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The Commercial and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The Senate Finance Committee's action in turning thumbs down on the persistent demand of Secretary Morgenthau for ending of the tax exempt status of outstanding municipal bond issues should serve to turn the Treasury from that particular pet project for a considerable time into the future.

Since the House had already rejected the proposition, and since members of the Senate finance group were in several instances, quite outspoken in their opposition to the proposal, it would appear the better part of wisdom for Mr. Morgenthau to drop the matter, at least until the makeup of the various committees is changed.

The renewed controversy over the subject failed to exert any marked influence on the market for such obligations, perhaps for the reason that it had already become evident, from previous attempts to remove such exemption, that the Congress was not in a mood to tinker with the contractural obligations taken by the States and various other subdivisions when the bonds in question were issued.

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Our Reporter On "Governments"

The Government market couldn't be much duller without disappearing altogether. . . . Trading in recent sessions has been as small as dealers in the over-the-counter market and brokers in Wall Street remember. . . . Just about nothing going on—except talk of what is coming in the way of new issues, when the "tap" 2½s will be reopened, what issues will be sold along with the taps in August, what date the Federal Reserve Board will choose for revising the Reserve requirement setup so banks in the big cities can get extra cash for purchase of Governments. . . . Just talk . . . Little speculation. . . . Little switching. . . . Call it a pre-issue market situation, if you wish, and you'll have the picture. . .

Of course it's the "tap" issue that will snatch the financial headlines on this next financing deal. . . . Insurance companies, naturally, expected to take most of the bonds, provide the backlog of buying. . . . But the Victory Fund Committee structure is ready for action. . . . Much is being looked for from investment bankers cooperating with the regional committees. . . . Corporate portfolios and trust accounts are to be aimed at and the bankers should bring in tens of millions through their efforts in this direction. . . .

Possible results? . . . Foolhardy to guess now, we admit, but dealers' opinions suggest total should reach near Treasury's objective of $1,000,000,000 from the taps. . . . Minimum looked for, $750,000,000 . . . Maximum, around the billion-dollar mark. . . . But this is being written days before the reopening of the issue and it's just a guess. . . . To be used as a basis for calculating the other financings of August.

Chances are rest of money needed will be obtained by Secretary Morgenthau through another sale of certificates of indebtedness. . . . You may consider this a decided probability, with the exact amount of the certificate issue—$1,250,000,000 to $1,750,000,000—depending on how the taps go. . . As of today, there are two certificate issues outstanding:

$1,507,000,000 ½s due November 1, selling around par to yield .39%. . . .

$1,588,000,000 ⅝s due February 1, selling around par to yield .57%. . . .

As for increasing the bill issues, that's a possibility but the facts about bill issues recently aren't too encouraging. . . . The Federal Reserve System has been forced to absorb millions of the weekly issues—buying them from dealers who acted as intermediate subscribers. . . . The bill offerings aren't going well enough to warrant pushing—unless Morgenthau is in a spot and must get money cheaply and quickly. . . . Present bill issues totaling $350,000,000 weekly, may be increased to $400,000,000 under highly adverse financing circumstances. . . .

Incidentally, banks can pay for these through their war loan deposit accounts—a stimulant which should have helped more than it did on recent issues. . . . On the last issue of $2,000,000,000 2s, the war loan method of payment was used by banks for 60% of the total . . .

There may be other offerings—say, a note or a different type of certificate issue. . . . But logic seems to direct the taps plus a certificate and another breathing spell for the bond market, preparatory to the fall borrowings. . . .

WAR BONDS

Despite all the favorable publicity, and publicity of increasing proportions it is, the war bond sales aren't going too well. . . . Ob-

(Continued on page 368)

Association of Exchange Firms Finds Members Favor Principle of Mandatory Service Charge

Tabulation of the response to a questionnaire sent to 541 member firms by the Association of Stock Exchange Firms revealed that members are predominantly in favor of the principle of mandatory service fee for customers, but differ on the types of charges that should be made. All but 75 firms filed reports and of these 71 do no business with the public or carry no customers' accounts.

One hundred and eight firms responding to the quesionnaire voted an unqualified yes in favor of mandatory charges on the question, "Do you believe a fee of $3 should be charged for each transfer, except transfers made to complete delivery against purchase or sale?" Fifty voted a qualified yes; 35, no. Favoring voluntary charges 20 voted an unqualified yes; 15 qualified yes, 66, no.

"Do you believe that a charge for duplicate monthly statements should be made—at $1 per monthly statement and/or $1 per sheet?" Favoring mandatory charges, 131 of the firms reporting registered unqualified yes, 21 qualified yes, 40 no. Favoring voluntary charges, 25 unqualified yes, 14 qualified yes, 62 no.

"Do you believe that a charge of $3 per man-hour, with a minimum of $5, should be made for making out income tax schedules?" Favoring mandatory charges 152 firms reported unqualified yes, 21 qualified yes, 40 no. Favoring voluntary charges, 40 unqualified yes, nine qualified yes, 52 no.

"Do you believe that the New York Stock Exchange minimum commission rates should be charged for redemptions, subscriptions and tenders?" Favoring mandatory charges, 103 filed unqualified yes, 33 qualified yes, 56 no. Favoring voluntary charges, 25 unqualified yes, 11 qualified yes; 66 no.

"Do you approve of a charge on inactive accounts of $9 per quarter, with allowances made for interest and commissions earned during such three-month periods, so that no account produces less than $9 within the quarter?" Favoring mandatory charges, 97 firms voted unqualified yes, 51 qualified yes, 45 no. Favoring voluntary charges, 16 unqualified yes, 17 qualified yes, 68 no.

"Does your firm have in effect any service fees?" Favoring mandatory charges, 96 voted yes, 93 no. Favoring voluntary charges, 39 yes, 59 no.

The committee of the association found in summing up the results of the voting that:

"Service fees now charged by 135 firms responding to the questionnaire varied greatly in amount and services covered. This was particularly true in so far as Questions 1 through 4 were concerned.

"Service fees now charged by firms on inactive accounts ranged from approximately $1 to $5 per month, with allowance for interest and commissions earned being made either at the end of a monthly, quarterly or semiannual period.

"Although answers to Qestion 7 (the one asking whether mandatory or voluntary fees should be imposed) indicate that a majority of the firms replying to the questionnaire favor the principle of mandatory service fees, it should be noted that many of these firms were of the opinion that only certain types of fees should be placed within the mandatory classification. Therefore, it would seem obvious that the adoption of over-all mandatory service fees at this time would meet with opposition from a large section of our community and would provoke considerable controversy."

W. G. Riley Joins Peter P. McDermott

William G. Riley is now associated with Peter P. McDermott & Co., 65 Broadway, New York City, members of the New York Stock Exchange, in the trading department. Mr. Riley was previously with the New York office of Blair F. Claybaugh Co., was with Kobbe, Gearhart & Co., Inc., and in the past conducted his own investment business in New York City.

Issues Attractive

Atlantic Coast Line 5s of 1945 and South American Gold & Platinum Company, although widely different, both offer interesting possibilities according to circulars being distributed by Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange. Copies of the circulars discussing the current situation in both issues may be had from the firm upon request.

EMPIRE GAS AND FUEL COMPANY

Recapitalization Plan

Empire Gas & Fuel Company, a subsidiary of Cities Service Company, is a holding company which controls, directly or indirectly, subsidiaries engaged in the production, refining, transportation and marketing of petroleum and petroleum products. Some subsidiaries also produce and transport natural gas. Empire's two principal subsidiaries are:

Cities Service Oil Co. (Del.)
Cities Service Gas Co.

They also have substantial investments in:

Texas-Empire Pipe Line Co.
Texas-Empire Pipe Line Co. of Texas
Kaw Pipe Line Co.
Texas-New Mexico Pipe Line Co.
Great Lakes Pipe Line Co.

These properties are carried on Empire's consolidated balance sheet at $199,758,000 after depreciation and depletion reserves of $118,800,000. The properties produced gross revenues of $91,000,000 in 1941 on a consolidated basis and net income of $7,927,000.

Consolidated capitalization of Empire Gas & Fuel at Dec. 31, 1941, consisted of the following:

LONG TERM DEBT	
2% notes payable to banks	$4,700,000
Notes payable to Cities Service Co.	40,250,000
Subsidiary obligations	120,846,000
1½% notes payable	1,070,000
Total funded debt	$166,866,000
Preferred Stock ($100 par)—	
8% cum.	128,269 shares
7% cum.	235,209 shares
6½% cum.	32,873 shares
6% cum.	68,953 shares
Common Stock	750,000 shares

Giving effect to the issuance of the proposed debentures, the pro forma consolidated capitalization will consist of $58,789,000 of subsidiary debt, $21,534,800 of the new debentures, $5,770,000 of notes payable of Empire Gas & Fuel, and $102,307,000 of notes payable to Cities Service Co. which will be subordinated as set forth below.

All the common stock is owned by Cities Service Company, the parent. The parent company also owns 85,525 shares of the 8% preferred, 235,885 shares of the 7%, 27,397 shares of the 6½% and 48,746 shares of the 6% preferred stock. Of a total par value of $52,530,437 of preferred stock capital, then, Cities Service owns $39,755,336, or 75.7%. The remainder, or $12,775,101, is outstanding in the hands of the public as follows:

8% preferred	42,744 shares
7% preferred	59,324 shares
6½% preferred	5,476 shares
6% preferred	20,207 shares

At Dec. 31, 1941, total preferred dividend arrears of $35,650,100 had accumulated against which Empire Gas & Fuel has set up reserves of $20,770,058. Such arrears on the four issues were, on a per share basis: 8%, $76.66⅔; 7%, $67.08⅓; 6½%, $62.29⅙; 6%, $57.50.

According to a recapitalization plan recently filed with the SEC, Empire Gas & Fuel intends to issue $21,534,800 of 3½% debentures, due 1962, in exchange for the various issues of preferred in the hands of the public plus arrears thereon. The preferred owned by Cities Service would not participate in the exchange. Such new debentures are to be issued in a principal amount equal to the par value of the preferred stock holdings plus the arrears to Jan. 1, 1942. Empire Gas proposes to exchange debentures for preferred stock at the following rates:

Holders of—	Prin. Amt. For Each Sh
8% pfd. will receive	$176.66⅔
7% pfd. will receive	167.08⅓
6½% pfd. will receive	162.29 1/6
6% pfd. will receive	157.50

The preferred stock owned by Cities Service Company, which will not participate, will remain outstanding. As part of the plan, Cities Service Company would transfer to Empire $62,057,000 of indebtedness owing to Cities Service Co. by Cities Service Gas Co. and Cities Service Oil Co. (Del.) in exchange for an equal principal amount of unsecured indebtedness of Empire. This indebtedness, together with the present $40,250,000 secured indebtedness of Empire to Cities Service, aggregating $102,307,000, would be represented by the promissory notes of Empire payable on or before Jan. 1, 1963, and would be subordinated to the new 3½% debentures as to both principal and interest. All holdings and interests of Cities Service and its subsidiaries would be subordinate in rank to the debentures. A sinking fund beginning Dec. 15, 1942, would retire all debentures by maturity. The debentures would be redeemable at par to maturity.

On a pro-forma basis the following income accounts (consolidated) of Empire Gas & Fuel for 1940 and 1941 show the wide coverage afforded the senior-ranking interest on the proposed debentures:

	1941 (000s)	1940 (000s)
Gross revenues	$91,081	$89,23
Costs & oper. exps.	39,229	43,22
Selling, gen. & adm. exps.	10,803	10,69
Maintenance & repairs	3,390	3,28
Taxes other than Federal	3,258	2,99
Rents & royalties	1,611	1,57
Depreciation & depletion	13,607	13,14
Lease rentals & cancel.	1,573	2,03
Dry hole losses, etc.	916	73
Operating income	16,691	11,56
Other income	79	6
Income from pipeline cos.	2,832	2,25
*Available for fixed charges	19,603	13,89
Debenture interest	754	754
Interest on subsidiary debt	773	96
Other interest, etc.	2,037	2,73
Interest on Cities Service oblig.	5,999	5,90
*Total int.—X-earned	2.09	1.43
†F. C.—X-earned	5.49	2.65

*Before Federal taxes.
†Excluding interest on subordinated debt.

The plan will not become effective until approved by a majority of the common and preferred, comprising also a majority of the preferred held by others than Cities Service. If so approved, the plan becomes operative when and if, prior to Oct. 1, 1942, 85% or more of the publicly held preferred express their desire to exchange their shares for debentures.

The company reserves the right to extend said date to Dec. 31, 1942, and the further right, with SEC approval, to declare the plan operative on a lesser percentage than 85%.

Rail Bond Letter

This week's issue of Leroy A. Strasburger & Co.'s Railroad Bond letter will include easily comparable earnings figures for most major railroad systems for June and six months of 1942, together with some suggestions which, the firm believes, offer better than average attraction. Copies are available to dealers only and may be had upon request from Leroy A. Strasburger & Co., 1 Wall Street, New York City.

Clark & Eyman Join B. W. Pizzini & Co.

The firm of Clark, Kohl & Eyman will be dissolved as of Aug. 1, on which date William C. Clark and Carl E. Eyman will become associated with B. W. Pizzini & Co., 52 Broadway, New York City, specialists in railroad securities.

C. R. Bergherm With Alien Property Custodian

CHICAGO, ILL.—C. Russell Bergherm has resigned as Vice-President of the Chicago Stock Exchange, effective immediately, to accept a position with the Alien Property Custodian in the New York office, it was announced by Kenneth L. Smith, President of the Exchange.

After graduation from Northwestern University in 1930, Mr. Bergherm was associated with Paine, Webber & Co. for five years and the Chicago Board of Trade for two years before joining the Exchange staff early in 1937 to take charge of the auditing department of the Exchange. Mr. Bergherm is a member of the Illinois Society of Certified Public Accountants.

Broker-Dealer-Customer Problem Subject Of Study

A booklet entitled "The Broker-Dealer-Customer Problem," which discusses dealers' profits, broker's commissions and the trend of recent regulation has just been prepared by Morris Cohon, 42 Broadway, New York City. In the opinion of the author, this is the first time that a study on this subject has been made available in printed form.

Mr. Cohon makes several constructive suggestions regarding the kind of profit a dealer is entitled to, and helps to clarify the confusion which has always existed in this matter. Among other pertinent facts, the booklet contains specific cases on which the SEC has recently handed down rulings.

Copies of the booklet, which is available only to security dealers and brokers, may be had from Morris Cohon at a cost of twenty-five cents a copy (coin or stamps).

Insurance Looks Good

Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges, have just issued a series of statistical studies on a number of insurance companies which offer, they believe, interesting situations at the present time. These studies are on Agricultural Insurance Company, Fireman's Fund Insurance Company, Glens Falls Insurance Company, Pacific Indemnity Company, Phoenix Insurance Company, Republic Insurance Company, United States Fire Insurance Company, United States Guarantee Company and Westchester Fire Insurance Companies. Copies of the circular may be had upon request by writing to the Bank and Insurance Stocks Department of Mackubin, Legg & Co. in Baltimore.

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SEC Dealers Confer On Uniform Reporting

A group of leaders in the investment industry conferred in Philadelphia on July 28 with representatives of the Securities and Exchange Commission on the question of developing uniform reporting to Federal and State agencies and others. The meeting of the group was the outcome of the first joint conference of financial leaders and the SEC on July 20 to work out problems confronting the industry as well as the Commission, referred to in these columns July 23, page 265.

Attending the meeting according to the "Wall Street Journal" were Edgar Scott, President, and Thomas B. Gravatt, Assistant Secretary and Assistant Treasurer, Philadelphia Stock Exchange; W. W. Peake, Executive Secretary of the Association of Stock Exchange Firms; Arthur H. Franklin, Treasurer, New York Stock Exchange, and William Gould, National Association of Security Dealers, Inc.

Representing the Commission were James A. Treanor, Jr., Director of the Trading and Exchange Division; Michael J. La Padula, Supervising Accountant; Olga Steig, Assistant Director of the Trading Division in the Over-The-Counter Section, and William Werentz, Chief Accountant of the Commission.

In reporting on the meeting, the "Wall Street Journal" of July 29 in advices from Philadelphia said:

"Mr. Treanor said that the meeting discussed the simplification of reports so as to have uniformity in the reporting by investment houses of financial statements. That is to say instead of having a different report for each agency, such as the SEC, state securities commissions, NASD and stock exchanges requiring financial statements from members, there would be one form of report so that a firm could make out one form and carbons and send them to the different agencies requiring such statements. This would result in a saving of both time and expenses."

The same group, together with other financial leaders and representatives of State securities commissions, is scheduled to meet tomorrow (July 31) in Cleveland.

Lamont Resigns Post To Enter U. S. Army

Thomas S. Lamont, a Vice-President of J. P. Morgan & Co., Inc., has resigned the presidency of the Greater New York Fund to take up active duty as a Major in the United States Army. Mr. Lamont, who is the son of Thomas W. Lamont, Senior Vice-President of J. P. Morgan & Co., is a director of the following corporations: The Continental Oil Co., the North British and Mercantile Insurance Co., Ltd.; the Phelps Dodge Corporation and the Texas Gulf Sulphur Co. He also is a trustee of the Community Service Society of New York and the University in Exile and Treasurer of the Edgewater Creche and a member of the Chamber of Commerce of the State of New York and the Reserve City Bankers' Association.

In announcing the resignation of Mr. Lamont, Walter S. Gifford, President of the American Telephone and Telegraph Co. and the Chairman of the Fund's Executive Committee, made public the following text of Mr. Lamont's letter of resignation:

"Since I have been ordered to active duty in the United States Army, I hereby tender with great regret my resignation as President and as a member of the Executive Committee of the Greater New York Fund and trust that you will present my resignation at the next meeting of the Executive Committee.

"It goes without saying that, so far as concerns the Greater New York Fund, I dislike having to give up my association with it, particularly at this time. I have deemed it a privilege to work with the other members of the Executive Committee and with Mr. Falconer and the other members of the Fund."

Mr. Gifford said that James G. Blaine, Chairman of the Fund's Board of Directors, will take over the duties of the President until the election of a successor to Mr. Lamont. "All of us at the Fund," said Mr. Gifford, "feel a real sense of loss in the resignation of Mr. Lamont. We lose a leader and friend, who has proved of inestimable value to the Fund from its very beginning. I am glad that he has consented to remain a member of our board of directors even while serving with the armed forces." Mr. Lamont has been with the firm of J. P. Morgan and Co. for 18 years.

Einar Johnson With E. C. Williams Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—Einar F. Johnson has become associated with E. C. Williams Co., Pioneer Building. Mr. Johnson was formerly for many years with J. M. Dain & Co. of Minneapolis in charge of trading.

Livingstone With Maxwell

(Special to The Financial Chronicle)

BOSTON, MASS.—Murray E. Livingstone has become associated with Maxwell & Co., Inc., 24 Milk Street. Mr. Livingstone conducted his own investment business and prior thereto was with F. S. Bryant & Co., Dierdorff & Co. and Chas. A. Day & Co.

Radio Talk On Fed. Taxes

Prof. Harley L. Lutz of Princeton University will speak on "Federal Taxes and Local Government" over the Columbia Broadcasting System (Station WABC, New York) tonight (July 30), at 10:30 p.m.

Demands That NASD Reveal Real Purpose Behind Minimum Capital Proposal

Leslie B. d'Avidgor of Leslie B. d'Avidgor Co., 52 Broadway, New York City, addressed the letter given below, which is self explanatory, to the National Association of Securities Dealers, Inc. under date of July 27. Mr. d'Avigdor told the "Chronicle" he believes the minimum capital proposal is inconsistent with the American philosophy of government and means to fight to the last ditch to prevent the Association from excluding a dealer or broker from membership because he is lacking in wealth.

National Association of Securities Dealers, Inc.
1616 Walnut Street,
Philadelphia, Pa.
Gentlemen:—

You ignored our letter to you—dated over two weeks ago.* The issue of courtesy doesn't concern us any more than it seems to concern you but as members we feel that we have the right to an elucidation of your reasons for desiring minimum capital requirements.

We CHALLENGE your claim that it would get our business recognized as a "profession operating on a high plane of public service." Call it a business or a profession, as you like, but a *high* plane of public service is attained in only one fashion, as the name implies: SERVICE, and no amount of money, be it $5,000 or $500,000, can be substituted for the latter.

We CHALLENGE your claim that the Association's budget has not permitted the scrutinizing of members' business practices closely enough. If so, why wasn't more money spent for supervision? Surely, members would have submitted gladly to higher assessments until this condition was corrected.

We CHALLENGE your attempt to transform an organization soundly conceived, into a club having a $5,000 initiation credential, because of your failure to enforce its ideals and rules.

We CHALLENGE your attempt to cure the ills existing in our membership by taking this means of lessening your work.

In conclusion, the reasons you have advanced are such that a moron couldn't swallow them in good faith. We repeat our question: "What is the purpose of this proposed pogrom?"

Very truly yours,
LESLIE B. d'AVIDGOR

P. S. THIS LETTER IS AN OPEN ONE.

* Mr. d'Avigdor's original letter to the NASD appeared on page 103 in the "Chronicle" of July 9, under Dealer Letter No. 38.

Interprets Decision Of Numerous Dealers To Refrain From Voting On Minimum Capital Plan

As pointed out in the front-page article which appeared in our issue of July 23 (first section), the balloting results on the NASD minimum capital proposal (Article 1, Section 1), disclosed that approximately 700 dealers, representing almost 28% of the aggregate eligible vote, refrained from voting on what was unquestionably the most important of the contemplated changes in the rules and by-laws of the association. This fact, it was suggested, was of prime significance in view of the fact that 700 dealers did vote against the measure, which received an approving vote of about 1,200. With reference to the large number of non-voters, we have received the following letter:

DEALER NO. 49

Referring to your editorial in your issue of July 23 about the recent NASD referendum, it is probable that many of those who failed to vote figured matters out as we did.

We believed that a majority of those voting would vote in favor of the minimum capital requirement, and that the only way to defeat this undesirable requirement was for 51% or more of the membership to refrain from voting.

We did not believe that the chance of 51% failing to vote was very good, but we felt that the chance was nil that a majority of those voting would vote against the amendment.

If you give any publicity to this letter, please be sure to leave out our name and the location, both as to city and State—(From a Southern Dealer).

Canadian War Output Shows Further Gains

The Bank of Montreal reports, in its July 22 "Business Summary," that "gains in production for war purposes, with increasing restriction upon non-essential production, featured the course of business during the past month. The total value of war contracts placed in Canada has now reached the $5,000,000,000 mark; of this total, says the bank, roughly $2,454,000,000 has been on Canadian account, $2,046,000,000 on British account and $377,000,000 on joint account. The allocation of the expenditures on Canadian account includes: ships, $437,000,000; planes, $420,000,000; automotive military equipment, $228,000,000; construction, $224,000,000; ordnance, $211,000,000, and clothing, $160,000,000.

"Meanwhile," the bank observes, "co-ordination of the industrial war programs of the United States and Canada has been brought nearer completion as the result of a decision that after July 31 all prime contractors or users of raw metals in Canada must conform to the United States Production Requirements Plan and to the Allocation Classification System which is a part of it. The basic object of the new program is to control effectively, on the whole North American Continent, the supplies of raw metals essential for the production of munitions and to allocate the supplies available among the prime contractors and other users. The system is mandatory for all manufacturers who use $5,000 worth of raw metals quarterly and it is expected to have far-reaching consequences for the better integration of the supply programs of the fighting services, but it will also lead to further curtailments of civilian industry and to limitations upon the construction of new war plants."

THE BOND SELECTOR

CANADIAN GOVERNMENT BONDS

All Issues, Including Canadian and U. S. Dollar Bonds, Considered Sound Investments

Just nine months ago—Oct. 23, 1941, to be exact—we reviewed in this column the outlook for Dominion of Canada bonds. At the time, several factors were discussed as having been responsible for the sharp recovery in all issues, and particularly those payable in Canadian funds. Among the factors were the internal fiscal policies of the Dominion Government, the implementation of the Hyde Park Declaration, and the general economic collaboration between Canada and this country.

A great deal of water has run over the dam since October, 1941, and the course of the war certainly has not been favorable to the United Nations. Despite the unhappy course of military events on all fronts, Canadian bonds all have advanced substantially and are now selling near their highs since September, 1939. The largest advances have again been registered in quotations for Canadian dollar issues in New York as the result of firmness in Canadian funds here. Firmness in Canadian funds, however, has been due as much to Dominion fiscal policies as to lend-lease or other matters of economic cooperation between the two countries. Some attention to Canada's handling of her war-time financial burdens is consequently necessary to understand the position of the country's outstanding debt.

As far as business news from Canada is concerned, it is extremely good, and there has been no change in the general uptrend that has marked such activity since the beginning of the war. While this uptrend shows some signs of flattening out, all economic indexes confirm earlier predictions that new all-time records would be established this year. Employment continues to expand, payrolls are increasing, carloadings are up and the export movement is at a new peak.

For the first four months of the year, exports from Canada were running at an indicated annual rate of $2,000,000,000, and May exports probably were close to the quarter-billion mark, far in excess of any previous monthly total. During 1941, exports averaged $137,800,000, while the average for the 10-year period, 1931-40, was $65,480,000.

More important than anything else in the Canadian situation, however, is the tremendous Fourth War Budget recently handed down by Finance Minister Ilsley. This budget calls for a grand total of expenditures for the fiscal year to end March 31, 1943, of no less than $3,900,000,000, which is equivalent to more than 60% of the probable national income (income produced). The budget makes allowance for the fact that the current estimate of $2,200,000,000 for direct war expenditures and the $1,000,000,000 British advance will undoubtedly have to be supplemented by additional appropriations before the fiscal year runs out.

Projected revenues for the current fiscal year are set at $2,100,000,000 and are to be collected by a big increase in personal income taxes (with a portion of the increase returnable after the war), a boost in the excess profits tax from 75% to 100%, with provision for a post-war refund of 20% with interest at 2%, plus new and additional excise taxes. Deducting the $2,100,000,000 of expected revenues from the budget of $3,900,000,000, leaves an indicated budgetary deficit of roundly $1,800,000,000; this figure, however, omits the fact that approximately $95,000,000 will enter the Treasury in the form of refundable taxes, so that total required new borrowing will be reduced to about $1,700,000,000.

Although, as was pointed out in our previous discussion of Canadian fiscal policies for the 1941-42 year, revenue then took care of 78% of total expenditures in that fiscal period, the magnitude of Canada's war financing has brought the ratio down to 52% for the 1942-43 fiscal year. The 1941-42 figure, however, did not include the $1,000,000,000 loan to Great Britain; revenues equaled only 50% of combined budget expenditures and war advances.

It is, therefore, encouraging upon analyzing the budget to find that over half of the Dominion's budgetary outlay will again be made up through taxation despite the sharp increase in expenditures. One interesting aspect of the picture, of course, is that the heavy requirements of raising the balance through bond issues may be more than the Canadian market can absorb. It is perfectly possible that the United States money market may be approached for flotation of a Canadian issue in the not too distant future.

Merely to show the comparison between prices for certain Canadian issues last October and at the present time, the following quotations are listed:

DOMINION OF CANADA BONDS
(Quotations in U. S. Funds)

	*2¼s-44	3s-58	*3s-67	3¼s-51	*3¼s-61 Opt. '56	*4s-60
1942—						
July 20	100¼-100½	87½-88½	95 -95¼	89 -90½	99¼-99½	101½-102½
1941—						
Oct. 11	99 -99¼	82 -83½	94½-95	84 -86	98 -99	104 -104½

*Payable in U. S. funds.

Canadian bonds appear to have considerable investment attraction both for the near and long term. There is little question but that the strong economic and financial ties between the two countries will increase and that the results will be translated into higher prices for all issues.

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)
AKRON, OHIO—**Wade V. Aydelotte** has become associated with the **First Cleveland Corp.**, whose main office is located in the National City Bank Building, Cleveland, Ohio.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Eleanor L. O'Connor** has joined the staff of **Harlow Kays & Co., Inc.**, 111 Devonshire Street.

(Special to The Financial Chronicle)
DIXON, ILL.—**Glen F. Coe** has become associated with **A. C. Allyn & Co., Inc.** Mr. Coe formerly represented Bond & Goodwin, Inc., of Illinois in Dixon and prior thereto conducted his own securities business.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**George Raymond Savage** has become associated with **Patterson, Copeland & Kendall, Inc.**, 231 South La Salle Street. Mr. Savage was formerly for many years connected with Riter & Co.

(Special to The Financial Chronicle)
HUTCHINSON, KANS.—**Hedge T. Hansen** has been added to the staff of **Goffe & Carkener, Inc.**

(Special to The Financial Chronicle)
KANSAS CITY, MO.—**James Henry Matthews** has become connected with **Barrett Herrick & Co., Inc.**, 1012 Baltimore Avenue. Mr. Matthews was previously with Alexander & Co. and prior thereto was with John J. Seerley & Co., Inc.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**William D. Channer** has rejoined the staff of **E. F. Hutton & Company**, 623 South Spring Street. Mr. Channer was recently with J. A. Hogle & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Reuben F. Ruth, Jr.**, has become affiliated with **Witherspoon & Co., Inc.**, 215 West Seventh Street. Mr. Ruth was formerly with G. Brashears & Co. and was in business for himself.

(Special to The Financial Chronicle)
ORLANDO, FLA.—**Benjamin E. Arnold** and **Marguerite C. Gregory** have become connected with **United Securities Corporation**, Biscayne Building, Miami. Fla. Mr. Arnold was formerly with Guaranty Underwriters, Inc., and prior thereto was with Florida Bond & Share, Inc.

(Special to The Financial Chronicle)
PORTLAND, ORE.—**J. H. Reed** has become associated with **Holt, Robbins & Co.**, Porter Building. Mr. Reed was previously with Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Shelley H. Chastain** has been added to the staff of **Max I. Koshland & Co.**, Mills Building. Mr. Chastain was formerly with Gibbons & Hess.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**John F. Connolly**, previously with Mitchum, Tully & Co., is now with **Shuman, Agnew & Co.**, 300 Montgomery Street.

(Special to The Financial Chronicle)
SEATTLE, WASH.—**B. D. Vanderveer** has joined the staff of **Lobe and Jordan, Inc.**, Insurance Building.

(Special to The Financial Chronicle)
WARREN, OHIO—**William J. Wallace** has become associated with **McDonald-Coolidge & Co.**, Union Commerce Building, Cleveland, Ohio. Mr. Wallace was formerly manager of the Warren, Ohio, office of Butler, Wick & Co., with which he had been associated for many years.

(Special to The Financial Chronicle)
WICHITA, KANS.—**Thomas W. Myers** is with **Harris, Upham & Co.**, First National Bank Building.

Strauss Bros. Open New Chicago Office

CHICAGO, ILL.—Strauss Bros. announce the opening of an office in the Board of Trade Building with direct private wire service to the firm's New York office, 32 Broadway. The new branch will be in charge of Bernard J. Cunningham.

G. A. FitzSimons Now With Apgar, Daniels

(Special to The Financial Chronicle)
CHICAGO, ILL. — George A. FitzSimons was formerly in the with the trading department of Apgar, Daniels & Co., 120 South La Salle Street, members of the Chicago Stock Exchange. Mr. FitzSimons was formerly in the trading department of Bond & Goodwin Incorporated.

Situation Interesting

An interesting descriptive circular on St. Louis Public Service Company and its securities has just been issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of the circular, discussing briefly the situation in these securities, which offer attractive possibilities for income and appreciation according to Scherck, Richter Company, may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Current decline technical and nullified by strong rail action. Dow's "validating" indications present in current market picture. Consider present market in good shape.

The ink was hardly dry on last week's column when the market began showing still another facet. For instead of the market going right ahead on the up side it stayed in its corner snoring gently. Now a dull market at this stage of the market cycle is not bad. It's certainly preferable to an outright decline. But I hadn't bargained on the rails coming forward and taking their bow on the speculative stage.

* * *

For months now the rails had been staggering all over the place acting one day as if they were ready to move forward and the next day as if all they wanted was just to be left alone. But in the latter part of last week they suddenly started making noises as if they too had had a shot of vitamin A or B, or whatever vitamin it is that makes things hum. The rails are one group which have been throwing signals for months. On occasions they made good. But seldom was their success sustained over more than a three day period. This was unfortunate for two reasons.

* * *

By refusing to confirm any previous signals they nullified the Dow theory by non-confirmation; they refused to recognize the improvement in their statistical positions. Of the latter I am frankly suspicious. Statistics are very nice to trot out for the purpose of demonstrating that a stock which was down was still a good buy. Yet I seldom knew of any successful speculation which concerned itself with basic figures. Still it's nice to see sound earnings behind a security even if its market action is nothing to sing about. But to get back to the market and the part the rails are playing.

(Continued on page 365)

RAILROAD SECURITIES

Railroad bond men, constantly on the lookout for an opportunity to realize a high yield on a sound and improving situation, have been contemplating with increasing interest the Toledo, St. Louis & Western 1st 4s, 1950. Selling at 85, this underlying mortgage of the Nickel Plate system affords a maturity yield of better than 6.50% and a current income return of 4.71%. On the basis of financial progress made by the Nickel Plate management in the last year or so, and considering that a high level of earnings appears assured at least through 1943, any fears there might have been as to payment of the small mortgage are beginning to evaporate.

Aside from regular serial equipments and the small bank loan which will be extinguished within a few months, the only maturities coming before the Toledo, St. Louis & Western are the two strong first mortgage liens in 1947. These were outstanding in the amount of $22,986,000 as of the end of last year and have probably been reduced somewhat since that date.

The Toledo, St. Louis & Western bonds are outstanding in the amount of $6,500,000 and are secured by direct first lien on the important mileage extending from Toledo to East St. Louis. Traffic movement on this line is not so heavy as on the main lines covered by the two 1947 maturities, but density is fairly heavy and indicated earning power is sufficient to support the bonds under even the most severe depression conditions. As a matter of fact, full interest on all of the company's present mortgage debt (including the junior refunding series) would have been covered in every year of the depression decade with the exception of 1932. With this background it is felt that holders of the Toledo, St. Louis & Western bonds could look forward to undisturbed treatment, except perhaps for an extension of maturity, even in the unlikely event that the road underwent reorganization.

There have been two major factors leading to fears as to the company's continued solvency in the past. The most important was the recurring maturity of the unsecured 6% notes which were regularly extended. These notes have now been virtually eliminated, and the balance extended beyond the maturity of the Toledo, St. Louis & Western bonds. The second consideration has been the guarantee, with New York Central, of the Cleveland Union Terminal bonds. This is still a factor inasmuch as Nickel Plate could obviously not meet the entire obligation should New York Central default. However, any claim of Cleveland Union Terminal bond holders against Nickel Plate on account of this obligation would be in the nature of an unsecured claim. It would rank junior to the claim of the road's own mortgage bond holders and would not influence the treatment of the latter in reorganization.

Even during the trying years from 1932 through 1940 the Nickel Plate management was able to accomplish some net reduction in its debt and fixed charges. It was not until 1941, however, that any spectacular progress was made. Last year the company retired close to $27,000,000 of non-equipment debt, amounting to almost 17% of the total outstanding at the beginning of the year. Fixed charges have been reduced to $5,800,000, or 26.7% below the level prevailing 10 years ago. More than half of the debt retired last year was met out of earnings and treasury cash, the balance being met through the sale of Wheeling & Lake Erie prior lien stock and a bank loan of $2,400,000 which matures serially this year.

In the current year to date Nickel Plate's earnings have been adversely affected by heavy tax accruals which have more than offset the sharp rise in traffic and revenues. The decline in net has not been large, however, and it now appears likely that for the full year the company will show sufficient earnings to devote at least $10,000,000 to additional debt retirement, leaving a balance of $7,600,000 for bonds after taking care of the bank loan. With such a fund the company would be able to provide for one-third of the 1947 maturities. As an alternative, it is possible that the company might use the funds to retire the balance of the unsecured 6% notes due in 1950, which would result in a more substantial interest reduction.

In any event, it should be possible to reduce the total fixed charge burden at least to $5,500,000 by the end of the year and to around $5,000,000 if, as seems assured at this time, traffic and earnings hold to high levels throughout 1943. This would make the company virtually depression proof, particularly as the bulk of the debt (70% of the amount outstanding as of the end of last year) has more than 30 years to run.

On a long term basis Nickel Plate has shown remarkable resistence to the adverse trends within the industry, and it is expected that this better-than-average performance will be continued after a return to a peace economy. Even in 1940, before the real war boom got under way, revenues of Nickel Plate were 89.4% of the 1928-1930 average, while 1941 gross and net income were the best in the company's history. The company never had an important stake in passenger business and a large part of its industrial freight is represented by the inbound movement of bulk raw materials and fuel. It has therefore not been so vulnerable as other roads to highway competition. Also, the company carries an unusually large volume of agricultural freight for an industrial road, which gives it a measure of stability in periods of industrial depression. These factors are permanent considerations.

Succeeds Case, Bosch Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Gaylord J. Case has succeeded to the investment business of Case, Bosch & Co. and will continue the business from the same offices at 208 South La Salle Street. Logan A. Rozelle and John Michael Sherly will continue to be associated with Mr. Case.

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—40%; low—14¾; July 29 price—30.

Bank and Insurance Stocks

This Week — Bank Stocks

In judging the outlook for bank earnings, the most important factor over the next 12 months is the prospective huge expansion in commercial banks' holdings of Government securities. The increased gross earnings resulting from such expansion, even at low net returns after higher taxes, will likely offset increased costs and taxes, and allow the bringing down to net income of a portion of the improvement in gross. Yet the feeling persists in some investors' minds that these are "fictitious" earnings, that they are artificially created and should not be accorded their due weight.

It is difficult to see why bank earnings resulting from large scale support of the Government's war financing program, should be any less real than the war-stimulated earnings of an industrial or a railroad, for example, also doing their share in the war effort. The commercial banks' role in financing the war is a vital and necessary one. Despite a record-breaking tax bill of $8,739,000,000 proposed by the Treasury, it is estimated that the Government will nevertheless have to borrow about $50,000,000,000 for the current fiscal year alone. Despite what appear to be optimistic estimates of sales of bonds to the public, it is figured that commercial banks will be expected to take at least $24,000,000,000 of this financing, a volume which would double their holdings of Government securities as compared with that reported on June 30, 1942. Even at just 2% gross and 1.1% net yield after 45% proposed scale of normal tax and surtax, a substantial addition to gross earnings is indicated.

These earnings are real, but of course banks are fully aware of the necessity for ultra-conservative policies in the treatment of these earnings. Reserves will be further strengthened against the possibility that some day the moderate improvement in operating results might be wiped out by possible depreciation in market value of holdings. Dividends will be kept at conservative ratios to improved current earnings, some banks in fact appearing to lean over backwards in charging higher taxes out of stockholders dividends and thus reducing dividends. But such conservatism in treating war-created profits is just as current in other lines as in the banking field. The railroads, for example, are experiencing substantial expansion in cash position created by war-stimulated earnings, but many of them are conserving the cash for use in meeting future maturities and for post-war uncertainties, instead of resuming dividends on equities or buying up discount bonds in the open market.

What troubles some investors basically upon seeing expansion in bank holdings of Governments is the broadened base for inflation that it entails. This is quite different, however, from terming improvement in bank earnings "fictitious." Every time a commercial bank buys a bond, so long as it is not bought from another commercial bank, it creates deposits somewhere along the banking system. Such deposits are owned free and clear of credit controls, such as deposits derived from loan extension, which of course can be controlled by tightened credit regulations. Thus there is nothing to prevent owners of these deposits from turning them over faster at some time in the future of relaxed economic regimentation and better outlook for profits. Even a moderate rise in the rate of turnover of the swollen supply of bank deposits would have serious inflationary repercussions.

This potential danger of inflation, however, must yield to the present and actual need for financing the war. Investors cannot reasonably expect the Treasury to borrow $50,000,000,000 in a single fiscal year without calling upon the commercial banks, which are the Treasury's best customers for Government securities, for an important share of this financing. Higher taxes, despite their severity, alone cannot carry the load. Sales to non-commercial bank investors also cannot be expected to supply the buying power. In this sense, attacks upon the Treasury's fiscal policy in selling large quantities of Government securities to the commercial banks appear unfair. It does not necessarily follow, for example, that just because bank deposits increase, prices will rise also and inflation become rampant. There is an indirect, rather than a direct connection between the money supply and the price level. In recent years, stimulated by the inflow of capital from abroad, bank deposits have steadily mounted to record totals, yet the trend of the price level showed little response, and the turnover of bank deposits declined to new lows.

The fact is, of course, that bank deposits are a passive factor and must depend for their effect upon the price level on active use by their owners. In a war regimented economy, highlighted by an increasing load of taxation, there will be little incentive to owners of bank deposits created by deficit financing to turn them over in private investment, even assuming that Government control of the capital market would permit it. True, once the increased supply of bank deposits is created, it will be difficult to deflate it out of existence. But since the necessity for financing through the banks is a pressing one in wartime, reliance must be had on other methods of controlling inflation than financing through non-commercial bank investors. The money simply must be raised.

Investors in bank stocks, therefore, may expect improvement in current bank earnings as the expansion in holdings of Governments proceeds. Book values and reserves will be strengthened. Dividends, however, may be reduced by some of the ultra-conservatives.

Our Reporter's Report

(Continued from First Page)

Since there is a total of $19,000,000,000 or thereabouts of such issues outstanding, held chiefly by institutions, trust funds, and of course wealthy individuals who bought them because of their attractiveness in tax matters, it is easy to realize the confusion which would have been wrought by any arbitrary change in their status.

Municipal bond men hope that that particular bugaboo has been laid to rest, at least for a reasonable time, and that in consequence there may be some revival of new undertakings.

Treasury Details Awaited

Announcement by the Treasury that it contemplated further new financing next month was not especially surprising in view of the known needs of the nation's exchequer to keep up with the war spending.

But it served nevertheless to curtail interest in outstanding government obligations. The market for Treasuries drifted without much sense of direction in the wake of Mr. Morgenthau's announcement.

Traders and investors alike showed a disposition to stand aside and await the details of the forthcoming program. While there is a general expectation that the "tap" offering will be reopened, it is recognized that the Treasury may adopt other plans for the time being.

Quiet Month Ahead

Underwriting circles are convinced that August will be one of the quietest summer months in recent years for a number of reasons. There is little or nothing on tap as a gleaning of issues in registration with the Securities and Exchange Commission will reveal.

Central Maine Power Company's projected refinancing is still in the wind, but presumably awaiting final touches to the revamping of the corporate structure and some improvement in the investment situation.

Meanwhile, the distributing facilities of bankers and dealers are given over pretty much to secondary stock operations, with several large blocks, one for 100,000 shares of Standard Oil of New Jersey, and a similar block of Standard Oil of California attracting most attention.

Big Stock Deal Nearing

Syndicates are forming, according to report, to compete for a large block of stock of the Public Service Company of Indiana which is expected to be placed on the market some weeks hence.

The offering involving some 400,000 shares of common stock, is understood to represent holdings of the Midland United Corp.

Under the new Securities Law, such a transfer must of necessity go through the competitive mill and in view of the dearth of new material this undertaking is expected to attract a number of bids.

Taxes and Refundings

If the new Revenue Act, passed by the House and now before the Senate, is carried with the 90% excess profits levy and the 45% corporate impost, the path will not be made any easier for corporations which might have contemplated refunding operations.

Many of the corporate reports coming to hand, of which that of the United States Steel Corporation on Tuesday was an excellent example, indicate the inroads which the new rates will make.

Meanwhile, however, the Federal Reserve Board, by action of Congress in response to its request, is in position to ease the required reserve of member banks in the New York and Chicago areas, if necessary to bolster excess reserves.

Not All The Wolves In Wall Street, Says Broker

Writing in "Notes and Comments," issued by Arthur Wiesenberger & Company, 56 Beaver Street, New York City, Washington Dodge suggests that the SEC might pause in giving aid and comfort to the investor to protect the broker from the antics of certain types of customers.

"Our own customers," Mr. Dodge declares, "few as they seem at times, are very precious to us. They are everything one could hope customers to be. Let no one of them think anything in the following paragraphs refers to him. We write of customers in general, as observed over a long period both by ourselves and by other brokers who have come to us with their tales and lamentations:

'Having passed many a rule and regulation to protect the unwary (and wary) individual from the wolfish broker, the SEC might well formulate rules and regulations to protect the sanity and well-being of brokers from the maddening antic customers. If we are, as so many hope we are, mounting the first undulations which lead to the Bull Market Mountains, such action on the part of the learned commissioners now convened in the City of Brotherly Love would be most timely. For many are the ladies and gentlemen whose consistent losses in stocks are caused by no inaptitude on the part of either themselves or their brokers but by their gross misconception of what should be the ideal customer-broker relationship.

"The types of persons most apt to defeat their own profit-making ends by so alienating their broker that he loses all interest in the account include:

"The Price Fixer. He accedes readily to recommendations but although he prides himself on never having watched a ticker he gives the broker no discretion at all. He always tries to buy an eighth below the bid and sell an eighth above the offer. Any one trade, and few are completed, demands a dozen calls and price changes.

"The Scoffer. When the broker calls to suggest that a certain stock may possibly move, the scoffer laughs incredulously and tells the broker of the many losses he has had in that very stock. He laughs at the broker's reasoning and says it could apply to a dozen other stocks. He suggests that possibly somebody is unloading on the gullible broker. He finally places a 100-share order as if he were handing the broker a dime for some coffee, and the broker is so unnerved that he takes a three-point profit just before the 15-point rise he had expected.

"The Ingrate. When this species makes a profit on his broker's suggestion he viciously retaliates with tales of much greater profits friends have made. 'But why did you say "Boeing"—all my friends bought Douglas and made twice as much. No wonder they have an SEC.'

"The Squawker. This gentleman is never happy, win or lose. He always mentions the high commissions as if they are the broker's idea of what the traffic will bear and as if they are a profit to him. He is never happy over an execution unless it is the exact high or low, and insinuates that failure to obtain these is a sign of remarkable professional ignorance or gross neglect.

"The Timid Soul. When things go right for this species he always takes full credit. 'I was smart buying that Chrysler when I did.' When they go wrong, he is innocent, 'I know you told me to sell it but why didn't you MAKE me. I thought you just had a hunch.'

"The Big Shot. He has important connections. He makes it clear that any connections the broker has are obviously inferior and worthless. When a suggestion is made he is apt to reply, 'I'll find out from headquarters and call you back.' He likes to give his broker tips. 'Buy Reo, but I can't tell you why.' If he only had time, he insists, he could show his broker how the firm could be making money by the application of sound business methods such as he uses in his own textile plant. He demands special treatment, will never talk to anyone but the senior partner, and is very hurt if the source of all the brokers' confidential information is not freely disclosed.

"The Pest. His business is even slacker than the brokerage business, or perhaps he spends his days at his club. He likes to chat. He asks for dozens of special analyses but has never been known to act upon one. Sometimes he forgets and mentions trades done through other firms. He presumes the big order he gave in 1937 when his grandmother died has hired the services of the entire firm for all eternity. When five minutes before the opening customers are being called on an almost sure thing, this gentleman is allowed to slumber.

* * *

"All of which, if it proves anything, leads to the question of what is the ideal customer. He is a man, and, sometimes a woman, who looks upon his account as a joint enterprise with his broker. He gives what credit is due and takes what blame he should. He is very apt to know the technicalities, so he does not complain over what might seem poor executions or decisions. If he does not understand them, he at least has the good sense to presume the broker is doing the best he knows how and to go on the principle that that best is sufficient or his account would be elsewhere. He appreciates the interest the broker takes in his account and takes an interest in the broker. He always passes along any information that can help the broker, and has been known to direct accounts to him. He realizes that investment and speculation are serious matters, and handles them with the attention and dignity he does other serious things."

To Be Cgo. S. E. Members

CHICAGO, ILL.—Applications were posted on July 23 for the transfer of two memberships in the Chicago Stock Exchange—one to Carman S. Brown, C. S. Brown & Co., and one to William A. Fuller.

The Securities Salesman's Corner

A Sales Letter That Worked

Presented this week is a novel sales letter. It takes the unusual route of complete candor. It actually starts out by stating the bad side of the picture — then it winds up with a request to take the writer's advice. The main point is that it worked.

Here is the background of what happened before the letter was written. The salesman called on this customer for the first time. He suggested the sale of a block of bonds which the customer owned. The outlook for the particular industry and these speculative bonds themselves was not promising. The salesman did not convince the customer to sell but he left him in a friendly frame of mind.

Several months went by and the salesman wrote friendly letters to this customer but made no more calls in person. Finally his firm became interested in an issue at around the same price level as the security the customer was still holding. He enclosed a circular in the mail and wrote on the circular that he thought that the customer should still sell the bonds he was holding and the issue his firm was recommending should be purchased in its stead. He also stated that he thought that if the customer acted promptly the exchange could be made on an "even basis," with no financial charges involved either way.

This is the letter he received from his prospect:

Dear Mr. Smith,

Thank you for your recent communication relating to XYZ Co., Inc.

If I made the even trade you suggest it would be wholly on your recommendation, because I know nothing whatever about the company.

It would assist me to decide if you gave me the past record of the company; this naturally would be more enlightening and convincing than your most expert prognostications.

Now, if you will send me relevant details of XYZ Co., Inc., I promise to give the matter careful attention, at the same time not binding myself to make the deal.

Yours very truly,
John Prospect.

This is the letter that was mailed in reply:

Dear Mr. Prospect,

As far as the past history of the XYZ Co., Inc., is concerned— it is anything but impressive. Most companies in this line of business have a pretty spotty record of earnings, as you doubtless know.

The XYZ Co. 5s are certainly not an investment — neither are the bonds you now hold an investment. But I think the XYZ 5s are a better speculation just now, than the speculation you now have.

The outlook for the textile industry is better than for the so and so industry. The XYZ Co., Inc., is part of an industry that must supply millions of yards of drills, shirtings, industrial cloths, and various cotton materials for the army. This means capacity operations. Civilian needs must be cared for later. After the war we'll have to cover our own backs and the way I see it we'll be lucky if you and I have any backs to cover.

Now I have given you a clear statement of this situation and the rest is entirely up to you. Please ship me your bonds if you wish to make the exchange.

Yours very truly,
Bill Smith.

The bonds came in. Some might say that this is not a good letter. Probably it violates most of the rules of what a good letter should say. The customer's request for figures was ignored. It is quite likely that a highly technical and involved statistical report of the past operations of the XYZ Co., Inc., would have gone for naught whereas this short personal letter did the trick.

NYSE Stock Dividends Approach 1941 Levels

Cash dividends on common stocks listed on the New York Stock Exchange were paid by more companies during the first half of 1942 than in the first six months of 1941, according to an article appearing in the July issue of "The Exchange," monthly publication of the Stock Exchange. A total of 560 listed common stock issues yielded dividends of $895,712,000 in 1942, compared with 550 dividends aggregating $961,315,000 in 1941. The average common stock on the Stock Exchange list is currently yielding 7.6%, based on estimated total dividends in 1942 and market values of June 30. The totals used in computing the average include all listed common issues—non-dividend payers as well as dividend-payers.

The magazine article continues:

"While 24.6% of dividend-paying stocks reduced their half-year's payments, no less than 25% increased them!

"In ratio to all listed common stocks—dividend paying and non-dividend paying—payments were increased by 16.7%, and about the same percentage decreased them!

"The estimated net result was an aggregate dividend disbursement 6.8% less than in the six months ended June 30, 1941.

"The half-year's exhibit, as a whole, indicates statistically that apprehension lest rising taxes and costs cause heavy dividend casualties was not borne out by results. The product of heavier taxes can hardly be forecast for the second half of 1942, and later; but the tabled information suggests that, so long as high volume production continues, a tall background of gross earnings for many listed companies should provide reasonable profits.

"While the picture of dividends paid during the first six months of this year leaves room for conjecture about the full year's results, a look at current yields on grouped stocks is interesting. Taking a number of prominent 'divisions,' the following estimates of 1942 dividends are based on six months' developments, along with yields figured on stock prices as of June 30, 1942:

Stock Groups	Estimated Dividends	Yield %
Automobile	$178,074,000	7.4
Aviation	12,212,000	10.9
Chemical	246,801,000	5.7
Electrical Equip.	73,659,000	6.8
Food	118,115,000	6.9
Mining	95,421,000	9.0
Petroleum	208,890,000	6.9
Steel, Iron, Coke	113,555,000	10.5
Tobacco	70,665,000	8.6

"The estimate of aggregate dividend payments are based, in the table, on the first six months increased by the ratio of total 1941 payments to disbursements in the first half of 1941. The estimated yield is based only on issues which paid a cash dividend during the first six months of this year.

"Any estimate of yields over a period which has yet to show its actual results is, of course, merely a guide to readers. If anything realistic has been developed by the nation's participation in the war it is that studies of equities must frequently be revised . . . especially in the light of new taxes, corporate reserve accounts, operating costs, and the tendency of debt either to rise or be paid off out of earnings."

President Creates War Relief Control Board

In an Executive Order issued July 27, President Roosevelt set up a War Relief Control Board, headed by Joseph E. Davies, with broad authority to regulate agencies collecting war relief in the United States. Mr. Davies, former Ambassador to Russia and Belgium, had been head of the original Committee on War Relief Activities, which dealt with foreign relief agencies. This group is now reconstituted to form the War Relief Control Board with the task of coordinating the activities of both domestic and foreign relief organizations and eliminating duplication of efforts.

Associated Press advices had the following to say in the matter:

"The board will have charge of registering or licensing war-relief agencies, co-ordinating the times and amounts of funds-raising campaigns, and establishing standards of solicitation. It can require financial reports and merge or eliminate agencies in the interest of efficiency or economy.

"The new Presidential order means that Mr. Davies' organization will have jurisdiction over the collection of funds for the United Service Organizations and other domestic relief agencies, whereas heretofore its authority extended only to organizations like the British and China war-relief agencies. However, the board will not exercise such powers over the Red Cross, local charitable activities of a normal character or established religious bodies.

"Mr. Davies, in a report to the President, said that, while the old committee had succeeded in reducing the number of foreign relief agencies from 700 to 300, war-relief solicitations in the domestic field had grown by leaps and bounds since the United States entered the war.

"'As there is at present no central registration or other regulatory authority,' Mr. Davies reported, 'these (domestic relief) organizations are subject to no co-ordinated supervision or control and even their number can only be estimated.

"'While actuated by the highest humanitarian motives these agencies tend to duplicate each other's efforts, causing public uncertainty and confusion.'"

Many Dividends May Be Up

In contrast to the general trend toward lower earnings, a fairly substantial number of corporations will earn more and pay larger dividends in 1942 than in 1941, according to the current issue of a Research Bulletin of Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading exchanges.

In addition to listing 23 stocks which have already paid larger dividends this year than in 1941, the Bulletin names 30 issues on which increased dividends this year are considered probable, together with 25 others whose 1942 dividends may possibly exceed those of 1941.

Pointing out that careful calculations indicate that aggregate net profits of industrial corporations this year, after all taxes, will be about 25% less than in 1941, the firm observes that earnings of a minority of companies will move upward.

"Railroad net income, for instance, is estimated to aggregate around 35% greater this year than last," the Bulletin notes. "Outside the railroad field the larger earnings in 1942 will apply chiefly to certain smaller industries."

Copies of the Bulletin may be had from Paine, Webber, Jackson & Curtis upon request.

Investment Trusts

INFLATION

"Inflation is like a dangerous disease the symptoms of which do not become evident until it has reached an advanced stage. For that reason many investors are likely to be unaware of the danger even when they should be actively taking steps to protect themselves. The investor who ignores the danger and continues to invest his funds according to tried and true investment principles—principles based on investment experience in normal times — is bound to incur serious losses.

"The German inflation lasted seven years, the French inflation ten years. Inflation is a prolonged process. Its consequences manifest themselves slowly. Inflationary developments are seldom apparent in the course of a few weeks, or even in the course of several months. In the course of several years, however, the investor who heeds the danger finds himself in an enormously better position than the investor who ignores it.

"In the United States an investment fund might be managed without any attention being paid to the danger of inflation, and in a period of several months, or even of two or three years, it might show as good or even better results than a fund managed with protection against inflation as one of its prime objectives. In the course of an entire period of inflation, however, the gains achieved by management designed to protect the investor against inflation far outweigh the intervening short term gains that might be produced by other methods."— From a reprint in the Parker Corporation's July 20 issue of the *Incorporated Investor.*

In behalf of investment companies generally it may be said that their managements are keenly aware of the dangers of inflation. Moreover, they are accustomed to taking the long-term viewpoint in their work. They know that "gains achieved by management designed to protect the investor against inflation far outweigh the intervening short-term gains that might be produced by other methods."

Investment Company Briefs

The results are in on Lord, Abbett's unique discount offering of additional Affiliated Fund shares to present holders through issuance of stock purchase warrants. (Reported in this column on May 28, last.) Here is the final score: A total of 943 Affiliated Fund stockholders exercised their warrants. This new business was shared by 127 authorized dealers during the five weeks in which the rights prevailed.

* * *

The Keystone Corporation of Boston has issued a new booklet on its Keystone Custodian Funds. The "Keystone Plan" is discussed and the net asset value of each series as of July 1, 1942 is given. Combined asset value of the ten series as of that date amounted to $33,286,000 divided as follows:

Series	Net Asset Value July 1, 1942
"B1"	$2,003,129.44
"B2"	5,942,083.78
"B3"	12,688,168.56
"B4"	6,081,099.89
"K1"	2,972,771.04
"K2"	414,836.32
"S1"	229,188.01
"S2"	982,822.76
"S3"	429,395.74
"S4"	1,542,561.89

* * *

The Broad Street Letter for July reports the net changes in the portfolio of Broad Street Investing Corp. during June as follows: New additions; Sherwin-Williams, Standard Oil (Indiana), U. S. Treasury Certificates, Series A, ⅝% due Feb. 1, 1943. Increases in holdings; Detroit Edison. De-
(Continued on page 365)

Municipal News & Notes

Disregarding Secretary Morgenthau's plea for action against "special privileges," the Senate Finance Committee on Monday rejected his recommendation for the taxation of income from outstanding issues of State and municipal securities.

Senator George, Chairman of the Committee, emphasized that the question of taxing municipals had been "left open," but remarked that if this plan were adopted it would bring virtually no money into the Treasury during the current year.

The House had already flouted Mr. Morgenthau's wishes in regard to this type of exemption, and Senator George said that the Committee's action meant there was no chance of including in the additional revenue bill introduced last Thursday the proposal to levy on municipal obligations.

Although the present strength of municipal prices is not to be attributed to tax exemption alone, since scarcity value cannot be overlooked with municipal financing less than half what it was last year, this latest development will prove a heartening influence for dealers and investors. However, the threat of indirect taxation still remains by the President's avowed desire to impose a 100% levy on all income over $25,000.

Market Displays Little Reaction

Tuesday the municipal market advanced only fractionally, taking the Senate's action more or less in stride. New York City 3s, the transit unification issue, which is broadly distributed and is therefore generally accepted as a market indicator, advanced slightly. The market was not seemingly perturbed by Senator George's statement that the Committee was still reserving decision on the Treasury proposal that all future issues of State and municipal bonds be made subject to income taxes. Ever since Secretary Morgenthau proposed the tax exemption legislation in a speech delivered in Cleveland late last January, it has been conceded that there is a good chance of legislation affecting future municipal issues.

Late in January and for some time in February, the market declined sharply on the Morgenthau proposal. Then it started a slow recovery and this rally was not preceptibly checked by recurrent reports from Washington that Congress might go all the way on the Treasury's proposition. In all these months the market was not affected by the future issue phase of the discussion.

If Congress should decree that all future issues be made taxable, the net result would be the creation of two separate markets for municipal bonds. One would be for the $18,000,000,000-odd of old bonds, still exempt from income taxes; the other would be the new issues, offering a higher yield but subject to tax.

City Budgets Rise, Revenues Decline, With Wartime Conditions

Two of every three cities in the country are spending more this year than in 1941 because of wartime budget increases for safety, health and sanitation activities, increased salaries and wages of employes, and reserve funds for emergencies, the International City Managers' Association report in a survey Monday.

The survey, of 185 cities in 32 States, shows also that only a few cities have developed new sources of revenue to meet the increasing costs, though many officials feel present revenues from local property taxes, State grants and other sources will decline to the point of bringing financial hardship.

Of the 185 cities, 62% will spend more this year than in 1941, 30% will spend less and 8% will spend about the same.

Main increases for 40 of the cities are in the fire and police departments, while 35 others say expenditures of all departments will go up. The other cities report increases for garbage collection and disposal, health service, street maintenance, civilian defense and water supply, in that order of frequency.

In more than one-third of the cities the increased expenditures are mainly for higher salaries and wages, another one-third—most of them over 25,000—have had to expand activities to meet demands of additional population, and most of the remaining cities have been forced into increased spending mainly on account of higher cost of supplies.

State Income Tax Collections Hitting Record Highs

State income taxes bid fair to become the only major source of State revenue to produce increased yields during the entire war period, the Federation of Tax Administrators said Tuesday in a report on income tax collections of 12 of the 34 States with this levy.

Rising apace with the national income, increases for 1942 fiscal year State income tax collections over 1941 ranged from 20% in Colorado to 146% in Arkansas; moreover, eight of the 12 States reported gains of more than 30%. And 1941 collections were record highs in themselves, the Federation said.

Comparison of State income tax figures with tax revenue returns from other sources indicates the income tax will be the only major State revenue source to continue increasing its yield, the Federation said. For the income tax base has continued to grow rapidly as military needs cut the bases of the motor fuel, sales and alcoholic beverage taxes—levies accounting for almost half of State revenues for the 1941 fiscal year. Only one factor, the increased Federal income taxes on corporations, appears to have possibilities of an adverse effect on income tax yields of States allowing deductions for Federal taxes paid.

"Reason for the increase in the income tax base as other tax bases fall off is that the war economy is constantly paying out larger amounts to an expanded work force while curtailing taxable goods civilians may purchase," the Federation said.

The 1941 rise in national income figures—which for the calendar year reached the record level of $94,000,000,000, 22% above the 1940 level and 13% higher than the former peak figure for 1929—has continued at an even greater pace since entrance of the United States into the war; latest reports indicate that payments to individuals, which form the bulk of the national income, now are being made at a rate which would total $110,000,000,000 a year. For the first five months of 1942 the average increases over the preceding year was 23%.

"This great rise in money payments has not only increased the average income tax liability of State taxpayers but it also has brought thousands into taxpaying brackets who previously were not liable," the Federation said. New York reported that tax returns this spring exceeded the million mark for the first time, as against 837,000 last year. Minnesota reported 39,070 more returns showing taxable liability were filed for the 1941-42 fiscal year than for 1940-41. In the first quarter of this year 352,000 persons paid an income tax in Wisconsin compared with 271,000 a year ago.

The volume of income payments in the war economy also has increased the speed with which tax liabilities are liquidated. In New York, for example, it was found that only 11% of the taxpayers chose the instalment method this year against 22% the preceding year; and while total number of taxpayers increased greatly in Colorado, the number making single income tax payments was 8,000 larger than in 1941.

Record Gasoline Taxes Last Year

For the first time in the history of gasoline taxation, State motor fuel collections were over the $1,000,000,000 mark during the calendar year, official figures just released by the United States Public Roads Administration reveal. In view of tire and gasoline rationing, however, this record may stand for some years.

Gross gasoline tax receipts for the year amounted to $1,008,170,000 before refunds. Net receipts by the States amounted to $950,956,000, a 10% increase over the $864,472,000 of net collections on gasoline during the 1940 calendar year.

Total State receipts from the two principal motor vehicle tax sources, gasoline taxes and license fees, combined, amounted to $1,441,622,000 last year, as compared with total State automotive taxes of $1,303,650,000 the previous year The figures do not include personal property taxes on motor vehicles, nor do they include the income and real estate taxes paid to some States by trucking companies.

War Bond Investments Urged for Municipalities

Cities, counties and other political subdivisions which have surplus funds on hand which aren't needed for debt reduction or operating expenses should give urgent attention to putting this money into war bonds, many bond men advise. Even though the individual amounts may run into only a few thousand dollars, added up they mean many scores if not hundreds of millions of dollars.

Oklahoma to Buy Bonds

Governor Leon C. Phillips, whose term will be completed Jan. 1, expects to invest the Oklahoma general fund surplus, estimated at $7,000,000 as of June 30, in State refunding bonds and war bonds, according to Oklahoma City advices. This move is planned, it is said, to remove, or at least reduce, the possibilities of the Legislature disposing of the surplus.

Nassau County Refunding Under Way

The Nassau County, New York, refunding program got under way Tuesday when Lehman Brothers and the Chase National Bank, as refunding agents, offered to holders of certain outstanding bonds of the county, maturing between 1943 and 1947, to exchange them for a new issue of $5,660,000 of refunding bonds, maturing from 1951 to 1960. While there are outstanding $12,447,000 of Nassau County bonds eligible for exchange the amount to be exchanged is limited to $5,660,000.

Under the terms of the plan, holders of outstanding bonds which are accepted for exchange will receive interest at the present rates, ranging from 3 to 6%, to the maturity dates of these obligations, and thereafter interest ranging from 2½ to 3% to the maturity dates of the refunding bonds.

The county's refunding program has been designed to reduce total debt service charges payable in the years 1943 to 1947, and to extend the maturity of its indebtedness. Upon the completion of the plan the average life of the county debt, which is now about seven and a half years, will be approximately eight and two-third years.

Housing Bonds Attracting Wider Interest

More and more attention is being given in municipal circles these days to local housing authority bonds and dealers report a widening investment interest in them. The New York City Housing Authority issue the other day was a case in point. Most of the bonds were almost immediately resold by the successful bidding syndicate.

This financing was formerly covered by the sale of temporary loan notes to the public and by short-term advances from the Federal Public Housing Authority. Housing authority issues in August are expected to be few, but at least half a dozen are in prospect for September.

N. J. Exempt Real Estate Found Rising

The State Taxpayers' Association recently reported that more than one-sixth of all real estate in New Jersey is tax exempt. The Association said that during the last six years the Legislature has added an average of $25,000,000 worth of property to the exempt rolls each year.

A. R. Everson, Executive Vice-President of the Association, said the value of exempt property this year is $1,158,672,113, or 17.9% of the total value of all property, $6,437,436,157.

As recently as 1936, he said, the exempt property totaled $1,002,714,706, or only 14.9% of total valuations of $6,730,918,450.

"The increase in the value of tax free property during the last six years," said Everson, "was $155,957,407.

"These huge increases in property freed from taxation are accompanied by reductions in the valuations upon which taxes are assessed. The average taxpayer therefore must bear a greater share of the cost of government to make up the loss."

Ky. County Road Bonds Reflect Better Trend

Action of the 1942 session of the Kentucky Legislature in authorizing certain county road and bridge refunding bonds to be pledged by State depositories to secure State funds calls attention to the improvement in investment quality of these obligations that has taken place since the recession period.

Steps taken by county governments and moves by the Legislature, including the 1934 sales tax law, the 1938 county debt act, and additional laws passed in 1942, have changed the calibre of these bonds from that obtaining in 1932 and 1933 when several counties went into default, it is pointed out in a study by the Bankers Bond Co., Inc., Louisville, outlining the history of the voted county road and bridge bonds from the 1914 authorizing legislation to the present time.

The State Legislature acknowledged the State's responsibility for the county issues, as well as the need for maintaining county credit, by passing the sales tax law, the study notes. One-third of sales tax collections was distributed to the counties for the primary purpose of aiding in the payment of road and bridge bonds.

Cook County, Ill., Units Reduce Debts

Cook County's six major governments reduced their total debts by more than $39,000,000 in the year ended June 30, a compilation of the quarterly statements showed Monday. The governments are the City of Chicago, the school board, the park district, the sanitary district, the county, and the forest preserves.

Debts, both long and short term, of the six governments on June 30 were $418,195,797, compared with $457,473,924 a year earlier.

Although each of the six units showed a cut in its total obligations, the general trend toward debt reduction for the year was upset by the country's mounting current debts—unpaid bills and judgments.

Of the $39,000,000 cut in total debts of the six governments $24,500,000 represented bonds, $13,000,000 tax warrants and $1,500,000 current or floating debts.

Texas Local Units Show Debt Reductions

Net bond and time warrant indebtedness of Texas local governmental units aggregated $623,777,838 at the close of 1941, which was a reduction of $17,689,756 in favor of the taxpayers during the preceding five years, according to a report of taxes and indebtedness compiled by C. H. Cavness, State auditor and efficiency expert. The aggregate indebtedness is $665,865,624, however, the various sinking funds have cash balances totaling $42,087,985.

Indebtedness of the three classes of governmental units together with the sinking fund cash balances are as follows: Counties $156,464,704, cash $11,285,370, net $145,179,334; cities $243,826,544, cash $17,265,648, net $226,560,896; districts $265,574,376, cash $13,536,968, net $252,037,408.

Compared to 1940, current outstanding warrants increased $283,351 and time warrants and bonds decreased $1,036,863; gross decrease $753,512; sinking fund balances decreased $387,634 to make the net reduction $649,228.

Montreal Refinancing Plan Makes Progress

Decision on a plan for placing the City of Montreal on a sound financial footing is expected to be reached shortly, according to Canadian advices.

Almost two years ago, the Quebec Municipal Commission brought forward a plan for $250,000,000 refinancing of the city's funded and frozen bank debt.

Principal features of the scheme were a reduction of the average interest rate from 4½% to 4%, estimated to mean an annual saving of approximately $1,300,000; orderly liquidation of the municipal indebtedness over a 35-year period, and "adequate and effective" financial control of the city's finances.

The latter feature has been a stumbling block in securing approval of Montreal's Executive Committee However, it is now understood the City Executive Committee has unofficially agreed in principle to approve the method, if it is acceptable to the creditors.

More or less along the lines of the original proposal, the plan is said to envisage financial control by a three-man Bureau of the Budget, consisting of a director of the budget, named by the creditors, chairman of the executive committee, and the city's director of departments who would be subject to removal by city council "for cause."

Professor Lutz to Make Radio Address

The Conference on State Defense announces that Professor Harley L. Lutz of Princeton University will speak on "Federal Taxes and Local Government" over the Columbia Broadcasting System (Station WABC, New York), Thursday, July 30, at 10:30 p.m.

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.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

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.

August 12

$7,900,000 Seattle, Wash.

This is the issue of municipal light and power revenue bonds originally offered on May 25, and the sale postponed because of priorities. On March 30, this year, the city awarded bonds of like nature to a group headed by John Nuveen & Co. of Chicago.

SEC Applications For Broker-Dealer Registry

The following applications were made with the SEC for registration as dealers and brokers on the dates indicated:

June 22, 1942—R. S. Hudson & Co., Inc., First National Bank Building, Dallas, Texas, Robert Scott Hudson, Mrs. Lucille Hudson, Miss Mary Bateman and Thomas Beckett, officers.

June 23, 1942—George MacDonald Dengler, 712 Ashurst Road, Penfield, Pa., a sole proprietorship.

June 26, 1942—Harold H Freund, 27 Lake Road, Rye, N. Y., a sole proprietorship.

June 29, 1942—Harold Selden Bennett, 608 Keyser Building, Baltimore, Md., a sole proprietorship; Hutchinson & Company, 314 Thatcher Building, Pueblo, Colo., Frederick Henry Johnson, Charles Richard Wydick and Bernalda Lela Hutchinson, officers, William H. Hutchinson and Robert C. Hutchinson having withdrawn from the former partnership.

Urges Scrap Collection

President Roosevelt urged the American people on July 28 to give their full cooperation in the intensified national scrap salvage campaign now under way to increase the flow of all vital scrap materials to the country's war plants. The President stressed that the drive is for all kinds of materials, not merely iron, steel and rubber, and called on the people to search their cellars, attics, garages and back yards for scrap. Mr. Roosevelt also had a good word for the $2,000,000 national advertising campaign, sponsored by private industry and aimed at telling the public the facts about what is needed and why.

FDR Signs Bill For Fla. Pipeline Canal

President Roosevelt signed on July 23 the bill authorizing the construction of a pipe line and a barge canal across Florida. The legislation, designed to help in moving gasoline and oil to the rationed Eastern seaboard, carries an authorization of $93,000,000 for construction of the projects. The bill also provides for deepening and enlarging the intra-coastal waterway from its terminus to the Mexican border. It is stated that in signing the bill, President Roosevelt reiterated his original belief in the desirability of some sort of a canal across Florida, Congressional sources said.

Completion of Congressional action on this bill was reported in these columns July 23, page 274.

FINANCIAL NOTICE

Notice to the Holders of:

Kingdom of Denmark

Twenty Year 6% External Gold Bonds, Due January 1, 1942
Thirty-Year 5½% External Loan Gold Bonds, Due August 1, 1955
Thirty-Four Year 4½% External Loan Gold Bonds, Due April 15, 1962

City of Copenhagen

Twenty-Five Year 5% Gold Bonds, Due June 1, 1952
Twenty-Five Year 4½% Gold Bonds, Due May 1, 1953

Danish Consolidated Municipal Loan

Thirty-Year 5½% External Sinking Fund Gold Bonds, Due November 1, 1955
Twenty-five Year 5% External Gold Bonds, Due February 1, 1953

Mortgage Bank of the Kingdom of Denmark
(Kongeriget Danmarks Hypotekbank)

Forty-five Year 5% Sinking Fund External Gold Bonds Series IX, of 1927
Due December 1, 1972

The undersigned Minister of Denmark in Washington makes the following statement for the information of bondholders of the above-described issues:

For the purpose of paying August 1, 1942 coupons of Kingdom of Denmark 5½% External Loan Gold Bonds, due August 1, 1955, and Danish Consolidated Municipal Loan Twenty-five Year 5% External Gold Bonds, due February 1, 1953, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

August 1, 1942 coupon payments will be subject to such licences as may be granted to paying-agents by the United States Treasury.

In conformity with my announcement of June 30, 1942, I purpose to make subsequent announcements with a view to keeping bondholders informed of further developments relating to the above-described loans.

HENRIK KAUFFMANN
Envoy Extraordinary and Minister Plenipotentiary of his Majesty the King of Denmark

Washington, D. C., July 29, 1942.

DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

COMMON DIVIDEND — NUMBER 148

At a meeting of the Board of Directors held July 27, 1942, a dividend of fifteen cents per share was declared on the Common Stock of the Company, payable September 15, 1942, to stockholders of record at the close of business August 21, 1942. Checks will be mailed.

W. M. O'CONNOR, Secretary
July 27, 1942

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held July 28, 1942, a dividend of $2.75 per share was declared on the $7 Preferred Stock of the Corporation for payment September 1, 1942, to stockholders of record at the close of business August 7, 1942.

E. H. DIXON, *Treasurer.*

The American Tobacco Company
INCORPORATED
111 Fifth Avenue, New York City

148TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on September 1, 1942, to stockholders of record at the close of business August 10, 1942. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*
July 29, 1942

DIVIDEND NOTICES

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND No. 175
COMMON DIVIDEND No. 139

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 25¢ per share on the no par value Common Stock have been declared, payable September 21, 1942, to stockholders of record at the close of business on August 28, 1942.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, July 22, 1942.

Borden's

COMMON DIVIDEND No. 130

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable September 1, 1942, to stockholders of record at the close of business August 15, 1942. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

DIVIDEND NOTICE

THE BUCKEYE PIPE LINE COMPANY
26 Broadway

New York, July 23, 1942.

A dividend of One ($1.00) Dollar per share has been declared on the Capital Stock of this Company, payable September 15, 1942, to stockholders of record at the close of business August 21, 1942.

J. R. FAST, Secretary.

ANACONDA COPPER MINING CO.,
25 Broadway,
New York, N. Y., July 23, 1942
DIVIDEND NO. 137

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable September 21, 1942, to holders of such shares of record at the close of business at 3 o'clock P. M., on September 1, 1942.

JAS. DICKSON, *Secretary & Treasurer.*

FINANCIAL NOTICE

MIDLAND VALLEY RAILROAD COMPANY

Interest Payable September 1, 1942 on
ADJUSTMENT MORTGAGE SERIES "A" AND "B" BONDS

Philadelphia, Pa.,
July 16, 1942

The Board of Directors has ascertained, determined, and declared that for the year ended June 30, 1942, 5% has been earned and is payable on the Series "A" Adjustment Mortgage Bonds and 5% has been earned and is payable on the Series "B" Adjustment Mortgage Bonds.

On and after September 1, 1942 the Fidelity-Philadelphia Trust Company, Philadelphia, Pa., will pay the following amounts for coupons surrendered:

Series "A" Bonds—Coupon No. 26—$50. on $1,000. Bonds and $25. on $500. Bonds
Series "B" Bonds—Coupon No. 22—$50. on $1,000. Bonds and $25. on $500. Bonds

C. JARED INGERSOLL,
CHAIRMAN OF THE BOARD.

NSTA Announces Slate Of Candidates For Annual Election of Officers

Joseph W. Sener of Mackubin, Legg & Co., Baltimore, President of the National Security Traders Association, Inc., announces that the slate of candidates for office for the fiscal year beginning Oct. 1, 1942, has been submitted to him by Jerome F. Tegeler of Dempsey-Tegeler & Co., St. Louis, Chairman of the Nominating Committee.

The slate, on which representatives of the organization's more than 2,000 members will vote in Chicago on Aug. 29, is as follows:

President: William Perry Brown, Newman, Brown & Co., Inc., New Orleans, La.

First Vice President: John C. Hecht, Butler-Huff & Co. of California, Los Angeles, Calif.

Second Vice President: Benjamin H. Van Keegan, Frank C. Masterson & Co., New York, N. Y.

Secretary: Edward H. Welch, Sincere & Co., Chicago, Ill.

Treasurer: Earl M. Scanlan, Earl M. Scanlan & Co., Denver, Colo.

Wm. Perry Brown

John C. Hecht

Benj. H. Van Keegan

Edward H. Welch

Earl M. Scanlan

Rise In Stock Market Now Would Not Be Without Precedent

The stock market now has behind it one of the longest periods of declining trend on record. This downward trend has already persisted, interrupted only for intermediate rallies, from November, 1938, to April, 1942, a period approximating three years and five months.

By way of comparison, the 1916-1917 decline of the previous World War lasted only about 13 months. The decline of 1919-1921 covered only one year and nine months. Even the collapse of 1929-1932 drove stock prices downward for a period lasting only two years and ten months. The 1937-1938 price decline endured for only a year.

From the standpoint of duration alone, it should be reasonable to assume that the decline in prices has by this time discounted much of the adversities which confront the Nation and its investors.

The major portion of the current period of price recession has been accompanied by improving earnings and dividends. Thus, although these factors are now turning downward, it seems probable that for some time to come earnings will be materially better than they were when prices were much higher.

Moreover, such downward adjustments of corporate earnings as are expected this year will still leave those earnings relatively high in relation to present stock prices.

If prices were now to rise in the face of declining earnings, the move would not be without precedent. There was such a price improvement in the face of earnings recession in 1918 in this country. Moreover, the English stock market experienced a very substantial rise from mid-1940 to the end of 1941, a period of receding earnings in that country.

In recent months there has been a tendency to view the post-war period with more optimism than formerly. It is reasoned that the United Nations will win the war—whatever the length of time it takes—and that in consequence they will dictate the terms of the peace.

It is also recognized that wartime restrictions on the production and consumption of many important types of goods, such as automobiles, tires, household equipment, and homes, will build up great shortages to be met when the war is over.

War makes thrift popular again. It is both patriotic and necessary to consume less, live frugally, and save money. Such savings will be available for the purchase of needed goods when war-imposed restrictions are no longer necessary. These savings may also form the basis of a new or renewed interest in investments on the part of many people.—From the semi-annual report made to shareholders by Edward P. Rubin, President, Selected American Shares, Inc.

Armed Forces 4 Million

President Roosevelt, in a brief discussion of the meat shortage on July 28, revealed that the country now had 4,000,000 men under arms. In the advices from Washington to the New York "Times" it was noted that the President cited the size of the armed forces as one of the reasons for the meat shortage in certain areas, explaining that large supplies had to be bought and held available far in advance of its consumption for the units at home and overseas. Mr. Roosevelt gave as the other reasons that it was now an off-season for meat and that people had more money with which to purchase more meat and better cuts. Emphasizing that there was plenty of food, the President said that the civilian population would feel other shortages in the future and expressed his belief that the people would willingly accept them as necessary to winning the war.

"New World Flag" Has Premier In New York

The premier unfurling of the "New World Flag," a newly created spiritual symbol of hemispheric solidarity, took place on July 24, Simon Bolivar Day, at ceremonies held simultaneously, at the Hotel New Yorker, New York City, and in Mexico City, Havana, Montreal, San Francisco and other Western Hemisphere cities. The New York ceremony included short addresses by prominent guests and the playing of the national anthems of the various countries. Among those present at the ceremony were City and Federal Government representatives, leaders in the promotion of good will among the 22 countries of the Western Hemisphere, the Father Duffy Canteen, the USAAC Ambulance Corps and a Boy Scout honor guard.

Combining the colors used in the flags of the countries of the Western Hemisphere, the "New World Flag" has diagonal stripes of red, light green, white, navy blue, light blue and dark green. The large dominating center stripe of navy blue contains a circle of 22 sun-colored stars, one for each nation of the Western Hemisphere (including Canada).

Weekly Stock Market Comments

Some lightening of speculative accounts during the past week brought generally easier tendencies.

War news, particularly from the Russian front, exerted a dampening influence on sentiment, while domestic developments involving pending tax and other legislation presented a disheartening picture.

Nevertheless the market maintained a generally firm undertone, despite the fact that there were some weak spots. It should be remembered, of course, that the market has had a more or less uninterrupted advance since the lows were established last April-May and that during the interval the industrials have retraced about 43% of the ground lost in the last phase of the decline and the rails about 33%.

Dullness and sagging prices at this period is a natural development pending a fresh survey of the outlook. Good news in the immediate future is hard to see, but if it were to materialize either at home or abroad, higher prices, in our opinion, would promptly follow. The fundamental character of the market has not changed despite continued uncertainties and reactionary periods should be welcomed for buying opportunities. In brief, equities, generally speaking, are cheap by almost any yardstick of value but they won't remain so indefinitely — they never have and never will.

A Rocky Road

The tax bill has started on its rocky road through the Senate to final enactment.

Nothing definite has been promised by the Senate in the way of a bill before September at the earliest, after which time it will have to go to the House and Senate conferees for a compromise draft. Thus the final details of the all-important war tax bill can hardly be known before early Fall and possibly not until after elections.

Nevertheless, about the worst is known with respect to corporation taxes and it makes relatively little difference whether excess profits tax rates are adjusted upward or downward from the near confiscatory level of 90% (there are, of course, numerous exceptions where a small change in the excess profits tax rate will have an appreciable effect on share earnings, particularly in capitalizations where there is considerable common stock leverage).

Earnings this year are going to be considerably lower than last year in most instances and dividend payments correspondingly smaller. As we have pointed out heretofore, declining yields on account of lower dividends is not the bearish argument in the American market any more than it was in the British market.

Some stocks which we can name seem to us to be very fully valued in relation to prospective 1942 net after taxes, but the majority appear to be rather thoroughly deflated.—*G. Y. Billard, J. R. Williston & Co.*

* * *

A Second Front—When and Where?

The populace of Great Britain, and to a lesser extent the people here in the United States, have been urging for weeks and months that a second front be opened in Europe. The Soviets, too, naturally enough have been emphasizing the great advantage of compelling the Nazis to fight a two-front war and constantly remind us that they alone are feeling the impact of the Nazi blitz. But nothing happens; and the man in the streets of the Democracies is puzzled by the lack of action. However, as against this state of puzzlement, there are far more important factors to be considered.

Perhaps there is to be no second front this year, for it may well be that the many announcements and "agreements" are merely moves in the Battle of Nerves, moves designed to compel two-front planning by Hitler, who lacks any accurate knowledge of the real plans of the Allies.

On the other hand, one commentator points out that Allied leadership is afraid of the political repercussions that would come with the heavy casualties of a second front. Another dwells on the inadequacy of shipping. A third calls attention to the fact that the western coast of Europe has been fortified by the Nazis to a depth of one hundred miles. And a fourth is convinced that North Africa is to be the important second front, emphasizing the great advantage of entirely eliminating Hitler and Mussolini from that section; thus regaining complete control of the Mediterranean and bringing within reaching distance several southern doors into Europe.

The correct answer of course is only known to the top political and military leaders of the Democracies. For they and they only are aware of the full effects of the world situation and on their judgment we are compelled to rely. Until such a time as we are permitted to learn what is developing, we can only indulge in, and listen to, cracker-barrel and kerbstone opinion.

And since the stock market is not inclined to display any important trend based on cracker-barrel and kerb-stone thinking, it is quite likely that the present dullness and aimlessness of equities will continue. For inflation talk, it is gradually becoming clear, has so far been more of a topic for endless discussion in and out of the newspapers than it has been a factor to influence the market in any substantial sense.

The situation is not unlike that obtaining 24 years ago. The stock market was dull and listless in 1918 until the pattern of events indicated that victory for the Democracies was not far away. Perhaps it is safe to conclude that the market will display a parallel pattern in this World War. For the market's action is determined by hundreds of thousands, perhaps millions, of investors. When this mass of individuals sees the victorious end of the war in sight, they will make commitments. When they see a dark future ahead, they will aim for more liquidity. When they see nothing, they will do nothing. And that appears to be about the situation at the moment, which situation of course can be substantially altered if a second front proves to be a near-at-hand factor.—*Ralph E. Samuel & Co.*

Visit N. Y. Exchange

The common stock of West Indies Sugar Corporation on July 27 was admitted to trading on the New York Stock Exchange and officers and directors of the company were guests of the Exchange. Frederick B. Adams, President of the company; Arthur Kirstein, Jr., Vice-President and Director and John W. Cross, also a Director, visited the Exchange floor in company with Emil Schram, President of the Exchange, Robert L. Scott, Chairman of the Board, and Peter P. McDermott, specialist in the company's shares. The guests were also entertained at luncheon.

Form W. A. Becker & Co.

W. A. Becker and George S. Forbes have formed W. A. Becker & Co., 101 Park Avenue, New York City, to engage in a securities business. The firm is currently interested in North Central Broadcasting System.

Mr. Becker was formerly with Cummings Bros., Inc. and in the past conducted his own firm.

Urban Living Costs Again Show Advance

Living costs in large cities rose 0.4% between June 2 and June 15, after a drop of 0.1% in the 2 weeks immediately following the General Maximum Price Regulation, Secretary of Labor Perkins reported on July 24. Prices of unregulated goods and services advanced 1.2% in the 2 weeks' period from June 2 to June 15, while prices of controlled goods declined 0.1%. Between May 15 and June 15 uncontrolled prices advanced 2.4%, while controlled items declined 0.8%. The most important advances have been in the prices of uncontrolled foods. The Department states:

"The recent advance brings the Bureau of Labor Statistics' cost of living index to 116.4% of the 1935-39 average, a net increase of 0.3% between May 15 and June 15. Costs on June 15, 1942 were 11.3% higher than on June 15, 1941.

"The cost of living on June 15 was somewhat lower than on Mar. 15 in Norfolk, Birmingham, Mobile and Seattle, largely because of substantial reductions of rent ordered by the Office of Price Administration. Though costs in June were higher in Cleveland and Detroit than in March, they were lower than in May because of rent reductions in these cities that were large enough to offset the increased cost of food. The only other cities surveyed that showed a decline between May and June were Chicago, Savannah and Houston in which food prices were essentially stable or declined."

Food

The Labor Department's announcement further said:

"Prices of foods not under the General Maximum Price Regulation advanced by an average of 4.8% between mid-May and mid-June. Controlled food prices on the other hand showed an average decline of 1%. Total food costs to city families rose, therefore, 1.3% between May 15 and June 15. This increase represents about the same average rate of advance as that which occurred during the 14 months prior to the begining of general price regulation on May 18.

"Fresh fruits and vegetables, lamb and poultry (none of which are subject to price control) led the rise in prices between mid-May and mid-June. 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 are under the General Maximum Price Regulation, except dairy products. Cereals and most bakery products, beef, canned fruits and vegetables and sugar were also slightly lower.

"The rise of 1.9% in the average cost of meats resulted from substantial advances in prices of lamb, roasting chickens, and fresh fish with only minor changes in other meat prices. The increase of 10.4% in lamb prices was much larger than any May-to-June advance during the past 20 years. Roasting chickens, which usually decline at this season, rose 8.7%. Fresh fish prices continued the advance of the past several months, largely because of labor shortages and the curtailment of fishing areas.

Clothing

"Clothing prices, all regulated, dropped 0.7% between May 15 and June 15, on the average in the large cities. All important articles of clothing declined in price, particularly women's shoes and underwear, and men's work clothes. As compared with earlier periods, however, these costs are still one or two percent above Mar. 15, 1942, 15 to 35% above their level a year ago, and 15 to 50% above the September, 1939, level. (The General Maximum Price Regulation requires the return of prices to the highest level prevailing in March, not to the March 15 price).

Housefurnishings

"In spite of the fact that all articles of housefurnishings are subject to price control, prices of housefurnishings rose, on the average, 0.1% between May 15 and June 15 as result of price increases in a few stores in four cities. In some cases these changes were due to a return to the March level after sales in May. In most cities there was no significant change in the prices quoted for housefurnishings. Mattresses showed the most decline, 0.9%, between May 15 and June 15.

Electric refrigerators, washing machines, vacuum cleaners, sewing machines and radios were not available to civilian buyers on June 15 in a number of the cities covered by the Bureau's survey. Following the policy inaugurated in January, these goods were eliminated from the comparison of living costs in these cities on May 15 and June 15.

Rents

Sharp declines in rent required in a few large cities by the Office of Price Administration caused the average for large cities of the country to decline 1.3% between May 15 and June 15 to a point 0.4% below that of mid-March.

Largest reductions between March 15 and June 15 occurred in Mobile with a drop of 11.8% and in Norfolk 9.0%, while between May 15 and June 15 there were decreases in Seattle of 9.4%, Birmingham 8.9%, Cleveland 7.0%, and Detroit 6.3%. In Cleveland the Office of Price Administration had ordered rents reduced to the July 1, 1941, level; in the other cities to the April 1, 1941, level.

Fuel, Electricity and Ice

Prices of coal and fuel oil increased in a number of cities between March 15 and June 15, because of higher transportation costs. Rates for electricity and gas for domestic use declined in a few cities. The most marked change occurred in Cincinnati, where the heat content of gas was increased on May 12.

Other Goods and Services

Average costs of other goods and services remained unchanged between May 15 and June 15, at a point 0.7% above the March 15 level. Prices for services, particularly barber and beauty shop, and laundry services, were considerably higher in some cities. Laundry services were not regulated by the Office of Price Administration until July 1. There were also advances in prices of newspapers in 8 cities and of admissions to motion pictures in 12 cities over the quarter. Neither of these is covered by the General Maximum Price Regulation. An increase in gasoline prices has been granted in eastern cities by the Office of Price Administration, because of increased transportation costs.

Want To Cut Costs?

With overhead, small volume, and new capital requirements presenting many new problems to investment dealers, T. J. Feibleman, 41 Broad Street, New York City, have an interesting proposal which they are inviting New York City dealers to discuss with them whereby a mutually agreeable and cost saving arrangement may be made.

Rail Has Possibilities

Securities of the Chicago and North Western Railway offer attractive possibilities according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Insurance Leaders In Campaign To Solve War and Post War Business Problems

Nationally-known insurance men—fire, casualty and life—are active in the campaign of the Philadelphia Chamber of Commerce and Board of Trade to put into effect what is known as the "Philadelphia Program" for furthering the war effort and solving post-war problems. This plan, one of the first and most far-reaching to be worked out in any locality, is reported as receiving attention by industrial, labor, business and other groups interested in keeping the factory wheels turning and in maintaining payrolls and purchasing power now and during the period of reconversion, when normal times return. Presidents of five important insurance companies, having home offices in Philadelphia, are among business and civic leaders working to make the "Philadelphia Program" effective. John A. Stevenson, President of the Penn Mutual Life Insurance Co., is Chairman of the Survey Committee; John A. Diemand, President of the Insurance Company of North America, is Chairman of the Major Firms Division; Horace P. Liversidge, President of the Philadelphia Electric Co. and a Director of the Insurance Company of North America, is Chairman of the Conference Committee; Edward Hopkinson, Jr., of Drexel & Co., also a North America Director, is Chairman of the Executive Council, of which Philip C. Staples, President of the Bell Telephone Co. of Pennsylvania and a North America Director, is a member, along with M. Albert Linton, President of the Provident Mutual Life Insurance Co.; W. Fulton Kurtz, President of the Pennsylvania Co. for Insurances on Lives & Granting Annuities; Walter LeMar Talbot, President of the Fidelity Mutual Life Insurance Co. and other well-known business and civic leaders.

The suggested plan is a 10-point platform based upon recommendations of more than 1,000 business, civic and labor leaders, expressed at 31 war and post-war conferences held during recent weeks. It provides for:

"1. Immediate re-establishment of the 'Panel System' for handling labor problems, based upon the successful system employed from 1933 to 1935 and widely copied by other cities, whereby harmonious relationships may be maintained between employer and employee so that productive capacity may be utilized to the limit.

"2. Expansion of the present program of public health, safety and fire prevention, to maintain civilian health and morale and conserve manpower for the Nation's needs.

"3. A drive to keep municipal finances in such shape, without impairing municipal services, that with the retirement of bond issues and accumulation of a surplus, the city will be able, at the conclusion of the war, to launch upon a comprehensive Improvement Plan.

"4. Rehabilitation of the city's water and sewerage systems and any other municipal services needed to continue Philadelphia's war effort.

"5. A study of the problems of small business so that the war pressure and dislocation of normal industry and business will not take a heavy toll of the business structure.

"6. Interest business and financial leaders in the possibility of providing Philadelphia with adequate ship service when normal trade routes once again are in use.

"7. Develop now a plan for the re-conversion of industry to peace-time production, so that Philadelphia will be kept on a competitive basis with other great industrial centers.

"8. An active cultivation of foreign markets, especially with Latin-American countries, with a view to building good-will.

"9. Creation of a Civic Council, which will bring into working agreement all business, trade, civic and neighborhood associations which will provide city-wide support for programs on city-planning, slum clearance, public improvements, and all other vital municipal problems.

"10. Maintenance of payrolls, which provide the purchasing power of the community, and expansion of services to the retail and wholesale trade.

Sees U. S. Benefiting From England's Experience

On the premise that both England and the United States started World War II with the same way of life and that their peoples should react similarly to like problems, the United States should benefit from England's twenty-seven months of previous experience, according to the current Financial Letter of Merrill Lynch, Pierce, Fenner & Beane, just issued.

The study, which discusses war problems, wage policy, price control, tax principles, and stock market trends, points out that a great many useful ideas can be extracted from a survey of England's economic war strategy. There certainly ought to be instances where trials over there can save errors here, the letter states.

"The starting point for any discussion of the economics of war must necessarily be national income, which is another way of saying production, and this leads naturally to the accompanying problems of price control, wages, farm policy, and taxes," according to the letter. "The people are paid in cash for extra production but much of the output is war material, leaving more spending power than civilian goods on the home fronts.

"The present objective of both nations, stated simply, is to produce the sinews of war and take from the economy the manpower to defeat the enemy, and still leave at home a sound framework to which production facilities and fighting men can return after the war is over. The most feared and likely sympton of dislocation of this essential skeleton structure is inflation."

In April, 1942, the English Government introduced a price stabilization proposal in the hope that this would automatically stabilize wages, the study continues. Previous attempts to hold down prices, presumably aimed to induce level wage scales by holding living costs steady, resulted in a 6% increase in wage costs and a 5% increase in living costs during the fiscal year ended March, 1942. Apparently, the procedure of freezing wages to stabilize prices was as impractical politically in England as it is proving to be under our own "labor" administration. However, recent claims for higher wages were summarily rejected by the National Arbitration Tribunal, the English equivalent of our War Labor Board. Another aid in controlling living costs is the compulsory saving plan for both individuals and corporations now embodied in British tax legislation.

In discussing taxes in England and the United States, the study says that a correct description of this situation comes in three parts:

"First, income taxes have been much more severe in England.

"Second, the American personal income tax load proposed for 1942 will come close to the English 1940 schedule (for the fiscal year ended March, 1941). This practically equalizes the individual income tax loads in both countries, inasmuch as additional taxes in England have been largely offset by post-war credit provisions, an idea recently suggested for corporations in this country but not yet seriously discussed with respect to individual taxpayers. This post-war credit idea in England absorbs almost all recent tax increases in the lower income brackets and a good part of it in the £800 to £1,500 (middle) range.

"Third, the two tax structures are not strictly comparable, in any event, because the United States has much larger local taxes, which are paid by the individual directly or in the form of higher living costs, particularly rent."

In concluding, the letter says that:

"We have said before and we consider it worth repeating that the American production offensive, which must be this nation's initial war strategy, is now in full swing. This letter makes no attempt to engage in military analysis or forecast, but it seems reasonable to assume that the United States and her Allies can support a war economy for several years if necessary, and that the United Nations have the manpower, the talent, and the productive equipment to win, when all these elements are finally welded into a functioning whole."

Wisconsin Victory Fund Group Is Expanded

C. S. Young, President of the Federal Reserve Bank of Chicago, announced on July 24 expansion of the Wisconsin Regional Victory Fund Committee into a State-wide organization of industrialists, commercial bankers, and security dealers, under the chairmanship of Walter Kasten of the First Wisconsin National Bank of Milwaukee. This group will be a part of the national organization which is endeavoring to help the Treasury in its gigantic task of selling some $3,000,000,000 to $3,500,000,000 of new securities each month. An estimated total of $47,000,000,000 must be raised during the fiscal year 1943. Of that amount it is hoped that the War Savings Bonds will produce $12,000,000,000. As much as possible of the remaining $35,000,000,000 will be placed outside of the commercial banks. William H. Brand of The Wisconsin Company is Vice Chairman. The following eleven industrialists, insurance executives, security dealers, and commercial bankers constitute the Executive Committee:

William H. Brand, The Wisconsin Company, Milwaukee.

M. J. Cleary, Northwestern Mutual Life Insurance Co., Milwaukee.

Hans Hagge, Employers Mutual Life Insurance Co., Wausau.

Walter Kasten, First Wisconsin National Bank, Milwaukee.

Frank J. Kuhl, Collector of Internal Revenue, Milwaukee.

T. B. Myers, Hamilton Beach Co., Racine.

Elbert H. Neese, Beloit Iron Works, Beloit.

John St. John, Madison Gas & Electric Co., Madison.

F. J. Sensenbrenner, Kimberly Clark Corp., Neenah.

S. B. Way, Wisconsin Electric Power Co., Milwaukee.

James Wilson, Kenosha.

The campaign committee will have representatives in every principal city in that portion of Wisconsin which lies within the Seventh Federal Reserve District.

Power Co. Looks Good

The 4½s due 1967 and 1970 of Shawinigan Water & Power Co. offer a particularly attractive situation at the present time according to a circular just issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Joint Tax Returns Rejected By Senate

Consideration has been given by the Senate Finance Committee this week to various views of those heard regarding proposals for incorporation in the tax bill, and some of these views are referred to elsewhere in these columns today. At an executive session of the committee on July 27 it was agreed to permit further consideration of the Treasury's proposal to tax the income from future issues of State and municipal securities before making final decision as to whether this source of revenue should be included in the pending tax bill. This was indicated in advices to the New York "Journal of Commerce" from its Washington bureau July 27 which stated that at the same time it was agreed not to give further consideration to the Treasury proposal to subject to Federal taxes outstanding issues of these securities. The advices to the "Journal of Commerce" further said in part:

"It was decided during the executive session of the committee to permit further discussion of Treasury proposals which would require producers of oil and other natural resources to compute depletion allowances on the basis of cost rather than at 27½% of gross income as is provided under present law. Also open to further discussion is the Treasury proposal which would require oil and natural resources producers to capitalize rather than charge off intangible drilling costs. Under present law, capitalization or charging off expenses of intangible drilling costs is optional.

"The Treasury estimated that $203,000,000 in additional revenues could be obtained by adoption of its proposals with respect to depletion allowances and intangible drilling costs.

"The Treasury proposal for mandatory joint returns for husbands and wives was eliminated from further consideration by the Senate Finance Committee. However, the committee said it would consider a proposal which would place the nine community property States on the same basis as the other States for Federal tax purposes.

"Senator George said that the committee would consider an amendment to present tax laws which would require that the actual wage earner in community property States be subjected to the income tax on his earnings, rather than for the Treasury to look upon the income as being divided between the husband and wife."

At the committee hearing on July 28 a compulsory savings plan designed to curb inflation was proposed by Julian Goldman, a New York merchant, who advocated siphoning off from $25 to $30 billion in consumers' "excess purchasing power." Senator George, discussing Mr. Goldman's testimony with newspaper men, said according to the Associated Press that the witness had not presented specific recommendations to carry out his plan. Senator George added however, that Mr. Goldman had promised to do so. With respect to the views of Mr. Goldman we quote the following from the Associated Press advices in the "Wall Street Journal:"

"If a person is earning $100 a week now and formerly earned only $30, and that increase was due only to defense work, why shouldn't such an individual be compelled to apply $35 out of his weekly salary for the purchase of war bonds?" Mr. Goldman asked the committee.

"Senator Taft (R., Ohio) said he 'thoroughly agreed' that compulsory savings would serve better than taxes to take up the surplus national purchasing power, but added he was in doubt about the machinery for forcing people to save.

"Senator Vandenberg (R., Mich.) asked Mr. Goldman if his objective could not be partially met by applying the principle of excess profits taxes to individual incomes. The New Yorker reiterated his preference for the savings plan.

"Senator George said the individual excess profits tax had been tried during the first World War, and had been difficult to administer.

"Senator Vandenberg inserted in the record an estimate, prepared by the Treasury Department, showing that limiting all individual incomes to $25,000 a year would bring in only $660 million additional revenue annually if the tax rates voted by the House were retained.

"He observed that would only be enough to pay the nation's war bills for four days and ten hours.

In the "Journal of Commerce" Senator George, Chairman of the Senate Committee, was reported as saying on July 28 that "a great deal of thought is being given to enforced or induced savings by the Senate Finance Committee, and it may want to take some definite action on some such plan before concluding consideration of the tax bill." The most preferable form of compulsory savings in his opinion, it added, is through taking a certain percentage of an individual's income remaining after allowances for personal income tax exemptions and placing it in war bonds. From the "Journal of Commerce" advices from Washington we also quote:

"The goal of $12,000,000,000 a year set by the Treasury for voluntary war bond sales was regarded by Senator George as 'the absolute minimum', if banks are not to be called upon to purchase large amounts of Government bonds to finance the war.

"Senator George said that the committee was not controlled by the idea of passing the House approved revenue measure with few changes and including an enforced savings plan in some future tax bill.

"However, he expressed confidence that a bill to increase social security benefits as well as to increase social security rates would be considered by Congress soon after passage of the pending revenue measure.

"The legislation to broaden the benefits of the Social Security Act, Senator George said, 'is quite an undertaking in itself, without complicating it by an enforced savings plan.'"

The prediction that the Senate Committee would reject Treasury proposals to increase individual and corporation income rates in the House-approved $6,271,200,000 revenue bill, but would seek to find possible new fields of taxation was made by Senator George on July 25, as to which Associated Press, Washington advices said:

"Mr. George told reporters that while he believed a majority of the committee would like to attain the Treasury's goal of an $8,-700,000,000 net increase in taxes, he felt certain that members would be willing to go that high only if they could agree on some form of levy not now in the pending bill.

"'I am of the opinion,' he said, 'that the Committee will not fix any definite goal but will be disposed to raise additional revenue above that provided by the House bill if sources are found other than those heretofore suggested by the Treasury which will yield a substantial portion of the increase.'

"The Committee Chairman said such a viewpoint obviously would bring about a discussion of a sales tax or the possible conversion of a House-approved payroll deduction into a direct tax instead of merely an advance payment on regular income tax liabilities.

"Remarking that both of these matters must be classed as extremely controversial, he said that he was not at all sure the committee would agree on any form of new tax. He intimated such a disagreement might well result in failure by the committee to recommend any substantial revenue increases in the measure."

48-Hr. Week Urged By Govt. For War Work

In a joint statement of policy to secure increased war production, eight Government agencies on July 28 urged the adoption of a maximum work-week of 48 hours, or six eight-hour days, for "sustained efficiency" in industrial operations. The joint statement issued as a guide to war contractors in view of the wide discrepancy in labor policy on hours of work, recommended these four practices "to increase the efficiency of the human factor in production":

1. For wartime production the eight-hour day and 48-hour week approximate the best working schedule for sustained efficiency in most industrial operations.
2. One scheduled day of rest for the individual, approximately every seven days, should be a universal and invariable rule.
3. A 30-minute meal period is desirable.
4. Vacations are conducive to sustained production and should be spread over the longest possible period.

The recommendations, it was pointed out, in no way affect the provisions of the Wage-Hour Act requiring time and one-half pay for work in excess of 40 hours a week.

The Labor Department reported that 1,500,000 war workers are working longer than 48 hours a week. Plants employing these workers were asked to analyze their present situation with respect to output and time lost because of absenteeism, accident, illness and fatigue.

The statement of policy was signed by Robert P. Patterson, Under Secretary of War; Ralph A. Bard, Assistant Secretary of the Navy; Rear Admiral Emory S. Land, Chairman of the United States Maritime Commission; Paul V. McNutt, Chairman of the War Manpower Commission; Donald M. Nelson, Chairman of the War Production Board; Wayne C. Taylor, Under Secretary of Commerce; Dr. Warren F. Draper, Acting Surgeon General representing the Public Health Service, and Daniel W. Tracy, Assistant Secretary of Labor.

The statement of the eight agencies was as follows:

"In view of the wide discrepancy in labor policy on hours of work among establishments—both private and governmental—working on war production, and in order to secure observance of those standards which experience shows are best for sustained maximum output, the following statement of policy is issued as a guide to government establishments, to field representatives of procurement agencies and to contractors working on war production.

"Nothing herein contained in any way diminishes the urgency of securing round-the-clock seven day week operation of plants and tools. The primary reason for this statement of policy is to secure increased production by calling attention to certain practices that have been found to increase the efficiency of the human factor in production.

"One scheduled day of rest for the individual, approximately every seven days, should be a universal and invariable rule. The 7-day workweek for individuals is injurious to health, to production and to morale. It slows down production because of the cumulative effects of fatigue when not broken by a period of rest and relaxation and it leads to increased absenteeism. Only in extreme emergencies and for a limited period of time should workers or supervisors forego the weekly day of rest.

"A 30-minute meal period in mid-shift is desirable for men and women from the standpoint of the worker's health and from the standpoint of productivity. In occupations that involve contact with poisonous substances workers must have time to wash before eating, as an elementary health precaution.

"Daily and weekly hours of employes in war-production plants should be re-examined to assure those schedules which will maintain maximum output over a long war period. Hours now worked in some plants are in excess of those which can be sustained without impairing the health and efficiency of workers and reducing the flow of production.

"When daily and weekly hours are too long the rate of production tends, after a period, to decrease, and the extra hours add little or no additional output; the quality of work may deteriorate during the whole period of work, not only during the hours of overtime; absenteeism rises sharply; the loss of time due to accidents and illnesses tends to increase.

"Effects upon the health and morale of the workers may be slow in appearing, but are cumulative in nature. Irregular attendance disrupts the flow of production because certain operations call for a balance of trained forces. In order to conserve irreplaceable skilled and supervisory man power, uneconomical schedules should be revised.

"When plants drawing on the same labor market compete for labor through the device of offering heavy overtime payment the resulting unrest and turnover interferes with war production. In order to stop this type of labor pirating there should be uniformity in the hours schedules of plants in the same industrial area.

"While a 40-hour week is generally accepted in peacetime there is a widespread and increasing agreement as a result of actual experience, both in this country and abroad, that for wartime production the 8-hour day and 48-hour week approximate the best working schedule for sustained efficiency in most industrial operations.

"While hours in excess of 48 per week have proved necessary in some instances due to a limited supply of supervisory and skilled man power, there has been some tendency to continue longer schedules after sufficient opportunity has been afforded to train additional key employes.

"Plants which are now employing individual workers longer than 48 hours a week should carefully analyze their present situation with respect to output and time lost because of absenteeism, accident, illness and fatigue. They should re-examine the possibilities of training additional workers now, in order to lessen the need for excessive overtime during the long pull ahead. As rapidly as is feasible these plants should introduce the hours schedules that will maintain the best possible rate of production for the duration.

"The policy of providing opportunity for restoration of energy of employes by a vacation period away from the job is demonstrated to be conducive to sustained production and is even more sound under emergency conditions of industry today than in peacetime. Experience demonstrates that providing regular opportunity for men to have a limited period of time away from the job makes it easier to control sporadic absenteeism.

"Industry, in planning vacation programs must exert the utmost ingenuity to obtain the benefits without paying an overbalancing cost in productive hours lost.

"Vacations should be staggered and spread over the longest possible period. Vacations should not be permitted to excuse any shutdown of any department of any war production plant except where such shut-down would not curtail production."

In The Armed Forces

Dana Allan Burt, Jr., partner in Hazlett, Burt & Watson, Wheeling Steel Corp. Bldg., Wheeling, W. Va., is now serving as First Lieutenant in the U. S. Army Air Corps.

Robert F. de Coppet, member of the New York Stock Exchange, is on active duty with the U. S. Naval Reserve.

John Gordon Moriarty, formerly in the securities business at 14 Wall Street, New York City, is now serving in the U. S. Army.

Oliver J. Troster, of Hoit, Rose & Troster, 74 Trinity Place, New York City, has been commissioned a Lieutenant-Colonel, Army of the United States. He reported to Washington for assignment on July 29. Colonel Troster served during the first World War as a Lieutenant-Colonel, General Staff, Assistant Chief of Staff, G-1, 33rd Division (Illinois National Guard), AEF.

WPB To Up Production Of Synthetic Rubber

The War Production Board has approved an increase in its synthetic rubber program from 800,-000 tons to 870,000 tons, it was announced on July 27.

The increase will be obtained with no expenditure of critical materials for construction purposes, and is due to advanced engineering in the production of Butyl rubber, says the Board which likewise states:

"The new techniques permit an increase of 70,000 tons in the formerly planned 60,000-ton capacity of plants already under construction.

"The expanded program is not expected to alter the projected figure of 300 tons of Butyl rubber to be produced in 1942. The increase does not change the current picture, and the facts on the rubber situation indicate, as has been said before, that there is no rubber to spare for non-essential purposes.

"Butyl rubber has been found to be extremely useful in the manufacture of gas masks, anti-gas clothing, raincoats, rubber boats, life preservers, barrage balloons, wire insulation, and miscellaneous moulded goods. It is also being experimented with for use in tires, although indications are it is not equal to Buna S synthetic rubber for tire purposes."

NY Retailers Bond Rally

A War Bond rally, sponsored by the retailers of New York City and held on July 28 at the New York Public Library on Fifth Avenue, resulted in the sale of $1,405,000 in War Savings Bonds and $30,000 in War Stamps. The goal of the rally, which featured brief patriotic addresses and a program of entertainment, had been set at $1,000,000. The results were attained despite a heavy downpour which interfered for a time with the program. Mayor La Guardia and former Gov. Alfred E. Smith featured the ceremonies incident to the rally.

Utility Outlook Improved

A study of the public utility industry has been issued by Lord, Abbett & Co., Inc., 63 Wall Street, New York City, under the caption, "Improved Outlook for Utility Securities." Copies may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 357)

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Two weeks ago I recommended that new purchases be postponed until the market had completed its reaction. Last week I felt that dullness would take the place of reaction and suggested the addition of a few stocks. But I hadn't bargained on the rails coming along or the possibility of the industrials being temporarily by-passed. But come along they did. This by the way doesn't mean a so-called confirmation according to the theory as expounded by Dow. For to get a full confirmation both averages must first break through on the upside through previous resistance and then on subsequent declines hold above previous lows and then go up through the old highs. For any speculator to wait until such a cycle is completed before taking any position is asking almost too much. I can't wait that long.

* * *

There is however a so-called "validating" move in which one average refuses to confirm the poor action of the other. It is this "validating" move, or non-confirmation, that gives the real clue as to the trend. During the past week the industrials either did nothing or went down about three points. The rails went up. This constituted a non-confirmation on the downside or what Dow called a "validating" move. It means that the trend is now up and that stocks are no longer a sale on advances but a buy on declines.

* * *

During the week just passed the market was hit with all kinds of news—all bad. On the war front the continued success of the Nazi war machine is anything but assuring. On the domestic front the Steel earnings statements while no terrific surprise was likewise disquieting. Still all the market did was to recognize technical factors by going off the three points in the industrials while the rails took up the cudgel and went up.

* * *

If there was any time that the market had ample reason to sell off sharply it was last week. The technical indications plus the news were sufficient reason. Still it didn't go down as much as technical signals alone indicated. This is therefore a reassuring sign. Or what Dow called a "validating" influence.

* * *

How long the market will continue to act as it is before resuming its already indicated trend is something I can't answer. Markets may refuse to go down on bad news showing underlying technical strength but they will not go up a great deal unless some outside stimulus is applied. This stimulus may be in the shape of good news but to say what it will be would be silly even if I knew—which I don't.

* * *

In conclusion therefore I advise that positions recently taken in securities should be held intact unless stop levels are definitely broken.

* * *

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.]

Investment Trusts

(Continued from page 359)

creases in holdings; Chrysler, Cutler-Hammer, General Motors, Homestake Mining.

From Investment Company Reports

Chemical Fund, Inc.:

Net assets as of June 30, 1942 totalled $7,831,750 as compared with $7,556,426 at the end of the March quarter. During this period the net asset value per share rose to $7.85 from $7.54. There were 996,739 shares outstanding as of June 30, 1942.

* * *

Fundamental Investors, Inc.:

Net assets as of June 30, 1942 amounted to $5,145,983.44. This was equal to $13.15 per share for the 391,241 shares outstanding. The per-share net asset value at the close of the preceding quarter was $13.31 and on Dec. 31, 1941 was $13.53. For the first six months of 1942 the value of the fund declined 2.8% as compared with a decline of 4.5% for Standard & Poor's 90 Stock Index for the same period.

* * *

George Putnam Fund:

The Trustees reported net assets as of June 30, 1942 at $4,916,000 as compared with $4,686,000 at the end of the March quarter. Shares outstanding increased from 455,539 to 473,270 and net asset value per share from $10.29 to $10.39 during the period.

* * *

Inland Investors, Inc.:

The 100,000 shares outstanding as of June 30, 1942 had a net asset value of $1,589,111 or $15.89 per share. This compares with a net asset value of $17.10 per share as of the end of 1941.

* * *

Investment Company of America:

Net assets as of June 30, 1942 totalled $2,823,392 for the 185,253 shares outstanding. This amounted to $15.24 per share as compared with $16.24 per share on Dec. 31, 1941.

* * *

Keystone Custodian Fund, Series "B2":

Net asset at the fiscal year ended April 30, 1942 amounted to $5,816,849 or $22.51 per share on the 271,187 shares outstanding. Net asset value per share a year earlier was $21.29.

* * *

Massachsetts Investors Trust:

Net assets represented by the 6,037,912 shares outstanding as of June 30, 1942 amounted to $88,205,593.65 or $14.61 per share. This compares with $84,495,318.63 or $14.22 per share at the end of the March quarter.

* * *

State Street Investment Corp.:

Net assets totalled $29,990,189 as of June 30, 1942 equivalent to $54.79 per share on the 547,402 shares outstanding. As of Dec. 31, 1942 net assets totalled $29,337,924 or $54.72 per share on the 536,184 shares outstanding at that time.

* * *

United States & Foreign Securities Corp.:

As of June 30, 1942 the indicated value of net assets amounted to $24,471,742, equivalent to approximately $142 per share of the First Preferred Stock. Indicated asset value of the controlled United States & International Securities Corp. amounted to $22,547,646 or $94 per share of First Preferred Stock as of June 30, 1942.

Chemical Bank Officers In the Armed Forces

The Chemical Bank & Trust Company, 165 Broadway, New York City, announces the list of members of their official staff who are now in service with the Army and the Navy. In addition to executives listed, there are 164 members of the clerical staff now in various armed services, the bank states.

Robert V. Lee, Assistant Treasurer, Lieutenant-Colonel, U. S. Army, (attached to the general staff of the First Army under command of Lt.-Gen. Hugh A. Drum.

Alfred G. Tuckerman, Branch Assistant Manager, Major, U. S. Army with the Twelfth Cavalry, El Paso, Texas.

Geoffrey V. Azoy, Trust Officer, Captain, U. S. Army Coast Artillery stationed at Ft. Hancock, N. J.

James B. Davis, Assistant Vice-President, First Lieutenant, U. S. Army Air Forces, Wright Field, Dayton, Ohio.

Kingsbury S. Nickerson, Assistant Vice-President, First Lieutenant, U. S. Army Air Force, Army Air Base, Santa Ana, Calif.

N. S. Calhoun, Jr., Assistant Secretary, Lieutenant, U. S. Navy.

Seymour Dribben, Assistant Secretary, Lieutenant, U. S. Navy.

Philip D. Holden, Assistant Secretary, Lieutenant, U. S. Navy.

WPB Revises Non-Essential Building Restrictions

The War Production Board on July 23 eased its recent drastic restrictions on non-essential construction by permitting an owner to begin reconstruction of certain types of non-residential buildings damaged or destroyed after this date, provided immediate restoration is "necessary for the prosecution of the war or to protect public health or safety."

The change according to advices from Washington to the New York "Herald-Tribune" July 23 was contained in Amendment 2 to Conservation Order E-41, which already permits restoration of damaged residential structures without WPB authorization. Construction authorized by this revision is defined as all construction other than residential and agricultural, including commercial, industrial, recreational, institutional, highway and utilities. The advices add:

"To restore other restricted construction, however, the builder must notify the WPB by telegraph within five days of the damage, setting forth the cause of destruction, function of the damaged structure, estimated cost of repair and reasons why immediate reconstruction is necessary."

The WPB order halting all new non-essential building construction was referred to in these columns April 16, page 1557.

UP-TOWN AFTER 3

With the sun scorching the streets of Manhattan your reporter decided to play hookey last week and go to the country to fight mosquitoes, black flies and Japanese beetles. Oh yes, and to build what he fondly hopes will some day be a lily pool. Incidentally, if any readers know how to convert a hole in the ground into a pond where those lilies, you see in seed catalogues, grow, he would like to hear from them. In any case playing with a pick and shovel prevented any movie seeing or night club visits. However, Phil Baker, the "Take It Or Leave It" man, wrote a piece for the column. Here it is.

"TAKE IT OR LEAVE IT"

By PHIL BAKER

A pint of gas is almost as expensive these days as a pint of blood, and harder to get. You are saving your tires for essential use anyhow. So what can you do these long summer nights? You sit at home and listen to the radio—we hope. After all, you can't go to the movies more than three or four times a week. That's why helpful Phil Baker, the little ray of sunshine who wanders through the world disguised as Orphan Annie doing good deeds daily, is seated at his 1902 Oliver typewriter to tell Bill Smith's "Uptown After 3" readers how to pass the time away these gasless nights.

I have a brand new game patterned after my Sunday night program. I call it coincidentally enough, "Take It Or Leave It At Home." It's a simple game and gives you the chance to get even with your friends or those who call themselves your friends, and we all know people like that!

You start your questions at a penny reward and parlay it until you get to 64¢. Gather your friends and relatives in the living room, then begin. No hints from the audience, please.

First take your brother-in-law. He's the guy who has been living with you for six years. Say to him, "For one cent, answer this question correctly: 'Have you any intention of going to work this year?'" The audience will howl. Your brother-in-law will say yes, but give him the penny anyway.

Then you ask, "Will you try for two cents or will you take the penny?" Being a guy who can do more with two cents than with one, he'll try for two.

Then you say, "Was it you who borrowed 50¢ from Mamie's (that's your wife) shopping money out of the vase on the mantle piece?" He'll deny this, but give him the 2¢ anyway to keep him going. Then you tell him, "You now have two cents; will you try for four?" Everybody will encourage him to try and flattered by the encouragement, he will.

As everyone listens with keen interest, you ask, "That suit you're wearing, was that borrowed from my closet, never more to return?" Of course you ignore the black looks Mamie is throwing your way. You won't let her be a spoil sport. It's a cinch that dear brother-in-law will try for the eight-cent question. Now you start to give him tough ones. After all, that's the way we work it on the radio show.

From here on it's important to be careful of your diction so the contestant cannot misunderstand the question. Slowly and deliberately you ask, "Give the name of a relative of mine by marriage, now present in this room, and who when he filled out his draft questionnaire, listed Mamie and me as dependents to get a 3-A classification?" Brother-in-law will mumble something about flat feet keeping him out anyway, but you disregard that just as you disregard Mamie's hasty suggestion that it's time for refreshments.

For the 16¢ question and subsequent 32¢ and 64¢ question your ingenuity will be tested. The questions should be highly enjoyable to the audience and at the same time highly difficult for brother-in-law.

The game need not be confined to relatives. Neighbors should be permitted to participate. You can ask such questions as, "Your wife is a brunette. Did she become a blonde to walk down the street with you last night?" Or, "Name a local citizen who borrowed my garden hose last summer and patriotically gave it to the rubber salvage drive this summer." Or, "Which of the following pet names have you been using most frequently in describing your loving spouse: ball and chain, battle axe, or squawking squaw?"

The possibilities are endless. And if one of the "Take It Or Leave It At Home" contestants threatens you with an axe, don't just laugh it off. Declare him ineligible for the jackpot!

President Confers With Soviet Envoy

President Roosevelt conferred with Maxim Litvinov, the Soviet Ambassador, at the White House, on July 22, presumably on the question of opening a second front in Europe. No details were given out regarding the meeting. Mr. Litvinov withheld information as to his talk with the President and turned aside questions as to a second front. The Soviet Ambassador is understood to have repeatedly urged the creation of a second front. The United Press reported that Mr. Litvinov, before visiting President Roosevelt, made urgent pleas to other United Nations officials in the capital for action in Western Europe.

Calendar of New Security Flotations

OFFERINGS

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., Greenville, 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)

Registration effective 5:30 p.m. EWT on July 22, 1942

Offered July 24, 1942 at prices to yield from 1.50% to 4.25% according to maturity

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, AUGUST 9

SCUDDER, STEVENS & CLARK FUND, INC.

Scudder, Stevens & Clark Fund Inc., filed a registration statement with the SEC for 40,000 shares of capital stock of a proposed maximum aggregate offering price of $2,999,200

Address—10 Post Office Square, Boston, Mass.

Business—Investment trust

Underwriting—No firm commitment to take the issue has been made

Offering—Approximate date of proposed public offering is Aug. 1, 1942. Shares are issued at the then net asset value, plus 1%. The quoted price as at July 10, 1942, as calculated in the price make-up sheet was $74.98 per share which price was used in estimating the proposed maximum aggregate offering price

Proceeds—For investment

Registration Statement No. 2-5027. Form A-2. (7-21-42)

SATURDAY, AUGUST 15

INVESTORS MUTUAL, INC.

Investors Mutual, Inc., filed a registration statement with the SEC for 1,500,000 shares of special capital stock, no par value, of an aggregate offering price of $13,243,362

Address—200 Roanoke Building, Minneapolis, Minn.

Business—Investment trust

Underwriting—Investors Syndicate, 200 Roanoke Building, Minneapolis, Minn., is underwriter of the securities registered

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5028. Form A-2 (7-27-42)

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

Hearing on suspension, scheduled for July 22 postponed to Aug. 10, 1942.

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 unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

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

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

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

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)

Company on July 7, 1942 filed an amendment to its registration statement reducing the proposed debenture issue to $250,000

Registration Statement withdrawn July 23, 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

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)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

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 23, 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. (5-8-42)

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

LUKENS STEEL CO.

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

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

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

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

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

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

THE MEAD CORPORATION

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

Address—Chillicothe, Ohio

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

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

Underwriting—This offering is not being underwritten

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

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

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

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

Southwestern Public Service Co. on July 21 filed an amendment to its registration statement fixing the interest rate on the proposed issue of $18,500,000 first mortgage and collateral trust bonds due 1972 at 3¾%. Interest rates on serial notes will be supplied by amendment

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 33,686 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 33,536 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

Withdrawal request filed in San Francisco, July 23, 1942

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 24, 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 25, 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 several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Brief Informal Recess Taken By Congress

A brief recess was taken by Congress on July 27, at which time Speaker of the House Rayburn (of Texas) stated that after a talk with President Roosevelt he expected the House, at least, to be in informal recess for five or six weeks. Representative Bulwinkle of North Carolina (Dem.), was sworn in as Speaker on July 27 to serve during the absence of Mr. Rayburn, who indicated that because of the condition of his voice, he hoped to get some Texas sunshine for several weeks.

Addressing the House on July 27, relative to the recess, Representative Sabath said:

"Personally, I know I express the sentiments of the House when I wish that the Speaker and the majority leader will enjoy the short vacation which they so fully deserve. As most of you know, I have served in many strenuous sessions of the House during my long service and I can truthfully say that the present Congress has been the most strenuous of them all. We have been in continuous session, with the exception of a short Christmas recess, for nearly 17 months and I feel, notwithstanding the unfair jibes of some of the columnists and newspapers, that the American people appreciate the great services that this Congress has rendered. It was indeed unfortunate that in the beginning of the present Congress in 1941 some members did not realize the approaching danger to our beloved country, but I am sure that all recognize it now. We had a real duty to perform and I feel we have performed it. Mr. Speaker, notwithstanding criticism from certain sources, I feel that the membership of this House is entitled to a few short weeks."

In advices from Washington, July 27, regarding the informal recess the New York "Times" said:

"Representative McCormack also left Washington and appointed Representative Cochran as acting majority leader, and Senator Barkley, the majority leader, announced that there would be no important legislation in the upper chamber until the war revenue bill was brought up sometime in September.

"Although both Houses will hold token meetings, the moves of the Congressional leaders were taken as evidence that the Administration would not in the near future ask Congress for further legislation to authorize the placing of a ceiling on farm prices and wages."

OPA Orders Rents Cut In More Defense Areas

The Office of Price Administration on July 22 ordered residential rents cut back and stabilized in 18 more defense-rental areas. In 14 areas rents will be rolled back to levels prevailing on March 1 this year; two areas have July 1, 1941, maximum rent dates; one area has the April 1 ceiling and one Jan. 1, 1941. In size the areas vary from Key West, Fla., with a 1940 population of 14,078, to Milwaukee, Wis., with 987,181. The 18 areas have a population of nearly 4,000,000 persons, making a total of 39,000,000 persons who will be living under Federal regulation as of Aug. 1.

Paul A. Porter, Deputy Administrator of the OPA in charge of the rent division, on July 23 issued the following statement supplementing the announcement of the opening of defense rental area offices in 18 additional areas:

"A total of 369 defense rental areas has been designated by the Office of Price Administration. Beginning on the first of August the maximum rent regulations will have been made effective in 94 of these areas.

"Numerous inquiries are being received as to when a regulation will be made effective in many of the remaining 275 areas. It is the objective of OPA to make legal control effective first in those areas where the rental problem is most acute. Obviously there are many areas in addition to the 94 covered by a maximum rent regulation where the movement of rentals would justify immediate legal control. Investigations are continuing in a number of these places and it will be the objective of OPA to make the maximum rent regulation effective in these additional areas as rapidly as our administrative and financial resources permit.

"No area which was not included in the Aug. 1 group should consider that it is immune from a legal form of rent control. Additional offices will be opened on Sept. 1. In the meantime, owners of rental property in areas not covered by a maximum rent regulation are urged to give voluntary compliance to the Price Administrator's recommendations with respect to their particular area."

Three-Point Program To Relieve Meat Shortage

Secretary of Agriculture Claude R. Wickard announced on July 23 a three-point program designed to help alleviate the existing meat situation.

"1. Beginning with next week's purchases, the maximum prices the Agricultural Marketing Administration will pay for most meat products being purchased for Lend-Lease account will be revised downward below the ceilings set for government purchases by the Office of Price Administration.

"2. In connection with the same purchases, adjustments in price differentials in different areas will be made to bring prices more nearly in line with the actual cost to packers in different areas.

"3. Plans are being formulated whereby packers facing the necessity of suspending operations may continue to operate by entering into a processing agreement with the Department of Agriculture whereby the greater part of their output will be taken for government account.

In connection with the program, Secretary Wickard stated that in all probability Agricultural Marketing Administration purchases of meat for Lend-Lease will be reduced somewhat during the next few weeks. Slaughter during this period is normally low. Secretary Wickard said:

"The revision in prices will assist in bringing about a better adjustment in prices paid for Lend-Lease purchases and prices prevailing in the domestic trade. We have been supplying substantial quantities of meat to the United Nations and must continue to do so. However, shipments for a brief period ahead can be reduced somewhat, thus making a larger quantity available for domestic consumption."

The announcement by the Department on July 23 said:

"Meat products prepared for Lend-Lease shipment differ from those sold in the domestic trade in selection, cure, processing and packaging. The over-all price ceilings established by the OPA for the domestic trade were not applicable therefore to Lend-Lease purchases and it was necessary to establish separate ceilings. Now, however, the Department believes it will be possible to operate below these ceilings.

"The Secretary pointed out that this action will largely remove any advantages that packers, who are filling government orders for essential Lend-Lease requirements, may have had over those whose business is wholly in the domestic market."

Under date of July 22 Associated Press accounts from Washington in stating that a shortage of meat developed in some areas on July 21 in the midst of the nation's campaign to produce abundant food for victory, added "Some packers attributed the deficiency to price ceilings, a tremendous demand for beef, a lack of adequate shipping facilities to some cities, and heavy buying for the armed forces and Lease-Lend purposes.

"Processors in Chicago contended the supply should be ample for the United States as a whole and that the scarcity was limited to some cities and to certain cuts of the commodity."

Later Associated Press advices from Washington (July 23) stated:

"Price Administrator Leon Henderson urged meat packers today to continue distributing supplies normally, without favoring cities in which higher meat prices prevail. He told consumers simultaneously that a currently widespread meat shortage probably would continue for another month or six weeks. After that time the anticipated heavy fall run of hogs and cattle would come to market he explained.

"If the livestock and meat industry cooperate voluntarily in channeling distribution normally even though required to make temporary sacrifices, Mr. Henderson asserted their aid would tide the country over the usual summer shortage period. The shortage is emphasized this year by heavy meat demands from the armed services and Lend-lease."

Emphasizing that current shortages of meat in some parts of the country were only temporary, the Department of Agriculture predicted on July 25 that a record supply of hogs would be sold and slaughtered during the marketing year beginning Oct. 1, according to the Associated Press.

Savings Deposits Are Steady In 1st 6 Mos.

American thrift is reflected in figures released today (July 30) by the National Association of Mutual Savings Banks, showing their experience for the first six months of the year. Until recently mutual institutions, operating in 17 States, have shown a steady rise of deposits, assets and number of depositors, but in the six-month period figures for these three groups receded slightly. The recession was so slight that mutual savings bank men consider it exceptional proof of the public will to maintain savings accounts, as well as to buy War Savings Bonds. Mutual institutions have been one of the principal distributing agencies for these bonds, having passed on to the public $489,351,485 worth of these securities up to June 30.

The Association's statement further said:

"Analysis of mutual savings bank figures indicates that in the first six months of 1942 deposits receded by $251,691,175, a comparatively minor item in view of total deposits amounting to $10,354,532,573. This latter figure still was only slightly below the peak of a year or two ago.

"Assets usually keep pace with deposits and, in the present case, followed that rule. The decrease was $260,529,599, also a minor item in relation to total assets of $11,677,734,013. Likewise, this total represented only a small percentage of decline from top figures.

"Surplus, another fundamental indicator of mutual savings bank operation, rose by minute ratio to 12.4% for each dollar of deposits. The figure continued to be one of the highest ever achieved for any similar accumulation of capital.

"Mutual savings bank men affirm that number of accounts, rather than deposits or assets, is the best measuring stick of savings. Judged upon that basis, number of accounts steadily followed deposits and assets, the decline for six months being 231,326. But the total of 15,674,831 still constituted the greatest total of accounts representing 'small savers.'

"Investment difficulties were seen again in the slightly reduced rate of interest-dividends paid to savers in mutual institutions. The change was fractional, from 2.05% to 2.04%.

"Average accounts for the entire 17 States in which mutual institutions operate kept in line with other figures. They receded slightly, from $666.48 to $630.58. These figures were based upon all accounts, including 'special purpose' accounts. By omitting Christmas Club and similar accounts, the average 'regular' account came to $827.85, against the 'general' average of $660.58.

"Mutual savings bank officials were much gratified that their large distribution of War Savings Bonds and Stamps had not interfered with customary savings accounts. They pointed out that it is just as necessary nowadays to have a ready source of money as it has been in the past. Also, they expressed the opinion that monthly goals for War Savings Bonds would be reached and expressed the hope that any form of compulsory saving would be avoided."

Payments On Greek Bonds

The Greek Government has deposited with the National City Bank of New York, paying agent for Greek Government bonds, additional funds on account of the coupon due Feb. 1, 1941 of the 6% Stabilization Loan of 1968 and the Nov. 1, 1940 coupon of the 7% Refugee Loan of 1964, which payments are being made at 43% of the face amount of the coupons.

Eisele-King Merges With Libaire-Stout

The New York Stock Exchange firms of Eisele & King and Libaire, Stout & Co. will consolidate into a single co-partnership under the name of Eisele & King, Libaire, Stout & Co., with main offices at 50 Broadway, New York City.

Partners in the combined firm will be Morris Sprayregen, who holds membership in the Chicago Board of Trade and an associate membership in the New York Curb Exchange, George J. Scully, Benjamin Feinberg, Arthur H. Goetz, Irving H. Mendelson and Henry A. Libaire, the latter two partners being members of the New York Stock Exchange, general partners, and Laura K. King, special partner.

All partners will be located at the firm's New York office, except Mr. Feinberg and Laura K. King, who will have headquarters in Newark.

The firm maintains a number of branch offices in New York, New Jersey and Connecticut.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on July 27 that the tenders for $350,000,000, or thereabouts, of 91-day Treasury bills, to be dated July 29 and to mature Oct. 28, which were offered on July 24, were opened on July 27 at the Federal Reserve Banks. The details of this issue are as follows:

Total applied for, $645,242,000.
Total accepted, $350,308,000.
Range of accepted bids (excepting one tender of $500,000):
High, 99.925, equivalent rate approximately 0.297%.
Low, 99.905, equivalent rate approximately 0.376%.
Average price, 99.907, equivalent rate approximately 0.369%.
(19% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 29 in the amount of $150,125,000.

Gertler Has Pro Play

There is a strong rumor that Jack Gertler of Gertler, Stearns & Company, 49 Wall Street, New York City, will turn golf professional in the near future, the basis for this story being the 76 he shot at the Fenway Golf Club at White Plains, N. Y., in a match with Irving Feltman of Mitchell & Co. and Max Barysh of Ernst & Co.

Our Reporter On "Governments"

(Continued from first page)

jective of $1,000,000,000 monthly sales probably will be reached this month, but not because of Series E sales especially. . . Factor behind this apparently encouraging result has been and is the step-up in maximum on allowable purchases of Series F and G obligations. . . . Many institutions have doubled purchases because of this rule. . . . Purchases of bonds in New York Reserve District above $125,000,000 last week, indicating best response here since January and suggesting good results for country at large. . . But soon, the margin for Series F and G purchases will be exhausted. . . . And the fact that voluntary buying of the very desirable Series E bonds is not hitting the pace demanded for a $1,000,000,000 monthly record will become apparent. . .

Forced savings? Still a real possibility and maybe the only answer. . . . But July's achievement may stimulate purchases among the little fellows for the "public's bond" and hold off this development for a while longer. . . .

INSIDE THE MARKET

Dealers report they make little or no money on subscriptions to discount bills, made weekly. . . . Acting as "servicemen" primarily for the Government, they insist. . . .

Market strong underneath dullness, however. . . . Little selling, except by professionals. . . . Inherent power reported by several observers in face of foreign and domestic news of highly disturbing nature. . . .

Insurance company purchases continuing at slightly better than 50% of purchases of all investments so far this year. . . . Percentage to increase gradually from this point on, but it will go up. . . .

One reason excess reserves of member banks fell so fast and far recently was greater-than-anticipated purchases by banks of 2s on a cash basis. . . . Banks paid for 40% of bonds bought on that basis, against expectations that not more than 33% of issue would be so paid for. . . . Change in reserve requirements coming at any time now. . . .

Estimate by official source in Washington puts holders of war bonds now at above 18,000,000. . . .

STEADY INTEREST RATES

"American Banker," the daily banking publication, sampled opinion of 1,407 banks throughout the United States a few weeks ago on question "do you believe that interest rates will be held at about 2% for 10-year Treasury bonds for the duration." . . . Answers were yes, 1,006; no, 289. . . . Indicating overwhelming confidence among country bankers on Government's ability and determination to keep interest rates where they are. . . .

As of today, the 2s of 1951/49 are yielding between 1.94 and 1.97% to call date. . . . And as of today, there are few people in the financial district who even discuss the possibility of a major rise in interest rates in the near future. . . .

Says Small Dealer Being Ignored

The letter reproduced below was written by B. S. Lichtenstein, 99 Wall Street, New York City, to the Editor of the New York "Times":

Dear Sir:

Your headline "Brokers Wonder About Survival" in yesterday's Financial Section, irks me no end and I want to go on record in saying that it is not in accordance with the facts. In your second paragraph you say "the eight representatives of the industry have named the men who will represent them, etc." I believe that the above mentioned eight representatives and the brokers they represent are worried about their survival but they represent only a small organized minority of the industry.

There are thousands of small securities dealers and brokers in the United States who belong to no association and who are unrepresented in the talks now going on in Philadelphia. These brokers are highly conscientious, intelligent and industrious merchants. Instead of bewailing the lack of volume, which wailing is so audible in New York, these small brokers find attractive securities and sell them to their clients at a fair profit. These dealers know that as long as they continue to work and study the available merchandise, their business will survive.

There is only one thing that can put these rugged individualists out of business. I refer to some un-American law corresponding to the minimum capital requirements just passed by the NASD. The writer of your article speculates as to the effectiveness of the NASD in regulating the Over-the-Counter business on the sharply abridged budget due to the loss of members. In my opinion, the SEC is regulating the securities business and not the NASD. In my opinion, this latter organization has helped no one except a few high priced executives who apparently are not even aware of the existence or of the importance of the small independent dealer.

Very truly yours,
B. S. Lichtenstein.

Surdam To Manage Newburger-Hano Office

SCRANTON, PA.—Announcement is made of the opening of a local branch office by Newburger & Hano, members of the New York Stock Exchange, with offices in New York, Philadelphia, Baltimore, Atlantic City, Scranton, Harrisburg, Reading and Lebanon.

The Scranton office is located on the second floor of the Mears Bldg., corner of Washington Avenue and Spruce Street.

Truman A. Surdam, formerly of Surdam & Co., will be the local manager, and associated with him will be W. B. Brubaker and Otto D. Taylor. Harry H. Simms, who is presently representing Newburger & Hano, will also be affiliated with the new office.

The local trading business, formerly conducted by Surdam & Co., will be actively continued under the management of Mr. Brubaker.

Correction

By way of correction of a misspelled name in the item which appeared in our issue of July 23 (page 265), respecting the plans announced for the study of joint problems confronting the SEC and the Securities Industry, it is proper to state that the extract quoted from the Philadelphia account to the New York "Times" should have been credited to Walter W. Ruch; the name was incorrectly reported in these columns through a typographical error as Walter W. Reich.

Investors Fairplay League Opens Drive

The newly incorporated Investors Fairplay League, of which B. C. Forbes is managing director, has issued its first membership cards and embarked on a nationwide organizational drive. The League, formed with a view to protecting the interests of investors, life insurance policyholders, savings bank depositors, homeowners, property owners and small business men, received its incorporation papers last week.

Mr. Forbes, business analyst and columnist, was drafted to head the organization, it is stated, after he had repeatedly urged investors to get together in order to make their interests understood against the pressure groups operating in other fields. Hundreds of investors immediately took up the campaign, and organization of the League was the result.

The certificate of incorporation of the League states:

"The purposes of the League are:

"1—To build up a nationwide organization which shall vigorously conduct activities designed to bring about fair play for: investors, homeowners, life insurance policyholders, small business men, savings depositors, other property owners.

"2—To advocate by every lawful means the preservation of the existing private enterprise system.

"3—To conduct economic studies and research and to inform the public and the members of the association of the results thereof.

"4—To cooperate in establishing local bodies having similar purposes throughout the country.

"5—To express publicly the attitude of the League on any legislation or proposed legislation, including tax laws, affecting the interests of its members.

"6—To participate in an appropriate and lawful capacity, and without compensation or pecuniary profit to the association or its officers, in matters involving questions of mismanagement, or inconsiderate treatment of investors, or labor relations where principles are involved which affect the interests of members. The attitude of the League may or may not be the same as that of any government agency which may participate in such matters.

"7—To advocate and promote a far greater degree of genuine democracy in industry, as distinguished from merely theoretical democracy in industry."

NYSE Employee Retires

Frank A. Nolan, 64-year-old senior employee of the New York Stock Exchange, retired from active duty on July 25, after 52 years of continuous service. Commemorating the occasion, his associates on July 24, at a gathering in his honor, presented Mr. Nolan with a sapphire ring. John B. Freudenberger, President of the Exchange's Quarter Century Club, made the presentation. For the past eight years Mr. Nolan has been a supervisor on the floor of the Exchange. He first became an employee of the Stock Exchange in 1890 and joined the Stock Clearing Corporation in 1893, continuing with that organization until 1934, when he assumed supervisory duty on the Exchange floor.

Calif. Aviation Study

A most attractive 50-page booklet on Southern California Aviation securities is being distributed by Wyeth & Co., members of the Los Angeles Stock Exchange, 40 Wall Street, New York City. Contained in the booklet are complete descriptions and financial data on 28 aircraft companies. Copies may be had upon request from Wyeth & Co.

Dealers Ass'n Vote On Capital Requirements

At a meeting of the Board of Governors of the New York Security Dealers Association held July 23, 1942, the amendment to Article I, Section I of the By-Laws of National Association of Securities Dealers, Inc., prescribing minimum capital requirements, was discussed. As a result, the following resolution was adopted by the Board:

"WHEREAS a sufficient number of the members of the National Association of Securities Dealers, Inc. voted in favor of the adoption of the amendment to Article I, Section I of the By-Laws of that Association, which amendment will become part of the By-Laws if not disapproved by the Securities and Exchange Commission on or before Aug. 14, 1942, and

"WHEREAS it is the opinion of this Board, after mature consideration, that the amendment as approved is in conflict with the spirit of the Securities Exchange Act of 1934, and detrimental to the investing public and registered Broker-Dealers, now therefore be it

"RESOLVED that the New York Security Dealers Association through its president, providing the majority of the members concur, notify the Securities and Exchange Commission of its opposition to the adoption of the amendment, and request the privilege to express to the Commission its reasons therefor, and be it further

"RESOLVED that a copy of this resolution be sent to each member of the New York Security Dealers Association with the request that he express his approval or disapproval of the action suggested herein."

In next week's columns of the "Chronicle" further particulars on the result of the poll of members of the Association will be given, as returns as yet are incomplete.

New York Stock Exchange Weekly Firm Changes

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

The transfer of the Exchange membership of the late Cecil Lyon to Edgar Scott, who will continue as a partner in Montgomery, Scott & Co., Philadelphia, Pa., will be considered on Aug. 6th.

The proposal that Charles H. Marshall act as alternate on the floor of the Exchange for Pierpont Adams will be considered by the Exchange today.

Henry C. Keenan, member of the New York Stock Exchange, will retire from partnership in Edward A. Viner & Co., New York City, on Aug. 1st, when the firm will cease to be a Stock Exchange member firm. Edward A. Viner & Co. will continue to hold membership in the New York Curb Exchange.

Menko Rose will retire from partnership in Bernard, Winkler & Co., New York City, on July 31st.

Harrington & Co., New York City, will be dissolved as of July 31st.