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The COMMERCIAL and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The investment fraternity is finding Secretary of the Treasury Morgenthau a source of keen competition these days. But since he is doing a job which outrates all others it goes without saying that there is no rancor or resentment.

On the contrary the rank and file of the underwriting and dealer fraternity is behind the war financing drive to a man, as witness the wholehearted cooperation evidenced in the setting up of regional groups to aid the Treasury's drives.

A natural consequence of the war financing is extreme dullness in the high-grade investment market which, in recent years, has depended primarily on institutional outlets for business.

The top grade market has been "extremely flat" to quote some of the more constant observers among those who usually handle a fair amount of such business.

Normally there is a certain amount of "block" business going through "off-the-board" but such Street deals are few and far between at the moment.

The answer, according to the trade, is that big institutional buyers, such as the insurance companies, are turning their cash into Government War Bonds in substantial manner, obviating to a corresponding extent the call for corporate bonds of high quality.

Five-Ten-Year Maturities

Industrial and utility bonds are virtually stagnant at the moment and have been for some weeks. Portfolios apparently are pretty well set in that direction.

There is a smattering of investor interest in top grade railroad liens from institutional

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Balloting Results On NASD Minimum Capital Amendment Far From Conclusive

Approve	1200
Disapprove	700
Didn't Vote	700

***Editor's Note*—Above figures are approximate. The SEC has until August 14th to prohibit the Association from adopting the proposed amendment to its By-Laws which would make it mandatory, after Oct. 15, 1942, for all members of the Association who clear their own transactions to have a net capital of $5,000 at all times (exclusive of fixed assets) and $2,500 in the case of a dealer who clears through others.**

A study of the recent voting on the various amendments to the rules and by-laws of the National Association of Securities Dealers quickly reveals, in our opinion, the natural deplorable consequences of the thoroughly unsatisfactory manner in which the referendum was conducted. The fact that the different proposals, the most controversial of which was the minimum capital plan (Article 1, Section 1), was approved does not of itself tell the complete story. Indeed, it would appear that the verdict could not have been entirely unexpected as the method of voting prescribed by the NASD was definitely unorthodox (to say the least), and certainly not calculated to permit of a free and untrammeled expression of opinion. We say this in all sincerity and without any intention to question the good faith of the sponsors of the vote.

It should be apparent to anybody, however, that the requirement of a signed ballot was not in accord with the traditional American way of conducting elections and, for that reason, quite possibly may have influenced in important degree the outcome of the balloting. Whatever explanation can be made, as a case in point, for the circumstance that of the aggregate of 2,600 members of the NASD, only 1,900 elected to vote on the proposals, the remaining 700, or almost 28% of the grand total, having decided to entirely ignore taking any stand in the balloting.

Certainly it cannot be argued that this large number of members felt that the questions involved were so trivial and unimportant as not to merit their consideration. Nor was there any lack of discussion of the measures, or campaigning on their behalf, among the entire membership of the organization.

The answer, in our opinion, can be found in the reluctance of many dealers to even put a mere check alongside of the words "approve" or "disapprove" on a signed ballot because they were afraid to make known their views. It was fear, real or imaginary, of possible reprisals, in one form or another, that prompted their decision to remain silent on an issue (palpably in contravention of time-honored American traditions and possibly unconstitutional), that the right

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Plans Announced To Study Joint Problems Confronting SEC And The Securities Industry

At their initial conference in Philadelphia on July 20, representatives of the securities industry and the Securities and Exchange Commission explored in general the joint problems confronting each other and laid down a seven-point "starter" program to be studied by small committees and the Commission's staff.

The general program, to be pursued by the conferees and on which specific recommendations are expected to be made at the next meeting on Aug. 17, follows:

1. Activities in assistance of the war effort.
2. Expenses of operation.
3. Uniform reporting to Federal and State agencies and others.
4. Standards of corporate accounting.
5. General questions relating to trading practices.
6. Cooperation between exchanges.
7. Assistance by the securities industry in effecting necessary exchanges and allocations of public utility holding company systems' properties and securities to accomplish the ends of the Holding Company Act.

The meeting, held at the suggestion of Ganson Purcell, SEC Chairman, was indicated as harmonious and in complete understanding. Reporting, Mr. Purcell as explaining that "it is our plan to appoint members of our staff to serve with members of the business groups to study the subjects and to report back at future meetings," an account of the meeting by Walter W. Reich to the New York "Times" from Philadelphia further quoted Mr. Purcell as follows: "Then we will have something to work on, when specific recommendations have been laid before us.

"The items were fixed only after listening to problems which various representatives raised. No program was laid down on a predigested basis. We sat around and talked freely. There were other suggestions made which were not taken up by general agreement. There was no dog fight. We simply surveyed the situation for the future."

Taking up the first subject, Mr. Purcell said:

"We hope to study alien activities from a financial standpoint. There is a good deal that goes through a brokerage office that is not noticed. The brokerage business is so complicated that sometimes what is actually hurting the national interest is passed by. It is contemplated in this connection that the foreign fund control and the Enemy Alien Act will be closely studied.

"This, he added, meant that an attempt would be made by the group to prevent enemy aliens or alien sympathizers from liquidating securities in this country to finance sabotage, espionage and fifth column activities.

"The second subject, expenses of operation, was taken up, Mr. Purcell went on, because 'the state of the securities business being what it is, there cannot be customary trading activities.'

"'Therefore,' he expanded, 'a problem for attack is one of expenses of operation, making sure that duplications of expense and so on do not occur. It calls for a review of the whole operation of the industry from the point of view of expense.'

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Kenower Elected Pres. By Detroit Bond Club

DETROIT, MICH. — John L. Kenower was elected the twenty-seventh President of the Bond Club of Detroit for the year 1942-43 at a special meeting of the Board of Directors.

John L. Kenower

Mr. Kenower has been engaged in the municipal bond business in Detroit since his graduation from the University of Michigan in 1925, having started with the Guardian Trust Company. In June of 1933, with Gerald E. Miller and Jones B. Shannon he started the firm of Shannon, Kenower and Company, Inc., which name was later changed to Miller, Kenower & Company, Inc., and he is now President of that firm. He has been actively interested in investment associations for several years, having been Chairman of the Municipal Committee of the Investment Bankers Association, Michigan Group in 1937 and 1938; Chairman of the Michigan Group, I. B. A. 1939-40; Director of the Municipal Advisory Council of Michigan 1934 through 1938 and Chairman of that Council 1935-36. He is a member of the Investment Bankers Association of America, Securities Traders Association of Detroit and Michigan, U. of M. Club of Detroit and Country Club of Detroit.

Other officers elected are Alonzo C. Allen of Blyth & Co., Inc., Vice-President; William N. Adams of Braun, Bosworth & Co., Secretary-Treasurer. These officers together with Ralf A. Crockston, Hornblower and Weeks, Bert F. Ludington, Watling, Lerchen & Co., Harold C. Chapel, Crouse, Bennett & Smith, and Richard T. Purdy, First of Michigan Corp., will comprise the Board of Directors for the coming year.

Finance Co. Interesting

Newborg & Co., 80 Broad Street, New York City, members of the New York Stock Exchange have prepared a memorandum on Industrial Finance Corporation preferred stock. Copies of the memorandum may be had from the firm upon request.

"Just A Little Inflation"

The way Congress and the Administration and the various government agencies, along with farm and labor leaders, are handling the inflation problem, it looks like they feel that maybe just a "little" inflation will be all right. But the trouble is that a "little" inflation here and a "little" more there is making for a good deal more than a "little" inflation all around.

The 44-cent wage boost granted steel workers by the War Labor Board this week is the latest case in point. They wanted a dollar but that was "too much" so the Board compromised on the 44-cent figure. None of the parties in the controversy seem very happy about the decision, and about all that any of them will concede is that it's not too bad. And anyway, the government will have to stand about 90% of it as it will come out of excess profits which would otherwise be taxed at about that rate. But the net effect with respect to the economy as a whole is that another twist has been added to the inflation spiral which is rapidly assuming ominous proportions.

Note of this situation is taken in the opening paragraph of the Whaley-Eaton Service's "Foreign Letter" of last week as follows:

"A most important development in the economic world is the growing menace of inflation. It is partly caused in Britain and the United States by the refusal of either country to adopt a definite wage policy."

And later on in the same letter, discussing various considerations with respect to post-war prospects, the observation is made that it is thought (in high official circles) that "national solvencies can be assured only by giving relative permanence to such inflation as has occurred."

If this idea is a valid one, its long-term implications are of great importance to investors. "Relative permanence to such inflation as has occurred" means that our peace-time economy will have to gear itself in all respects to a relatively permanent higher price level. In other words, to avoid the destructive repercussions of a post-war deflation we shall have to maintain the war-inflated price level which already is considerably higher than pre-war levels. This has been the contention of our more realistic economists for some time. They see the political dangers of a deliberate deflation on the one hand, and the political virtues of preserving the inflation on the other.

Another factor which now supports this contention is that the war inflation we are experiencing is world-wide. The purchasing power of money all over the world is being reduced. Thus from the standpoint of post-war competitive price considerations, etc., our position may be expected to be no worse than before even though our domestic price level may have risen substantially.

An important meaning of all this to investors, if true, is simply that fixed incomes will buy less after the war than before, whereas flexible incomes which can adjust to the changed status of the economy will maintain their relative purchasing power. So far common stocks, which are one of the important sources of "flexible income," have not responded to these prospects in the traditional manner. But taking the long view, which envisages a peace-time economy freed of war-time controls, it would seem that such a response must eventually occur. A large slice of corporate profits will have to go to the tax collector for some time to come, but with excess profit taxes scaled down to stimulate the profit incentive, well-managed and strongly situated companies will adjust themselves to the changed conditions as they have always done in the past and net earnings available for dividends will keep pace.—*W. F. Shelley in Massachusetts Distributors' Brevits of July 18th.*

Now R. N. Eddleman Co.

HOUSTON, TEX.—R. N. Eddleman & Company, First National Bank Building, has succeeded to the investment business of Eddleman & Abercrombie. Richard N. Eddleman, formerly a partner in Eddleman & Abercrombie and its predecessor, Gregory, Eddleman & Abercrombie, is proprietor of the new firm.

Pledges Spread of War Work to Small Business

The newly constituted Smaller War Plants Corporation "cannot be the miraculous balm that will heal all the wounds resulting from the transition of industry from the pursuit of the arts of peace to those of war," Lou E. Holland, Chairman of the Corporation declared on July 17 following the first meeting of the directors.

While saying that "there are bound to be casualties," Mr. Holland expressed the hope that ways will be found to spread war work more extensively among small business.

The corporation was set up within the War Production Board by Congress with a capital of $150,000,000 to promote conversion of small plants to war work and assist them in obtaining Government contracts.

Chairman Holland's statement further said:

"It may well be pointed out right here at the beginning that the act which set up the Smaller War Plants Corporation uses the following languages: 'to mobilize aggressively the production capacity of all small business concerns, and to determine the means by which such concerns can be most efficiently and effectively utilized to augment war production.' If we are a first aid outfit we are primarily to aid war production, and intend to do that by using the productive capacity of small business concerns.

"Further, the act says we are to do certain things 'with a view to insuring that small business concerns will be most efficiently and effectively utilized in the production of articles, equipment, supplies and materials for war and essential civilian purposes.'

"These two paragraphs might be summarized by saying that we are to fit small business into the stringent war economy wherever we can, if it will aid in the general war effort. It is quite clear that we are, as Mr. Nelson has repeatedly stated, not a relief agency.

"But this is not to say that we are not wholly sympathetic to the problems and the plight of small business. We are; and we believe we shall find ways to spread war work more extensively into the field of small business. I know, from my own experience, that there are a lot of small firms around the country which are thoroughly capable of doing many jobs that need to be done.

"For a long time other units of the War Production Board, as well as the procurement agencies of the Army, Navy and Maritime Commission have been working along these lines and I think we have to find out what has been done to date before we can begin to build a program that will be genuinely helpful.

"That is our immediate task, and until that is accomplished, no spectacular announcements can be expected from the Smaller War Plants Corporation.

"As we all know, material shortages in many fields are now the chief concern of the War Production Board. In these fields, and as long as these conditions prevail, we shall probably find our usefulness chiefly in providing facilities which will permit a redistribution of existing contracts. A good many prime contractors are overloaded, and much of the simpler kinds of work they are doing can be done by smaller concerns. If contracts can be broken down and examined, and the simpler jobs placed elsewhere, utilizing existing buildings and machinery, this will aid war production without making any demand whatever on the supply of materials. Also it will aid small business."

FIC Banks Place Debs.

The Federal Intermediate Credit Banks on July 17 made a successful placement of $34,775,000 debentures through Charles R. Dunn, New York, fiscal agent for the banks. The debentures were sold at par. Of the total, $14,875,000, dated Aug. 1, 1942, and due March 1, 1943, carries a coupon rate of 0.75% and $19,900,000, dated Aug. 1, 1942, and due June 1, 1943, bears a coupon rate of 0.85%. Of the proceeds of the sale $32,260,000 will be used to pay off a like amount of debentures due Aug. 1 next and $2,515,000 is for new money. At the close of business Aug. 1 next the banks will have outstanding $304,045,000 debentures, an all-time high.

Morrison Appointed

At a regular meeting of the Board of Directors of Federal Reserve Bank of Cleveland, held on July 16, Martin Morrison was appointed Assistant Cashier.

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Beak, Miller, Others Join A. C. Allyn Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Robert M. Beak, Sanford C. Miller, Malcolm J. Boss, Harry B. Hamilton, Frank B. Hesson, John A. Rodger, Jr., Charles W. Schlieckert, Bert X. Wahl, Orlin I. Wahl, and James A. Woodburn have become associated with A. C. Allyn and Company, Inc., 100 West Monroe Street.

All were formerly associated with Bond & Goodwin Incorporated of Illinois, Mr. Miller as City Sales Manager in Chicago and Mr. Beak as manager of the Wholesale Dept.

Gerner And Eppink To Be Bonbright Partners

ROCHESTER, N. Y.—Philip H. Gerner and Harold W. Eppink will be admitted to partnership in George D. B. Bonbright & Co., Powers Building, members of the New York Stock Exchange. Both have been associated with the firm for some time, Mr. Gerner recently as manager of the investment department. In the past Mr. Gerner was a partner in Vietor, Common & Co. of Buffalo and was an officer of Liberty Share Corporation and the Liberty Bank of Buffalo.

Jarvis With State Dept.

Frank G. Jarvis, formerly utilities trader for Peter P. McDermott & Co., has become connected with the State Department in Washington. Paul S. Morton will trade utilities as well as railroad issues in the future for the firm.

Further Comments By Dealers Anent NASD

Judging from the numerous letters sent to us by dealers in recent weeks, anent the NASD and its minimum capital plan, there would appear to be considerable evidence of marked dissatisfaction within the entire industry as to the contribution made by the present organization in behalf of either the investing public or the dealers themselves. Indeed, it would appear that the primary objective of the organization is to devise new problems for the industry, the sum total of which merely add to the expense of doing business. Despite all of the rules and regulations prescribed by the NASD, it is perfectly obvious that the investing public, as in the past, must still rely on the time-honored maxim (Caveat Emptor, let the buyer beware), in order to be assured of the maximum possible protection.

Letters of recent date follow:

DEALER NO. 47

I should like to offer my two cents worth in re: All the discussions and opinions expressed in the "Chronicle pro and con on the question of NASD regulations.

I have always been opposed to the Maloney Act and have copies of letters of protest written to various Senators and Congressmen before the Bill became law. My objections were, and still are, on the ground that the Act created an overlapping Bureau that was entirely unnecessary.

There is a school of ethics of fair and honest dealing that every honorable business man knows he must live up to in order to succeed and stay in business and have a clear conscience, and it was never necessary to have some one in Washington or Philadelphia to remind him of it.

We have plenty of laws to deal with the crooks and rascals in every business, so why penalize the 99% of honorable men with burdensome expense and regulations? After all the SEC and NASD regulations the investor still has to beware and know whom he is dealing with.

I became a member of the NASD, I feel, under necessity, and in my opinion it is being run just like the Labor Union racket, to make jobs for a few "deserving" politicians, at the expense of compulsory membership.

I voted "NO" on all the propositions the same day I received the ballot. I have been reading all the letters published in the "Chronicle" with much interest. I should like now to suggest a remedy which I think would be very effective and that is: Instead of letting the NASD deny membership to any of our present members, that ALL of us who are opposed to the regulations withdraw our membership at once. I think there would be very few members left. As it is, the non-members are a very much bigger class. I happen to know that the most prominent and most reputable dealers in many cities have never applied for membership in the NASD.

I should like to know the reaction of other dealers to the above suggestion through your periodical, but for fear of reprisals, I would not want my name or the city mentioned but will sign myself.—(From An Old Pennsylvania Dealer)

DEALER NO. 48

We have heard a great deal recently about the "small business man." The government has been making a real effort to see that the small business man is not forced to the wall but the opposite seems to be the tendency in the securities business.

The NASD is trying to preclude the small business man from membership thereby cutting him off from syndicate participation. Now, according to July 21 newspapers, the SEC held a meeting yesterday with representatives of the financial industry to lay "the groundwork for a continuing study of war and post-war problems of mutual concern."

According to the newspapers account, the securities industry was represented by eight individuals, each of whom represented some organized exchange or large organization, such as the NASD. This means that there were more dealers unrepresented than there are members in the organizations headed by the individuals present.

The small individual dealer is an intelligent, resourceful and highly responsible merchant. He is not sitting around complaining about the volume; he looks for attractive securities and goes out and sells them at a fair profit.

It seems to me that this type of dealer should be represented in the meetings taking place in Philadelphia and it furthermore seems to me that the organized exchanges which are complaining so bitterly about business have a great deal to learn from the small individual dealers.—(B. S. Lichtenstein, New York City)

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange announces the following weekly firm changes:

Transfer of the Exchange membership of James Russell Lowell to Charles H. Pinkerton will be considered by the Exchange on July 30. Mr. Pinkerton will continue as a partner in Baker, Watts & Co.

Albert N. Edwards and Benjamin F. Edwards, general partners in A. G. Edwards & Sons, St. Louis, Mo., became limited partners in the firm effective July 16.

Stackpole Member Of Bar

Philip W. Stackpole, associated with Starkweather & Co., 111 Broadway, New York City, has been admitted to the New York Bar and is now an attorney and counsellor at law.

With W. A. A. C.

Miss Donna Werback, formerly secretary and treasurer of Donovan, Gilbert & Co., Lansing, Michigan, has been appointed to the W. A. A. C. She has been assigned to Fort Des Moines, Iowa, for officers' training.

Warren Brothers Company

Through inadvertence, the July 16th Bond Selector stated that sufficient assents from common stockholders of Warren Brothers Company were being awaited to make the plan operative. It is understood that sufficient assents from holders of all securities have been received to put the plan into operation. Formal approval of the plan by the court is expected on July 28.

Wylie Re-elected By Eastern Royalty Assn.

At the annual meeting of the Eastern Oil Royalty Dealers Association, Inc., Thomas G. Wylie was re-elected President and Frank H. Winter, Vice-President, with Herbert E. Teden assuming the office of Treasurer and William E. Doyle that of Secretary.

Louis Bernstein and John H. Valentine were elected Directors and John Sperry was retained as General Counsel.

Oil Royalties Attractive

Oil royalties offer an interesting and particularly timely investment, according to Tellier & Co., 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since oil is one of America's most bountiful natural resources and is needed now more than ever before in the country's history. In addition, according to Tellier & Company, returns from oil royalties are based upon gross production of oil, rather than on net profits as in the case of preferred and common stocks, carry a substantial income tax deduction privilege, and offer a hedge against inflation. Detailed information on oil royalties will be sent by Tellier & Company upon request.

Warner Issues Attractive

The current situation in First Mortgage 6s of 1944, the 7% cumulative first preferred stock and the common stock of the Warner Company offers most interesting possibilities according to a descriptive circular issued by Laird, Bissell & Meeds, du Pont Building, Wilmington, Delaware, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Fuller, Cruttenden Plans To Dissolve

CHICAGO, ILL.—The partnership of the Chicago Stock Exchange house of Fuller, Cruttenden & Company, 209 South La Salle Street, organized here in 1930, will be dissolved soon, according to an announcement by the firm's partners who include William A. Fuller, Walter W. Cruttenden, Fred R. Tuerk and Kenneth S. Beall. Announcement of future plans of the partners and the personnel of the firm will be made shortly. In the past 10 years the firm has become one of the leading trading houses in the Middle West and has also been active in a wide range of underwritings.

Traction Securities Now A. A. Bennett Co.

CHICAGO, ILL.—Traction Securities, Inc., 105 South La Salle Street, announces that they have changed their firm name to A. A. Bennett & Co., effective July 15. The personnel and management remains the same as before. The change was made, the firm announces, since many of their customers have felt that the only securities Tractions Securities dealt in were Chicago Surface Lines and Elevateds, while actually the firm conducts a general investment business in both listed and unlisted stocks and bonds.

Security Analysts Forum

Ralph E. Sterling, of Lehman Brothers, New York City, will be in charge of the July 29 luncheon forum of the Utility Group of the New York Society of Security Analysts. Charles Thatham, Jr. of Institution Utility Service, Inc. has accepted the chairmanship of the Utility Group.

THE BOND SELECTOR

WARNER COMPANY

Plan of Extension of First Mortgage Bonds

Warner Company and its wholly-owned subsidiary, American Lime & Stone Co., are producers, transporters and wholesalers of sand and gravel in the Delaware River tidal region; producers of high-calcium and magnesium lime products for construction, agricultural and chemical uses; retail distributors in Morrisville (Trenton), Philadelphia and Wilmington of its manufactured products as well as other miscellaneous building materials, such as cement and plaster; and operators of central-mix concrete plants and of truck-mixing equipment for the delivery of this product. Large natural deposits of sand, gravel, magnesium (dolomite) stone and limestone are owned.

The company was organized in 1929 to acquire the assets of the former Charles Warner Company and The Van Sciver Corporation. An extreme depression in the construction industry followed within two years, and for a period the company maintained operations with serious losses which resulted in its inability for a period of three years to carry on its regular interest and sinking fund payments.

On May 4, 1933, a Plan of Readjustment of Debt and Capitalization was promulgated by the company, which Plan became effective on Dec. 30, 1933, and was thereafter promptly consummated. Under this Plan, as to assenting bonds, the payment of the coupons due in the years 1933, 1934 and 1935, amounting in the aggregate to 18% of the principal amount of the bonds, was deferred, unless earned in the course of each of said years, until the maturity of the bonds on April 1, 1944. The sinking fund requirements theretofore existing under the original indenture were waived by the assenting bondholders, and the company agreed to apply 33⅓% of its net earnings available for dividends in each year as an annual sinking fund payment on account of the bonds. The holders of a substantial majority of the bonds then outstanding assented to the Plan, and their bonds were in due course stamped accordingly.

At the present time all but less than $175,000 in principal amount of the bonds have assented to the Plan. Insofar as such non-assenting bonds are concerned, Warner Company is in default with respect to the payment of the six coupons due in 1933, 1934 and 1935, and is in default with respect to the sinking fund payments as required by the original indenture. On April 1, 1936, the company resumed fixed interest payments on all bonds outstanding, whether assented or not, and all coupons due since then have been paid when due.

On May 25, 1942, Warner Company submitted to bondholders a plan for extension of its first mortgage bonds from April 1, 1944, to April 1, 1951, with a continuation of the present 6% annual interest rate. At that time, it was stated by the company that if the Plan was approved by holders of 90% of the bonds, they would be paid $90 in cash for each $1,000 bond on account of deferred interest and the balance of such deferred interest, amounting to another $90, would be paid on the basis of 20% of annual net earnings available for dividends, beginning in 1943. On July 14, the President of the company stated that over half of the bonds necessary to make the Plan effective had been deposited. It should be noted that deposits must be made by Aug. 15, 1942, unless the company extends the period.

Total back interest (18%) amounts to approximately $810,000, and as soon as the extension plan becomes effective, the company will make available about $400,000 for immediate payment of $90 per bond. Earnings available for interest in 1941 amounted to $2,042,000, or approximately two and one-half times the amount necessary to pay all the back interest. Salient portions of the income account during the past three years follow:

	1941	1940	1939
Net sales	$9,676,570	$5,641,154	$4,946,318
Inc. avail. for interest	2,042,531	646,795	471,571
Net earnings avail. for dividends	1,130,311	292,051	103,928

Debt originally consisted of $7,000,000 first mortgage bonds. Approximately $2,500,000 have been retired through operation of the sinking fund previously referred to. Capitalization of the company now consists of:

First Mortgage 6s, due April 1, 1944	$4,501,000
Other long term debt	466,000
7% cum. first pfd. $50 par	25,841 shs.
7% cum. second pfd. $25 par	53,500 shs.
Common stock $1 par	177,192 shs.

Net working capital at the end of 1941 totaled $1,834,000. Current assets amounted to $3,260,000 and included $1,211,000 of cash. Current liabilities were $1,425,000, and included $353,000 instalments on long term debt due in 1942.

It should be stressed that no dividends can or will be paid on any class of the company's stock unless and until all unpaid deferred interest on outstanding bonds has been paid.

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.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Wendell L. Jaquith** has joined the staff of **Paine, Webber, Jackson & Curtis**, 24 Federal St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Arthur I. Rottenberg** has become affiliated with **Brailsford & Co.**, 208 South La Salle St. Mr. Rottenberg was previously with Webber, Darch & Co. and Straus Securities Co.

CHICAGO, ILL. — **George L. Emrich, Jr.**, is now associated with **Brown Brothers Harriman & Co.**, 135 South La Salle St. in the investment advisory department. Mr. Emrich has conducted his own investment counsel firm since 1931.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Louis M. Roberts** has become connected with **R. S. Dickson & Co., Inc.**, 135 South La Salle St. Mr. Roberts was formerly with Bond & Goodwin, Inc., of Illinois and G. L. Ohrstrom & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Ralph M. Sommers**, previously with Hornblower & Weeks, has joined the staff of **Farwell, Chapman & Co.**, 208 South La Salle St.

CHICAGO, ILL. — **John P. Grimes** is now associated with **Goldman, Sachs & Co.**, 208 South La Salle St. He was formerly with Glore, Forgan & Co. and Fred W. Fairman & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Hume C. Young** has rejoined the staff of **Thompson Ross Securities Co.**, 39 South La Salle St. Mr. Young was recently with Webber, Darch & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **George A. Taylor** is now with **J. E. Neubauer & Co.**, Guardian Building.

(Special to The Financial Chronicle)

DAYTONA BEACH, FLA. — **Arthur Charles Ericksen** has become connected with **T. Nelson O'Rourke**, 356 South Beach St.

(Special to The Financial Chronicle)

HARTFORD, CONN. — **Charles E. Bayliss, Jr.**, has become associated with **Putnam & Co.**, 6 Central Row.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **David Mannick** is now affiliated with **Conrad, Bruce & Co.**, 530 West Sixth St. Mr. Mannick was previously with Merrill Lynch, Pierce, Fenner & Beane and prior thereto with Schwabacher & Co., Morrison Bond Co., Ltd., and Fewel, Marache & Co.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **Harry V. Anderson**, for many years with the local office of E. H. Rollins & Sons, Inc., has become associated with **Bateman, Eichler & Co.**, 42 North Garfield Avenue.

In The Armed Forces

Richard A. Lewis, manager of the Philadelphia office of Burton, Cluett & Dana, has received his commission as Lieutenant in the United States Naval Reserve and has left to assume his new duties. W. J. Sewell Boris has taken over the management of the Philadelphia office for the duration.

Robert S. Adler, President of Selected Investment Co., 135 South La Salle Street, Chicago is on leave of absence and is serving in the armed forces.

Charles F. Kimble of Florida Securities Co., St. Petersburg, Fla., has joined the U. S. Army as a glider pilot and is now stationed at tne air base at Orlando, Fla.

John R. Nunnery, formerly in the securities business in Meridian, Mississippi, is now serving in the U. S. Army.

Myron F. Schlater, President of Schlater, Gardner & Co., Inc., New York City, is now a lieutenant in the U. S. Naval Reserve, attached to the Ordnance Department, Navy Building, Washington, D. C.

Charles S. Cheston and Ogden Phipps of Smith, Barney & Co., 14 Wall Street, New York City, are on war duty.

Charles J. McBride, formerly proprietor of McBride & Co., Stock Exchange Building, Philadelphia, Pa., is now on active duty with the U. S. Navy.

Will Miller, manager of the bond department of the Dallas National Bank, Dallas, Texas, is entering the U. S. Army on July 31.

E. Jedd Roe, proprietor of E. J. Roe & Company, Frost National Bank Building, San Antonio, Texas, is on leave of absence from his firm on war duty. The business is being continued under the management of Donald D. James.

Alfred M. Seaber, manager of the Florida division of the Ranson-Davidson Company, Inc., has been commissioned a Lieutenant (jg) in the United States Naval Reserve. He reported for duty July 15, for training at the United States Naval Station at Hanover, N. H.

Tomorrow's Markets Walter Whyte Says—

Current dullness postpones last week's down indications. Market now looks higher before any immediate decline. Leaders and specialties in "move" position.

By WALTER WHYTE

Last week I spoke about reaction and though I indicated it was not right around the corner I did advise that new purchases at this stage of the market cycle were not recommended. That was last week. But the market picture changes so rapidly that what was good for last week becomes outmoded for this.

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As this is being written the market is drowzily nodding its head occasionally looking up to peer at either taxes or the war news, then giving a gentle sigh goes back to sleep again. The public, which last week gave plenty of indications of jumping in, is still aloof, or is too hot to bother. The Dow industrial averages are now down to about 108 and acting as if that is about as low as they intend to go on the current move.

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Now a rally such as we have seen in the past few weeks calls for one of two things—a sharp reaction then dullness on which it fattens itself for the next stage of advance or an immediate dullness with no further reaction. If the public comes in, in any quantity, the reaction becomes almost inevitable. If it doesn't then the latter—immediate dullness — takes place. This is what is now taking place. You can see it by just going into any broker's customers' room. You don't even have to ask anybody or look up at the board to find out for yourself. Its apparent by the lethargic attitude of the customers' men, customers and partners.

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The big talk now is about inflation, when it will come and how. But most people know little about inflation except that it is a popular subject for conversational speculation. But while I know as little as the average man about the subject I'll venture to say that before long the newspapers will be full of anti-inflation jabs from the Administration forces. But that is still some weeks away.

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Meanwhile the market seems to be saying that until really bad news comes along it will either do nothing or go up. Of the two I think the latter will take place in the immediate future.

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How far the market may advance is of course anybody's guess (including mine). But I do know that precedence calls for a lift from present levels (108 approximately) to about 112 or thereabouts before serious difficulties are encountered. This does not mean that last week's figures on stocks recommended here are to be forgotten. On the contrary. As the market advances the stocks you hold will advance too. And as they reach the prices at which profits were advised, they should be taken. Meanwhile, of course, stop levels should not be ignored. There are still too many difficulties in the path of an orthodox market not to have some insurance against accidents.

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If you are wondering why I am changing my advice from last week, I'll tell you. Last week the market gave lots of down signals, or rather top signals. This week with its dullness these are cancelled, or rather postponed. With that being the case it would

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Empire Trust To Advise Equity Corp. On Portfolio

Special meetings of stockholders of the Equity Corporation and its investment company subsidiaries, American General Corp., First York Corp., General Investment Corp., and Utility Equities Corp., are being called for Aug. 11 to approve contracts with the Empire Trust Co., providing that the trust company will render investment advisory services to these corporations.

Letters currently being forwarded to stockholders state that a plan has been worked out with Empire Trust Co. under which it is proposed that the trust company will take over the investment department presently maintained by the various corporations of the group and merge it with its own and will furnish the managements of the respective corporations with recommendations regarding purchase, sale and retention of securities. These managements feel that the combined investment department should provide a satisfactory source of information and recommendations and, in addition, will insure that proper investment service of this type will continue to be available to it during the war period.

Belden To Admit

Belden & Co., 61 Broadway, New York City, members of the New York Stock Exchange, will admit Alice S. Belden to limited partnership in the firm as of today.

Income From Rails In War

Income from rails during the war period is the subject of an interesting circular distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular will be sent by the firm upon request.

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—40⅝; low—14¾; July 22 price—35½.

RAILROAD SECURITIES

After many years of waiting, proposals for the allocation of new securities in the Seaboard Air Line reorganization were filed with the Federal Court early in July. Plans were filed by committees representing holders of the underlying mortgages, the receiver's obligations, and Consolidated Mortgage 6s. While all plans agreed as to the new capitalization and the treatment of a few of the best secured of the outstanding bonds, there was a wide divergence of opinion as to how the other bonds should fare. As this receivership is in equity, all testimony and evidence will be taken into consideration by Special Master Tazwell Taylor in drawing up his plan to be presented to the Federal Court in the latter part of 1942. As a matter of fact, further delays will probably rebound to the eventual benefit of all concerned. Earnings are high and cash is accumulating rapidly so it should be possible to reduce the outstanding amount of receiver's certificates substantially if no reorganization plan is agreed upon. (The sinking fund on July 15, 1942, took in $2,992,000 3½s, 1945). This in turn should allow a somewhat more liberal allocation of the proposed new First Mortgage bonds to other of the old securities.

The plans were in agreement with respect to the treatment of receiver's equipment trust certificates which are to be left undisturbed and with respect to receiver's certificates which are allocated 50% of principal in new Series "A" First Mortgage 3½s, 1963, and 50% in Series "B" First Mortgage bonds due in 1983 carrying 3% fixed interest and 1% contingent interest. The plans also agree in the treatment of the Raleigh & Augusta First 5s, 1931, Raleigh & Gaston First 5s, 1947, and Tampa Northern First 5s, 1936. The first two named would receive $1,150 in new First Series "A" 3½s, 1963, and the Tampa Northerns $1,065 in Series "B" First 3-4s.

With respect to treatment of all other obligations, however, the plan of the underlying bondholders' committee was miles away from that of the committee for the First & Consolidated 6s. The former group based its allocations on a complicated combination of the severance, terminal cost segregation, and contributive studies prepared for the court by the Special Master's Expert Committee. What the treatment proposed by the First & Consolidated Mortgage Committee (called the "Kennedy Formula") was based on is not known. The attached tabulation shows the treatment proposed by the two committees for the various liens.

The agreed-on capitalization would be held to $204,835,000 representing more than a 50% cut in indicated total capitalization, including unpaid interest, of the old company as of the effective date of the plan, Jan. 1, 1943. The capitalization would consist of $104,835,000 of debt and $100,000,000 of stock, assuming a stated value of $100 a share for the 850,000 shares of no-par common. There would be $15,000,000 of 5% preferred stock. Fixed charges would be held to $2,007,600 compared with current charges of $9,411,000, and total fixed and contingent charges, including a 3% additions and betterment fund, half of which would be obligatory and half discretionary with the directors, would amount to roundly $6,360,000 with revenues at $50,000,000 a year. Lower revenues would naturally cut the additions and betterment fund deductions.

The reorganizations is a thoroughly realistic one when judged from past performances, and appears unduly drastic when viewed in conjunction with the fundamental improvement in the company's traffic position, and the property rehabilitation work that has increased operating efficiency materially. Despite extraordinary maintenance work in most years, the company would have covered the full fixed charges contemplated in seven of the 10 years

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Bank and Insurance Stocks

This Week—Insurance Stocks

One of the most poignant stories in insurance stocks of stockholders' hopes and management's efforts in the face of an adverse situation now appears to be entering its final chapter. On July 13, the pledgee Royal Bank of Canada advertised that it will sell at auction July 29 the entire block of 493,400 shares of Home Insurance Co. stock and 800 shares National Liberty Insurance Co., pledged by the borrower, Home Fire Security Corp., for a loan from this Canadian bank (Chase National Bank has a 50% participation) originally dated April 15, 1930, for $19,051,475, and still totaling $16,257,933 as of March 31, 1942.

To the very last, it was hoped that a plan might be worked out whereby the stockholders would be given an opportunity to take up the pledged Home Insurance Co. stock at somewhat below market price. This, however, depended on appreciation in Home Insurance Co. stock to about the "break even" point, and with conditions against such improvement and the corporation's uncertain position on current taxes, the banks have decided to exercise their legal right to foreclose at any time on the matured note, which was not extended again at the last maturity date of March 16, 1942.

Other than these pledged stocks, the corporation has very little else, March 31, 1942, revealing cash of $783, collateral loans of $56,573 and other assets of $4,438. Against this, however, liability reserves totaled $31,404, of which $21,404 was reserve for taxes. Federal income and New York State franchise taxes apply to 15% of the dividends received on the pledged stocks, even though the dividends are also pledged with the loan and are not available to the corporation for payment of taxes. A balance of $16,472 remains unpaid (as of April 9, 1942) on these taxes, due and payable in 1941, and there is also a disputed claim on an additional item of $916 for Federal income tax for the 1940 tax year. The only income available to the corporation for the coverage of these taxes does not exceed $500 a month from interest on miscellaneous old small loans. In view of the financial predicament of the corporation, the Federal and State tax authorities have been content to divide this income, although drastic action has been available to them.

Accordingly, little hope appears to remain for the corporation's stockholders. It is expected that the banks will bid in the collateral at the auction sale, and that possibly a secondary distribution deal will be arranged by the banks when conditions are favorable.

Those who stand to lose most by demise of the corporation would be the original Home Insurance Co. stockholders who took up their rights to subscribe originally to the corporation stock on a share for share basis at $15 (par value $10) in 1929. Later in 1928, when the corporation acquired substantial blocks in the National Liberty group of insurance companies, it made available to Home Insurance Co. stockholders the purchase of these insurance stocks at the same prices that the corporation paid. In the fall of 1929, rights at $20 were issued on a share for share basis, and subsequently, capital outstanding reached $4,932,000 ($10 par).

In addition, however, many new stockholders had been drawn into this situation by the speculative appeal stressed by various dealers in recent years, of the leverage on the corporation's equity provided by the bank loan as Home Insurance stock appreciated over the "break-even" point. In 1935, the corporation stock reached a high of 7¼ from low of ¼; in 1936, it ranged between high of 8 and low of 4½; and in 1937, again hit a high of 7¼. When the corporation's stock subsequently declined to lower levels, these peaks were cited in illustration of the speculative possibilities.

Of course, such possibilities depended on the banks' continuing to extend the loan or at least not exercising their right of foreclosure. The loan originated in the deal in 1930 whereby the corporation purchased the large holdings of the Goldman Sachs Trading Corporation in the National Liberty group of companies, and pledged these stocks as collateral for the loan needed for the deal. In the subsequent market decline in insurance stock prices, the loan went "under water," and the banks had the legal right to foreclose on the collateral. They did not do so, however, and in April of 1935, the banks agreed to the substitution of a block of 500,000 shares of Home Insurance stock for the various holdings of the corporation in Home Group companies. The banks also agreed to waive all accrued and unpaid interest, amounting to over $1,800,000, and to accept future dividends on the Home Insurance stock in lieu of interest payment on the new loan, which was extended for three years. In May, 1938, the banks again extended the loan to May 15, 1939, the effective interest rate on the loan being reduced from 4.48% to 3%, and the excess over the 3% being applied to amortization of principal. Since that time, the loan was reduced $2,242,067, to the figure of $16,257,933 as of March 31, 1942. Most of this reduction was due to excess income above the 3% interest rate, although sale of most of the remaining securities other than Home stock provided some additional retirement.

Throughout these series of extensions and negotiations, the management of the Home Insurance Co., serving without salary for the corporation, had aggressively sought liberal treatment, which was granted by the banks inasmuch as the loan had been marked down and reserves set up. In the past year, however, the attitude of the banks hardened, and all the efforts of the management to salvage something for the stockholders out of this 1928 idea now appear frustrated.

The corporation was originally formed as a holding company for the Home Group to facilitate acquisitions of additional insurance companies, although the certificate of incorporation was broad enough to cover general investing operations. It did acquire the Georgia Home, the blocks of National Liberty, Baltimore American and Peoples National, and Southern Fire, but ran into trouble on the Goldman Sachs deal and was hamstrung from that time. At one time early in 1930, it was rumored that the corporation might make offers to the various Home Group stockholders for their shares, with the object of bringing the Home Group affiliates into close control by the corporation, and that the corporation's stock might then be listed, but nothing definite developed.

At various times in 1936 and 1937, Home Insurance stock was above the "break-even" point by a good margin (by smaller margins at subsequent periods), and there were good prospects of the corporation being able to arrange a secondary distribution deal that would leave a small balance of Home Insurance stock after payment of the bank loan. In fact, an apparently premature newspaper story of such a deal checked at one time an advance in Home Insurance stock. The decline in the security markets thereafter, however, eliminated such optimistic expectations.

Our Reporter's Report

(Continued from First Page)

sources, but in such cases the call is for relatively short and intermediate maturities.

For a time such buyers were disposed to avoid that section of the market, but then, in lieu of opportunities in other directions, there was a tendency to seek out selected mortgages running for about five years.

More recently the dearth of new material in the corporate field has occasioned a tendency to look a bit further ahead, with the result rail maturitiies of high quality running to ten years are being scanned.

Help For Utilities

It now appears that out of the series of conferences between the Securities and Exchange Commission and financial leaders, launched this week, there may develop plans for aiding utility companies with their simplification tasks.

Reports indicate that the Commission will seek to adjust things so that it will be possible for investment bankers to render assistance to the companies in working out financial situations.

This could be done, it is believed, by relaxation of certain existing restrictions which now prohibit investment bankers from approaching utility firms.

Such a development might be expected to not only speed up integrations under the law, but at the same time to develop something in the way of new business for banking firms.

Revenue Bonds Recover

Now that the first shock of the effect of curtailed gasoline supplies has worn off, and incidentally been reflected in statistics, so-called revenue bonds have been showing a tendency to recover from their recent low levels.

In the case of many of these facilities, which are sustained by toll-charges, such as the Tri-Borough Bridge Authority, usage has dropped an average of 25%.

Back of the better tone in such obligations is the belated recognition of the fact that despite the falling off of revenues due to curtailed travel, there is still a fairly satisfactory indicated margin of safety for interest requirements.

Celanese Debenture 3½s

It looks as though the syndicate which marketed Celanese Corporation's $35,000,000 of 3½% debentures have pretty well cleaned up that situation.

Selling group members are in receipt of the following telegram sent out yesterday. "All Celanese Corp. debenture 3½s reserved for selling group have been sold — Additional orders strictly subject to confirmation by Dillon, Read & Co."

It was signed by Dillon, Read & Co., and Glore, Forgan & Co., as joint syndicate managers.

Utilities Attractive

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, has just issued an interesting memorandum on the current situation in the $7 and $6 cumulative preferred stock of the Arkansas Power & Light Co., which are attractive at current levels according to the study.

Copies of this memorandum and also a discussion of the situation in Associated Gas and Electric System with particular emphasis on the earnings outlook may be had from G. A. Saxton & Co. upon request.

Also available are copies of the July issue of G. A. Saxton & Co.'s "Preferred Stock Guide," containing current quotations on unlisted public utility preferred and common stocks, and an analysis of Empire District Electric Company 6% cumulative preferred stock.

SEC, Security Dealers Study Joint Problems

(Continued from First Page)

"Mr. Purcell disclosed that in deciding upon the third point, reporting, the group expressed a desire for cooperation from the various State commissions and other agencies dealing with matters affecting the securities business. Letters will go out at once, he said, inviting their participation in the study groups and in the larger meetings to come.

"The SEC chairman did not go into detail regarding corporate accounting, the fourth point. As to the fifth, trading practices, he said the group had in mind a continuation of the type of cooperation in existence between the commission and the National Association of Securities Dealers, Inc.

"Expressing pleasure at the presence of representatives of three of the smaller exchanges—Pittsburgh, Philadelphia and Detroit—Mr. Purcell declared that the sixth point arose from 'a lot of talk reflecting insufficient understanding between the exchanges.' He added that 'we want to make those affected feel that it is one whole industry, no matter what the tag is you are wearing—broker, banker, over-the-counter dealer, or what.'

"The final point was drawn up to allow study of the possibility of investment bankers and others arranging for exchange of properties among holding companies ordered to integrate."

Among those attending the initial conference were Emil Schram, President of the New York Stock Exchange; James F. Burns, Jr., President, Association of Stock Exchange Firms; John S. Fleek, President, Investment Bankers Association of America; Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Inc.; Edgar Scott, President, Philadelphia Stock Exchange; Fred C. Moffatt, President pro tem, New York Curb Exchange; Andrew C. Reid, President, Detroit Stock Exchange, and Marshall R. Barbour, President, Pittsburgh Stock Exchange.

Plans for the meeting were noted in these columns July 16, page 184.

Savs. Loan Dividends Total $58 Million

Four and a half million American families received approximately $58,000,000 in dividends declared June 30 on their investments in some 3,800 savings and loan associations and similar institutions of the Federal Home Loan Bank System, it was announced on July 11.

The figure represents estimated earnings for the first half of 1942 on nearly $3,700,000,000 in long-term savings.

"We hope that these investors will put the entire $58,000,000 in War Savings Bonds and Stamps," said James Twohy, Governor of the Bank System. "Their institutions, as issuing agents of the U. S. Treasury, will gladly arrange such purchases for them.

"This money, like wages and salaries, represents current income. And it is current income, rather than accumulated past savings, that the Treasury is trying to divert into War Bonds."

NY Savings Deposits Advanced In June

The Savings Banks Association of the State of New York announced on July 17 that for the first time since Pearl Harbor, savings banks in New York State report a substantial monthly gain in total deposits.

Statistics for June show a net gain in savings banks deposits of $12,884,000, as well as a net increase in savings accounts. New accounts opened in June were 60,022, as compared with 53,106 in the same month last year. The net gain in deposits is opposed to a loss of $18,878,000 in the month of June, 1941.

The gain in deposits may be added to War Bond sales of $18,069,000 by savings banks during the month, indicating a net of new savings of $30,953,000 for the month. This compares with $293,000 gain in deposits during May and $19,550,000 War Bond sales, or a gain of less than $20,000,000 in net new savings.

The Association's announcement further explained:

"In the first four months of 1942, withdrawals exceeded deposits, although in gradually diminishing amounts, while monthly War Bond sales, after the flurry caused by Pearl Harbor, have remained fairly constant around the $20,000,000 per month figure.

"The withdrawals earlier in the year were largely attributable to three factors—hoarding, advance purchases, and transfers to War Bonds. One factor which has served to overcome the situation has been the savings banks promotion of thrift campaign which from February to June hit directly at dangers of continuing these activities.

"For the first six months of 1942, withdrawals approximated $166,923,000, and War Bond sales amounted to $175,727,000. On June 30 total savings bank deposits for New York State amounted to $5,421,939,759 and the number of accounts stood at 5,965,503."

The Securities Salesman's Corner

SOME USES FOR A RED PENCIL

Have you ever worked on a sales letter until you thought it was just about perfect only to drop it in the mail box and that was the end of it? This has happened to almost everyone who has ever tried to interest a customer in an offering through the mails.

Here is about what happens to your letter. Mr. Prospect sits himself at his desk. In front of him is a neat stack of mail. Somewhere down in the middle of the pile unobstrusively lies your "masterpiece." Hurriedly he glances over the most "likely" looking letters first—these are the ones that tell him from their envelopes that they contain either checks or orders. (We all do this—it becomes a habit after awhile.) Next he opens the personal mail or what appears to be official or governmental releases. (By this time his hand is shaking as he sees an envelope postmarked Washington — a smile of relief comes over his face when he finds out it's only a new set of rules instead of a summons to come before another commission.) Then last of all come the letters and folders, catalogues, etc., that look like they are from someone who wishes to sell him something. That's where you and your carefully prepared letter come in and if you go right into the waste-basket, don't blame the fellow to whom you sent it—he just didn't have the strength to read any-more.

This is where a red pencil with a well sharpened point comes in handy. At the top of your type-written or printed message, in your most legible longhand, take your red pencil and write something like this: "Dear Jones, this is something I like very much, please take time out to read carefully, Yours Cordially, Bill Smith." Or with your red pencil write a short message on the envelope. The best place for this is in the upper left hand corner where the return address is located. Here, for instance, you could write, "Something special from Bill Smith." There are as many variations of this method of gaining attention as your own versatility and the length of your pencil will allow.

Another time a red pencil is useful is when it is used for underscoring important highlights in offering circulars, or special enclosures. A bright red line under-neath typewritten or printed matter will stand out very sharply. A red arrow pointing to a particular figure or item you wish to emphasize can also be used to advantage.

Sometimes it is necessary to read involved printed matter, where both the subject itself and the type face used, make it difficult to acquire a clear understanding of what the author has written. For use in reading through reorganization proceedings, legal data, governmental releases, prospectuses, etc., a red pencil again comes in handy. By reading slowly and underscoring the important points, a much clearer understanding is achieved and the material can be picked up at a later date and all of the highlights can easily be determined, just by looking at the underscores. All in all, a red pencil is a good companion to carry along in your gadget box of sales equipment. The kind we prefer can be purchased in any stationery store. It is made of wood and looks like a lead pencil with a metal cap, instead of a rubber tip, and it can be sharpened to a fine point in any pencil sharpener.

American Rubber Production Progressing

Encouraging progress in re-establishing commercial rubber production in the Western Hemisphere was reported by Dr. E. W. Brandes of the Bureau of Plant Industry, U. S. Department of Agriculture, in an address prepared for the Second Inter-American Conference of Agriculture, held in Mexico City, July 6-16. Dr. Brandes is in charge of rubber plant research for the Department.

Begun nearly two years ago, the rubber planting program is sponsored jointly by 12 tropical American countries and the United States. It is a long time undertaking and will require at least 4 to 5 years to produce significant quantities of rubber. Three research centers are now at work on breeding for high yields and resistance to the leaf blight disease. Each cooperating country has one or more nurseries for propagation of seedlings and increase of bud-wood.

Approximately 25,000,000 seeds of the hevea rubber tree have been planted in these nurseries, and large numbers of the young trees have been budded with wood from strains selected for their high yield and resistance to disease.

Demonstration plantations that serve as a connecting link between the research activities and the small grower were suggested by Dr. Brandes as being the next logical step in the program. He told of one plantation of 2,000 acres, formerly in bananas, that is to be used as a demonstration planting near one of the research centers. In another country two such plantations will be ready next year. A third country has plans for five sub-stations, each of which will include 2,000 acre demonstration plantings.

June Living Costs Up In Industrial Cities

Living costs for wage earners and lower-salaried clerical workers rose from May to June in 50 out of the 67 industrial cities surveyed each month by The Conference Board. In two cities the cost of living remained unchanged, while in fifteen it declined from 0.1 to 0.9%. In the United States as a whole, the level of living costs remained the same, although each of the principal components that go to make up the budget either advanced or fell.

The cost of living was higher this June than in June, 1941, in all the cities for which comparable figures are available. It rose above the level of a year ago from 7.3% in Kansas City, the smallest increase shown, to 16.2% in Oakland, the largest. In the United States as a whole the cost of living increased 9.9% during the twelve month period.

Balloting Results On NASD Minimum Capital Amendment Far From Conclusive

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and privilege to engage in private enterprise shall be governed solely by the size of the individual's pocketbook. For this reason alone, can it be concluded that the outcome of the balloting adequately reflects the "majority" opinion on the questions involved or possibly even the unqualified endorsement by the majority. For it is well to remember that of 2,600 firms eligible to pass judgments on various proposals of immediate and direct concern to the securities industry, only 1,900 decided to participate, despite the fact, or was it because, the ONLY requirement was that a SIGNED ballot was necessary.

This fact, we repeat, is of the utmost significance and lends credence to the belief that the necessity of a signed ballot precluded the possibility of a free and dispassionate consideration of the issues involved. And this would seem to apply with equal force to some of the 1,200 affirmative votes which constituted the majority in favor of the various amendments. Moreover, the 700 firms which did go on record in opposition, together with the 700 which refrained from voting, would appear to represent, in combination, actual and, to some extent, tacit disapproval of the proposed changes in the Association's rules and regulations and possibly of the organization itself.

Furthermore, the entire situation constitutes a sad commentary on the low state of the morale of those in the securities field. For it would appear to be perfectly plain that, justified or not, most of those in the business have been obliged to surrender the right of LEGITIMATE protest because of the fear of possible reprisals. In support of this view, it is only necessary to refer to the many letters published in these columns in recent weeks regarding Article 1, Section 1, et al. In virtually every instance the dealers opposed the proposals and, of greater importance, the writer requested that his identity be not revealed because of the belief that to do so would subject him to possible reprisals.

Finally, let us observe that we are still of the firm conviction that the proposal for minimum capital requirements (Article 1, Section 1), is entirely un-American in principle and under no circumstances will serve the best interests of the securities business nor the cause of capitalism and our system of free enterprise. It will not add one degree of additional protection to the investing public and may well prove to be the springboard for the imposition of requirements of an even more dangerous and harmful nature not alone in the securities business but also in other lines of private endeavor. It should be subjected to the closest consideration by the Securities and Exchange Commission and if that august body does not see fit to take any action in the matter, the proposal should then be made the subject of a Congressional investigation.

Investment Trusts

"Definitely Heartening"

"The action of the stock market since the April lows has been definitely heartening."

With these words the July 15 issue of Hugh W. Long & Company's *New York Letter* sums up the general feeling not only of the investment companies and their sponsors, but also of the entire financial community.

"This is true," adds the *Letter*, "not only of the amount of ground gained but of the quality of resistance displayed and the ability to move forward in the face of war news distinctly discouraging in its immediate implications. . . .

"Without attempting to forecast short term fluctuations or to deny the probability of at least temporary declines on specific items of bad news, there seems reasonable foundation for the belief that the investing public is increasingly committing itself to confidence in ultimate victory and to confidence in the values represented by the stocks of well managed American corporations at their still greatly depressed levels.

"It should, therefore, be timely to point out that, in any period of advancing prices for equities, the best results are to be secured through the limitation of investments to those industries whose prospects appear most favorable."

The *Letter* goes on to quote from the research division of one of the country's largest investment firms in support of the principle of investing by industries. The quotation so clearly expresses this principle (which today is widely applied by investment company managements) that we are reprinting the quotation in full herewith:

"In recent years, the behavior of stock prices has been characterized by 'industry-group' movements. As American business enterprise has matured, the earnings of individual companies have been subjected more uniformly to the effects of basic influences existing in the industry in which they operate. Opportunities for increasing sales and earnings beyond those afforded by basic industry trends have become limited. During wartime, this has become increasingly true. Consequently, one may rightly anticipate better results from a second-rank company operating in an industry whose prospects are especiallypromising, that from a top-rank company operating in an industry whose prospects are marred by adverse trade circumstances. On this premise has been built our conviction that in selecting stocks either for investment or speculative purposes, a decision should first be made as to the industry in which representation is desirable; although of extreme importance in itself, the choice of the individual stock should be the second decision."

Investment Company Briefs

American Business Shares, Inc.:

From the July 16 issue of the *News Letter:* "In the month of June, two new issues made their appearance in the common stock section of the portfolio: McGraw Electric and Reynolds Tobacco. Small holdings in American Cyanamid and Spicer Mfg. were disposed of, as well as the remaining Aluminum Corp. Holdings in National Cash Register were more than doubled, and there was further buying of Commercial Investment Trust and Commonwealth and Southern 6% pfd.

"Among the bonds, we find a reduction in N. Y. Central 3¼ 1952 and sales of $100,000 of U. S. Treasury notes. In contrast, there was an increase in the holdings of International Tel. & Tel. 5s 1955 and two new items: Associated Electric 4½ 1953 and American and Foreign Power 5s 2030."

"An All-Around Investment" is the title of a simple mimeographed sheet on American Business Shares. It sets forth clearly and in short sentences what the sponsors believe such an investment should be.

* * *

National Securities Series:

In a handy, eye-catching little booklet carrying the intriguing title, "The Doctors' Dilemma," the income appeal of National Bond Series is presented in an unusual and convincing way.

The July 13 issue of the weekly *Investment Timing* service of this company's sponsor, National Securities & Research Corp., contains an interesting discussion of commodity prices, their probable trends and the influence these trends will have on our economy.

* * *

Hare's Ltd.:

In a communication to its deal-

(Continued on page 273)

Municipal News & Notes

State revenue officials are unanimous in predicting substantial decreases in motor fuel tax collections during the present fiscal year and until automobile restrictions have ended. Basing their estimates on assumption of limited emergency curtailment of motor vehicle usage, officials of several States, including Florida, Illinois, Kentucky, Mississippi, South Carolina and West Virginia, believe gas tax revenues for the next several months will be between 25 and 35% under recent levels. North Carolina is reported anticipating a decline of 50% in the entire fiscal year ending June 30, 1943.

Several factors influenced the estimates, the Federation of Tax Administrators said in its survey of the motor fuel tax situation. Wartime reduction of highway travel accounts for most of the drop in gas tax revenues; but most States exempt some non-highway uses of motor fuel from taxation, and it seems as if an increasing portion of fuel is going for agricultural and industrial use and other exempt purposes. In addition, sales to the Federal Government are non-taxable, and more and more gasoline is being used for the expanding armed forces. In Florida, for example, recent reports indicate that, because of increased Federal purchases, non-taxable gasoline consumption rose from 3,400,000 gallons in May, 1941, to 9,100,000 gallons this last May. Taxable gallonage fell 24% in May, however.

While loss of motor fuel tax revenues imposes a financial strain on all States, the problem is especially acute in States required to devote a portion of gas tax receipts to debt service on highway bonds. This legal obligation may in many cases prevent apportionment of declining revenues on the basis of need, and danger of default will confront any State which has total gas tax receipts of less than the amount required by debt service. According to a recent compilation, 13 States used 30% or more of their share of 1940 gas tax receipts for debt service. Five of the States are in the present rationed area, where decline in receipts is greatest. The States, and percentages of gas tax revenues used for debt service, were: West Virginia, 45; Florida, 40; New York, 36; Massachusetts, 34; and Maine, 31%. West Virginia, with a highway budget of about $15,500,000 for the 1943 fiscal year (it was $25,000,000 for the 1942 fiscal year), of which $8,500,000 is for debt service, anticipates revenues of less than $14,000,000 from all available highway fund sources including the gasoline tax.

A paradoxical element in the current motor fuel tax situation, the Federation said, is that while the States face greatly curtailed revenues from this source, many now have amounts in road funds which they may have difficulty in spending. Collections during most of the last fiscal year were at a high level and, at the same time, war restrictions on construction made it increasingly difficult to place contracts for road building or maintenance — the purpose for which large portions of gas tax revenues in many States are dedicated by law. Thus, facing a decreased flow of tax income in future months, some of the States hold large amounts of road funds which they may not be able to spend in the usual manner. The survey showed that several of the States, including Arkansas, Minnesota, Ohio, Virginia, Washington and Wisconsin, will hold the accumulated funds for post-war use. Outstanding road bonds will be retired by "frozen" funds of Iowa, Maine, Missouri, Montana, New Mexico, Oregon, Tennessee and other States, according to the Federation's survey.

Triborough Bridge Revenues Drop

There is no cause for apprehension over the ability of the Triborough Bridge Authority to meet in full all of its current obligations, including interest on its outstanding bonds, despite the drastic reduction in the use of its facilities, according to the official report of the Authority covering the six month period ended on June 30. Traffic over the bridges and approaches operated by the Triborough Authority declined 25% in the six months covered by the report from the same period last year and the reduction in May and June amounted to about 40%. Yet, the report emphasized, the present rate of earnings is sufficient to meet all requirements. On Aug. 1, the next interest payment date for the bonds, the Authority will have an estimated surplus of $250,000, which is available for any future interest payments.

"Much needless apprehension has been caused by rumors and irresponsible statements as to the effect of the wartime automobile, tire, gas and other restrictions on our revenues," members of the Authority said. "The report of the General Manager and Secretary, Paul Loeser, stripped of all technicalities, shows that while there has been a drastic reduction in the use of our bridges and in our gross revenues, the Authority is in every sense solvent, is able to meet all of its current obligations and has no reason to assume that it will not be able to continue to pay its bills even if present adverse conditions continue."

N. Y. Port Authority Revenues Hold Firm

The June income statement of Port of New York Authority serves to emphasize anew the relatively strong position occupied by that enterprise in the face of gasoline rationing and other restrictions on private automobile travel. Operating revenues of the Authority for the month, at $1,267,044, came within 24% of the level of June, 1941, notwithstanding the fact that gasoline rationing affecting Eastern States was in effect throughout the full 30-day period.

Income after expenses came to $962,649, or more than twice the month's $416,047 proportionate interest requirement. After interest there was a balance of $546,602 available for sinking funds, reserves and debt retirement. This compared with the $845,401 balance after interest requirements in June, 1941.

The reason for the unusually well sustained situation for Port of New York Authority at present, of course, lies in the fact that a large percentage of revenues from its Holland Tunnel, Lincoln Tunnel and George Washington Bridge derives from interstate truck traffic.

Pa. Turnpike June Revenues Declined

Total revenues of Pennsylvania's superhighway in June were under the total for the preceding month and down sharply from June, 1941. The Pennsylvania Turnpike Commission report for June shows total revenues of $189,540. This compares with total revenues of $211,344 in May and $281,966 in June, 1941.

A total of 125,958 vehicles used the highway during June, yielding $179,086 in revenue, compared with 145,646 vehicles and $200,620 in May and 252,276 vehicles and $258,420 in June, 1941.

Municipal Tax Proposal Rejection Commended

Henry Epstein, Solicitor General of New York State and Chairman of the Conference of State Defense, in a radio address last week, commended the House Ways and Means Committee for rejecting the proposal advanced by the Treasury Department to tax the income from State and municipal bonds. Mr. Epstein listed five reasons why the action of the Committee should receive the unqualified commendation of State and municipal officials throughout the country. They are:

"Federal taxation of municipal bonds will take the control of your local governments out of the localities and move it to Washington.

"It will produce no substantial Federal revenues.

"It simply is not a fact that your local securities constitute any substantial 'loophole' through which wealthy taxpayers escape their proper share of the Federal tax burden.

"Federal taxation of municipal bonds will substantially increase the cost of local government.

"Federal taxation of municipal bonds will paralyze the fiscal operations of thousands of cities and, in many cases, will make it impossible for you to carry on the independent functioning of your essential municipal services."

N. J. Local Tax Rates Again Reduced

For the third consecutive year a majority of the State's 566 municipalities this year show a reduction in their all-purpose property tax rates. This was revealed last week in a survey released by Walter Kidde, Chairman of the Cost of Government Committee of the State Chamber of Commerce.

The survey, prepared by the Chamber's Department of Government Research under direction of Alvin A. Burger, showed 322 municipalities, or 56.6%, had lower tax rates this year than in 1941. Another 20 had the same rates as last year and 226, 39.9%, had higher rates.

The survey showed taxes levied against property in the State totaled $250,705,064, which was $11,678,738 lower than in 1941 and the lowest since 1937. The all-purpose levy includes all property taxes imposed for support of county and municipal governments, local schools and the State school fund.

Wis. Counties Seek New Highway Financing Method

A reversal of the traditional method of State highway financing will be presented to the 1943 Legislature by the county governments of Wisconsin.

The counties want to return to a cash basis in the construction of State trunk highways, they say, and the abandonment of the use of county credit for such projects.

Traditionally the State has financed large highway construction projects by employing counties' borrowing power. Most of the important modern State highways were built on county credit. Counties issue the bonds because the State is constitutionally unable to borrow. But the State guarantees the annual principal payments, while the counties pay the interest charges.

The latter factor is what counties are complaining about now. They maintain that if the State collects enough highway money to allow a diversion of highway funds to other purposes, it is not reasonable or equitable for counties to assess their property taxpayers for the interest charges on State highway bonds.

San Antonio Asks Utility Case Transfer

A hearing on an injunction sought to prevent the City of San Antonio from condemning and purchasing San Antonio Public Service Co. properties was temporarily sidetracked in District Court last Friday when the city filed a plea of privilege.

The plea, which takes precedence, asks that the application for an injunction filed by the Gaudalupe-Blanco River Authority be argued in Bexar County, of which San Antonio is the seat.

In the meantime Judge M. C. Jeffrey said that the temporary restraining order issued recently would remain in effect.

The Authority and city both are attempting to condemn the properties, for which the city already has closed a deal at a total cost of nearly $35,000,000.

Ark. Cities May Purchase Utility Properties

After the Arkansas Power & Light Co. has completed proposed sale of water systems in 20 cities to a syndicate headed by Butcher & Sherrerd of Philadelphia, and Robert Hawkins & Co. of Boston, some of the cities may use their constitutional right to negotiate for repurchase of such property, it was reported from Little Rock last week.

C. H. Moses, President of the Arkansas Power & Light Co., indicates that a larger sum could probably be realized by the company's sale of each system singly, except that all of the 20 cities do not wish to acquire the plants. The consideration to be paid by the syndicate is $3,000,000.

After the sale is completed, the company will become a generator and marketer of electrical energy except for some natural gas properties for which fuel is purchased from the Mississippi River Fuel Corporation and the Memphis Natural Gas Co.

Baltimore Plans Large Bonds Issue

Voters of the City of Baltimore, Md., will be asked at the election next November to authorize the issuance of $32,000,000 in bonds, it was learned last week. The purpose of this contemplated financing is to provide funds for a supplemental water supply in the upper Patapsco River.

It is the intention of the city, according to Mayor H. W. Jackson, to offer the bonds at par value in competitive bidding with bidders to specify a rate of interest not exceeding 5%.

New Orleans Plans August Bond Call

New Orleans public improvement 4% bonds have been deposited under the proposed interest reduction plan in "quite gratifying" volume since the Supreme Court of Louisiana handed down a favorable decision on a test suit on July 6, according to R. S. Hecht, Acting President of the Board of Liquidation, City Debt.

With the Supreme Court action out of the way, the Board intends to call the 4% bonds soon after Aug. 1, unless by that time enough of the obligations have been deposited to make a call unnecessary, Mr. Hecht reports.

To protect itself against the possibility of the Court adjourning for the summer without handing down a decision in the test case, the Board reserved the right to extend the time for depositing bonds to as late as Dec. 1. Now that the Court decision has been made known, Mr. Hecht emphasizes that there will be "positively no extension of the plan to a date anything like as late as Dec. 1."

New Orleans has $12,000,000 of 4% public improvement bonds outstanding, which are callable at any time after July 1, 1942, at par and accrued interest. The bonds mature July 1, 1950. Under the proposed plan, interest would be reduced to 2%. The plan is to be put into effect if assented to by 90% or more of the holders.

Nassau County Bond Exchange Plan

Next Monday the Board of Supervisors of Nassau County, N. Y., is expected to meet for the formal approval of a refunding plan embracing $5,660,000 bonds. Acting as agents for the county are Lehman Brothers and the Chase National Bank, while a group of investment houses will be associated with them to negotiate exchanges of outstanding bonds. The plan, approved by N. Y. State Comptroller O'Leary, embodies the basic outline of the Philadelphia exchange arrangement; providing for the calling in of bonds maturing over the next five years and carrying interest rates of from 3 to 6%.

The new bonds, scheduled to mature from 1951 to 1960, will carry the original coupon rate to the final due date of the bonds turned in and the exchange rates, for the period of the extended maturity, will range from 2½ to 3%, according to the maturity.

Tuesday's Important Sales

Officials of 22 local housing authorities awarded Tuesday $28,675,000 of temporary loan notes to various banking and investment institutions. Of the total the Chemical Bank & Trust Co. and associates bought $17,735,000; the Girard Trust Co., Philadelphia, $5,775,000; Salomon Brothers & Hutzler, $4,375,000, and Harvey Fisk & Sons, Inc., $790,000.

The Chemical Bank & Trust Co. of New York also obtained another award on Tuesday, being the head of the successful group for $4,000,000 of South Carolina highway certificates of indebtedness on a bid of 101.534 for 2¾s. The certificates, dated Aug. 1, 1942, and to mature Aug. 1, 1949 to 1958, were reoffered to the public at prices to yield 2 to 2.65%, according to maturity.

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 23 (today)

$500,000 Detroit, Mich.

The last important sale of street railway revenue notes took place only two weeks ago on July 9; the award going to the First of Michigan Corp., Detroit. The Chemical Bank & Trust Co. of New York was runner-up.

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.

Aug. 11

$505,000 Birmingham, Ala.

Last January this city awarded bonds to a syndicate headed by Blair & Co., Inc., of New York. The Union Securities Corp. of New York and associates entered the next best bid.

Investment Trusts

(Continued from page 271)

ers dated July 10, 1942, this sponsor mentions the depletion of sales organizations through enlistments in the Service and suggests the use of direct mail as a means of maintaining contact with clients and prospects. Accompanying the memorandum are a sample "direct mail" letter and a chart illustrating one type of mailing which has definite appeal.

The letter points out that since Dunkirk the market prices for British stocks have risen about 60% while prices for United States stocks have declined around 30%. The chart compares the earnings of leading aviation companies with their market prices during recent years. The point is brought out that "the net earnings of leading aviation companies have increased approximately 260% during the last two years, while the market value of their stocks has declined about 30%. In other words, these stocks appear some 290% cheaper than in December, 1939."

* * *

Massachusetts Distributors, Inc.:

The July 11 issue of *Brevits* discusses the many reasons which have been put forward for the rise in the stock market and concludes as follows:

"Obviously all investors have not had the same reason for buying in recent weeks, but whatever the reasons and however conflicting they may seem to be, the significant fact is that more and more investors are becoming convinced for one reason or another that common stocks are an attractive medium for investment at this time.

"That is not a very profound observation, but in our opinion it represents the key to the situation. Prices are low, yields are high, and for a variety of reasons investors are deciding to take advantage of the favorable buying opportunity that exists."

* * *

The Keystone Corp. of Boston:

The July 10 issue of *Keynotes* contains a chart and a tabulation showing the present relative position of various classes of securities as represented by the ten Keystone Custodian Funds. The current position is expressed in terms of the 1937 highs and the 1938 lows as follows:

	Percent Recovery From 1938 Lows	Percent Appreciation To Achieve 1937 Highs
Bond Funds—		
"B1"	50%	22%
"B2"	48	33
"B3"	36	52
"B4"	31	68
Preferred Stock Funds—		
"K1"	28	48
"K2"	18	148
Common Stock Funds—		
"S1"	6	95
"S2"	5	129
"S3"	9	176
"S4"	0	320

* * *

Calvin Bullock:

The July 16 issue of *Perspective* is devoted to a scholarly discussion of the war economy 1914-1939. Comparative charts of business activity, high grade bond yields, stock prices and wholesale commodity prices are included. The discussion concludes with the following summary:

"The behavior of common stock prices in the two World War periods, as shown in the chart, provides an interesting study in contrasts. In the First World War, after a period of confusion for several months in 1914 during which the Exchange was closed, prices soared spectacularly. By November 1916, the twenty-eighth month of the war stock prices reached their war peak at a level more than 100% above that of the last pre-war month. In the present war period, the stock market, after an abortive flurry at the outbreak of the war, has been in a persistent down trend which carried prices by April 1942, the thirty-second month of the war, to a level about 30% below that of August 1939.

"In the First World War, the down trend in evidence at the end of 1916 gained momentum with our entry into the war in 1917, and prices continued downward sharply throughout that entire year. Thereafter another recovery set in which extended into the post-war period and carried prices by July 1919 to levels above the highs attained during the war period.

"The impressive recovery in prices in the past two months, in spite of the disquieting nature of the war news, suggests that common stocks have largely completed their adjustment to an all-out war environment and that the bear market, which has characterized the entire war period to date, is approaching, if it has not already reached, its termination."

Railroad Securities

(Continued from page 269)

1931-1940. In two of the indicated deficit years, 1935 and 1938, approximately 90% of the obligatory requirements would have been covered and only in 1932 would the ratio have been really low—36% earned. Last year the proposed fixed charges would have been earned 5.27 times. For the 5 months through May, 1942, net operating income was up 141% from a year ago to $10,038,000. Further gains are probable for the balance of the year.

Average indicated coverage of 1.46 times for the 10 years 1931-1940 would be increased substantially by any adjustment for the extraordinary maintenance work. Even as reported, earnings would have been sufficient on the average to cover the contingent portion of interest on the Series "B" First Mortgage 3-4s, 1983, but leaving nothing for the Income bonds which are preceded by the discretionary additions and betterment fund. Under normal operating conditions, that is with present operating efficiency and without unusual maintenance charges, it is believed that full Income bond interest could be earned in all but severe depression years. The equities would have earnings only in boom years ($3.58 was indicated on the common last year) and then only if some adjustment is made in the tax laws as they apply to the invested capital base of reorganization railroads.

Considering the time element involved and indications that considerable negotiating will have to be done before the opposing views of treatment can be brought into line, it is considered that system bonds, other than underlying liens of investment merit, have little appeal at the present time. On a long term basis, however, recent prices appear low. This is particularly true inasmuch as there are definite indications that the basic traffic position of the road has changed for the better in recent years. Industrial growth of the South, and particularly expansion of the infant paper industry, has been accelerated by the necessities of the war program and by war dislocations. These new plants represent a permanent accretion to the economy of the service area. Seaboard is well situated, and well prepared physically, to take the fullest advantage of these developments.

	1st & Consolidated Committee Plan				Underlying Bond Committee Plan			
	Series "B" 1st 3-4s	Income 4½s	5% Pfd.	*Com.	Series "B" 1st 3-4s	Income 4½s	5% Pfd.	*Com.
Carolina Central 4s, 1949	$180	$740	$150	$230	$681.10	$618.90	----	----
Florida, Cent. & Pen. 5s, 1943	130	910	165	170	949.33	425.67	----	----
Florida West Shore 5s, 1934	---	50	200	315	----	460.13	$331.87	$783.00
Georgia & Alabama 5s, 1945	---	50	200	320	----	327.26	212.33	498.88
Ga. Carolina & No. 6s, 1934	40	230	45	475	379.00	565.32	----	745.68
Seaboard Atlanta-Birm. 4s, 1933	50	275	55	565	413.34	305.34	112.41	642.24
Seaboard & Roanoke 5s, 1931	---	335	55	590	184.60	644.07	136.98	484.35
Southbound-Southern 5s, 1941	---	250	250	60	----	671.20	31.75	587.03
Seaboard 1st 4s, 1950	90	460	90	850	19.84	534.75	123.90	811.51
Seaboard Ref. 4s, 1959	50	200	55	400	5.77	207.63	78.33	422.78
Seaboard 1st & Cons. 6s, 1945	95	265	65	555	2.81	199.26	76.21	522.39
Seaboard 5% Notes, 1931	75	240	105	575	2.25	201.57	82.22	494.59
Ga., Fla. & Ala. 6s, 1952	200	35	200	170	568.43	----	85.93	866.91
Seaboard All Florida 6s, 1935	---	50	100	245	----	79.03	39.84	143.78

*Taken at $100 a share.

Accords Free Entry To Allies' Soldiers Articles

The Treasury Department on July 2 denied various newspaper stories that Canadian troops, rushing to the defense of Alaska in accordance with an international agreement, were delayed at the border by demands of Customs officials for payment of duty on their spare uniforms and fighting equipment. The Treasury states:

"No instances of delay in the passage of Canadian troops into Alaska or any other part of American territory on account of Customs formalities have been reported to the Bureau of Customs, nor have there been any reports that Customs officers have demanded payment of duty on effects or equipment carried by these troops or brought to America with them. The law does not require payment of duty either on the clothing and personal effects these troops may bring with them or on their arms and equipment."

In part the statement issued by the Treasury Department also said:

"To the general request from the State Department for free entry for packages sent to individual officers and soldiers after their arrival in United States territory, informal reply was made that the only way it seemed possible under existing law to grant such a privilege would be by designating all the Canadian troops on American soil as "distinguished foreign visitors." This solution was not considered wholly satisfactory either by the State Department or the Treasury Department. Nevertheless, the Secretary of State acted upon it and on June 19 addressed a letter to the Secretary of the Treasury so designating the Canadian forces in Alaska.

"Realizing that this could be only a temporary expedient and an unsatisfactory one at best, the Treasury Department caused to be introduced in Congress on Wednesday, June 24, a joint resolution (H. J. Res. 327) which would accord free entry and freedom from internal revenue tax to any articles imported into the United States, its territories or possessions, for the personal or official use of members of the armed forces of any of the United Nations on duty within American territory. On representation by the Treasury Department that the matter was one of great urgency, the resolution was passed by both houses within three days and has been approved by the President.

Cotton Loans Extended

The Commodity Credit Corporation will continue to carry 1941 cotton loans subject to the producers' right of repayment after July 31, 1942, the maturity date of the notes, the U. S. Department of Agriculture announced on July 9. This will permit producers to repay their loans and obtain possession of the pledged cotton or to sell their equity in the cotton after July 31, 1942, in the same manner as prior to the maturity date of the notes. The loans have been extended for an indefinite period and producers will receive amply notification before any change in this extension is made.

Govt. Issues Total 95% Of May New Financing

The Securities and Exchange Commission announced on July 10 that new issues of securities offered for cash in May amounted to $2,965,000,000 of which 95%, or $2,809,000,000, consisted of United States Government obligations. This heavy volume exceeded even the amount of securities marketed in February of this year, which had represented the record monthly figure since the last World War. (The figures on United States Government securities do not include sales of Treasury Bills and Tax Series Notes.) Aside from Government flotations, new issues continued to be light in amount. Corporate issues of $126,000,000 were somewhat higher than in the preceding month, but State and municipal offerings dropped to $30,000,000, the lowest level since September, 1939.

The survey, which was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, covers all new corporate and non-corporate issues offered for cash that are reported in the financial press, with the exception of issues $100,000 and under in amount and, in the case of debt issues, of a maturity of less than one year.

The Commission's announcement further stated:

"As during the preceding month, industrial issues, totaling $104,000,000, accounted for most of the corporate offerings. Flotations by public utility companies rose slightly to $21,000,000, but were still below the average for 1942 to date, and far below the 1941 average. For the second consecutive month, no railroad securities were issued, while offerings by financial companies (excluding investment companies) amounted to less than $1,000,000. Of total corporate debt issues, amounting to $113,000,000, almost two-thirds were placed privately. This compares with an average of 30% for the first five months of 1942, and with 28% for the year 1941. Although several small issues were sold privately, the major portion was accounted for by the $50,000,000 Humble Oil & Refining Co. 2.50-2.95% serial debentures, due 1953-62.

"A decline was shown in the amount of net proceeds assigned to new money purposes. Of estimated net proceeds totaling $124,000,000, $59,000,000 was intended for new money purposes, including $32,000,000 for working capital purposes, and $27,000,000 for additions to plant and equipment. The amount allocated to repayment of indebtedness totaled $64,000,000, of which $11,000,000 was to be used for payment of funded debt. This represents the lowest amount of refunding issues in four years, although since October, 1941, these transactions have been sharply curtailed as compared with former years. The balance of the net proceeds raised from May issues, amounting to less than $600,000, was assigned to miscellaneous purposes."

US To Arm Norway Ships

The number of governments with which the United States has formal agreements on the principles applying to mutual aid in the prosecution of the war was increased to nine on July 11 with the signing of master lend-lease pacts with Norway and Czechoslovakia.

Wilhelm Morgenstierne, the Norwegian Ambassador, and Vladimir S. Hurban, the Czech Minister, signed for their governments and Secretary Hull for the United States. The agreements, pledging not only their mutual resources to a common victory but collaboration in post-war economic policies, were similar to those previously concluded by this country with Great Britain, Russia, China, Poland, Belgium, the Netherlands and Greece.

Under the agreement with Norway, the United States will bear the expense of arming and repairing Norwegian merchant vessels and the armament thus provided may be manned by American gun crews "if found mutually desirable."

It also was agreed that "it will be necessary for the Royal Norwegian Government, when the invader has been driven from its territory, to ensure the maintenance of re-established peaceful conditions, and that, for this reason, the need of the Royal Norwegian Government for arms and equipment will not necessarily cease with the general cessation of hostilities."

Motorists Must Turn In Worn-Out Parts For New

The War Production Board recently ruled that after July 15 automobile owners will be required to turn in worn-out parts before getting new ones. In addition, the order provides that no new part may be sold or delivered to a consumer to replace a part which can be reconditioned by a distributor.

The provision was part of an order imposing new blanket restrictions on the manufacture of spare parts for all types of automotive equipment, covering the last half of the year.

Manufacturers of parts for medium and heavy trucks, trailers, buses and "off-the-highway" vehicles may make up to 125% of their sales of these parts during the same period last year provided their over-all inventory of parts does not exceed a four-month supply. On the other hand, if their inventory exceeds a four-month supply they may manufacture up to 75% of their sales during the like period in 1941, provided they do not increase their inventory position at the end of each calendar quarter over what it was at the beginning of each calendar quarter.

Manufacturers of spare parts for passenger cars and light trucks may make up to 75% of their sales during the corresponding quarter last year, provided their over-all inventory does not exceed a four-month supply. If their inventory is in excess of this amount they may manufacture up to 50% of their sales during the same period last year, provided they do not increase their inventory position at the end of each calendar quarter over the previous one.

Urges All Home Mortgages Put On Amortized Basis

Wartime conditions have added greatly to the desirability of placing all home mortgages in the United States on an amortization basis, thereby making debt-free home ownership possible for millions of American families, Federal Housing Commissioner Abner H. Ferguson declared on July 11. Mr. Ferguson's reappointment for a four-year term by President Roosevelt on July 1 was confirmed by the Senate the same day (July 1.).

By using a form of home financing which provides for regular payments to reduce the outstanding loans on their homes, American home-owners will be contributing valuable support to President Roosevelt's program to prevent a sharp rise in the cost of living during the war period, Mr. Ferguson pointed out. One of the principal points of that program is to encourage the paying off of debts and mortgages as a means of directing increased purchasing power into channels that will help forestall any further rise in prices. In addition to helping stabilize economic conditions during wartime, a more widespread use of amortizing mortgages will strengthen the position of home-owners in the peacetime years to come, the Commissioner asserted.

June Failures Lower Than A Year Ago

June business failures were not only lower than in May but were also below the June total of last year, the amount of liabilities involved in June, 1942, were higher than in June, 1941, and were slightly above the amount involved in May, 1942. Business casualties last month, according to Dun & Bradstreet, Inc., totaled 804 and involved $9,906,000 liabilities, as compared with 955 involving $9,839,000 in May and 970 involving $9,449,000 in June, 1941.

The decreases from May were confined entirely to the wholesale and retail divisions, while increases took place in the manufacturing, construction and commercial service divisions.

Manufacturing failures last month numbered 135, involving $3,327,000 liabilities, compared with 134 in May with $2,924,000 liabilities. Wholesale insolvencies decreased to 68 with $1,209,000 liabilities from 69, with $877,000 in May. In the retail trade section, failures were down to 486 with $3,752,000 liabilities, compared with 647 involving $4,392,000 in May. Construction insolvencies were 67 with $945,000 liabilities as compared with 63 with $1,175,000 liabilities in May, 1942. Commercial failures numbered 48 with $673,000 liabilities as against 42 with $471,000 liabilities in May, 1942.

When the country is divided into Federal Reserve districts it appears that ten districts had less insolvencies than in May, while the Minneapolis Reserve District has one more and the Philadelphia Reserve District had the same number. When liabilities are considered, eight districts had greater liabilities, while four districts had a smaller amount of liabilities. The districts which had less liabilities are the Boston, Atlanta, Dallas, and San Francisco Reserve districts.

Living Cost Stable

No change occurred in the cost of living as a whole for wage earners and lower-salaried clerical workers in the United States between May 15 and June 15, according to the Conference Board, New York.

Food was the only item surveyed which continued to rise. It increased 0.4% from May to June, as compared with a rise of 0.3% in the preceding month. All other items declined. Clothing fell 0.6%, due mainly to the decrease in the cost of women's clothes, while the cost of men's fell only slightly. The three other main items surveyed — housing, sundries, and fuel and light—declined 0.1%.

The Board's index of the cost of living (1923=100) remained at 97.3 for June, as compared with 97.1 in April, 96.1 in March, 95.1 in February, 94.5 in January, and 88.5 in June, 1941.

The level of living costs was 9.9% higher than that of a year ago. Clothing costs led the advance over June, 1941, with an increase of 19.7%. Food was second with a rise of 16.4%. Other rises during the twelve months were: sundries, 5.6%; fuel and light, 4.3%, and housing, 3.2%.

Heads General Dyestuff

Leo T. Crowley, Alien Property Custodian, on July 10 announced that he had selected Col. Louis Johnson to serve as President of General Dyestuff Corporation of New York. Control of General Dyestuff Corporation was seized by the Custodian on July 6.

Col. Johnson, Assistant Secretary of War from 1937 to 1940, just returned to the United States from India, where he went in his capacity of Personal Representative of President Roosevelt.

General Dyestuff, according to Mr. Crowley, is the sales agency of General Aniline and Film Corporation, giant dye manufacturing firm which formerly was controlled by I. G. Farben, the German chemical trust, but which has been under Government control since March of this year. Management of General Dyestuff consequently is linked closely to the war effort, and Col. Johnson's selection as President of the firm was dictated largely by his unique knowledge of Army requirements and of the international ramifications of the present conflict, Mr. Crowley stated.

Sub-Parity Grain Sale Is Approved By House

The two months' deadlock on the $680,000,000 Agriculture Department supply bill was finally broken on July 15 when the House agreed to a Senate proposal to permit the sale of government-owned wheat at prices below parity.

This action allows the Commodity Credit Corporation to sell 125,000,000 bushels of wheat at 85% of the parity price of corn, or about 83 cents a bushel, for livestock feed and industrial purposes.

President Roosevelt had twice told Congress that the Government must be free to use its feed resources to produce food for the wartime effort.

Final Congressional action came when the House, after rejecting a new "compromise" proposal, voted 171 to 57 to recede from its position and accept the Senate version. The so-called "compromise" proposal, offered by Representative Cannon (Dem., Mo.) would have set the minimum sale price for the wheat at full parity for corn, or about 97 cents. This motion was rejected by a vote of 204 to 128.

Twice before the House had insisted that Government wheat sales be made at not less than parity for wheat, or about $1.35 a bushel.

The only other point of difference in the supply bill was in the amount of money for the Farm Security Administration. It was reported that the Senate and House conferees compromised on a figure of $169,125,000 for the FSA program, with $135,500,000 for rehabilitation loans, and $34,175,000 for the Farm Tenant Purchase Act. The Senate had voted $222,800,000 (which the President held were "minimum") and the House only $127,000,000.

President Roosevelt's views on these two issues were given in our July 16 issue, page 189.

The passage of "stop-gap" legislation to permit the Agriculture Department to operate during July was reported in these columns of July 16, page 181.

D. R. Crissinger Dead

Daniel Richard Crissinger, Comptroller of the Currency during President Harding's administration and Governor of the Federal Reserve Board from 1923 to 1927, died at his home in Marion, Ohio, on July 13. He was 81 years old. A native of Marion County, Ohio, Mr. Crissinger took an active part in Mr. Harding's campaign for the Presidency in 1920, having been a lifelong friend. He was named by the President as Comptroller of the Currency in 1921 and became Governor of the Federal Reserve Board in 1923, serving until 1927. Mr. Crissinger's early career was spent in practicing law in Marion. He also organized the National City Bank of Marion (formerly National Bank & Trust Co.) and served as its President for many years. Following his retirement in 1927 from Government service, Mr. Crissinger became Chairman of the Executive Committee of the F. H. Smith Co., investment bankers, of Washington, and later resumed his law practice in Marion.

Develop Synthetic Rubber From Soybean & Corn Oils

Although chemistry's efforts to meet the rubber shortage center mainly on producing a synthetic product from such large-scale raw materials as grain and petroleum, the Department of Agriculture also is working on so-called rubber substitutes and rubber extenders, it was announced on July 9. Substitutes would be useful for many products that do not have such huge and exacting requirements as tire manufacturing. Extenders could be mixed with natural rubber to reduce the amount of the latter required.

At the Northern Regional Research Laboratory of the Bureau of Agricultural Chemistry and Engineering, at Peoria, Ill., chemists working with such farm products as soybean oil and corn oil have produced materials that look, smell, and feel much like natural rubber.

Some of these products will stretch 200% or more and return to their original forms, and show tensile strengths of approximately 500 pounds per square inch. The general run of natural rubber has a 600% stretch, and a tensile strength of 3,000 pounds or more. But a substitute that is only a fraction as strong and elastic is entitled to be called promising for some purposes, say Bureau chemists and engineers. There are other important qualities than stretch and tensile strength—their importance depending upon the intended use. Some of these other qualities are resistance to abrasion, cracking, oxidation, heat, and the effects of light and chemicals. Most of the work so far has been only on a laboratory scale, but some of it is being tested in the pilot plant. If this proves satisfactory, the next step would be commercial trials.

New Currency For Hawaii

A new series of currency for the Territory of Hawaii came into use on July 15, replacing ordinary United States currency. Under regulations issued on June 25 by J. B. Poindexter, Governor of Hawaii, and Brig. Gen. Thomas H. Green, Executive to the Military Governor of Hawaii, no currency other than the special Hawaiian series may be held or used in the Territory of Hawaii without a license and exportation of the new currency is prohibited. Persons holding ordinary United States currency in Hawaii were required to exchange such currency by July 15 for the new series.

The Treasury Department's announcement of this change stated:

"Treasury officials explained that the new series is currency of the United States issued by the United States Treasury Department as legal tender for Hawaii and that it is fully backed by the credit of the United States. A note of the new series differs from ordinary American currency only in that it bears the distinctive overprint 'Hawaii' in bold-faced type on each end of the face and the word 'Hawaii' across the reverse side.

"License applications to hold or use ordinary United States currency in Hawaii or to export United States currency, Hawaiian series, from Hawaii may be filed with Governor Poindexter on Form TFR-H28 in the manner in which Foreign Funds Control applications are filed.

"The Hawaiian currency replacement program results from careful study of Hawaiian currency problems by the Treasury Department, War Department, Navy Department and Department of the Interior, in collaboration with Hawaiian civil and military authorities. Brigadier - General Green announced that the program complements other measures taken for the protection of Hawaiian citizens and the economic defense of Hawaii."

Cotton Research Needed

If the cotton industry is to hold its position in the future as a major industry, scientific research must be intensive in several major fields, D. F. J. Lynch, director of the Southern Regional Research Laboratory, U. S. Department of Agriculture, said in an address prepared for the recent Second Inter-American Conference of Agriculture, at Mexico City.

Mr. Lynch outlined these fields of research and pointed to some of the new uses of cotton developed in recent years. "The present war prosperity, shared by all branches of the cotton industry, tends to obscure the real conditions," he said. "When the war is over, competition from other fibers and products will be intensified."

Mr. Lynch emphasized the need for three lines of research on lint cotton: (1) on the chemical and physical properties of the individual fibers, (2) on the mechanical processing of cotton and its manufacture into various products, and (3) on chemical finishes for cotton products. He said that most cotton products in use today were developed through trial and error and not as a result of scientific knowledge of the fibres of different varieties and of use requirements.

Resigns Commerce Post

President Roosevelt has accepted the resignation of Robert H. Hinckley as Assistant Secretary of Commerce, the White House announced on July 7. Mr. Hinckley resigned in order to accept a position with the Sperry Corporation. The President accepted Mr. Hinckley's resignation "with extreme reluctance" but added that he was glad "your new work takes you into the production of vital war equipment." Mr. Hinckley had a leading part in the Administration's aviation program, having at one time served as a member of the Civil Aeronautics Authority.

The President on July 13 nominated William L. Clayton of Texas to succeed Mr. Hinckley. Mr. Clayton was selected on recommendation of Secretary of Commerce Jones, whom he has been serving as a special assistant. He formerly was Deputy Federal Loan Administrator in charge of the purchase of strategic and critical materials.

Mtg. Bankers Cancel Annual Convention

Acting on the Federal government's request that large conventions be deferred this year because of heavy wartime rail travel, the Mortgage Bankers Association of America announced on July 17 the cancellation of its 29th annual convention scheduled for Chicago, Sept. 30 and Oct. 1 and 2 at the Edgewater Beach Hotel.

The Association, however, will hold its annual business meeting and a restricted Wartime Mortgage Conference to review and further correlate the various activities of mortgage bankers in the war program, Frederick P. Champ, Association President, said in his announcement. The conference will be Sept. 30 and Oct. 1 and 2, the original dates for the convention.

"By cancelling our convention this year the Mortgage Bankers Association is glad to be able to do its bit in easing the wartime transportation problem," Mr. Champ said.

Insolvent National Banks Liquidated

During the month of June, 1942, the liquidation of eight insolvent national banks was completed and the affairs of such receiverships finally closed, Comptroller of the Currency Preston Delano announced on July 14.

Total disbursements, including offsets allowed, to depositors and other creditors of these eight receiverships, amounted to $44,376,235, while dividends paid to unsecured creditors amounted to an average of 81.67% of their claims. Total costs of liquidation of these receiverships averaged 6.98% of total collections from all sources, including offsets allowed.

Dividend distributions to all creditors of all active receiverships during the month of June, amounted to $1,357,531.

OPA Creates Labor Office

Price Administrator Leon Henderson announces the establishment of a labor office in the office of Price Administration. The labor office, to be directed by Robert R. R. Brooks of Williamstown, Mass., will be the OPA's liaison agent with organized labor, the Labor Production Division of the War Production Board, the War Manpower Commission, and other Federal agencies "in following or determining wage policy and wage rates." It will also act "as a point of clearance on issues arising from labor participation in local war price and rationing boards, labor participation in price stabilization and the impact of war increases on price ceilings."

Mr. Henderson said that "labor's whole-hearted cooperation is necessary for the successful stabilization of the cost of living."

Pipeline, Barge Canal Approved For Florida

Final Congressional action on the bill authorizing construction of a barge canal and pipelines across Florida was taken on July 18 when the House accepted minor Senate amendments. The legislation designed to help in moving gasoline and oil to the Eastern seaboard, carries an authorization of $93,000,000 for construction of the projects.

Senate passage of the measure came on July 17 on a voice vote after an amendment, which would have stricken the canal proposal from the bill, was defeated by a one-vote margin. It was suggested by Senator Bailey (Dem., N. C.) that the authorization be reduced from $93,000,000 to $13,000,000, making it simply a pipeline proposition. The Senate vote on this proposal was 30 to 30, Vice-President Wallace breaking the tie by voting to reject the amendment.

Of the total amount authorized, $44,000,000 is for the canal across Florida from the St. John's River to the Gulf, $10,000,000 for a series of pipelines across Florida, $13,000,000 for a pipeline from north Mississippi to Savannah, Ga., or Charleston, S. C., and $26,000,000 for extension of the Gulf-Coast waterway from Corpus Christi to Brownsville, Tex., and for deepening of waterway between Appalachee Bay, Fla., and Corpus Christi.

House passage of the bill on June 17 was noted in these columns July 2, page 23.

Asserting that passage of the bill had established precedent for spending money on projects which would not contribute immediately to the war effort, Senator Gerry (Dem., R. I.), according to Associated Press accounts from Washington, July 19, said that he expected the St. Lawrence project, which he also opposes, to be brought up soon. These advices added:

"Expressing the same viewpoint, Senator Austin of Vermont, the assistant Republican leader, said he thought a $44,000,000 outlay for a high-level lock canal across Florida would be 'wholly contrary to the policy of putting our money into resources needed for the war effort.'"

Finland Asked To Close U. S. Consulates by Aug. 1

The State Department in Washington announced on July 16 that the United States had closed its consular offices in Finland and has requested the Finnish Government to close all its consulate offices in this country by Aug. 1. This action was taken, it was explained, in order "to put an end to the present untenable situation involved in maintaining American Consular representation in Finland in the face of the attitude adopted by the Finnish government in the matter."

The decision was announced in a note delivered to the Finnish Foreign Ministry on Helsinki, after the Finnish Minister, Hjalmar J. Procope conferred with Under-Secretary of State Sumner Welles at the State Department in Washington.

Regarding the action, Associated Press advices reported:

"In its announcement of the move, the State Department pointed out that the Finnish Foreign Office a year ago had notified the American Legation in Helsinki that 'in view of wartime conditions' consular matters should be handled entirely through the Finnish Foreign Ministry rather than directly with local authorities.

"This action of the Finnish Foreign Ministry," the Department's announcement continued, "had the direct effect of denying to American consular officers in Finland" their specific treaty rights as consular officials.

Furthermore the Finnish Foreign Ministry in a note dated July 9 of this year informed the American Legation that it was preferable to postpone to a subsequent date the question of accepting the assignment of a career officer of the American Foreign Service whom the American Government had recently commissioned as a Vice Consul in Helsinki and for whom the American Legation had requested provisional recognition in accordance with established custom in such cases.

"The American Legation," continued the State Department's communique, "acting on instructions from its Government, informed the Finnish Foreign Ministry in a note dated July 16, 1942, that the request which the American Legation had made for the provisional recognition of the consular officer referred to above was withdrawn. The legation further informed the Finnish Foreign Ministry that by the latter's action in regard to the withholding of recognition of the consular officer referred to and in denying American consular officers presently in Finland their treaty rights in connection with the representation of American interests in Finland the Finnish Government had undermined the basis upon which American consular representation was maintained in Finland.

"Accordingly, the Foreign Ministry was informed that the consular commissions of the American consular offices at present in Finland had been cancelled and the consular section of the American Legation at Helsinki was being closed immediately; and that this action had been taken by the American Government to put an end to the present untenable situation involved in maintaining American consular representation in Finland in the face of the attitude adopted by the Finnish Government in the matter. The Finnish Government was requested by the American Legation to close all Finnish consular offices in the United States not later than Aug. 1, 1942."

Under date of July 16 Associated Press accounts from Washington also said:

"The State Department's announcement made no mention of Finland's participation in Germany's war against Russia, but the little republic's awkward position as an ally of the Nazis on the Northern front has already led to warnings from the United States that such participation could not be continued without loss of American friendship.

Finland maintains 14 consular offices in the United States and its territories, but in only a few of them are regular officers of the Finnish consular service stationed. The rest are honorary consuls and vice consuls of American nationality.

The 14 offices are in New York, Chicago, San Francisco, New Orleans, Boston, Detroit, Seattle, Astoria, Ore., Ashtabula, Ohio, San Juan, Puerto Rico, Canal Zone, Marquette, Mich., Duluth, Minn., and Charlotte Amalie, Virgin Islands.

The United States has maintained in Finland several consular officers serving concurrently as officers of the legation in Helsinki.

Fingerprinting Center In Downtown New York

Many prominent business men and employees in the Wall Street district are said to have attended the opening of a Civilian Fingerprinting Center in the downtown district on July 20 in the New York State Chamber of Commerce Building, and availed of the opportunity to have their prints taken. The fingerprinting center was made available by the Chamber to help the work of the War Identification Bureau of the Civilian Defense Volunteer Office. The center was officially opened at 11:30 a.m. and will be open from Monday through Friday each week form 9:30 a.m. to 5 p.m. until further notice. It is located on the street floor of the 59 Liberty Street entrance to the Chamber building, between Broadway and Nassau Streets. Robert K. Christenberry, Chairman, of the New York War Identification Bureau, who attended the official opening, expressed himself as well pleased with the cooperation of downtown business men. Frederick E. Hasler, President of the Chamber and Chairman of the Continental Bank & Trust Co., was the first to be fingerprinted when the center was officially opened. Former Governor Charles S. Whitman and his son Charles S., Jr., had their prints taken during the noon hour.

U. S. Formally At War With Balkan Nations

President Roosevelt on July 17 formally proclaimed the existence of a state of war with Hungary, Rumania and Bulgaria and called upon "all natives, citizens, denizens or subjects" of those countries residing in the United States "to preserve the peace toward the United States and to refrain from crime against the public safety and from violating the laws of the United States and of the states and territories thereof."

Acting six weeks after passage of the Congressional resolution declaring war on the three Balkan countries, the President made the more than 150,000 nationals resident in the United States subject to "summary arrest as alien enemies" if they violate any regulations imposed on them and made them subject to interment for the duration of the war, under the proclamation they are required, "to refrain from actual hostility or giving information, aid, or comfort to the enemies of the United States or interfering by word or deed with the defense of the United States or the political processes and public opinions thereof; and to comply strictly with the regulations which may be from time to time promulgated by the President."

Attorney General Biddle explained in a statement that the proclamation does not subject aliens of Hungarian, Rumanian and Bulgarian nationality to other restrictions upon conduct which currently affect German, Italian and Japanese alien enemies.

His statement further said:

"They are not, for example, required to obtain permission to travel, to turn over to police authorities such articles as shortwave radios, cameras and firearms or to obtain certificates of identification.

"The Department of Justice believes that a vast majority of the approximately 115,000 Hungarians, 32,000 Rumanians and 4,500 Bulgarians in the United States are loyal to this country and that imposition of further restrictions upon them would be unfair and unnecessary."

The Attorney General is authorized to execute the regulations in continental United States, Puerto Rico and the Virgin Islands, while the Secretary of War is responsible for enforcement in Alaska, the Canal Zone, the Hawaiian Islands and the Philippine Islands.

The Congressional resolution declaring war on these three countries was referred to in these columns June 11, page 2212.

Farm Product Buying High

Farm products approaching a value of $1,500,000,000 have been purchased for Lend-Lease and other requirements in the last 15½ months, the Department of Agriculture reported on July 16.

Since March 15, 1941, when the Agricultural Marketing Administration started its expanded buying program, purchases through June 30, 1942, have totaled $1,396,182,224. For June, they amounted to $161,449,248, an average of more than $5,000,000 daily.

The Department's announcement further said:

"In June, as in previous months, dairy products and eggs and meat products led the list of commodities bought both in volume and cost. Particularly heavy purchases were made of canned and cured pork meat, lard, frozen pork loins, cheese, dry skim milk, evaporated milk, dried eggs, cornstarch, white flour, biscuits (hardbread), canned fish, salad oil, baled cotton and tobacco. The larger purchases included 111,044,563 pounds of canned pork at an f.o.b. cost of $42,566,438; 75,932,350 pounds of cured pork at $14,212,034; 40,844,949 pounds of cheese at $9,009,364; 39,075,300 pounds of dry skim milk at $4,900,160; 22,200,080 pounds of dried eggs at $23,113,150; 4,178,750 cases of evaporated milk at $13,273,775; and 26,474,000 pounds of salad oil at $3,479,977.

"Supplies purchased in June for the first time included grapefruit oil, wheat cereal, cottonseed pellets, riboflavin, vanilla bean, rendered pork fat, synthetic fruit extract, acetic acid, baking powder, gelatin dessert powder, calves feet jelly, dry milk powder mixture A. custard powder, and laundry starch."

Contracts Set For Texas-Illinois Pipeline

Petroleum Coordinator Ickes announced on July 18 the award of contracts totaling $35,000,000 to seven companies for construction of a 550-mile oil pipe line from Longview, Texas, to Norris City, Ill., with two smaller branch lines from Norris City to Mount Vernon, Ind., and Enfield, Ill.

In Associated Press accounts, the following was reported:

"Contracts for the 24-inch main line—the world's largest oil-carrying pipe line—were awarded on a cost plus fixed fee basis, according to B. E. Hull, general manager of War Emergency Pipeline, Inc., a company organized by the oil industry to supervise the construction. The fees average about $1,000 for each mile of pipe.

"The line is expected to deliver 300,000 barrels of crude oil daily at Norris City. About 120,000 barrels will be carried to Mount Vernon, Ind., for barge shipment east; about 50,000 will remain in the Middle West to offset declining production in Southern Illinois oil fields, and the remainder will go to the Eastern shortage area by pipeline and tank car.

"The line is being financed by the government through the Defense Plant Corporation, a subsidiary of Reconstruction Finance Corporation."

Approval of the pipeline by the War Production Board was reported in these columns of June 18, page 2310.

Controllers Proceeding With Convention Plans

Because solution of controllership problems is helpful to the prosecution of the war, the Controllers Institute of America is proceeding with plans for its annual meeting, to be held at The Palmer House, Chicago, Sept. 21 to 23. Already scheduled for the conference is a full day's discussion of Federal taxes, in which Treasury Department experts, a member of the House Ways and Means Committee and leading tax consultants will participate, along with the heads of tax departments of large corporations.

"Cooperation with the War Program" and "Post-War Controllership Problems" will both be treated in full-length general sessions. Other war-related subjects will be considered in group meetings. E. W. Burbott of the A. B. Dick Co., Chicago, is convention chairman, and Frank L. King of the Continental Illinois National Bank & Trust Co., Chicago, is chairman of the program committee.

"While some conventions must be deferred because their purely social nature conflicts with the war effort, the type of meeting we will hold in Chicago is essential to the prosecution of the war," said Arthur R. Tucker, managing director of the Institute. "The war problems of controllers have an important bearing on the success of the production campaign. Contacts between Government and business concerns are eased and expedited by such meetings. Compliance with Government regulations is facilitated by these discussions, thus lessening the burden on Government departments as well as on business concerns engaged in war production."

Leigh Gets FCC Post

The Federal Communications Commission announces the appointment of Robert Devore Leigh as Director of its Foreign Broadcast Monitoring Service to fill the vacancy due to entrance into the Army of Lloyd A. Free. Mr. Leigh will be in active charge of supervising the translating, digesting, and analysis of foreign short-wave broadcasts, monitored by the FCC for the official use of the United States Government. Mr. Leigh, a special adviser on education, social services and research for the National Resources Planning Board, was the first and organizing President (1928-41) of Bennington College, at Bennington, Vt.

U. S.-Argentine Trade Pact

A report entitled "Trade Agreement Between the United States and Argentina" was issued by the United States Tariff Commission on July 20. The material presented in the report has been drawn from the detailed data made available by the Tariff Commission, prior to and during the negotiations with Argentina, to the interdepartmental body charged with carrying out the trade agreements program. The agreement with Argentina has been in effect since Nov. 15, 1941. The Tariff Commission's announcement says:

"The body of the report consists of digests of trade data relating to the commodities with respect to which the United States granted tariff concessions in the agreement with Argentina. The digests show for each commodity the old and new rate of duty, statistics of production, imports and exports, and a brief analysis of the factors that affect international trade, particularly that between the United States and Argentina.

"The introduction gives a detailed analysis of the agreement, showing the individual tariff concessions granted by the two countries, and the volume of trade affected thereby. It also contains a general discussion of Argentina's foreign trade in recent years with particular reference to the United States. The text of the agreement is included in an appendix to the report."

Copies of the document may be obtained from the United States Tariff Commission, Washington, D. C.

U. S.-Uruguay Trade Treaty

A reciprocal trade agreement between the United States and Uruguay was signed in Montevideo on July 21 the State Department announced in Washington.

The agreement provides for tariff concessions that cover a substantial portion of the normal trade between the two countries; binding of certain tariff votes against increases; and bindings of specified commodities free of duty. In Washington advices to the New York "Times" the following was reported:

"Uruguayan tariff concessions are agreed to on a long list of United States agricultural and industrial products. Uruguayan import charges are reduced on 81 items and existing import charges are bound on 47 items. Duty-free status is bound on 13 items.

"Among the items affected are fruits and nuts, canned fish, cigarettes and tobacco, automobiles, electrical equipment, automatic refrigerators, agricultural machinery, chemicals and related products.

"The United States grants concessions on dutiable commodities such as flaxseed, certain prepared or preserved meats — principally canned corned beef, casein, bovine hides and skins, and certain coarse wools. Commodities bound on the free list include unmanufactured agates, dried blood, crude bones, bone dust, meal and ash, animal carbon for fertilizer and sausage casings.

"United States exports to Uruguay in 1940 were valued at $11,126,000, while imports from that country amounted to $17,009,000.

Pa. & Del. Factory Activity At Record

Factory activity in Pennsylvania advanced to record levels in June, as the production of war materials continued to expand, the Federal Reserve Bank of Philadelphia announced on July 18. Reports received from 2,844 manufacturing establishments, said the advices, showed gains over May of 1% in employment, 2% in payrolls, and 1% in total employee-hours worked, instead of the declines usual at this season. It is added that estimated employment in the State reached a new high of 1,177,000 workers and weekly wage disbursements, approximately $40,800,000. In the two years of defense and war activity, employment has risen 33%, payrolls 87%, and total hours worked 64%.

The Reserve Bank also reported:

"Activity also expanded at reporting factories in Delaware. Employment increased 4% from May to June; mixed changes were shown in payrolls, but total wage disbursements were up 3% in the month and total employee-hours worked increased 2%. In comparison with a year earlier, gains of 17% in employment and 41% in wage payments were reported."

Labor Department Reports On Factory Workers' Hours And Earnings During May

The average hourly earnings of wage earners in manufacturing industries rose 1.5% from April to May, Secretary of Labor Frances Perkins reported on July 19. "The May average of 83.1 cents per hour was 14.5% higher than a year ago," she said, and added: "The increase over the month and year intervals was due in part to wage-rate increases, in part to more extensive use of overtime, and in part to an expansion of working forces in industries where relatively high wage scales prevail."

Secretary Perkins further reported:

"Wage earners in the durable-goods group of manufacturing industries averaged 92.3 cents per hour in May, a gain of 1.5% since April and 14.6% since May of last year. Workers in non-durable-goods industries averaged 72.2 cents an hour in May, 1.1% more than in the preceding month and 12.6% above a year ago.

"Wage-rate increases were reported by about 1,300 manufacturing plants out of a reporting sample of approximately 34,000. The increases in these 1,300 establishments averaged 8.3% and affected about 352,000 workers of the 8,000,000 covered by the survey. As in the preceding month, the larger proportion of workers receiving wage increases was in non-durable-goods industries (205,000). Among the industries in which substantial numbers of wage earners were given wage increases in May were cotton goods (39,442), men's clothing (30,818), foundry and machine-shop products (19,140), aircraft (14,559), machine tools (14,258), woolen and worsted goods (14,078), and paper and pulp (13,948).

"An increase of 0.5% between April and May raised the average hours worked per week in all manufacturing industries combined to 42.6, which was 5.0% higher than a year ago. The average for the durable-goods group (45.0) was 0.5% higher than in the preceding month and 6.3 above a year ago, while for the non-durable-goods group (39.7) the gains were 0.3% and 2.6%, respectively. Of the 43 durable goods industries only three averaged less than 40 hours per week, while 22 were more than 44 hours. One of these, machine tools, had an average work week of 54.1 hours, reflecting a high rate of war production. Five other durable goods industries showed work-weeks of more than 50 hours, namely, machine tool accessories (55.1), metal working machinery not elsewhere classified (55.2), pumps (52.9), screw-machine products (50.2), and sewing machines (50.1).

"The average weekly earnings ($37.40) of workers in all manufacturing industries combined were 2.0% more than in April and 21.2% higher than a year ago as a result of increased hours and higher average hourly earnings. Workers in the durable-goods industries averaged $43.33 per week in contrast to an average of $28.34 for workers in the non-durable-goods group. The gains over the year were 22.6% and 15.7%, respectively.

"Anthracite mining was the only one of the non-manufacturing industries surveyed which showed a decrease in average hourly earnings between April and May (0.4%). Over the year interval, however, there was a gain of 7.4%. The largest percentage gains over the month and year (2.3 and 13.5, respectively) were noted in the quarrying and non-metallic mining industry.

"The average hours worked per week in anthracite mining (34.8) increased by 14.1% over April and 48.8% over May of last year, indicating more nearly normal operations. Bituminous coal miners averaged 32.8 hours per week, a gain of 3.0% over the month and 7.3% over the year. Workers engaged in metal mining and quarrying and non-metallic mining averaged nearly 44 hours per week in May, with gains of 0.9 and 2.0%, respectively, since April and 5.2% and 2.3%, respectively, since May, 1941. In private building construction the average weekly hours climbed 3.3% over the month and 4.6% over the year to 36.7%. The changes in hours worked per week in the remaining non-manufacturing industries covered were negligible. Average weekly earnings followed the pattern set by the average weekly hours and hourly earnings."

The Department's advices added that it should be noted that plants converted to war production are continued under their former peace-time industry classification.

Real Estate Boards Study Rent Control

Outlining a program through which it expects to help meet the problems of rent control and to help make war-time rent stabilization practicable and workable the National Association of Real Estate Boards of Chicago on July 15 assured OPA officials that Realtors throughout the country will cooperate with the Rent Control Division of OPA to administer the rent control law effectively and equitable.

Following discussion with Paul A. Porter, Deputy Administrator of OPA in charge of the Rent Control Division, and Karl Borders, Director of the Division, the Association through the Realtors Washington Committee made it clear that the Realtors support to the fullest the effort of Federal Government to prevent inflation and any act of the Government that is a component part of sound economic war policy. It is announced that the Committee proposes:

1. To analyze the factors involved in establishing the maximum rent dates chosen for the defense rental areas already named. (If actual proven data would indicate that the date chosen for the freezing rents for any particular community was unfair and unequitable, effort will be made by the OPA to modify this action.)

2. Seek warranted rent adjustment where operating expenditure have materially increased in rental defense areas.

3. Assemble representative data on the increased cost of operation and management of property of different rental classifications in an effort to maintain on a sound basis the proper operation of all classes of properties.

4. Present to the Rent Control Division recommended amendments to the regulation.

5. Act as a clearing house for information to Realtors.

6. Cooperate with the Rent Control Division to obtain competent, unprejudiced local rent control directors.

To Hold Perpetrators Of Nazi Crimes Accountable

President Roosevelt on July 21 declared that the American people will hold the perpetrators of Nazi crimes to "strict accountability in the day of reckoning which will surely come." The President made this statement in a message read to 20,000 persons gathered in Madison Square Garden, New York City, for a mass demonstration against Hitler atrocities and as an expression of the Jewish people's determination to make every sacrific for victory over the Axis powers.

Other messages of greeting came from Prime Minister Winston Churchill and Wendell Willkie.

Mr. Roosevelt's message, read to the meeting by Dr. Stephen S. Wise, President of the American Jewish Congress, follows:

"Americans who love justice and hate oppression will hail the solemn commemoration in Madison Square Garden as an expression of the determination of the Jewish people to make every sacrifice for victory over the Axis powers. Citizens, regardless of religious allegiance, will share in the sorrow of our Jewish fellow-citizens over the savagery of the Nazis against their helpless victims. The Nazis will not succeed in exterminating their victims any more than they will succeed in enslaving mankind. The American people not only sympathize with all victims of Nazi crimes but will hold the perpetrators of these crimes to strict accountability in a day of reckoning which will surely come."

"I express the confident hope that the Atlantic Charter and the just world order to be made possible by the triumph of the United Nations will bring the Jews and oppressed people in all lands the four freedoms which Christian and Jewish teachings have largely inspired."

Governor Lehman, and Mayor La Guardia were among the speakers.

Women's Navy Reserve

Legislation establishing a women's auxiliary reserve in the Navy was completed in Congress on July 21 and sent to the White House. Final action came when the House adopted a conference report which the Senate had accepted on July 17.

The Women's Reserve, to be an integral part of the Navy, will take the place of regular navy personnel in non-combatant shore posts within the United States. The members of the unit will receive the same pay as the corresponding rank provides for the men in the Navy. Women between the ages of 20 and 50 are eligible for service.

The House originally passed the bill on April 16, but the Senate on July 2 passed its own version thus requiring the measure to be adjusted in conference.

Leahy Aide To FDR

President Roosevelt announced on July 21 that Admiral William D. Leahy has been assigned to active duty to be chief of staff to the Commander in Chief. Admiral Leahy returned from France in June where he had served as U. S. Ambassador to the Vichy Government, having been called home following the return to power of Pierre Laval. The new duties of Admiral Leahy, who was formerly Chief of Naval Operations, were not made specific by the President but he pointed out that as Commander in Chief he had to devote considerable time reading all kinds of documents and reports and that Admiral Leahy could relieve him of these tasks because of his past experience and because he had confidence in his judgment.

New Legislation On Deposits of U. S. Funds

Attention to the recent Congressional legislation removing discrimination against certain banks on the deposit of funds subject to the control of the United States is directed by the New York State Bankers' Association in its weekly publication, issued July 20. It is noted that the Association's reference thereto is prompted by inquiries it has had relative to the legislation, which is embodied in the bill (S. 2250) setting up the Smaller War Plants Corporation within the War Production Board. The bill (the Murray bill) was signed by the President on June 11, and it is pertinent to note that the provision in question appeared to attract little or no attenion during the Congressional action on the measure. It is noted in the State bankers' organ ("The New York State Banker") that the provision prohibits those having to do with the deposit, custody or advance of Federal funds from showing preference for National banks, State member banks of the Federal Reserve System against insured State banks not members of the Reserve System. The Section (No. 10) covering this situation in the Act creating the Smaller War Plants Corporation is given as follows in the "New York State Banker":

"Sec. 10. All insured banks designated for that purpose by the Secretary of the Treasury shall be depositaries of public money of the United States (including, without being limited to, revenues and funds of the United States, and any funds the deposit of which is subject to the control or regulation of the United States or any of its officers, agents, or employees, and Postal Savings funds), and the Secretary is hereby authorized to deposit public money in such depositaries, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government as may be required of them. The Secretary of the Treasury shall require of the insured banks thus designated satisfactory security by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of public money deposited with them and for the faithful performance of their duties as financial agents of the Government: **Provided**, That no such security shall be required for the safekeeping and prompt payment of such parts of the deposits of the public money in such banks as are insured deposits and each officer, employee or agent of the United States having official custody of public funds and lawfully depositing the same in an insured bank shall, for the purpose of determining the amount of the insured deposits, be deemed a depositor in such custodial capacity separate and distinct from any other officer, employee or agent of the United States having official custody of public funds and lawfully depositing the same in the same insured bank in custodial capacity. Notwithstanding any other provision of law, no department, board, agency, instrumentality, officer, employee, or agent of the United States shall issue or permit to continue in effect any regulations, rulings, or instructions, or enter into or approve any contracts or perform any other acts having to do with the deposit, disbursement, or expenditure of public funds, or the deposit, custody, or advance of funds subject to the control of the United States as trustee or otherwise which shall discriminate against or prefer national banking associations, State banks members of the Federal Reserve System, by class, or which shall members of the Federal Reserve System, by class, or which shall require those enjoying the benefits, directly or indirectly, of disbursed public funds so to discriminate. All Acts or parts thereof in conflict herewith are hereby repealed. The terms 'insured bank' and 'insured deposit' as used in this Act shall be construed according to the definitions of such terms in the Act of Aug. 23, 1935 (49 Stat. 684), as amended (U. S. C., title 12, sec. 264)."

The bill providing for the establishment of the Smaller War Plants Corporation was passed by the Senate on April 1; it was amended and passed by the House on May 26; the House adopted the conference report on June 3, while the Senate accepted the report on June 4. References to the bill appeared in these columns April 9, page 1448; June 4, page 2125; June 11, page 2216, and June 18, page 2301.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 269)

be silly not to take advantage of any immediate opportunities that present themselves. For example the motors, Chrysler and General, look about 3 points higher; American Telephone also. Then the mail orders, Sears and Montgomery Ward are beginning to get into stride. Even a few specialties are acting well enough to attract more than casual attention. All these are not signals of immediate reaction. They are signs of more strength even though the subsequent reaction may be that much greater.

* * *

Among the stocks I think the more enterprising might take a position in are the following: Crane, to buy between 12 and 13, stop at 10. Indicated move to about 16. The coal group shows signs of life with Lehigh Coal in the forefront. A low priced stock that shows something now is Pittston Corp., selling at about 1¾. A move to about 3 is indicated. Of course any advance of say a point or so is nothing to get excited about but if you measure it by percentages, a 100% is nothing to snicker at. By the way, if it is background you want, take a look at Pittston's holdings. They include U. S. Distributing which has already had quite a jump in market value without any compensating advance in the price of the parent company's stock.

* * *

Before you get all hopped up about this or any other stock recommended here remember that advice given is based entirely on market action, not fundamentals. And what applies today may not apply tomorrow. And in a stock like Pittston its price makes any reasonable stop impossible to determine. So be guided accordingly.

* * *

Where the other stocks in your list are concerned, the advice given last week still holds good. Take profits when they reach the prices given and keep your stops in toto.

* * *

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.]

ABA Will Publish "Convention In Print"

The American Bankers Association plans to publish in September a "Convention in Print" issue of its magazine, "Banking," presenting discussions on subjects that might have been considered at its annual convention, now cancelled in view of wartime transportation needs. The issue will include articles on the earnings outlook, war credit problems, man power problems, the merchandising of war bonds, wartime public relations, government competition, trust problems, real estate, taxation, advertising and public relations, savings bank problems, war risk insurance, priorities and equipment, and agricultural credit. It is expected that some of the subjects discussed will be treated in panel form. Plans are being pressed for the development of material from many sources that will serve the purpose of giving the members of the ABA up-to-date information on most of the problems growing out of wartime conditions and service that now challenge and will challenge banks.

Among those scheduled to contribute articles to this special issue are: W. Randolph Burgess, Vice Chairman of the National City Bank of New York, and Chairman of the ABA Economic Policy Commission; Mark Brown, Vice President of the Harris Trust and Savings Bank, Chicago, who was recently financial consultant to the War Production Board; Joseph B. Eastman, Director of Defense Transportation; Marcus Nadler, professor of finance, New York University, and assistant director, Institute of International Finance, New York; Henry W. Koeneke, President of the ABA and W. L. Hemingway, First Vice President of the Association.

Mr. Eastman is expected to write on transportation problems in wartime, Mr. Burgess, on Treasury financing and the banking system, Mr. Brown, on financing war production, Dr. Nadler, on investments in wartime.

Cancellation of the ABA convention which had been scheduled for Sept. 28-30 in Detroit was noted in these columns June 26, page 2386.

RFC To Pay Increased Oil Transport Cost

The Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corp., will absorb the increased cost of transporting and distributing petroleum products in the Eastern States served by pipelines, Secretary of Commerce Jones announced on July 15. In making this decision, Secretary Jones said it was necessary "in order that fuel oil and other petroleum products necessary to the war effort and to the civilian economy may as far as possible be made available this Fall and Winter in States of the Eastern seaboard." He added:

"Unless the petroleum can be moved, obviously the necessary maximum production cannot be maintained and not only will the civilian population suffer from a lack of fuel oil to heat their homes this winter, but the great amount of war production in this section will be seriously retarded."

The Office of Price Administration recently allowed a 2½ cents a gallon increase in the price of gasoline and a 2 cents raise in a gallon of fuel oil in 17 Eastern States and the District of Columbia in order to finance the increased transportation costs; referred to in these columns July 9, page 113.

This brought protests from Congressional members and led to the inclusion in the OPA appropriation bill of an amendment aimed at eliminating the increase. Senator Russell (D., Ga.) sponsor of this proposal withdrew his motion after receiving Secretary Jones' assurance that the DSC would pay the increased cost.

N. Y. Bankers Ass'n Appoints Chairmen

Appointments to the seven standing committees of the New York State Bankers Association were announced on July 22 by John P. Myers, President. Mr. Myers is President of the Plattsburg National Bank & Trust Co. of Plattsburg, N. Y. The Chairmen of the Committees follow:

Agriculture: Nicholas Jamba, Manager, Agricultural Dept., National Bank & Trust Co., Norwich.

Bank Management & Research: Robert C. Tait, Vice President, Genesee Valley Trust Co., Rochester.

Convention: Robert E. Wilson, Vice President, Osborne Trust Co., East Hampton.

County Organization: Stanley A. Neilson, President, Bank of Gowanda, Gowanda.

Legislation: F. E. Worden, President, National Bank of Auburn.

Public Relations: E. M. Carney, Public Relations Counsel, Mount Vernon Trust Co., Mount Vernon.

Trust Functions: John A. Burns, Vice President, Chase National Bank, New York City.

House Votes End Of Fees On Govt. Contracts

The House on July 20 passed a bill prohibiting the payment of contingent fees for services in connection with the procurement of Government contracts. The measure would make the payment or acceptance of fees for obtaining Government contracts punishable by a $5,000 fine or five years imprisonment or both.

The legislation was prompted, it is stated, by disclosures made before the House Naval Affairs Investigating Committee of exorbitant payments to certain "business agents."

Representative Vinson (Dem., Ga.), Chairman of the Naval Affairs Committee, sponsored the bill, which originally applied only to Navy contracts. In calling for its enactment, Representative Vinson said that the object and purpose of the bill "is to abolish for once and for all this iniquitous practice that has grown up in reference to Government contracts, where manufacturers' agents get a commission on the amount of business they obtain."

Calif. Business Up

California business activity during June registered a slight gain over the preceding month as the State's war industries continued to expand and the current agricultural season approached its peak, says the current issue of the "Business Outlook" of Wells Fargo Bank & Union Trust Co. of San Francisco. The bank's index of California business stood at a preliminary June figure of 194.2% of the 1935-39 average, as compared with a revised May 1942 level of 193.9, and with 154.3 in June of last year.

Phillips In London Post

William Phillips, former United States Ambassador to Italy, arrived in London on July 21 to take up his new duties as director of the Office of Strategic Services in the British capital. This agency, headed by Col. William J. Donovan, operates under the supervision of the United States Joint Chiefs of Staff and its functions consist of collecting secret and strategic information in foreign countries and performing general miscellaneous strategic services abroad.

UP-TOWN AFTER 3

THE MOVIES

The big hoop-la in New York last week was the first showing of Sam Goldwyn's movie of Lou Gehrig's life, **"Pride of the Yankees."** It tells of his childhood on the streets and sandlots of upper Manhattan; deals with his parents, a stern mother and a henpecked father; his student days at Columbia; his career in professional baseball; his marriage and finally the fatal illness that forced his departure from the game which made him famous. As a simple little story of a shy young man who led an exemplary life and flouted his mother's wishes to give up the study of engineering and become baseball's Iron Man, then flouted them again when he married, it is a good enough yarn. As a saga of the national game which reached such heights with its Larruping Lou, Babe Ruth and the rest of the Yankee's Murderer's Roy, it falls considerably short of being even fair. For despite the fact that it deals with a young man to whom baseball was everything, the game itself is barely touched on. There are long shots of Gary Cooper, who plays Gehrig, taking cuts at the plate, and fielding the ball. But practically all of these are no more exciting than newsreel scenes. For a biography of a man who made his mark on the diamond surprisingly little footage is devoted to baseball. Cooper does a good job particularly in the few dramatic scenes. Teresa Wright, as his wife, is splendid. Walter Brennan, as the sports writer, is convincing, though for a hard-boiled sports writer to be a hero worshipper seems far fetched. The ball players, Babe Ruth, Bill Dickey, Bob Meusel and Yankee Manager Joe McCarthy do well what little they have to do. The cast is adequate but the story itself lacks suspense. There are few dramatic moments to hold one's interest. Put "Pride of the Yankees" down as just a fair movie. It is by no means a great one. . . . **"Crossroads,"** with William Powell and Hedy Lamarr heading an excellent cast, is a remake of a French picture that played here some years ago. But what was good melodrama then is just namby-pamby stuff today. The story deals with amnesia and how it affects the career of a promising young man in the French diplomatic service. It seems that an accident wiped out the memory of the young man, William Powell, who has since risen to an important post in France. A group of blackmailers, led by Basil Rathbone, try to capitalize on this blank. How they are duped and finally captured and how Powell, assisted by his wife, Hedy Lamarr, manage it is the crux of the story. The acting is good, direction adequate but the story itself is dull and dated so much it fairly shrieks. . . . **"The Gay Sisters,"** with a cast headed by Barbara Stanwyck, George Brent, Geraldine Fitzgerald and Donald Crisp, is Warner's contribution to this summer's ennui. I understand the book, from which this was taken, was quite a book but either the Hays office or the studio stepped in and made changes, for the "Gay Sisters" has little to get excited about. It's a yarn about the Gaylord family, rich in New York real estate. The father dies and the family now consists of three sisters whose peccadilos earn them the newspaper name of Gay Sisters. The father leaves a sizable estate but court orders and legal fees caused by litigation by a charitable institution which is co-beneficiary tie up the estate so that the sisters are reduced to genteel poverty. The villain in the piece is George Brent, who is out to get Miss Stanwyck. It seems that some years back Miss Stanwyck was to get a small legacy if she married so she meets a country bumpkin, marries him and plans to run away immediately after the ceremony. She runs away alright but not before the husband has, what in polite society is called "his way." Turns out that it is this country boy, now a utilities magnate, who is behind the legal shenanigans. In one scene Miss Stanwyck remarks "This room stinks from apple blossoms." That sums up the picture except it isn't from apple blossoms.

AROUND THE TOWN

The Holland House Taverne, one of Radio City's many restaurants, is a grand place on these hot days. Its air conditioning makes you forget the broiling streets. But its food, all Dutch, makes solid nourishment, even in these dog days, a pleasure to contemplate. The menu, however, is full of those jaw-breaking names you can't even pronounce let alone understand. So better ask Miss Agnes, a converted school ma'rm, who incidentally isn't at all bad to look at, to help out. . . . **The Penthouse Club's** supper entertainment program has received a decided lift with the addition of **Harold Willard's** rousing baritone voice. When he lets loose with Irish ballads there isn't a dry eye in the house. **Paul Taubman,** between his chores selling Ivory Snow (he plays the piano on the Procter & Gamble Shirley Temple program), continues with his piano tinkling, a fine accompaniment to the tinkling of ice in a tall glass. Makes it very nice, too. Incidentally, if you want to know about horses ask **Dominique,** the Penthouse headwaiter. His picking is uncanny (I'm only out ten bucks). . . .

Restricts Silver Imports

The War Production Board on July 21 placed silver on its restricted imports list and prohibited private importers from making any new contracts for importation of the metal except by special authorization. Covered by the order are silver bullion, ore, concentrate, compounds, coins and semi-processed items. Government agencies are not restricted by the order, nor are existing private contracts.

It is said that the action is designed to direct all available silver into the war program. The WPB order is expected to materially affect the jewelry trade, which has recently been importing large stocks of Mexican silver.

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.

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.

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

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 therefor 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)

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

Withdrawal request filed July 18, 1942

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

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)

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)

Amendment filed July 16, 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 July 14, 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 20, 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)

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. (5-9-42)

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)

Registration Statement effective 5:30 p.m. EWT on July 16, 1942

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)

Amendment filed July 15, 1942 to defer effective date

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 July 17, 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 July 17, 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

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

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 July 17, 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 everal 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

Urges League Of Americas

Establishment of a League of American Nations was advocated on July 20 by President-elect Alfonso López of Colombia in a speech in New York.

Speaking at a dinner in his honor and in celebration of the 132nd anniversary of Colombia's independence, Dr. Lopez recalled that his country had proposed formation of such a League several years ago but that no attempts to organize it have since been made. He further said that he was reviving the idea now because there is at this time more need for such an organization.

Dr. Lopez is visiting this country at the invitation of President Roosevelt, with whom he recently concluded a series of conferences. He will become President of Colombia for a second time in August, having previously served from 1934 to 1938.

In welcoming Dr. Lopez to Washington on July 10, Secretary of State Hull praised the Republic of Colombia for its effective co-operation in inter-American affairs and in the maintenance of the security of the Western Hemisphere.

Speaking at a special meeting of the Governing Board of the Pan-American Union, the Secretary lauded Dr. Lopez for his "significant contributions" in the formulation of Colombian policy.

Dr. Lopez pledged the complete and enthusiastic co-operation of his country with the United States war effort and gave high praise to the Administration's "good neighbor" policy.

House Votes OPA Fund

The House on July 20 adopted by a standing vote of 96 to 5 a conference report on the $1,858,939,210 war agencies supplemental appropriation bill and agreed to provide $120,000,000 for the Office of Price Administration. The conference report was agreed to by the Senate on July 21. The question as to the amount of funds for the OPA had held up approval of the bill for several weeks. The $120,000,000 allotment decided on is $45,000,000 above that which the House had originally voted on June 30 but is $5,000,000 less than voted by the Senate which passed the bill by a voice vote on July 16. Price Administrator Leon Henderson had originally asked for $210,000,000 to police price ceilings and administer rationing programs during the 1943 fiscal year. The Budget Bureau, however, reduced this request to $161,000,000.

The largest item in the bill was $1,100,000,000 for the War Shipping Administration. Other items included: $100,000,000 for the President's emergency fund, $150,000,000 for the Smaller War Plants Corporation set up to aid small business, $75,000,000 for the Office of Scientific Research and Development, $70,000,000 for the War Relocation Authority which is relocating Japanese moved from the West Coast, $63,546,300 for the War Production Board, $36,677,450 for civilian pilot training, $28,638,000 for the co-ordinator of inter-American affairs, and $26,500,000 for the Office of Censorship.

Vichy Rejects Plan To Remove Ships From Egypt

The Vichy Government has rejected two proposals made by President Roosevelt for the removal of demilitarized French warships interned in the Egyptian port of Alexandria. Acting Secretary of State Sumner Welles disclosed this in Washington on July 14 and Pierre Laval, Chief of the Vichy Government, made public on July 16 the reasons for his action.

President Roosevelt proposed on July 3 that since the warships were in a war zone they be moved through the Suez Canal to a United States port or some neutral port in the Americas for internment until the end of the war. After this offer was rejected, the President made a second proposal on July 9, suggesting that the ships be sent to Martinique, the French Caribbean possession, where they would remain for the duration of the war and be returned to France at the end of the war. In both these proposals the President warned that their rejection would make the ships subject to destruction by the British if Alexandria should come to the point of falling to the Germans.

Associated Press Vichy advices of July 16, stated:

"The Government said the warship proposals were 'rejected as contrary to the honor and interests of France' and disclosed that instructions had been sent to Vice-Admiral Rene Godfroy, commanding the ships, that 'in no case should they follow British forces in their retreat' (should the British flee Alexandria) and that if the British attempted to 'molest' them they should 'defend themselves by all means at their disposal.' It said Admiral Godfroy had been ordered never to allow the ships to 'fall into foreign hands.'"

U. S.-Ecuador Rubber Pact

Signing of a rubber agreement with the Republic of Ecuador was announced in Washington on July 21, by the Department of State, the Rubber Reserve Co. and the Board of Economic Warfare.

Under the terms of the agreement, Rubber Reserve Co. will purchase during the next five years all rubber produced in Ecuador, not required for its essential domestic needs. It is further stated:

"Ecuador has been producing and exporting relatively small quantities of rubber. Several hundred tons which are now in warehouses will be taken over by Rubber Reserve under the agreement. It is expected that eventually, with development of potential resources, somewhat larger supplies will be available annually from Ecuador.

The Ecuador agreement is the seventh under the United States program to secure for the united war effort the maximum possible amount of rubber produced in the Western Hemisphere. The other agreements, already in effect, are with Brazil, Peru, Nicaragua, Costa Rica, Colombia and Bolivia. Negotiations for similar agreements are proceeding with a number of other American rubber-producing countries.

Nelson To Continue To Aid In Rubber Program

Donald M. Nelson, Chairman of the War Production Board, has taken a more active direct interest in the synthetic rubber program but has not displaced Arthur B. Newhall, the WPB Rubber Coordinator. Reports that Mr. Newhall had been removed of his responsibility were denied by Mr. Nelson on July 17.

Meanwhile, Mr. Newhall issued a statement, in response to letters addressed to the Government about the rubber controversy, explaining that the present program calls for production of 700,000 tons of buna S rubber per year, 60,000 tons of butyl, and 40,000 tons of neoprene. Advices from Washington to the New York "Journal of Commerce," July 17, further quoted Mr. Newhall as saying:

"The present program has been fixed at this amount, not because we are still searching for methods or processes but because the amount of raw material required to build plants to use any of the processes is limited and the amount allotted is all that can be spared at this time to be taken away from other critical needs in the war program.

"Prior to the declaration of war petroleum was chosen as the base material from which to manufacture synthetic rubber for three reasons; the more advanced experimental development of the process in this country; the substantially lower cost of production; and the apparent lack of increasing defense demands.

"After the declaration of war, comparative costs were not important. Rubber was essential, and speed was the first consideration. An increased synthetic program was entered into. This program embraced all available alcohol which could be released from other war needs at that time. Thirty per cent of the butadiene included in the present program is being made from alcohol and most of the remainder from petroleum."

Compulsory Savs. Unlikely

The Government has adopted a definite policy of continuing the voluntary program of war bond sales until Jan. 1, Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, said on July 17 after a conference with President Roosevelt and Secretary of the Treasury Morgenthau. The Administration, it is indicated, will not resort to any compulsory saving provision in the pending tax bill. The Senator said that it was his personal opinion that the Government would have to come to a system of compulsory loans in the near future in order to soundly finance the war effort.

Dept. of Labor Reports Retail Food Costs Advanced 1.3% Between Mid-May & Mid-June

Sharp advances in prices of many uncontrolled foods between mid-May and mid-June were announced by Acting Commissioner Hinrichs of the U. S. Bureau of Labor Statistics on July 20. Prices of foods not under the General Maximum Price Regulation advanced by an average of 4.8% during the month. Controlled food prices on the other hand showed an average decline of 1%. The total cost of food for moderate-income city families therefore rose by 1.3% during the month. This advance represents about the same average rate of increase as that which prevailed during the 14 months prior to the beginning of price regulation on May 18.

The Labor Bureau's announcement further said:

"Average prices increased between May 12 and June 16 for 20 of the 65 foods priced in retail stores. Prices were lower on the average for 28 foods and unchanged for 17. Price regulation does not affect 24 of the foods priced representing more than 40% of the average food budget of wage earners and lower-salaried workers. The rise in prices between May 12 and June 16 was led by fresh fruits and vegetables, lamb, and poultry, none of which are subject to price control. Apples advanced 25%, cabbage 15%, lamb 10%, and roasting chickens 9%. A drop in prices was reported for fats and oils, beverages, dairy products, and pork, all of which except dairy products are under the General Maximum Price Regulation. Cereals and most bakery products, beef, canned fruits and vegetables, and sugar were also slightly lower.

"The index of food costs on June 16 was 123.2% of the 1935-39 average, 4% above the March 17 level, and 16% higher than a year ago. (Prices for March 17 are not necessarily the highest prices reached in March, and therefore, do not represent the ceiling levels.)"

Index numbers of food costs by commodity groups for June 16, May 12, April 14 and March 17, 1942, June 17, 1941 and Aug. 15, 1939, are shown below.

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	*June 16, 1942	May 12, 1942	Apr. 14, 1942	Mar. 17, 1942	June 17, 1941	Aug. 15, 1939
All Foods	123.2	121.6	119.6	118.5	105.9	93.5
Cereals and bakery products	105.1	†105.2	105.1	104.8	95.9	93.4
Meats	126.6	124.3	121.5	120.5	106.8	95.7
Beef and veal	123.3	124.1	120.6	119.7	107.2	99.6
Pork	121.9	123.2	120.5	117.5	100.9	88.0
Lamb	130.5	118.2	108.0	108.7	113.6	98.8
Chickens	123.3	113.4	112.2	112.2	105.7	94.6
Fish, fresh and canned	158.3	150.9	156.9	158.9	118.5	99.6
Dairy products	122.1	123.3	122.3	121.7	109.7	93.1
Eggs	119.7	115.4	111.3	112.1	104.4	90.7
Fruits and vegetables	133.7	†128.7	125.6	123.4	112.1	92.4
Fresh	136.6	†130.0	126.2	123.7	116.5	92.8
Canned	122.3	122.7	122.0	120.8	96.2	91.6
Dried	132.4	†131.2	130.6	127.9	105.1	90.3
Beverages	122.6	124.6	122.6	119.6	98.7	94.9
Fats and oils	120.0	122.4	119.9	116.8	92.5	84.5
Sugar	126.7	127.1	128.1	128.5	107.4	95.6

*Preliminary. †Revised.

Coffee Imports Under Quotas

The Bureau of Customs announced on July 21 preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing Oct. 1, 1941, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production— Signatory Countries:	Quota Quantity (Pounds)*	Authorized for Entry for Consumption As of (Date)	(Pounds)
Brazil	1,821,836,025	July 11, 1942	885,080,176
Colombia	617,483,151	July 11, 1942	375,325,482
Costa Rica	39,185,707	July 20, 1942†	30,665,825
Cuba	15,726,029	July 11, 1942	6,556,678
Dominican Republic	23,523,302	(Import quota filled)	
Ecuador	29,415,140	July 20, 1942†	18,412,238
El Salvador	123,781,103	July 11, 1942	78,083,736
Guatemala	104,900,424	July 20, 1942†	90,266,933
Haiti	53,868,211	July 20, 1942†	40,430,153
Honduras	4,191,694	July 20, 1942†	4,173,477
Mexico	96,438,728	July 11, 1942	35,179,275
Nicaragua	40,893,390	July 11, 1942	21,110,200
Peru	4,897,122	July 20, 1942†	3,110,901
Venezuela	57,080,665	July 20, 1942†	45,650,471
Non-Signatory Countries:			
British Empire, except Aden and Canada	22,976,474	(Import quota filled)	
Kingdom of the Netherlands and its possessions	25,570,406	July 11, 1942	13,107,191
Aden, Yemen, & Saudi Arabia	5,034,821	July 11, 1942	875,803
Other countries not signatories of the Inter-American Coffee Agreement	15,959,761	(Import quota filled)	

*Quotas revised effective Feb. 26, 1942, and July 16, 1942. †Per telegraphic reports.

Shuman, Agnew & Co. Is Formed In S. F.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—J. Robert Shuman and William H. Agnew have formed Shuman, Agnew & Co., 300 Montgomery Street, to engage in a securities business. The firm will be members of the San Francisco Stock Exchange, Mr. Agnew holding the Exchange membership. Both were formerly for many years partners in Mitchum, Tully & Co.

R. W. Bias and James L. Sharp, both also previously with Mitchum, Tully & Co., are associated with Shuman, Agnew & Co.

NASD Dist. 13 Elects Gilmour To Committee

Henry G. Riter, 3rd, Chairman of District No. 13 of the National Association of Securities Dealers, Inc., announced the election of Lloyd S. Gilmour of Eastman, Dillon & Co., 15 Broad Street, New York, N. Y., to District No. 13 Committee to fill the unexpired term of Gail Golliday, who resigned to enter the Government service.

District No. 13 of the National Association of Securities Dealers, Inc., embodies the States of New York, New Jersey and Connecticut.

Tweedy & Others Are With Wainwright Co.

BOSTON, MASS.—H. C. Wainwright & Co., members of the New York Stock Exchange, 60 State Street, announce the admission of Albert W. Tweedy as a general partner of the firm and the association with them of Allan R. Shepard, Stanbrough Fernald and Richard L. Max. All four had been associated with Smith, Barney & Co. until that firm recently discontinued its Boston office.

Mr. Tweedy's admission to partnership in H. C. Wainwright & Co. was previously reported in the "Chronicle" of July 16.

Frank Stanwood Joins Straus Securities Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—Frank H. Stanwood has become associated with Straus Securities Co., Union Guardian Building. Mr. Stanwood was formerly manager of the unlisted and municipal bond departments for Alison & Co.

Our Reporter On "Governments"

The new 2s of 1951/49, which were alloted last week, are swinging along nicely at a small premium. . . . Not much; in fact, at this writing, they're just about justifying the use of the word "premium." . . . Trading is light. . . . Dealers report many institutions and investors originally intending to sell their holdings before or around payment date, are holding on for a while, looking for a better chance to sell at a profit. . . . The Secretary is said to be "very well pleased" by the indications of inactivity on the part of free riders. . . . And so the July borrowing is over and every alert investor is now getting set for the August $2,000,000,000 plus. . . . But the point of this discussion is not to describe the late reaction to the sale of the 2s but to consider the merits and demerits of "speculation" in the Government market at this particular moment in history. . . .

How you reacted to the explanation in this space last week concerning the return of free riding in Governments is unknown to this writer. . . . Some reactions were received, though, from two types of sources: (1) the buyers of Governments and professional traders who were exceedingly interested and apparently pleased and (2) official agencies and bank examiners, who seemed worried over the return of speculation in Governments now and who admitted their inability to reach a decision as to the rightness or wrongness of the comments made. . . . This is a superficial analysis of the groups but it will do for the moment. . . .

To start with, we do not suggest or condone making money "on the Treasury" now or at any time. . . . We do suggest, however, that buying Governments for a turn—be it a turn of a month or two or three—may not only not hurt the Treasury but also may help it. . . . And it certainly is one big—if not the big answer—to your problem of finding income sufficient to cover your outgo during this period of necessarily huge purchases of U. S. obligations. . . .

And now to the reaction of the bank examiners—a matter of first importance to the major investors in Governments in the nation. . . .

"IS IT GOOD?"

In the large financial centers—New York and Chicago, particularly—trading in Governments by commercial banks is taken for granted. . . . The banks maintain huge trading departments, look for a sizeable return on the operations their portfolio managers carry on. . . . Call it free riding or call it sensible in-and-out management of positions. . . . The plain fact is that what these banks consider as normal management of their portfolios is generally unknown in the smaller, out-of-town cities. . . . And the small banks just don't get around to doing anything with their new Treasury issues—until they sell them in one block or until they turn them in at a due date. . . .

Few banks in the big cities ever have been chastised for trading in the Government market. . . . Only at extraordinarily crucial times—such as September, 1939, or December, 1941—are they asked to refrain from the market. . . . That's the gentlemen's agreement among the banks, framed when war broke out. . . .

In the out-of-town districts, however, this statement does not hold true. . . . The writer has been informed by two bank examiners that they would criticize any bank portfolio that appeared "active." . . . And it is undoubtedly known to you that your portfolio in Governments will be more and more carefully examined as the months go on. . . .

Nevertheless, the bank examiners are not agreed on this issue. . . . They admit they don't know exactly how to define speculation and free riding. . . . They admit that the institutional investors in Governments will have to increase their incomes from their portfolios somehow—or cut their expenses to a starvation and possibly dangerous point. . . . They admit that "not too active and profitable trading in Governments" may be part of the answer. . . .

To summarize the results of several conversations with authorities in the last few days:

(1) There is no official ban on trading in Governments as you wish, at this time;

(2) If you handle your portfolio properly, you may go ahead without fear of being criticized by the authorities;

(3) Too rapid sales of new issues aren't profitable these days, anyway, for it takes a few weeks before the issue is distributed and the premium rises to a level that makes liquidation worth while. . . .

So, we repeat our recommendation of last week: watch the new issue periods closely; subscribe to issues within your maturity range on the basis of receiving from 50 to 75% of your request; anticipate selling part or all of your subscription within 30 to 60 days thereafter, in order to give you the cash to subscribe again and to freeze a profit. . . .

If the authorities decide this is to be eliminated, they'll find, we believe, that the result is not worth the cost. . . . Until then, we suggest that trading in Governments today may be made more worthwhile than even during the years of the great Roosevelt bull market in U. S. obligations. . . .

INSIDE THE MARKET

Tax bill slightly favors tax-exempts over taxables, as it stands today. . . . Sellers of tax-exempts these days are as scarce as possible. . . . Tax legislation will make this situation even more apparent. . . .

The registered 2½s of 1972/67 will be reopened early next month, according to latest reports. . . . The Victory Fund Committee setup, now spread across the country, will receive its first important test in the distribution of these. . . .

Dealers getting rid of their Treasury bills fast. . . . Totals reported in hands of dealers this week estimated at 50% of totals held last week. . . .

Check of holdings of guaranteed obligations among banks indicates sharp decline resulting, of course, from Treasury policy of retiring guaranteeds and transferring obligations to direct debt. . . . Member bank holdings currently at $2,033,000,000, off $1,179,000,000 from total at this time a year ago. . . . And this will disappear too as the end of the '40s approaches. . . . Not much speculation possible in them, because of certainty of retirement on call dates or as soon as possible thereafter. . . .

Next agency maturity is $320,000,000 RFC ⅞s, due October 15. . . . Commodity Credit Corporation has issue of $289,000,000 ¾s, due May 1, 1943. . . .

On last issue of 2s, New York district subscribed to more than 75% of entire offering, about three times totals shown by any other center in the country. . . . Allotments reached $834,234,500 for this one district. . . .

Banks seem to be getting accustomed to holding small amounts of excess reserves. . . . Reports on subscriptions reveal that change in psychology. . . . But level is getting too low for comfort. . . . Legislation permitting redesignation of central reserve city banks is in effect, should be called upon within a week or so. . . . Certainly before next major cash borrowing. . . .

Open market operations by Federal Reserve designed primarily to expand reserves of banks. . . . Purchasing bills and certificates mostly. . . .

FINANCING ITEMS

Feeling is "tap" 2½s will be only part of August borrowing. . . . Non-negotiable, short-term issue for banks and corporations may be added. . . .

Insurance companies to be used mainly this time. . . .

Treasury bill offering may be increased again, if additional funds are necessary. . . .

No doubt expressed among experts as to probable success of August financing, no matter what the size. . . .

Suggestions on types of issues being given to Treasury have many unusual angles with "flexible coupon" idea getting much more attention than expected. . . .

Result Of Treasury Bill Offering

Henry Morgenthau, Jr., Secretary of the Treasury, announced on July 20 that tenders for $350,000,000, or thereabouts, of 91-day Treasury bills to be dated July 22 and to mature Oct. 21, which were offered on July 17, were opened on July 20 at the Federal Reserve Banks. Details of this issue are as follows:

Total applied for, $697,266,000.

Total accepted, $351,861,000.

Range of accepted bids:

High—99.924, equivalent rate approximately 0.301%.

Low—99.906, equivalent rate approximately 0.372%.

Average price—99.907, equivalent rate approximately 0.368%.

Forty per cent of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on July 22 in the amount of $150,058,000.

Crouter, Bodine & Gill, New NYSE Firm

PHILADELPHIA, PA.—Crouter, Bodine & Gill, members of the New York and Philadelphia Stock Exchanges, will be formed in Philadelphia as of July 30, with offices in the Packard Building. Partners in the new firm will be Gordon Crouter, member of the Philadelphia Stock Exchange, who will also hold the firm's New York Exchange membership, Robert C. Bodine, also Philadelphia Exchange member, general partners, and Logan B. Gill and William J. McCahan, 3rd, limited partners.

Mr. Bodine was formerly a partner in MacDonald & Co. Mr. Crouter and Mr. Gill were partners in Turner, Gill & Crouter with which Mr. McCahan was also connected for many years.

Gossler & Burbank To Form Exchange House

Philip Gossler, Jr. and Bertrand L. Burbank will form Gossler & Co., 40 Wall Street, New York City, as of July 30th. Mr. Gossler, member of the New York Stock Exchange, was formerly a partner in Vietor, Common & Co., did business as an individual floor broker, and in the past was a partner in White, Weld & Co. Mr. Burbank in the past was a member of the New York Exchange and was a partner in F. J. Bradley & Co. He will act as alternate on the floor of the Exchange for Mr. Gossler.

Warner Co. Looks Good; La France Attractive

The interesting speculative possibilities of the 7% cumulative first preferred stock and also the common stock of the Warner Company are stressed in a circular issued by Lilley & Co., Packard Building, Philadelphia, Pa., members of the Philadelphia Stock Exchange. The circular, copies of which may be had upon request, mentions the war and peacetime status of the company.

The 4% fixed interest, sinking fund convertible second mortgage bonds with stocks of La France Industries offer an interesting investment combination with considerable speculative appeal according to a bulletin issued by Lilley & Co. Included with the bulletin is a brief analysis of the current situation of La France Industries as it affects the securities in question. Copies of this bulletin in addition to the Warner Co. circular, may be had from Lilley & Co. upon request.

Rail Bonds Compared

A most interesting comparative analysis of the Lehigh Valley Railroad General Consolidated 4s, 4½s, 5s, due 2003, and Baltimore & Ohio Railroad Refunding & General 5s due 1995 has been compiled by Penington, Colket & Wisner, 123 South Broad Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges.

With bonds selling at a small fraction of their par value, the prospects for recovery of the maximum amount of their original investment is of particular concern to the bond holders. The analysis compares the earning power of the two rail systems, current earning trend, protection through junior debt, market performance, maintenance expenditures, and long term trend of principal sources of income.

Copies of the analysis may be had from Penington, Colket & Wisner upon request.