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OUR REPORTER'S REPORT

Now it begins to look as though underwriters who had been pointing their efforts toward participation in the many potential public utility-municipality deals, involving the sale of privately owned properties to cities around the country, may have overlooked one big element that may complicate things a bit.

For a brief spell this week it appeared that the first such deal was well along toward successful conclusion between the City of San Antonio, Texas, and the American Light & Traction Company.

With a banking group acting for the city, basis for the transfer of the properties of the San Antonio Public Service Company had been reached with an approximate overall price of $34,600,000 agreed upon as the price.

A contract had been signed under which the city was to pay $10,000,000 for the 83,000 common shares of the utility. And plans had been worked out to finance the taking up of remaining debentures and mortgage bonds through the sale by the city of the necessary amount of revenue bonds.

But out of the blue came a restraining action by the Guadalupe-Blanco River Authority, a Federal Power Agency, which claims a prior right to the private properties by constitutional mandate.

Just where the whole matter will wind up now is problematical, but certainly the court action, which may lead to long litigation, throws into the future, financing contemplated by the city to carry through the deal.

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Our Reporter On "Governments"

There's big money to be made in Government bonds today and there will be big money to be made over the coming months of spectacular Treasury borrowing. . . . Admittedly, that's a startling statement. . . . Admittedly, it may be unwise to begin a discussion of Government financing during this crucial war period with a comment on "profits to be made." . . . But the writer is going to brush aside the patriotism angle for the moment—taking for granted that either the investors of the nation recognize the importance of supporting the financing program by this time or heaven help our national economy!—and concentrate on the money to be made. . . . And how. . . .

Let's start from the beginning. . . . The fact is that in recent months, the Treasury has removed all rigid restrictions on institutional subscriptions to new Government offering. . . . No longer are bank subscriptions automatically limited by the amount of capital they have. . . . No longer must individual subscribers show proof of their ability to pay for every bond they order. . . . Banks and insurance companies today can order as many bonds as they want—without worrying about "free riding" rules. . . . Individuals can place orders in any amount as long as they can put up a 10% deposit. . . . In short, "free riding" is possible again—and no holds are barred except those placed voluntarily by the buyer or implied by statements from official sources. . . .

ANALYZING "FREE RIDING"

You know what free riding is, of course. . . . In all probability, you've played the market yourself for a quick turn during new issue periods in recent years. . . . Maybe you haven't sold your allotments before the payment date (and maybe that was because you received so few bonds on your order that you could take them up easily). . . . Maybe you've sold only after a few weeks of trading had passed. . . . But you've taken quick profits on new issues—and therefore, you are familiar with this type of operation. . . .

Starting a few years ago, Morgenthau became highly excited about free riding, decided to eliminate this class of Government security buyers by one regulation after the other. . . . When the war broke out, there were so many restrictions on subscriptions, selling allotments and operations by professionals and active traders that only the real investor or the giant buyer could count on a quick new issue profit. . . .

To follow this discussion, take out your blank covering the last issue of 2s of 1951/49 and read the regulations. . . . Notice the omission of any restrictions on subscriptions. . . . And now here's the point: the Treasury today wants subscriptions above all else. . . . Morgenthau is more interested in financing the war, less involved in reform. . . . He's actually encouraging free riding because at last he has awakened to the argument of dealers all along that among the so-called free riders are many individuals of considerable wealth (and thus importance to war financing projects) and that free riding doesn't hurt the market at all. . . . It gives it color and volume and an appearance of activity that helps the success of an issue if not badly abused. . . . And free riders don't abuse their privileges for their own profits are too closely tied in with a good market. . . .

(Continued on page 184)

New Tax Bill Designed to Yield $6,144,000,000 In Additional Revenue Reported By House Group

The House Ways and Means Committee on July 14 formally reported to the House its new tax bill designed to yield $6,144,000,000 in additional revenue. Approval came after rejection of an attempt to revise the proposed corporation tax increase. Although the new measure is the largest on record, it is still some $2,556,000,000 below Secretary of the Treasury Morgenthau's goal of $8,700,000,000. Of the $6,144,000,000 of additional revenue to be raised by the bill, nearly $5,386,000,000 is to be derived from corporate and individual taxpayers and about $758,000,000 from miscellaneous internal revenue taxes.

It is expected that the House will dispose of the measure by Monday (July 20) and then send the bill to the Senate Finance Committee for hearings.

The majority report of the Ways and Means Committee said that the group had "endeavored to secure every dollar of additional revenue which, in its opinion, the national economy can bear. In its effort toward this objective, however, care has been exercised in every instance not to place an unbearable burden upon any taxpayer. In this respect the additional burdens of the increased rates in existing taxes and of new taxes have been carefully examined."

A minority report was filed by Representative Knutson (Rep., Minn.) objecting to the corporation tax provisions and charging that the measure had been arrived at "through a series of trades and shameless log-rolling." He said that "in increasing the normal and surtaxes from 31% to 45%, the Committee, in the opinion of competent economists and business men, has signed the death warrant of thousands and thousands of small corporations who are injured rather than aided by the war."

The principle last-minute action by the Committee was taken on July 11 when it revised the corporation tax program. The group decided to reduce the excess profits tax from 94% to 87½% and, thereby, eliminate a proposed post-war credit of 14%, and to increase the normal and surtax rate from the present 31% to 45%. Previously the Committee had tentatively decided on an excess-profits tax of 94%, with the corporations entitled to a post-war refund of 14% of the excess-profits paid during the war, and to raise the present combined normal and surtax from 31% to 40%.

In addition, the House group eliminated a previously approved provision whereby corporations could have modified their excess profits base earning period to make allowances for an abnormally bad business year. It was estimated that these changes added $1,078,000,000 to the bill's yield.

The Committee on July 11 also reaffirmed its previous decision to start collection of individual income taxes through payroll deductions of 5% of taxable net income, beginning Jan. 1, with the amount credited against 1943 taxes, due in 1944. It is reported that the withholding rate would rise to 10% in 1944.

At a night session on July 10 the House group adopted a motion to add 1% to the new surtax rates previously decided upon. The graduated scale of surtax rates

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Denver Bond Club & IBA Group To Frolic

DENVER, COLO.—The Investment Bankers Association together with the Denver Bond Club will hold their Annual Frolic on Friday, August 7, at the Cherry Hills Country Club.

Events will include golf, tennis, horse shoes, a bicycle race, skeeter shooting, etc. In addition, there will be plenty of free beer, and dinner will be served in the evening. There will be the usual number of prizes, the majority of which will consist of war bonds.

Elmer Longwell of Brown, Schlessman, Owen & Company, is Chairman of the Entertainment Committee, and will be assisted by Earl Scanlan of Earle M. Scanlan & Company, and Phil Clark of Amos C. Sudler & Company.

Pollack & Higgins F. T. Sutton Partners

Rudolph A. Pollack and Arthur E. Higgins have been admitted to partnership with Frederick T. Sutton in F. T. Sutton & Co., 67 Wall Street, New York City. Mr. Pollack has been associated with the Sutton firm for many years. Mr. Higgins in the past was with Burr & Co. and Bond & Goodwin and was in the securities business for himself.

S. A. O'Brien Joins J. K. Rice, Jr. Co.

J. K. Rice, Jr. & Co., 120 Broadway, New York City, announces that S. A. O'Brien, specialist in securities of the Associated Gas and Electric System is now associated with them. Mr. O'Brien for a number of years operated his own firm in Wall Street and recently was in the trading department of Edward A. Purcell & Co.

Bull Market May Be In Offing

Further extension of the recovery movement during the past week found its principal impetus in the rather substantial seasonal mid-year reinvestment demand.

To a very large extent such demand centered in the hedge type inflation issues—as we surmised it would—although it was sufficiently broad to subsequently embrace practically the entire list.

Developments are beginning to shape, in our opinion, where a still more powerful demand may, in the not too distant future, begin to manifest itself in a more aggressive spirit and we believe that investors should continue to prepare for such an eventuality. Interruptions in the forward movement are bound to be experienced from time to time but these, in our opinion, should continue to afford suitable buying opportunities.

Political Considerations

Politics are likely to be the dominating influence in shaping the course of events during coming months.

The elections this fall—the first during the war—while not involving the Presidential office are obviously of first rate importance.

Decisions of far reaching significance probably have been or will be made with due regard to the political situation in its broader aspects, involving not only the conduct of the war but also price control, wages, taxes deficit financing, inflation, etc. It therefore behooves the investor to give some thought to prospective developments in these and other fields, for events will surely have a vital bearing on investment sentiment.

War

In the first place, consider the military situation—in retrospect as well as in prospect.

It seemed like cold logic, to us at least, to reason that war news for about the first six months would be bad marketwise—we pointed out on numerous occasions herein that in the last war the news was bad for about nine months—but this time we were somewhat better prepared.

However, despite continuing defeats in China, in Egypt, in Libya, and in Crimea, the market for the past month or two has advanced along a broad front—in other words military reverses have been considered, marketwise at least, of minor importance. Obviously the market's attention is being focused on the main war strategy, namely, the development of a major Western offensive against Germany. Could it be that the time for such an offensive is ripe this summer or fall—before elections? Such a development could have a very important bearing on the political situation.

What, we might ask, would be the market's response to the sudden announcement—and it will be sudden—of an Allied invasion of Western Europe? Surely a market that can advance in the face of discouraging military reverses should be expected to give a good account of itself under more propitious conditions.

Inflation

Next, consider developments in the domestic situation.

Price ceilings are being punctured one by one; farm prices have soared on the prospect of 100% parity loans; living costs are rising; further wage increases seem almost certain (the latest proposal is that wage increases be paid in war bonds), and most potent of all implications is the prospect of a sharply expanding supply of cash as a result of huge deficit financing (Jesse Jones last week said the American people will have over $30,000,000,000 more income than the value of things for which the money can be spent—think of that and the implications!!)

Certainly some degree of pre-election inflation seems inevitable in the light of political considerations. Inflationary sentiment during coming months seems bound to increase and to be reflected in expanding demand for inflation hedge type equities. Of course the danger of any run-away price inflation during war-time is relatively small—the real danger is in the after-the-war period, when the public will be so fed up with Government interference with respect to price control, rationing, priorities, etc., that it will demand its fling.

Taxes

Now consider the tax situation. This is in about as much of a mess as price control and the gas and rubber situations. Congress has played with the tax bill for months, and corporations don't know even at this late date what their tax liability amounts to. The Treasury has proposed about the most drastic bill imaginable, and the House has concurred with some exceptions. Clearly about the worst is known with respect to corporate taxes—this is probably not true as regards individual income taxes—the worst won't be known until after election.

Despite the major tax uncertainties still existing, the market has continued to advance over the past month or so. What might happen marketwise, we would ask, if the Senate (which is noted for its conservatism in tax matters) should really afford relief to corporations from "excessive" excess profits taxes. The proposed 14% tax refund would mean all the difference in the world to a lot of companies—it would mean for instance about $6.80 per share to Clark Equipment, about $2.80 to Jones & Laughlin, about $4.50 to Spicer, about $5.65 to United Aircraft, about $2.40 to Yellow Truck, etc. Such a development would certainly encourage dividend liberality on the part of corporate managements—and a renewed demand for stocks.

What It Takes

Now note the internal position of the market.

Last April we commented upon the tight technical position prevailing at that time. The situation has not changed to any appreciable degree in the meantime. As a matter of fact, the figures released during the past week showed that the short position was virtually unchanged from what it was early in April.

As previously pointed out, the size of the short interest in a market is significant only when viewed in relation to the volume of dealings. A short interest of the present size (514,100 shares—early last April it was 513,500) is one thing when trading is running around, say, 1,000,000 shares daily, but it is something else when volume is around 500,000 shares and less. Clearly the advance has not been at the expense of the "shorts."

All that we are trying to say in all of the foregoing is that the present situation has what it takes to develop a genuine bull market.

—*G. Y. Billard, J. R. Williston & Co.*

Schram Chairman Of British War Aid Group

Emil Schram, President of the New York Stock Exchange, has accepted chairmanship of a committee for special gifts in Wall Street for the Commerce and Industry Division of the British War Relief Society, according to announcement by Winthrop W. Aldrich, Chairman of the Commerce and Industry Division.

The goal of the 1942 campaign of the Commerce and Industry Division is the raising of $2,500,000. The campaign is national in scope but highly selective as to prospective contributors. It is set up according to business and industrial classifications rather than geographical areas. The primary approach will be to corporations and firms; there will be no direct employee solicitation.

The Commerce and Industry Division has already approached a total of $500,000 since the inception of the campaign on June 1.

Townsend, Dabney Co. Adds Carney, Mellen

BOSTON, MASS.—Charles R. Carney and James H. Mellen, both formerly associated for a number of years with Jackson & Curtis, Mr. Carney as manager of the stock department, have joined the staff of Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges. In the past Mr. Carney was in charge of the Boston office of Watson & White. Mr. Mellen is a lecturer at the Boston Public Library under the auspices of the State Department of Education and is a member of the faculty of the Boston University School of Business Administration as consultant lecturer.

Albert Tweedy To Be Wainwright Partner

BOSTON, MASS.—Albert W. Tweedy will become a partner in H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges and other national exchanges, on July 21. Mr. Tweedy was formerly Boston manager for Smith, Barney & Co., and prior thereto was in charge of the investment department of the local office of Edward B. Smith & Co. In the past he was an officer of the Guaranty Company of New York.

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Perth Killinger With Wm. J. Mericka & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Perth K. Killinger has joined the staff of Wm. J. Mericka & Co., Inc., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Killinger was formerly Cleveland manager for Eaton & Co., Inc., was with T. H. Jones & Co., and prior thereto was a partner in Killinger & Fangboner and Gillis, Wood & Co.

Elvyn Cowgill With Eastland, Douglass

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Elvyn S. Cowgill has become associated with Eastland, Douglass & Co., 317 Montgomery Street, members of the San Francisco Stock Exchange. Cr. Cowgill was previously vice president of Franklin Wulff & Co., Inc.

$8.5 Billion Navy Bill Signed By President

President Roosevelt signed on July 9 the $8,500,000,000 naval construction bill designed to add 1,900,000 tons of combat ships to the Nation's fleet. The measure, which places emphasis on aircraft carriers instead of battleships, provides for the construction of 500,000 tons of aircraft carriers, 500,000 tons of cruisers, 900,000 tons of destroyers and escort vessels and some 800 small patrol boats.

Senate passage of the measure on June 26 was referred to in these columns of July 9, page 108.

To Be Snedeker & Co.

The firm of Snedeker & Co., 61 Broadway, New York City, has been formed effective today, with Charles V. Snedeker, member of the New York Stock Exchange, as general partner and Edward De Bard as limited partner. The name of the firm was previously reported as Snedeker & De Bard.

Savs.-Loan League For War Damage Insurance

As War Damage Insurance became a reality the first week in July, the United States Savings and Loan League, whose member institutions are financing some 2,000,000 American homes, sought through its officers to get the fullest possible coverage against war risk among these savings and loan borrowers. In a special "Management Bulletin" to 3,700 savings, building and loan associations, Morton Bodfish, Executive Vice-President of the League, said that most managers and directors of these home financing institutions would probably "insistently and strongly recommend war damage coverage," after full discussion. Satisfaction was expressed at the procedure which has been followed in Washington to date. Meanwhile, Fermor S. Cannon, President of the League, has advised officials of the War Damage Insurance Corporation that the savings, building and loan associations will undertake the job of informing all home owners whose loans are with them in full detail about the insurance and that the general tendency of the institutions would be to require or at least strongly recommend it. Recommendations about the new insurance will be that the associations seriously consider covering all properties to which they hold title as well as all on which they hold mortgages.

Ernest Coulon Joins J. W. Sparks & Co.

Ernest J. Coulon has become associated with J. W. Sparks & Co., 50 Broadway, New York City, members of the New York Stock Exchange. The firm has offices in New York and Philadelphia.

Mr. Coulon was formerly with Elder & Co., and prior thereto was a partner in Coulon, Fuller & Co.

H. W. Walton Joins Ky. Title Trust Co.

LOUISVILLE, KY.—Harold W. Walton has been appointed a member of the investment staff of the Kentucky Title Trust Company, it is announced. Mr. Walter had been since 1929 a partner in J. J. B. Hilliard & Son from which he recently resigned.

F. C. Adams Co. Adds Elmer Carr To Staff

(Special to The Financial Chronicle)

BOSTON, MASS.—Elmer J. Carr has become affiliated with Frederick C. Adams & Co., 24 Federal Street. Mr. Carr was formerly a partner in Carr & Hennessy of Boston for many years.

Bailie Joins Sincere

(Special to The Financial Chronicle)

DAVENPORT, IOWA—Arthur R. Bailie has joined the staff of Sincere & Co., 231 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges. Mr. Bailie was previously Davenport manager for McGuire, Welch & Co. and in the past was an officer of A. J. Boldt & Co.

Alexander Bryson To Be Wright Wood Trading Mgr.

PHILADELPHIA, PA.—Alexander Bryson has become associated with Wright, Wood & Co., 123 South Broad Street, members of the Philadelphia Stock Exchange, as manager of the trading department. Mr. Bryson was previously for a number of years in charge of trading in the local office of Blyth & Co., Inc.

THE BOND SELECTOR

WARREN BROTHERS COMPANY

Description of the New Collateral Trust 4½s, 1956; Sinking Fund Provisions Reviewed

The Reorganization Plan of Warren Brothers Company was discussed in detail in these columns on April 30, 1942. At the present writing, the Plan has been assented to by the requisite number of bondholders and owners of the three classes of preferred; for full approval, the Court now awaits the assent of the common stockholders. Since it is felt that the Plan as outlined in the Bond Selector on April 30 will be accepted, and approved by the Court, a more detailed description of the new bonds to be issued—and more particularly the 4½s, 1956—will probably be of general interest.

The new bonds to be issued under the Reorganization Plan are $4,150,300 Series A Collateral Trust 4½s, 1956, and $4,150,300 Series B Collateral Trust Income 5s, 1977. Both issues are secured collaterally (and equally) by like principal amounts of Cuban bonds. For each $1,000 of Series A and B bonds there is pledged an equivalent face amount of Republic of Cuba external 4½s, 1955 and 4½s, 1977, the total face amount of both issues amounting to $8,300,600. In addition, both bonds are secured by deposit of various capital shares of wholly-owned, controlled or associated companies. Under the Reorganization Plan, both Series A and B bonds may be exchanged for a like principal amount of the Cuban bonds; however, the company need not exchange more than $1,500,000 the first year, $500,000 the second year, and $250,000 each year thereafter.

The new Collateral Trust Series A 4½s, 1956, carry important sinking fund provisions. This sinking fund provides that each year 25% of the preceding year's net income, as defined, be paid toward retirement of the 4½s. Such net income is to be calculated after deducting (a) an amount equal to 5% of Series B bonds outstanding at the end of such period; (b) interest accumulated and unpaid at the beginning of such period on Series B bonds, and (c) Federal income and excess profits taxes for the preceding calendar year.

The sinking fund also provides that within three months from date of consummation of the Reorganization Plan, the company shall sell all Republic of Cuba 4½s, 1955 and 1977, owned which are not pledged under the collateral trust indenture in excess of the amount required for exchange. Proceeds from such sale of Cuban bonds is to be paid into the sinking fund. Sinking fund also is entitled to cash arising from dividends paid on pledged stocks which has not been paid out of net income subsequent to July 31, 1941, and to any cash arising from liquidation of assets, etc. All money in the sinking fund is to be applied to purchase in the market of Series A bonds at not exceeding par and accrued interest; or by call for redemption at par plus accrued interest. After all Series A bonds are retired, the same sinking fund provisions will apply to the Collateral Trust Income 5s.

In other words, the Series A bonds will be retired by the sinking fund out of funds arising from 25% of net income as described above, plus funds arising out of disposition of Cuban bond holdings in excess of those securing the Collateral Trust bonds, plus miscellaneous cash realized from sale of various other assets not required in running the business.

As a footnote to the balance sheet at Dec. 31, 1941, it was stated that $268,966 of cash on hand was earmarked for payment into the sinking fund upon consummation of the Reorganization Plan. Of this amount, $195,815 represented interest received by Warren Brothers on its Cuban bonds; this amount is to be applied toward interest requirements of the Series A and B bonds. The balance, or $73,151, represents proceeds of liquidation of certain assets, and is payable to the sinking fund for retirement of Series A bonds. In addition, at the present time, approximately $100,000 is available for sinking fund operations, and includes the 25% of 1941 net income allocable for sinking fund. Upon consummation of the Plan, as outlined above, Cuban bonds owned in excess of those pledged are to be sold. It is conservatively estimated that at least $500,000 cash will be available for purchase of Series A bonds by the sinking fund during 1942.

As stated in the Bond Selector of April 30, earnings outlook for Warren Brothers is good, promising ample coverage for the new bonds. This factor coupled with the liberal sinking fund provisions, warrant an optimistic attitude toward the 4½s, 1956.

Now Stewart, Scanlon Co.

SAN FRANCISCO, CALIF.—The San Francisco Stock Exchange firm of Stewart, Scanlon & Co. has been formed as successor to Stewart, Rice & Ducato. Partners of the new firm, which will continue at 216 Montgomery Street, are Paul F. Stewart, Neil L. Laughlin, and Robert S. Scanlon, member of the San Francisco Stock Exchange. All were formerly partners in Stewart, Rice & Ducato.

Chicago, South Bend & South Shore Attractive

An interesting analysis of the current situation in Chicago, South Shore & South Bend Railroad has been prepared for distribution by Adams & Co., 231 South La Salle Street, from whom copies my be obtained upon request.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on July 6 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated July 15 and to mature Oct. 14, which were offered on July 10, were opened on July 13 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $650,704,000; total accepted, $301,186,000.

Range of accepted bids (excepting two tenders totaling $45,000):

High—99.920 equivalent rate approximately 0.316%.

Low—99.906 equivalent rate approximately 0.372%. Average price—99.908 equivalent rate approximately 0.365%.

(6% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 15 in amount of $150,073,000.

W. W. Sims Now With Sills, Troxell Firm

(Special to The Financial Chronicle)

CHICAGO, ILL.—William Walter Sims has become associated with Sills, Troxell & Minton, 209 South La Salle Street. Mr. Sims was formerly vice-president of Webber, Darch & Co. with which he had been connected for many years.

Chicago, South Shore & South Bend Railroad

New Common Stock Has Good Earning Power And Liberal Dividend Rate

The Chicago, South Shore & South Bend Railroad operates an electric interurban road from Chicago to South Bend, Indiana, a distance of about 90 miles covering the large industrial area southeast of Chicago. Among the communities served, the largest are Hammond, East Chicago, Gary, Michigan City and South Bend, Ind. In addition to its regular passenger traffic, the road during the past several years, has done a substantial amount of freight business which is handled with standard railroad freight equipment. The road has an operating agreement with the Illinois Central for passenger train service to downtown Chicago, as well as freight service to and from the South Water Street freight station of the Illinois Central. Motor coach service is rendered between Michigan City, Ind., and Benton Harbor, Mich., by a wholly-owned subsidiary.

The company owns 68.98 miles of first main line track, 13.87 miles of second main line track and 31.54 miles of sidings, etc. In addition, it operates 19.45 miles of track under lease and has trackage rights over 28.61 miles. According to the latest available information, the company's equipment comprises the following: 51 all-steel passenger motor cars, 13 all-steel trailer cars, 2 diners, 2 parlor-buffet cars, 12 80-ton electric freight locomotive cars, 2 50-ton electric freight locomotive cars, 53 freight cars, 10 cabooses, 1 motor service car and 9 trailer service cars.

Early in 1942 the company notified the stockholders that a plan of recapitalization was being considered, and an application was filed with the Interstate Commerce Commission for authority to put the plan into operation. The plan provides that the Articles of Incorporation be amended to provide for one class of common capital stock to be outstanding in the amount of 77,904 shares, each having a par value of $50.

The basis of exchange for the old outstanding capital stock is as follows: The 43,043 shares of the old First Preferred Stock outstanding, 42,598 shares or almost all of which were owned by Midland Utilities, became converted into 58,428 shares of new Common Stock of the par value of $50 on the basis of 1.357 plus shares of new Common Stock for each share of old First Preferred. The 19,476 shares of old Second Preferred, 4,566 shares of which were

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Lee Ostrander Joins Graham, Parsons Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Lee H. Ostrander has become associated with Graham, Parsons & Co., members of the New York Stock Exchange, and will be in charge of their newly opened Chicago office at 135 South La Salle Street. Mr. Ostrander was previously local manager for Lazard Freres & Co. Prior thereto he was with R. W. Pressprich & Co., White, Weld & Co., and the Chase Harris Forbes Corporation.

Paul H. Davis Co. Opens Office In Rockford

CHICAGO, ILL.—Paul H. Davis & Co., members of the New York Stock Exchange and other exchanges, have opened a Rockford, Illinois, office today under the direction of Carroll H. Starr, who managed the office of Merrill Lynch, Pierce, Fenner & Beane in that city before it was closed. Quarters have been taken at 230 South Church Street. This will be the second branch office opened by Paul H. Davis & Co., the first being in Indianapolis which has been in operation for several years.

Mr. Starr's association with Paul H. Davis & Co. was previously reported in the Chronicle of June 25.

In The Armed Forces

Jack S. Garland, formerly Birmingham Manager for Equitable Securities Corporation, First National Building, Birmingham, Ala., is now on war duty.

Willis S. Fitch, Vice-President of F. L. Putnam & Co., Inc., 77 Franklin St., Boston, Mass., is on indefinite leave of absence and is serving as a Major in the U. S. Army Air Corps.

J. R. Burkholder, III, Mississippi representative of Equitable Securities Corporation, Whitney Bank Building, New Orleans, La., is on war duty.

Sidney J. Mohr, Jr., has received a commission in the U. S. Army Air Corps and has retired from partnership in King, Mohr & Hendrix, First National Building, Birmingham, Ala. The firm will continue in business with James R. Hendrix as sole proprietor.

Guy D. Marianette of Midwest-Grains-Securities, Stapleton Building, Billings, Mont., is serving in the U. S. Army.

John W. Easton and Thomas B. Berentsen are on leave of absence for the duration from Ingalls & Snyder, 100 Broadway, New York City, in which they are partners. Easton is serving as a Major in the Army and Berentsen as a Lieutenant in the Navy.

Ormsby MacKnight Mitchel, Jr. of Mitchel, Whitmer, Watts & Co., 14 Wall St., New York City, is serving with the U. S. Naval Reserve.

C. Fred Richards, 52 Wall St., New York City, is on duty with the U. S. Navy.

Herbert Scheftel, 32 East 57th St., New York City, is in the armed forces.

Willard D. Litt, a limited partner in W. R. K. Taylor & Co., 120 Broadway, New York City, is on war duty.

W. Thorburn Rand, of Rand & Co., 1 Wall St., New York City, is serving in the U. S. Army.

John Strawbridge, Jr., formerly Manager of the Municipal Department for Biddle, Whelen & Co., 1606 Walnut St., Philadelphia, Pa., is serving in the U. S. Army.

H. Frazier Sheffer, previously manager of the municipal department of E. W. Clark & Co., Locust at 16th Street, Philadelphia, Pa., is with the U. S. Army.

Paul H. Aves, 1916 Norfolk St., Houston, Texas, has discontinued his securities business for the duration and is now serving in the U. S. Army.

John L. Walton, formerly proprietor of J. L. Walton & Co., Bellingham, Wash., has been commissioned a Captain in the Field Artillery.

Warren L. Williams, a Vice-President of Murphey, Favre & Co., Spokane and Eastern Building, Spokane, Wash., is now in the armed forces.

J. Denny May, formerly proprietor of J. Denny May & Co., Wheeling, West Va., has been commissioned a Lieutenant in the U. S. Army Air Corps and is stationed at the Glades Hotel, Miami Beach, Fla.

Henry J. Borne, who formerly conducted his own investment business in Fond du Lac, Wis., National Exchange Bank Building, is now in the military service.

Harry A. Filder, Jr., formerly manager of the statistical department of Ellis & Co., Dixie Terminal Building, Cincinnati, Ohio, is now in the U. S. Army.

Alfred R. McBride, partner of Wright, Wood & Co., Philadelphia, Pa., is on war duty and at present is stationed at Camp Shelby, Miss.

Minton M. Clute, manager of the Detroit, Mich., office of Straus Securities Co., reported for duty at Camp Edwards, Mass., on June 30th. He will be commissioned as a Second Lieutenant with the United States Engineering Corps, Amphibian Detachment.

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.—**Arthur J. Fitzgerald, Gilbert J. Gordon, Osborne Hansen, H. Jerome Lamude, R. Stanley Murray** and **Bertram T. Tobiason**, all formerly associated with Hood & Co., have joined the staff of **Cohu & Torrey**, 1 Wall Street.

BOSTON, MASS.—**Lawrence M. Eaton** and **Jesse H. Holt**, previously associated with J. M. Colburn & Co., are with **Emerson & Co.**, 19 Congress Street.

BOSTON, MASS.—**Morgan Seaman** is now manager for **Clyde F. Frost Co.**, 24 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Owen Grant** has become affiliated with **J. H. Goddard & Co.**, 85 Devonshire Street. Mr. Grant was formerly with Hare's, Ltd., John C. Adams & Co., and A. C. Allyn & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Eugene J. Carson** has become associated with **Slayton & Co.**, 111 North Fourth Street, St. Louis, Mo. Mr. Carson was previously with Straus Securities Co. and W. G. Houston & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **William M. Colman** has joined the staff of **H. C. Speer & Sons Co.**, 135 South La Salle Street. Mr. Colman was formerly with White-Phillips Co., Inc., Alexander & Co., Inc., Kneeland & Co., Inc., and John Nuveen & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Harry W. A. Heinrich** is now connected with **Borton & Borton, Inc.**, Union Commerce Building. Mr. Heinrich was in the past with Goodbody & Co., Soucy, Swartswelter & Co., and Clinton Gilbert & Co.

(Special to The Financial Chronicle)

COLUMBUS, OHIO — **Howard Ellis**, formerly with Vercoe & Co. and Fenner & Beane, has become affiliated with **J. S. Bache & Co.**, 16 East Broad Street.

(Special to The Financial Chronicle)

MODESTO, CALIF.—**Lloyd G. Goodin** is now with **H. R. Baker & Co.**, Beaty Building.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **Hoyt B. Mahon, Jr.**, has become associated with **First Cleveland Corporation**, Home Bank Building. Mr. Mahon was formerly with Bliss Bowman & Co.

Tomorrow's Markets Walter Whyte Says——

In making new high market position weakened. Reaction signals already appearing, though further strength with blue chips leading indicated. Reduction of short position bearish factor.

By WALTER WHYTE

Well, the market is up again. Not only did it go up with a zip reminiscent of the days of 1929 but managed to do it on a sharp increase in trading volume as well.

* * *

It was last Thursday that prices reared up and let fly crossing the 108 figure in the Dow Industrial Averages. This was the first time it happened since last February.

* * *

So far the sideliners are still looking askance at this sudden outburst of speculative activity and asking themselves (and everybody else) "What's all the shooting about?" But if present signs mean anything, before we are many market days older, the teetering spectators will dive in with all their clothes on, and whee-ee, away we'll go. Anyway that is what everybody hopes.

* * *

Unfortunately security markets don't lend themselves to such delightful patterns. For in advancing last week and this, it has given up considerable of its technical ammunition. The short interest that at the beginning of this month reached 514,158 shares (SEC figures) has undoubtedly been reduced by the current rally. Of course new sellers may come in and re-inject more speculative blood to an up to now anemic market. But that's something that has to be seen.

* * *

No, as I see it the time is drawing close for either grabbing off a few profits or at least moving all stops ahead sharply. This does not mean that the market is going into an immediate tailspin. Nothing like that. There is still plenty of life left in the old dog. Yet, signals, that it would be foolish to ignore, are already beginning to fly on the horizon. These have nothing to do with news, domestic or foreign. They come from within the market itself.

* * *

When this column first began talking "up" market, the Dow Averages were about 103. Subsequently they rallied to about 106 and stopped. At this point I predicted a decline but said that any setback would stop at 102 or thereabouts. I did emphasize that any breaking of this figure would throw the market into reverse and followed it up by giving specific prices below which stocks recommended in this column should not be held. Subsequently the market did go off and two stocks in the list broke through their critical levels. But the lowest price reached by the Dow Averages was 101.96.

* * *

In the last two weeks prices started another advance exploding into a sharp rally, and crossing 108. A great many people attribute this rise to inflation fears but talk even about that old bugaboo inflation can't hold up a market against a weakened internal technical position. So the way the picture looks at this writing is something like this:

* * *

The market to go up some more, with individual stocks, particularly leaders like Steel, leading the parade, to about 111-113 in the Dow Averages. At that level increased offerings will level the price range. Talk, however, will be predominantly bullish, particularly by the board room habitues. But a subsequent reaction will carry the averages back to about 104-106. At this latter level the market will go back to sleep again and stay there for a month or so before starting off on the second leg of its advance. This new advance may carry to about 118-120.

* * *

The investor will argue (if he feels at all certain about the above) what's the sense in getting out if they're coming back? The speculator who knows that logic, no matter how erudite, has no place in the stock market, will either get out of his line, or at best, sell half.

* * *

You will note that in outlining the picture ahead I become quite certain. Allow me to hasten to explain that I'm not certain at all. I merely present the picture as it looks today. If everything else were stable I'd go out on a limb and say flatly that the market will do so and so.

* * *

But we have a war on our hands. And a Congress which seems to think its most important job is to get re-elected and is busy accumulating fodder for free franking privileges with which to impress the folks back home. This situation, added to a war which is still going badly for us, are poor foundations on which to build a rip-snorting bull market. So my considered advice is as follows:

* * *

To the trader: The market must not get under the last volume day. This means the lows of July 9 must hold.

(Continued on page 181)

RAILROAD SECURITIES

Western Pacific 1st 4s have been about the best acting among the reorganization rail bonds during the past week or so, with speculators and investors impressed with the basic traffic improvement and the possibility of highly constructive reorganization developments before the year-end. That the company's new-found prosperity does not stem entirely from the war economy and traffic dislocations, even though the company is one of the major war beneficiaries, seems amply demonstrated by the fact that the regeneration set in long before we were actively in the war. Revenues reached an all-time peak as early as 1940 and have pushed steadily higher ever since. The road was among the leaders in point of 1941 revenue gains and there are few, if any, Class I carriers that have displayed as wide year-to-year improvement in 1942 to date.

Two major factors have contributed to the dynamic change in the company's position in the industry through opening up new traffic sources. Construction of the Dotsero Cut-off by the affiliated Denver & Rio Grande Western Pacific an integral part of a new short transcontinental route. More important, was the construction in 1931 of an extension into Northern California to a connection with Great Northern. This latter line, in conjunction with Great Northern and Atchison, affords a new competing north-south coastal line, as well as opening up new traffic territory. In the years immediately following establishment of these new facilities they were of relatively little significance to Western Pacific as the line itself had been allowed to deteriorate to a condition of disrepair incompatible with the expeditious movement of any large volume of freight.

Following appointment of trustees, however, a comprehensive rehabilitation program was instituted. In recent years more than two-thirds of the mileage has been relaid with new rail averaging more than 100 ponds. This is unusually heavy for a railroad in the western territory. At the same time, Denver & Rio Grande Western has also completed a heavy improvement program, allowing greater utilization of these facilities in conjunction with through traffic. In addition to these physical developments, new industries have been established, and existing industries expanded, in the service area under the stimulus of the war demands. Many of these will remain as a permanent accretion to the road's economy after the war. In particular, the new construction of steel mill facilities at Provo, Utah, now under way, carries favorable long-term implications. The steel mills are on the lines of Denver & Rio Grande Western but Western Pacific expects to get a large proportion of the westward movement of finished goods.

The reorganization plan was remanded back to the ICC last fall by the Circuit Court of Appeals on the grounds that valuation data filed was not specific enough to allow determination of whether the terms were fair and equitable. This decision is being appealed to the Supreme Court and should be decided early in the fall session.

If the plan is finally upheld as originally promulgated the Western Pacific bonds should be in line for a substantial interest payment shortly after approval. If the Circuit Court decision is upheld, and the case has to go back to the ICC for rehearing, it is almost certain that the 1st 5s will get materially better treatment than that originally proposed.

Under the original plan fixed interest debt was to be confined to equipment obligations and a small $10,000,000 1st Mortgage 4% issue allocated to a like amount of Trustees' Certificates. Holders of the old 1st 5s were to receive $400 in new Income 4½, $600 in 5% preferred and 4.67 shares of common. Since that date, however, the company has accumulated a large amount of cash ($6,000,000 is deposited under the Trustees' Certificates alone) and if reorganization proceedings are reopened it is believed likely that the Certificates will be paid off in cash. This would release $10,000,000 of new 1st 4s for allocation to the old 1st 5s, while still holding the capitalization within the original limits. On this basis the old 1st 5s might receive $200 in new 1st Mortgage fixed interest bonds even if the Commission is not willing to increase the capitalization in recognition of the fundamental improvement in the company's traffic and earnings position.

If the plan goes through as outlined this large cash balance will almost certainly be distributed to holders of the 1st 5s as interest and dividends earned and accrued on the securities they are allocated in the reorganiaztion. The effective date of the reorganization is Jan. 1, 1939 and income accrues on the new securities from that date. As of the end of 1942 there will be accumulations of $72 on each old bond on account of interest on the new income 4½s and at least $60 representing preferred dividend accruals. This will be equivalent to 48% of the recent selling price (29) of the bonds.

DIVIDEND NOTICES

Bank and Insurance Stocks

This Week — Bank Stocks

General improvement in New York City bank earnings is indicated for the second quarter of 1942 as compared with those for the first quarter of 1942, when threat of 31% surtax, since replaced by 16% surtax proposal, caused the setting up of large tax reserves which reduced net profits.

Of twenty-four leading banks reporting, fifteen show a gain in second quarter indicated earnings as compared with first quarter net. Another shows a large gain for the quarter, making sixteen but this bank (First National) keeps receipts on a cash basis although fully accruing liabilities, so that quarterly earnings are not comparable because of the influence of coupon dates on earnings from investments.

Three other banks' indicated earnings were even for the second quarter compared to the first. One of these was Guaranty Trust, which in the first quarter had credited all earnings in excess of dividends to the reserves, to provide for the threatened steep rise in surtax from 7% in 1941 to 31% as proposed by the Secretary of the Treasury on March 3. When the House Ways and Means Committee subsequently made the surtax 16% in its tax bill, confidence revived in maintenance of the Guaranty's regular $12 annual dividend, and this regular was declared for the second quarter. It was also thought that the relaxed necessity for larger tax reserves would now permit restoring some margin of net profits over dividends, and carrying some excess over dividends into undivided profits. This, however, was not done in the second quarter, indicating an extra-conservative policy, in view of the large undisclosed equity reserves which are understood to be carried, including a large amortization fund built up from security profits.

However, continued confidence in maintenance of the Guaranty regular dividend is justified under a 16% surtax. With a huge volume of war financing on the way, volume expansion in investments, even at low net returns after taxes, will create a large addition to gross earnings to offset rise in taxes and other operating costs. In thus expanding its holdings of Governments, Guaranty may lengthen its average of maturities, which at the close of 1941 was extremely short—about 2 years, 1 month, even excluding holdings of Treasury bills. Such lengthening of maturities would not only improve yield, but also reduce amortization charges. Such a short term average of maturities, in fact, has been understating Guaranty's reported earnings in comparison with those of other leading banks which keep higher average maturities without as a practical matter lowering high standard of liquidity. For example, a five year average of maturities is quite short and conservative. Yet Guaranty would have to double its year-end average to that point, and it would mean quite a difference in earnings when the fractional improvement in return is applied to the large volume of Governments carried.

Ins. Stocks Look Good

Brief but comprehensive analysis of the current situation in Merchants Fire Assurance Corporation, National Fire Insurance Company of Hartford, and St. Paul Fire & Marine Insurance Company have been prepared by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md. Copies of these interesting analyses may be had by writing to the Bank and Insurance Stocks Department of Mackubin, Legg & Co.

Another leading bank, Irving Trust, again showed 16c a share for the second quarter, unchanged from the first quarter. Irving, however, had not reduced its first quarter earnings to reflect heavier taxes, as it has large equity reserves available, and it has been maintaining indicated profits at slightly over the quarterly dividend of 15c a share. Unchanged earnings, therefore, do not indicate any different situation in coverage of the 60c annual dividend.

Only two of the leading banks in fact showed lower second quarter earnings in comparison with the first quarter, and declines of these two were slight. On the whole, therefore, second quarter earnings made a generally favorable showing, although of course, the margins over dividends are still far from invulnerable. However, as largescale expansion of investments progresses, coverage of dividends will improve, as weight of heavier taxes is felt most immediately but will later be gradually offset by higher gross earnings.

In comparison with the second quarter of 1941, however, 1942 second quarter profits are generally lower, because of the relatively light volume expansion in earning assets and incidence of higher costs and taxes. Surprisingly enough, however, five of the leading banks show higher profits in the second quarter of 1942 compared to 1941 second quarter. Best of these gains is that of the National City Bank, whose 27% increase in second quarter profits over the first quarter of 1942 carried the quarter's profits to a point 17% above the second quarter of 1941.

The following tabulation compares indicated profits of 24 leading New York City banks for the first and second quarters:

	2nd Quarter 1942	2nd Quarter 1941	1st Quarter 1942	1st Quarter 1941	Bk. Value 6/30/42	Annual Divs.
Bankers Trust	$0.65	$0.92	$0.61	$0.69	$45.04	$1.40Q
Bank of New York	4.62	5.15	3.96	4.29	343.42	14.00Q
Bank of Manhattan	0.33	0.32	0.30	0.25	23.96	¶0.90Q
Brooklyn Trust	1.33	1.27	1.05	1.09	173.78	4.00SA
Central Hanover	1.15	1.26	1.11	1.25	94.10	4.00Q
Chase National	0.40	0.42	0.36	0.41	32.61	1.40SA
Chemical	0.60	0.62	0.55	0.50	39.83	1.80Q
Commercial National	3.28	3.04	2.84	3.38	232.03	8.00Q
Continental	0.25	0.25	0.25	0.25	21.54	0.80Q
Corn Exchange	0.75	0.79	0.73	0.62	47.57	2.40Q
*Oper. earnings	0.82		0.80			
Empire Trust	1.28	1.18	1.11	1.13	88.91	3.00Q
First National	27.39	36.23	17.69	15.06	1,207.87	80.00Q
Fulton Trust	2.32	2.45	2.27	3.00	247.28	¶8.50Q
Guaranty Trust	3.00	3.41	3.00	3.32	310.52	12.00Q
Irving Trust	0.16	0.17	0.16	0.17	20.87	0.60Q
Kings County	27.45	32.40	26.27	30.76	1,462.81	80.00Q
Lawyers Trust	0.15	0.76	1.01	0.55	50.75	1.00Q
Manufacturers Trust	0.88	0.39	0.91	0.73	38.30	2.00Q
*Oper. earnings	0.95	0.96	0.91	0.96		
†National City	0.47	0.40	0.37	0.42	32.39	1.00SA
New York Trust	1.23	1.31	1.26	1.30	82.50	3.50Q
Public National	0.74	0.86	0.67	0.80	45.80	¶2.00Q
Sterling National	0.16	0.24	0.23	0.30	67.33	----
Underwriters Trust	‡§1.52	1.35	1.02	4.48	202.73	4.00Q
U. S. Trust	13.26	15.26	15.27	15.27	1,543.66	¶70.00Q

*As reported by bank. †Including City Bank Farmers Trust Co. ‡Due to write-off of entire moving expense. §Deficit. ¶Includes extra.

Last Week's Market Flare-Up

For a few days last week the stock market "broke out in a rash" and presented some evidence, albeit thin, of getting ready to climb to appreciably higher levels. Various and sundry reasons were advanced for the performance.

There was much talk of the inevitability of inflation. Here and there, true it was, price ceilings had been punctured; and Congress appeared reluctant to give scrappy, unpolitical-minded Leon Henderson the funds and the powers necessary to wage war on advancing prices. Our comments on these developments are three.

First, the ceiling changes were primarily in the food and canning fields; necessary concessions to stimulate larger packs by canners. For after all, pricing that was too "tight" was not conducive to large "packs" but this is a relatively narrow problem. In most sectors of our civilian economy larger production is unwanted, hence price-ceilings, even if harsh are not inconsistent with the national welfare.

Second, we are firmly of the opinion that Henderson will get the powers and the funds essential to conducting a vigorous war on the price-front. Congress may keep him on the anxious seat and give ground grudgingly. But Gallup polls and other methods of measuring public sentiment all reflect the nation's desire to avoid inflation, and that Congress will ultimately fall in line with that sentiment we have no doubt.

Finally, if inflation psychology starts to take root it seems probable that the entire power and influence of the Administration will swing into line behind Mr. Henderson. Many of us can recall that in 1937 inflationary thinking and inflationary talk started to take hold, only to be immediately punctured by Washington; copper prices coming down as we recall it four to six cents a pound in as many weeks. Certainly if inflation comes to the forefront at this stage it requires little imagination to assume that Washington will announce that, regardless of apparent severity, taxes will be upped further, wages will be frozen, forced savings imposed and perhaps a substantial sales tax adopted; in short no measure overlooked to nip inflation if not in the bud then in the blossom, so it cannot seed and spread.

The stock market too was strong, it was said, because Russian and Egyptian news spelled out to many that the war will be a long one. Quite likely, but who knows? The ebb and flow of campaigns on all fronts will continue. Alternating buoyancy and discouragement will be our lot as long as the war lasts, and surprises will be as frequent and precipitate in the future as they have been in the past. Certainly the aggressive buying of equities, or the liquidation of high-grade bonds, will be postponed by the prudent investor until the successful end of the war is in sight. Until we approach that point investor-caution will continue to obtain and equities will not exceed 50% of a well-balanced, carefully thought-out investment list.

(One comment on the point that "properties" are to be more in demand than high-grade bonds. If this is correct, holders of high-grades seem singularly unalert, for top-rating bonds have shown no price weakness whatsoever.)

We continue to believe that share prices will continue to back and fill with neither a sweeping bull nor a real bear market developing while the world-wide war rages and spreads. No bull market unfolded during our participation in the last world war and we doubt that one will unfold during the present cataclysm.—*Ralph E. Samuel & Co.*

John Beaver Dies

John Andrew Beaver, manager of the bond department of Ingalls & Snyder, 100 Broadway, New York City since 1926, died of a heart attack on July 12.

House Committee Votes Huge Tax Bill

(Continued from first page)

now will range from 13% on the first $2,000 of personal net income to 82% on all income above $200,000. Present rates are from 6% to 77%.

The Committee, at this session, also decided to retain present personal exemptions for persons on active duty with the armed forces. These exemptions are $750 for single persons and $1,500 for married persons. For others, the Committee has lowered the exemptions to $500 and $1,200, respectively.

The House group on July 10 rejected the recommendation of Price Administrator Leon Henderson to eliminate a 5% ad valorem tax on freight and express charges. The Committee members agreed, however, that coal should be exempted from the percentage tax and a flat levy of 5 cents a ton be imposed. Mr. Henderson had written to the Committee warning that such a tax would seriously jeopardize the price control machinery.

Branding the tax as both "discriminatory" and "inflationary," Mr. Henderson said there was no doubt its imposition would result in a "very real breach in the ceiling of the cost of living."

Acting on the recommendation of Postmaster General Walker, the Ways and Means Committee on July 8 eliminated from the pending tax measure the previously-approved section to raise second and third class postage charges so as to make these services self-supporting. Mr. Walker urged instead that a thorough study of the effect of the new rates on the volume of postal business be made.

On the basis of a survey of House sentiment, undertaken by Representative Robinson (Dem., Va.), advocates of some form of sales tax did not press for a new vote in the Committee. The Committee had previously shelved such a proposal. It was estimated that a general sales tax would yield about $2,500,000,000 in additional revenues.

The final draft provides in general as follows, according to the Associated Press:

1. Corporations—increase in the present normal and surtax from 31 to 45% and substitution of a flat 87½% excess profits tax rate for the present scale ranging from 35 to 60%.

2. Individuals—increase the present normal tax rate from 4 to 6% and the present surtax graduated scale of 6% on the first $2,000 of net income to 13%. Beginning in January, 5% of each person's taxable income would be deducted from pay checks or pay envelopes, with the accumulations used as a credit against 1943 taxes due in 1944.

3. Excises—increase in excises on liquor, wine, beer, tobacco, cigars, train fares, telephone bills, freight and express shipments, race track bets.

Previous reference to the Committee's action appeared in these columns of July 2, page 17.

1941 Gross Farm Income 26% Higher Than In 1940

The Bureau of Agricultural Economics, U. S. Department of Agriculture, announced on June 29 that cash income from farm marketings in 1941, as revised to incorporate more complete data on sales of livestock and livestock products, amounted to $11,244,000,000, and cash income including Government payments for 1941 totaled $11,830,000,000. The 1940 estimate of cash farm income including Government payments is revised to $9,145,000,000. The advices indicate that gross farm income in 1941 is estimated at $13,957,000,000, or 26% more than in 1940. Both cash income and gross income in 1941 were higher than in any year since 1920 when cash income amounted to $12,608,000,000 and gross income totaled $15,908,000,000. From 1940 to 1941 most of the increase in gross income resulted from a rise in cash income from farm marketings. From the Bureau's report, the following is also taken:

"The value of products retained for home consumption increased from $1,233,000,000 in 1940 to $1,421,000,000 in 1941, or 15%. The increase in the value of home consumption resulted entirely from the higher prices of farm products, particularly hogs, dairy products, poultry and eggs as the quantity of several products was smaller than in 1940.

"The estimated rental value of the farm home was increased from $665,000,000 in 1940 to $706,000,000 in 1941.

"Gross farm income from crops in 1941 totaled $5,289,000,000 and was 33% higher than in 1940. The greatest percentage increased in income was in the oil-bearing crops, particularly soybeans and cottonseed, but substantial increases were recorded for nearly all major crops.

Gross income from livestock and livestock products in 1941 totaled 31% more than in 1940, and amounted to $7,376,000,000. The largest increase was in returns from hogs, although income from all livestock items was higher than a year earlier.

"Cash farm income and Government payments in 1941, plus the value of products consumed on farms where grown, was higher than the preceding year in all States except South Carolina, and in that State the decline was less than 1%.

The Securities Salesman's Corner

Some People Think Securities Firms Are A Free Lunch Counter

Did you ever meet the particularly aggravating species of securities buyer who asks for a hundred dollars worth of service every time he leaves you a ten dollar commission? Every salesman, no doubt, has made this fellow's acquaintance. He is present in every brokerage firm's boardroom. He's the fellow who comes into your office and asks you to take up your time running down everything from defaulted and defunct securities that have long ago lost their value to checking up on numerous situations that he never buys. He's the fellow who costs you more than his business will ever be worth and yet in most cases the average salesman hangs on to him like grim death, for what sensible reason it's hard to discover, unless it's in the forlorn hope that someday this time-waster may send us some business that never seems to materialize.

If you go to a lawyer for advice, you are expected to pay a fee. No matter how the litigation turns out—you still pay. If you go to a doctor—you pay by the visit—and if you die you still pay—or rather, your heirs do. Consult an accountant, a public relations counsel, an engineering firm or any service organization you can mention and you are expected to pay for the advice you receive. Wall Street seems to be the only place on earth where the public can use all sorts of expensive statistical service and fact finding facilities, that cost in some cases, a small fortune to keep up, and still pay so little for it that in many cases those who use it never even appreciate what is being done for them.

One of the reforms that every one connected with the sale of securities to the general public could well put into effect, so it seems to this column, would be the elimination of many free services that we have encouraged the public to take for granted. This is one reform we could undertake without the dubious blessings of overseers, bureaucrats and governmental officials. We have had a buyers market for such a long time it seems as if there isn't anything that we would not do for people in order to get them to buy a few shares of stock or a bond or two. If everyone in the securities business got together and took it upon themselves to make the public pay a good price for the free service that they now think they are entitled to as a matter of course, it seems to us that such a step would benefit the securities business far more than many of the so-called reforms that are always being proposed to us and that do no one very much, if any good, and in addition, add to the expenses of doing business.

Some day when Wall Street once again regains its independence, and the people who are associated with the securities business finally stand upon their two feet and tell the rest of the country that they are not in business for their health, for the love of their fellowmen, or just to pay taxes and take abuse from any and all who wish to dish it out, but to make a profit the same as every other business in the country, then and only then, will the securities business be on the way to being on a paying basis in bad as well as good times.

As far as the individual salesman is concerned, in the opinion of this column, we would tell all our time-wasters, hangers-on around the office, report requesters, reorganization fact finders, and all the sundry collection of pests who continually ask for information and who do so little business that they are not worth the time it takes to service their account and that their business is not worth while and that they should take it somewhere else.

The peculiar thing about such an attitude is that in many cases these people will come back with their hat in the hand and will do what you tell them to do when you want them to do it. That's the way any good customer should act if they know what's good for them. If they won't do what you tell them then they need a new investment advisor. Patients don't argue with their Doctors; their Doctors don't allow it. No competent securities man should do less—and when we begin to take such an attitude in the securities business, that is the time when we will be accorded the respect that is given to other professions and other businesses of a semi-professional nature.

An ounce of independence at the right time is worth a ton of free service. Try it!

SEC Reports On Building Equipment And Materials

The Securities and Exchange Commission has made public the 18th and 19th of a new series of industry reports of the Survey of American Listed Corporations. Report No. 18 covers corporations engaged primarily in the manufacture of building equipment and report No. 19 covers three industrial groups—the manufacture of building materials other than clay products and cement, the manufacture of clay produces and the manufacture of paints and varnishes. All of the corporations had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

With respect to report No. 18, covering 20 companies manufacturing building equipment, the SEC said:

"The combined sales reported by the group were $334,000,000 in 1940 compared with $298,000,000 in 1939. Net profit after all charges totaled $26,000,000 in 1940 and $20,000,000 in 1939, equivalent to 7.8% and 6.6% of sales, respectively. Total dividends paid out by these corporations were $16,000,000 in 1940 and $14,000,000 in 1939. The combined assets reported by the group totaled $371,000,000 at the end of 1940 compared with $372,000,000 at the end of 1939, while surplus increased from $66,000,000 at the end of 1939 to $77,000,000 at the end of 1940."

The Commission listed the following regarding report No. 19:

"For the 19 corporations manufacturing building materials other than clay products and cement the combined sales amounted to $389,000,000 in 1940 as compared with $335,000,000 in 1939. Net profit after all charges totaled $39,000,000 in 1940 against $32,000,000 in 1939, equivalent to 10 and 9.6% of sales, respectively. Total dividends paid out by these corporations were $25,000,000 in 1940 against $22,000,000 in 1939. The combined assets of the group totaled $433,000,000 at the end of 1940 compared with $405,000,000 at the end of 1939, while surplus increased from $137,000,000 at the end of 1939 to $150,000,000 at the end of 1940.

"For the 13 corporations manufacturing clay products combined sales amounted to $51,000,000 in 1940 as compared with $44,000,000 in 1939. Net profit after all charges totaled $3,700,000 in 1940 against $3,000,000 in 1939, equivalent to 7.3% and 6.9% of sales, respectively. Total dividends paid out by these corporations were $2,800,000 in 1940 against $2,000,000 in 1939. The combined assets of the group totaled $103,000,000 at the end of 1940 compared with $101,000,000 at the end of 1939, while surplus amounted to $20,000,000 at the end of both years.

"For the nine corporations manufacturing paints and varnishes combined sales amounted to $99,000,000 in 1940 as compared with $94,000,000 in 1939. Net profit after all charges totaled $3,900,000 in 1940 against $4,300,000 in 1939, equivalent to 4.0% and 4.6% of sales, respectively. Total dividends paid out by these corporations were $2,800,000 in 1940 against $1,800,000 in 1939. The combined assets of these enterprises were $75,000,000 at the end of both 1939 and 1940 with surplus unchanged at $28,000,000 at the end of both of these years."

NYSE Short Interest Lower On June 30

The New York Stock Exchange announced on July 7 that the short interest existing as of the close of business on the June 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 514,158 shares, compared with 534,396 shares on May 29, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the June 30 settlement date, the total short interest in all odd-lot dealers' accounts was 52,059 shares, compared with 65,434 shares, on May 29.

The Exchange's announcement further said:

"Of the 1,242 individual stock issues listed on the Exchange on June 30, there were 24 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of June 30, exclusive of odd-lot dealers' short position, was 402, compared with 401 on May 29."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396
June 30	514,158

Air Transportation

The greatest revolutionary development out of World War II may be in the field of air transportation, according to "The Future of Air Transportation," a study prepared by Estabrook & Co., 15 State Street, Boston, Mass., members of the New York and Boston Stock Exchanges. "After the war," the study states, "the industry should enter a period of accelerated growth, and the postwar prospects of the shares of leading air transport companies should compare favorably with those of industrial stocks generally." Included in the story are brief descriptions of four of the major air lines, with a brief record of income statistics and per share data. Copies of the brochure may be had upon request from Estabrook & Co.

Investment Trusts

Investment Company Briefs

Keystone Custodian Funds, Inc.:

Under the heading, "Highlights of Keystone's 10 Years," the July issue of the *"Keystone Investor"* devotes itself to a review of the development of the Keystone organization and the growth of the present series of 10 Keystone Funds.

This growth, which largely coincides with the growth of the open-end investment field, has been truly remarkable. Total assets of Keystone Custodian Funds as of the end of 1932 amounted to $358,000. Each year thereafter through 1936 steady growth was recorded, with the total assets of the Funds rising to $5,547,000 at market value as of Dec. 31, 1936. The following year (1937) witnessed the single interruption to the growth trend of Keystone's assets. This experience was attributable to the sharp decline in the market values of securities during the latter part of that year.

From 1938 through June 30, 1942, substantial gains were recorded each year in the total market value of Keystone's assets. As of June 30, 1942, these assets stood at a new peak of $33,286,000. This represents an almost 100-fold increase from the end of 1932.

* * *

Manhattan Bond Fund, Inc.:

In the July report to shareholders President Hugh W. Long discusses the July 15, 1942, distribution of 11 cents per share on the capital stock of the Fund. "Including this declaration," he states, "distributions for the calendar year 1942 to date total 38 cents. This total is made up of three quarterly 'Ordinary Distributions' of 11 cents each and two 'Extra-Ordinary Distributions' from net realized profits on sales of securities, aggregating 5 cents."

During the month of June, Brooklyn Union Gas Corp. Deb. 5s, 1950, were approved for purchase by the Board of Directors.

* * *

National Securities & Research Corp.:

The intermediate trend of stock prices which this sponsor discusses weekly in its bulletin, *"Investment Timing,"* is summed up as follows in the issue of July 9, 1942:

"Last Thursday we wrote: 'There are some signs of the beginning of deterioration of the market structure. This condition may be only temporary, but its present existence warrants caution by those on the long side of the market. Somewhat higher prices may, and probably will, be seen in the next few days, but the action of the market registers danger, and the downward movement could begin at any time.' The Dow-Jones Industrial Stock Average moved up sharply during the week, rising 1.61 points on Monday (July 6) and 2.18 points on Wednesday (July 8). The Average closed tonight (July 9) at 108.75—up 5.02 points since last Thursday's close. The Average may possibly rise somewhat further, but its upward movement has now been sufficient for us to take a somewhat stronger position than we did last Thursday; and, instead of merely suggesting caution, hazard the forecast that a downward movement is in the immediate offing, if not imminent. The indications tonight suggest that it may begin at any moment."

The bulletin contains a careful analysis of the practice of making bond investments by "ratings" and concludes that this method has serious drawbacks. The conclusions are set forth in following terms:

"In recognizing the value of bond ratings in investment, it is also important to recognize their limitations, which are especially apparent from the price angle (embracing both appreciation and depreciation in principal). There appears a definite tendency for bonds, especially of other-than-highest grade, to have relatively high ratings when their prices are high and relatively low ratings when their prices are low.

"Thus a high rating (in a bond whose rating has been subject to change) may well represent neither expectation of higher prices or protection against decline; while the opposite may be true of a relatively low rating. It follows that the fact that ratings on medium and lesser-grade bonds—particularly railroad issues—are relatively low now at least points toward their being undervalued, and representing opportunity for price appreciation."

(Continued on page 183)

Municipal News & Notes

The lead article in last week's column pointed out that financial reports of many States throughout the country served notice that the close of their fiscal year periods found them in very good standing. We had prepared excerpts from various reports to bear out our findings and intended to present these news items as follow-ups to the main theme. Owing to the exigencies of make-up, it was necessary to delete all but a few of these condensed reports. Since that time, other rosy-hued financial statements have reached this desk, showing that expanding national income resulting from the war effort, have swelled State tax receipts. Much as we should like to, most of these reports cannot be given here because lack of space prohibits, but we have chosen a representative few which appear subsequently.

At this point, it should be again emphasized that the current picture may be fine but the future holds possibilities of sharply declining revenues for the States because of a drying up of some sources of revenue or unexpected emergency outlays. It behooves all governing bodies to proceed warily with the surplus funds now on hand.

Oil Tax Revenues Seen Declining

With motor fuel consumption in the United States beginning to show the restrictive effects of rationing, revenues of the Federal, States and local governments from the petroleum industry are expected to show a substantial reduction this year from the record of $1,825,000,000 collected last year. State gasoline taxes alone approached the $1,000,000,000-mark in 1941. Cities, large and small, began to realize the possibilities of the parking meter several years ago, but revenue from this source from now on is expected to show a rapid decline. Gasoline and tire rationing, all told, will strike a severe blow at one of the most prolific sources of revenue our various governments have exploited, tax experts say.

In each year since 1932, the tax bill of the petroleum industry, including Federal, State and local taxes of all kinds, has represented at least 10% of all revenues collected from taxes in the United States, according to an analysis by the American Petroleum Institute. In 1941, the petroleum tax bill was equivalent to 10.5% of all taxes collected during the year.

Sales Tax Revenue Reductions Seen

Price ceilings, stricter controls over instalment purchasing and lower production of civilian commodities are combining to effect a leveling-off in State sales taxes which recently have been at all-time high levels. Except for taxes on food and services, declines may be anticipated in the near future although total collections are not expected to fall below those of 1941, the Federation of Tax Administrators reports on the basis of analysis of collections in eight States.

There should be no general slump in tax receipts in the next several months, the study said, nothing that the existence of record merchandise inventories and the generally heavy reliance on food sales probably will offset in part restrictions on purchasing and the imposition of price controls. States taxing services are expected to continue to gain revenue from this source.

Totals covering the period from July 1, 1941, to May 1, 1942, showed taxable sales up 12% in North Carolina and Colorado, 17% in Michigan and Missouri, 22% in Kansas and Oklahoma, and 25% in Arizona and Illinois.

Mayors Discuss Municipal Finance Problems

Fourteen mayors and the representatives of two others met with Mayor La Guardia in New York last Thursday as the financial board of the U. S. Conference of Mayors. They discussed the financial problems of cities throughout the country and appealed to the Federal Government for aid. The group made two principal requests. They were:

1. "That the Federal Government, during the period of the war emergency, cause to be paid to municipal governments amounts fairly representative of the cost of services rendered by municipal governments to property in the local communities used for war purposes, whether owned or operated by or for the Federal Government or the government of any allied nation."

2. That the Federal Government desist from claiming tax exemption on war production plants in any city, financed by the Federal Government but operated by private corporations.

The two chief requests were contained in resolutions prepared by a resolutions committee after the meeting ended. Another step taken, however, was to appoint a committee of Mayors to fight a Treasury Department proposal to make municipal securities taxable. They are now tax-exempt, with the result that cities can borrow money at lower interest rates.

At Mayor La Guardia's suggestion, the trustees authorized the United States Conference of Mayors to appropriate $100,000 for a study of municipal problems by a board of experts.

"There is not a city that is not on thin financial ice," Mayor La Guardia said.

Federal, State and Local Officials Confer

Perhaps the Mayors mentioned above were unaware that a series of conferences has been going on recently, dealing with emergency fiscal problems, under the auspices of the Council of State Governments. Representatives of the Federal Budget Bureau, the Treasury, Congress, State budget and tax officials, members of State defense councils, and local government officials have attended these regional meetings, which were held in New York, Chicago, Memphis and Salt Lake City. Purpose of the meetings is the formulation of plans to harmonize Federal, State and local ideas for relieving fiscal problems induced by war conditions.

State, Local Share of Relief Financing Varies

General relief financing, which has been entirely the responsibility of State and local governments for the past seven years, is still apportioned on bases varying widely from State to State, information from the Federation of Tax Administrators showed Monday.

In total, the State and local governments spent $337,000,000 for relief in the fiscal year 1941, more than 56% coming from State funds and less than 44% from local revenues, Social Security Board figures show.

Current revenues of both the state and local governments provided most of the relief financed in 1941, in contrast with depression years, when almost 60% of state funds and 27% of local funds for this purpose were borrowed.

Most States and localities finance relief from general funds rather than from earmarked sources. Of the earmarked funds, the general sales tax is the commonest kind of revenue and liquor taxes rank next.

Street and Highway Financing Discussed

Future financing of streets and highways in municipalities will depend on the property tax in even lesser degree than at present, Douglas Sutherland, Executive Secretary of The Civic Federation, Chicago, reports in a study of the street and highway financing problems of that city.

Outlining the change in concepts of street financing since the turn of the century, Mr. Sutherland noted that in "the very early days each property owner was responsible for maintenance of the road in front of his property." This concept led to the special tax and special assessment.

In the first decade of the century there was a recognition of the shift in street benefits from the property to the users of municipal thoroughfares. This was shown in Illinois by the passage of the so-called municipal wheel tax law.

With the construction of State highways, Mr. Sutherland pointed out, "motor traffic increased, and partly to encourage highway construction by the counties and partly in recognition of the increased highway demands thrown upon them by the growing motor traffic, some State aid was given them, at first from proceeds of the State bond issues (financed by motor vehicle license fees) and later by partial reimbursements direct from the motor fuel tax and motor vehicle license funds.

Other factors in the reduction of the burden of municipal thoroughfares borne by property from the original 100% to its still substantial proportions have been the depreciation, rather than appreciation, of properties abutting on modern thoroughfares, particularly speed highways, and reluctance to use special assessments and bond issues for street purposes.

Airports Operated Jointly to Increase

Forty-two municipal airports in the United States are operated as point enterprises by 91 cities and counties, and 55 more probably will be established in the near future, a report to the International City Managers' Association showed.

With Federal aeronautics authorities declaring the number of airports must be doubled and the number of hangars tripled to meet defense and civilian requirements for facilities, the move for intermunicipal action on airports which began in the late 1920's may receive still greater impetus, the report said.

Most of the intermunicipal airport agreements are between one city and one county. Seven have been established by joint intercity action, and only four involve more than two municipalities. Twenty-two of the 42 existing joint ports are in communities below 10,000 population, and only two are in areas over 100,000.

Of the 54 additional joint airports proposed as of Sept. 1, 1941, 15 are city-county airports in Idaho, and 33 are joint intercity airports and one a city-county project in Texas. The other six proposed ports are in Tennessee.

Connecticut General Income Rises

Connecticut general fund income derived from 18 principal tax sources for the fiscal year just ended indicated an increase of more than $6,000,000 over receipts of the previous period, according to the State Tax Commissioner.

Largest single tax receipt increases, reflecting the manner in which this State has gone all-out for war production during the past year, were those collected from corporations. Collections of revenue from this source the Commissioner said, almost doubled those made during the previous year, producing an increase of more than $5,000,000.

Wis. Cities and Towns Cut Bond Debts

By following a strict pay-as-you-go plan in which "nest eggs" for public improvement play an important part, Wisconsin cities and towns are freeing themselves of debt at a rapid rate, the American Municipal Association reports.

Instead of financing such construction as bridges and sewage disposal plants by bonds, the municipalities accumulate improvement funds, figuring that while present interest rates on municipal bonds are low, bonds issued now may fall due in years when the taxpaying ability of citizens has lessened.

The total outstanding debt of municipalities in the State dropped from the high point of $92,820,717 at the end of 1931 to $56,205,111 at the end of 1940, last date for which figures are available, according to a report to the association from the League of Wisconsin Municipalities. Included in the total are figures for Milwaukee, which has been successful in reducing a $50,000,000 debt to $13,000,000 through an amortization plan set up in 1923.

At least eighteen cities in the State are totally debt-free. In many other cities the outstanding debt is small and will be retired within a few years, according to the report.

Milwaukee's indebtedness will not be wiped out entirely for approximately another ten years, but citizens will find reduced debt service charges in their tax bills in another year, when the amortization fund is expected to be large enough to carry debt, yearly principal and interest charges.

California "In the Black"

For the first time in a decade California opened a new fiscal year July 1 with its State government books on the sunny side of the ledger.

Exactly how much of a surplus there is probably will not be known for at least ninety days, but state officials estimate it may amount to as high as $25,000,000.

Just a year ago the state had a cash deficiency of $61,732,985.

Wisconsin Shows Record Fund Balance

Wisconsin opened the new fiscal year with a general fund balance of $31,493,665, highest in history, according to A. H. Pettigrew, financial secretary to Gov. Julius P. Heil. The total July 1, 1941, was $17,493,486. Mr. Pettigrew attributed the boost to greater revenue and less spending by the state.

Oklahoma Announces Surplus

Oklahoma's long parade of deficits ended July 1—thanks to a budget balancing amendment—and a surplus of $5,476,693 was pocketed at the opening of a new fiscal year.

Under the amendment sponsored by Governor Leon C. Phillips and voted by the people on March 11, 1941, the surplus cannot be spent until the Legislature appropriates it.

N. Caro. Ends Year With Large Surplus

North Carolina closed its fiscal year on June 30 with the record-shattering collection of $99,054,805.33 in all revenues and a general funds surplus that will exceed $17,000,000 in cold cash to cushion revenue declines indicated during the new fiscal year.

General fund collections rose to the unheard-of total of $57,297,966.82, a figure of $10,684,315.11 greater than the record-breaking collections of last year and $14,248,997.82 beyond the most extravagant estimates presented to the last Legislature.

Ky. General Fund Hits New Peak

The Commonwealth of Kentucky closed its fiscal year on June 30 with a general fund balance of $8,338,007, compared with a $1,341,533 surplus a year earlier, according to a report by J. Dan Talbott, State Finance Commissioner. General fund receipts, which are exclusive of gasoline tax revenues, increased to $33,580,948 for the fiscal year, from $26,721,011 for the preceding period.

General fund receipts established a new peak, the former record having been $30,143,229 in the 1936-37 fiscal year. All operating expenses of the State are paid out of the general fund, with the exception of the highway department. Total cash in banks, including the general fund, highway fund and various revolving funds was $21,859,288.

Tenn. Ends Year In Financial Clover

The State of Tennessee closed its books for the 1942 fiscal year with the largest tax collections in history and a prediction that a final tallying would show a general fund surplus exceedng that of the $933,000 for the year 1941.

The collections by the Department of Finance and Taxation rang up $52,687,331, a gain of $5,590,618 over last fiscal year. It also brought forth the prediction that this would probably be the last year "for the duration" in which the State would see lush incomes from gasoline taxes and motor vehicle registrations, the leaders in bringing in the coin on which the States operates.

San Antonio Public Utility Purchase Halted

The city of San Antonio and the San Antonio Public Service Company were restrained Tuesday by a temporary court order against further steps toward the condemnation or purchase by the city of the company's electrical properties.

Arrangements for the sale of the San Antonio Public Service Company to the city of San Antonio were entered into Monday when officials of the city and representatives of the utility signed a contract under the terms of which the utility would be transferred from private to public ownership at an over-all price of approximately $34,600,000.

Under the deal between American Light and Traction and San Antonio officials, the city would purchase initially the entire issue of San Antonio Public Service common stock, totaling 83,000 shares, for $10,000,000. Thereafter, the city would retire the utility's preferred stock debentures and first mortgage bonds. The entire transaction, according to the deal, would be accomplished

through the sale of revenue bonds by the city.

Cleveland Electric Co. Acquisition Opposed

Opposition has developed to the recent proposal that the Cleveland Electric Illuminating Company, an important unit in the North American Company system, be transferred from private to public ownership. Cleveland Electric has been ordered cut loose from the North American system under the "death sentence" provisions of the Holding Company Act, and several weeks ago it was reported in Wall Street that banking group was being formed to bid on City of Cleveland bonds, the proceeds of which would be used to acquire the Cleveland Electric property. Latest developments in the situation, however, indicate that the Citizens League of Cleveland is strongly opposed to public ownership of the utility. In a report just filed with the City Council and the Mayor of Cleveland, the League declared that there is "no widespread desire" on the part of taxpayers and voters for a change from private to public operation of the utility. In voicing its opposition to the proposal, the League declared (1) that the company is rendering efficient service at low cost, and (2) that the city would have great difficulty in floating a $100,000,000 bond issue at this time. In conclusion the League asserted that the city, which already operates a small municipal plant, "has not yet proved its ability to operate a light and power plant economically and efficiently."

N. Y. World's Fair Makes Last Payment

Forgotten by practically everybody but the bondholders, the $155,000,000 New York World's Fair again hit the news column recently. In its final gesture before dissolution proceedings are begun, the Fair Corporation announced June 29 a payment to holders of the outstanding 4% debentures of $940,198; representing 3½% of the $26,862,800 original principal amount issued.

This final distribution, payable only upon surrender of the debentures for cancellation, to the Chase National Bank, Trustee, will bring total payments on principal to $8,219,479.54, or 30.75 cents on the dollar. Holders also received seven interest payments, aggregating 9.43% of principal, or approximately $2,533,162, to lift the overall return to 40.18%. Principal payments were 10.5% in 1939 and 16.75% in 1941.

It is estimated that approximately 80% of the outstanding debentures are owned by New York banks, exhibitors and concessionaires at the Fair with only a small amount held by individuals.

Ontario Effects Huge Bond Refinancing

The Province of Ontario has completed the re-financing in Canada and the United States of bonds and treasury bills totaling $129,500,000, at an interest rate substantially lower than that which has hitherto prevailed, Premier Hepburn announced recently.

"All our re-financing has been completed up to March 31, 1943, at a big saving to the Province in the service charge on the debt," said the Premier. "It is a good stroke of business, and naturally I am delighted. The fact that we were able to obtain a substantial saving in the interest rate is indicative of the high standing of Ontario in the eyes of investors."

Ontario Booklet Prepared

Wood, Gundy & Co., Inc., 14 Wall St., New York, has prepared a booklet on the wealth and resources of the Province of Ontario, Canada, in which it points out that the Province provided more than half of all individual and corporation taxes collected by the government of the Dominion of Canada in the fiscal year ended March 31. Forty per cent of the national income of the Dominion accrues to residents of Ontario, which comprises one-third of Canada's total population.

Detroit Bonds Awarded

A group of 74 investment firms and banking institutions headed by the First National Bank of New York, Halsey, Stuart & Co., Inc., and Lazard Freres & Co. submitted Tuesday the winning bid for an issue of $17,143,000 of city of Detroit, Mich., refunding bonds, the tender showing a net interest cost to the city of 2.59958%.

The successful bid was 100.025 for $7,746,000, due on July 15, 1943 to 1956, as 3s; $4,408,000, due on July 15, 1957 and 1958, as 2¼s, and $4,989,000, due on July 15, 1959 to 1962, as 2½s.

The bonds were immediately re-offered by the syndicate, with the 3s priced to yield 0.60 to 2.60%; the 2¼s to yield 2.50%, and the 2½s at dollar prices ranging from 99¼ to 98½, according to maturity in each case.

The city received three group bids for the issue, with a syndicate headed by the Bankers Trust Company in runner-up position with an interest cost basis of 2.6347%. The Northern Trust Company, Chicago, and associates bid a 2.6385% interest cost basis.

The sale of this $17,143,000 issue completes the refunding program which was started by Detroit some time ago under which all of its general obligation bonds will have been refunded. Last March the city sold $16,758,000 of bonds at a net interest cost of 2.72%, as part of this refunding program.

Following the sale of this issue, Detroit city officials announced Tuesday the call for redemption of $17,143,000 of outstanding bonds. These include $4,115,000 of public sewer refunding Series A 4% bonds, to be redeemed on Sept. 15; $1,198,500 of public school refunding Series A 4s, to be redeemed on Nov. 1; $3,997,000 of public sewer refunding Series A 4s, on Nov. 15; $7,512,000 of public sewer refunding Series A 4½s, on Dec. 15; $2,000 public school refunding Series A 4½s, on Jan. 1, 1943; $25,000 library refunding Series A 3½s, on Jan. 1, 1943, and $294,000 public school refunding Series A 3½s, on Jan. 2, 1943.

Housing Notes Sold—Bonds Offered

Twelve local public housing authorities sold Tuesday to various banks and investment firms a total of $50,459,000 of short-term obligations. The Chemical Bank and Trust Company and associates received the award of $36,661,000 of the total amount offered; Salomon Brothers & Hutzler took $6,727,000; the Girard Trust Company of Philadelphia, $3,000,000; the Capital National Bank of Sacramento, $1,755,000; Harvey Fisk & Sons, Inc., $1,100,000; R. W. Pressprich & Co., $800,000, and the First and Merchants National Bank of Richmond, $416.000.

The New York City Housing Authority will consider proposals up to July 22 for the sale, as Series A bonds of not more than $1,806,000 principal amount of bonds (constituting part of an initial issue of $2,050,000 of bonds) of the Authority to aid in financing the cost of its low-rent housing project known as Classon Point Gardens, designated as Project No. N. Y. 5-7.

Each proposal must prescribe serial maturities for $2,050,000 of bonds on Feb. 1 of each year, beginning on Feb. 1. 1943, and ending not later than Feb. 1, 2000, and shall designate not more than $1,806.000 of these bonds, consisting of any number of consecutive maturities, commencing with the first maturity as Series A bonds, provided that no bonds maturing after Feb. 1, 1979, may be included as Series A. All bonds not sold as Series A will be Series B bonds and will be sold to the Federal Public Housing Agency and will bear interest at the rate of 2½%. Bidders are asked to specify the rate of interest on the Series A bonds.

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.

July 17

$2,976,000 Cuyahoga Co., Ohio

In March the county awarded bonds to a syndicate headed by A. C. Allyn & Co. of Chicago. Second highest bid was submitted by Prescott, Jones & Co., Inc., of Cleveland and associates.

July 20

$480,000 Akron, Ohio

Although slightly under the required amount, this offering is included because of general reader interest. Prior award, on June 1, went to syndicate headed by Fox, Reusch & Co. of Cincinnati. The Ohio Co. of Columbus, and associates, second best bidder.

July 21

$4,000,000 South Carolina (State of)

Similar highway certificates of indebtedness were awarded last March 31 to a syndicate headed by the Chemical Bank & Trust Co. of New York. Second highest bid entered by Halsey, Stuart & Co., Inc., and associates.

July 29

$1,200,000 Washington Suburban San. Dist., Md.

Last December the said district awarded a larger issue to a syndicate headed by Phelps, Fenn & Co. of New York. Runner-up in the bidding was Harriman Ripley & Co., Inc. of New York, and associates.

Our Reporter's Report

(Continued from First Page)

Detroit Writes Finis.

The City of Detroit rounded out its enormous refunding program this week with the sale to a New York banking group of $17,143,000 bonds at an interest cost to the city of 2.59958%.

Completing a nine-year job of refinancing, involving $229,000,000, the last bonds sold were bid in by bankers in three groupings, $7,746,000 as 11 to 14 year 3%; $4,408,000 as 15 to 16 year 2½s and $4,989,000 as 2¼%, maturing in 17 to 20 years.

Dealers reported the bonds, priced for reoffering in line with existing markets, were meeting with brisk demand, indicating an early closing of subscription books.

Life Company Investments.

For the first half of the current year, life insurance companies report an overall increase of 15% in gross purchases of securities and mortgages, which incidentally is a gain of 39% over the same period in 1940.

Aggregate of such purchases was placed at $2,425,000,000 against $2,100,000,000 last year. But it develops upon breakdown of the figures that actual investments in mortgages in the period were only $404,000,000 or 2% less than in 1941.

This contrasted with a total of $1,231,000,000 added to holdings of federal securities, a total more than two and one-half times as great as in 1941 or 1940.

New purchases of utility securities were off 43% to $311,000,000; railroads down 41% to $81,000,000 and State and municipals off 23% to $122,000,000.

"Swapping" Is Active.

Swapping operations by insurance portfolio chiefs and other institutional holders of securities, provides a sizeable part of the daily business going through.

The aim of such trades, naturally is to round out portfolios and to improve the quality of the bonds held. Currently the bulk of such business involves the secondary and less railroad classifications.

Here it generally is the aim of the seller to use an opportunity, as he sees it, to let go of a debenture and replace it with a mortgage issue, or perhaps to "step up a mortgage" in the parlance of the trade.

In other words, the element of quality, rather than price, is the guiding factor in most such undertakings.

Urges Buying War Bonds for Post-War Reserves

Urging the purchase of War Bonds of the Series F and G types as an excellent means for the investment of reserve funds for industry's post-war reconversion costs, Henry H. Heimann points out in the "Monthly Business Review" of the National Association of Credit Men, released on July 15, that "these bonds likewise provide one of the very best investments that corporations can make if they must build reserves to meet maturing issues of an extended nature.

"Corporate reserves in the form of War Bonds serve a three-fold purpose. First, they help provide the government with funds to pay for the materials necessary to win this war. Second, they contribute toward the anti-inflationary program and thus add to the possibility of a more stable future for all business. Third, they represent a security that not only yields a satisfactory rate of interest and cannot depreciate in price, but also has the backing of the United States of America."

In contrast to the Series E Bonds, which are available only to individuals, Mr. Heimann emphasizes that "the Series F Bonds have a 12-year appreciation period and are issued at 74% of maturity value, with an investment yield of approximately 2½%, while the Series G Bonds are 12-year current income bonds issued at par and bearing interest at the rate of 2½% annually.

"It is the Series F and G Bonds that are so well-adapted for investment of corporate reserves since the maximum holding can be as high as $100,000 annually for the aggregate of the two series. Either of these series can be registered in the name of a corporation, which is not the case with Series E Bonds. Thus post-war reconversion costs can be anticipated and funds to meet them can be invested safely."

SEC Issues Data On 1941 Securities Flotation Cost

Detailed statistics on the cost of flotation of securities effectively registered under the Securities Act of 1933 during the year 1941 were made public on June 18 by the Securities and Exchange Commission. The statistics, said the SEC, bring up to date the annual data presented in reports by the Research and Statistics Subdivision of the Trading and Exchange Division. A consistent annual series of detailed cost data is now available for the years 1938-1941, said the Commission's announcement of June 18, which continued in part:

"The main statistical tables accompanying the current report include all issues effectively registered in 1941 by issuers for cash sale, namely: 70 bond issues totalling $1,353,198,000; 67 preferred stock issues totalling $202,511,000 and 111 stock issues (excluding investment company issues) totalling $386,113,000.

"The cost of flotation in 1941 for the securities which were registered for sale for the account of issuers was lower than the three preceding years, as was also the number of issues registered, but not the dollar volume. The decline in cost for each type of security was accompanied by great increases in the dollar volume offered directly to investors. Costs in 1941 averaged $1.90 out of each $100 of estimated gross proceeds or 1.9%. The lowest annual cost rate in the preceding three years was 2.9% for 1938.

"Below are summarized the more important points shown in the analysis of the securities effectively registered for cash sale for the account of issues in 1941:

"(1) Costs for each of the three major types of securities were much lower in 1941 than in all of the preceding three years. For bond issues, the cost of flotation in 1941 averaged 1.5%, a substantial decline from the range of 2.4% to 2.5% for the years 1938-1940. Of preferred stock, the 58 issues registered in 1941 carried an estimated cost of flotation of 4.2%, which compared with an annual low for the three preceding years of 5.2% in 1939. Common stock in 1941, in the volume of 70 issues, carried an average cost of 2.4%, and the substantial decline from 9.2% of 1940 was accompanied by a great increase in the proportion of issues sold without the aid of investment banking facilities and the greatest decrease in cost for that method of offering.

"(2) A reduction in the number of issues, but an increase in the dollar volume, accompanied the decline in 1941 from the year preceding in the average percentage cost of flotation of all securities registered for sale for the account of issuers. There was a substantial rise in the proportion of both the numerical volume and dollar volume represented by certain types of offerings which typically involve a minimum of cost, notably sales by issuers directly to investors. The other methods of offering, however, also participated in the decline in the cost rate.

"(3) A breakdown of cost of flotation into two components—compensation and expenses—showed that changes in the first component accounted for the change in the total. For all types of securities effectively registered for sale for the account of issuers, compensation averaged 1.3% in 1941 compared with the previous low of 2.3% in 1938, whereas 1941 expenses were about the same as the average for the four years. For bonds, the compensation in 1941 averaged 1.0% compared with the previous low of 1.8% for 1940 and the expenses of 0.5% were equal to the average of the preceding three years. For preferred stock, both compensation and expenses established new lows of 3.3% and 0.9%, respectively. For common stock, compensation of 1.7% and expenses of 0.7% in 1941 registered declines from previous lows for compensation of 8.0% in 1939 and for expenses, 1.1% in 1940.

"(4) As in the immediately preceding years, flotation costs in 1941 varied according to the method of issue. For bonds, those which were underwritten averaged 2.2% in cost of flotation; those distributed by investment bankers on an agency basis, 1.0%; and those distributed directly by issuers to investors, 0.5%. Those preferred stocks which were underwritten had an average cost of flotation of 4.3%, compared with 11.8% for those distributed on an agency basis, and 1.3% for those distributed directly by the issuers. For common stock, the cost ratios in the same order were 5.5%, 11.2%, and 0.6%.

"(5) A breakdown of expenses other than the registration fee, which was practically constant, distinguished between those which were partly attributable and those which were not attributable to registration showed that the ratio of the former declined for all three major types of securities, but the latter increased for bonds and preferred stocks and declined only for common stocks.

"(6) Cost of flotation in 1941 tended to vary inversely with the size of both issue and issuer, confirming tendencies for the former shown in the 1940 data and for the latter in the data of all three preceding years.

"(7) A definite tendency to vary in the same direction as yield was noted for the cost of flotation of underwritten bonds offered to the public in 1941, as well as in the three preceding years.

"(8) Serial maturities carried lower cost of flotation than single maturities among the underwritten bonds offered to the public in all four years.

"(9) Issues marketed through competitive bidding, which carried lower than average costs of flotation, were higher in volume in 1941 than in the preceding three years. Tests by yield and quality ratings failed to show the competitive-bid issues were of superior quality to all other issues."

NYU Will Sponsor Federal Tax Institute

New York University will sponsor a Federal Tax Institute this fall to meet the needs of attorneys, accountants, corporate officials and trust officers whose work is largely concerned with tax matters, it is announced by Dr. Ned H. Dearborn, Dean of the Division of General Education. Scheduled to meet for a two-week session after the details of the new Federal tax law have been completed by Congress, the Tax Institute program will be conducted by a committee composed of J. K. Lasser, tax authority and lecturer in the Division of General Education; Harry J. Rudick, lecturer on taxation at the New York University School of Law, and Paul Studenski, professor of economics in the New York University's School of Commerce, Accounts, and Finance.

Sessions will be held mornings and evenings during the two-week period, leaving the afternoons free for members to attend to personal and business matters during their stay in the city. Some 20 nationally known authorities on Federal tax matters have already accepted invitations to become discussion leaders and it is expected that representatives of the United States Treasury will also attend the conference, Dean Dearborn said.

Financial Advertisers To "Convene By Mail"

CHICAGO—The 27th annual convention of the Financial Advertisers Association scheduled to be held in Chicago beginning Oct. 26 has been cancelled, it is announced by Victor Cullin, President of the Association and Assistant Treasurer of the Mississippi Valley Trust Co. of St. Louis. This action was taken by the Executive Committee of the Association at a meeting held at the Edgewater Beach Hotel in Chicago, July 11 and 12.

President Cullin, in announcing that the 1942 convention would be cancelled, said: "A number of factors led to our decision, which is actually a consensus opinion of our membership. First, of course, is the request of Defense Transportation Coordinator Eastman, that convention travel be reduced. Beyond that is the fact that the nearly 700 members of our Association are the men and women who are directing the greatest part of the tremendous advertising and sales promotion campaign being conducted by the banks of the country to sell War Bonds and Stamps. . . ."

Mr. Cullin concluded with the interesting announcement that the committees charged with handling the cancelled convention are now formulating plans for a unique and original substitute—a "Convention-by-Mail." He said that the plan was naturally in a formative state, but that they expected to develop a method whereby all members of the Association could actually "sit in" by mail on a program equivalent to that which they would have heard had the 1942 convention been held in Chicago.

Chandler Offers Stock Of Fluorescent Corp.

Leigh Chandler & Co. are offering 38,000 shares of Fluorescent Pigments Corporation Capital Stock at two dollars per share. The Company will market a new blackout product — a luminous pigment which stores up sufficient sunlight or artificial light within one minute to enable it to glow throughout the night.

Non-Farm Foreclosures

The Federal Home Loan Bank Administration announced on June 29 that persistent contractions in the number of non-farm real estate foreclosures, which have been characteristic of the period since the depression of the early 1930's, continued through May. The total of 3,813 cases estimated for the month of May represents a decrease of 1% from the previous month. This decrease appears very favorable when compared with the customary April-to-May increase of 6%. As a result the seasonally adjusted foreclosure index declined 6.5% in the month of May and now stands at 27.2%, as compared with the average level of the 1935-1939 base period.

The agency's report further said:

"When compared with the corresponding month of 1941, May foreclosures were down 29%. Each Federal Home Loan Bank District and all but 10 scattered States shared in this improvement over May of last year. During the 12 months ending in May, 50,700 foreclosures took place — a total 28% below the same period a year previous.

"The foreclosure rate for the United States as a whole for the 12 months ending May, 1942, was 2.7 cases per 1,000 dwellings, as compared with 3.7 for the 12 months ending May, 1941. The May, 1942, non-farm foreclosure rate projected on an annual basis was 2.4 cases per 1,000 non-farm dwellings or slightly lower than the 2.7 rate for the 12 months ending in May. Only Boston, New York, and Pittsburgh Bank districts reported a rate greater than the national average for the 12 months ending May, 1942.

"The concentration of the more favorable rates was in the less densely populated areas. The foreclosure rates for Groups No. 1 and No. 2, which are comprised of the smaller communities, were 1.3 and 1.7, respectively. Counties consisting of the greater number of dwellings registered rates of 3.0 for Group No. 3, and 4.0 for Group No. 4. All groups were below the rates registered for the 12-month period ending May, 1941.

Get Merit Awards

Secretary of the Treasury Morgenthau on July 4 personally presented certificates of merit to 16 industrial and business organizations in Dutchess County (N. Y.) for participation of 90% or more in the war savings bond payroll allotment plan. The ceremony took place at the plant of the International Business Machines Corp. at Poughkeepsie, N. Y.

Mr. Morgenthau told the officials of the 16 organizations and employees of the I. B. M. plant, which operated that day, that "the United States Government is now spending a little more than $1 a day for every man, woman and child in the country and approximately $4,500,000,000 must be raised each month for the rest of this year. I do not know of any better message to send back to Mr. Hitler than to tell him about all you men we see here working on the Fourth of July like any other day."

OPA Explains Stand On Ceiling Prices

The Office of Price Administration issued on July 11 a statement designed to clarify conflicts between the General Maximum Price Regulation and State Fair Trade Acts. The statement, released by David Ginsburg, General Counsel of OPA, follows:

"I have been asked to clarify some uncertainties which have arisen with respect to the position of the Office of Price Administration as to the relationship between the General Maximum Price Regulation and resale price maintenance contracts entered into pursuant to State Fair Trade Acts.

"It is clear, of course, that no seller subject to the General Maximum Price Regulation may sell at a price higher than the price established by the Office of Price Administration. Cases may arise, however, in which this maximum is less than the minimum price established under a State fair trade contract.

"It is not the view of this office, in cases in which there has been substantially uniform observance within the community of the State fair trade price, that the General Maximum Price Regulation authorizes a seller to sell below that price. Where the price established by fair trade contract has been generally observed during March and the violations represent the abnormal situation, enforcement of the fair trade contract would not be regarded by this office as substantially interfering with the purpose of the General Maximum Price Regulation or the Emergency Price Control Act.

"In such cases, if a retailer is enjoined by a State court from selling at the maximum price authorized by the General Maximum Price Regulation, he may apply to the Office of Price Administration for an adjustment of that maximum price in accordance with Section 18 of the General Maximum Price Regulation."

OPA Raises Ceiling On Canned & Dried Fruits

The Office of Price Administration has increased the ceiling levels over all canned and most dried fruits, Price Administrator Leon Henderson announced on July 1. He said that the increase in prices for the 1942 pack would average as much as 15%. In a statement, Mr. Henderson explained that growers' prices for fruit have risen sharply under the parity formula set in the Price Control Act and, in addition, canners' labor costs and transportation costs are higher than last season. He added that the established ceilings—fixed at the highest March levels—"leave no working margin for the function of wholesaling and retailing." According to the Associated Press July 1, Mr. Henderson in his statement addressed directly to American housewives, blamed the situation on the special price concessions granted by Congress to farm products, and on refusal of Congress to approve a subsidy program permitting the government to absorb higher costs of fresh fruit. He is quoted as saying:

"This is not a satisfactory solution. It is inflationary. It translates into retail price increases a burden that the government might properly assume as a charge connected with the war."

The OPA set the ceiling, over all levels of selling—packer, canner, wholesaler and distributor—in its April 28 order (referred to in our April 30 issue, page 1705) but due to the 110% parity formula could not set a ceiling over growers' prices.

More Dealer Views On Minimum Capital Proposal

We have received some more letters from dealers in various parts of the country expressing their views regarding the NASD minimum capital proposal. Although July 15 was the closing date for the balloting on this proposition and the other proposed amendments to the rules and by-laws of the Association, we are publishing the letters on hand only for the record. In all cases, we have scrupulously observed the wishes of our correspondents who preferred to remain anonymous.

DEALER NO. 39

I differ with the New York City Dealer (Dealer No. 34) in the "Chronicle" of July 29th who says that "A man in business for himself who has not as much as $5,000 to protect his customers and to carry on his business has no more justification for being in business for himself than a bank or a trust company would be justified in accepting deposits and trusts without any capital to protect them."

This dealer's premise is entirely false. A bank agrees to permit a customer to withdraw his money on demand. This might not ordinarily be possible where such funds are loaned out, invested in securities, etc., and such loans and investments go bad. Consequently, our legislators saw fit to oblige banks to comply with certain minimum requirements to guard against such contingencies. In other words, a bank is really temporarily investing the other fellow's money and agrees to return it to him on demand and assumes the risk inherent in so doing.

In the case of an investor buying from a securities firm, he (the investor) assumes the risk in the event that his judgment proves wrong when he concludes to purchase a particular stock or bond.—(From a New Jersey Dealer)

DEALER NO. 40

As one of the many "John Bowmans" allow me to express my appreciation and hearty endorsement of the stand you have taken in regard to the proposed NASD amendments. You have expressed my sentiments better than I could myself.

I have been in the securities business for more than thirty years and from many contacts know that a man's integrity is not dependent upon the size of his bank account.

The whole thing smells to me of too much regimentation and Naziism. I am dead set against it.—(From a Denver, Colo., Dealer)

DEALER NO. 41

We are much interested in an article you have recently been carrying in "The Commercial & Financial Chronicle" on the efforts of the NASD regarding a minimum net operating capital of smaller security dealers.

Our company voted "Yes" on Article 1, Section 1, feeling that a suggestion on the part of the NASD virtually amounted to the passage of the rule anyway and while it might not necessarily work a hardship on us it would depend on their construction of what is a liquid net of $5,000.

We do not wish, in any way, to antagonize the NASD but if you will advise us that your responses from the dealers indicate that a majority will vote "No," we will recall our vote.

In this day of rigid detailed requirements on the part of the governing agencies it is difficult to know when you are complying in all minute details with their rules and regulations. It is certainly our desire and intent to cooperate in the fullest but we can assuredly see where a very distinct hardship could be worked on many dealers if this proposal is carried out.

Particularly do we refer to their construction of what constitutes a liquid operating net $5,000. For instance, in making a bond to comply with the State's requirements, we have placed $5,000 Government "G" Bonds with the bond company. Certified Public Accountants consider that a net asset. As to what conclusion the NASD would take of it is something unknown.

We would not like to have our name used but the contents of this letter may be used in any way you see fit, just so our name is not brought up in connection with it.—(From a Miami, Fla., Dealer)

DEALER NO. 42

I have been reading with some interest your comments on the proposed minimum capital requirement applying to members of the NASD, and observe that so far all of the letters you have printed are opposed to this amendment. I am wondering if there is anyone who has written you in favor of the proposal and whether you are willing to make your columns available to arguments on the other side.

Whether or not the minimum capital requirement is upheld for membership in the NASD, it cannot be justly maintained that such a requirement would prevent anyone from entering the security business. There are many dealers in my market and elsewhere who are actively in the security business but who are not members of the NASD. The statement made that minimum capital requirements would prevent newcomers of unquestionable integrity but with limited capital from entering the industry cannot be supported. Membership in the NASD is not mandatory. It is fair to admit that any Association should be permitted to establish its own qualifications for membership.

It is a well known fact that it is now illegal to establish a new bank unless certain minimum capital requirements are met. These capital requirements may vary with the size of the community in which the bank is to be established, but in all cases there are definite minimum limitations, which are now generally accepted before the bank may be organized. No one now maintains that this rule is contrary to the American policy of an even break for all. It may be likewise argued that no one can become a member of the New York Stock Exchange unless they have free capital in a far larger amount than the sum suggested by the NASD. We presume that you feel that you speak for the financial interests which make up the New York Stock Exchange, and possibly you have overlooked that the Exchange controls almost as complete a monopoly as exists in America today. Even the smaller exchanges do insist on some minimum capital investment and this is generally accepted. This position is not considered as "un-American" and is recognized as necessary to maintain a high plane of professional conduct.

The NASD is honestly and sincerely trying to elevate the tone and prestige of the security business and I believe it should have the supporting commendation of responsible financial magazines who purport to represent the views of the industry. At least the reasons for its efforts should be presented.

You have, of course, the unrestricted privilege of expressing your views on any subject you wish, but it does seem only fair that in presenting views in your news columns, on any matter of great interest, you should present the opinions of both sides of the argument and not only of one. What you say in your editorial columns is an entirely different matter.

I hope you understand the friendly spirit in which I write.—(From a New Orleans Dealer)

DEALER NO. 43

The writer of letter No. 34 has taken an entirely erroneous premise for his argument.

A bank is a depositary for funds, which funds are in turn loaned or invested. Capital is required for banks in order to provide a margin of safety in the event that the loans or investments turn out badly.

A security dealer is the intermediary through whom funds are converted into securities or vice versa. Every dealer should have the highest integrity but, to take the position that a capital of $5,000 is synonymous with integrity is the height of absurdity.

If you print this letter please do not disclose the writer's name.—(From a New York City Dealer)

DEALER NO. 44

I have been reading the "Chronicle" with a deal of interest relative to the NASD proposed Article 1, Section 1, capital requirements.

We haven't paid our dues for this year yet, and don't intend to until we know what is going to happen. We think the suggestion made by several dealers in their letters to you of pooling a fund to protect the small dealer and keep him in business, is a good one. We would prefer to give $30 to this cause rather than for NASD dues.

As many dealers wrote you, why the NASD anyway? Just what good is it accomplishing for all the money we dealers have paid in dues?

You can count us in on any action it is necessary to take to protect the small dealer and keep him in business in the good old American way. Keep up the good work you are doing through "The Chronicle." We feel sure that a big majority of dealers are back of you.—(From a Dealer in Middle Western Town)

DEALER NO 45

Ever since your first article urging the members of the National Association of Security Dealers to vote against the proposal for a minimum capital requirement, I have wanted to write to you to compliment you for your courage and foresight.

Although, since we deal only in municipal bonds, we are not members of this association, it seems to me that anyone of mature judgment should quickly understand that your interest is in preserving in America the principle of freedom from governmental dictation.

I think we in the field of finance are indeed fortunate to have a publication sufficiently interested in such a principle to express it's convictions with such courage and foresight as you have done.—(From a Cincinnati, Ohio, Dealer)

DEALER NO. 46

We want to congratulate and thank you for the fight you are waging against the proposed NASD minimum capital requirement.

We have been in business quite a few years and at times our capital has been considerably in excess of the proposed minimum requirements, but at the present time it would work a hardship on us to meet this requirement. We have good banking connection and have never had any difficulty in handling our business transactions, regardless of size, and do not see what possible difference it could make to anyone besides ourselves whether or not we have a capital of $5,000 or more.

We joined the NASD because we believed in the principles on which it was founded and because we believed it would help us, and now our own organization is trying to put us out of business.

What would happen if we are forced out of business for lack of the $5,000 capital? We do not know what would happen but we know what could happen. We are the only local dealer in our city and we pride ourselves that we have a good reputation which has taken a long time to build up; and if we were forced out of business, it would be easy enough for other individuals, who are long on cash but short on character, to move in, possibly in our office space, and take advantage of the goodwill which we have built over a period of years. Do you think that the investors in this community would be better off or better protected under these circumstances? We do not think so.

Thanks again for your assistance.—(From a Dealer in a Small Indiana Town)

Coordination of U. S. Tax Structure Urged

Immediate Congressional action on a resolution calling for the establishment of a commission to improve the coordination of Federal, State and local tax policies is urged by Myers Y. Cooper, President of the National Council of Real Estate Taxpayers and former Governor of Ohio. Mr. Cooper, who is also Chairman of the Tax Committee of the National Association of Real Estate Boards, pointed out that the historic practice of each government levying taxes in various forms without regard for the taxes being levied by the others has led to serious conflict and competition among the 175,000 taxing authorities struggling for the taxpayer's dollars and pennies. An outstanding example of this, he pointed out, is some of the Federal tax policies now under discussion which would threaten the very existence of local and state government units whose continued functioning is essential in the national emergency and thereafter.

The bill, sponsored by Representative Coffee of Washington, would create a 14-man commission to study the tax structure on a nationwide basis, and outlines procedure for integrating the several units and eliminating conflicts and competition. It is similar to measures which have heretofore been introduced and which the principle of which has had wide support from Federal, State and local officials as well as taxpayers' groups, One of these was introduced recently by Homer D. Angell, representative from Oregon, at the suggestion of the taxpayers' council. The proposed commission would include appointees by the President, the House and the Senate, and representatives of economic groups interested in home ownership, urban real estate, labor, commerce, education, and farming.

Chicago, South Shore & South Bend Railroad

(Continued from page 172)

owned by Midland Utilities, became converted into 19,476 shares of new Common Stock on the basis of one share of new Common for each share of old Second Preferred. The old no par Common stock, all of which was owned by Midland Utilities, did not participate and was cancelled.

The recapitalization plan, which is now effective, having been approved by the ICC, the SEC and the stockholders, gave the holders of the old First Preferred 75% of the new Common and the holders of the old Second Preferred 25% of the new Common Stock. So far as can be determined on the basis of available information with respect to ownership of the two classes of old stock, Midland Utilities now owns about 62,372 shares, or about 80%, of the new Common, and about 15,532 shares, or 20%, is in the hands of the public.

Giving effect to this recapitalization, the Common Stock will be the sole class of capital outstanding. The company at the present time has no funded debt, no equipment trust obligations or bank loans outstanding. In line with its plan to simplify the capital structure, the company called for payment Oct. 1, 1941, at par the $473,300 outstanding Mortgage 3s, due 1963, which had been issued in the amount of $1,341,000 in 1938 to refund equipment trust certificates of the predecessor company. The company's balance sheet at Dec. 31, 1941, showed current assets of $1,367,084, including cash of $1,092,755, and current liabilities amounting to $796,751, leaving indicated net working capital of $570,333.

During 1941, freight revenues increased almost 27% over 1940 and passenger revenues were 14% higher. Freight traffic accounted for 58% of total operating revenues in 1941, about 39% being derived from passenger traffic. The company's operating record has been better than similarly situated interurban lines, deficits having been reported in only the two worst years of the depression—1932 and 1933. In more recent years, particularly since 1938, net income has registered steady and sizable increases. The following tabulation shows comparative earnings for 1939, 1940, and 1941:

Railway Operating Revenue:	1941	1940	1939
Passenger	$1,209,160	$1,058,515	$1,023,365
Freight	1,812,996	1,428,687	1,178,998
Other Transportation	48,034	44,881	44,902
Other Railway Revenue	42,302	- 39,381	33,802
Total Railway Operating Revenues	$3,112,493	$2,571,464	$2,281,066
*Oper. Income before Federal Taxes	$529,118	$274,287	$207,436
Federal Income Taxes (**)	101,000	1,000	......
Operating Income	$428,118	$273,237	$207,436
Other Income	22,491	18,615	15,535
Gross Income	$450,608	$291,902	$222,971
Interest on Funded Debt (†)	11,883	19,650	34,714
Other Interest, etc.	2,131	1,948	2,835
Net Income	$436,594	$270,304	$185,421
Earnings Per Sh. New Common (‡)	$5.60	$3.47	$2.38
Revenue Passengers Carried	2,271,511	1,984,353	1,775,229
Passenger Car Miles	3,443,142	3,036,335	2,854,519
Ton Miles of Freight	115,790,418	96,672,252	80,170,407

Notes: *After depreciation and maintenance: 1941, $557,140; 1940, $451,377; 1939, $391,797.
(**) No provision for excess profits tax.
(†) Bonds called Oct. 10, 1941.
(‡) Based on 77,904 new common shares.

An initial dividend disbursement in the amount of $1.00 regular and $3.00 extra, or a total of $4.00, was declared June 15, 1942, to holders of record June 5, 1942. Based on this payment, it would appear that the company contemplates paying a regular annual dividend of $2.00, payable semi-annually, plus extras. Dividend distributions, in view of the road's good financial position, are expected to be liberal in relation to earnings.

Willard Of B. & O. Dies

Daniel Willard, Chairman of the Board of Directors of the Baltimore & Ohio RR. Company, died at Baltimore, Md., on July 6 at the age of 81. Before his election as Chairman on July 1, 1941, he had been President of the Company for more than 31 years, longest tenure of any President in B & O's 115 years history. Both of Mr. Willard's children preceded him in death. Harold, the older, died during the influenza epidemic of the first World War. Daniel, Jr., who was Assistant General Counsel of the B & O, and who was awarded the Croix de Guerre for bravery while serving as First Lieut., F. A., United States Army, in France, died May 17, 1940. Mr. Willard is survived by his wife, his daughter-in-law, Mrs. Daniel Willard, Jr., and four grandchildren.

Mr. Willard, who was born on a farm in North Hartland, Vt., in 1861, started his railroad career with the Vermont Central RR., when he began as track laborer at North Hartland. After serving in various minor capacities with other roads, Mr. Willard resigned as superintendent in 1899 of the Minneapolis, St. Paul and Sault Ste. Marie Rwy. Co. (the Soo Line), to accept the position of Assistant General Manager of the Baltimore & Ohio under F. D. Underwood, who had been appointed General Manager of the B & O, but who had formerly filled the same position with the Soo Line. In May, 1901, Mr. Underwood, then Vice-President and General Manager of the B & O, became President of the Erie Railroad. Mr. Willard was offered the position of General Manager of the B & O, but went with Mr. Underwood as his Assistant, June, 1901. The same year he was elected First Vice-President and General Manager of the Erie. A sketch of his career made available by the B & O Co. in part adds:

"Mr. Willard remained with the Erie until January, 1904, when he resigned to become Second Vice-President of the Chicago, Burlington & Quincy RR., in charge of operation and maintenance, with headquarters in Chicago. He filled that position for six years and a part of the time was also Vice-President of the Denver, Texas & Fort Worth RR. and President of the Colorado & Midland Rwy. He resigned from the Burlington and associated companies in 1910 and became President of the Baltimore & Ohio, Jan. 15 of that year.

"In 1911 Mr. Willard was elected President of the American Railway Association and held that position two years.

"In 1912 he was chosen by the eastern railroads to act as their representative on the Board of Arbitration selected to decide the questions involved in the controversy between the 52 eastern railroads and their locomotive engineers.

"In 1913 he was elected by the same roads Chairman of the Presidents' Committee, having charge of the so-called Eastern Five Per Cent. Rate case which finally resulted in a decision on the part of the Interstate Commerce Commission, in which the Commission unanimously stated that in its opinion the eastern railroads were receiving less net than was for the best interests of the public as well as of the railroads. Important advances and concessions were granted by the Commission as a result of the case, although the railroads were not given the full increase for which they asked.

"On Oct. 30, 1916, Mr. Willard was appointed by President Wilson a member of the Advisory Commission of the Council of National Defense, and when the Commission was organized he was elected Chairman, in which position he served during the period of the war. He also became Chairman of the Sub-Committee on Transportation and Communication of the Advisory Commission, and in that capacity, at the request of the Council of National Defense, brought about the organization of the so-called Railroad War Board and the co-ordination of the steam railroads for war purposes, a plan which continued in effect until the railroads were taken over by the Federal Government on Dec. 28, 1917.

"On Nov. 17, 1917, Mr. Willard was made Chairman of the War Industries Board by President Wilson. Owing to the serious transportation difficulties which developed in the eastern section of the United States because of the unusual severity of the winter, he resigned on Jan. 11, 1918, in order to devote his entire time to the management of the Baltimore and Ohio property.

"During the 31 years Willard was President of the B & O he was also most influential in shaping Federal legislation affecting the railroads, and a highly respected witness in railroad hearings held by Congress and in important rate cases heard by the ICC. The last Federal legislation in which he was vitally concerned was the Chandler Bill. This was introduced at his request, and provided that a corporation securing consent from a certain proportion of its creditors to a financial reorganization could, with proper court approval, make the reorganization plan effective despite minority objection. This bill, passed in the closing hours of Congress, July 27, 1939, saved the B & O from going into receivership.

"Mr. Willard resigned as President of the B & O, June 1, 1941, and was made Chairman of the Board of Directors."

Mr. Willard held many honorary degrees—one from the Johns Hopkins University; he had been elected a member of the Board of Trustees of the University in 1914; was elected President of the Board in 1926, and was elected a trustee of Johns Hopkins Hospital in 1927.

Steel Wage Dispute Subject of Survey

According to recent findings in a survey now being completed by the Twentieth Century Fund, behind the present wage controversy in the steel industry is a record of steadily rising output per worker, so that in 1939 the labor cost of producing a given amount of steel was approximately the same as in 1936, even though hourly wage rates rose nearly 25% during that period. Improved production methods are largely responsible for the increased output per worker, says the Fund's announcement. Advance portions of the survey, which describes how collection bargaining works in 16 major industries, were made public on June 22 by Evans Clark, Executive Director of the Fund, who said "the demand of the union for a blanket increase of one dollar per day in the 'Little Steel' companies is now before the National War Labor Board. The issues in this case are better understood if we view them against the background of happenings in recent years."

Details of wage negotiations in the steel industry are set forth in a chapter written for the Collective Bargaining Survey by Frederick H. Harbison, of the Economics Department of the University of Chicago, who is now on duty with the War Production Board in Washington. Describing the "New Standard Agreement" negotiated in 1941 with most of the major steel producers after Ernest T. Weir had made his announcement of a voluntary 10 cents an hour pay increase for workers at the National Steel Company, Dr. Harbison says:

"The Steel Workers Organizing Committee won its main demands for general pay increases and improvements in working conditions and schedules. The 10 cents an hour increase, granted after National Steel had pointed the way, raised average hourly earnings of steel workers to 97 cents."

Setting forth some of the important technical developments that affect wage negotiations, past and present, Dr. Harbison says:

"Recent managerial and technological advances have enabled the steel industry to offset higher wage rates by economics in the use of labor. In 1940, the major steel companies produced a 10% larger tonnage than in 1937, yet the total number of man hours worked was 7% less. Total pay rolls were 3% less. In 1939 the labor cost of producing steel was approximately the same (for comparable periods of operations) as it was in 1936, although wage rates were nearly 25% higher."

From the announcement made by the Twentieth Century Fund we also quote:

"The traditional opposition of the major steel companies to collective bargaining was dramatically changed by the agreement worked out between Myron C. Taylor of the U. S. Steel Corporation and John L. Lewis of the Congress of Industrial Organizations in March, 1937. Dr. Harbison says: 'U. S. Steel accepted neither the closed shop nor majority rule; it merely agreed to incorporate in a written contract what had been since 1934 the stated policy of the industry with respect to bargaining with representatives of employees. Yet a signed contract implied some degree of acceptance of the SWOC and the abandonment of the practice of opposing outside unions.'

"On the union side, one result of this agreement was that 'it caused the SWOC to deviate from its original objective of collective bargaining on an industry-wide basis. . . . After 1937 there was no such thing as an industry-wide policy of collective bargaining. The large union companies followed one course, the smallest concerns another, and the "little steel" groups a third policy.'

"During this period of organizing activity the membership of the steel workers' union has fluctuated greatly. Of the 600,000 members claimed by the SWOC in 1941, 'perhaps 400,000 are in the basic iron and steel industry, which employs about 500,000 workers eligible for union membership. The remaining 200,000 members work in metal processing and fabricating plants, closely related to the steel industry.' Dr. Harbison believes the steel workers' union is in a strong position both from the standpoint of membership and of finances, at the present time."

OPA Allows Extra Sugar

A two-pound extra ration of sugar will be released to consumers on their sugar ration stamp No. 7 beginning July 10, it was announced on July 4 by Price Administrator Leon Henderson. An extra quantity will also be made available to industrial and institutional users as an increase in their July and August allotment, Mr. Henderson said. The OPA further states:

"The extra sugar ration, the Price Administrator said, is made possible by receipt of somewhat heavier shipments from the offshore producing areas than were anticipated when the present ration allotments were fixed. He said it is not possible to give assurance regarding the continuing basic ration allotment, however, because of lack of any assurance that the shipping situation will remain as favorable as it has been in the past two or three months.

"Mr. Henderson's decision was reached after consultation with shipping officials and after the Division of Industry Operations of the War Production Board had determined that the quantity of sugar available for distribution to civilian consumers between July 1 and Dec. 31, 1942, would be 3,435,000 short tons.

"With American shipping facing such perils as enemy submarine activities and mine-sowing, nobody knows whether we can bring in sufficient sugar to maintain our present ration levels in 1943," Mr. Henderson said. "But the shipping prospects, together with the amount of sugar now on hand, we feel warrant distribution of at least 200,000 tons at this time. If our present shipping situation continues, it will result in no shortage. We're taking what I'd call a conservative gamble."

From the announcement of the OPA we also quote:

"Actual distribution of the extra sugar ration will entail no red tape, the OPA said. For the individual consumer, it simply means cashing in coupon No. 7 of the ration book at any time between July 10 and Aug. 22. The No. 7 coupon will entitle him to buy the two extra pounds, without any effect whatever on any other coupons in the book.

"Likewise, there will be complete absence of any red tape for industrial and institutional users. When they apply for their regular sugar allotments for use in September and October, which they may do on or after Aug. 15, they simply will get this extra allowance of sugar above their regular allotment.

"While the extra sugar for these two classes of users does not actually become available until Aug. 15, OPA said, institutions and industrial consumers may step up their rate of consumption immediately in anticipation of the forthcoming increase.

"Institutional users, such as restaurants, hospitals, etc., will receive 75% of their normal needs, instead of 50% as regularly allowed, and industrial users will receive 80% of their normal requirements instead of 70% as heretofore. The extra allotment, however, is for the one allotment period only.

"In no case, is there any reason for anyone to go to the local rationing boards to get this additional allowance, OPA said. 'The rationing boards are extremely busy with other important matters, and to go to them would be a needless additional burden on their already overtaxed facilities,' the OPA said."

A reference to the announcement regarding sugar rationing coupons 5 and 6 appeared in our issue of July 2, page 22.

Homebuilders To Unite To Work With Govt.

To work out means through which private home building may be kept alive during the war period and through which it can supply as much as possible of our housing needs, first steps are now being taken to unite the entire home building industry into a single organization. The new organization is proposed to unite the memberships of the National Home Builders Association and the Home Builders Institute of America. In a joint release, issued June 27, executive officers of the two organizations state that tentative by-laws have been prepared and organization procedure is being worked out for the proposed great all-industry group, which is expected to work very closely with governmental agencies in its field. It is expected to take as its name "The National Association of Home Builders," says the announcement, which adds:

"The proposed merger of the two existing groups will form a national association of home builders that will be truly representative of the entire home building industry. It is absolutely essential at this time that there be an unquestionably representative group who can speak for the industry in conferences with agencies of the Federal government. To work out, under present conditions, the procedures, allocations, preference rating systems and the like and the building methods whereby private industry can produce, as it should, practically all the war housing that will be of permanent character will require a voicing of the whole national experience and a pooling of the effort of the industry in every part of the country.

"Local chapters of the Home Builders Institute of America and local associations of the National Home Builders Association would be recognized in the proposed new organization plan. The new organization can come into being as soon as by-laws and procedures are ratified by these local associations of HBA and members and local chapters of HBI.

Officers of the proposed organization as soon as it is established will be: Hugh Potter, Houston, Texas, President; Harry J. Durbin, Detroit, Vice President; Carroll Shelton, Philadelphia, Secretary, and George Ellis, Chicago, Treasurer.

Objectives as outlined in the proposed by-laws:

1. To aid the Government in providing needed housing through private enterprise at low cost.
2. To collaborate with manufacturers for the production of new and less costly building materials.
3. To aid in standardization of building codes and to encourage the elimination of uneconomic and cumbersome governmental procedures affecting home construction to minimize cost and delay.
4. To co-operate with other trade associations interested in home building to secure united action in matters of national policy.

"Hot Oil" Act Made Permanent By New Bill

President Roosevelt signed on June 22 the bill making permanent the provisions of the Connally "Hot Oil" Act prohibiting the movement in interstate or foreign commerce of petroleum and petroleum products produced in violation of State laws. The measure, originally passed in 1935 as temporary legislation and renewed in 1937 and 1939, was scheduled to expire June 30. The bill supports the oil and gas conservation laws which have been enacted by the principal oil-producing States and makes the Federal Government an agent in the enforcement of restrictions on bootlegging "hot oil."

The Senate approved the legislation on Feb. 3 and the House adopted it on June 15.

Goldman, Sachs Add Six

Jerry W. Cox, formerly manager of the Philadelphia office of Tucker, Anthony & Co., has become associated with Goldman, Sachs & Co. in their office in that city at 1416 Chestnut St.

Gardner F. Parks is representing the firm in Albany, N. Y., from offices at 100 State St.

C. Conrad Carlson, Lester G. Kaas, Edward J. Kelly and R. Wallace Wilson have been added to the staff of Goldman, Sachs & Co. in their New York office at 30 Pine St.

Mr. Parks's association with the firm was previously reported in the "Financial Chronicle" of May 14, and Mr. Carlson's in the "Chronicle" of May 28.

Seaboard Reorganization

L. H. Rothchild & Co., 11 Wall Street, New York City, announce that they have prepared a brief memorandum on the Seaboard reorganization proceedings and the proposed treatment of the All-Florida 6s of 1935. Copies of this interesting memorandum may be had upon request from L. H. Rothchild & Co.

Congress Votes July Funds For Agriculture Dept.

President Roosevelt on July 9 signed the "stop-gap" legislation permitting the Department of Agriculture to function during the month of July. Congress passed the resolution on July 7 because of the deadlock over the issue of sub-parity grain sales and funds for the Farm Security Administration in the $680,000,000 regular supply bill for the Department.

In signing the measure the President said:

"I am glad that this bill was finally approved by both Houses of the Congress without the prohibition against the sale of government-held stocks of feed grains, but I regret that the operations of a department so essential to our domestic and war needs should be left in such a predicament at this critical period in the nation's history."

The resolution gives the Agriculture Department about $56,000,000 to pay salaries and to continue its ordinary processes in the field during July but these funds will be deducted from the appropriation bill when it is finally enacted. In passing the measure, the House yielded temporarily to permit the sale of surplus grains at sub-parity prices this month, when it rejected by a 185 to 59 vote an amendment to write into the Senate's continuing resolution a ban on such sales.

The original appropriation bill has been deadlocked in conference for six weeks over failure to agree on the selling rate for surplus grains.

When the House passed the measure on March 13 it barred the sale of government-held grains at less than full parity prices but the Senate on May 20 voted permission for the sale of 125,000,000 bushels of surplus grain for feeding at 85% of parity.

Technically the Agriculture Department had been without funds since July 1, the start of the new fiscal year.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 173)

To the investor: Half your position should be sold on any further advances of say 2 to 3 points. The stocks you now hold are these: Air Reduction at 30 (now about 34) raise stop to 31. Half profits 35½ or better. Allis Chalmers at 23 (now about 26) raise stop to 23. Half profits at 27½ or so. International Harvester at 43 (now about 50) raise stop to 44½. Half profits 52 or better. And Union Carbide at 59 (now about 69) raise stop to 66. Half profits at 71 or better.

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.]

Peace Is Only Return For Aid Sought By U. S.

With respect to what Americans want in return for Lend-Lease aid to their Allies, Dean Acheson, Assistant Secretary of State, said on July 6 that it is not gold or weapons or other goods, but "you want a chance to live fully and in peace." Mr. Acheson, speaking before the Institute of Public Affairs at the University of Virginia at Charlottesville, Va., went on to say:

"You want a world in which some half mad man and his bigoted crew on the other side of the earth will not bring down your lives and your houses about your ears once every quarter-century. You want opportunity, a job in which you can use your powers, a job which may not end any Saturday, one that will provide the material and spiritual means for a life which is not mere existence.

"You want a system where the inevitable hazards of life do not fall on those least able to bear them, where education and a chance to use it are open to talent.

"The mutual aid agreements concluded with Great Britain and other countries fighting the Axis open the way toward that kind of a world.

"They do not lay down a blue print for the future. No man can do that now. They do not promise Utopia. But they chart the fundamental course in the field of economic policy which, if faithfully followed and supported by political organization to maintain peace, cannot fail to take us farther along the road than in recent years it has seemed possible to hope.

"They provide for universal participation by all nations in the building of the new order — 'no exclusive arrangements, no excluded peoples among those who wish to work with us to the common goal.'

"They provide for united action by all nations to expand production, employment, and the exchange and consumption of goods, and they provide for 'the elimination of discriminatory treatment in international commerce and the reduction of tariffs and other trade barriers.'"

In his further remarks, Mr. Acheson, according to the Associated Press, pointed out that it is clear that after the war there will be an unprecedented need for the movement of goods between nations—to feed and clothe and house millions who have suffered from wartime shortages for years, to "restore devastation, to build and rebuild all the means of production, and, in the years beyond, to move that far greater volume of goods required by the standards we are determined to achieve.

"It is plain, also," he added, "that any such movement is utterly impossible if the nations or any important group of them continue to put impediments in the war, attempt to corner markets for themselves, or resort to devices of any sort to check the flow of goods and back it up upon its sources."

In the earlier portion of his address Mr. Acheson observed that the aid Americans give in this war no doubt will be greater than the aid they receive, because American resources are greater and the drain upon them has been less. But, he asked:

"Do you wish an accounting of benefits given and received on dollars, and set off against each other to measure a balance owed in money? Do you wish to set on one side the value of a tank, its guns and ammunition, and on the other side an appraisal of those who died in it under a desert sun? What is the equation between the planes sent to Russia and those figures in the snow before Leningrad and Moscow?

"Americans do not want that sort of accounting," he said, "or even to think about it very much.

"Neither do they want money—'more gold buried at Fort Knox.' They do not want money, 'because, of all settlements, we know that it is the most impossible and the most destructive.'"

And how about replacement in kind of the planes, tanks and guns sent to allies on all fronts?

"So long as the need exists," he said, "this, broadly, is the function of Lend-Lease from our allies to us. But when the need ends do we wish to require the continuation of armament production? Or if we require some arms, do we wish to rely upon others for them? This is the very opposite of American policy in the past, which has led the fight for the reduction of armaments."

Record Farm Production

Signs continue to point at midyear to a high record of agricultural production in 1942, the U. S. Department of Agriculture said on July 6. It was added that extraordinary production already has been achieved by the dairy, poultry, and livestock industries, and that similar achievements are expected by producers of most of the food and feed crops. Farmers are getting higher prices this summer than last. The Department further said:

"Farm income this year to date has been running above 1941 figures, but production costs are unusually heavy, particularly on account of higher wages. The farm payroll will total more than $1,000,000,000 this year. Experienced farm labor is not easy to get—especially in areas where war industries are drawing off labor.

"Farmers have reported a record spring pig crop of 62 million head, and plan a 43 million fall crop. The calf crop, estimated at 32 million, also sets a record. Slaughter of cattle and calves has been considerably larger to date this year than last and the total for 1942 will be close to the Government slaughter goal of 28 million head. Total meat supply—beef, pork, lamb, poultry, should be the biggest on record.

"Larger acreages of feed crops have been planted this year, but unusually good yields will be needed to exceed production in 1941. Feeders meanwhile have been dipping heavily into carryover stocks, and the total supply of feed—carryover plus new crops—may be a little smaller in 1942-43 than in 1941-42. A further increase in production of feed grains may be needed next year to support the record numbers of livestock on farms at that time."

Army Controls Travel To And From Alaska

Strict military control over all civilian travel to and from Alaska has been established by the Army, effective July 11. A military pass is now required for any civilian entering or leaving the territory, under the first such order involving the Pacific area. It was stated in Associated Press advices from San Francisco on June 30 that:

Lieut. Gen. J. L. DeWitt, head of the Western Defense Command, 4th Army and Alaska Defense Command, announced six reasons would be accepted for granting permits; official business of the United States government, definitely arranged legitimate employment, business reasons, return of bona fide Alaska residents to their homes, close domestic relationship and school interests.

Sutro Bros. Co. To Admit

Samuel S. Goldberg and Lester Solomon will become partners in Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, as of July 24th.

UP-TOWN AFTER 3

NEW MOVIES

Last week I saw MGM's picture, **"Mrs. Miniver"** again. To the best of my recollection this is the first time I returned to see a movie unless a few years had intervened. Ordinarily I see a picture once, write about it, and then forget it. If I can't understand it the first time I let it alone. But **"Mrs. Miniver"** is more than just another ordinary film. It is a moving and compelling recital of events occurring in England that may some day occur here. Its characters are the small every day people who know little of wars and how they are fought. They are the kind of a people you and I know best. A small people devoted to their families and going about their usual tasks, thinking about the war, if at all, as something far removed from them. Yet because of its simplicity it has pathos without mawkishness; heroism without heroics. What made me see it again was not its story, which is far better than the book from which it was taken, but to hear again the simple sermon preached by Henry Wilcoxon as the vicar of the small church. It helps to answer why this war is so different from all previous wars. The scene is the church on a beautiful morning after a night of horror. Soft summer clouds can be seen through the torn roof. "We, in this quiet corner of England, have suffered the loss of friends very dear to us," says the vicar. "Some—close to this church. George West—choir boy. James Ballard, station master and bell ringer, and the proud winner, only an hour before his death, of the Beldon Cup for his beautiful Miniver Rose. And our hearts go out in sympathy to the two families who share the cruel loss of a young girl who was married at this altar only two weeks ago. The homes of many of us have been destroyed and the lives of young and old have been taken. There is scarcely a household that hasn't been struck to the heart. And why? Surely you must have asked yourselves this question. Why, in all conscience, should these be the ones to suffer? Children, old people, a young girl at the height of her loveliness. Why these? Are these our soldiers? Are these our fighters? Why should these be sacrificed? I shall tell you why. Because this is not only a war of soldiers in uniform, it is a war of the people—of all the people—and it must be fought, not only on the battlefield, but in the cities and in the villages, in the factories and on the farms, in the home and in the heart of every man, woman and child who loves freedom! Well, we have buried our dead but we shall not forget them. Instead, they will inspire us with an unbreakable determination to free ourselves and those who come after us from the tyranny and the terror that threatens to strike us down! This is the peoples war! It is our war! We are the fighters! Fight it, then! Fight it with all that is in us! And may God defend the right."

NEW YORK NIGHT LIFE. . . . The Glass Hat in the Belmont Plaza (50th & Lexington) unveiled its new show last week. As night club shows go this one isn't bad. At least it has speed. Bill Johnson, late of "Banjo Eyes," is the m. c. and sings in a pleasant baritone. Christine Forsythe tap dances acceptably though her fame rests on her towering proportions. She's six feet tall. Then there is the dance team of Castaine & Barry, who do a graceful bit of ballroom dancing. The hit of the current show is still the ever popular waiters who, billed as the Belmont Balladeers, get together in front of two microphones and sing spirituals with a zest and rhythm that brings the room down. Dance music comes from two orchestras—Bobby Parks and Joe Pafumy—who does the Latin numbers. . . . **FROM THE MAILBAG**—Ex-customer's man, **Russell Swann**, who found a lot more money in having them come to you "Uptown After 3" then downtown before 3, opens in New York at the Loew's State the week of July 23rd. His crazy kinds of magic will put you in stitches. . . . **Ray Block** writes about the man-about-town and his wife who were "childhood sweethearts." She was in her first childhood; he, in his second. . . . **Meyer Davis** tries to straighten out an unhappy marriage in which his fiddle player was involved. "Are you on speaking terms with your wife?" asked Meyer. "Well," replied the musician, "I listen." . . . About the Town—At the **Barberry Room**, that designer, **Walter Florell**, adjusts the top piece of one of his clients—**Marlene Dietrich. . . .** At **El Chico's**, waltzing star of the silents, **Mae Murray**, shows she can rumba, conga and samba for a full hour without sitting down once. . . . Tsk-tsk-tsk, such stamina. If your reporter walks around the dance floor once he's on the verge of collapse. . . . Songwriter **Bob Sour** strikes up a conversation with a sergeant. "You know," says the sergeant, "civilians are asked to pick up soldiers waiting for a ride. Well, I just picked up a civilian—she was nice too." . . . **Milton Berle**, who stars on the Phillip Morris Playhouse this Friday night in Charles Martin's radio adaption, "My Favorite Blonde," will make a tour of Army camps right after the broadcast. "I should be a hit on the soldier tour," he admits modestly. "After all, it isn't every comic who carries a handsome smile, a good baritone voice, a genial personality, a smart repertoire—and, oh yes, a line of six gorgeous blondes." . . . **Violetta Weems**, she was Miss Tennessee in 1939, and now is in the current **Havana-Madrid** floor show, has been chosen as the "Queen of the Mardi Gras" by the Coney Island merchants.

Nelson With J. P. Marto

(Special to The Financial Chronicle)

BOSTON, MASS.—Charles Pelham Nelson has become associated with J. P. Marto & Co., 111 Devonshire Street. Mr. Nelson was formerly with F. L. Dabney & Co., and in the past conducted his own business in Boston.

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—40⅜; low—14¾; July 15 price—35½.

Calendar of New Security Flotations

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.

THURSDAY, JULY 16

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation filed a registration statement with SEC for 1,211,500 shares of an aggregate offering price of $7,827,380

Address—120 Broadway, New York City

Business—Investment trust fund, open-end, diversified management type

Underwriting—Name of trust is National Securities Series. National Securities & Research Corporation is sponsor

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5022. Form C-1. (6-27-42)

SATURDAY, JULY 18

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecified number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

SUNDAY, JULY 19

EMPIRE GAS & FUEL CO.

Empire Gas & Fuel Co. has filed a registration statement with SEC for $21,534,800 3½% sinking fund debentures, due Jan. 1, 1962

Address—One Exchange Place, Jersey City, New Jersey

Business—Company owns securities of subsidiary and other companies together primarily engaged in substantially all phases of the petroleum and natural gas businesses in the United States other than retail distribution of natural gas. The company is not an operating company

Underwriting—Company has entered into an agreement with The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, as dealer managers who have aided and are aiding in preparing the exchange offer and plan of recapitalization to form and manage a group of security dealers which shall include the dealer managers, for the purpose of obtaining agreement to exchange under the company's proposed exchange offer

Offering—Company is offering to the holders of its preferred stock (other than Cities Service Co.) the opportunity to exchange their preferred shares, with all dividend arrears thereon, for the 3½% sinking fund debentures now registered of an aggregate principal amount equal to the par value of their preferred shares and accumulated unpaid arrears thereon to Jan. 1, 1942. The basis of exchange per share of preferred stock, showing face amount of debentures to be received by each class of preferred stockholder follows: 8% cumulative $176.66; 7% cumulative $167.08; 6½% cumulative $162.29, and 6% cumulative $157.50

Proceeds—The debentures are to be offered for exchange to the preferred stockholders of the company.

Registration Statement No. 2-5025. Form A-2. (6-30-42)

SUNDAY, JULY 26

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

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.

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Registration statement withdrawn July 10, 1942

BREWSTER AERONAUTICAL CORPORATION

Voting trustees of Brewster Aeronautical Corp. filed a registration statement with the SEC for voting trust certificates for 566,551 shares of capital stock, par value $1 a share

Address—Address of voting trustees care of Arthur A. Ballantine, 31 Nassau Street, New York

Business — Manufacturer of airplanes and parts

Proceeds — Voting trust agreement between certain stockholders of Brewster and voting trustees executed as of May 20, 1942, expiring Nov. 20, 1944. Voting trustees: Arthur A. Ballantine, James G. Blaine and C. A. Van Dusen. Certain holders of Brewster stock, including James Work, owner of 100,000 shares, Alfred J. Miranda, Jr., owner of 16,667 shares, Ignacio J. Miranda, owner of 16,667 shares and F. William Zelcer, owner of 16,666 shares, or a total of 150,000 shares or about 27% of stock outstanding, have deposited their stock under voting trust. Pennsylvania Co. for Insurances on Lives and Granting Annuities, Phila., Pa., is depository for trustees

Offering—By its express terms, the voting trust agreement terminates on the 20th day of November, 1944. Due to censorship probably no specific information is contained in registration statement

Registration Statement No. 2-5018. Form f-1. (6-24-42)

Registration effective 5:30 p.m. EWT on July 13, 1942

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Amendment filed July 2, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed June 30, 1942, to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Eastern Cooperative Wholesale, Inc., in an amendment filed July 1 to its registration statement, states that bonds maturing 1944-1956 exclusive of 1950 and maturity date to be specified on face of each bond $50,000 is maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years.

Amendment filed June 29, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140.000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed June 26, 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 outstanding 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)

Amendment to defer effective date filed July 3, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Highie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Registration statement withdrawn July 10, 1942

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

Amendment filed June 22, 1942, to defer effective date

Registration statement withdrawn July 11, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed July 13, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

THE MEAD CORPORATION

Mead Corporation filed a registration statement with the SEC 8,000 shares of $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached; 8,000 warrants for the purchase of common stock (Series of 1937) attached to certificates for $5.50 cumulative preferred stock, Series B and 97,200 shares common stock, without par value

Address—Chillicothe, Ohio

Business—Present business in which the company and its subsidiaries are engaged consists of the manufacture and sale of products falling into three main groups, namely, white papers, chestnut corrugating and other paperboards, and wood and bark extracts for tanning

Proceeds — To acquire all outstanding stock of Escanaba Paper Co.

Underwriting—This offering is not being underwritten

Offering—The company offers to all holders of first preferred stock, irrespective of series, and all holders of common stock of Escanaba Paper Co. one-half share of the company's $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached, and 4½ shares of the company's common stock, without par value, for each share of Escanaba preferred stock, and 1/10th share of the company's common stock, without par value, for each share of Escanaba common stock, in each case with all dividends paid or payable thereon during the period of the offer. Statement notes that 24,000 shares of the common stock registered will not be separately offered, but are reserved for issuance solely in satisfaction of the warrants for the purchase of common stock

Registration Statement No. 2-5019. Form A-2. (6-25-42)

SONOCO PRODUCTS COMPANY

Sonoco Products Company filed a registration statement with the SEC for $1,000,000 serial debentures, $1,000 denominations, maturing serially, in amounts of $30,000 on July 1, 1943, and on first day of each July thereafter until and including July 1, 1966; the remaining $280,000 maturing July 1, 1967. Debentures of July 1, 1943, will bear interest of 1.5% and of July 1, 1944, 1.75%, with interest rate increasing fractionally on succeeding maturities and amounting to 4.25% on July 1, 1967, maturity

Address—Hartsville, S. C.

Business—Company is engaged in the manufacture and sale of paperboard, tissue paper, paper cones and tubes and other paper products, as well as in the manufacture and sale of impregnated and special tubes for the electrical and allied trades

Underwriting—The names of the underwriters and the amounts underwritten are G. H. Crawford Co., Inc., Columbia, S. C.; R. S. Dickson & Co., Inc., Charlotte, N. C.; McAllister, Smith & Pate, Inc., Greenvile, S. C., and A. M. Law & Co., Spartanburg, S. C., each for $250,000

Offering—Offering price to the public will be at face value or principal amount thereof, plus accrued interest on the debentures from July 1, 1942

Proceeds—Of the proceeds $670,820 will be used for additional working capital and $294,350 for retirement of outstanding 5% cumulative preferred stock of registrant—of which $290,000 is outstanding—callable at 101½

Registration Statement No. 2-5021. Form A-2. (6-26-42)

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is tne principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed June 30, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Standard Aircraft Products, Inc., has filed an amendment to its registration statement which modifies the offering terms of the statement as originally filed. The 1943 maturity ($48,105) will be offered to the public at 100.50. The other maturities will be offered in exchange for 33,586 shares of $7.50 par 40 cents cumulative preferred stock on a par for par basis, and may be resold through underwriters as follows: 1944 maturity at 100; 1945 maturity at 99.50, 1946 maturity at 99.00 and 1947 maturity at 98.00

Amendment filed June 9, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed July 6, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed June 29, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed July 6, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution, to the extent of 436.691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Investment Trusts

(Continued from page 175)

Union Trusteed Funds, Inc.:

In a special eight-page *R. & M. Report* dated July 1, 1942, the "Improved Outlook For Utility Securities" is discussed. Securities of particular interest in this field are listed as:

(1) Medium grade bonds of utility operating companies now selling 16% below 1936 average prices, and

(2) Utility holding company bonds now selling at 15% below 1936 average prices.

The point is made that: "The investor in medium-grade operating company and holding company bonds at today's price levels can secure a good income return and have attractive appreciation possibilities. The present low prices of bonds of this type present an opportunity to make such an investment."

The Report is accompanied by a covering issue of the *Union Dealer* dated July 10, 1942, in which it is pointed out that the current portfolio of Union Bond Fund "B" is weighted in favor of medium-grade utility bonds. The portfolio of the "B" Fund is presently comprised of the following categories:

Utility Operating Company Obligations	22.2%
Utility Holding Company Obligations	36.3
Railroad Obligations	31.2
Industrial Obligations	10.3
Total	100.0%

In commenting on this diversification the *Union Dealer* states that: "This emphasis on utility obligations does not mean that UBB is essentially a utility bond fund—it means simply that the utility weighting is high in order to reflect the outlook. In the same way, UBC is a speculative bond fund, and not specialized as to industry, although an unusually bright rail outlook has been reflected by a high weighting in rails."

* * *

Hare's, Ltd.:

In a little folder dated July 3, 1942, and entitled "America Has Only Begun to Fly," this sponsor challenges the reader to catch the vision of the future of our aviation industry. Made up mostly of excerpts from statements by recognized aviation authorities, the folder contains one quotation from a highly unusual source for this field of applied science. The quotation is from Alfred Lord Tennyson and runs as follows:

"For I dipt into the future, far as human eye could see,
Saw the vision of the world, and and all the wonder that would be;
Saw the heavens filled with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales."

* * *

Boston Fund, Inc.:

The July 3 issue of *Brevits* contains the record of a $1,000 investment in Boston Fund from March 15, 1932, through June 30, 1942. The combined results include $551 in dividends from investment income, $585 in capital gains distributions, and a current net value of $1,128 for the investment. In total, the combined results from the $1,000 investment for the 10-year period amounted to $2,264.

* * *

Calvin Bullock:

"Many Changes Ahead" is the title of the July 9, 1942, issue of Calvin Bullock's *Bulletin*. The amazing developments of American science under the forced draft of war and the changes that they will bring in our way of life are touched upon. The *Bulletin* continues:

"This is exciting to contemplate, of course. But for those who invest, it presents yet another major problem. The more radical the changes in manufacturing processes and products, the more radical the effect upon corporate securities.

"For example, who can predict to what extent plastics will replace metals, or light metals replace heavy metals? And which companies will profit, which lose out? Over 80% of the shipments of the auto industry in April were war equipment. Does this presage a permanent increase in their manufacturing activities not directly related to automotive transportation?

"How much will air borne freight replace railroad freightage? How far will synthetics replace natural raw materials?

"This is but a small segment of the type of the changes to consider. We know they are coming, but we don't yet know the form they will take, or the effects they will have.

"To safeguard against these changes will call for constant vigilance on the part of investors to watch, to analyze and to comprehend the effects on different industries and corporations. It will take time. It will take skill and training.

"The trend has already started. The war has pushed it into high gear. So it is not too early to recognize its possibilities and to take steps to share constructively in it.

"This situation constitutes, in our opinion, one of the major reasons for securing the services of competent investment management and for adhering to the principle of carefully distributed risk, both of which may be obtained conveniently and economically through purchase of shares of diversified, management investment companies."

New AIB Committee Chairmen Announced

Appointment of chairmen and members of the national committees of the American Institute of Banking is announced by David E. Simms, A.I.B. National President, who is Acting Assistant Manager of the Salt Lake City, Utah, branch of the Federal Reserve Bank of San Francisco.

Chairmen of the various committees are:

Budget Committee—George T. Newell, Vice President, Manufacturers Trust Co., New York City; Chapter Administration Committee—P. A. Doyle, Central Bank, Oakland, Calif.; Debate Committee — William T. Dunn, Bank of America, N. T. & S. A., San Francisco.

Departmental Conference Committee—Edward F. Gee, State-Planters Bank and Trust Co., Richmond, Va.; Educational Advisory Committee—C. Edgar Johnson, First National Bank of Chicago; Forum and Seminar Committee—George E. Levine, Providence Institution for Savings, Providence, R. I.

Membership and Enrollment Committee, Harper R. Clark, First National Bank, Baltimore, Md.; Nominating Committee — William C. Way, Central National Bank of Cleveland; Program Committee—David L. Colby, Boatmen's National Bank, St. Louis.

Publicity Committee—Anne J. Erste, Federal Reserve Bank of Cleveland; Public Relations Committee—John D. Arthur, Society for Savings in the City of Cleveland; Public Speaking Committee —George A. Rogers, First National Bank of Boston.

Research Committee—G. Fred Berger, Norristown-Penn Trust Co., Norristown, Pa.; Transportation Committee—William C. Pitner, American Trust & Banking Co., Chattanooga, Tenn.; Women's Committee — Marion G. Rehfuss, Corn Exchange National Bank & Trust Co., Philadelphia.

Coordinating Wage-Hour And Public Contracts Acts

The goal of having the same minimum wage and the same set of learner and handicapped regulations both under both the Fair Labor Standards Act and the Public Contracts Act has been brought one step nearer by action taken by Secretary of Labor Frances Perkins and L. Metcalfe Walling, Administrator of the Wage and Hour and Public Contracts Divisions, United States Department of Labor, it was announced on July 2. Prior to this time there have been different wage rates and different learner regulations, under these two Acts, for what is actually the same industry. This situation has been, in large measure, remedied by the announced action, says the Wage-Hour Division in New York of the Labor Department, which on July 2 added:

"The wage determination issued by Secretary Perkins, effective July 20, raises the prevailing minimum rate of pay in the cotton garment and allied industries from 37½ to 40 cents an hour under the Public Contracts Act. The industries subject to the order have been defined to conform more closely to the Wage-Hour definition of the Single Pants, Shirts, and Allied Garments Industry, the Sportswear and Other Odd Outerwear Division of the Apparel Industry, and the Women's Apparel Industry.

"The determination states that wage orders issued under the Wage and Hour Law for branches of the apparel industry have had the effect of establishing 40 cents as the prevailing minimum hourly rate of pay in the cotton garment and allied industries. Bringing the minimum rate under the Public Contracts Act into line with the wage orders issued under the Wage and Hour Law and applying the same learner and handicapped worker tolerances to the industry are thus in keeping with the Adminisrator's policy of coordinating standards between the two Acts.

"The amended learner regulations, now for the first time applicable under both Acts, require employers to list learners, in a separate group on the payroll and to keep records of any experience the learners may have had within the previous five years. Special learner regulations issued for the Single Pants, Shirts and Allied Garments, Women's Apparel, Sportswear, Rainwear, Robes and Leather and Sheep-Lined Garments Divisions of the Apparel Industry provide for the employment of learners in certain occupations at subminimum rates between 25 and 32½ cents an hour.

Bicycle Rationing Begun

The Office of Price Administration announced on July 2 that beginning July 9 bicycles would be rationed to persons needing them in their work or for transportation to their jobs. The order provides for the release of an estimated 240,000 bicycles now in the stocks of dealers, distributors and manufacturers. The War Production Board froze sales on April 2. United Press, Washington, advices of July 2 said:

"Persons in gainful occupations or in work which contributes to the war effort or to public welfare will meet the primary eligibility requirements for a purchase certificate.

"An applicant must show, however, that he needs a bicycle at least three days a week; that he must travel quickly or often to deliver merchandise or messages or in doing other work, and will be better able to do so by bicycle than by walking or using public transportation facilities."

Geo. Rea Named Pres. Of Drexel Institute

George P. Rea, who recently resigned as first paid president of the New York Curb Exchange, has been elected president of Drexel Institute of Technology in Philadelphia and will assume his duties of administrative direction August 1.

Mr. Rea was elected first president of the Buffalo Stock Exchange in 1928. In 1931 he became president of the Bishop National Bank of Honolulu with which he was associated for seven years. He was later associated for two years with Goldman, Sachs & Co. in New York City and in 1939 was elected the first paid president of the Curb Exchange, during his term of office effecting substantial economies in its operations.

Drexel Institute offers courses in engineering, business administration, home economics and library science and for many years has maintained a department of military science supplemented by the Reserve Officers Training Corps.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Richard A. Cunningham has withdrawn from partnership in Craigmyle, Rogers & Co., New York City, as of June 30.

Frank F. Walker retired from limited partnership in Eastman, Dillon & Co., New York City, effective June 30.

Chester S. Fairgrieve, member of the Stock Exchange, retired as of June 30 from Libaire, Stout & Co., New York City, which continues as an Exchange member firm.

SEC Extends Exemptions

The Securities and Exchange Commission announced today that it had taken action to extend for six months the operation of the conditional exemption to Rule X-10B-2. That exemption, which was announced on Feb. 6, 1942, was designed to permit national securities exchanges to try out a system of special offerings as a means of improving the market in the securities comprised therein. The exemption originally was to expire on July 31, 1942. This action will extend it to Jan. 31, 1943, unless the Commission otherwise determines.

Our Reporter On "Governments"

(Continued from first page)

HOW TO DO IT

On the 2% issue, just sold, the premium was small. . . . At this writing, it's hanging around 1/8 point, surely not much of a stimulus to subscriptions. . . .

But, on subscriptions up to $25,000, allotments in full have been made. . . . Because of the size of this $2,000,000,000 offering and the certainty of more multi-billion dollar flotations every month, you can expect much higher allotments than ever before. . . . In fact, you can look for allotments ranging from 50 to 70% and maybe, to an even higher figure as time goes on. . . .

A quarter-point on a large amount of bonds is worth a lot more than a point or more on an infinitesimal amount of securities. . . . That's obvious. . . . Surely, the spreads are narrowing. . . . Of course, the profit on each issue is down to a minimum. . . . But if you can get a lot of bonds and make a few 32nds on each block, you'll come out way ahead at the end. . . .

To summarize then:

(1) As each new issue comes along, sell your old ones—the ones bought a month or more back—for they will have been stabilized and achieved a comfortable place in the market—and buy a new block of bonds. . . .

(2) Subscribe on the basis that you'll get 50 to 75% of your request, but also with the understanding that you have a real bottom at par—because of the support of official authorities—and that you have a good chance of taking a 1/4 to 1/2 point profit within four to six weeks. . . .

(3) Keep yourself on your toes, figure on "turning over" your portfolio three to four times during the year, watch the market as closely as possible. . . . To put that another way, find yourself a good dealer and direct him to confer with you as each new issue date approaches. . . .

THE LAST ONE

You'll notice the absence of any talk about patriotic subscriptions in this discussion. . . That has been done purposely, for this time, we're talking about the development of new trends in the Government market, about the ways you can handle your bank or institution (which is fast becoming an investment trust) most profitably over the next few years of concentration on Government financing. . . .

There is money to be made today—real money—even though it can't be made as "fast" as in the past. . . . At the moment, most bankers and corporation executives are unaware of the developing opportunities in new issue activities. . . . But in Wall Street, the professionals are waking up. . . . And soon, maybe within a half-year, all your neighbors will be playing this market as they did on a smaller scale in 1938 and 1939. . . .

The last issue of 2s was a disappointment. . . . The maturity was too short, indicating the timidity of the Treasury and its desire to avoid the trouble of appealing to institutions other than banks. . . . The market had been primed for a longer-term bond, perhaps a 2 1/8 or a 2 1/4 at the minimum and perhaps a 2 1/2 at the maximum. . . . The failure of Morgenthau to take advantage of that build-up stimulated the long-term list anew and now we should get a long-term in August. . . .

Morgenthau has announced the reopening of the taps, as predicted here, but this plan may be changed by the comments of bankers and dealers now being questioned as to their preferences or by war developments. . . . Anyway, look for a bond in August. . . .

INSIDE THE MARKET

As a result of last week's $2,000,000,000 borrowing, public debt is up to $80,000,000,000 mark. . . . Do you know what that figure means? . . . Well consider the meaning of $1,000,000,000. . . . If you had one billion and started counting it at the rate of $100 a minute, 48 hours a week, it would take you 66 years to finish the counting. . . . Now consider the $80,000,000,000! . . .

Dealers disappointed in last week's issue, but expecting big days ahead—if they can last through the dull period. . . . Forecast is that as debt rises toward the $200,000,000,000 level, price fluctuations will be held within a one-point range by the Treasury and Reserve authorities. . . . by that time, banks will be primarily investment institutions. . . .

One source forecasts 90% of banking system's funds will be in use for the Government by 1944. . . .

Only time to sell allotments or bonds out of portfolio is on a rally. . . . Don't try selling in dull market or on minor decline, for Federal Reserve is likely to be only buyer. . . . You must be nimble these days or don't try to trade at all. . . .

Action on Treasury in keeping books open 48 hours on the 2s caused most subscribers to hold off until second day in order to check price level. . . . Didn't accomplish much. . . .

Open market purchases of Governments by Reserve Banks are running at peak rate. . . . $180,236,000 bought in week ended July 8, bringing total holdings to $2,908,674,000. . . . Previous high was $2,826,000,000 recorded Sept. 30, 1939. . . . Action not only supporting market directly but indirectly by resultant expansion in excess reserves. . . .

Nay, Kane & Stephens Join Ryan-Nichols Co.

CHICAGO, ILL. — Leston B. Nay, formerly vice president of Webber, Darch & Company, and Vincent T. Kane and Donald B. Stephens, both formerly with Fuller, Cruttenden & Co., have become associated with Ryan-Nichols & Co., 100 South La Salle Street, James E. Day, president, announced.

Mr. Nay was with Halsey, Stuart from 1921 to 1933 and from 1933 until now has been with Webber, Darch & Company. He recently assisted in organizing the War Bond Pledge campaign for the Treasury Department as one of the representatives of the Joint Committee for War Finance for the Investment Industry.

Mr. Kane and Mr. Stephens have long been prominent in trading circles on La Salle Street, and were associated with Fuller, Cruttenden & Co. for more than ten years. Their activity in general markets has made them well known in all parts of the country. They will manage all phases of trading for the firm and will maintain markets in a general line of securities.

H. Wilson Named V. P. Of Field, Richards

CLEVELAND, OHIO — Hamilton Wilson, formerly in charge of the Cleveland office of Smith, Barney & Co., has been elected a Vice-President of Field, Richards & Co. of Cincinnati and Cleveland, it is announced.

Mr. Wilson has been connected with Smith, Barney and its predecessor firms since 1916, when he entered the bond department of the Guaranty Trust Co. of New York. In 1926 he was elected Second Vice-President of the Guaranty Company of New York, where he remained until 1934 when Edward B. Smith & Co. took over a substantial part of the personnel of the Guaranty Company. He became a partner of Edward B. Smith & Co., and when that firm merged with C. D. Barney & Co. in 1938, he continued with the enlarged firm.

Field, Richards & Co. was organized in 1908 and has been actively identified with financing in the central west. The firm has worked closely with Smith, Barney & Co. over a period of years.

Officers of Field, Richards will be Reamy E. Field, Cincinnati, President; Arthur H. Richards, Cleveland, Vice-President; Hamilton Wilson, Cleveland, Vice-President; Charles H. Richards, Cincinnati, Vice-President and Secretary; Russell J. Olderman, Cleveland, Vice-President and Treasurer, and Robert H. Hall, Cleveland, Assistant Secretary and Assistant Treasurer.

Stevenson With Abbot

Donald K. Stevenson has become associated with Henry W. Abbot, 30 Broad Street, New York City, and will be in charge of the municipal department. Mr. Stevenson was formerly manager of the sales department of R. A. Ward & Co., Inc., was in charge of the municipal bond department of Fitzgerald & Co., Inc., and served in the same capacity with G. M.-P. Murphy & Co.

C. J. Chamberlin Is Now With Blyth & Co., Boston

BOSTON, MASS. — Carey J. Chamberlin has become associated with Blyth & Co., Inc., 75 Federal Street. Mr. Chamberlin was previously with Smith, Barney & Co. Prior thereto he was for seven years manager of the bond department of Townsend, Anthony & Tyson and was connected with the First Boston Corporation.

Financial Leaders To Confer With SEC

The first of a series of joint discussions between the securities industry and the Securities and Exchange Commission will be held on Monday (July 20) at the headquarters of the SEC in Philadelphia. Ganson Purcell, Chairman of the Commission, on July 13 asked various groups to attend the meeting in pursuance of his recent proposal for a "joint exploration of the problems confronting the securities industry and the commission."

Among those invited to attend are Emil Schram, President, New York Stock Exchange; Edgar Scott, President, Philadelphia Stock Exchange; James F. Burns, Jr., President, Association of Stock Exchange Firms; Andrew C. Reid, President, Detroit Stock Exchange; John S. Fleek, President, Investment Bankers Association of America; Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Inc.; and Marshall R. Barbour, President, Pittsburgh Stock Exchange.

Mr. Purcell's suggestion for collaboration was made in his talk on June 16 in Philadelphia to the Governors of the Association of Stock Exchange Firms; referred to in our issue of June 18, page 2289. At that time he said it was the joint responsibility of government and private interests of bringing the financial economy of the nation through the present emergency to a sound post-war footing.

SEC Rule On Returns To Inv. Co. Affiliates

The Securities and Exchange Commission on July 8 announced the adoption of a rule relating to the remuneration which may be received by an affiliated person of a registered investment company acting as broker in connection with over-the-counter sales of securities to, or by, such registered company or any controlled company.

In the absence of any Commission rule, Clause (C) of Section 17 (e) (2) of the Investment Company Act of 1940 limits the remuneration which may be received from any source by such an affiliated person acting as a broker in any over-the-counter transaction of 1% of the purchase or sale price. Generally speaking, the new rule is designed to permit affiliated brokers in effecting over-the-counter transactions in securities to receive remuneration equal to the minimum commissions prescribed by national securities exchanges with respect to similar transactions effected on such exchanges. The remuneration, where a broker represents both purchaser and seller in the same transaction, however, may not be greater than the minimum commission prescribed for either a purchase or a sale.

I. Newton Perry Dead

I. Newton Perry, for many years prominent in Chicago investment circles, died recently at the age of fifty-six.