst and was accepted at the time as his version of what the New Deal should be. At the time Hearst was supporting Roosevelt. The movie was called, "Gabriel Over the White House." The American people, according to the movie, had elected a playboy to the Presidency. He was unusually close to his Secretary. Shortly after being inaugurated and with the indications being that he still intended to carry on his playboy life, the automobile in which he was travelling at about 80 miles an hour, was in a wreck and catapulted the President out on top of his head. He was unconscious and hovering between life and death for several weeks. When he came out of his unconsciousness he was a changed man. He moved out to feed the unemployed; on one occasion a mob was moving on Washington and against the advice of the Secret Service men he walked right into the midst of them and moved them back with the promise that they would be fed. Well, sir, this man moved through America in an amazing way.

Finally, the whole chaotic situation in the country had been cleaned up by this vigorous and dramatic man of action, with the exception of two things. First: Gangsterism. He moved against this by sending armored tanks into the gangster strongholds. It left one thing yet to be cleaned up: International misunderstanding. So he called for a meeting of the world leaders on a battleship at sea. He proposed international disarmament. Immediately the visiting statesmen began protesting. He said, "Very well, give me the mike," and stepping up to the mike, said, "Hello world." This was too much for the visiting statesmen. They all clamored, "You can't do that to us," and succumbed. The result: International peace and understanding. Incidentally, the Secretary married the young officer who led the tanks against gangsterism.

Mr. Hearst and Mr. Roosevelt have long since gone their separate ways to the disadvantage of the former. The latter has carried out every dramatic episode of that movie to the extent of having an international meeting at sea. The international peace is something yet to be attained. That is the end to which this amazing man is moving today. It is a tremendous undertaking by a man who breathed the ambition of Woodrow Wilson to enforce a peace upon the world and who thinks he can beat the game that licked Wilson.

To turn aside momentarily, the man who first had the idea for the birthday-polio balls, is now dead and in his grave. It is not for me to look into his motives. The facts are that he was Henry L. Doherty, a utilities magnate, and the utilities were in for a beating by the New Deal. The fact is also that the New Dealers, at the time he came forward with his plan, assumed that it was to get him better treatment. He put up, I have been told rather authoritatively today, at least $100,000. The night of the first ball he was to "launch" it on the radio, a nationwide radio hookup. The President had accepted the plan wholeheartedly and was to follow Doherty on the program. On that night Doherty waited in the Washington studio of the Columbia Broadcasting system for one hour—for the call from the White House to come there and make his speech. He never got it. He never got any reaction from the White House at all about having inaugurated what has come to be a yearly nationwide event. The New Dealers cackled about it at the time. Their attitude was "O. K., if he wants to put up his money for this cause, but he gets no favors from us." Of course, before his death Doherty had been eased out of the celebration. And while his properties may have fared better than Standard Gas or Associated Gas, say, they have taken their trouncing along with other utility properties.

Ordinarily, a man of Mr. Roosevelt's age is tiring. He is beginning to look at the past, his accomplishments. Probably he has wondered what they all amount to. Steel magnates and publishers are looking for diplomatic jobs at which their wives can gratify their social ambitions; the most of us are inclined to rest if we have the competence to do so.

Mr. Roosevelt has no intention of letting down. He has still one more game to beat. Whereas, Woodrow Wilson who tasted the acclaim of the world multitude was finally hooked by European statesmen, Mr. Roosevelt is convinced he can outwit them. He has had a complex that he could do this ever since he came into office in 1933. This writer recalls the rather pathetic appeals of Hoover for Roosevelt to come to Washington and confer with a view to continuing the Hoover foreign policy. The London economic conference was coming up. Roosevelt rejected the invitation but finally agreed to talk with Hoover on his way from Albany to Warm Springs, Ga., where he was to rest prior to taking over the Presidency.

This writer rode down on the train with the Roosevelt party to Warm Springs after the conference with Hoover and he was shocked at the lightheartedness of the Roosevelt entourage. One expression that they kept repeating was: "It's his (Hoover's) baby."

Predominant in their statements that night was this one:

"Those European statesmen have now met their master."

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So as we head into the future, this writer has the conviction that Mr. Roosevelt is convinced that he will succeed in enforcing a world peace, where Wilson failed; that he is convinced no Clemenceau or Lloyd-George can outsmart him. And he has in mind enforcing this will of his through economic control of the world.

As to where it will all come out nobody can definitely say. I do know that if he and the New Dealers have their way there will be no such thing as tariff barriers; international currency will be a greatly changed thing. Evidence of what is ahead is in the agreement reached at Rio.

Anne Hare McCormick of the New York "Times," came down recently and had an interview with Mr. Roosevelt. She wrote a very guardedly written article, but it is sensationally revealing if one knows the background and also has been close to things here.

At the age of 60, Mr. Roosevelt has no thought of relinquishing the Presidency. He is assuming he will win the war and then he is thinking of winning the peace. That is what is still holding his vision to the future instead of the past. The most revealing thing that Miss McCormick, a most capable journalist, wrote, was that Roosevelt, being some 10 years younger than Churchill, considered it was up to Churchill to run the war and he, with his relative youth, would run the peace. Maybe the two men have some such understanding.

But Clemenceau was much older than Wilson when the two met at Paris.

A couple of days after Pearl Harbor Mr. Roosevelt was slightly pale. The full extent of that disaster had dawned upon him. But he has long since regained his confidence. There is perhaps, not a more confident, sure-of-himself man in the world today.

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As sort of a ridiculous extreme, Miss Perkins seems to be fighting a rearguard action against losing out as Secretary of Labor. The labor factions are apparently united in pressing against her. The widely accepted story around town is that she is arranging to hold onto the administration of the Wages and Hours Act, if she loses the labor custodianship. From the viewpoint of business men it would be better for her to remain where she is. But the labor leaders are ganging up on her.

They've got John Lewis in an awful hole. He realizes it as much as anyone else and the concensus of opinion in Washington is that he won't try to take his mine workers out of the CIO—at this time. After all, when you come to think of labor leaders, the outstanding, most powerful labor leader is Mr. Roosevelt.

Petroleum And Its Products

A formal price ceiling for petroleum and refined products, based upon quotations generally effective at present as a result of Office of Price Administration requests and voluntary agreements with members of the industry, will be released shortly by the OPA, Leon Henderson, Administrator, announced in Washington this week. A few days prior, the OPA had announced approval of a small increase in gasoline prices on the East Coast.

The planned schedule will follow closely along the lines advanced in the general letter to the petroleum industry sent out by Mr. Henderson on Jan. 17, last, establishing maximum prices for refined petroleum products at levels prevailing Nov. 7, last, and for crude oil at prices prevailing Oct. 1, 1940. With the exception of carbon blacks, which are governed by existing agreements, the effect of the new schedule will be to formalize existing price agreements between the industry and OPA.

In addition to establishing maximum prices for petroleum and petroleum products generally, the price schedule will make provisions to include the special situation in fifteen Eastern and Southern States and the District of Columbia, where recently an increase of 3-10 cents a gallon in gasoline prices was permitted because of higher carrying charges incurred by producers to avert a gasoline shortage due to diversion of tankers to war and lend-lease use. However, the schedule does not necessarily constitute a final determination of maximum prices for crude and refined products since the OPA currently is engaged in extensive investigations into crude oil production, refining and distribution.

Slightly lower demand for crude oil during February as contrasted with the initial month of 1942 was shown in the market demand estimate of the United States Bureau of Mines this week which placed indicated demand at 4,101,800 barrels daily, against 4,138,400 barrels in January. Acting on the total Petroleum Coordinator Harold L. Ickes certified the following schedules to the various producing States:

State—	Feb., '42 barrels per day	Jan., '42 barrels per day
Texas	1,596,000	1,573,500
California	632.300	646.200
Oklahoma	395,000	415,700
Illinois	371,800	386,400
Louisiana	335.000	329.300
Kansas	251,700	259,900
New Mexico	119.300	121,200
Wyoming	78,000	78,600
Arkansas	74,500	73,700
Mississippi	57,400	60,400
Pennsylvania	48,000	47,400
Michigan	47,000	47,400
Montana	20.400	21,500
Indiana	17,200	17,300
New York	14,700	15.000
Kentucky	12,500	12,400
West Virginia	10.000	12,000
Ohio	9.000	9.000
Colorado	6,500	5,900
Nebraska	5,200	5,600
Total	4,101,800	4,138,400

In accordance with Coordinator Ickes' statement late in 1941 announcing the certification plan, which was initiated in January, the recommended production rates for February reflect minor adjustments between States to effect better balanced participation by each in producing the quantity of crude oil necessary to meet national requirements. The estimated demand for crude oil during February was off 36,600 barrels as compared with the total for January.

Following Mr. Ickes' announcement, the Texas Railroad Commission declared at its monthly proration meeting in Austin on Jan. 26 that it had been authorized to add 22,500 barrels of crude oil to its daily flow, lifting the total to 1,593,000 barrels, but must cut standard, or non-defense gasoline, by 12%. Commissioner Sadler stated that the requirements for aviation gasoline, fuel oil and lubricants made it necessary to curtail crude oil available for the refining of standard, or non-defense, gasoline.

The heavy toll taken in the ranks of coast-wise tankers in the enemy submarine attacks which have been made off the East Coast since mid-month coupled with increased fears of further diversion of tankers to military transport needs, has caused talk in the industry of a possible revival of the plans to construct a petroleum products pipeline from Texas to the East Coast which were abandoned in 1941 when it was impossible to get priority on sufficient steel to handle the project.

Construction of a heavy-duty products pipeline from the Southwest to the Atlantic would end the need for much of the tanker tonnage currently involved in the coast-wise trade and make these vessels available for the Navy. The line also would cut the sea voyage 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 giant expansion program in the tanker field, proponents of the line feel. As one of the oilmen said, "You don't have to worry about a submarine sinking a pipeline."

The 90,000-barrel petroleum products pipeline from Baton Rouge, La., to Greensboro, N. C., owned jointly by the Standard Oil Co. of New Jersey, Shell Oil Co. and Standard 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 employed in serving this section for other waters where they will aid in the nation's defense efforts. With the first unit of the AEF landing at an undisclosed port in North Ireland this week, the Navy will have plenty of work for the nation's tankers to handle.

Higher production totals in virtually all major oil producing States in the country lifted daily average crude oil production for the United States during the week ended January 24 to 4,321,454 barrels, up 277,214 barrels from the previous week and substantially above the January market demand estimate of 4,138,400 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 246,267,000 barrels, the Bureau of Mines reported. Holdings of U. S. crude were up 1,160,000 barrels with foreign crude stocks gaining 293,000 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. Colley, President of the Atlantic Refining Co., in Philadelphia this

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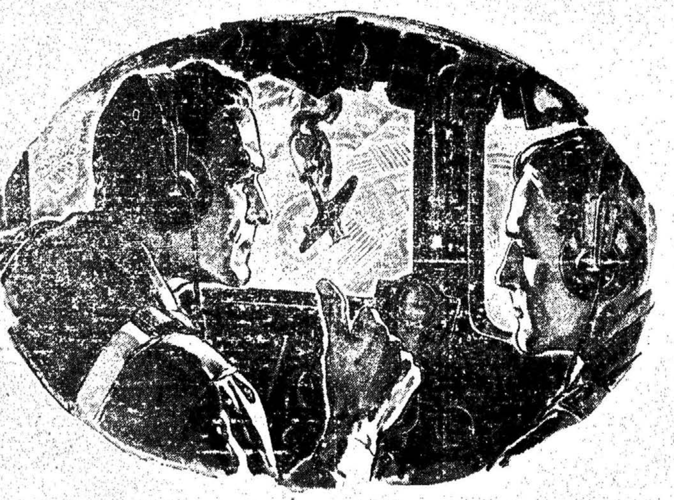

Foreign Front

(Continued from Page 419)

but soon after his return to London he rejoined the debate.

There are occasions in the life of every Government when the situation must be clarified, said Mr. Churchill, by way of explaining his demand for a confidence vote. The hostility evinced in some sections of the British press made it necessary to dispel any doubts, at home or abroad, that his own regime had the full support of Parliament, he commented. The German Nazi, Rudolf Hess, flew to England almost a year ago because of his conviction that a governmental overturn could be achieved easily through "access to certain circles," said the Prime Minister, who added that a dozen foreign countries have inquired anxiously of late regarding the position of the British Cabinet.

Turning to the conduct of the war, Mr. Churchill gave a candid account of the situation in all theatres. He conceded that Japan may have the upper hand in the Far Pacific region during 1942, but assured the House that the position will change in 1943. He linked the Dutch East Indies with Australia and India as the basic area from which action against Japan eventually will be increased, and thus made it clear that there is no expectation of losing the Malay barrier to the Japanese. But "severe ill usage" at Japanese hands is likely to be experienced by the United Nations before the turn comes in the Far East, Mr. Churchill said.

Much of the criticism over the threat to Singapore was answered by the Prime Minister, who also endeavored to reassure Australia and New Zealand. He announced that an Imperial War Cabinet is to be formed, with representatives of the Dominions in attendance. Cooperation between Britain and the United States with respect to the Far East already is far advanced, he revealed, with American naval forces assuring the Pacific Ocean approach to the Anzac area, while the Indian Ocean approach remains a British responsibility. Australian volunteers serving elsewhere are at liberty to return to their homeland for defense of Australia, Mr. Churchill said. But he also expressed the opinion that the Japanese are more likely to try to establish themselves in areas where fighting now is in progress, than to attempt a serious invasion of Australia.

Full personal responsibility was accepted by Mr. Churchill for decisions which preceded the action in Northern Africa, and which limited the defense arrangements of the Malay States and Singapore. Priority in war materials was accorded the Nile Valley defense, he conceded. The limiting factor, however, has been transport, rather than troops and equipment, and in this connection Mr. Churchill dwelt upon the plans of the United States for vast increases of shipping and other supplies. He refused to predict the outcome of the Libyan battle. Paying tribute to the German General, Erwin Rommel, Mr. Churchill commented that British losses in the desert fighting were less than those of the Axis.

For the valor of the Russians Mr. Churchill had only praise, and he indicated that British policy respecting Russia was of his own making. Before the turn came in Russia in December, however, the possibility of a German advance through the Caucasus and of incalculable effects upon Turkey and the Near East had to be faced, and it was largely on the basis of such problems that the defense of the Nile Valley was made paramount, Mr. Churchill indicated. Tribute to the Chinese was paid by the Prime Minister, who made it clear that China was foremost in the strategical discussions with President Roosevelt.

During his three weeks in Washington, a number of important and practical decisions were reached, said Mr. Churchill, but he added that those affecting future operations cannot be disclosed. The United Nations arrangements, and the preparations for immense increases of war strengths, were mentioned by the Prime Minister. His own relations with Mr. Roosevelt are not only those of comradeship, but of friendship, Mr. Churchill said. He closed with the assurance of "a light gleaming behind the clouds and broadening upon our path."

Southwestern Pacific

Military reports of the battle in the vast area of the Southwestern Pacific were more comforting in some ways, this week, but distressing in others. Attacks by forces of the United Nations on Japanese naval units and transports gained in intensity. Many of the Japanese ships were sunk, but on the Malay Peninsula the enemy continued to move toward Singapore, and fresh gains were made by Tokio forces on the chain of Netherlands and Australian-mandated island. An admission by Prime Minister Churchill, Tuesday, that the tide may not turn until 1943 added to the apprehensions regarding the gigantic conflict in the Far East.

Both in aerial and in naval strength the forces of the United Nations were sharply augmented in the recent fighting. Effective attacks were made upon the Japanese supply routes, and the number of enemy ships reported sunk increased daily. Many thousands of Japanese soldiers are believed to have perished as their ships sank. It remains true, however, that the enemy everywhere retained the initiative and that the operations of the United Nations were entirely defensive.

All dispatches indicated that the Tokio forces were pouring in a vast stream toward the tremendous arc of their objective, formed by the Malay Peninsula, the East Indian Islands and the Philippines. Japanese convoys were attacked increasingly, both from the sea and the air. Havoc was played with enemy shipping in the Strait of Macassar, between Borneo and Celebes, the American Asiatic Fleet coming at long last into real action on this front. The units under the command of Admiral Thomas C. Hart were especially active over the last week-end. Dutch and American aircraft bombed the Japanese convoys, and submarines took their toll.

An American submarine "probably" sank a Japanese aircraft carrier in Macassar Strait, the Navy Department announced on Monday. A Japanese battleship was similarly believed to have been destroyed by forces of the United Nations, and transports were reported sunk at a rate ranging from one to five each day. Tokio admitted, Tuesday, that no less than four transports were sunk in a single battle, last Friday, for the port of Balik Papan, in Borneo, which the Dutch evacuated only after destroying valuable oil installations. American and British fliers bombed Japanese forces and airfields in Malaya and Thailand. The struggle thus lost some of the unequal aspect of the early weeks of the Japanese attack. There is no denying, however, that the enemy continued to make progress in every important sphere.

The battle for the Malay Peninsula carried the Japanese ever nearer to the gigantic British base at Singapore. Still using their favorite methods of infiltration through the jungle and by way of the sea, the Tokio forces made position after position untenable for the British Empire units. The vital line from Batu Pahat to Mersing was in Japanese hands by Tuesday, and only two score miles now separate the aggressors from Johore Strait and Singapore. Enormous losses were inflicted upon the enemy, but the fanatical Japanese continued to advance.

With Thai forces now fully aligned with the enemy, masses of the Oriental troops began to move against Burma, and some gains were admitted by the British in the direction of Moulmein. This move may be directed against the Burma Road supply route into China, but possibly has also the objective of separating Burma from the British Commonwealth. Fighting by the Chinese was extended in scope, some forces moving against the Thai-Burma border, while others continued to battle the invaders in China, proper.

Along the 4,000 miles of the Malay Archipelago the Japanese attacked here and there, with an obvious view to securing key points and shutting off the sea and air routes of supply from the United States and England. Also among the apparent aims of the enemy is that of gaining control of oil fields and ports. Balik Papan, on Borneo, was subjected by the Dutch to a thorough "scorched earth" policy, before it fell to the enemy last Friday. The Japanese extended their operations southward on Celebes Island, and attacked Madang, in New Guinea, and several points in the Solomon and Bougainville Islands. The latter moves were directed toward the supply line of the United Nations through Torres Strait, between Australia and New Guinea.

Russian Winter

Bitter cold was reported this week on the long front in Russia, where the Red Army continues to drive the Germans and their associates backward from the advanced posts gained by the enemy up to Dec. 8, 1941. Aerial forces are playing little part in the current phase of the struggle in Russia, and the German mechanized units appear to be useless in the sub-zero cold. The ample cavalry regiments of the Red Army remain mobile, however, and are preventing that stabilization of the line which the Germans fondly hoped could be achieved during this winter.

Generals January and February are the great Allies of the Russians, in any defense maneuvers, and in this historic year of 1942 they are fully bearing out their reputations. The bitterest cold known in Europe in several decades is reported from a score of points. Better able by far to cope with such conditions than their German enemies, the Soviet forces are taking full advantage of the plight of the Reichswehr.

Although foreign observers are debarred from the Russian front by both sides, it is fairly evident that the Moscow claims of tremendous successes against the Germans are sustantially correct. After the fall of Mozhaisk to the Red Army, last week, the Reichswehr retreated rapidly, and left behind immense military stores and equipment. In the snows between Moscow and Leningrad a major Russian move was reported, with the Germans again falling back. Even in the Ukraine the Red Army made progress, but the Germans held their ground on the Crimean Peninsula.

The real question in Russia is, of course, whether the German retreat can be turned into a rout. Evidence on this point is not clear, but the rate of the movement in the last few days lends color to the belief that the military organization of the Nazis may be cracking. Typhus is said in some reports to be raging behind and perhaps within the German lines. And General February still is in reserve and is about to march his frosty legions across the Russians plains.

Libyan Reverse

Sharp contrasts steadily have marked the battle in Libya between British Empire and Axis forces, and another of the changes for which the area is famous occurred late last week. The General of the Axis forces, Erwin Rommel, suddenly emerged as the leader of offensive battalions, and turned the tables on the British, whose supply lines were much extended. Nearer to his supply base, Rommel apparently had certain advantages, and he made good use of the element of surprise.

While Cairo still was reporting a week ago that Rommel was endeavoring to extricate his "trapped" units, the Germans and their Italian associates already were on the march against the advance units of the Empire. Agedabia was retaken by the Axis last Friday, as the initial move in the latest phase of the African battle. Fresh advances were made by the Axis units early this week, with the British hammering away at their supply lines. In this swift movement the Germans penetrated far behind the British, however, and further developments are awaited with interest, if not with apprehension.

Heavy attacks by British naval and aerial units were made this week on the Mediterranean supply route of the Axis. A number of Italian ships went to the bottom under these batterings, but it was admitted in London, Tuesday, that the British battleship Barham, 31,000 tons, had been sunk in the Mediterranean as long ago as Nov. 25, 1941. The British Admiralty explained elaborately that the sinking was kept "secret" for two months in order to cheat the enemy out of any advantage that knowledge of the sinking might entail. But the Barham was declared quite positively sunk by Berlin a long while ago.

The Americas

Inter-American solidarity was advanced to a considerable degree this week, at the Pan-American Conference in Rio de Janeiro, by agreement upon severance of relations with the Axis Powers. All delegations agreed to "recommend" a complete diplomatic break with Germany, Italy and Japan. This falls short of the Washington objective of immediate exchanges of passports and war declarations, but it does put all of the Latin-American Republics on record as favoring the cause of the United Nations.

Argentina and Chile prevented the adoption of motions for prompt severance of relations with the Axis, by all Latin-American States. But other countries were so convinced of the propriety of such action that a number of them acted before the Rio Conference ended. Among such countries are Peru, Uruguay, Bolivia and Paraguay.

Economic suggestions made in the course of the Rio Conference were sweeping, but not necessarily conclusive. There were indications that Washington favored a unified currency for all of the Americas, and some accounts stated that our gold holdings might be utilized to make such a currency effective. The palaver boiled down, however, to a question whether a conference leading to such a currency, the abolition of customs barriers and other developments, should be held. There is, plainly, a long path to be traveled before aims of this sort could be realized.

ABA Graduate School Reunion On April 11

The annual organization meeting of the faculty of The Graduate School of Banking of the American Bankers Association, and the annual reunion of the alumni of The Graduate School of Banking will be held at the Manhattan Club in New York City on April 11, it is announced by Dr. Harold Stonier, Director of The Graduate School. The faculty meeting is in the nature of a conference for study of plans for the resident session of the school which will be held at Rutgers University, New Brunswick, N. J., from June 15-27 of this year.

The reunion of the alumni will consist of a series of afternoon conferences on various aspects of commercial banking, investments, savings banking, and trusts, followed by a dinner in the evening at which the faculty members will be invited guests. The reunion this year will mark the fifth anniversary of the class of 1937 and will be in charge of David C. Bary, Vice-President of the Lincoln-Alliance Bank & Trust Co., Rochester, N. Y., as chairman of the committee in charge. The resident session at Rutgers University next Summer will mark the beginning of the eighth year of The Graduate School of Banking. The class of 1942 will graduate approximately 225 bank officers.

Petroleum And Its Products

(Continued from Page 421)

week. The part petroleum is to play in the production of synthetic rubber is a perfect illustration of the almost universal role petroleum plays in the nation's economy, Mr. Colley said.

"Because the rapid growth of the petroleum industry has paralleled the rise of motorized transportation both on land and in the air, it is natural to think of the industry primarily in connection with the automobile and airplane," he explained. "But it is also true that oil today flows through all of the industrial arteries of the world. It turns the wheels or provides the lubrication for every machine that moves. It heats many of our homes and other buildings. It is the source of materials that enter into the fabrication of countless commodities that play a part in our everyday lives."

There were no crude oil price changes posted during the week.

Prices of Typical Crude per Barrel At Wells
(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

East Coast motorists paid 0.3 cents a gallon more for their gasoline this week as the Office of Price Administration approved an advance of this amount in motor fuel prices in 15 States in the East on Jan. 22, explaining that the increase was permitted in order that the companies operating in this area might be compensated for their increased operating costs due to expanding use of the more expensive railroad tank car transportation instead of the normal tanker movements.

The increase was originally asked for by the companies last summer when the tanker "shortage" forced them to sharply increase their use of railroad tank cars. With the enemy submarines lurking along the Atlantic Coastline already having sunk several coast-wise tankers, Deputy Petroleum Coordinator Davies last week asked the companies to again increase their use of railroad tank cars, both on the East and West Coasts. This means further increase in operating costs with probably OPA-approved markups in wholesale and retail quotations to offset the rising costs.

With movements of kerosene and No. 2 fuel oil by railroad tank car from the Southwest to the East Coast also rising, oilmen had anticipated and still hope for OPA approval of some advance, probably the same that was allowed in the motor fuel field, in prices of these two refined products. However, no decision on this point was announced by the OPA this week, Leon Henderson, Administrator, confining his rulings to gasoline and Grade C bunker fuel oil and No. 6 grade fuel oil prices on the East Coast, with the latter being placed under a ceiling at the prices ruling last Jan. 9 with a maximum of $1.35 for Atlantic Coast ports and 85 cents for the Gulf Coast ports.

Standard Oil of New Jersey and its marketing affiliates took the lead in posting higher prices for motor fuel in the East Coast area on Jan. 23 with a grand total of 15 companies winning approval of higher prices, all of whom took advantage of the OPA permission during the week. Under the new schedule, the average net dealer price for this area was approximately 10.3 cents a gallon, highest in eight years.

Price changes follow:

Jan. 22—The Office of Price Administration announced approval of a price advance of 0.3 cents a gallon for gasoline on all methods of delivery and all grades in 15 eastern states.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06$\frac{3}{8}$
Gulf Coast	.06-.06
Oklahoma	.06-.06$\frac{3}{8}$

y Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.0525
Philadelphia	.0525
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04$\frac{3}{8}$-.04$\frac{3}{4}$

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03$\frac{5}{8}$

Readjustment In Industry

Readjustment now taking place in industry from a peace to a war basis bearing on eight long established companies is outlined in a circular being distributed by J. Roy Prosser & Co., 52 William Street, New York City. Copies may be had from the firm upon request.

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 to the Securities Exchange Act of 1934, Emil Schram, President of the New York Stock Exchange, expressed to the House Committee on Foreign & Interstate Commerce the fear that the cumulative effect of the proposals 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 all are seeking to preserve, 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 objections 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 leaving to the Exchanges the freedom and independence that are needed to deal with constantly changing problems in the every-day administration of our markets." His testimony at that time was given in our issue of Nov. 6, page 914. Mr. Schram's statement before the Committee on Jan. 23 follows:

Before discussing the specific proposals which the Commission has made with the respect to the amendment of Section 19 of the Securities Exchange Act, I would like to take a minute to discuss with you the broader problem of 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 return. 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 misjudge the tenor of the times, however, we are at the point where the usefulness of the laws and the effectiveness of their administration will be judged as much by the success and health of the business which is being regulated as by the prevention of wrongdoing—a positive yardstick. I will go further and say that the time has come when the value of these laws will be judged as much by the number of men of the right type who are attracted to the industry which is being regulated as by the number of men of the wrong type who are driven from or kept out of that 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 Securities and Exchange Commission and some segments of the financial business will largely disappear, and that agency will be as zealous in avoiding interferences with honest 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 we thing 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)3

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 rules of the exchanges.

Where there is a question of the violation of the Securities Exchange Act or the rules of the SEC, the Commission, as the enforcing agency, should have the power to punish an exchange which fails to use its best efforts to have its members and issuers comply with the *law*, or to suspend or expel a member who violates the *law*. But it is an entirely different matter to give the Commission the power to suspend or revoke the registration of an exchange or to suspend or expel a member for a violation of an *exchange rule*.

The many complicated rules of our exchanges are not the product of a single effort, but represents years of accumulated experience. Unless our forward progress is to be halted, this process of evolution must be permitted to continue. It seems clear to me that the Commission's proposal would act as a deterrent to the adoption of any untried rule, however worthy the object sought to be accomplished. I do not think it is desirable to reduce the governors of our exchanges to mere automatons.

Moreover, whatever may be said with respect to the speed of the administrative process, I have no doubt that the Commission will agree that the exchanges act more promptly in disciplinary proceedings than the Commission itself.

I submit that the Commission does not need these additional powers. To use the New York Stock Exchange as an example, —the administrative organization of our Exchange has been completely overhauled within the last few years. From the viewpoint of its efficiency, its sense of responsibility and its determination to merit public confidence, I will match the New York Stock Exchange against any organization in the country. We have set up a great many safeguards surrounding our member firms, for the public benefit. We are vigilant in our scrutiny of the business conduct of our firms. Our discipline is swift and stern. And we are not hampered in our disciplinary procedure by the cumbersome processes under which the Commission necessarily must operate.

I want to point out that the Congress in adopting the Maloney Act, relating to the self-regulation of brokers and dealers in the over-the-counter markets, did not find it necessary to give the Commission this power to suspend or expel members of those associations for a violation of the association's own rules.

For these reasons, we ask that you reject the amendments to Section 19(a)1 and 19(a)3 proposed by the Commission.

Commission's Proposed Amendments to 19(b)

The Commission, as you know, also suggests an amendment to Section 19(b). (This section is set out in the Committee Print on page 110, beginning at line 1, and the amendments proposed by the Commission commence on page 111, at line 9.) This Section now gives the Commission power, if an exchange shall refuse, to alter or modify the rules of an exchange with respect to twelve specific matters, and matters similar to those specifically enumerated. The Commission proposes that these powers be extended to cover, in addition to the 12 items now covered, — I quote:

"13. The methods of election of officers and committees to insure a fair representation of the membership, and the classification of members for such purposes. (and)

"14. The suspension, expulsion and disciplining of members."

You will recall, Gentlemen, that the original bill introduced in the House (H.R. 7852 73rd Congress, 2nd seesion) contained similar provisions, but that this Committee rejected them and directed the Commission to make a study concerning these matters. A study was made by the Commission and a report was rendered by the Commission to you.

In his opening statement, Mr. Purcell said that some of the exchanges had not agreed with the Commission's view that the nominating committee system tended to perpetuate those in office.

The self-perpetuating evil

was frankly recognized by our Exchange some years ago. There was, in fact, a strong demand from within our own membership to correct this situation. As a result, the New York Stock Exchange mended its Constitution so as to prohibit a Governor from serving for more than two consecutive terms. In other words, a Governor is not eligible for reelection if he has served two terms, but he again becomes eligible after an interval of one year.

Under our method of nominating Governors, we have a Nominating committee which is elected by the membership to serve for a term of one year. Members of a Nominating Committee are not eligible to succeed themselves. The Nominating Committee presents a slate of Governors after requesting the members of the Exchange to suggest nominees and after giving the members of the Exchange an opportunity to express themselves fully and freely on the qualifications of the persons proposed. The Committee also presents a slate of nominees for the succeeding Nominating Committee and, in making these nominations, the Committee gives to the membership the same opportunity.

With respect to candidates for vacancies on the Board of Governors and for membership on the Nominating Committee, the membership of the Exchange, under the Constitution, has the explicit right to present independent nominees. Our Constitution provides that forty members may propose a nominee for elective office and one hundred members may propose an entire ticket. This privilege is well known to the entire membership and there is no restraint upon the exercise of it.

Our nominating method is not only truly representative, but it is the best method which has yet been devised on the basis of a very long experience.

In its proposal to amend Section 19(b), the Commission also asks for power with respect to, I quote: "The suspension, expulsion and discipline of members." We do not know the extent of the powers sought by the Commission under this proposal. Here again we fear that these proposals encroach upon the self-regulatory machinery of our exchanges and we earnestly request that you do not adopt these proposals of the Commission.

Securities Industries Proposed Amendment to 19(b)

The representatives of the industry have proposed that the words "and similar matters" be deleted from the present Section 19(b). This suggestion is consonant with our desire for greater certainty in the matter of regulation. We feel that those in our exchanges and those contemplating coming into our exchanges, are entitled to have a clear-cut picture of the field in which the Commission may legislate with respect to our exchanges.

In its report the Securities and Exchange Commission says that if the phrase be eliminated, it would be necessary to expand materially the limited number of general matters now enumerated. We urge, therefore, that the Congress delete the words "and similar matters", and if it finds that there are other specific subjects which should be entrusted to the Commission under this Section, that those subjects be specified in the statute itself.

Amendment on Temporary Stay of New Rules

The Commission also proposes that they be given power to stay any new rule of the Exchange for a limited period, if that new rule falls within the enumerated powers of Section 19(b), and if the Commission feels that they may want to require its alteration. In the only proceeding which has been brought under this section to date, the New York Stock Exchange of its own volition stayed the effectiveness of the proposed application of a rule. We do not object to the proposal of the Commission as limited in the Committee Print.

Conclusion

In conclusion let me say frankly, that our fear is that the cumulative effect of all of these proposals, if adopted, would be to transfer the management of our exchanges to the Commission. No regulatory agency, however capable, can supply the initiative, the energy and particularly the responsibility that are required if a business or an industry is to cope successfully with the ever-changing conditions of our modern economy. Regulation is one thing — management another. I would like to repeat what I have often said, — that in the field of regulation the most powerful ally which a governmental agency can have is an industry which is willingly cooperative.

It is in no narrow or selfish sense that I urge upon you the desirability of preserving the self-regulatory powers of our exchanges. Governmental controls in the past have resulted from the unwillingness or inability of various segments of our national economy to exercise self-discipline. This we all recognize. In a private enterprise system such as we all are seeking to preserve, governmental regulation cannot provide the incentive which is essential to growth and development.

Mr. Chairman, I want to take this opportunity, to thank you and the members of this committee for the consideration and the courtesy which you have shown to us throughout these hearings. Anyone who has participated in these hearings must have had his faith in our constitutional form of government reaffirmed by your spirit of fairness and by your thoughtful and objective search for a solution of the serious problems which are before you.

At the hearing Jan. 23, according to the Associated Press, Clare Morse Torrey, member of a firm holding membership in the New York Stock Exchange, accused the Exchange management of having "little or no comprehension * * * of the place of that institution in the American investment world." He proposed widening the circle of membership by including non-member dealers and sugested that the Stock Exchange attempt "in some sensible fashion to cooperate with the New York Curb Exchange."

NY State Banking Board Relaxes Restrictions On Bank Financing Defense

The report of the New York State Banking Board, which was made public on Jan. 19 with the annual report of the State Superintendent of Banks, William R. White, releases the text of regulations adopted by the Board during the year. One of the regulations relaxes the restrictions applicable to participation by banking institutions in financing the expansion of plants necessary for increased production of defense materials and supplies. Another regulation removes restrictions which would unduly limit participation by banks and trust companies in financing the production, acquisition and carrying of strategic and critical materials by Federal agencies. A third regulation makes it possible for banks and trust companies to finance defense housing projects under Title VI of the National Housing Act.

In discussing the present crisis the Board said:

Events which have occurred since the last report have served to emphasize the need for a coordinated policy among banks, bank supervisors, and governmental lending agencies, for the purpose of enabling banks to make a maximum contribution to the armament program. Banks must continue to discover those credit needs arising from the emergency which may properly be financed by them. Supervisors must be prepared to look with sympathy upon sound credit transactions even though they be novel in form; and lending agencies of the Federal Government must adhere to the principle of encouraging banks to give a maximum of assistance to industries engaged in the production of war necessities.

When the nation is engaged in a war, we must be prepared to vest in Government extraordinary powers and responsibilities. To the greatest possible degree, however, we must in the prosecution of this effort utilize the private industrial and financial power of the nation. To the exent that the services of industry and banking, even during the emergency, are assumed by Government, the problem of returning to normal after the war will be seriously aggravated. With this consideration in mind, the Banking Board has cooperated with the banks of this State in their desire to meet the extraordinary credit needs of industry. In assuming this attitude the Board believes that it is effectively promoting our war effort and at the same time making it possible for the public to continue to have confidence in and to rely upon those banking services which long have been fostered by American democracy.

Auto Stamps On Sale

Commissioner of Internal Revenue Guy T. Helvering announced on Jan. 15 that the motor vehicle use tax stamps are now on sale at all post offices and offices of collectors of internal revenue. The cooperation of the public in applying for their stamps at the earliest possible date was requested by the Commissioner. The cost of the stamp is $2.09 and it is to be affixed to the windshield unless prohibited in any case by State traffic regulations. Vehicles without windshields should have stamps affixed at some appropriate place, Internal Revenue officials said.

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 invest their own funds widely in the higher denomination Series F and G bonds, according to the current issue of the Federal Home Loan Bank "Review." The "Review" also says:

"Series F and G bonds, of which a thrift institution can purchase up to $50,000 in any one year, already have been acquired by many associations in substantial amounts. As government restrictions on home building are likely to curtail the volume of new mortgage loans, home-financing institutions will probably be faced with the problem of seeking other investment outlets, and such investments offer another tangible means by which savings and loan associations can assist in the victory program."

Associations also are assisting in the development of pay-roll deduction plans for the sale of bonds to employees of factories and business houses, according to the "Review." "The institution contacts both employers and employees," it states. "The former agree to collect the installments each pay day and to transfer them to the association, which maintains a separate account for each employee. The institution then purchases bonds for the employee as the account reaches sufficient size."

Bank Debits Up 20% From Last Year

Bank debits 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 $148,870,000,000, 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%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	Week Ended Jan. 21, 1942	Week Ended Jan. 22, 1941	13 Weeks ended Jan. 21, 1942	13 Weeks ended Jan. 22, 1941
Boston	680	550	8,599	7,441
New York	4,321	3,604	58,996	52,923
Philadelphia	572	476	8.054	6,658
Cleveland	821	811	10.988	8 936
Richmond	451	374	5.947	4,799
Atlanta	382	283	4.972	3 941
Chicago	1,751	1,365	22.470	18,218
St. Louis	381	299	4 915	3.863
Minneapolis	214	163	2 813	2,183
Kansas City	390	301	4,684	3,713
Dallas	321	242	4 126	3.136
San Francisco	987	864	12,305	9 848
Total, 274 reporting centers	11 269	9 331	148.870	125.664
New York City*	3 914	3 259	53 819	48 571
140 Other leading centers*	6.325	5.282	82 058	66.699
133 Other centers	1 030	790	12 994	10 393

*Included in the national series covering 141 centers, available beginning with 1919

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 11,300,000 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 9,654,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended Jan. 17 was estimated at 1,232,000 tons, an increase of 405,000 tons (about 49%) over the preceding week. Output in the corresponding week of 1941 was 1,184,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended Jan. 17, 1942	Week Ended Jan. 10, 1942	Week Ended Jan. 18, 1941	Jan. 1 to date Jan. 17, 1942	Jan. 1 to date Jan. 18, 1941	Jan. 1 to date Jan. 16, 1937
Bituminous coal a—						
Total, including mine fuel	11.300	11,050	9.654	26,030	24.845	23 029
Daily average	1,883	1,842	1,609	1,859	1,656	1,771
Crude petroleum b—						
Coal equivalent of weekly output	6,480	6,774	*5,786	16,448	14,770	11,761

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702).

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week-Ended Jan. 17, 1942	Week-Ended Jan. 10, 1942	Week-Ended Jan. 18, 1941	Calendar year to date Jan. 17, 1942	Calendar year to date Jan. 18, 1941	Calendar year to date Jan. 19, 1929
Penn. anthracite—						
a Total, including colliery fuel	1,232,000	827,000	1,184,000	2,171,000	2,604,000	4,325,000
b Comml. production	1,170,000	786,000	1,125,000	2,062,000	2,474,000	4,014,000
Beehive Coke—						
U. S. total	138,200	135,500	120,100	345,000	286,500	322,400
Daily average	19,743	19,357	17,157	20,294	15,917	16,968

a Includes washery and dredge coal, and coal shipped by truck from authorized operations. b Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Jan. 10, 1942	Jan. 3, 1942	Jan. 11, 1941	Jan. 13, 1940	Jan. 9 1937	Jan. average e1923
Alaska	4	4	4	2	2	(f)
Alabama	365	231	320	332	274	434
Arkansas and Oklahoma	104	91	108	117	96	93
Colorado	211	176	169	200	221	226
Georgia and North Carolina	1	1	1	1	*	(f)
Illinois	1,435	1,183	1,258	1,300	1,395	2,111
Indiana	507	436	513	490	474	659
Iowa	68	47	66	86	114	140
Kansas and Missouri	204	178	196	222	205	190
Kentucky—Eastern	902	639	781	835	892	607
Western	292	258	234	257	227	240
Maryland	38	32	33	40	41	55
Michigan	5	6	13	15	21	32
Montana	99	90	80	70	85	82
New Mexico	32	28	25	29	43	73
North and South Dakota	88	73	70	67	78	f50
Ohio	605	512	500	488	626	814
Pennsylvania bituminous	2,343	2,403	2,473	2,231	2,737	3,402
Tennessee	151	129	124	130	114	133
Texas	10	8	9	15	14	26
Utah	118	100	104	96	117	109
Virginia	390	346	309	311	307	211
Washington	39	39	42	43	56	74
West Virginia—a Southern	2,075	1,840	1,872	1,896	1,982	1,134
b Northern	771	708	681	666	669	762
Wyoming	192	152	157	130	156	186
c Other Western States	1	*	1	*	1	f7
Total bituminous coal	11,050	9,800	10,143	10,069	10,947	11,850
d Pennsylvania anthracite	827	728	1,056	1,410	1,188	1,968
Total, all coal	11.877	10,528	11,199	11,479	12,135	13.818

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

Electric Output For Week Ended Jan. 24, 1942, Shows 14.8% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 24, 1942, was 3,440,163,000 kwh., which compares with 2,996,155,000 kwh. in the corresponding period in 1941, a gain of 14.8%. The output for the week ended Jan. 17, 1942, was estimated to be 3,450,468,000 kwh., an increase of 14.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographic Divisions—	Week Ended Jan. 24, '42	Jan. 17, '42	Jan. 10, '42	Jan. 3, '42
New England	16.0	16.4	18.1	16.9
Middle Atlantic	11.6	11.0	12.8	11.5
Central Industrial	13.2	12.9	14.5	13.7
West Central	12.5	14.3	14.4	13.8
Southern States	16.9	15.4	16.5	17 8
Rocky Mountain	18.2	15.8	13.9	16.2
Pacific Coast	21.0	23.0	22.7	24.5
Total United States	14.8	14.5	*15.7	15.6

*Revised.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	*1941	1940	% Change 1941 over 1940	1939	1938	1937
July 5	2,903,727	2,425,229	+19.7	2,145,033	1,937,486	2,139,281
July 12	3,178 054	2,651,626	+19.9	2,402,893	2,154,099	2,358,438
July 19	3,199,105	2,681,071	+19.3	2,377,902	2,152,779	2,321,531
July 26	3 220,526	2,760,935	+16.6	2,426,631	2,159,667	2,312,104
Aug. 2	3,263,082	2,762,240	+18.1	2,399,805	2,193,750	2,341,103
Aug. 9	3 233 242	2,743 284	+17.9	2,413,600	2,198,266	2,360,9?0
Aug. 16	3,238,160	2,745,697	+17.9	2,453,556	2,203,560	2,365,859
Aug. 23	3,230,750	2,714,193	+19.0	2,434,101	2,202,454	2,351,233
Aug. 30	3,261 149	2,736 224	+19.2	2,442,021	2,216,648	2,380,301
Sept. 6	3,132,954	2 591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3 322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3 273 375	2,769 346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3 273 376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330 582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3 355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3 313,5?6	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340 768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3 ?80,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3 347,893	2 889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3 247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3 339 364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3 414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475 919	3,003 543	+15.7	2 694,194	2,390 388	2,241,972
Dec. 20	3 495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended	1942	1941	% Change 1942 over 1941	1940	1939	1938
Jan. 3	*3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	*3 472 579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3 012,638	+14.5	2,673,823	1,598 201	1,736,729
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967	1,717,315

*Revised.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13 901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908 314
October	14,756 951	12,474,727	+18.3	11 289,617	9,844,519	10 065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

First Nat'l Of Pittsburgh Deposits, Earnings Up

Total deposits of the First National Bank at Pittsburgh amounted to $138,996,464 as of Dec. 31, 1941, as compared with $123,386,728 on Dec. 31, 1940, according to the annual report made public by Frank F. Brooks, President. Earnings for the year totalled $1,466,071, equivalent to $24.43 per share of capital stock. Total resources amounted to $153,603,582 as of Dec. 31, 1941 of which amount $45,564,833, or 30%, was cash or due from banks. Loans and discounts totalled $24,591,364, an increase of $7,054,605, or 40%, over like period of 1940; U. S. Government obligations

Frank F. Brooks

held by the bank amounted to $50,844,341 as compared with $33,943,395; other investments, including state, county and municipal bonds, other bonds and stocks $27,944,694 as against $27,977,275. As of Dec. 31, 1941 the book value of the capital stock was $228.62 compared with $220.30 at end of 1940.

"Deposits of all Pittsburgh banks during 1941 crossed $1,500,000,000 and our percentage gain in deposits was far more than that of some of our neighboring institutions," Mr. Brooks states in letter to stockholders. "Pittsburgh, as the heart of the steel industry has enjoyed, along with the rest of the country, a year of excellent business. In fact, 1941 was the best year on record in many respects for business in the Pittsburgh district. Production in many of the leading industries reached new high levels," the letter states.

Government Expenditures In 1941 Pass 1919 Peak

Total Federal, State and local government expenditures are estimated by the Division of Industrial Economics of The Conference Board at $21,939,000,000 in the fiscal year 1941, as compared with $18,186,000,000 in 1940, $17,343,000,000 in 1939, $15,771,000,000 in 1938, and $21,107,000,000 in the fiscal year 1919, when the cost of the First World War raised total expenditures to a peak which was not exceeded until the fiscal year 1941. In its announcement of Jan. 22, the Board further said:

Federal expenditures in the fiscal year 1941 were not quite as large as in the fiscal year 1919, in spite of the efforts of the Federal Government to expedite national defense. But State and local government expenditures were much higher than in 1919, so that the grand total of Federal, State and local expenditures was $882,000,000 greater in 1941 than in 1919.

Total State and local government expenditures rose every year from 1933 to 1941. Most of this increase was in State expenditures. Local expenditures, up to 1939, and probably up to 1941, were not as large as in 1929, when they reached an all-time high record.

Total Federal, State and local government expenditures amounted to $165.31 per capita in the fiscal year 1941, as compared with $137.82 in 1940, $132.55 in 1939 and $121.48 in 1938. Federal expenditures amounted to $93.89 per capita in 1941, and State and local expenditures to $71.42.

The following table gives the latest available figures, as compiled by The Conference Board from information supplied by the Treasury, the Bureau of the Census, and State and local officials:

Government Expenditures by Fiscal Years
(Millions of Dollars)

	Fed.	State	Local	State and Local	Total
1938	6,993	3,177	5.601	8.778	15.771
1939	8,532	3,322	5,494	8,816	17,348
1940*	8,786	---	---	9,400	18,186
1941*	12,489	---	---	9,500	21,989

*Preliminary.

CCC Wheat For Feed

The Department of Agriculture announced on Jan. 19 a plan for the offering of approximately 100,000,000 bushels of wheat by Commodity Credit Corporation for feed, to aid producers of livestock, dairy and poultry products in attaining the goals established under the production program of the department. Also, the disposal of substantial quantities of wheat will aid in making additional storage space available for the 1942 grain crops, said the department, which further stated:

Under this plan the feed wheat sales price per bushel for cracked wheat delivered to the purchaser will be the lower of (1) the 1941 wheat loan value at point of delivery; or (2) the Commodity Credit sales price for corn per bushel at point of delivery. No sales of cracked wheat will be made at a price delivered of less than 90 cents per bushel except wheat produced and stored in those counties where the 1941 wheat loan value is below 90 cents.

Sound wheat of any subclass, grade or quality will be deliverable under any sale. All sales of bulk wheat for feed will be on the basis of an agreement, protected by a bond, that the wheat will be cracked and used as feed or fed to livestock as whole wheat. The county committees of the Agricultural Adjustment Administration will check the compliance with the agreements to be sure the wheat is used as feed.

Sales will be made first of the lower grades of wheat held by the corporation. In order that the highest quality wheat may be available for flour, the corporation may sell such high-quality wheat on the market and buy back low-grade wheat or wheat of other subclasses which is suitable for use as feed. Such sales will be made to the extent necessary to acquire sufficient wheat for the feed sales plan.

It is added that the CCC will continue to sell wheat under the export and general sales programs previously announced.

Moody's Daily Commodity Index

Tuesday, Jan. 20	223.9
Wednesday, Jan. 21	223.8
Thursday, Jan. 22	224.5
Friday, Jan. 23	225.7
Saturday, Jan. 24	225.9
Monday, Jan. 26	226.9
Tuesday, Jan. 27	227.3
Two weeks ago, Jan. 13	221.9
Month ago, Dec. 27	217.8
Year ago, Jan. 27	174.4
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—Jan. 27	227.3
Low—Jan. 2	220.0

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 authority" and has selected "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 massacre the Axis by mass production."

Steel Demand Swelled By Wider War Output Orders Exceed Production And Shipments

Despite the stringency in scrap supplies steel ingot production this week gained a half point to 97% according to "The Iron Age" estimates. This week is the fifth consecutive 7-day period in which the rate has been below the 97.5% level of the week before Christmas, states "The Iron Age" in its issue of today (Jan. 29), adding:

"Chicago district operations gained a point this week to 103% of capacity, while the Younstown rate rose two points to 97%. The St. Louis rate advanced 2½ points to 87½%. Pittsburgh production is unchanged at 97% eastern Pennsylvania at 97 and Cleveland at 91. Loss of a point to 101% was recorded in the south Ohio river area while ingot output in the East declined five points to 98%. Detroit operations rose six points to 100%.

"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-lend 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 sheet mills 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 sheet 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 month ago and the volume of new business exceeds production and shipments, a condition which few could foresee before the actual outbreak of war. This situation reflects in part the degree to which hundreds of metal product plants have been able to change over to war goods production. Although there is almost no non-rated steel 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.

"Structural steel awards, on which details are being withheld due to censorship, total 28,850 tons, compared with 29,000 tons a week ago while new structural projects are estimated at 21,100 tons against 24,500 tons last week. Reinforcing steel awards total 41,400 tons against 28,000 tons last week, with new projects aggregating 6,200 tons against 33,100 tons a week ago.

"A large sheet order for Russia has been allocated to various producers. Manufacturers planning to make air raid shelters for possible use on the coasts have been told that priority assistance will not be granted for that purpose. Requests for railroad steel requirements for 1942 include estimates of 1,632,394 tons of rails and 2,122,530 tons of additional rolled steel.

"Because political backbiting and gouging in the now abandoned OPM multiplied difficulties in getting into war goods production, the metalworking industry this week watched the new War Production Board closely for clues as to its course. There was encouragement in WPB Chairman Nelson's warning to his staff that "neither past accomplishments or personal relationships count" in the board's efforts to expedite war production.

"No important changes in operations of the priority system of distributing material and equipment to war plants under the newly-organized WPB seem likely at this time.

"An early report by the WPB on alleged priority regulation violations within the steel industry is not an impossibility. Some time ago representatives of OPM visited various steel companies to check adherence to priority regulations. The visits were before Pearl Harbor."

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Jan. 27, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Jan. 27, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	13.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Jan. 27, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.42

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Jan. 26 announced that telegraphic reports which it had received indicated 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 preceding week. The operating rate for the week beginning Jan. 26, 1942, is equivalent to 1,607,600 tons of steel ingots and castings, compared to 1,614,200 tons one week ago, 1,587,800 tons one month ago, and 1,567,100 tons one year ago. Weekly indicated rates of steel operations since Jan. 6, 1941, follow:

1941—		Apr 14	98.3%	Jly 28	97.6%	Nov 10	96.6%
Jan 6	97.2%	Apr 21	96.0%	Aug 4	96.3%	Nov 17	97.0%
Jan 13	98.5%	Apr 28	94.3%	Aug 11	95.6%	Nov 24	95.9%
Jan 20	96.5%	May 5	96.8%	Aug 18	96.2%	Dec 1	97.6%
Jan 27	97.1%	May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 3	96.9%	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 10	97.1%	May 26	98.6%	Sep 8	96.9%	Dec 22	93.4%
Feb 17	94.6%	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%		
Feb 24	96.3%	Jun 16	99.0%	Sep 29	96.9%	1942—	
Mar 10	98.8%	Jun 23	99.9%	Oct 6	98.1%	Jan 5	96.4%
Mar 17	99.4%	Jun 30	91.8%	Oct 13	98.4%	Jan 12	97.8%
Mar 24	99.8%	Jly 7	94.9%	Oct 20	97.8%	Jan 19	97.7%
Mar 31	99.2%	Jly 14	95.2%	Oct 27	99.9%	Jan 26	97.3%
Apr 7	99.3%	Jly 21	96.0%	Nov 3	98.2%		

"Steel" of Cleveland, in its summary of the iron and steel markets, on Jan. 26 stated:

Transition from peacetime production to manufacture of war material is gaining speed and is reflected in increasing demand for steel of all descriptions for the latter purpose. For several weeks, since about the turn of the year, general demand was light but as more plants have obtained war contracts and have retooled for new lines orders with high priority are increasing rapidly.

Momentum of war buying is so heavy that reorganization of government control agencies under the War Production Board has proceeded thus far without effect on steel demand, which has reflected no hesitation because of expected changes. Many observers believe there will be no marked change in the general organization of the Iron and Steel Branch and that the principal influence of the new plan will be an acceleration of the trend toward broader allocation and concentration of production on war work, accompanied by sharper appraisal of essential civilian requirements.

Due to the announced policy of shifting industry in general over to an all-out war effort as quickly as possible companies engaged on purely commercial work are pushing harder than ever for rearmament work. In the meantime deliveries of all major steel products are becoming tighter. Even in other products than plates and bars, which are most in demand, most mills offer little hope of shipping much tonnage in the lower priority brackets or in non-rated tonnage. Many producers make no promises of delivery in spite of heavy pressure. Expected increase in freight rates is a factor in this pressure.

Placing of 402 cargo ships with builders on the Pacific Coast will require a heavy tonnage of plates and shapes, which is expected to be allocated among mills in that area. The ships have been awarded to yards in California, Oregon and Washington.

Scrap scarcity has not been relieved sufficiently to allow resumption of steel production in idle open hearths in condition to operate. Except in a few cases steel plants are operating on a narrow margin of shipments from day to day with no assurance of continuance. Numerous campaigns are under way in cities and rural districts looking to discovery and utilization of obsolescent material and some method is being sought to obtain the potential scrap existing in automobile wrecking yards. The latter is considered the most promising source of large tonnage. Collection and preparation had been interrupted by snow and cold but the current generally mild weather has aided collectors for the most part. Inspectors detailed by OPM to prevent upgrading constitute a threat to this form of price evasion but efficacy of their efforts remains to be proven.

Slightly better scrap supply at several steelmaking centers caused an advance of 1 point in the national production rate, to 97%. Chicago increased 1 point to 102%, Eastern Pennsylvania 1 point to 90%, Cleveland 4½ points to 94½, Detroit 6 points to 92 and Youngstown 2 points to 86. New England dropped 15 points to 85%, Wheeling 1 point to 88, Cincinnati 3½ points to 88 and St. Louis 5 points to 76. Previous rates were maintained at Pittsburgh 95%; Buffalo, 79½% and Birmingham, 90%.

Regulation of the steel warehouse trade by OPA has been met by numerous objections on the part of the industry. Delicate adjustments worked out by years of experience have been thrown out of gear and Administrator Henderson has been asked to permit a conference in which the points at issue can be explained and discussed. Meanwhile trading is slow in the face of strong demand, both because of broken stocks and lack of clear knowledge of provisions of the price-fixing order.

OPA has established maximum price on maintenance grades of dead-burned magnesite, at the level prevailing the past three years and will follow this by an order covering other grades and basic refractory brick, whether containing magnesium or any combination.

Automobile builders assembled 79,930 units last week, an increase of 4,905 over 75,025 in the previous week. This compares with 121,948 in the corresponding week last year. The industry is close to the quota set for January production.

Price composites continue as for months past, held steady by government regulations. Finished steel composite is $56.73; semi-finished steel $36; steelmaking pig iron $23.05; steelmaking scrap $19.17.

Sees Action Needed To Curb Inflation

A warning that inflation is inevitable unless prompt and vigorous action is taken to restrain it is contained in the Public Affairs Pamphlet, "How to Check Inflation," published on Jan. 23 by the Public Affairs Committee, Inc., New York.

Pointing out that the movement of prices since 1939 parallels closely that of the First World War, John M. Clark, Professor of Economics at Columbia University, author of the pamphlet, asserts that although "we know more about the mechanics of inflation . . . than we did 25 years ago, we shall have to make better use of our knowledge than we have so far if we are to make a much better record." He further declared:

"If there is much more buyers' money looking for goods than there are goods looking for buyers, inflation will happen in spite of all the price-ceiling orders the administrator can issue. . . . An administrator can attend to the most important commodities, but he cannot hold on to them if other prices keep getting out of line. His actions need to be backed up by financial and credit policies that will trim the volume of money demand to fit the supply of goods. . . . The exemption of the personal income tax has been reduced, because when we are taxing to reduce spending, it is necesary to reach those who do most of the spending.

"This sounds as if the government were planning its taxes to deprive people of goods, but that is not the case. The requirements of defense have already done that. What the taxes are for is to save people from wasting their incomes in driving up prices by futile bidding for goods that are not there. If the tax collector does not take the money, increased prices will—in a more injurious way."

The job of curbing inflation rests primarily with the government, according to Dr. Clark, who at the same time makes the following suggestions for the average citizen:

If you are a housewife, study the requirements of a healthy diet. There is no need of undernourishment, but don't waste foods or other scarce materials, and don't hoard them. Take your chances with the rest. Cooperate in programs of waste collection—newspapers, for instance. Remember that the little savings grow important when they are made in 30,000,000 homes.

If you are a worker or a farmer who is "getting a break" for the first time in some years, don't try to push your advantage too hard. If you do, there won't be enough real goods, and it is better to gain a few real dollars than a lot of rubber ones. The money may come from your boss or from an impersonal market, but the goods you expect to buy will mostly be taken from people like yourself, some of whom have less than you and no chance of getting more.

If your income is medium sized, and your taxes hurt, remember there are a lot of people who have had too little for a long while, and it may be your turn to go without a few things you would like. Save up in advance to pay your taxes; and buy some defense bonds besides.

If you are an employer, absorb all the increased costs you can. Most employers are doing it. Have confidence in the readiness of the government to do its best to make right any real injustices resulting from its regulations. But don't ask for favors unless you really need them.

"How to Check Inflation" is the 64th of a series of popular, factual, 10-cent pamphlets published by the Public Affairs Committee, 30 Rockefeller Plaza, New York City.

Peruvian Sugar Exports

Sugar exports by Peru during the first eleven months of 1941 totaled 335,293 long tons, raw value, as contrasted with 288,813 tons in the corresponding period of 1940, an increase of 46,480 tons, or 16.1%, according to advices received by Lamborn & Co., New York. The exports for the eleven months of 1941 are the largest of any similar period on record. The previous high was established in 1933 when the January-November shipments totaled 303,092 tons. The firm's announcement added:

The United States tops the list of the countries to which Peru's sugar exports during the eleven months of 1941 were destined, accounting for 134,416 tons. Chile follows with 118,945 tons, Bolivia 37,494; Uruguay 16,628; Finland 13,180; Russia 8,456; 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 32,628 tons; while to the United States 27,439 tons were shipped.

Peru's 1941-42 sugar crop is estimated at 433,000 long tons. Approximately 100,000 tons is used for home consumption and the balance is available for export, according to Lamborn & Co.

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

In a recent address to the Washington Board of Trade, Daniel W. Bell, Under-Secretary of the Treasury, said that in the months to come even half a billion dollars in sales of Defense Savings Bonds monthly will not be enough, since war expenditures will be mounting to a monthly rate of three, four, and ultimately five billion dollars. Regarding reports that a country at war, with war-time taxes and other unaccustomed burdens, cannot save at the rate which will be needed, Mr. Bell cited England's experience in the war savings movement. He said that England in its second year of operation produced the equivalent of $2,400,000,000, accounting for 10% of the British national income. Mr. Bell added that 10% of this country's national income would be between nine and 10 billion dollars, at the same time pointing out that the American people should do much better than the British because our limit on individual holdings of savings securities is much higher than theirs. He predicted that this will be done but only after the people fully realize the country's need.

Fertilizer Assn. Price Index Gains Halted

The rising trend in the general level of wholesale commodity prices was halted last week, according to the wholesale price index compiled by The National Fertilizer Association, which was made public on Jan. 26. In the week ended Jan. 24, 1942, this index fell off to 121.8 from 122.0 in the preceding week. A month ago the index stood at 119.2 and a year ago at 100.6, based on the 1935-1939 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, prunes, and meats more than offset advances in 5 of the less important items included in the group; the net result was a moderate recession in the food group average. Livestock quotations were lower, but advances in cotton and most grains were more than sufficient to raise the farm product price index fractionally. Continued price advances for raw cotton, cotton yarns, 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 peak year. Linseed oil and white lead prices were higher causing a small increase in the building material price index. The only other principal group average to change last week was that 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 45 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[1935-1939 = 100]*

% Each Group Bears to the Total Index	GROUP	Latest Week Jan. 24, 1942	Preceeding Week Jan. 17, 1942	Month Ago Dec. 20, 1941	Year Ago Jan. 25, 1941
25.3	Foods	118.5	119.7	116.4	91.5
	Fats and Oils	131.8	130.8	126.2	75.0
	Cottonseed Oil	158.4	156.1	156.0	74.7
23.0	Farm Products	130.5	130.4	123.6	95.3
	Cotton	185.1	179.4	163.5	96.4
	Grains	121.6	121.5	115.0	87.4
	Livestock	121.3	122.6	117.5	96.1
17.3	Fuels	113.0	113.0	112.9	101.5
10.8	Miscellaneous Commodities	127.7	127.2	126.8	110.0
8.2	Textiles	150.2	149.0	140.9	112.4
7.1	Metals	104.0	104.0	104.0	103.1
6.1	Building Materials	132.0	131.8	131.6	117.8
1.3	Chemicals and Drugs	120.1	120.1	112.0	103.9
.3	Fertilizer Materials	117.4	117.4	115.5	106.0
.3	Fertilizers	114.0	114.0	119.7	104.0
.3	Farm Machinery	103.4	103.4	103.4	99.7
100.0	All Groups Combined	121.8	122.0	119.2	100.6

*Indexes on 1926-28 base were: Jan. 24, 1942, 94.9; Jan. 17, 1942, 95.0; Jan. 25, 1941, 78.4.

Lumber Movement Week Ended Jan. 17, 1942

Lumber production during the week ended Jan. 17, 1942, was 8% greater than the previous week, shipments were 7% greater, new business 29% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 7% above production; new orders 49% above production. compared with the corresponding week of 1941, production was 4% less, shipments 3% less, and new business 16% greater. The industry stood at 155% of the average of production in the corresponding week of 1935-39 and 150% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first two weeks of 1942 was 9% below corresponding weeks of 1940; shipments were 9% below the shipments, and new orders 8% above the orders of the 1940 period. For the 2 weeks of 1942, new business was 37% above production, and shipments were 8% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 42% on Jan. 17, 1942, compared with 32% a year ago. Unfilled orders were 25% greater than a year ago; gross stocks were 6% less.

Softwoods and Hardwoods

Record for the current week ended Jan. 17, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	461	461	466
Production	211,952	221,341	195,481
Shipments	227,792	235,315	213,818
Orders	315,948	272,344	243,997

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	383	90
Production	201,281—100%	10,671—100%
Shipments	217,277—108%	10,515— 99%
Orders	300,714—149%	15,234—143%

Revenue Freight Car Loadings During Week Ended Jan. 17 Amounted to 811,196 Cars

Loading of revenue freight for the week ended Jan. 17, totaled 811,196 cars, the Association of American Railroads announced on Jan. 22. The increase above the corresponding week in 1941 was 107,699 cars or 15.3%, and above the same week in 1940 was 164,814 cars or 25.5%.

Loading of revenue freight for the week of Jan. 17 increased 74,024 cars or 10% above the preceding week.

Miscellaneous freight loading totaled 355,287 cars, an increase of 36,996 cars above the preceding week, and an increase of 54,930 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 146,688 cars, an increase of 6,844 cars above the preceding week, but a decrease of 1,094 cars below the corresponding week in 1941.

Coal loading amounted to 174,142 cars, an increase of 7,932 cars above the preceding week, and an increase of 27,140 cars above the corresponding week in 1941.

Grain and grain products loading totaled 49,488 cars, an increase of 13,646 cars above the preceding week, and an increase of 18,193 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Jan. 17 totaled 33,866 cars, an increase of 12,009 cars above the preceding week, and an increase of 14,989 cars above the corresponding week in 1941.

Live stock loading amounted to 13,825 cars, a decrease of 2,114 cars below the preceding week, but an increase of 1,275 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Jan. 17 totaled 10,279 cars, a decrease of 1,661 cars below the preceding week, but an increase of 1,067 cars above the corresponding week in 1941.

Forest products loading totaled 43,993 cars, an increase of 8,962 cars above the preceding week, and an increase of 5,507 cars above the corresponding week in 1941.

Ore loading amounted to 12,896 cars an increase of 1,078 cars above the preceding week and an increase of 388 cars above the corresponding week in 1941.

Coke loading amounted to 14,877 cars, an increase of 380 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 weeks in 1941 and 1940.

	1942	1941	1940
Week of January 3	*676,534	614,171	592,925
Week of January 10	737,172	711,635	668,241
Week of January 17	811,196	703,497	646,382
Total	2,224,902	2,029,303	1,907,548

*Revised.

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 17,

Home Loan Bank Dividends

Payment of dividends by the 12 regional Federal Home Loan Banks at the end of 1941 brought total earnings on the Banks' stock held by their member institutions and the Government to nearly $17,410,000, James Twohy, Governor of the Federal Home Loan Bank System. announced on Jan. 24. In making this known the Board said:

Paid semi-annually by 10 and annually by two of the Federal Home Loan Banks, dividends for the six-month period ending Dec. 31, 1941, totaled $1,210,499, an increase of $78,213 over the same period last year. Of the total, $876,788 went to the Reconstruction Finance Corporation—which last year acquired the Government's stock in the Banks from the U. S. Treasury — and $333,711 to member savings and loan associations, cooperative banks, mutual savings banks and insurance companies, in proportion to their ownership of the Banks' capital stock.

Since their establishment in October, 1932, the Banks — which provide a home mortgage credit reservoir for some 3,850 thrift and home-financing institutions — have paid their members $3,928,308, and the Government $13,481,182 in dividends. Distribution according to Bank districts follows:

District Bank—	To Member Institutions	To Govt.
Boston	$298,960	$1,032,480
New York	479,142	1,969,933
Pittsburgh	257,871	1,224,232
Winston-Salem	320,613	880,071
Cincinnati	914,521	1,946,778
Indianapolis	320,877	854,526
Chicago	531,980	2,016,035
Des Moines	233,465	930,109
Little Rock	169,848	814,477
Topeka	113,261	533,261
Portland	86,184	528,591
Los Angeles	201,586	750,690
Total	$3,928,308	$13,481,182

When the Bank System was established, the Government subscribed $124,741,000 for capital stock, with additional stock to be purchased by each member institution. Provision was made for gradual retirement of the Government's stock so that the Banks eventually would be owned by their membership. The Government has paid its subscription in full and no payment has been made since 1937, while members' stock now totals $48,822,475, an increase of more than $4,000,000 in the last year.

1942. During this period 112 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JANUARY 17

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	541	542	571	1,696	1,339
Bangor & Aroostook	2,301	1,775	1,829	239	171
Boston & Maine	8,565	7,554	7,555	13,505	11,184
Chicago, Indianapolis & Louisville	1,478	1,383	1,443	2,479	2,604
Central Indiana	35	12	18	59	63
Central Vermont	1,452	1,216	1,229	2,149	2,207
Delaware & Hudson	7,125	6,704	4,746	10,627	8,253
Delaware, Lackawanna & Western	9,656	9,158	8,955	9,801	7,785
Detroit & Mackinac	253	188	240	144	89
Detroit, Toledo & Ironton	2,404	3,006	2,828	1,864	1,421
Detroit & Toledo Shore Line	389	342	291	4,777	3,645
Erie	14,406	13,052	11,409	16,021	13,607
Grand Trunk Western	5,445	5,408	4,627	9,122	8.714
Lehigh & Hudson River	178	134	122	2,806	2,225
Lehigh & New England	1,837	1,543	1,678	1,318	1,428
Lehigh Valley	9,482	9,519	9,082	9,742	7,731
Maine Central	3,363	3,057	3,033	3,514	2,775
Monongahela	6,149	4,360	4,770	449	283
Montour	2,358	1,606	2,039	25	32
New York Central Lines	48,500	43,629	38,659	51,906	44,030
N. Y., N. H. & Hartford	12,719	10,300	9,632	15,740	12,958
New York, Ontario & Western	911	983	1,036	2,364	2,148
N. Y., Chicago & St. Louis	6,557	5,418	5,027	14,118	12,137
N. Y., Susquehanna & Western	532	356	344	1,443	1,769
Pittsburgh & Lake Erie	8,036	7,355	6,352	7,529	6,420
Pere Marquette	5,440	6,329	5,662	7,139	5,994
Pittsburgh & Shawmut	587	557	499	56	26
Pittsburgh, Shawmut & North	408	440	441	249	289
Pittsburgh & West Virginia	909	756	904	2,630	1,821
Rutland	540	549	539	1,038	1,018
Wabash	6.069	5,530	5,190	11.903	10,103
Wheeling & Lake Erie	4,912	3,893	3,469	4,677	3,742
Total	173,537	156,654	144,219	211,129	178.011
Allegheny District—					
Akron, Canton & Youngstown	607	581	379	1,039	1,082
Baltimore & Ohio	38,553	33,139	29,009	21,953	18,299
Bessemer & Lake Erie	3,074	2,752	2,067	1,396	1,887
Buffalo Creek & Gauley	332	288	295	3	4
Cambria & Indiana	1,908	1,923	1,549	9	11
Central R.R. of New Jersey	7,593	6,913	6,164	15,636	12,813
Cornwall	607	551	475	64	60
Cumberland & Pennsylvania	293	299	275	13	33
Ligonier Valley	130	153	180	38	49
Long Island	795	656	509	2,917	2.859
Penn-Reading Seashore Lines	1,780	1,114	970	1,782	1,491
Pennsylvania System	78,849	68,144	59.930	55.224	41,736
Reading Co.	16,408	15,880	14.278	23,439	19,498
Union (Pittsburgh)	19,682	19.530	17,236	3,425	3,320
Western Maryland	4,042	3,801	3,646	9,379	7,427
Total	174,653	155,724	136,962	136,317	110.569
Pocahontas District—					
Chesapeake & Ohio	25,665	21,832	22,648	10,227	9,440
Norfolk & Western	21,258	20,536	19,449	5,893	6,192
Virginian	4,534	4,144	4,297	2,052	1,971
Total	51,457	46,512	46,394	18,172	17,603
Southern District—					
Alabama, Tennessee & Northern	405	314	231	236	196
Atl. & W. P.—W. R.R. of Ala.	888	744	690	1,980	1,634
Atlanta, Birmingham & Coast	715	663	516	1,395	1,188
Atlantic Coast Line	11,940	11,310	9.315	7,366	6,624
Central of Georgia	4,307	4,053	3,596	3,823	3,689
Charleston & Western Carolina	422	419	396	1,772	1,668
Clinchfield	1,677	1,527	1,464	3,047	2,869
Columbus & Greenville	262	335	200	365	259
Durham & Southern	180	173	179	769	480
Florida East Coast	1,433	913	1,034	1,080	1,210
Gainsville Midland	*35	29	24	*99	78
Georgia	1,370	1,108	873	2,385	1,861
Georgia & Florida	443	408	218	685	561
Gulf, Mobile & Ohio	3,968	4,326	2.946	3,393	3,161
Illinois Central System	30,390	22 294	21,955	15,374	12,202
Louisville & Nashville	26,633	23,928	23,676	8,429	6.852
Macon, Dublin & Savannah	215	145	137	821	1,215
Mississippi Central	194	132	119	449	395
Nashville, Chattanooga & St. L.	3,197	3,017	2,436	3,752	3.085
Norfolk Southern	1,178	1,061	983	1,343	1.130
Piedmont Northern	506	394	390	1,692	1.543
Richmond Fred. & Potomac	480	331	291	8.010	5 608
Seaboard Air Line	10,162	9,983	8.596	7,025	6.239
Southern System	24,432	22,687	19,902	21,736	17,725
Tennessee Central	575	492	441	862	601
Winston-Salem Southbound	126	132	157	868	792
Total	126,133	110.918	100,765	98,756	82,845
Northwestern District—					
Chicago & North Western	18,133	15,012	13 268	14,822	11,661
Chicago Great Western	3,077	2,400	2,148	3,827	3,177
Chicago, Milw., St. P. & Pac.	23,883	19,668	18.952	10,560	8.696
Chicago, St. Paul, Minn. & Omaha*	4,962	3,841	4.269	4,280	3,759
Duluth, Missabe & Iron Range	1,135	868	1,025	400	192
Duluth, South Shore & Atlantic	733	613	441	607	422
Elgin, Joliet & Eastern	10,153	9,460	7,689	11,295	8.239
Ft. Dodge, Des Moines & South	472	411	255	164	101
Great Northern	12,924	9,421	8,763	4,477	3,003
Green Bay & Western	638	525	535	707	691
Lake Superior & Ishpeming	287	226	180	67	77
Minneapolis & St. Louis	2,146	1,578	1,485	2,569	1.821
Minn., St. Paul & S. S. M.	6,350	5,013	4,774	3.332	2.748
Northern Pacific	11,531	9,559	9,444	4,338	3,573
Spokane International	76	91	85	343	222
Spokane, Portland & Seattle	2,366	1,585	1,514	2,160	1,550
Total	98,866	80,271	74,827	63,948	49,932
Central Western District—					
Atch. Top. & Santa Fe System	22,705	18,197	16.672	8.363	6.556
Alton	3,595	2,761	2,542	3,539	2,420
Bingham & Garfield	490	432	427	104	91
Chicago, Burlington & Quincy	19,253	15.579	14,787	11,581	8,387
Chicago & Illinois Midland	2.891	2 662	2 824	989	798
Chicago, Rock Island & Pacific	12,722	10 261	9,384	11,499	9.288
Chicago & Eastern Illinois	2,959	2,755	2,689	3.536	3,089
Colorado & Southern	819	777	788	1.757	1.546
Denver & Rio Grande Western	3,630	2 921	3,014	4,189	2,662
Denver & Salt Lake	901	662	936	12	12
Fort Worth & Denver City	1,147	890	861	1,146	999
Illinois Terminal	2,120	1,682	1,880	1,666	1,479
Missouri-Illinois	1,004	855	925	596	360
Nevada Northern	1,950	1,700	1,672	98	126
North Western Pacific	*1,021	567	484	*451	380
Peoria & Pekin Union	23	31	31	0	0
Southern Pacific (Pacific)	28,916	22,654	21,635	8,870	5.816
Toledo, Peoria & Western	210	353	284	216	1.254
Union Pacific System	16,970	14,210	12,925	12,408	8,382
Utah	717	424	633	5	5
Western Pacific	2,390	1,536	1,599	2,806	1,828
Total	126,433	101,969	96,992	73,861	55,478
Southwestern District—					
Burlington-Rock Island	193	142	139	282	205
Gulf Coast Lines	4,421	3,524	2,823	2,125	1,528
International-Great Northern	2,118	1,596	1,625	2,609	2,165
Kansas, Oklahoma & Gulf	295	163	185	1,148	919
Kansas City Southern	3,128	2,245	2,291	2,884	2,034
Louisiana & Arkansas	2,312	2,237	1,570	1,907	1,767
Litchfield & Madison	368	396	364	1,180	958
Midland Valley	834	595	774	400	182
Missouri & Arkansas	204	122	122	416	356
Missouri-Kansas-Texas Lines	4,944	4,031	3,648	4,067	2,836
Missouri Pacific	16,951	14,921	13,845	12,905	10,414
Quanah Acme & Pacific	120	97	67	200	132
St. Louis-San Francisco	9,414	7,545	6,947	6,778	4,935
St. Louis Southwestern	3,230	2,654	2,102	3,973	2,735
Texas & New Orleans	7,456	7,136	6,161	4.270	3,121
Texas & Pacific	3,974	3,913	3,341	4,113	4,330
Wichita Falls & Southern	126	116	175	48	57
Weatherford M. W. & N. W.	29	16	44	45	374
Total	60,117	51,449	46,223	49,350	39,048

*Previous figures.
Note—Previous year's figures revised.

A. M. Creighton Chairman Of Boston Reserve Bank

The Board of Governors of the Federal Reserve System on Jan. 17 announced the appointment of Albert M. Creighton of Boston, Mass., as a class "C" director of the Federal Reserve Bank of Boston for the unexpired portion of the term ending Dec. 31, 1944, and his designation as Chairman and Federal Reserve Agent for the year 1942. Mr. Creighton succeeds Frederic H. Curtiss, who had served continuously as Chairman of the Federal Reserve Bank of Boston since the organization of the Reserve System in 1914. Last August Mr. Curtiss asked to be relieved of this responsibility but consented to remain until the expiration of his term at the end of the year.

The State Of Trade

Business activity showed appreciable gains for the week, with most leading industries continuing on the uptrend. The transition of the steel industry from peace-time to war material production is gaining speed, and is reflected in increased demand for steel for all munitions purposes, the magazine "Steel" reports in its current summary. For several weeks, it points out, general demand was light, but as more 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 1,607,600 net tons or 97.3% of capacity, against 1,614,200 tons or 97.7% of capacity last week, the American Iron & Steel Institute reports. A month ago output was at 96.1% basis or 1,567,100 tons weekly.

The consumers' buying rush which 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 36 per cent higher than in the same period last year, according to the Federal Reserve Board. In view of the continuing buying rush this rate of gain should be somewhat increased, so that department store sales for January may very well run some 40 per cent ahead of January, 1941. In that event the adjusted Federal Reserve Board index of department store sales for the month may possibly approximate 140% of the 1923-25 average. This would constitute a new all-time peak.

Reflecting substantially increased loadings of miscellaneous freight and grain and grain products, railroads loaded a total of 811,196 cars of revenue freight during the week ended Jan. 17th, the Association of American Railroads reported, an increase of 74,024 cars, or 10% over the previous week. This represented a more than seasonal improvement. The gain over the same week a year ago was 107,699 cars, or 15.3%, primarily as a result of sharp increase in miscellaneous coal and grain freight. The national improvement over the same week in 1940 amounted to 164,814 cars or 25.5%.

A total of 3,450,468,000 kilowatt hours of electric energy was distributed during the week ended Jan. 17th by the electric light and power industry, according to the regular report of the Edison Electric Institute. This represented a decline of nine-tenths of 1% from the revised production for the previous week. The gain over the same week a year ago was 14.5%, against the previous showing of 15.7%.

Engineering construction awards for the week $127,640,000, are 53% higher than for last week, but are 18% lower than in the corresponding 1941 week as reported by Engineering News-Record. Federal awards, which make up 86% of this week's volume, are 93% higher than a week ago, and are responsible for the increase. They top the 1941 week by 7%.

Public construction is 69% above last week, but 1½% under the week last year. Private awards are 45 and 81% lower, respectively, than a week ago and a year ago.

Retail food sales this month are approximately 30% higher than in January of last year, about 5% of the increase in dollar volume being attributable to hoarding of sugar, canned goods and other foods, according to the American Institute of Food Distribution, Inc. Wholesale grocers are also experiencing a heavy pick-up in buying because retailers are stocking ahead now at prices they fear will go higher.

The present food movement, the institute reports, represents another buying rush similar to the accumulating sales of last August and September. The buying, however, is at appreciably higher prices which consumers and retailers were resisting until the United States entered the war.

Labor trouble is looming again as a disturbing influence. A development causing concern is the action of the executive board of the C. I. O. at a closed meeting at the Hotel Roosevelt, recommending that affiliated unions demand a "substantial wage increase." They contend that increases in the cost of living threaten the living standards of workers while employers in many lines are making greater profits than in recent years notwithstanding taxation.

Seemingly as a refutation of this latter statement, a careful official analysis of the data presented by the Vinson committee, that report which shocked Congress and 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—reveals that the true picture of profits on war contracts thus far negotiated is about as follows:

In spite of the sensational disclosures concerning profits which in one instance soared to a level of 247% on one contract, the average profit—as the Government reckons profit—on all contracts was under 8%. That means that for every contract upon which a manufacturer realized more than 8%, some other contract was fulfilled at a loss correspondingly below 8%. Large numbers of losses were reported on contracts studied by the committee and some of these were substantial.

Dyer Index Of Sugar Distribution Advances

The preliminary December distribution of 704,294 tons as reported by the A.A.A. was approximately 144% of the normal December distribution, according to the Index of Sugar Distribution (adjusted for season variation and long-term trend) prepared by B. W. Dyer & Co., New York, sugar economists and brokers. Their December figure compares with 120 in November and 111 in December 1940, and is the second highest figure recorded for 1941, being exceeded only by the March figure of 183.

The Dyer firm states that December distribution increased as consumers added further large amounts of sugar to their inventories. They estimate that invisibles (consumers inventories) advanced considerably during the year.

Cotton Ginnings Below A Year Ago

Number of bales of cotton ginned from the growth of 1941 prior to Jan. 16, 1942 and comparative statistics to the corresponding date in 1940 and 1939.

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1941	1940	1939
United States	*10,240,027	11,930,932	11,412,432
Alabama	773,474	762,575	768,625
Arizona	146,580	139,126	186,166
Arkansas	1,375,905	1,426,145	1,358,131
California	308,295	508,762	421,820
Florida	14,450	17,901	9,627
Georgia	642,169	998,762	907,310
Illinois	5,474	3,515	4,110
Kentucky	17,039	10,905	13,029
Louisiana	310,200	447,238	717,485
Mississippi	1,386,015	1,203,362	1,534,610
Missouri	470,593	372,642	426,903
New Mexico	87,720	109,763	90,672
North Carolina	566,586	739,944	459,222
Oklahoma	667,104	717,933	508,703
South Carolina	405,949	940,062	849,420
Tennessee	572,896	490,822	431,256
Texas	2,463,370	3,015,576	2,715,166
Virginia	23,208	20,899	10,167

*Includes 1,969 bales of the crop of 1941 ginned prior to Aug. 1 which was counted in the supply for the season of 1940-41, compared with 32,187 and 137,254 bales of the crops of 1940 and 1939.

The statistics in this report include 871 round bales for 1941; 3,457 for 1940 and 173,428 for 1939. Included in the above are 49,833 bales of American-Egyptian for 1941; 25,960 for 1940; and 25,063 for 1939; also 2,807 bales Sea-Island for 1941, 4,714 for 1940 and 2,142 for 1939.

The statistics for 1941 are subject to revision when checked against the individual reports being transmitted by mail. The revised total of cotton ginned this season prior to Dec. 13, is 9,916,519 bales.

Consumption, Stocks, Imports And Exports — United States

Cotton consumed during the month of December, 1941, amounted to 887,326 bales. Cotton on hand in consuming establishments on Dec. 31, was 2,393,782 bales, and in public storages and at compresses 13,713,773 bales. The number of active consuming cotton spindles for the month was 23,063,112.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and 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:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 27	117.47	106.92	116.22	113.89	107.80	92.06	97.31	110.52	113.70
26	117.21	106.92	116.22	114.08	107.62	92.06	97.31	110.52	113.70
24	117.38	106.92	116.22	114.08	107.62	91.91	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
22	117.68	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.50
21	117.65	106.74	116.41	113.89	107.62	91.77	97.31	110.70	113.50
20	117.61	106.92	116.61	113.89	107.62	92.06	97.47	110.70	113.70
19	117.60	106.92	116.41	113.89	107.62	92.06	97.47	110.70	113.70
17	117.59	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
15	117.53	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
14	117.81	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
13	117.86	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
12	117.91	106.92	116.41	113.89	107.62	91.91	97.31	110.70	113.70
10	118.09	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
8	118.10	106.92	116.61	114.08	107.80	91.62	97.16	110.70	113.89
7	117.94	106.92	116.61	114.08	107.62	91.62	97.00	110.70	113.89
6	117.82	106.74	116.61	114.08	107.62	91.85	96.85	110.88	113.70
5	117.95	106.56	116.02	113.70	107.44	91.34	96.54	110.70	113.31
3	117.85	106.39	115.82	113.70	107.27	91.05	96.23	110.52	113.31
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
1	STOCK EXCHANGE CLOSED								
High 1942	118.10	106.92	116.61	114.08	107.80	92.06	97.47	110.88	113.89
Low 1942	117.21	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Jan. 27, 1941	117.54	106.56	117.80	113.70	106.56	90.91	97.16	109.97	113.50
2 Years ago Jan. 27, 1940	115.54	102.13	115.63	112.00	100.81	84.17	90.48	106.74	110.70

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Jan. 27	3.34	2.84	2.96	3.29	4.27	3.92	3.14	2.97
26	3.34	2.84	2.95	3.30	4.27	3.92	3.14	2.97
24	3.34	2.84	2.95	3.30	4.28	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
22	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.93
21	3.35	2.83	2.96	3.30	4.29	3.92	3.13	2.98
20	3.34	2.62	2.96	3.30	4.27	3.91	3.13	2.97
19	3.34	2.83	2.96	3.30	4.27	3.91	3.13	2.97
17	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
15	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
14	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
13	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
12	3.34	2.83	2.96	3.30	4.28	3.92	3.13	2.97
10	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
8	3.34	2.82	2.95	3.29	4.30	3.93	3.13	2.96
7	3.34	2.82	2.95	3.30	4.30	3.94	3.13	2.96
6	3.35	2.82	2.95	3.30	4.31	3.95	3.12	2.97
5	3.36	2.85	2.97	3.31	4.32	3.97	3.13	2.99
3	3.37	2.86	2.97	3.32	4.34	3.99	3.14	2.99
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
1	STOCK EXCHANGE CLOSED							
High 1942	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
Low 1942	3.34	2.82	2.95	3.29	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Jan. 27, 1941	3.36	2.76	2.97	3.36	4.35	3.93	3.17	2.98
2 Years ago Jan. 27, 1940	3.62	2.87	3.06	3.70	4.85	4.38	3.35	3.13

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

THE BOND SELECTOR

ALABAMA POWER COMPANY
First 3½s, 1972

Recent Refunding Offers Improved Mortgage Of Southern Operating Company

A lesson on how to sweeten a refunding mortgage and thus successfully woo the prospective bond buyers was given in last week's sale of $80,000,000 First Mortgage 3½% bonds of Alabama Power Company. This new $80,000,000 mortgage replaces a series of old mortgages totaling $95,583,600 which carried interest rates of 4½% and 5%. In effect, the company's mortgage debt is being cut 16% and the annual interest cost thereon by about 40%. The new 3½s were offered at 101¾ to yield 3.40% to their due date in 1972.

Since the company covered its interest charges on the average of only 1.72 times for the three years 1938, 1939 and 1940, it is quite obvious that 3½% bonds could not have been sold successfully at par or better without considerable change in the company's capital setup. Consequently, the bankers sat down with the company and agreed to shape the situation so that the bonds would be acceptable to institutional buyers.

Step number one in this procedure was the net reduction in the mortgage. This was accomplished by making up the difference between the $97,503,000 required to redeem the old bonds and the $80,000,000 of new bonds by borrowing $12,000,000 from banks and by putting up approximately $5,000,000 of the company's own cash. The $12,000,000 of bank loans are due serially in eight years, $750,000 payable semi-annually. Step number two went hand in hand with the mortgage reduction, being the substantial annual interest saving through the issuance of 3½s in place of 4½s and 5s. In 1940, total interest charges amounted to $4,597,000. Interest requirements on the new bonds will be $2,800,000 and interest the first year on the $12,000,000 bank loans at 2⅞% will total $345,000—the maximum; this will taper off by $43,125 every year as the instalments are paid off, until at the end of eight years, mortgage interest alone will be payable. Thus, interest at the maximum (excluding amortization of debt discount and expense) will total $3,145,000 compared with around $4,600,000.

Alabama Power Company is a subsidiary of Commonwealth & Southern Corporation, which owns 91.38% of its common stock. The company is engaged, within the State of Alabama, in the generation and purchase of electric energy and its distribution and sale at retail in a service area estimated to have a population in excess of 2,250,000. Number of customers served is approximately 167,000. Of total revenues for the twelve months ended October 31, 1941, 38% were derived from industrial customers, 25% from resale to affiliated and other electric companies, other important sources being, in order, urban residential, urban commercial and rural (residential and commercial). The principal industries which make up the company's industrial load are, in order, textile products, iron and steel manufactures, coal mining, paper and printing and chemical and allied products.

As stated previously, fixed charges have been covered on the average only about 1.72 for the three years ending with 1940. In 1940, charges were earned 1.62 times and for the first ten months of 1941, the ratio increased to 1.75 times. Had the present financing been accomplished and in effect during this latter period, fixed charge coverage would have been increased to better than 2.30 times, so substantial has been the interest saving.

For the first ten months of 1941, gross revenues totaled $21,727,000, and it is estimated that gross for the full year will approximate $26,000,000, 13% ahead of 1940. During the 1941 period through October, depreciation and maintenance amounted to $3,206,000, or 14.7% of gross revenues compared with 17.6% charged for the full 1940 year. Since operating expenses, and more particularly taxes, have risen considerably, it is not expected that a large percentage of the increase in gross will be carried through to income available for fixed charges. A full year estimate of around 1.70 times seems reasonable, this figure being somewhat better than for 1940.

Since some $5,000,000 is being expended out of the company's funds to round out the amount needed to retire the old mortgage bonds, the working capital position doesn't look too good on a pro-forma basis. Giving effect to the financing, cash stands at $2,424,000, and net working capital at $478,000 compared with $6,534,000 actual net working capital at Oct. 31, 1941. The following shows actual and proforma figures of current assets and current liabilities as of Oct. 31, 1941:

	Pro-forma	Actual
Current Assets—		
Cash and marketable securities	$2,423,816	$9,521,828
Accounts receivable, net	1,961,821	1,961,821
Materials and supplies	1,927,359	1,927,359
Other current assets,—cash funds	84,576	111,519
Total current assets	$6,397,572	$13,522,527
Current Liabilities—		
Tax reserve	$4,431,710	$4,431,710
Preferred dividends payable	585,531	184,268
Accounts payable & accrued	647,333	647,329
Accrued interest	3,296	1,473,855
Other current liabilities	251,543	251,543
Total current liabilities	$5,919,413	$6,988,705
Net working capital	$478,159	$6,533,822

Concurrently with the recent financing, the company's utility plant account is being written down from $189,736,000 to $166,587,000, a reduction of $23,149,000, of which amount $17,992,000 represents the writedown ordered by the Alabama Public Service Commission and/or the Federal Power Commission. On the basis of this total reduction of $23,149,000, net plant account stands at $151,438,000 against the previous figure of $176,474,000. The $80,000,000 of mortgage debt now outstanding thus represents 53% of net book value of utility plant, including intangibles.

The overall picture reveals a medium grade bond, pointing slightly above the middle-class average. The overhauling done to the mortgage and the various changes made on the company's books obviously were for the purpose of selling the bonds. That the entire procedure was successful is evident in the fact that the bonds went to a substantial premium almost immediately.

WHISPERINGS

C. Robert Maxfield, of R. E. Swart & Co., is quite proud of his six-month-old baby, and usually devotes his time to two things: Talking about the baby or trying to make a trade. If business is slack he can always tell people about the baby; how it gurgles; how cute it is, etc. However, the other day he came in with a new bit of philosophy that he got from his maid: "A girl can't believe everything she hears," she explained, "but she can always repeat it."

In one of the uptown offices of a member house a group of excustomers have accustomed themselves to drop 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 k n o w s practically guarantees a winner, the statistician of the firm wandered in. "Gentlemen," he began. "I have an investment program in mind that . . ." Never mind, young feller," broke in one of the avid following of the sport of kings. "I already have an investment picked out that will set me up for life—a three-horse parlay."

With air raid precautions, and what to do in case an alarm is given, posted in all conspicuous places, we were startled at a new set of directions that came to us from one of the young ladies in our office who found it somewhere. Here they are: "(1) As soon as the alarm is given, run. It doesn't matter where so long as you keep moving. (2) If you find an unexploded bomb, pick it up and shake it. Maybe the firing pin is stuck. If that doesn't work heave it into the furnace. It will help keep your coal bill down. In fact it may bring it down so far that you may not need any more fuel for some time, if ever, again. (3) If you are lucky enough to find an incendiary bomb burning in a building, you lucky you, place your foot on it firmly and press. From that day on you'll be known as 'Hot-Foot Horace.' If that doesn't work try both feet. Your reputation will thus be doubly enhanced. (4) Always yell loudly. If the people about you become scared it will merely prove they haven't the keenly developed sense of humor you possess. (5) Before entering a public air raid shelter always fortify yourself with a quart of Scotch, two onions and a large piece of garlic—internally, naturally. This will not only insure you having plenty of room but will also increase your popularity with your neighbors. (6) In case the air raid warden becomes officious, take a poke at him. He always saves the best seats for himself and his friends anyway."

The other evening our conductor of the "Uptown After 3" department asked us to join him on a trip to the Penthouse Club. Being envious of his job and anxious to see how he earns his money, we agreed. After meeting a lot of people, whose names we never got, and if we did we don't remember them, we joined a table at which a young NBC executive was celebrating his departure for the Army. Being in a reminiscent mood he told us the story about new program which the chain had acquired (it all happened some time ago). For weeks the program director, the staff, the announcer and the actors had been rehearsing and polishing up for the Great Hour. Finally the day and The Hour approached. It was to be the inaugural of the Ruppert's Beer program. In the audience were the sponsors in white ties and tails, distinguished guests, advertising officials and NBC heads. The program was to start with a musical flourish and the announcer was to step to the microphone and say, "Ruppert's Beer Is On The Air"! Finally the awaited signal came from the control room. There was a hush. The music gave the flourish, completed it and the announcer stepped forward. With a firm voice, resonant with earnestness he announced, "Buppert's Rear Is On The Air!!!"

duPont Co. Open In p.m. To Sell Defense Bonds

A plan for stimulating the sale of United States Defense Bonds by keeping its branch offices located in mid-town and up-town New York open evenings was announced today by the New York Stock Exchange firm of Francis I. duPont & Co., and Chisholm & Chapman. The offices which are to operate both in the day time and evening are located at 11 East 43rd Street in the Grand Central zone, 201 West 72nd Street, and 2449 Morris Avenue in the Fordham area. The firm, which has more offices in New York City than any other Stock Exchange member, intends to extend the plan to other of its offices if the test proves successful.

The firm is applying for licensing as an issuing agent for Defense Bonds under a plan agreed upon by the New York Stock Exchange, the Association of Stock Exchange Firms, The Investment Bankers Association, the Federal Reserve Bank and the Treasury Department. It has also inaugurated a payroll deduction plan for the purchase of Defense Bonds by its employees.

Securities and Exchange Commission

(Continued from First Page)

Excessively rapid turnover 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 judgeships. Blasts at the securities business usually have signalized such elevations by President Roosevelt, which in itself is a circumstance that provides ample food for thought. Squabbles 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. Fleek, as the chosen spokesman of the investment bankers, turned to the question of the Commission, itself, when hearings again were held last week on proposed 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 continually disturbing factor that can nullify at the whim of the regulators months of hard work and years of established relationships. With an unfortunate Commission personnel and new faces appearing at speedy intervals, this is hardly likely to be achieved.

In his statement before the House Committee, Mr. Fleek advocated changes in the law relating to the Commission which long have been pondered by the investment bankers. He urged 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 work schedule cited by Mr. Fleek is simply beyond the capacity of a five-member Commission, and an increase to nine members obviously is advisable to permit use of the panel or divisional system of procedure which the older and seasoned Interstate Commerce Commission has found advisable.

With a view to greater stability of Commission personnel, Mr. Fleek 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 appear to be aimed at making Federal judgeships 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 to nine. The other proposals probably are viewed with coy approval. But the increase of membership is the most important desideratum, as those familiar with the long delays and the many vacillations of the overworked Commission well realize, to their cost. Fortunately, Congress is said to be much perturbed over the frequent changes of personnel and the evidences of internal squabbles as to the Chairmanship. It is to be hoped that this discontent will lead to acceptance of proposals made by those who suffer most severely and most unjustly from the obvious defects of the Commission.

JOTTINGS

(Continued from page 411)

the public more sensitive about others.

Each piece of rationing machinery set up will make the next easier and make Washington more willing to set it up.

Each rationed item dams back purchasing power and so increases the pressure on other commodities or services.

Notice, incidentally, how a scarcity situation is creeping up like a tide into one farm commodity after another. First pork, then dairy products, then feeds, then fats and oils. And just as rapidly, the "farm program" is being changed from the minimum production goal of the '30s, to the goal of maximum production. The present principle—of "balancing production" by getting farmers to shift from surplus to scarce crops—may be only a transition to an ultimate effort to stimulate nearly all crops. Accelerating the process will be the rise of farm wages, the migration of farm labor to arms plants, and a scarcity of steel for new farm machinery.

Current argument about whether the arms program will make or wipe out more jobs seems futile. One guess is that in 1942 jobs in civilian industry will be cut from 44,000,000 to 33,000,000, a loss of 11,000,000, while the Army will take 2,000,000 men and arms production (including shipyards, machine tools, and other indirect arms industries) will be using 18,000,000 at the end of 1942 instead of 5,000,000 at the beginning. That would mean that this year the war will provide 15,000,000 jobs and destroy 11,000,000. But such figures are the rankest of guesses. The one thing sure is that there will be enormous dislocations, migrations, transfers, and movements of many men into better jobs and of many others into poorer jobs.

Another thing is certain. The totals of factory construction will be almost fabulous compared with previous years—even with 1918. The recent auto controversy highlighted the difficulties of converting present specialized civilian plants to highly specialized war plants. It will be new roofs and new walls housing new machines. Then there's that $400,000,000 of synthetic rubber plant. There's a plant to be built to produce 500,000,000 or more additional pounds of aluminum a year to say nothing of magnesium. Then there are those 100-octane gasoline refineries. New yards and ways for ships. The airplane industry will have to add perhaps 50,000,000 square feet of factory space as fast as possible. A doubling of machine-tool output must certainly mean at least a 50% increase in machine-tool shop floor-space. Mighty tank factories. Huge new toluol and chlorine plants. And so on.

For the new industries it has been double and re-double; often triple and re-triple (as in isooctane gasoline capacity) and even more (as in magnesium, capacity to be raised from 12,000,000 pounds a year to 400,000,000).

For a cue to the pattern of international trade not only for the duration but probably post-war, watch this Rio de Janeiro conference. Trade obstructions which have been rising for a decade are tumbling—tariffs, quotas, and exchange controls. Post-war crystal-gazers still habitually worry and warn about the problem of finding post-war **markets** (industrialization of China, India, South America, etc.) But the real problem will probably not be how to sell goods but how to **get** them. So down will go the obstructions, not up—as they are already beginning to go down.

Seven reasons for the strength in the rails, in ascending order of importance: (1) A more cooperative ICC attitude on rates. (2) The fare increase. (3) The coming freight increase. (4) New equipment, which will reduce operating costs. (5) Court decisions upsetting the ICC's hard reorganization proposals. (6) A vast prospective increase in business, due to troop movements, passenger car and tire shortages, long-haul truck shortages, diversion of coastwise and intercoastal shipping, increased tank car movements, etc. (7) The Treasury's demand for an average-earnings exemption basis for an "excessive profits" tax.

If you feel depressed about brass hats and unimaginative military or naval leadership, here are three intensely interesting books to show you that such things have happened before—Upton's "History of U. S. Military Policy" (Supt. of Documents, 75 cents); Alfred Vagt's "History of Militarism," and Winston Churchill's "World Crisis" (written 10 years ago). Upton tells of our mistakes in the Revolution, 1812, and the Civil War; Vagt, of military men's backward thinking in the Napoleonic, Franco-Prussian, and First World Wars, and Winston Churchill tells how he had to misappropriate Admiralty funds in 1916-1917 to experiment with tanks because the Army sneered at them.

The colleges are already hard hit by the war. Fewer students and fewer endowments. But it may be the modernizing and making of them. They are, for instance, preparing to run all summer. Why do professors and students need a whole summer's rest, which other people don't get?

Some day there actually **will** be a power shortage, after people get tired of the FPC's perennial "wolf-wolf" which hasn't yet come true even with the 1941 defense program acceleration except where TVA had over-done on the hydro side.

Investment Trusts

(Continued from page 415)

tuations, they have a logical place in his investment program.

"Third, living costs have gone up and are going higher and extreme price inflation is a distinct threat. To increase his income now as an offset to higher living costs and as a hedge against extreme inflation, **he should own high-grade, investment calibre, common stocks broadly diversified as to industry and individual companies.**

"Fourth, **even a full-fledged war economy does not bar speculative profit opportunities** in various special situations—speculative bonds and preferred stocks, etc. 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 profit 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, come what may. Cash for emergencies; defense bonds for national security, and for safety and stability in his account; high-grade common stocks for generous income and inflation protection (with emphasis on broad diversification rather than selective concentration); and finally, where circumstances permit, some participation 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 $7,778,182 at Dec. 31, 1941 as compared with $8,397,055 at Sept. 30, and $8,144,166 at Dec. 31, 1940. Liquidating value per share was $8.91 per share on Dec. 31, 1941 as compared 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, 28,213 shares of the company were sold and 44,570 shares repurchased, resulting in 872,537 shares being outstanding at the close of the period.

Cash dividends and stock dividends received during the quarter totalled $150,595. Expenses amounted to $16,331, leaving net income of $134,264. For the nine months ended Dec. 31, 1941, the net income was $277,667.

Fundamental Investors, Inc. — Dec. 31, 1941

Net assets of Fundamental Investors, Inc. on Dec. 31, 1941 totalled $5,402,243 according to the annual report. Net asset value per share on that date was $13.51 per share, compared with $15.51 per share on Dec. 31, 1940. The report states that the decline in net asset value per share during the year amounted to 12.9%, while Standard & Poor's 90 Stocks Index registered a decline of 17.9% and the Dow-Jones Industrial Average, a decline of 15.4%.

Gross income from dividends and interest for the year amounted to $455,880; and after expenses of $54,934, net income was $400,946, compared with net income of $336,733 for the year ended Dec. 31, 1940.

* * *

Massachusetts Investors Second Fund Inc.—Dec. 31, 1941

Massachusetts Investors Second Fund, Inc. reports that net assets totaled $6,641,735 at market values on Dec. 31, 1941, equivalent to $7.33 per share on the 905,872 shares of stock outstanding at that time, according to the annual report of the Fund. At the close of 1940, net assets were $7,172,541, equivalent to $8.66 per share on 828,255 shares then outstanding. The increase in the number of outstanding shares amounted to 9.4% for the year.

The report notes that dividends paid from investment income in 1941 totaled 47 cents per share, an increase of 7% from the figure for the previous year. Expenses for the year 1941 were 9.9% of the gross income, the lowest of any year since organization of the Fund.

* * *

Affiliated Fund, Inc.—Dec. 31, 1941

Assets of Affiliated Fund totalled $18,946,229. Net assets applicable to capital stock, after allowing for $10,000,000 4% debentures outstanding, amounted to $8,149,414, equivalent to $2.04 a share on 4,003,172 shares of $1.25 par value capital stock outstanding at Dec. 31, 1941. This compares with net assets of $2.30 per share on June 30, 1941.

The management of Affiliated Fund, Inc., which last month stated in a special communication to shareholders that it had reversed its policy of selling securities on rallies, which policy had been in effect for more than a year, and was beginning to buy stocks and bonds on market weakness, was able to employ about $1,500,000 of its cash reserve in this manner before the year-end market rally carried prices substantially higher.

Referring to the special communication to Affiliated shareholders, dated Dec. 26, 1941, Andrew J. Lord, President of the investment company, states in his annual report which is being mailed today to Affiliated shareholders:

"In that letter we stated that purchases for the portfolio had commenced in December as the market made new lows on the declaration of war. There were thus presented favorable investment opportunities for the use of part of the cash which had been built up earlier. During that month, almost $1,500,000 of our liquid assets were thus employed, but additional purchases were discontinued as the market rallied at the turn of the year. The audited statements show the composition of the portfolio at the year-end. Cash represented approximately 26%, having been reduced during the month of December from 34%.

"It will be clear, then, that we still have substantial reserve buying power; and this will be utilized, as stated in the special communication, on an accelerated basis in further market weakness."

McKendrew & Keeler Re-elected By Exchange

Edward L. McKendrew was reelected President of the Commodity Exchange, Inc., by the Board of Governors. Mr. McKendrew is the Vice-President of Armand Schmoll, Inc.

Floyd Y. Keeler, partner of Orvis Brothers & Co., was reelected Treasurer.

Governors 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. Pecot, resigned. Mr. Hope is a partner of Paine, Webber & Co.

Hide Group: George B. Bernheim, reelected; Milton R. Katzenberg, reelected.

Silk Group: Alexander D. Walker, reelected; Douglas Walker, reelected.

Metal Group: Ivan Reitler, reelected; Hans A. Vogelstein, reelected.

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

Non-Trade Group: Kuo C. Li, reelected.

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 $35,900,000 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 others. This undertaking involves $32,500,000 of 30-year mortgage bonds and $3,400,000 of preferred stock.

Confusion Aplenty

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

This time, however, he went far beyond anything he had intimated 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.

His latest blast came after the close of business on Saturday, but the market went into a tail-spin 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 3s, a good barometer of the general situation, backed off about 3 points from the recent high of around 105 to approximately 102.

Bid 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 thin markets.

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

Single Bid Issues

Some people in the trade have been inclined to wonder a bit on whether or not there might be a howl from Washington, if single bids became too frequent in the sale of new securities by corporations 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 banking units outside that syndicate to have formed another group if interested.

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 basis for bringing up the question of "restraint of trade" but with the business so widely spread, it seemingly was the belief that basis for 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 feel that such a development, if it comes to pass, could conceivably aid their business.

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

So far as the corporate seasoned market is concerned, it is argued any change in the present municipal status would be unlikely to affect it seriously. Quite the reverse, municipals, it is argued would have to adjust themselves along the lines of other taxables.

Forming Zuckerman Co.

Paul S. Zuckerman, member of the New York Stock Exchange, will form Paul S. Zuckerman & Co., 39 Broadway, New York City, on Jan. 31, in partnership with Joseph A. Esposito, who will act as alternate for Mr. Zuckerman on the floor of the Exchange under Sec. 15., Art. I. Mr. Zuckerman has been in business for some time as an individual floor broker.

To Get NYSE Membership

Charles Slaughter, partner in Slaughter, Horne & Co., 66 Beaver Street, New York City, commodity brokers, will acquire the New York Stock Exchange membership of Bernard J. Harrison on Feb. 5, his firm thereby entering the general brokerage field. Other partners in Slaughter, Horne & Co. are Frederic R. Horne, Philip H. Brandt, and Guy V. Gurney.

T. L. Lewis To Manage Bond Dept. For Mills

GREENVILLE, S. C.—H. T. Mills, 22 West Washington St., announced that Thomas L. Lewis has become associated with his firm as manager of the bond department. Mr. Lewis was formerly in business as an individual dealer in Greenville and was an officer of Lewis, Law & Hammond, Inc., and McAlister, Smith & Pate, Inc.

Gude Winmill Admits

Gude, Winmill & Co., 1 Wall St., New York City, members of the New York Stock Exchange, will admit Viola T. Winmill as a limited partner in the firm on Feb. 5.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 413)

Bad market or business news is still ahead. What form it will take, and when it will come to a head, I leave to others to say. That there will be further curtailment in civilian output is a virtual certainty. Taxes will also be higher. Some dividends will be cut others will be eliminated. Much of this may have been already discounted. I can't believe all of them have, if for no other reason than that nobody knows what lies ahead.

* * *

The kind of buying that forecasts things to come is no longer present. We have the SEC to thank for that. That leaves only the occasional investor and diminishing speculators to act on news they know as much about as you and I.

* * *

It can be supposed that such an advantage would be helpful. That is not the case. The "forecasting" buying of other days by what we mysteriously used to refer to as "they," used to give interpretive clues we know little about in present day markets. It's all well and good to read a surprising earnings report, but by the time one takes the report apart and decides whether it's good or bad the move—if there was any to speak of—is over.

* * *

Then there is the war to be taken into consideration.

* * *

Meanwhile the market is now again between hay and grass. Last week it violated a minor critical level. This week it has gone up, away from it; touched a resistance zone and backed away. Technically that puts the market back in a position, where a volume break-out in either direction (up or down) will give you the direction of the next move. It is my feeling, that whichever way the move will be, the clue, or rather the impetus, will come from news. Whether this news will be bad or good, I have no way of telling.

* * *

Winston Churchill warns that the news will be bad. But bad war news is something we have had so long, that I don't think that will be the motivating factor. I believe it will come from Washington and will have a direct bearing on business and its corrollary, the stock market.

* * *

Last week I advised selling the stocks recommended here weeks ago. If you have not done so, you can still do it. In some cases you may even get better prices than you could have gotten last week.

* * *

More next Thursday.

—Walter Whyte.

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

Rea, Fleek Oppose SEC Amendments

(Continued from page 410)
eral and constructive attitude" in administering the law.

The hearings on the proposed changes in the Securities Acts, which were suspended on Dec. 8 were resumed before the House Committee on Jan. 20, at which time John S. Fleek, of Cleveland, Ohio, President of the Investment Bankers' Association, speaking for that body warned the committee that the fast personnel tornover of Securities Exchange Commissioners sometimes has resulted in changes of policies which have handicapped the financial world. Advices from its Washington bureau to the New York "Journal of Commerce" reporting this, went on to say:

In a hearing on amendments to the Securities Exchange Acts of 1933 and 1934, Mr. Fleek urged an amendment to section 4 (a) of the 1934 Act which would increase the size of the commission from five to nine members, extend the tenure of office from five years to ten years, increase each commissioner's salary from $10,000 to $15,000, and provide for retirement pay at 70 years.

Mr. Fleek emphasized that since June, 1934, 14 men have been appointed to and have held office in the 5-man commission, and this does not take into consideration changes which are now pending. He added that a larger, more permanent commission, particularly if it were departmentalized, "would probably operate to permit the commissioners to familiarize themselves more thoroughly with the problems arising under the various acts assigned to them."

The 5-man commission, Mr. Fleek said, cannot properly administer the Securities Exchange Acts, plus the Public Utility Holding Company Act of 1935, Chapter X of the Bankruptcy Act of 1938, the Maloney Act of 1938, the Trust Indenture Act of 1939, dealers' registration provisions of the Securities Exchange Act, the Investment Companies Act of 1940, and the Investment Advisers Act of 1940. He presented charts to prove that the commissioners are overworked.

Representative William P. Cole (Dem., Md.) inquired of Mr. Ganson Purcell, SEC commissioner, the reason for the almost unprecedented turnover in the commission, and said that apparently Federal appointees were using the Commission merely as a springboard to better jobs.

Mr. Purcell replied that he did not know the reason for the turnover, and added that probably one reason was the fact that commissioners are singled out for better jobs.

Testifying in favor of some proposed amendments, Mr. Purcell said that the Government should grant more favorable credit terms to all members of exchanges.

"The Government should not give favored treatment to members merely because they are members" Mr. Purcell said. "Exchanges still have the desire to give members more favorable treatment than the public. Special credit facilities to favored members has a bad reaction on the public."

The commission will oppose proposed amendments extending special benefits to members, Mr. Purcell said.

Howland S. Davis, Executive Vice-President of the New York Stock Exchange, said that members of the exchange are operating on a sound basis, because of the fact that "liquid capital of member firms must be 15 to 1 for that of the customer, with a minimum of $50,000."

During the past three years there have been no failures on the New York Exchange, Mr. Davis said, and over a period of several years 98.182% of the members have remained solvent.

Mr. Davis criticized a proposed amendment which would give big legislative power to the Commission, permitting the Commission to make detailed regulations regarding everyday functions.

"Such power could handicap the course of honest business," he added.

Speaking of borrowing and lending, Mr. Davis said that 90% of borrowing of securities is done for out-of-town customers, and that borrowing and lending are important functions and should not be handicapped.

On Jan. 22 the National Association of Manufacturers declared the proxy proposals of the securities industry to be "the most serious threat to business and the most shocking attempt at class legislation on behalf of a special interest." From the Associated Press we quote:

The views were expressed by Frayser Jones of New York, Chairman of the association's sub-committee on industrial financing, as the House Interstate Commerce Committee resumed hearings on approximately 80 changes in the 1934 Securities and Exchange Act proposed by the securities industry.

The industry has recommended changes in proxy rules to require that issuers submit to security holders prior to meetings, the information required by the proxy rules and that the proxy section be made applicable not only to securities registered on national exchanges, but also to those having an interstate over-the-counter market or securities of corporations engaged in interstate commerce.

Another proposal assailed by Mr. Jones would extend to companies engaged in interstate commerce or whose securities are handled in an interstate over-the-counter market the requirements that officers, director and 10% stockholders report their transactions in equity securities of their companies.

Mr. Jones charged the proposal was "devised and presented" without "any submission to American businessmen," and "in fact we have known of a number of industrial executives who were astonished to learn that any such proposal had been formally submitted to Congress."

Mr. Jones said he could see "no possible justification for casting unjustified burdens on American medium-sized business enterprises just because another segment of the business community had felt the weight of Securities and Exchange Commission regulations."

"In essence," he added, "American business men can only oppose with the utmost vigor proposals for the selfish benefit of the New York city's Stock Exchanges where these would be at the expenses of industry."

The Securities and Exchange Commission has approved the proposal that information required by proxy rules be submitted to holders prior to meetings, but has not indorsed the suggestion to extend application of the proxy rules or reporting requirements to securities having an interstate over-the-counter market.

On the same day (Jan. 22) Frank Dunne, President of the New York Security Dealers' Association, spoke in opposition to the suggestions of the Exchange. Earlier reference to the views of President Rea of the Curb Exchange appeared in our Nov. 6 issue, page 924. Other references to the hearings before the House Committee were given in these columns Nov. 13, page 1038 and Dec. 4, page 1336 and 1338.

STANY Appoints 1942 Standing Committees

The Security Traders Association of New York, Inc., announces the appointment of the following standing committees for the current year:

Arrangements: Allen Moore, H. Hentz & Co., Chairman; James Musson, B. J. Van Ingen & Co., Inc.; Frank Pavis, Chas. E. Quincey & Co.; Gustave J. Schlosser, Edward A. Purcell & Co.; William T. Schmidt, Laird, Bissell & Meeds; Robert Strauss, Strauss Bros.; Joaquin Titolo, Harris, Upham & Co.; Walter Saunders, The Dominion Securities Corp.

Publicity: Chester deWillers, Schoonover, deWillers & Co., Inc., Chairman, and the three honorary members, Eliot Sharp, Herbert Seibert, and Louis Walker.

Auditing: John Reilly, J. F. Reilly & Co., Chairman; Oliver Kimberley, J. K. Rice, Jr. & Co.; and David R. Mitchell, David R. Mitchell & Co.

Reception: James McGivney, Hornblower & Weeks, Chairman; Frank Bowyer, Schwabacher & Co.; Henry Bruns, H. G. Bruns & Co.; Stanley Eaton, P. J. Steindler & Co.; John French, A. C. Allyn & Co., Inc.; John Kassebaum, Winthrop, Whitehouse & Co.; Charles King, Charles King & Co.; Thomas A. Larkin, Goodbody & Co.; John J. O'Kane, John J. O'Kane, Jr. & Co.; and Wilbur Wittich, Bond & Goodwin Incorporated.

Tax and Legislation: John Laver, R. F. Gladwin & Co.; P. Fred Fox, P. F. Fox & Co.; T. Frank Mackessy, Abbott, Proctor & Paine; Fred W. Preller, Eastman, Dillon & Co.; and Willis Summers, Hoit, Rose & Troster.

Municipal: James Musson, Chairman; Frederick M. Grimshaw, Barr Bros. & Co.; Jack B. Hanauer, J. B. Hanauer & Co.; Louis Lebenthal, Lebenthal & Co.; James Maguire, James A. Maguire & Co.; Harry Peiser, John B. Carroll & Co.; and Roger Phelps, Campbell, Phelps & Co.

Bowling: Wilfred Conary, B. W. Pizzini & Co., Chairman; Wellington Hunter, Hunter & Co.; and Walter Mewing, D'Assern, O'Neil & Co., Inc.

Forthcoming activities already scheduled are: Inter-City Bowling match between New York and Philadelphia, on Feb. 11th at New York; the annual winter dinner, April 17th.

There is an important question coming up in reference to State Tax Stamps; the Association Committee is already at work on the situation and will present a report to the members shortly.

Arthur Bierma In Buffalo

BUFFALO, N. Y.—Arthur G. Bierma has opened offices at 730 Ashland Avenue to conduct a securities business.

Swan & Kantzler To Be E. F. Hutton Partners

Joseph E. Swan and George R. Kantzler, member of the New York Stock and Curb Exchanges, partners in J. E. Swan & Co. which will dissolve on Jan. 31, will be admitted to partnership in E. F. Hutton & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Frederick W. Thoben, also a partner in the Swan firm, will also become associated with E. F. Hutton & Co., taking over the work of enlarging its research and advisory departments.

Mr. Swan's admission to E. F. Hutton & Co. will not affect his interest in Swan, Culbertson & Fritz, 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 Buenos Aires office will continue. Mr. Swan, pioneer American broker in the Far East and South America, was also interested in Swan, Devin & Co. in Tokio, which closed in 1932 when Japanese exchange control restrictions made business impossible. Swan, Culbertson & Fritz, for years the largest factor in Far Eastern business in American securities, entered the South American field about three years ago, and has a corporate affiliate engaged in introducing American capital into South America.

E. F. Hutton & Co. has been doing business since 1904 under its original name.

Calendar of New Security Flotations

OFFERINGS

DIANA STORES CORP.

Diana Stores Corp. filed registration statement with SEC for 20,000 shares of 6% cumulative convertible preferred stock, and 60,000 shares common stock, $1 par value

Address—519 Eighth Ave., New York City

Business—Operates a chain of 25 retail women's apparel stores, located in Florida, Georgia, North and South Carolina, Alabama and Virginia. Company does no manufacturing

Underwriters—Smith, Burris & Co., Chicago, and Tobey & Co., New York

Offering—20,000 shares of 6% cumulative convertible preferred stock and 20,000 shares of common stock will be offered to the public, in units consisting of one share of preferred and one share of common stock, at $14 per unit. Underwriting commission is $2.10 per unit. Remaining 40,000 shares common stock are reserved for issuance upon the conversion of the preferred stock

Proceeds will be added to working capital

Registration Statement No. 2-4915. Form S2. (12-17-41)

Effective 12:00 noon EST on Jan. 6, 1942

Offered Jan. 28, 1942 in units of one share of preferred and one share of common at $14 per unit

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, FEB. 1

TRUSTEED ESTATES OF OREGON

Trusteed Estates of Oregon filed a registration statement with the SEC for a maximum of 500 Periodic Payment Plan Agreements

Address—Portland, Ore.

Business — Company is an investment trust. Proceeds of payments made by investors on the Agreements, and dividends and earnings realized thereon, less authorized deductions, will be used by company to purchase shares of Selected American Shares, Inc., a registered investment company of the management open-end type. These shares will be deposited in the custody of the Title and Trust Co., pursuant to a Custody Agreement

Underwriting and Offering — Periodic Payment Plan Agreements will be issued calling for the total payment of $1,800, $4,500, $9,000, $13,500, $18,000 or multiples thereof by the purchasers and the reinvestment of dividends and earnings thereon. The total aggregate offering price of the units to be embraced in the agreements registered is $900,000 plus reinvestment of dividends, the amount of which is undeterminable. The Agreements are sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4930. Form C1 (1-13-42)

TUESDAY, FEB. 3

TRUSTEED ESTATES OF WASHINGTON

Trusteed Estates of Washington filed a registration statement with the SEC for a maximum of 667 Periodic Payment Plan Agreements

Address—Seattle, Wash.

Business—This investment trust issued "agreements," under which the proceeds of payments made by the investors, and dividends and earnings realized thereon, less authorized deductions, will be used to purchase shares of Selected American Shares, Inc., a registered investment company of the management open-end type. These shares are and will be deposited in custody of the Seattle Trust & Savings Bank, Seattle, Wash., pursuant to a custody agreement

Underwriting and Offering—The Periodic Payment Plan Agreements registered with the SEC call for the total payment of $1,800, $4,500, $9,000, $13,500, $18,000 or multiples thereof by the purchasers, and the reinvestment of dividends and earnings thereon. The total aggregate offering price of the units to be embraced in the agreements registered with the SEC in this statement is $1,200,000 plus reinvestment of dividends, the amount of which is undeterminable. The offering is sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4931. Form C1 (1-15-41)

TUESDAY, FEB. 10

FISHER BROTHERS CO.

Fisher Brothers Co. has filed a registration statement with the SEC for $1,000,000 of 15-year Sinking Fund Debentures, due 1957. Interest rate will be supplied by amendment to the registration statement.

Address—Cleveland, Ohio.

Business—Operates a chain of retail food stores.

Underwriting—Principal underwriter is Merrill Lynch, Pierce, Fenner & Beane; others will be named by amendment.

Offering—Public offering price of the Debentures will be supplied by amendment.

Proceeds will be applied toward the payment of all outstanding bank loans of the company.

Registration Statement No. 2-4932. Form A2 (1-22-42-Cleveland)

THURSDAY, FEB. 12

RELIANCE ELECTRIC & MANUFACTURING CO.

Reliance Electric Manufacturing Co. filed registration statement with SEC for 7,500 shares of $5 Cumulative Convertible Preferred Stock, no par value; and 37,500 shares of common stock, $5 par value, the latter to be reserved for issuance upon exercise of the conversion privilege of the preferred stock.

Address—Cleveland, Ohio.

Business—Engaged in the manufacture and sale of electric motors, generators, motor-generator sets, mine motors, etc.

Underwriting and Offering—The preferred stock will be offered to the public; offering price and names of the underwriters will be supplied by later amendment.

Proceeds will be used to restore cash reserve of company, and for working capital.

Registration Statement No. 2-4933. Form A2 (1-24-42-Cleveland)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the amount of each issue underwritten by each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Amendments filed Dec. 9, Dec. 27, 1941 and Jan. 13, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business—Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Exchange offer and sale of stock has been postponed.

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2 and Jan. 21, 1942 to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941 and Jan. 9. 1942

IOWA SOUTHERN UTILITIES CO. OF DELAWARE

Iowa Southern Utilities Co. of Del. has filed a registration statement with the SEC for $10,000,000 first mortgage 3½% bonds, due Dec. 1, 1971, and $5,160,000 of 4½% sinking fund debentures, due Dec. 1, 1971

Address—Centerville, Ia.

Business—Principal business of this public utility operating company is that of generating, distributing and selling electrical energy for light, heat and power, serving 134 communities at retail in 24 counties in the southern and southeastern parts of Iowa, Also, manufactures and sells artificial gas to several communities in that area, as well as steam heat

Underwriters—W. C. Langley & Co., New York, and Halsey, Stuart & Co., Inc., Chicago, are named principal underwriters; the names of the other underwriters will be furnished by later amendment to the registration statement

Offering—The bonds and debentures will be sold to the public, at prices to be supplied by amendment to the registration statement

Proceeds, together with other funds of the company will be used to redeem the following issues of bonds of the company: $10,000,000 first mortgage 4s, due May 1, 1970; $2,660,000 general mortgage sinking fund 4½s, due May 1, 1950; and $2,500,000 of 6% series A debentures, due May 1, 1950, requiring an aggregate of $15,854,700, exclusive of accrued interest on the bonds to be redeemed

Registration Statement No. 2-4921. Form A2. (12-27-41)

Amendment filed Jan 14, 1942 to defer effective date.

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅓ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — **Lambert-St. Louis Municipal Airport, Robertson, Mo.**

Business—Engaged in designing and desand selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅓ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 P.M., E.S.T., on Oct. 8 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941

MERCHANTS & MANUFACTURERS SECURITIES CO.

Merchants & Manufacturers Securities Co. has filed a registration statement with the SEC for $1,081,000 of 10-year 4½% debentures, due Sept. 1. 1950

Address—231 South La Salle St., Chicago, Ill.

Business—Through its subsidiaries, is engaged in the small loans business

Underwriting and Offering—The debentures are outstanding in the hands of the public and have been registered with SEC under Securities Act of 1933 solely for the purpose of obtaining the assent of the holders of not less than a majority in principal amount thereof to modify certain provisions of the indenture under which the debentures have been issued. Smith, Burris & Co., Chicago, is to assist company in obtaining such assents. Major modification of indenture being sought is to permit release from covenants thereof of not to exceed 62,484 shares of common stock of Domestic Finance Corp. now owned by Merchants & Manufacturers Securities Co. It is present intention of company to dispose of such shares either in exchange for or to utilize the proceeds of the sale thereof for the purchase of shares of participating preferred stock of the company

Registration Statement No. 2-4912. Form A2. (12-12-41)

Amendments filed Dec. 27, 1941 and Jan. 13, 1942, to defer effective date

Registration Statement withdrawn Jan. 22, 1942

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10 and Jan. 26, 1942 to defer effective date

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — **Aquila Court Bldg., Omaha, Nebraska**

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co. and are to be offered to public for the account of American Light & Power Co

The 355,250 additional shares orginally registered with the SEC on April 21, 1941 for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. filed registration statement with SEC for $10,000,000 first mortgage and first lien series "C" 3% bonds, due Jan. 1, 1962, and 150,000 shares cumulative preferred stock, $100 par value. Dividend rate on the preferred stock will be supplied by amendment

Address—1221 Baltimore Ave., Kansas City, Mo.

Business—Engaged in the production, purchase, transmission and sale of natural gas, major part of which is sold to gas transmission and gas distribution companies for resale

Underwriting and Offering — Approximately 14,000 shares of the preferred stock will be offered for subscription to holders of 63,566 shares of its outstanding common stock who have not waived their preemptive rights to subscribe for the new preferred stock, at the rate of one share of the preferred for each 5⅓ shares of common stock; the subscription price will be supplied by amendment. The remaining shares of preferred stock not required for such exchange offer, together with all of the bonds, will be sold by company under competitive bidding, pursuant to Rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters and the public offering prices, will be supplied by amendment

Proceeds will be applied to the redemption of all the company's outstanding class A preferred stock; to the purchase from Columbia Gas & Electric Corp. of all the outstanding securities (stock and debt) of Michigan Gas Transmission Corp. and Indiana Gas Distribution Co.; to purchase from Ohio Fuel Gas Co. of natural gas pipe lines in Indiana and Ohio; and the balance to pay part of the cost of authorized construction work

Registration Statement No. 2-4919. Form A2. (12-24-41)

Effective—11:45 a.m. E.S.T. on Jan. 21, 1942 as of 4:45 p.m. E.S.T. Jan. 12, 1942

PENNSYLVANIA ELECTRIC CO.

Pennsylvania Electric Co. registered with SEC $32,500,000 first mortgage bonds, due Jan. 1, 1972, and 34,000 shares Series A cumulative preferred stock, $100 par. The interest rate on the bonds and the dividend rate on the preferred stock, will be supplied by amendment to the registration statement

Address—222 Levergood St., Johnstown, Pa.

Business—This company, controlled by Trustees of Associated Gas & Electric Corp., is engaged chiefly in the production, purchase, transmission, distribution and sale of electricity for lighting, heating, industrial and general utility purposes, serving a territory in Western Pennsylvania extending from the Md.-Pa. State line northerly to Lake Erie

Underwriting and Offering—The bonds and preferred stock will be sold by company under competitive bidding rule U-50 of SEC's Public Utility Holding Company Act. Names of underwriters and public offering prices will be supplied by amendment to registration statement. The Invitations to bid for the securities specify that the company is to receive not less than 103 for the bonds and not less than $100 per share for the preferred stock

Proceeds will be used to redeem all of the outstanding funded debt of the company and Erie Lighting Co. and for property additions

Registration Statement No. 2-4929. Form A2 (1-9-42)

SCHENLEY DISTILLERS CORP.

Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company. Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

Amendment filed Jan. 13, disclosing a coupon rate of 3¼% for the $10,000,000 10-year sinking fund debentures, and a coupon rate of 4% for the $17,500,000 15-year sinking fund debentures

The amendment named the underwriters of the issues as follows: Mellon Securities Corp.; Alex Brown & Sons; A. C. Allyn & Co.; Bear, Stearns & Co.; Blair & Co.; Blyth & Co.; Bonbright & Co.; Central Republic Co.; Dean Witter & Co.; Dillon, Read & Co.; Eastman, Dillon & Co.; Emanuel & Co.; Estabrook & Co.; the First Boston Corp.; Hallgarten & Co.; Harris, Hall & Co.; Hayden, Miller & Co.; Hemphill, Noyes & Co.; J. J. B. Hilliard & Son; W. E. Hutton & Co.; Jackson & Curtis; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard Freres & Co.; Lee Higginson Corp.; Carl H. Loeb, Rhoades & Co.; Laurence H. Marks & Co.; Merrill Lynch, Pierce, Fenner & Beane; Moore, Leonard & Lynch; F. S. Moseley & Co.; Paine, Webber & Co.; Parrish & Co.; E. H. Rollins & Sons; Riter & Co.; Schwabacher & Co.; Shields & Co.; Singer, Deane & Scribner; Stein Brothers & Boyce; Stone & Webster and Blodgett; Stroud & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Wertheim & Co., and Whiting Weeks & Stubbs

(This List Is Incomplete Today)

Sees Tax On Municipals As Unconstitutional

The Bond Club of New Jersey at its luncheon meeting at the Robert Treat Hotel in Newark, heard Austin J. Tobin, Secretary of the Conference on State Defense, denounce the attempt of the Federal Government to levy a tax upon the income from state and municipal bonds as threatening the very existence of the states as independent units of government.

The Conference on State Defense has been opposing the imposition of a federal tax on municipal bonds for the past four years. The organization consists of mayors, corporation counsels, attorneys general of the states, and other local public officials throughout the nation, who have united to resist federal interference with their local fiscal affairs.

In discussing the fiscal effects of the proposed tax, Mr. Tobin pointed out that while all experts were agreed that such a tax would increase the cost of local borrowing from 20% to 30%, that the ultimate effect of such an increase would in many cases destroy altogether the power of the cities to finance themselevs at all. He quoted from recent estimates by Professor Harley L. Lutz of Princeton, which indicated that a federal tax on New Jersey municipal bonds would ultimately increase local tax rates in New Jersey as follows: Jersey City, $1.02 per $1,000; Newark, $1.03 per $1,000; Camden, $1.68 per $1,000; Paterson, $.85 per $1,000, and Trenton, $1.12 per $1,000.

In summing up the effects of a federal tax on local securities, Mr. Tobin said:

"1—If the Congress has power 'by simple statute' to tax state and municipal bonds, it has, inevitably, the power to control state and municipal financing, for whether or not the power to tax is the power to destroy, it is very positively the power to control;

"2—Without the independent control of its own financing, no government can continue as a free and independent state;

"3—And free and independent local self-government is the entire basis of political democracy."

Charging that the current attempt to clothe this proposal in the garments of national defense was sheer hypocrisy, Mr. Tobin said, "Everyone knows that no current revenue whatever could be obtained by federal tax on future issues of state bonds. Indeed, no substantial revenue from this source could be obtained for from 10 to 20 years."

In concluding his discussion Mr. Tobin said "this proposal is economically unsound, it is unconstitutional, it is based upon a theory of tax evasion not supported by the facts, and it directly threatens the borrowing power of local government."

Investment Groups Aid Treasury In Selling Tax Savings Notes

The nation's leading investment organizations have offered their services entirely on a volunteer basis to acquaint investors with the Government's plan of saving for taxes by the purchase of Treasury Tax Savings Notes, and to aid in the sale of the Notes, Secretary Morgenthau announced on Jan. 26. The Treasury announcement says:

The offer of cooperation was made at a meeting with Treasury officials by James F. Burns, Jr., President of the Association of Stock Exchange Firms; Wallace H. Fulton, Executive Director of the National Association of Securities Dealers; Emil Schram, President of the New York Stock Exchange; and John S. Fleek, President of the Investment Bankers Association of America. These investment organizations represent some 3,500 member firms in all parts of the United States with an estimated sales personnel totaling about 20,000.

The Treasury has accepted this offer and has printed a special folder to help them explain to investors the reason why they should invest funds regularly for future tax payments, particularly Federal income taxes, gift taxes, and estate taxes.

The representatives of the various firms represented by the cooperating associations will point out to clients the desirability of these Tax Savings Notes as an important part of a well-balanced investment plan, says the Treasury advices, which also state:

In letters to their members, the Investment Bankers Association, National Association of Securities Dealers, the New York Stock Exchange, and the Association of Stock Exchange Firms say:

The facilities of the industry are again placed at the disposal of the United States Government and the Treasury Department for the purpose of acquainting the public with the advantages of purchasing Tax Savings Notes.

These Notes offer an opportunity to render a worthwhile investment service to our customers and, at the same time, contribute materially, through our specialized knowlege and experience, to the nation's war effort. It is good investment advice to urge people to set aside for tax payments a portion of income as it is received.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Jan. 26 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Jan. 28 and to mature April 29, 1942, which were offered on Jan. 23, were opened at the Federal Reserve Banks on Jan. 26. The following details of this issue are revealed:

Total applied for...$371,501,000
Total accepted 150,074,000
Range for accepted bids (excepting two tenders totaling $105,000):
High—99.975. Equivalent rate approximately 0.099%.
Low—99.934. Equivalent rate approximately 0.261%.
Average Price—99.942. Equivalent rate approximately 0.231%.
(15% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 28 in amount of $150,010,000

Chicago Bond Club To Hold Annual Meeting

CHICAGO, Ill.—The 31st annual meeting of the Bond Club of Chicago will be held at the Palmer House at 12:15 p.m. on Feb. 7th. This luncheon meeting will replace the Club's annual dinner which will not be held this year.

The following have been nominated for officers for the coming year by the Nominating Committee: Edward C. George, Harriman Ripley & Co., Inc., President; Charles K. Morris, Charles K. Morris & Co., Inc., Secretary; George H. Willis, First Boston Corp., Treasurer.

Board of Directors (in addition to officers): Ralph, Chapman, Farwell, Chapman & Co.; Eugene Hotchkiss, Blair, Bonner & Co.; J. M. Maxwell, Northern Trust Co.; Paul L. Mullaney, Mullaney, Ross & Co.; J. Sanford Otis, Central Republic Co.; and R. H. Petersen, The Illinois Company of Chicago.

Phila. Traders Get Defense Savings Bonds

PHILADELPHIA, Pa. — The January dinner of the Investment Traders Association of Philadelphia was pronounced a huge success by the 450 traders attending. In a special trading market, more than two thousand dollars in U. S. Defense Savings Bonds was awarded.

A two hundred dollar bond went to C. Stewart Alcorn, Jr. of Eastman, Dillon & Co.; one hundred dollar bonds to W.W.Wimer, Jr. of Harper & Turner and Flora Burgin of Hecker & Co.; fifty dollar bonds to R. D. Wood, Wright, Wood & Co., C. Howie Young, W. L. Morgan & Co., John E. Meyers, Jr. of Gordon Graves & Co. (New York), and E. Cristy. Fifty-eight other awards of twenty-five dollar bonds were made.

Floyd Justice, President of the Association, presided.

L. A. Exchange Names Four New Governors

LOS ANGELES, Calif. — The members of the Los Angeles Stock Exchange at their annual meeting elected four new members to the board of governors, instead of the usual three: Edward Calin, Crowell, Weedon & Co.; George E. Jones, Mitchum, Tully & Co.; Carey S. Hill, Hill, Richards & Co.; and R. N. Gregory, R. N. Gregory & Co., who will fill the unexpired term of W. G. Paul, now serving full time as Executive Secretary of the Exchange.

Write for Booklet

A booklet, "Coca-Cola in Panama," telling the story of the Panama Coca-Cola Bottling Company and giving a brief history of the Republic of Panama and the Canal Zone has been prepared for distribution by Elder & Co., 14 Wall Street, New York City, members of the New York Stock Exchange.

It points out that there is a relative lack of unemployment and very little, if any, poverty in the country due to the steady inflow in payrolls of United States money estimated to be well in excess of $5,000,000 per month.

The Panama Coca-Cola Bottling Company holds a franchise which gives it exclusive rights to bottle and distribute bottled Coca-Cola in Panama and the Canal Zone.

Copies of the booklet may be had from Elder & Co. upon request.

Holton & Kimbrough Now With W. L. Lyons & Co.

(Special to The Financial Chronicle)

LEXINGTON, KY.—William B. Holton, formerly president of Holton, Foster & Co., Incorporated, and Reese McKee Kimbrough, who was also with the same firm, have become associated with W. L. Lyons & Co., La Fayette Hotel Building. In the past Mr. Holton was an officer of J. D. Van Hooser & Co. and was a partner in Bacon, Whipple & Co. of Chicago.

First Nat'l Of Memphis Promotes Davis, Crossett

MEMPHIS, TENN. — Joe H. Davis and E. Gordon Crossett have been promoted to assistant managers of the bond department of the First National Bank of Memphis, it is announced by Norfleet Turner, Executive Vice-President of the bank.

Mr. Davis has been with the bank since 1928, representing the bond department in Mississippi. Mr. Crossett, with the institution since 1927, has represented the bank in Arkansas.

UP-TOWN AFTER 3

NEW MOVIES

"Kings Row" (WB), starring Ann Sheridan and Robert Cummings, with Ronald Reagan, Betty Fields, Charles Coburn, Claude Rains, Judith Anderson, Maria Ouspenskaya and others. Directed by Sam Wood. . . . A stirring tale of unrelieved grimness about a group of children living and growing up in a small town. One of the boys becomes a psychiatrist, another becomes a playboy, loses his money, and through the criminal operation of a surgeon, who 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 disorders weaves its path. At first there is the wife of a mysterious Dr. Tower, who is hidden away, and later there is her daughter, now grown up, who also shuns her old playmates. Suicides, death by violence and malpractises also leave their mark on a story that is completely devoid of humor. This 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 tracks who marries the boy when he loses both legs, gives an outstanding performance. Robert Cummings does as well as can be expected, even though he seems miscast as the sensitive boy who grows up to be a psychiatrist. Ronald Reagan as the town blood who marries beneath him does well. However, the best job is turned in by Betty Fields, daughter of the mysterious Dr. Tower (Claude Rains), who is doomed to a life of misery. This is an adult movie dealing with adult subjects. You will either like it a lot or you will remember it with distaste. There will be no half way measures. It is that kind of a picture. . . . **"Bugle Sounds" (MGM), starring Wallace Beery, with Marjorie Main, Lewis Stone, George Bancroft and others. Directed by S. Sylvan Simon. . . .** A typical Wallace Beery story with a different background. In this one the blustering Beery is a top sergeant in a cavalry outfit that is being mechanized. Naturally, he doesn't like it, a condition that he confides to everybody, particularly his light 'o love, Marjorie Main, who runs the local restaurant. Later through a series of incidents and accidents he is dishonorably discharged and takes up with a gang of saboteurs. Subsequently it develops that it was all a plant. Beery wasn't actually cashiered out of the Army, he was detailed to run down the spies. . . . **"Corsican Brothers" (United Artists release); the Dumas story, with Douglas Fairbanks, Jr.,** in a swashbuckling drama full of flowery speeches, heroic poses and a "justice will triumph" motif. A vendetta separates two brothers born as Siamese twins. Both brothers go different ways and on their 21st birthday meet to mete out justice. Best performance by Akin Tamiroff, the villain. Children will like the movie.

NEW YORK NIGHT LIFE

Despite the war and its stifling effect on night life, new restaurants and new night clubs are opening in New York almost daily. Among the newest is the **"1-2-3,"** a restaurant that gets its name from the address—123 E. 54th. Sponsored by **Mrs. Paul Mellon, Leonard Hanna, J. J. Hill 2nd, Cole Porter, Dwight Wiman** and **Roger Stearns,** it promises to be one of the leading places of its kind in the city. From its ankle deep carpets to its subdued lighting effects it represents magnificence with a capital "M." The food here is excellent, particularly some of the sauces concocted by **Paul Gatti,** the headwaiter. Despite the fact that the place is open from cocktails until the wee wee hours there is no organized entertainment and no dancing. **Roger Stearns,** host, plays the piano but most of the people here go in for games. The current favorites seem to be such mysterious things like "Thumbs Up," "Bonanza," or "Dig," in addition to such old standbys as gin rummy and back gammon. How they're played or what they're all about I haven't the slightest idea. All I know is that Parker Bros. makes them. In any case the night I was at the **"1-2-3"** I saw Merle Oberon, Alexander Korda, Douglas Fairbanks, Maurice Evans and such people deeply immersed in their mysteries. . . . Another newcomer to the city's night club list is the **Club Whitaker (142 E. 53d).** This place is run by a triumverate, consisting of **Clarence Whitaker,** former stock broker, **John Rice,** formerly with the Waldorf-Astoria, and **Albert Fusco,** whose Fusco's Restaurant in the Wall Street district has been a landmark for 35 years. **Club Whitaker** is a pleasant place with entertainment and music by a good orchestra, **Alex Botkin's.** One of the vocalists in the orchestra, a young man, **Art Young,** sings better than just all right. . . . Among the old favorites, **Spivy's,** that place on top of an office building, 57th St. and Lexington Ave., keeps things humming. Currently there are two reasons: **The Revuers** and **Hildegarde Halliday. The Revuers** are five youngsters, two girls and three boys, whose satirical lampoonings keep the crowds at **Spivy's** in stitches. The last time I saw the **Revuers** they were playing in a small night club in the Village. I thought they were grand then; they are, if anything, better today. **Miss Halliday** does devastating caricatures of people we know. Her interpretation of the curling pin demonstrator in the 5 and 10c. store is as funny as anything I have seen in a long time. And her Southern Belle, who is "simply dying to meet the doctor, or the lawyer, or the navy," are calculated to make you hysterical with laughter. **Spivy's** is an intimate sort of place—that means it's small—has no dancing, but is a good spot to visit late.

P. McDonnell Dead

Peter McDonnell, a partner in McDonnell & Co., 120 Broadway, New York City, New York Stock Exchange members, died Jan. 24 at the age of 63. For many years he represented important Italian steamship interests in New York and was an official of the Old Dominion Steamship Company. He had been a Director of the Seaboard National Bank and the Chase National Bank, but resigned from both positions when he became a member of McDonnell & Co.

Maples & Goldschmidt Celebrate Fifty Years

Maples & Goldschmidt, of South Norwalk and Danbury, Conn., members of the New York Stock Exchange, are celebrating the fiftieth anniversary of the founding of the firm Feb. 1, 1892.

Originally founded by E. A. Boehme in Norwalk, the business was taken over by the late Alfred Goldschmidt, an employee of Mr. Boehme, upon the death of the latter in 1900. William K. Maples, of Norwalk, entered into partnership and the present title was adopted. At the same time, the business was moved to its present location in the South Norwalk Trust Company Building.

Mr. Maples retired from the firm in January, 1938, and shortly thereafter Charles Goldschmidt, of Norwalk, manager of the investment department, and Berkley H. Hill, manager of the Danbury office, were admitted as partners. Mr. Goldschmidt purchased a seat on the New York Stock Exchange and the firm became members July 28, 1938.

Upon the death of Alfred Goldschmidt on Feb. 13, 1940, active management of the business was assumed by the surviving partners, although his interest in the firm continues with Judge Louis Goldschmidt, of the Norwalk Probate Court, as trustee.

The anniversary of the firm also marks the fifteenth anniversary of its Danbury office, which was established in the Pershing Building by Mr. Hill on Feb. 1, 1927. The office was moved to larger quarters in the newly remodeled City National Bank & Trust Company Building in 1931.

The firm has for many years specialized in bank and insurance stocks, bonds, and the securities of many Connecticut industrial and public utility companies.

Hart Isaacs Opens

BEVERLY HILLS, CALIF.—Hart Isaacs has opened offices at 9441 Wilshire Boulevard to engage in a securities business. Mr. Isaacs was recently an officer of Isaacs Brothers Company and in the past was with Schwabacher & Co.

Congress Adopts Price Control Bill Report

The Senate on Jan. 27 passed by a vote of 65 to 14 the conference report on the so-called Price Control Bill and sent it to the President. The House on Jan. 26 gave its approval to the report by a vote of 286 to 112. The bill vests in an administrator the power to fix prices of all commodities except farm products for which few ceilings were specified, but permitting a ceiling on farm prices if the Secretary of Agriculture agrees. The Act would not apply to producers, publishers or sellers of newspapers, books, magazines, motion pictures, outdoor advertising, or radio broadcasting. The bill also exempts professional services.

The bill is claimed by some to be inadequate to halt inflation and it is maintained that Congress was lax in refusing to include overall control of wages, commodity prices, industrial profits, rents and other elements entering into the price structure.

Special advices to the New York Times from Washington on Jan. 27 by Henry N. Dorris, gave briefly the terms of the measure as follows:

Its powers terminate June 30, 1943, unless sooner ended by Executive proclamation or by concurrent resolution of Congress.

It vests in a single administrator the power to fix prices of all commodities except farm products, for which four floors were specified, but permitting a ceiling on farm prices if the Secretary of Agriculture agrees.

It prohibits any person or concern from delivering any commodity at a price above that set by the administrator. For purposes of enforcement, the administrator may license wholesale and retail dealers in any commodity, and revoke licenses for violations of the law.

Violators are subject to a $5,000 fine and a year's imprisonment. Officials of the government divulging information relating to prices other than in their official capacity, or using such information for personal gain, are subject to a $5,000 fine and four years' imprisonment.

If persons are aggrieved by the administrator's ruling as to prices, or for revocation of a license, they may appeal to "the emergency court of apepals," an agency set up in the bill for purposes of review.

Aids Brokers, Dealers Selling Defense Bonds

To facilitate the proposed sale of defense securities by brokers and dealers, the Securities and Exchange Commission on Jan. 21 amended its rules so as to make it unnecessary for such persons to make the usual bookkeeping entries or to send out written confirmations as required by such rules for other transactions. This action, said the Commission, was taken in view of the proposal of certain national securities exchanges and associations of over-the-counter brokers and dealers to sell defense securities without compensation (see issue of Jan. 22, page 313). The amended rules apply not only to Defense Savings Bonds and Stamps but also to Tax Savings Notes issued by the Treasury.

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 pick up blocks of the exempts closest to par. . . . Some major switches out of the taxables into the exempts have been made too. . . .

It all confirms the comment made here weeks ago—that there's considerable profit to be made in primary switches from one section of the list to the other in accordance with psychological—and therefore price—swings. . . . For a few weeks, the taxables had the run. . . . Now it's the turn of the tax-exempts. . . . And soon, no doubt, the pendulum will move back again. . . .

Persistent story around Wall Street is that action will be taken by Congress to cut the normal corporate tax and boost the surtax rate to record-high levels. . . . The purpose of that, of course, would be to nullify whatever advantage lies in holding the exempts. . . . There doesn't appear to be any confirmation of the story—but it continues alive and is repeated in every bond house as a reason for viewing the exempts and their high prices with suspicion. . . .

Maybe. . . . Certainly no forecast can be made on this with any feeling of confidence. . . . The tax bill still has to be drawn. . . . Pressure groups still have to get to work. . . . Anything is possible. . . .

But lowering the normal tax rate simply doesn't sound logical. . . . That provision is aimed 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 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 nature. . . .

So the exempts still seem safe. . . .

Tap Issues

But there are other developments of fundamental significance in the Government market. . . . One concerns the probability of the issuance of tap securities by the Treasury soon. . . . The other involves the possibility that in the not too distant future, the Treasury will sell to the Federal Reserve Banks, non-interest-bearing, non-negotiable obligations. . . .

Federal Reserve Board Chairman Eccles put out the first "feeler" on the adoption of the tap method of financing by the Treasury a week ago in an address before the New York State Bankers Association. . . . 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 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 only trouble is 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 distributors of the securities, however. . . .

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

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Non-Interest Bonds

On this subject, the clues are not as distinct. . . . But they're present nonetheless. . . . In conversations concerning the inflationary implications of selling non-interest bonds to the commercial banks (!) . . . In discussion of the advisability of restricting the sale to the Federal Reserve Banks. . . . In studies of the powers to do this already at the disposal of the Treasury. . . . And, finally, in the statement of Representative Patman, Democrat of Texas, that he would "vigorously insist" on early Congressional consideration of a measure providing for the issuance of non-interest bonds to the Reserve Banks. . . .

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Maples & Goldschmidt Celebrate Fifty Years

Maples & Goldschmidt, of South Norwalk and Danbury, Conn., members of the New York Stock Exchange, are celebrating the fiftieth anniversary of the founding of the firm Feb. 1, 1892.

Originally founded by E. A. Boehme in Norwalk, the business was taken over by the late Alfred Goldschmidt, an employee of Mr. Boehme, upon the death of the latter in 1900. William K. Maples, of Norwalk, entered into partnership and the present title was adopted. At the same time, the business was moved to its present location in the South Norwalk Trust Company Building.

Mr. Maples retired from the firm in January, 1938, and shortly thereafter Charles Goldschmidt, of Norwalk, manager of the investment department, and Berkley H. Hill, manager of the Danbury office, were admitted as partners. Mr. Goldschmidt purchased a seat on the New York Stock Exchange and the firm became members July 28, 1938.

Upon the death of Alfred Goldschmidt on Feb. 13, 1940, active management of the business was assumed by the surviving partners, although his interest in the firm continues with Judge Louis Goldschmidt, of the Norwalk Probate Court, as trustee.

The anniversary of the firm also marks the fifteenth anniversary of its Danbury office, which was established in the Pershing Building by Mr. Hill on Feb. 1, 1927. The office was moved to larger quarters in the newly remodeled City National Bank & Trust Company Building in 1931.

The firm has for many years specialized in bank and insurance stocks, bonds, and the securities of many Connecticut industrial and public utility companies.

Hart Isaacs Opens

BEVERLY HILLS, CALIF.—Hart Isaacs has opened offices at 9441 Wilshire Boulevard to engage in a securities business. Mr. Isaacs was recently an officer of Isaacs Brothers Company and in the past was with Schwabacher & Co.

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Congress Adopts Price Control Bill Report

The Senate on Jan. 27 passed by a vote of 65 to 14 the conference report on the so-called Price Control Bill and sent it to the President. The House on Jan. 26 gave its approval to the report by a vote of 286 to 112. The bill vests in an administrator the power to fix prices of all commodities except farm products for which few ceilings were specified, but permitting a ceiling on farm prices if the Secretary of Agriculture agrees. The Act would not apply to producers, publishers or sellers of newspapers, books, magazines, motion pictures, outdoor advertising, or radio broadcasting. The bill also exempts professional services.

The bill is claimed by some to be inadequate to halt inflation and it is maintained that Congress was lax in refusing to include overall control of wages, commodity prices, industrial profits, rents and other elements entering into the price structure.

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