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OUR REPORTER'S REPORT

Action of Federal Reserve Board Governors in ordering a further reduction in reserve requirements against demand deposits by banks in the New York and Chicago districts indicates clearly the manner in which the Government is gearing the position of the banks to its war financing needs.

The reduction, from 24 to 22%, for these two areas, marks the second cut ordered in about a month under the powers accorded the Board by an amendment to the Reserve Act passed some weeks ago.

Coincident with the dropping of the rate of required reserves, it is pointed out in the Federal Reserve Bulletin just released, that the Treasury will have need to borrow an average of at least $4,000,000,000 a month over the remainder of the fiscal year.

Since, by far, a major portion of this indicated $36,000,000,000 must ultimately go to the banks whose free reserves have been dwindling rapidly, it is apparent that the adjustments which have been made must prove only the forerunner of a further marking down of reserve requirements.

As things now stand the Board is in a position to order another reduction of 2 percentage points in requirements for central reserve city banks in Chicago and New York, which would bring the rate abreast of the 20% figure now prevailing in city banks outside those two areas.

From that point on, it would appear that adjustments would necessarily have to include all the banks in the system.

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Schram Declares People Of The U. S. Appreciate Exchange As Part Of Economic System

Even in these times, when the Nation is preoccupied with the war, the people of the United States have a deep interest in the Stock Exchange and a very genuine appreciation of its usefulness as an essential part of the American economic system, Emil Schram, President of the New York Stock Exchange, stated at the meeting of the Governors of the Association of Stock Exchange firms.

"The New York Stock Exchange," declared Mr. Schram, "is a national institution in a very real sense. Its organization is a far-flung one, extending from the Pacific Ocean to the Atlantic and from Canada to Mexico—and even into other countries. We have found these regional meetings to be not only a most convenient method of discussing our problems at first hand with members of our own community, but, more importantly, a means of meeting and of obtaining the point of view and constructive criticism of the people who support the Exchange.

Emil Schram

"I must confess that, contrary to the impression which I once had, people throughout the United States have a deep interest in the Stock Exchange and a very genuine appreciation of its usefulness as an essential part of our economic system. Even in these grim times, when everyone is preoccupied with the war, we have found, wherever we have gone, a keen interest (which is most flattering to us) in the functions, services and problems of our financial markets. We regard this, of course, as the best possible evidence of the widespread recognition of the necessity of free markets and of the need to preserve their health and freedom. We have been gratified, particularly, to discover that people everywhere are aware of the part which these markets must inevitably play in the eventual transition from a war-time to a peacetime economy.

"It is a source of special pride to us that most of the great industrial enterprises which are producing the materials for the prosecution of the war are listed on the New York Stock Exchange. As a matter of fact, all of our listed companies are contributing substantially to the war effort, either in the manufacture of goods or in supplying necessary services. And may I add that the members and member firms of the New York Stock Exchange are, as in past wars, lending valuable assistance in many ways, but, particularly, in the sale of the Government's securities for the financing of the war.

"The record of American industry, in the nine months since Pearl Harbor and during the previous period of preparedness, speaks for itself—and most eloquently. This record, I believe, is without parallel. I have said repeatedly—and my conviction is strengthened daily—that the performance of American industry, business and finance during this war would be one of such magnitude, such efficiency and such patriotic devotion, that any attempt to discredit our system or to undermine it, would be rejected by a Nation gratefully aware of the productive miracles that have been achieved. This performance has completely confounded the enemies of our system.

"We have had an inspiring exhibition recently in the application of mass production techniques. We have seen our enterprise system convert itself, voluntarily, cheerfully and speedily to war requirements. This conversion, mind you, was accomplished without Government dictation, although all units of our system have willingly become the servant of the Government in this emer-

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Senate Committee Completes Tax Bill—Adopt "Victory Tax"—Cut Corporation Rates

The Senate Finance Committee on Sept. 14 virtually completed consideration of the largest tax bill in the Nation's history and sent the measure to the legislative drafting experts preparatory to reporting it to the Senate floor for debate. The Committee is scheduled to meet again next Monday (Sept. 21) to work out some technical amendments.

As the bill now stands it is designed to increase Treasury collections to about $26,000,000,000 a year. It is estimated that the Senate version of the tax bill will yield about $9,000,000,000 in new revenue but nearly $2,000,000,000 of this total would be returned to individuals and corporations in the form of post-war credits. As passed by the House in July the tax bill was estimated to yield $6,271,000,000, whereas the Treasury had called for a minimum of $8,700,000,000 in additional revenue. Under present tax laws Federal revenue collections amount to about $17,000,000,000.

The chief difference in revenue-raising between the Senate Committee's bill and the House-approved measure was provided by the so-called "victory tax." This levy, superimposed on the regular income tax, would collect 5% of earnings above $624 a year, the assessment being taken out of the pay checks of wage earners. At the end of the year credits of 25% of the tax would be available for single persons and 40%, plus 2% for each dependent, to married persons. These could be taken up in debt and insurance deductions or made in the form of post-war rebates by the Treasury.

The Senate Committee tentatively voted for the 5% "victory tax" on Sept. 8 and reaffirmed its action on Sept. 9 (referred to in our issue of Sept. 10, page 890). It is reported that if the "victory tax" finally becomes law the total number of persons paying taxes to the Federal Government will be increased from the 29,000,000 estimated under action previously taken to 43,000,000. The House bill included a 5% withholding tax as an advance collection on 1944 income taxes and the Senate Committee's "victory tax" proposal contemplates its elimination.

Last-minute action by the Senate Committee on Sept. 14 reduced the combined corporation normal and surtax rate to 40% from the previously-approved rate of 45%. The group fixed the normal tax at 24% and the surtax at 16%.

The Committee on Sept. 14 also reduced the holding period for long and short term capital gains and losses to six months, instead of the 15 months voted by the House and the 13 months it had previously approved.

The following regarding some changes which the Senate Committee bill would make in present tax laws was reported in Associated Press Washington advices of Sept. 14:

Individuals

1. Present normal income tax rate increased from 4 to 6%, with surtaxes now ranging from 6 to 77% increased to range from 13 to 82%.

2. Personal exemptions for income tax cut from $1,500 to $1,200 for married couples, from $750 to $500 for single persons and credits for dependents cut from $400 to $300.

3. New credit allowed against income tax for all medical expenses in excess of 5% of net income, with a maximum of $2,500.

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Whitman Named V.-P. Of Benton & Bowles

A. R. Whitman was elected a vice-president of Benton & Bowles, Inc., 444 Madison Avenue, New York City, at a recent meeting of the board of directors. Mr. Whitman, who joined the agency in 1933, will continue in an executive capacity on the Prudential Insurance Company of America account, and in charge of the agency's war activities.

Jacob Schoellkopf Dies

Jacob F. Schoellkopf, Sr., President of Schoellkopf, Hutton & Pomeroy, Inc., 70 Niagara St., Buffalo, N. Y., died at his home at the age of 84. Mr. Schoellkopf, who was active in the power and dye industries, organized the investment firm of Schoellkopf, Hutton & Pomeroy in 1919.

SEC Extends Period For Submission Of Views Regarding Bid and Asked Disclosure Rule

The Securities and Exchange Commission has extended to Oct. 15 the date for the submission of views from the securities industry regarding its proposed bid and asked disclosure rule, X-15C1-10. The original deadline was Aug. 12 and was then extended to Sept. 15. The latest extension of time was granted by the Commission at the request of representatives of the industry. The additional time, moreover, very likely can be profitably employed by the Commission in carefully analyzing the proposal in relation to its obvious dangers to the very existence of the industry itself. Certainly it should be apparent to the Commission that the proposed rule—at least as presently drafted—is clearly unwarranted and unnecessary and definitely not in the public interest. Furthermore, it cannot do other than seriously obstruct the normal functions of the over-the-counter markets and pave the way for the destruction of an industry whose continued profitable existence is perhaps now more vital to the nation's welfare than ever before. It is a type of legislation, laudable in its objectives, but nevertheless highly impractical and unrealistic and calculated to cause great harm and injury to the rank and file of investors in whose behalf it was presumably initiated.

The municipal bond fraternity, by the way, is prepared to vigorously oppose the application of the proposed rule to their business. This group interprets the rule as an attempt by the SEC to extend its jurisdiction over the tax-exempt field, despite the fact that Congress specifically exempted the municipal business from regulation by the Commission. Two of the leading municipal law firms in New York City have already furnished opinions to the Municipal Bond Club of New York, stating that the rule as applied to municipal transactions is invalid and represents an illegal assumption of power by the SEC.

Additional comments from dealers follow:

DEALER NO. 30

Thomas Graham of the Bankers Bond Co., Louisville, Ky., National Committee Member from Kentucky, in a letter sent to the Executive Council of the National Security Traders Association, Chicago, Ill., discussed the proposed rule, as follows:

Re: RULE X-15C1-10—(PROPOSED)

An identical plan was prepared two years ago by the "Old Guard Group of floor traders" who still seem to control the policy of the New York Stock Exchange. We all hoped the new management would try to improve the position of the Exchange and the business of the Exchange by working with all other investment dealers, large and small, whether members or non-members. With the whole industry cooperating together, some of us believed a solution to the Stock Exchange problems could be found which certainly anybody who is in the investment business or feels any regard for the financial well-being of the country would be in favor of. It seems by recent actions which have come to the attention of the small dealers that the Wall Street element, which is responsible for the present plight of the Stock Exchange, have some way gotten the SEC to ask for a hearing on their plan of attempting by indirection to control the business of all other investment dealers and run out as many non-members as possible. This would be rather humorous if it wasn't for the seriousness of the war situation and the necessity for maintaining a strong national economy.

I wrote Chairman Purcell the above facts. His reply is as follows:

"I wish to acknowledge receipt of your letter pertaining to proposed Rule X-15C1-10 which has been sent to various representatives of the securities industry by the Trading and Exchange Division for comment. I also wish to thank you for the comments that you have made and to assure you that they will be given serious consideration.

"I should add, I believe, that to my knowledge the proposed rule originated in the Trading and Exchange Division of this Commission and that this proposal by that Division was not the result of suggestions by member firms. The only purpose of the rule is to make available information as to current market prices which will enable all classes of investors to make an informed and intelligent judgment as to the desirability of purchasing and selling securities, information which is customarily required by informed investors before they enter into transactions of this nature.

"It may be that the method selected to accomplish the foregoing purpose is not mechanically perfect, but it is hoped that the comments which have been solicited will contain suggestions which will improve the proposed rule or will afford some other satisfactory solution to the problem."

It may only be a coincidence that the identical plans are pre-

(Continued on page 981)

Louis Stoner Enters Army As Captain

Louis A. Stoner, Midwestern Vice-President of Hugh W. Long & Co., Inc., who has been making his headquarters in Chicago for

Louis A. Stoner

several years, has taken a leave of absence from the securities business for the duration to accept a Captaincy in the Army.

Captain Stoner expects to be stationed at the Edgewood Arsenal, Maryland.

J. Clark Named Pres. Exchange Firms Ass'n

John L. Clark, a partner in the firm of Abbott, Proctor & Paine, has been elected President of the Association of Stock Exchange Firms to succeed James F. Burns, Jr., who is shortly to enter the Army Specialist Corps as a Captain.

Mr. Clark was born in Steubenville, Ohio, 48 years ago, and was educated in the public schools of Steubenville, at Washington and Jefferson College and at the University of Wisconsin. During World War I Mr. Clark served as a Lieutenant in the 332nd Infantry.

After the war he was, for a short time, a cost accountant with Follansbee Brothers, steel manufacturers. In 1920 he joined the staff of the "Wall Street Journal" and, two years later, was employed by the Stock Exchange firm of Livingston & Co. as a statistician, becoming a partner in 1927. He remained a partner of Livingston & Co. until Nov. 1, 1934, when that firm merged with Abbott, Proctor & Paine, then becoming a partner in the successor firm. For many years he was actively interested in the New York Stock Exchange Institute, now the New York Institute of Finance, and for some years taught securities analysis in that institution. Mr. Clark was a member of the Nominating Committee which proposed the election of the Association's present Governors.

Mr. Clark's election as President of the Association of Stock Exchange Firms occurred at the Autumn meeting of the Association in St. Paul, Minn. The St. Paul Association of Commerce later gave a dinner at the St. Paul Hotel, in honor of the Governors of the Association, at which Mr. Clark was present.

C. C. Leefe Is V.-P. Of R. A. Ward & Co.

Charles C. Leefe has been elected Vice-President of R. A. Ward & Co., Inc., 63 Wall St., New York City. Mr. Leefe was formerly a partner in Gison, Leefe & Co. and was recently with B. J. Van Ingen & Co. and Content, Hano & Co.

R. A. Ward, President of the firm, has received a commission as Captain in the U. S. A. and will shortly take up his duties as intelligence officer and post adjutant at the Quartermaster Depot at Belle Mead, N. J.

Customers Brokers To Revise Constitution

The Association of Customers Brokers at their quarterly business meeting discussed three proposed amendments to the Association's constitution. It is proposed to have the business year of the group run from September to September, instead of June to June, so that incoming administrations might begin in the fall; to permit members in the armed forces to continue on the rolls without payment of dues; and to extend membership to those handling commission business in commodities.

Allyn C. Donaldson, Vice-President of the Association, has tendered his resignation and has entered the State Department. Louis C. Reynolds has resigned to become associated with the War Production Board; he is succeeded on the executive committee by Ralph O. Rotnem, Harris, Upham & Co.

Eastman, Dillon Open Branch In Hartford

HARTFORD, CONN.—Eastman, Dillon & Co., members of the New York Stock Exchange, have opened a new branch office in Hartford at 75 Pearl Street. The new branch will be under the direction of Benjamin R. Field, recently with the local office of Riter & Co. and in the past manager of the New London branch of Goodbody & Co.

"Economic Almanac"

The National Industrial Conference Board, recently announced the publication of its "Economic Almanac for 1942-43," a handbook of useful facts about business, labor and government in the United States and other areas. The new edition has been greatly expanded to provide time-saving information about wartime agencies and regulations, contract awards, and war finance. An enlarged index gives reference to the specific fact desired. The Board's vast accumulation of a quarter century research on the nation's economic strength and activity are organized and condensed in the "Economic Almanac." The book consists of 536 pages and sells for $4.50 (paper-bound) and $5.00 (cloth-bound). Orders should be addressed to the Conference Board, 247 Park Ave., New York City.

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Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

NY Finance Institute To Begin Fall Term

More than 100 students, most of them experienced security analysts, have already enrolled for the course in "Receivership Rails" to be given this term at the New York Institute of Finance, by Patrick B. McGinnis, well-known Wall Street railroad specialist.

There is also considerable interest in the courses in "Appraisal Method of Security Analysis" and "Public Utility Break-up Values" to be given by Benjamin Graham and Owen Ely, respectively.

As a result of inquiries received from Stock Exchange member firms relative to securing women clerical workers, the Institute has decided to establish a free employment service in connection with its special brokerage training courses for women.

The Fall term begins Sept. 21.

DEALER BRIEFS

Louisville, Ky.

The average of all Kentucky municipal issues reached an all-time peak Sept. 1, 1942. The demand is excellent, with few offerings available.

There has been a good deal of activity in American Turf stock and the various Louisville Railway issues in the last week.—*Thomas Graham, The Bankers Bond Co.*

Portland, Me.

The highest denomination stamp I have in my collection is one for 5,000,000,000 marks issued by Germany in the inflation period. When I see that I stop and try to imagine what it must have been like for investors.—*E. L. Wengren.*

Hipkins & Burchard Open Goodbody Dept.

Goodbody & Co., 115 Broadway, New York City, have opened a Canadian securities department under the supervision of Herbert Hipkins and Gerard L. Burchard,

Gerard L. Burchard

to trade in Canadian listed and unlisted bonds and stocks. Goodbody & Co. will have direct wires to their correspondents in Montreal and Toronto.

Mr. Hipkins was associated for

Herbert Hipkins

seven years with Hart Smith & Co., and prior to that was in the trading departments of Peter P. McDermott & Co., A. Iselin & Co. and Baker, Kellogg & Co., Inc. Mr. Burchard was with Hart Smith & Co. for nearly eight years.

Goodbody & Co. are members of all the principal Exchanges and maintain offices in 22 cities.

Auchincloss Parker To Admit Clarkson

Frederick H. Clarkson, who has been a partner in Winthrop, Whitehouse & Co., will become a general partner in Auchincloss, Parker & Redpath, members of the New York Stock Exchange and other leading Exchanges, on Oct. 1. Upon the dissolution of Winthrop, Whitehouse & Co. a number of his former associates in that firm will also join Auchincloss, Parker & Redpath.

Mr. Clarkson will make his headquarters at the New York office of Auchincloss, Parker & Redpath, 52 Wall Street.

Security Analysts To Meet

The New York Society of Security Analysts, Inc., will have for the speaker at their luncheon meeting on Wednesday, Sept. 23, Mr. C. S. Davis, President of Borg-Warner.

At their meeting scheduled for Friday, Sept. 25, the group will be addressed by an official of the Erie Railroad.

Bonner-Gregory Admits

George W. Linne has been admitted to partnership in Bonner & Gregory, 30 Pine Street, New York City, members of the New York Stock Exchange. Mr. Linne will act as alternate on the floor of the Exchange for Douglas G. Bonner.

THE BOND SELECTOR

CALGARY POWER COMPANY, LTD.
First Mortgage 5s, 1960 and 1964

Operating in the Canadian Provinces of Alberta and Saskatchewan, the company and its subsidiaries serve some 215 communities with water and electricity at retail; electricity is sold at wholesale for redistribution to 14 purchasers who, in turn, serve 58,000 customers with this power. Service area is predominantly agricultural, but other important industries in the section are lumber, coal and metal mining. Calgary, Alberta, is the largest city served.

Calgary Power Company's property consists of three hydro plants on the Bow River, situated west of Calgary, with an aggregate capacity of 70,000 hp. Also operated as standby plants are two steam stations representing about 18,000 h.p. A large power and storage project was begun in 1940 at an initial estimated cost of $3,000,000.

The company's funded debt totals $11,652,500 and consists of $8,183,500 first mortgage 5s, 1960, $1,713,000 first mortgage 5s, 1964, and $1,756,000 5% secured notes. The first mortgage bonds are secured by a first lien on all the company's freehold land, power plants and power rights, transmission lines and distributing systems, and are further secured by a floating charge on all other assets of the company. At Dec. 31, 1941, gross property was carried on the balance sheet at $22,400,000 and reserve for depreciation amounted to $4,065,000. Franchises and investments, not included in the property figure, aggregated $2,362,000, of which $1,531,000 represented investments, mainly securities of subsidiary companies.

According to the indenture, interest on the 5s, 1960, is payable in Canadian currency at any branch of the Royal Bank of Canada, in Canada; in U. S. currency at the Royal Bank of Canada in New York; or in sterling at the rate of $4.86 to the pound in London. Interest on the 5s, 1964, is explicitly stated to be in Canadian currency.

A sinking fund operates which retires not less than ½% of the outstanding issue. The 5s, 1960, are callable on any interest date on 30 days' notice at 104 to April 1, 1945, and at 1% less each succeeding five-year period; the 5s, 1964, are redeemable at 105 to June 1, 1944, the premium reducing 1% each five-year period thereafter.

Calgary Power Company has had a favorable earnings record which affords these medium grade bonds ample coverage. The earnings record for the past several years is outlined at the end of this article. In 1941, fixed charges were earned 1.56 times, or just about the same as in 1940. Gross revenues in 1941 totaled $2,640,000, an increase of about 1% over 1940. Income available for fixed charges amounted to $1,022,000 after income taxes. Total interest and bond discount requirements were $653,000.

Priced well under par, the first mortgage bonds are considered an attractive long-term holding. Increase of capacity and continually growing demands for power in Canada should tend to maintain fair earnings margins over interest. Approach of parity between Canadian and U. S. funds after the war would, of course, be reflected in higher prices for the bonds, while purchases at current levels afford an attractive income return.

EARNINGS RECORD
(000s Omitted)

	Gross Revenues	Avail. For Fxd. Chgs.	Fixed Charges	Times Earned
1941	$2,640	$1,022	$653	1.56
1940	2,338	1,041	672	1.55
1939	2,174	1,165	656	1.78
1938	2,114	1,069	633	1.69
1937	1,998	1,031	631	1.63

Baas Municipal Mgr. For Westheimer & Co.

CINCINNATI, OHIO—Westheimer & Co., 326 Walnut St., members of the New York Stock Exchange, and other Exchanges, announce that John Baas has been appointed manager of their Municipal Bond Department. Mr. Baas has been in the municipal bond business since 1919, starting with J. C. Mayer & Co. In 1925 when Magnus & Co. was formed he joined that firm and has been connected with them until joining Westheimer & Co. Sept. 1.

Mr. Baas' association with Westheimer & Co. was previously reported in the "Financial Chronicle" of Sept. 10.

SEC Expected To Ask Yearly Dealer Report

It is expected that the Securities and Exchange Commission will shortly promulgate a new rule requiring that all brokers and dealers doing business with the public file a financial statement with the Commission at least once a year. The Commission has not required up to the present time that financial statements be filed directly with it.

It is also reported that the Commission in announcing the new rule, which it is expected will be applicable after Jan. 1, 1943, will adopt the new uniform financial statement.

Boston Traders Name Slate Of Officers

BOSTON, MASS. — The nominating committee of the Boston Securities Traders Association has submitted to the members the following slate of officers for the new year, which will be voted upon at the annual meeting of the Association to be held September 28th at the Boston Yacht Club.

President: Eugene R. Hussey, First Boston Corporation.

Vice-President: Frederick W. Rice, Jr., Goldman, Sachs & Co.

Treasurer: Howard S. Harris, Baldwin & Co.

Recording Secretary: G. Carleton Jordan, Jr., R. W. Pressprich & Co.

Corresponding Secretary: William S. Thompson, Ralph F. Carr & Co.

Governors For Two-Year Term: Robert T. B. Peirce, H. P. Wood & Co.; Charles W. Stevens, Arthur Perry & Co., Inc., and A. N. Winslow, Jr., Perrin, West & Winslow.

Governors For One-Year Term: Harry W. Crockett, Coffin & Burr, Inc.; William F. May, May & Gannon, and James F. McCormick, Jr., Chandler Hovey & Co.

Central States IBA Name New Officers

CHICAGO, ILL.—D. Dean McCormick, partner of Kebbon, McCormick & Co., Chicago, Ill., has been elected Chairman of the Central States Group of the Investment Bankers Association of America for the year 1942-1943.

D. D. McCormick

Other officers chosen at the annual meeting on Sept. 15 are: John E. Blunt, 3rd, of Lee Higginson Corp., Vice-Chairman, and Newton P. Frye of the Central Republic Co., Secretary-Treasurer.

In addition, the following were named for three-year terms on the Executive Committee: Holden K. Farrar of Smith, Barney & Co., Pat G. Morris of The Northern Trust Company, William H. Sills of Sills, Troxell & Minton, Inc., Chicago. Arthur C. Allyn of A. C. Allyn & Co. was chosen to serve one year, filling a vacancy caused when Douglas Casey of the same firm resigned to go on active duty in the Army. Mr. Loomis will continue a member of the Executive Committee, ex officio, as the retiring Chairman.

Ins. Stock Interesting

The current issue of "News & Views," published by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Calif., contains interesting details on several insurance companies which offer particularly interesting possibilities at the present time. Copies of "News & Views" may be had from Butler-Huff & Co. upon request.

Insured Investment For Investors And Trustees

The United Building & Loan Association, 519 Garrison Avenue, Fort Smith, Ark., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings & Loan investments full particulars. Current dividend rate of 4% per annum.

Selected Investments Co. In New Offices

CHICAGO, ILL. — Selected Investments Company, which is now confining its activities to the national wholesale distribution of Selected American Shares, Inc., announces the opening of its new offices, Suite 2047, the Field Building, 135 South La Salle St.

Alvin H. Baum, Executive Vice-President, is acting head of the company since Major Robert S. Adler, President, is on active military duty. Edward P. Rubin is President of Selected American Shares, Inc.

REAL ESTATE SECURITIES

AN INFLATION HEDGE
HOTEL SECURITIES SHOW MARKET STRENGTH

A decided trend of capital being invested in selected real estate securities as a hedge against the inflation threat is noted by brokers who specialize in that type of security.

Investors are seeking a tangible investment for their money and feel that these securities backed by real property provide such a media, as real estate values traditionally increase when prices become inflated. For many years before the depression, real estate mortgage bonds occupied a preferred position as investments. Today they still are looked upon favorably by Insurance Companies who have about 19% of their assets so invested.

Many investors, needing and depending on income and seeing the effect of high taxes in reducing stock dividends, have turned to fixed interest bonds in order to maintain a return on their invested capital.

These factors have already had the effect of increasing market values of many issues in the real estate field. Several bonds secured by hotel properties have shown a gradual but steady increase due to the marked increase in business and earnings of the properties. Sizable amounts of cash, available from earnings after payment of interest on the bonds, used as a sinking fund for purchase and retirement of bonds to reduce the outstanding mortgages, have the natural tendency of stabilizing and increasing market prices. At current levels, many of these bonds offer a yield considerably in excess of 6% with more than usual appreciation possibilities.

Earning reports recently issued include those of Hotel Taft Corporation and Hotel Lexington, Inc., the report on the former property showing for the year ended July 31, 1942, the sum of $154,203.59 available as a sinking fund, after payment of 5% interest on the outstanding bonds.

Net profit of Hotel Lexington, Inc., shown in accordance with the provisions of the indenture for the six months ended June 30, 1942, amounted to $134,589.14, before interest. As current interest for the period at 4% per annum amounts to $78,000, coverage above current interest was approximately $56,000.

Both of these properties show increased earnings over the corresponding prior periods. Statistics prepared by Harris, Kerr, Forster & Co., a prominent firm of accountants and auditors, based upon the operations of 21 transient hotels in New York City, comparing the first six months of 1942 and 1941, show a 12% increase in total revenue and only a 6% increase in operating expenses and real estate taxes, resulting in a 50% increase in profit before capital expenses. Percentage of occupancy for 1942 was 66.26% as compared to 60.18% in 1941, an increase of 6.08%.

Both of these properties were reorganized in 1936 or 1937 and the requirements of the funded debts adjusted to meet existing conditions. The outstanding $3,437,800 first mortgage bonds of the Hotel Taft Corporation are secured by the land located on the block front on the easterly side of Seventh Ave., New York City, between 50th and 51st Streets, together with the 20-story hotel containing approximately 1,610 rooms erected thereon. All furniture and furnishings are pledged as additional security under the mortgage.

The property owned by Hotel Lexington, Inc., and subject to the $3,900,000 funded debt consists of land owned in fee located on the southeast corner of Lexington Avenue and 48th Street, New York City, together with the 28-story hotel building erected thereon; also a 4-story building at 129 East 47th Street on land 20 by 100 feet. The combined area of both plots is approximately 19,500 square feet. Company also owns the furniture and fixtures subject to the funded debt.

In The Armed Forces

Benjamin Boas, New York City, has been commissioned a Lieutenant in the United States Naval Reserve.

H. I. Booker, First Boston Corp., New York City, has received a commission as Lieutenant-Commander in the Navy and has been assigned to Jacksonville, Fla. Commander Booker, an Annapolis graduate, served as a flying instructor at Pensacola until becoming associated with the First Boston Corp.

J. L. R. French, formerly trading manager for Pearson, Erhard & Co., Boston, is now serving in the armed forces—805th TSS, Barracks 1235, Sioux Falls, S. Dak.

William Gordon, previously in charge of the order department for Fahnestock & Co., New York City, joined the Coast Guard as a seaman.

Melvin H. Hass, Captain in the U. S. Marine Corps Reserve, has been called to active duty. Until recently Mr. Hass was Executive Vice-President of Wyeth & Co., Los Angeles, Calif. He reported for active service in San Diego on Aug. 1 and will undergo a short period of training before being assigned to a regular post.

Edward L. Holsten, partner in Salomon Brothers & Hutzler, has been commissioned a First Lieutenant in the U. S. Army Air Force and will report to Miami Beach, Fla., where he will join the intelligence division of the Air Force. Lieutenant Holsten is on leave of absence from his firm.

Harry J. Krug, Jr., of the Philadelphia office of R. H. Johnson & Co., 1528 Walnut Street, has been commissioned a Lieutenant in the United States Naval Reserve.

Robert Parmenter, of Boston, Mass., is now in the armed forces.

Henry L. Rosenfeld, Jr., is on leave of absence from Salomon Bros. & Hutzler, New York City, in which he is a partner, and has entered the U. S. Army as a private. Mr. Rosenfeld during World War I served overseas with the Army and rose to the post of acting commander of a company. With more than 800 hours of civilian flying to his credit, he is Second Lieutenant and Executive Officer of a Civilian Air Patrol squadron.

Walter T. Swift, formerly of Kidder, Peabody & Co., Boston, is now in the armed forces—Class 3-43-A Embry Riddle School, Miami, Fla.

PERSONNEL ITEMS

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

NEW YORK, N. Y.—**Harvey W. Katz**, formerly with A. M. Kidder & Co., has joined **Francis I. du Pont & Co.**, 1 Wall Street.

NEW YORK, N. Y. — **Gerson Steinberger**, formerly with Hirsch, Lilienthal & Co., has become associated with **Ira Haupt & Co.** and will be located at the firm's branch office at 501 Seventh Avenue.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **George W. Schultz**, previously with A. A. Bennett & Co. and Traction Securities Co., has joined the staff of **Leason & Co., Inc.**, 39 South La Salle Street.

(Special to The Financial Chronicle)

MILWAUKEE, WIS. — **Fred D. Jenkins** has become affiliated with **Charles W. Brew**, 735 North Water Street. Mr. Jenkins was formerly with John Gould and G. M. Thorsen Co.

(Special to The Financial Chronicle)

SPRINGFIELD, ILL. — **Clifford W. Wright** has become associated with **Ryan-Nichols & Co.**, whose main office is located at 105 South La Salle Street, Chicago. Mr. Wright was formerly with Lowell Niebuhr & Co. and in the past conducted his own investment business in Springfield.

(Special to The Financial Chronicle)

UNION CITY, IND.—**Clifford C. Fisher** has been added to the staff of **Wayne Hummer & Co.**, 105 West Adams Street, Chicago, Ill. Mr. Fisher was formerly with Stokes, Wolf & Co. for a number of years.

Cgo. Municipal Club Will Hold Outing

CHICAGO, ILL.—The Municipal Bond Club of Chicago will hold a streamlined one-day outing at the Bob O'Link Golf Club at Highland Park on Oct. 2. Reservations should be made on or before Sept. 30 through R. C. Vinnedge, Halsey, Stuart & Co., Inc., Chicago.

The club invites all municipal men to participate in the outing—arrangements have been made with the Palmer House to take care of out-of-town visitors, if reservations are received a few days in advance. The guest fee is $8.

See Inflation Hedge In Real Estate

Investments in carefully selected real estate currently have considerable appeal as an inflation hedge, says the United Business Service, Boston, in a special report on the real estate outlook.

The Service points out that "mortgage rates are low, and that a liberal mortgage at low fixed interest has rather obvious advantages in an inflationary period. Mortgage interest, unlike rents, is deductible for income tax purposes. Moreover, even though loss of gasoline tax revenues may lift real estate taxes, the rise in such levies will be considerably less than the advance in Federal corporate and individual taxes. From a rental standpoint, little difficulty will be had in keeping most properties fully occupied with all new non-defense building curbed.

"On the bearish side, however, are the following factors to be considered. Local conditions are even more spotty than in peacetime. The danger of investing in a 'white elephant' has increased accordingly. Suburban real estate values are vulnerable to the gas and tire shortages, while many long-depressed intown properties are beginning to appreciate in value. However, this reversal of the trek to the suburbs is undoubtedly a temporary situation. In considering the purchase of rental property as an investment, unusually careful appraisal is necessary giving due weight to postwar as well as current wartime prospects."

The Service forecasts that farm land will continue to appreciate in value, but that there will be no such boom as the one during and after World War I. A farm, the announcement adds, "offers a reasonably good inflation hedge as well as means of subsistence under adverse economic conditions — if the purchaser knows something about practical farming or can afford to hire a competent manager or tenant. Properly worked a farm can show a good profit at current crop price levels or at least provide a self-sustaining investment. However, purely as a country home, a farm has no more inflation hedge value than a city house."

Tomorrow's Markets Walter Whyte Says—

Tax amendments have partial effect on market but effect misleading. Prices still between "hay and grass." No real signs of immediate trend visible.

By WALTER WHYTE

As this goes to press the market has still to show anything of a positive nature. One day it shows up, the next down. But seldom do its indications of any single day follow over into the next day.

* * *

There are reasons for this confusion. The first is the war, the second is taxes, the third is Congress's insistence of looking at the whole thing through the small end of the binoculars.

* * *

I place the war as the first reason because every thing that has happened in the last year, and will happen in the future, is tied to the war. Taxes have jumped, business overseeing has increased but you can rest assured none of these would have assumed their present importance if it wasn't for the war. We are now spending about $139,000 a minute on the war. It's obvious the money must come from somewhere.

* * *

Recently the market got a shot in the arm when it interpreted the 80% tax ceiling proposal as bullish. Apparently it wasn't important enough to move prices too much out of their rut. The other day the Senate Finance Committee agreed to permit utilities to deduct dividends paid on their preferred in making up their surtax net income. Previously the Committee had recommended a cut in the normal and surtax rates from 45% to 40%. These actions brought about another small rally, particularly in the utilities.

* * *

What amazes me is that people read these suggestions and recommendations with complete seriousness then go out and buy certain issues they feel will be benefited. The fact such recommendations are not laws and, for all we know, may never be, is cheerfully overlooked.

* * *

If there is one thing unpredictable it is Congressional action. One day one "spokesman" says one thing. The next day another "spokesman" says another. The stockmarket, not easily fooled by "recommendations" and "suggestions," acts accordingly.

* * *

You certainly recall the President's ultimatum to Congress to do something about farm prices by October. Of course there were Congressional fireworks. It was natural. Still one would be led to believe Congress, after getting it's senses back, would do something, not because Roosevelt demanded it, but because it was in the interest of the country.

* * *

So what happens? Henry B. Steagall, Alabama Democrat, and Chairman of the House Banking Committe and leader of the House farm bloc, comes up with a plan to ". . . command the Secretary of Agriculture to make loans and purchases and to carry on other operations" (in agricultural products) "at not less than 100 per centum of the parity prices therefor. . . ." The catch is in the Steagall interpretation of "parity." According to the Steagall bill the fomula for parity is also to be changed.

* * *

It's all quite simple. If people object to a little thing like par then just change par. Of course prices won't go down, or remain steady. They will have to go up to Mr. Steagall's par. But what of it? Isn't the House giving us what we want?

* * *

The Senate, a little more sober minded, came up with the Brown-Wagner resolution which would really do the job. But no sooner is it made public then Senator John Bankhead, leader of the Senate farm bloc and Democrat from Alabama, comes out with the statement that he would offer an amendment to the Brown-Wagner resolution to change the value of par.

* * *

As it stands now if the Steagall and the Bankhead interpretations become law foodstuff prices will not only go up, they will be forced up. This means wages must also go up. Where would this kind of a mess leave industry!

* * *

So if you get all excited about a new piece of legislation Congress is dickering about, and wonder why the market doesn't go up or down on it, some of the above "plans" may furnish a partial answer.

(Continued on page 980)

RAILROAD SECURITIES

Southern Pacific System liens continue as about the brightest spot among the second grade rail issues, hovering around the year's high levels while other marginal carrier securities trade listlessly around the middle level of their 1942 ranges. Complete justification for the outstanding market performance of the Southern Pacific liens is found in the phenomenal earnings record being achieved, and growing confidence in the ability and intention of the management to take the fullest financial advantage of the earnings windfall.

Following the short-lived peace psychology last spring there has been a more general recognition that the war will probably be a long one, and there is every reason to expect that Southern Pacific will continue with peak traffic loads and earnings at least for the duration of the war. In addition, there has been a gradual reversal of earlier fears that the company faced a sharp contraction in traffic volume to low depression levels as soon as the war is over. This more general postwar appraisal is based on recognition that we will, in all likelihood, be called upon to play a dominant role in the feeding and rehabilitation of a war-torn world, thus presaging well maintained traffic levels for at least the major transcontinental roads. There is also a growing feeling that the competitive situation may not be so acute, at least in the immediate post-war years.

It is pointed out that feeding and rebuilding Europe and Asia will place a heavy burden on available shipping tonnage, and that intercoastal steamship competition may be slow to revive. The generally unsatisfactory profit experience of intercoastal and coastal ship operators in the pre-war years and the very serious maritime labor situation are also pointed to as a possible deterrent to the rebirth of such serious steamship competition. Finally, it is contended, with logic, that much of the plant construction in the Southwest and the Pacific Coast areas for war purposes represents a permanent accretion to the economy of the service area.

The impressive financial progress made to date and indicated over the visible future, when coupled with the more realistic view now being taken of the long term post-war traffic position of Southern Pacific, has resulted in a feeling of confidence in the long term ability of Southern Pacific to maintain its financial integrity. It was only a few years ago that Southern Pacific was considered as one of the most likely of the marginal properties to succumb to a top-heavy debt structure.

Four years ago Southern Pacific was operating at a deficit and involving itself heavily in bank and RFC accommodations. This year it is possible that Southern Pacific may earn $60,000,000 after all charges, and the company is being just as quick to pay off its obligations as it was to contract new ones when earnings were low. As a matter of fact, the willingness of the Southern Pacific management to spend money in the late 30s, when things did not look so good, accounts to a considerable degree for the subsequent happy earnings experience. Extensive property rehabilitation work and large expenditures on new equipment have brought an important improvement in operating efficiency.

The improved operating efficiency was in evidence even before the spurt in westbound freight tonnage (normally there is a heavy empty car movement west) brought about a healthier and more economical balance of traffic direction. This was apparent in 1940 when revenues were not much (only about 3%) above the previous recovery peak of 1937, but the operating ratio was cut more than four points and transportation ratio declined from 40.8% to 37.6%. Last year the transportation ratio was held to 35.3% and it will probably be materially lower in 1942.

Southern Pacific reduced its publicly outstanding non-equipment debt by $34,441,000 in 1941 on net earnings of $34,759,000, and during the first half of 1942 liquidated the balance remaining of the temporary loans contracted in the late 30s. Even more substantial progress should be possible this year, with net earnings running close to 10% of the entire system non-equipment debt. It would obviously not take very long under these earnings conditions to reduce the fixed charge burden to a level supportable even under severe depression conditions. Exclusive of bank loans liquidated earlier this year, the 1941 year-end balance sheet showed a total of $73,631,000 of non-equipment debt maturing from 1942 through 1948 and $132,280,625 falling due in 1949. It is indicated that the company has already started making inroads into the 1949 requirements through open market purchases.

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—41⅝; low—14¾; Sept. 16 price—41½.

License Revoked

The broker-dealer registration of the Superior Investment Company, 9 South Kedzie Avenue, Chicago, Ill., has been revoked by the Securities and Exchange Commission, which said that the company had filed an answer and consent.

Bank and Insurance Stocks

This Week—Insurance Stocks

With corporations and individuals alike, it is no longer a question of how much one makes but how much it is possible to keep—after the tax-gatherer has made his rounds. Thus taxes have become the most important single factor in corporate analysis. This is not entirely attributable to the war because there has been a marked tendency in that direction for several years, but financial requirements of the war are serving to accelerate and emphasize the situation. In the days when peace and some measure of frugality characterized our national life, taxes were only an incidental and relatively painless item of expense for the average business. Now, however, it is estimated that tax charges are absorbing some 75% of the current profits of incorporated industry.

The ramifications of such a development are many and varied. The burden will by no means fall equally on all industries. The insurance business, for example, will probably fare better than most others both in respect to the proportion of earnings it must pay out in taxes and in respect to the stimulation it is receiving from the large scale productive efforts of the nation. Inasmuch as insurance premiums are a deductible operating expense for those engaged in other lines of business, there is ample incentive for them to carry every possible type of coverage—and in the maximum amounts permissible. Furthermore, there is less of a tendency to boggle over rates when it makes little difference to the buyer whether a given dollar is paid out for insurance or for taxes.

As far as their own taxes are concerned, fire and casualty companies have heretofore enjoyed a relatively sheltered position. The new Revenue Bill of 1942 has not yet been passed but it is beginning to take shape in its broader principles and a reasonably close approximation can now be made of the impact upon a good many industries. The 1942 bill will be a good deal stiffer than the 1941 bill. However, although the rates will be higher, indications are that the application of them will follow the same general lines as last year. Therefore, in respect to corporate taxes at least, it is possible to do some preliminary figuring. Apparently, companies in the fire and casualty business will continue to occupy a favored position in regard to taxes. This is due to a number of factors which are worth discussing at this juncture.

The tax advantages enjoyed by an insurance company are largely fortuitous because the same schedule of taxes applies to them as to other corporations. However, due to certain peculiarities of insurance company accounting plus the fact that a considerable proportion of income is derived from security holdings, many exemptions and options are available to insurance companies which are not open to other corporations. Taking the 1941 Revenue Law as a model, it is interesting to review the tax situation as it applied to insurance companies. Apparently the 1942 Act will carry the same normal tax rate, a boost in the surtax from 7% to about 21% and an excess profits tax of 80% to 90%, with or without some postwar credit provisions.

Inasmuch as insurance earnings derive from two distinct and separate sources, each one must be examined. As to underwriting profits, they are subject to the normal tax, the surtax and the excess profits tax just as any other regular earnings from a business. However, an insurance company's statutory earnings are materially influenced by its volume of writings. When new writings come in more rapidly than old business is "run off," the setting up of additional legal and contingency reserves may result in a technical underwriting loss. In effect, the insurance companies now have a considerable amount of deferred or hidden earnings which are not taxable. According to present indications, this situation may continue through the heaviest period of war taxation.

In any event, premium income has increased materially and thus provides correspondingly greater amounts which may be invested. The investment end of the business obviously provides the most regular and dependable income, and might be termed the "bread and butter" earnings. Therefore, the extent to which these earnings are exempt from taxation is highly important, particularly since most insurance companies keep their own dividend payments well within the amount of net investment income which they receive.

The investment income of insurance companies is derived chiefly from four sources: (1) tax-exempt Government and municipal bonds, (2) taxable bonds of all types, (3) preferred stocks, (4) common stocks. Inasmuch as operating expenses may be charged against taxable income, it is safe to say that their tax-exempts are almost entirely free from the normal tax. Some of this income may be subject to the surtax but, under the 1941 law, interest on State and municipal bonds was exempt from both the normal and surtax. Dividends received on holdings of both preferred and common stocks, last year, were 85% exempt under the normal tax and totally exempt from the surtax. It appears that the new law will carry very similar provisions.

As far as excess profits are concerned, most insurance companies stand very well. For the most part, earnings during the base period of 1936-39 were excellent if the average earnings option is used. Furthermore, alternative options are permissible if a company elects to use the invested capital method and, in one way or another, investment policy may frequently be adjusted to permit of substantial savings.

One curious phenomenon in the present situation is the fact that, during this particular boom, bond prices are high and common stocks are low. Normally, when business is active and premium income of the insurance companies is large, common stocks are selling high and bonds are low. We shall let our readers draw their own inferences from this but it can be said, at least, that it does illustrate the investment advantages always available to companies possessing the flexibility enjoyed by companies in the fire and casualty business. Through thick and thin, for richer or poorer, these companies have invariably accomplished a better-than-average performance in handling their investments. It is a fair assumption that they will continue to do so.

Frank Hurley Now With Merrill Lynch Firm

ST. PAUL, MINN.—Frank W. Hurley, formerly manager of the local office of Harris, Upham & Co., has become associated with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building.

Frye In Bellingham

(Special to The Financial Chronicle)

BELLINGHAM, WASH. — William Alison Frye is conducting a securities business from offices at 1243 Marine Drive.

Realtors To Hold National War Conference

The National Association of Real Estate Boards will hold a War Conference in St. Louis, Nov. 18-20, inclusive, President David B. Simpson announced on Sept. 12. The Hotel Jefferson will be convention headquarters.

"The relationship of real estate to war activities is an intimate one and it reaches into every real estate office," President Simpson states. The national War Conference, of the entire membership of the Association, will meet with officials of a number of the Federal agencies whose work calls for real estate war use or otherwise affects real estate in the war program.

Subjects which will be discussed include rent control, its administration, and its implications; the land purchase and leasing program of the Army and Navy; finding of homes for war workers by private building or remodeling; real estate in the hands of the Alien Property Custodian and of the Federal Deposit Insurance Corp.; maintenance of the nation's many million dollars' worth of existing structures of all types under war restrictions upon materials and equipment; industrial plant location in the war program; the movement for a co-ordinated national, State and local taxation policy that will draw the necessary war costs equitably and in a way that will conserve a sound financial situation for State and local governments; need for neighborhood shopping centers in new - sprung war - worker communities; civilian housing needs as affected by the pressure of immigration and by stoppage of construction; commercial property management under war - period sales restrictions; action that needs to be taken now toward sound urban planning, including industrial soundness for cities, in the post-war period.

Meetings of the American Institute of Real Estate Appraisers, the Institute of Real Estate Management, the Society of Industrial Realtors, the National Institute of Real Estate Brokers, the Home Builders Institute of America, the Urban Land Institute, and the National Conference of Real Estate Taxpayers will be held in connection with the Conference.

DIVIDEND NOTICES

acf

AMERICAN CAR AND FOUNDRY COMPANY
30 CHURCH STREET
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year ended April 30, 1942, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable October 1, 1942 to the holders of record of said stock at the close of business September 22, 1942.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*

September 10, 1942

American Manufacturing Company
NOBLE AND WEST STREETS
BROOKLYN, NEW YORK

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on September 19th, 1942 until October 1st, 1942. Directors' Meeting will be held on Friday, September 18th, 1942.

ROBERT B. BROWN, *Treasurer.*

DIVIDEND
ARMOUR AND COMPANY
OF DELAWARE

On September 2, a quarterly dividend of one and three-fourths per cent (1¾%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable October 1, 1942 to stockholders of record on the books of the Company at the close of business September 12, 1942.

E. L. LALUMIER, Secretary

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

September 16, 1942.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding, payable on and after October 1, 1942, to the stockholders of record on the corporation's books at the close of business September 21, 1942.

JOSEPH N. SEIFERT, Secretary.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable September 30, 1942, to stockholders of record at the close of business on September 14, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*

Philadelphia, September 3, 1942.

THE GARLOCK PACKING COMPANY

September 15, 1942

COMMON DIVIDEND No. 265

At a regular meeting of the Board of Directors, held in Palmyra, N. Y., this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable September 30, 1942, to stockholders of record at the close of business September 19, 1942.

R. M. WAPLES, *Secretary*

THE NEW YORK TRUST COMPANY
100 Broadway

The Board of Trustees has this day declared a quarterly dividend of 3½% ($0.87½ per share) on the Capital Stock of the Company, payable October 1, 1942, to stockholders of record at the close of business on September 19, 1942. The transfer books will not close.

HARRY F. LITTLEJOHN, *Secretary.*

New York, September 15, 1942.

UNITED FRUIT COMPANY

DIVIDEND NO. 173

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable October 15, 1942 to stockholders of record at the close of business September 24, 1942.

LIONEL W. UDELL, *Treasurer.*

THE WESTERN UNION TELEGRAPH CO.

New York, September 8, 1942.

DIVIDEND NO. 262

A dividend of 50 cents a share on the capital stock of this company has been declared, payable October 15, 1942, to stockholders of record at the close of business on September 18, 1942.

G. K. HUNTINGTON, *Treasurer.*

The Securities Salesman's Corner

AN INFORMATION PLEASE! OR SO YOU THINK YOU KNOW THE RAILS

Last week in this column the importance of accurate information about current developments in the financial world was stressed as a valuable aid in meeting current sales problems. We made the point that much of a salesman's success depends upon his ability to gain his customer's confidence in his knowledge as an investment advisor. Such articles as the one which appeared in the Sept. 3 issue of the "Chronicle," by Patrick B. McGinnis, headed, "Reorganized Rails Have Favorable Outlook," can help to form the basis of a salesman's foundation of knowledge about "what is going on" in the securities field. It is through this kind of reading (which eventually becomes a daily habit) that a securities salesman gains the poise and "know how" that brings in the orders.

Just to show how much meat was contained in this article; and possibly to give some insight into how much or how little you may know about some of the latest "goings on" in the field of railroad securities, the following questions have been selected from material covered in this article by Mr. McGinnis. Score yourself and see how you come out. Answers will be found on inside back cover of this section.

1. In the 20s the railroad industry had a gross income which approximated $6,000,000,000 average per annum as against an average figure of about $4,000,000,000 in the 30s. WHAT WAS THE MAIN REASON FOR THIS DECLINE IN GROSS?
2. What is a Class I railroad?
3. Two of the following roads are classed as Pocahontas Roads and three as Industrially Owned Carriers, name the roads which fall into each class. Bessemer & Lake Erie, Virginian, Chesapeake & Ohio, Missabe & Iron Range, Chicago & Illinois Midland.
4. Who now has complete charge of railroad reorganizations?
5. Can the courts change the plan after they have submitted it? Can they disapprove it? If they disapprove it can they send it back with suggestions?
6. What are the three main steps in present day railroad reorganizations?
7. What effect upon payment of accumulated interest of bankrupt roads has the latest ruling of the Treasury Department (now before the Circuit Court on appeal) made regarding unpaid back interest of such roads as the New Haven, the Milwaukee and other similar bankrupt carriers?
8. Of the eight reorganization plans so far approved, about what percentage of the new securities have gone to first mortgage bonds? Between 10 and 20%—20 and 30%—40%—50%?
9. How much to income bonds?
10. In 1940 the railroads did 97½% of the business that they did in 1930. However, their wage bill for the period was down $600,000,000. In the former period they employed close to 2,000,000 men; about how many did they employ in 1940?

Geo. A. Saxton Dies

George A. Saxton, President of G. A. Saxton & Co., Inc., 70 Pine St., New York City, died suddenly of a heart attack while swimming at Beach Haven, N. J. He was 41 years old.

Mr. Saxton was a graduate of Harvard University, where he played on the varsity football team and was a shot-putter on the track team. He was graduated from Harvard in 1922 and went to France to study at the Sorbonne, later being employed in the Paris branch of the Bankers Trust Company. From 1924 to 1926 he was Professor of Romance languages at Grove City College. He entered the bond business in 1926, founding G. A. Saxton & Co., Inc., in 1934.

Southwestern Issues Offered By Dillon, Read

An extensive financing program for Southwestern Public Service Co. was carried out with the offering Sept. 15 of $20,000,000 of the company's first mortgage and collateral trust bonds, 4% series due 1972, $6,000,000 of 2½ and 3% serial notes due 1943-1954, 60,000 shares of 6½% cumulative preferred stock and 185,000 shares of common stock.

Dillon, Read & Co. headed a nationwide underwriting group offering the securities to the public. Offering of the common shares, however, is subject to prior subscription by the common stockholders of Community Power and Light Co. and General Public Utilities, Inc., which are to be merged into Southwestern Public Service Co.

The aggregate public offering price of all the securities involved in the transaction amounts to $34,434,702. The bonds are priced at 107½, the serial notes at an average of 100.1617% and the preferred stock at $100 per share, in each case plus accrued interest or dividends; the common stock is being offered at a price of $5 per share.

The financing is designed to consummate a plan of integration and simplification whereby Southwestern Public Service Co. will acquire the assets of Community Power and Light Co. and General Public Utilities, Inc., including properties of Texas-New Mexico Utilities Co. and Gulf Public Service Co. The company will also acquire from Continental Gas & Electric Corp. the properties of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.

For the benefit of the first mortgage bonds being offered, the company has agreed to provide an improvement fund commencing in 1948, and a maintenance fund beginning in 1943. Through operation of the improvement fund bonds may be purchased or redeemed at prices ranging from 106.60 to 100.40. Otherwise the bonds are subject to redemption at prices ranging from 111 to 100.50.

The preferred stock is redeemable at any time at a price of $110 per share.

Net proceeds from the sale of the securities will be applied to the redemption or payment of outstanding obligations of Southwestern, Community and General and, among other things, to the retirement of certain subsidiary obligations and to the purchase of securities of the Panhandle, Cimmaron and Guymon companies under the integration plan.

Associated with Dillon, Read & Co in the offering are: E. H. Rollins & Sons, Inc.; A. C. Allyn and Co., Inc.; Auchincloss, Parker & Redpath; Bacon, Whipple & Co.; Baker, Weeks & Harden; Bear, Stearns & Co.; A. G. Becker & Co., Inc.; Blyth & Co., Inc.; Bodell Co., Inc.; Boettcher and Co.

Alex. Brown & Sons; Brush, Slocumb & Co.; H. M. Byllesby and Co., Inc.; Central Republic Co. (Incorp.); Davis, Skaggs & Co.; Doolittle, Roth & Schoellkopf; Eastman, Dillon & Co.; Estabrook & Co.; Goldman, Sachs & Co.; Graham, Parsons & Co.; Granbery, Marache & Lord; Hallgarten & Co.

Harriman Ripley & Co., Inc.; Harris, Hall & Co. (Incorp.); Hayden, Miller and Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Johnston, Lemon & Co.; Kay, Richards & Co.; Kebbon, McCormick & Co.; Kidder, Peabody & Co.; W. C. Langley & Co.; Lee Higginson Corp.; Loewi & Co.; Laurence M. Marks & Co.; Mason-Hagan, Inc.

The Milwaukee Co.; Newhard, Cook & Co.; Newton, Abbe & Co.; Paine, Webber, Jackson & Curtis; Putnam & Co.; Rauscher, Pierce & Co., Inc.; Riter & Co.; L. F. Rothschild & Co.; Schwabacher & Co.; Chas. W. Scranton & Co.; Shields & Co.; Shuman, Agnew & Co.; I. M. Simon & Co.

Smith, Barney & Co.; Stein Bros. & Boyce; Stix & Co.; Stone & Webster and Blodget, Inc.; Stroud & Co., Inc.; Spencer Trask & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Whitaker & Co.; White, Weld & Co.; Williams, Parmele & Co., Inc.; the Wisconsin Co. and Harold E. Wood & Co.

Real Estate Bond Price Averages Show Advance

The average price of the 200 real estate issues used in Amott, Baker & Co.'s study of the real estate bond price averages, showed its sharpest advance in six months. "The increase for the month," the study states, "was 1.6% which compared with a gain of 0.7% during July. The best previous gain over the past six months was 0.9% registered during April. Aug. 31, the average price per $1,000 bond stood at $314 as compared to $309 on July 31 and $302 at the close of 1941. The year-to-date gain for the averages was 3.9%.

"During August a total of 88 issues increased in price, 84 remained unchanged and only 26 declined. During no month this year did so few issues decline in price. The best previous showing was in January when 29 issues showed a decrease. During July 44 issues declined.

"Of equal significance is the fact that all classifications showed improvement during August. Only during January had such an overall improvement previously taken place this year.

"By cities results for the month showed increases of 1.8% in New York issues, 1.3% in Philadelphia issues, 2.6% in Pittsburgh issues, 0.4% in Boston issues and 0.9% for a group of miscellaneous issues.

"Year-to-date results by cities show the following advances: Boston issues 3.4%, Philadelphia issues 11.5%, New York issues 1.8%, Pittsburgh issues 8% and a group of miscellaneous issues 3.2%.

"In the classification by type of building hotel issues are 8.4% above their 1941 close and have an average price of $349 compared to $322 on Dec. 31, 1941. Office buildings are 5.4% ahead for the year, theatre issues have increased 5.9%, a group of miscellaneous issues have advanced 4.3%, apartment issues show a 2.2% increase. Although apartment hotels gained 1.2% in the August period they are still off 6.8% for the year."

Copies of report may be had upon request from Amott, Baker & Co., Inc., 150 Broadway, New York City.

H. M. May Dies Suddenly

Herbert M. May, head of Herbert M. May & Co., 11 Broadway, New York City, died at his home of a heart attack at the age of 51. Mr. May was a graduate of Harvard University. He was a pioneer and founder of the New York Security Dealers Association and was an active member of the Security Traders Association.

Investment Trusts

THIS AND THAT

To those who become obsessed with the gloomy aspects of this fourth year of war, the spirit of leading investment company sponsors will prove a welcome antidote.

Lend an ear, for example, to the recent remarks of George Putnam, Chairman of the Trustees of the George Putnam Fund of Boston, delivered at a special meeting of the beneficiaries of the Fund. Said Mr. Putnam:

"Personally I am more hopeful about the future than many people. I believe that private business can and must survive and prosper in this country. I am not opposed to regulation by the Government and to laws which keep business from abusing its powers. But I am opposed to that deadly and inefficient red tape type of bureaucracy that stifles individual initiative and substitutes a false security for opportunity. I may be old-fashioned but I still believe that there can be no security without progress and no progress without opportunity and initiative

"When you come to the investing problem during these times I know of no better advice than to tell you to diversify your investments and to keep a flexible and open mind."

In common with a goodly number of other investment company managers and sponsors, Mr. Putnam has reason to be hopeful. The Fund which bears his name now has outstanding the largest number of shares in its history, an increase of 28% over a year ago. The number of individuals and institutions owning shares of the Fund as of Sept. 1, 1942 totaled 2,450 as compared with 1,950 twelve months before.

* * * *

National Securities & Research Corporation's Sept. 10 issue of "Investment Timing" is devoted to a thorough and scholarly analysis of the "Economic and Market Aspects of the President's Message." From the conclusions presented we quote the following:

"The President finally took the bull by the horns, and dealt with both the weak spots in previous 'anti-inflation' programs. One way or another, appreciably better stabilization of farm prices and of wages should be attained, preventing the unfavorable and disrupting effects of runaway costs on the expense of the war and on the domestic economy generally, now and after the war. Within the limited area left by taxes, corporate earnings should be helped rather than hindered; and this should eventually be recognized as a favorable market factor."

Portfolio changes in August for National Income Series and First Mutual Trust Fund were reported as follows: Additions to National Income Series—Erie RR. "A" 5% Pfd. and Gulf Mobile & Ohio $5 Pfd. Additions to First Mutual Trust Fund—Bethlehem Steel, Eaton Mfg., Lockheed, Sperry, United Aircraft, Pullman. Southern Pacific, Southern Railway, Swift Internacional and American Woolen 7% Pfd.

* * * *

"Let's Look at the Record," suggests Hare's, Ltd. in a new folder on insurance stocks. Time-tested stocks in this category, "in addition to their outstanding dividend record, have consistently provided greater growth of capital than have the stocks of leading industrial companies and the best of bonds."

For proof of this statement the folder presents five comparisons covering periods ranging from 5 to 25 years between 1917 and 1942. In each period the gain from insurance stocks was greater, being 14.8% greater in the lowest instance and 143.6% greater in the most favorable case.

* * * *

"Changes Ahead" warns the current issue of Calvin Bullock's (Continued on page 976)

Municipal News & Notes

Though many authorities on government advocate a decrease in units of local government for sake of efficiency and economy, only a few reductions of importance were made during the last 10 years, and there still are 165,000 individual units in the United States in addition to the states and the Federal Government.

This is the finding of a survey, published by Public Administration Service last week, showing a reduction of only 10,369 units of government between 1931, when the total was 175,418, and 1941. Both the 1931 and 1941 surveys were made by William Anderson, professor of political science, University of Minnesota.

During the 10-year period school districts decreased 6.9%; towns and townships 6.2%; special districts other than schools 2.3%; incorporated places, 0.6%; counties, 0.1%. Some of the difference is due to elimination of errors in the first count, Mr. Anderson said.

Economic depression, drouth and population declines helped account for the reduction in governmental units, defined as "a resident population occupying a defined area that has a legally authorized organization and governing body, a separate legal identity, the power to provide certain public . . . services and a substantial degree of automony including . . . power to raise at least a part of its own revenue."

School districts were reduced mainly through consolidation; many special districts ceased to function because their work—to finance a ditch or a road—was finished and the debt paid. Among deliberate actions by legislatures was elimination of townships in Oklahoma and poor districts in Pennsylvania.

Counties decreased by only three—two in Georgia and one in Louisiana. The Georgia reduction resulted from actual consolidations, while Louisiana's decrease resulted from absorption of the New Orleans parish government into the city government.

Some increases were brought about in special districts, through creation of public housing authorities and soil conservation districts.

Despite a large decline since 1931, school districts account for 71.7% of all local governmental units, the survey showed. Towns and townships make up 11.5%; incorporated places 9.8%; special districts other than school, 5%; counties, 1.8%. For the country as a whole there is one unit of government for every 800 people and every 18 square miles of land area.

Illinois tops the nation with 15,629 local governmental units. Next are Kansas, 11,206; Missouri, 10,992; Minnesota, 10,400; Wisconsin, 9,514. Ten states have more than 7,000 units; only 13 have fewer than 500 units each.

Hearings Postponed On SEC Disclosure Rule

The SEC disclosure rule, which would necessitate disclosure by a dealer of the bid and asked prices of municipal bonds as well as other over-the-counter securities to buyers before a trade could be consummated, was the main topic of conversation among the municipal fraternity last week. Hearings on this rule had been expected to get under way on Tuesday, but they were postponed to Oct. 15, because of the virile opposition manifested from all sides against hasty action on a matter of grave importance to the trade.

Legal aspects of the SEC proposal were questioned recently by Thomson, Wood & Hoffman, New York municipal bond attorneys, as previously noted in these columns. Another New York municipal bond firm, Caldwell, Marshall, Trimble & Mitchell, has also questioned both the legality and necessity of the regulation, contending there is no need for regulations of transactions in securities issued by sovereign states or their political subdivisions which are "well known to all investors or concerning which ample information can be readily obtained."

In the opinion of attorneys the proposed rule would create confusion in transactions in state and municipal securities. It was further contended that the proposed rule would be an encroachment upon the power of states and their political subdivisions to finance their essential government functions.

In granting the additional time, which had been requested by spokesmen for the over-the-counter industry, the SEC said it was hoped the delay would be fruitful in developing constructive suggestions for the proposed rule.

In the alternative, the commission stated, the industry may suggest some substitute, yet effective rule which "would protect investors who are frequently charged prices for securities which bear no reasonable relation to the existing market."

The municipal bond market is almost entirely unlisted, a fact which makes for irregularity of quotations as between sections of the country. The proposed SEC disclosure rule would require dealers, before executing an order, to give the customer the ruling bid and asked quotation. It is pointed out in objection to this proposal that there are hundreds of municipal issues which rarely figure in a trade and an attempt to find a consensus bid or offered qoutation would frequently require effort and expense not warranted by the prospective dealer profit.

Toll Revenue Dip Found General

Comparison of revenues received by eight different bridge and road authorities, based on latest available figures, shows a general falling off in tolls due to rationing, it was revealed recently.

Declines for the heavy traffic summer months ranged from 20 to 61%, with the declines varying according to the amount of luxury traffic involved. The smallest decline was shown by the Delaware River Bridge, crossing from New Jersey to Pennsylvania, which reported a loss of 20.2% in July tolls. Largest decrease was shown by the Thousand Islands Bridge Authority with a falling off of 61% in July.

Traffic other than passenger cars on the Pennsylvania Turnpike increased 26% in July, while units of the Port of New York Authority showed only small declines in truck revenues. The Holland Tunnel in July had 13.6% less tolls from trucks than a year ago and the George Washington Bridge 11% less.

Some students of revenue bonds believe that a greater part of the decline in revenues due to the war has now been experienced with truck, bus and defense tolls holding up well. Some further falling off in luxury traffic may be experienced, however, in the event of more stringent gasoline rationing, while general traffic could be affected by a long war.

Bonds of these authorities are tax exempt and have had sizable declines so far this year. To date, one has been forced to omit interest. This was the Thousand Islands Bridge Authority, which has been the hardest hit by rationing. Some tax-loss selling in revenue bonds may develop during the closing months of the year.

State Highway Bond Retirement Foreseen

Despite the reduction in revenues resulting from the decline in gasoline consumption and other wartime restrictions in motor travel, the savings effected by the sharp curtailment of highway construction should enable many of the States having highway bonds outstanding to accumulate funds to pay off this indebtedness, editorializes the New York "Times," in its issue of last Tuesday.

While a substantial part of the gasoline tax revenues has been used for highway bond service on the $1,803,979,000 of such indebtedness outstanding on Jan. 1, last, by far the greater part has been expended on new highway construction. Some of the States already are taking advantage of the curtailed highway construction to strengthen the financial status of their bonds.

Of the forty-one States having highway bonds outstanding on Jan. 1, last, it is understood eight have adopted a policy of reducing this indebtedness now and there are indications others will adopt a similar program.

State Sales Taxes Ruled Deductible from Federal Tax

The Senate Finance Committee meeting in executive session last Saturday adopted the proposal of Senator Brown (Dem., Mich.), which would permit individuals to deduct from income, the amount of sales taxes paid to States or local government units.

The proposal of Senator Brown is designed to place the sales taxes of all States on an equal basis as far as deductions for income tax purposes are concerned. Under present law, residents of about nine States are permitted to deduct State and local sales tax payments from income for the purposes of computing Federal income taxes. However, in other States, sales tax laws are so drafted that individuals are not permitted to reduce their income tax payments through deduction of the amount paid in State sales taxes.

In broad general terms, sales tax payments are deductible from Federal income tax payments only when State law requires that they be assessed against and collected from the individual. However, if the State law requires that the merchant pay the tax on the amount of his gross sales and then in turn collect the tax from individual purchasers, such a sales tax is not deductible from income for Federal income tax purposes.

Eight States Halve 80-Billion War Contracts

A War Production Board tabulation showed recently that eight states got more than half the $80,338,688,000 poured into major war supply and plant contracts from the start of the defense program up to the end of June.

The biggest share went to Michigan, where the motor industry's conversion to armament production contributed to a state total of $7,417,140,000. New York was second with $6,980,332,000, and California close behind with $6,944,119,000.

The other five states which obtained major pieces of the grand total were: Ohio, $5,321,506,000; Pennsylvania, $4,629,240,000; New Jersey, $4,407,079,000; Connecticut, $3,252,734,000; and Illinois, $3,243,123,000.

The tabulation, however, was not representative of the total government commitments for war purposes, since it excluded various items which would have brought the national total to a figure about $50,000,000,000 higher. Contract awards of less than $50,000 and all awards for foodstuffs were excluded.

Cities Warned On Fund Hedging

"State and local governments should not attempt to create surpluses and reserve funds at the present time as a hedge against a post-war depression," Dr. Thomas H. Reed, municipal consultant of New York City, told delegates to the annual conference of the Governmental Research Association at Princeton, N. J., last week.

"Such action would be in direct competition with the Federal Government, which should have first call on the nation's tax resources," he declared.

A dark future for municipal governments was foreseen by Dr. Reed, in contrast to the forecast for increasing revenues made at the previous day's session by Dr. Mabel L. Walker, director of the tax institute of the University of Pennsylvania.

Other speakers at the conference supported Dr. Reed's statement, pointing to lower property taxes because of the rent ceilings, anticipated increases in fire losses and vanishing revenues from gasoline and motor vehicle levies.

Nassau County Adds To Refunding Plan

Nassau County has adopted a supplement to its refunding plan authorizing the acceptance of certain additional bonds maturing in 1946 and 1947 in the principal amount of $1,200,000 as eligible for exchange for new refunding bonds, according to Lehman Brothers and the Chase National Bank, refunding agents for the county. It was stated that the supplement to the plan has been approved by the State Controller.

The aggregate principal amount of refunding bonds to be issued remains unchanged at $5,660,000 as originally authorized. Of the outstanding bonds authorized to be refunded, 78% have been exchanged since the adoption of the plan on July 27. The refunding bonds remaining to be issued in exchange mature from 1954 to 1957 inclusive and they will bear interest at the same rate borne by the outstanding bonds until their maturity date and thereafter either at 2.90 or 3%, according to the maturity of the outstanding bonds.

Baltimore Bond Election

At the general election on Nov. 3, the voters of Baltimore, Md., will pass on the proposed issuance of $32,000,000 water supply bonds.

Philadelphia Reduces Debt

Almost $75,000,000 has been lopped off the gross bonded indebtedness of the City of Philadelphia in the last eight years, according to the Philadelphia Bureau of Municipal Research. The present figure is $488,365,600, compared with $506,660,000 at the start of 1942. At the beginning of 1941, the gross bonded debt total stood at $517,469,000, and in June of 1934, it was $571,145,300.

Alberta Again Defaults

The Alberta Government defaulted Tuesday on a maturity of $2,948,000 5% bonds, payable in Canada and New York. As in the case of previous defaulted debentures, the Province will continue to offer halved interest rates. This latest omission brought to $25,756,430 the total of provincial bonds defaulted since April 1, 1936. Total bonded indebtedness of the Province is $127,953,000.

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.

September 17 (Today)

$444,000 Onondaga Co., N. Y.
Although slightly under the required amount this offering is included here because of general reader interest. In January of this year the county awarded bonds to the Harris Trust & Savings Bank of Chicago. Numerous other bids were received, the second best being submitted by Halsey, Stuart & Co., Inc.

September 18

$3,000,000 Buffalo, N. Y.
City awarded bonds in May, 1941, to a syndicate headed by Smith, Barney & Co. of New York. The National City Bank of New York, and associates, entered the runner-up bid.

$1,140,000 Cuyahoga Co., Ohio
Last July 17, the county awarded an issue to a syndicate headed by the Ohio Co. of Columbus, whose bid topped that submitted by Blyth & Co., Inc., and associates.

September 22

$500,000 Honolulu, Hawaii
In June, 1941, the above city and county awarded an issue to Dean Witter & Co. of San Francisco. The only other bid for the bonds was submitted by the Bank of Hawaii, Honolulu.

September 23

$8,286,000 Boston Metro. Dist. Mass.
This district awarded bonds last October to a syndicate headed by the Union Securities Corp. of New York, whose bid topped that entered by the First Boston Corporation, and associates.

October 1

$705,000 Muskingum Watershed Conserv. Dist., Ohio
This district sold an issue in Sept., 1940, to Merrill, Turben & Co., and McDonald, Coolidge & Co., both of Cincinnati, jointly. Stranahan, Harris & Co., Inc., and associates, came out second best.

Investment Trusts

(Continued from page 975)

"Bulletin." Quoting Dr. Stine of E. I. du Pont, it is pointed out that "The war is compressing into the space of months developments which might have taken half a century to realize if necessity had not forced the pace." A partial list of amazing new processes and new products is given.

"It is obvious that all this may result in drastic changes in the make-up of our economic pattern and will materially alter the production outlook and earnings prospects of many corporations. The trend is now well underway. It bears constant watching by those who can evaluate the probable effects of such changes upon the securities of the corporations involved. . . . In short, here is another problem of the day which a well-managed investment company can help solve for the investor."

* * * *

An important effect of proposed taxes on corporate earnings not yet too widely recognized is discussed in the current issue of Massachusetts Distributors' "Brevits." The bulletin concludes:

"What all this boils down to from the standpoint of common stock ownership is well expressed in the following words of a well-known financial commentator:

"'Adoption of the Senate Finance Committee recommendations would virtually solidify the current dividend rates of the overwhelming majority of major American industrials. That would mean that the dividend yields of 7% to 12% scattered all over the stock list were being clinched at a time when highest-grade bonds were still yielding less than 2¾%. The disparity between stock and bond yields has never been so pronounced in a period of active business.' "

* * *

Another hopeful note is sounded by the Keystone Corp.'s latest issue of "Keynotes." After listing Axis conquests and earlier Allied defeats, the bulletin states: "By contrast with the dark days . . . . the present justifies confidence. . . . The stock market, long an accurate barometer, appears to have passed its low and to be immune to bad news." It continues:

"In the last war—although earnings *declined* from the time we entered the war—stock prices *rose* steadily from the end of 1917, as the weight of superior production and inexhaustible supplies made itself felt. Well below the bottom of its normal buying range, the market, as recorded by the Dow-Jones Industrials, shows a yield of 6.75%. Precedent, price and prospects make common stocks appear attractive."

* * * *

Lord, Abbett has just published a new folder on Union Bond Fund "C" entitled "All-Out War Production Makes Bonds Attractive." . . . The latest issue of "The Union Dealer" makes easy reading. "A Parable of the Market Place" is the caption and the point it drives home is a timely one today.

New York Stock Exchange Weekly Firm Changes

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

Hugh D. Auchincloss and C. Russell MacGregor, general partners in Auchincloss, Parker & Redpath, Washington, D. C., became limited partners, effective June 1.

William G. Baker, Jr., general partner in Baker, Watts & Co., Baltimore, Md., will become a limited partner, effective Oct. 1.

Arthur D. Weekes retired from partnership in Chauncey & Co., New York City, as of July 31.

Lewis W. Feick withdrew from partnership in Riter & Co., New York City, as of Aug. 31.

Lester Talbot, member of the New York Stock Exchange, withdrew from partnership in Arthur Wiesenberger & Co., New York City. The firm continues as an Exchange member.

Hyman & Co., New York City, was dissolved as of Sept. 8.

William J. Baroni, member of the New York Stock Exchange, died on Sept. 8.

SEC Applications For Broker-Dealer Registry

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

Aug. 3, 1942—Whiting Investment Company, 910 Trinity Building, Fort Worth, Tex., Sam Edmund Whiting, sole proprietor.

Aug. 7, 1942—Theodore Goldman, 110 West 43d Street, New York, N. Y., a sole proprietorship; William J. Johnston, 26 Broadway, New York, N. Y., a sole proprietorship.

Aug. 8, 1942—J. L. Baker, R. F. D. No. 1, Box 412, Jacksonville, Fla., a sole proprietorship; Hamilton & Sherman, 530 West 6th Street, Los Angeles, Calif., Harold Raymond Hamilton and Thomas Hall Sherman, partners; Peninsular State Company, 412 West Genesee Avenue, Saginaw, Mich., Joseph D. Frost, formerly President, now sole proprietor; Southeastern Securities Corporation, 1105 Graham Building, Jacksonville, Fla., Donald Buchanan Brayshaw, John William Muskoff, and Margaret Daly Snyder, officers.

Aug. 10, 1942—Ross, Browne & Fleming, 919 North Michigan Avenue, Chicago, Ill., Walter S. Ross, Aldis Jerome Browne, James Robert Sterling, and Michael Cantacuzene, partners, Thomas F. Fleming having withdrawn; William H. Saul, 1818 East 29th Street, Brooklyn, N. Y., a sole proprietorship.

Aug. 12, 1942—Charles James Curlette, 1325 Boardwalk, Atlantic City, N. J., a sole proprietorship.

Aug. 15, 1942—C. S. Brown & Co., 1180 East 63d Street, Chicago, Ill., Carman S. Brown, formerly proprietor, and Thomas J. Cullerton, partners; R. V. Klein Co., 6 Keewayden Road, Lawrence, L. I., N. Y., Rudolph V. Klein, sole proprietor.

Amos With Bioren 50 Yrs.

Harry M. Amos, Cashier of Bioren & Co., 1508 Walnut St., Philadelphia, is celebrating his 50th anniversary as an employee of that firm.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 14 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Sept. 16 and to mature Dec. 16, which were offered on Sept. 11, were opened on Sept. 14 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for..........$882,351,000
Total accepted 402,059,000

Range of accepted bids (excepting one tender of $25,000):

High—99.925 equivalent rate approximately 0.297%.

Low—99.906 equivalent rate approximately 0.372%.

Average price—99.907 equivalent rate approximately 0.369%.

(Approximately 82% of the amount bid for at the low price was accepted.)

The Treasury increased the offering of bills to $400,000,000 from the $350,000,000 level of recent weeks in view of the fact that two similar issues of bills—one for $300,993,000 and the other for $301,249,000—matured on Sept. 16 and 17. For the past several weeks the Treasury has been receiving about $100,000,000 in "new money" from the bill offerings since maturities approximated $250,000,000. However, this week, when the third quarter income tax installments came due, the net result is a reduction of $200,000,000 in outstanding bills. If the Treasury continues to offer $400,000,000 of bills for the next five weeks it will realize $100,000,000 weekly in "new money" since the amount of similar bills coming due is $300,000,000.

N. Y. Curb Seat Sales

Since the constitution of the New York Curb Exchange was amended a little less than two months ago providing for disposal by the trustee of memberships transferred to him, four such sales have occurred, it is disclosed. Also during this period six associate members exercised the privilege extended to them of buying regular memberships without paying an initiation or transfer fee if at the time of their election they paid a fee equal to or greater than the present $1,000 regular membership initiation fee. An associate member who paid a fee of less than $1,000 may convert to regular membership by paying the difference between the amount of his initiation fee and the present regular membership fee of $1,000. Present market is $500 bid, offered at $800.

NYSE Borrowings Lower

The New York Stock Exchange announced on Sept. 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Aug. 31 was $325,764,816, a decrease of $19,868,609 from the revised July 31 total of $345,633,425.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Aug. 31, 1942, aggregated $325,764,816.

The total of money borrowed, compiled on the same basis, as of the close of business July 31, 1942, was $345,633,425 (revised).

NYSE Useful Part Of Economic System

(Continued from first page)

gency. The demands of a Nation at war have imposed tremendous responsibilities. That these responsibilities have been brilliantly discharged is questioned nowhere. The country accepts this fact with a new appreciation of what our great industrial machine represents.

"This new attitude toward our industrial system is well illustrated by a bit of self-analysis recently indulged in by one important industry. The point is made that the formula relied upon to save democracy stems from the very elements recently suspect:

"Do you recall the charge that mechanization of industry has gone too far?

"Do you recall the charge that mass production as developed by industry in this country was a dehumanizing influence not in the public interest?

"Do you recall the charge that industry was spending too much of the stockholders' money on scientific research?

"Do you recall the charge that bigness in industry was destroying the democratic way of life so much cherished in this country?

"Where would the world have been in this war to make individuals free if it had not been for these 'suspect' ingredients of American industry?

"All of us have watched, with some astonishment, no doubt, the disappearance of many apprehensions and suspicions which were widely entertained not so long ago. This is one of the most gratifying results of our productive effort. I venture the prediction that when this war has ended, the demagogue will have lost a large part of his stock in trade. I can also see the more adroit enemies of our economic system being deprived of much of their ammunition.

"I was very much impressed by a recent statement by Dr. Charles M. A. Stine, an executive of the du Pont Company, who was discussing some effects of this war upon our economy. He pointed out, with no thought, of course, of 'indorsing war as a justifiable means of progress,' that 'the war is compressing into the space of months developments which might have taken us half a century to realize if necessity had not forced the pace. Give us a victorious peace and the freedom of enterprise it should guarantee,' he said, 'and our progress will be unprecedented. . . . Let our swords be mighty and mighty indeed will be our plow-shares.'

"Dr. Stine went on to say that when the war is won, 'we will have at our command ten to a hundred times what we had before in new materials. . . . These materials are not mere predictions, but are actually on the way. . . . Our aviation industry is establishing facilities for the manufacture in one year of almost double the number of planes it produced during the 37 years of its history beginning with the Wright brothers at Kitty Hawk and culminating in the defense program. . . . As measured by the whole pace of development, we are now in the 1960s of motor cars. . . . Aluminum production will be seven times greater by the end of next year than it was in 1939 after 50 years of development, and it will furnish in one year enough metal to build three times the number of passenger cars now operating on all American railroads.'

"Dr. Stine gave credit to our American chemists and our American industrial system for this progress. To quote him further, 'Today we produce to destroy, but tomorrow we will produce to build, and we will continue to invent and thus to multiply our possessions. That prospect is as certain as tomorrow's dawn.'

"It seems appropriate here, and certainly no less than fair, to allude briefly to that large segment of our population without which the development of our business and industrial enterprises would have been impossible. I have in mind the many millions of people who supplied capital to these enterprises. They are, for the most part, men and women of moderate means. They are our thriftiest citizens — the real owners of American industry. Out of their earnings they have made investments for their own security and for that of their families.

"Their sacrifice, I dare say, has been the greatest of any of us who have remained on the home front. They have proudly seen their properties transformed for war purposes, but have been left in uncertainty as to what the future may hold for them. They have uncomplainingly seen the earnings of their properties reduced by war taxation, and they are, as this process continues, being deprived of part or all of the dividends which, to many of them, represent a sole means of support.

"These security holders of our industrial companies ask for no special consideration, but they have a right to expect equality of treatment. Contrary to the impression which many people have, they are not sharing in the war prosperity. As owners of American industry, their paramount interest is in seeing the war prosecuted with all of the vigor, efficiency and intelligence which we can command.

"Along with other Americans, they are impatient over the evidence which they see of confusion, inefficiency, timidity, irresolution, and lack of co-ordination. They have no illusions as to the cost of the war or as to the power and endurance of our enemies. They have, at the same time, great confidence in America, in the courage, resourcefulness and indomitable spirit of its people. They do not believe that these qualities are being used as effectively as they should. They see apathy, inertia and incompetence retarding the war effort. They insist that the level of performance elsewhere be raised to the standard set by our armed forces and by those who are on the firing line of the industrial front.

"Let me say, in conclusion, that these millions of small security owners of whom I speak are also entitled—but no more so than the rest of the people—to a prompt and clear definition of tax policy. There is no reluctance on their part to meet the tax bill, no matter how large. They are naturally disturbed, however, over the fact that, after months of delay, they still have no definite picture of what their tax obligations are. And they face the prospect of still further uncertainty in view of the fact that the tax schedules which are now being prepared will soon have to be rewritten.

"If there is any consolation to be drawn from this confusion over tax policy, from tedious delays, from divided counsel, it is that the need of a better method of determining our tax policies has been pointed up, very sharply. This need, I believe, is fully recognized by Congress, no less so than by the taxpayers themselves. I will not presume to suggest what steps should be taken, but it is imperative that we promptly bring to bear on this problem our best statesmanship, our most expert knowledge and our wisest judgment."

R. M. Boardman Dead

Richard M. Boardman died at the Roosevelt Hospital after a short illness. Mr. Boardman was manager of the research and investment advisory departments of the investment firm of Kean, Taylor & Co., 14 Wall St., New York City.

Adopt "Victory Tax"—Cut Corporation Rates

(Continued from first page)

Corporations

1. Present graduated excess profits tax of 35 to 60% replaced by flat 90% tax, retaining present specific exemption of $5,000 in profits not subject to excess tax. Average earnings base revised by insertion of relief provision. Invested capital base reduced for larger corporations.

2. Normal and surtaxes on larger corporations increased from present combined total of 31% to 40%.

3. Post-war rebate and debt deduction credit of 10% of the total amount of excess profits taxes.

4. Capital stock and declared-value excess profits taxes eliminated.

5. Over-all limitation of 80% of net income placed on corporation taxation.

6. All corporations placed on calendar year basis for taxation, with notch provision applicable to 1942.

Miscellaneous

Excise taxes increased on liquor, beer, wines, cigarettes, cigars, lubricating oil, photographic apparatus, train, bus and plane fares.

Interest from future issues of State and municipal bonds made taxable.

Proxy Rules Would Burden War Effort

The Securities and Exchange Commission was urged by the New York Board of Trade on Sept. 15 not to adopt the proposed changes in the proxy rules at the present time.

In a letter to the Commission, Percy C. Magnus, President of the Board of Trade, stated that the adoption of these rules would impede the war effort by placing additional burdens upon American business.

His letter follows in part:

"We view with anxiety the proposed changes in proxy rules for two main reasons. First, we believe that the proposed rules are too stringent and are unnecessary to protect fully the stockholders' interests. Secondly, and most emphatically, we wish to urge that in the war emergency it is no time to needlessly experiment further with the nation's delicate economic structure.

"Ample law already exists on the statute books, and in the rulings of the Commission to protect the holders of securities against abuses. We find no fault at this time with the Securities Exchange Act of 1934, nor with the underlying theory of government policing of the securities markets. But, these proposed rulings threaten the strength of our economic structure by weakening honest management. We believe honesty characterizes overwhelming majority, of American business, in carrying out responsibilities.

"These rules, if rigidly applied (and our concept of law is that there can be no laxity in enforcement) would make it extremely difficult to conduct business lawfully. The provisions especially requiring a specific vote of 'Yes' in place of the current practice of conferring discretionary powers upon management, would lead to endless confusion in the minds of the investors. We venture the prediction that thousands of investors will fail to make the specific answers, thus imposing an unnecessary legal complication upon corporations to hold regularly scheduled and properly called stockholders' meeting.

"We believe further that the insistence upon statements from stockholders in the Proxy Form would lead to confusion, and would present grave dangers to efficient and honest administration. It would open the door to competitors and other unfriendly persons to confuse issues and destroy confidence, which is now guarded for the protection of the stockholders themselves. This with the other voluminous data proposed, to be sent in the proxy form, would impose undue hardships and needless expense."

The Commission's summary of proposed proxy rule revisions appeared in our issue of Sept. 10, page 893.

Nationwide Survey Reveals Public Believes Insurance Cos. Contribute To National Welfare

What does the public think of insurance companies generally?

What influences a prospective client most in the choice of a company?

Does the public think that insurance companies meet all just claims promptly and satisfactorily?

An answer to these and other interesting questions was given by Malcolm Russell, a member of the advertising and publicity department of the Aetna Life Affiliated Companies, in an address delivered at the annual meeting of the Insurance Advertising Conference at the Hotel Roosevelt in New York City.

Reporting on the results of a Nation-wide survey undertaken for the Aetna by Paul W. Stewart and Associates, Mr. Russell said that a total of 4,556 interviews were completed in all sections of the country among men and women with an annual income of more than $1,000. Great care was taken to get an accurate sampling and, since the Aetna Life Affiliated Companies write practically all lines of insurance, this survey embraced the whole insurance field.

Among all those questioned, 85% reported that they thought insurance companies had contributed to the public welfare; almost 10% expressed no opinion. Among the ways in which insurance companies were held to have contributed to the welfare of individual citizens were: (1) insurance teaches thrift; (2) insurance provides security, protection and safety; (3) it secures the well-being of beneficiaries; and (4) it is a protection in times of emergency and distress.

Of all those interviewed 92.7% of the men carried insurance. Less than ½ of 1% said they didn't believe in insurance. The median policyholder had four policies which he purchased through two agents. Of those carrying insurance, 92% had life insurance, 60% had some form of automobile insurance, 52% had fire insurance and 22.7% had accident or health insurance. Only 2.6% carried residence liability; 2.6% carried burglary insurance, and 2.1% carried jewelry or fur floaters.

The survey disclosed that few people have any difficulty in remembering the name of the company which issued their life insurance. On the other hand, a majority of people could not remember the name of the company which issued their jewelry and fur floaters, residence liability, fire or burglary insurance. Similarly, owners of 41% of all policies held in the surveyed group could not tell whether or not they were insured in a stock or a mutual company.

The importance of the local agent as a factor in determining the insurance carrier was evidenced by the survey. More than 43% of all policies purchased were placed with a particular company due to the agent's influence.

The survey also disclosed that practically no women realized how much life insurance their husbands should carry in order to give them an adequate income in the event of his death.

On the question of claims, the survey brought to light that 40% of all policyholders had made claims under one or more of their policies, automobile, accident and health, and fire being the three leaders. And of those making claims, 72.5% reported that their treatment was "highly satisfactory;" 18.5% said the results were "OK," and only 9% were dissatisfied with claim settlements.

"The average John Q. Insurance Buyer," Mr. Russell concluded, "makes about $2,000 a year, and has four policies—two on his life, a fire policy on his house and an automobile policy on his car. Paying those premiums out of his small income is a real sacrifice, but he believes that it is a worthwhile one. In our advertising we must keep telling him what we all know so well—how necessary, how invaluable and how dependable insurance is."

Royalty Ass'n Gives Rules For Investors

At a meeting of the members of the Eastern Oil Royalty Dealers Association, Inc., held on Sept. 14, Thos. G. Wylie, President, stated that so-called free lance salesmen who are neither registered with the Securities & Exchange Commission nor qualified to do business under the laws of the State of New York still constitute a menace to the royalty investors of America, notwithstanding the efforts of the Securities & Exchange Commission and the Attorney Generals of this and adjoining States to eliminate the evil, and he urged that all members endeavor to secure a greater degree of cooperation from the investing public by the observance of the following rules:

Don't do business with anyone operating from a hotel room or a private apartment.

Don't do business with any broker or dealer who has not an established place of business.

Don't do business with any dealer who is not registered with the Securities & Exchange Commission.

Don't pay cash to anyone no matter how plausible may seem the reason for preferring cash to a check.

Don't give up securities without a receipt and a written agreement as to what is to be done with them.

Don't sign deeds or transfer orders covering royalty interests without a written agreement as to the purpose of such a transfer.

If there is any doubt as to a dealer's status, communicate with the Securities & Exchange Commission, Philadelphia, Pa., the Commission's regional office at 120 Broadway, New York City, or Eastern Oil Royalty Dealers Association, 347 Madison Avenue, New York.

A. E. Atkinson Suicide

Albert E. Atkinson, investment dealer of Cleveland, Ohio, committed suicide when he was scheduled to appear at a meeting of clients who had become worried over their investments. The Securities and Exchange Commission had been investigating Mr. Atkinson's business for about eight months and a representative of the Commission stated that it appeared that in many instances Mr. Atkinson would sell securities of customers to meet demands of other clients for cash, although the Commission's investigation was hampered by a seeming unwillingness of some of his clients to cooperate.

Investment Business & Free Security Exchanges Vital To American Free Enterprise, Says Burns

The securities business and free securities exchanges are a vital part of the American system of free enterprise, since they are the media through which any individual can acquire "partnership" in our vast industries, James F. Burns, Jr., retiring President of the Association of Stock Exchange Firms, declared at the meeting of the Governors of the Association in St. Paul, Minn.

"Our Association—that is our present organization—the original group having been formed in 1913 —came into being in November of last year," Mr. Burns said. "Shortly thereafter, as it did to all Americans and to all business enterprises, new and unexpected responsibilities descended upon us which it was our duty to fulfill.

"As our particular field of endeavor is managed by men of experience in finance and the distribution of securities, our immediate task was to aid the United States Treasury Department to the best of our ability in the raising of the money necessary to promote the war—not only in the sale of war bonds and new Treasury issues, but also in the activities of the recently organized Victory Fund Committees. This work has and is being done, and the security firms of this country are constantly and untiringly participating in this important undertaking. While we are mindful of the fact that this contribution by the firms in our business to the war effort has been very undramatic compared to the unbelievable accomplishments of industry, it is however reassuring to us to realize that it has been an essential and necessary job.

"Appreciating that the New York Stock Exchange is a national institution, that its member firms maintain offices in some 350 cities in 44 states and that approximately 80% of the public's transactions on the Exchange originate outside New York City, Mr. Emil Schram, upon his election to the presidency of that institution, proposed the formation of our Association as a national trade organization. It was his firm belief that it could thereby not only perform a valuable and useful service in the rehabilitation of our business, but also bring about a better public understanding of the essential functions of our industry. As you have already learned, our Governors come from all over the country—so do our members. Our viewpoint is not confined to that of any particular locality—but rather is nation-wide. We are also, and I trust successfully so, the means for providing cooperative effort and mutual understanding within our own business.

"In order to promote a spirit of cooperation and recognition of each other's problems, the majority of meetings of our Association's Governors are held outside of New York. This is the fourth such meeting in the history of our business. As today here in Saint Paul, we have previously gathered in Chicago, Nashville and Philadelphia. From each meeting we have profited; we have gained an appreciation of a national viewpoint and we trust that likewise our members in those localities have benefited from the discussions which took place.

"Our particular business is one, as you all know, that does not benefit from a war economy. As a matter of fact, the opposite prevails. Today we are operating with a volume of securities transactions which is the smallest on record in the last 25 years or, in other words, since the last war.

"Yet our business and our free security exchanges are a vital part in the American system of free enterprise, for they are the media through which any individual can acquire ownership—or as I prefer to put it, partnership—in our vast industries. Therefore, it was and is incumbent upon us to see that the health and vigor of that business be maintained, not only in order to continue to serve the public in this time of stress, but also to guarantee that we will be able to perform our proper economic functions in the post-war period.

"In an editorial printed in September, 1941, 'The New York Times' stated in substance, that our Association would do well to bear in mind that the public, and quite understandably so, is not interested in the prosperity of the Stock Exchange or its members as such, but that it is interested in the prosperity of American industry. Furthermore, the 'Times' indicated that the rehabilitation of our business depended upon increasing the public confidence in the future of industry and the desire to share in that future through the investment of savings in corporate securities.

"With those statements we definitely agree, and we realized a year ago the trend which our work should take.

"Today it occurs to us that there is a necessary and important task to be performed in which all of us must participate.

"I just spoke of increasing public confidence in American industry. I do not mean confidence in industry's ability to out-produce the rest of the world in terms of manufactured war material—that is self-evident, for when war-winning implements come rolling out in undreamed of quantities, then even the most unthinking can see and realize what American industry is doing. What I do mean is the building of a confidence in that industrial system based upon a complete understanding that it grew out of our system of free enterprise—that its development, success, and present war production depended entirely upon that system—as does its future.

"I am afraid we are guilty of complacently assuming that the public understands the essential features of free enterprise. Yet how can we expect them to understand it when it means one thing to one person, something else to another and not enough of anything to many people. Rather it is our responsibility to convey in clear understandable terms that this freedom of endeavor is fundamentally the freedom of the individual to work where he pleases, to exercise his individual energy, initiative and ability toward the making of the greatest standard of living for himself and his family based upon his working hours or invested resources. That is what has made America great and that system deserves to be perpetuated.

"Every American has discovered that no country can escape the impact of world events even though they occur on the other side of the globe. Is it not our responsibility to make the public realize that this same interrelation of events exists within our own country, as well as outside of it, and that if free enterprise is sacrificed so will the individual sacrifice his freedom of action?

"And finally, is it not our responsibility to demonstrate clearly that, if our American way of life is to continue in the peace to follow, those freedoms so willingly handed over to Government for the prosecution of the war must be returned intact to the American people when victory has been achieved?

"Let us not overlook the fact that there is one decisive factor which will determine whether these freedoms are returned, whether our system of free enterprise is to be continued. It is not the limiting legislation now necessary to meet the present problems—it is solely and simply what the public thinks.

"If the public believes that the system of free enterprise is a necessary and vital part of our democracy; if there is an informed public opinion that will expect as a matter of course the return of free endeavor and free initiative, then that system will return.

"It is our responsibility to perform this task. We cannot just talk about it. We must see that these fundamental truths are expressed through the means of every media involving the spoken and written word so that it will reach every person in every city, town and hamlet. Not only should each one of us constitute himself a self-appointed verbal missionary, but also we should band together and, through honorable and constructive advertising in newspapers, magazines and radio convey to the public this story of American initiative, endeavor and industry.

"This is not an undertaking to protect or rehabilitate any particular field of endeavor for purely selfish purposes. This is an undertaking to guarantee that, in concentrating all our thoughts and efforts on winning the war, we will not forget to preserve those American ideals and freedoms which will be so vital in the winning of peace, to which we all look forward," Mr. Patterson said.

Life Insurance Seen As Valiant Foe Of Inflation By Patterson Of Mutual Life

Administration emphasis on the inflationary danger to our war effort of $20,000,000,000 excess purchasing power, serves to high-light the valiant and double-purpose role which life insurance is playing as a foe of inflation, Alexander E. Patterson, Executive Vice-President of the Mutual Life Insurance Company of New York, said at the Hotel Pennsylvania, New York City, on Sept. 11. He spoke before a meeting of the company's agency personnel from the entire New York metropolitan territory. In 1942, Mr. Patterson estimated, approximately $4,400,000,000 of this excess purchasing power would be absorbed by investment in life insurance. Speaking at the same meeting, J. Roger Hull, Vice-President and Manager of Agencies, predicted an upward trend in life insurance sales throughout the duration. Even the prospect of increased taxes and living costs would not limit the use of life insurance, he declared, but simply serves to point out that in a period of decreased savings life insurance represents the only possible way for the majority to provide immediately that economic security they owe their dependents.

Other Mutual Life home office executives who addressed the meeting included Julian S. Myrick, Second Vice-President; Leigh Cruess, Vice-President and Manager of Selection; Clifford B. Reeves, Assistant to the President; Andrew C. Webster, Assistant Manager of Selection; Ben H. Williams, Director of Training, and Roger Bourland, Director of Sales Promotion. The meeting was held to consider the outlook for life insurance and to discuss the company's policies and fall plans.

Speaking of the anti-inflationary role of life insurance, Mr. Patterson emphasized the point that not only does life insurance help to absorb excess purchasing power, but also that life companies are putting by far the larger share of the money they receive at the service of government, the balance being used to help industry, agriculture, and real estate to the further benefit of the war effort. In effect, he said, the institution of life insurance is now serving as trustee for a vast amount of the country's current extra dollars, holding these funds readily available for use in stabilizing the post-war economic world.

"Life insurance helps to take out of circulation those excess dollars which today are dynamite in our economic system and holds them in readiness for the days of peace when they will be a vital stimulant to the greater development of our national resources to

"Today, however, all of us have but one job and that is to enable our government to strike hard and win this war," Mr. Patterson declared, stressing the part life insurance companies are playing in the purchase of government bonds. Government securities represent more than half of all new investments made this year by life companies and an even greater proportion of premium income, he said, predicting that by the year-end fully 25% of life company assets will have been made available to the government for use in the war effort. In the case of many individual companies, this percentage would be much higher, he said, citing the fact that the Mutual Life now had 37% of its assets invested in government securities.

Construction Continues In Record Volume

New construction projects continued in very large volume through August, according to F. W. Dodge Corporation in a report issued on Sept. 18. Total building and engineering contracts awarded last month in the 37 eastern states amounted to $721,028,000. This was the fourth largest monthly total on record, having been exceeded only in August of last year and June and July of this year. The decrease from August, 1941 was 5%; from July 1942, 24%. The report also added:

As compared with August of last year, non-residential building contracts last month increased 42% in dollar volume; residential building declined 57%; public works and utilities (heavy engineering projects) declined 12%. As compared with July of this year, privately financed residential building contracts showed in August an increase of nearly 12%, whereas publicly financed residential building decreased 38%.

Symptomatic of the nearly complete conversion of construction activity to war purposes is the cumulative contract record for the first 8 months of 1942. Contracts for public-ownership projects awarded from Jan. 1 through Aug. 31 of this year in the 37 eastern states have amounted to $4,519,428,000, an increase of 112% over the corresponding period of 1941; contracts for private-ownership projects in the first 8 months of this year amounted to $869,-121,000, a decrease of 51% as compared with the first 8 months of last year.

Cotton Consumption In August Off Slightly

Under date of Sept. 15, 1942, the Census Bureau, at Washington, issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles for the month of August. In the month of August, 1942, cotton consumed amounted to 925,-089 bales of lint and 122,138 bales of linters, as compared with 995,-041 bales of lint and 128,123 bales of linters in July, 1942 and 872,035 bales of lint and 130,965 bales of linters in August, 1941.

For the 12 months ending July 31, cotton consumption was 11,-172,328 bales of line and 1,494,073 bales of linters, against 9,721,703 bales of lint and 1,358,950 bales of linters in the same 12 months a year ago.

There were 1,949,295 bales of lint and 353,859 bales of linters on hand in consuming establishments on Aug. 31, 1942, which compares with 1,694,557 bales of lint and 449,873 bales of linters on Aug. 31, 1941.

7,546,268 bales of lint and 85,049 bales of linters were on hand in public storage and at compresses on Aug. 31, 1942, and 9,297,507 bales of lint and 61,142 bales of linters on Aug. 31, 1941.

There were 22,973,572 cotton spindles active during August, 1942, which compares with 23,-042,256 active cotton spindles during August, 1941.

Treasury Changes Metals For New Five-Cent Piece

Secretary of the Treasury Morgenthau announced on Sept. 12 that the new five-cent piece authorized by Act of Congress March 27, 1942, will be composed of 35% silver, 56% copper, and 9% manganese.

Nellie Tayloe Ross, Director of the Mint, said manufacture of the new coin will start at the Philadelphia Mint next week.

The Treasury's announcement explained:

"The nickel now in circulation is composed of 25% nickel and 75% copper. The purpose of the change of alloy is to release nickel and copper metals needed to win the war. By adopting the new alloy, all of the nickel formerly used in the five-cent piece is saved and 25% of the copper.

"The appearance of the new coin will not vary greatly from that of the Jefferson nickel; the design will be the same; but it will tarnish more readily.

"The new coin will be adaptable to all types of vending machines, telephone mechanisms, parking meters and subway turnstiles.

"The alloy was developed in the mints after extensive experimentation by Mint metallurgists. Its adoption is a distinct departure from standard coinage alloys, it never having been used before by this or any other country for coinage purposes. Its use will require some new equipment in the Mints. Delay in starting coinage has been occasioned, Mrs. Ross stated, by uncertainty of securing the necessary metals to sustain continuous coinage of the piece, and difficulty in securing the new equipment.

"Adoption of this new coin is distinctly a war measure. The act authoring its coinage provides for termination on Dec. 31, 1946."

Manpower Draft Held Needless For War Work

Secretary of Labor Perkins said on Sept. 15 that government experts in some cases had overestimated the manpower needs for new arms plants and expressed belief that Congress would not have to enable the War Manpower Commission to regulate assignment of war workers, according to Associated Press Cleveland advices, which further said:

The Secretary of Labor told a press conference that the estimate for necessary manpower at Willow Run, the Ford plane plant, was 150,000, whereas in the final analysis only 60,000 persons were needed.

On the same theme she said in an address to the United Association of Plumbers and Steamfitters:

"I disagree that it is inevitable that Congress must enact legislation which will enable the War Manpower Commission to regulate the movement and assignment of workers in war industry to cope with the situation.

"Production short cuts, constant upgrading of new workers under skilled supervision, the infiltration of increasing numbers of women in light war industry and the apprenticeship and plant replacement training program, I believe, will obviate the necessity for such drastic regulatory legislation."

UP-TOWN AFTER 3

PLAYS

"The Morning Star," a melodrama by Emlyn Williams. Presented by Guthrie McClintic at the Morosco (W. 45th St., N. Y.), with Gladys Cooper, Cecil Humphreys, Brenda Forbes, Wendy Barrie, Rhys Williams, Jill Esmond, Gregory Peck and Nicholas Joy. Staged by Guthrie McClintic; sets by Stewart Chaney.

As everybody now knows the year of the big London Blitz was 1940. The rain of bombs killed many, wounded more and upset every Londoner's life. Old customs and habits had to be discarded and new ones acquired. In **"The Morning Star,"** Emlyn Williams describes how one London family, a member of the upper middle classes, reacted to the changes. It is, by its nature, a serious play; at times it is even clever, but seldom is it a very good play. Just as some of the characters begin to take on a human tinge they suddenly resort to attitudes and gestures which make them unreal. The blitz chases the family from its comfortable house in Chelsea to a one room in another part of town. The young aviator son is killed. The older son, a rising physician, cuts loose and has himself a time. He leaves his wife and goes off with an expensive blonde, who plays the field. He writes a hit novel. He becomes the outstanding surgeon of the day. And after tiring of all these goes back to his wife, who promptly promises him a baby. Throughout all these adventures, Miss Cooper as the play's central figure, is the well-bred exponent of good breeding. Miss Barrie, the blonde with the collector's eye, gives a first-rate performance. Gregory Peck, the son wtih the marital wanderlust, plays his role with admirable skill. Cecil Humphreys as the irascible old doctor hiding a heart of gold under a rough exterior, is capital. Jill Esmond as the wife who takes her husband back, gives a very good performance. The trouble does not lie in the performances, it is with the play itself.

THE MOVIES

A few months ago when Diana Barrymore made her motion picture bow in "Eagle Squadron" the best that could be said of her performance was just fair. But now having been starred, photographed to better advantage and given a role in **"Between Us Girls"** which permits her to play Queen Victoria in her old age, Sadie Thompson in "Rain," not to mention a glamor girl and a 10-year-old hoyden, she does a creditable job. As Carrie, a rising young actress, Miss Barrymore returns home to her wealthy, beautiful, widowed mother (Kay Francis) for a surprise visit. Mother has acquired a suitor (John Boles), who is under impression the unseen daughter is about six years old. So to aid her mother's cause, Carrie makes up accordingly. Trouble arises when mother's suitor on first call brings friend (Robert Cummings) with him. Right away Carrie falls for him. And he, with no eye to intimate details, believes she is just a friendless, misunderstood child in need of roller skates, ice cream sodas and sympathetic understanding. Eventually, of course, everything is discovered but meanwhile there are plenty of amusing situations.

ABOUT THE TOWN

New York is slowly becoming a boom town. The night spots are jammed and some week ends you have to almost get a letter from Donald Nelson to get into them. Over on the swishy East Side, there is, for example, **Fefe's Monte Carlo** on E. 54th Street. The bar, of what is the place proper, opened during the fall and winter, has been turned into a gin rummy room. Well, to see the uniformed backs intently bending over the paste boards you'd think it was an important General Staff in solemn meeting. In the **Monte Carlo Beach** is the room where the "name" people huddle. It's a poor night which doesn't see a Heddy Lamarr, a Dorothy Lamour or equally glamorous females relaxing here after a day of War Bond selling. . . . Around the corner (55th off Madison) is another place bulging with uniforms **—Armando's.** A not too long narrow room, it reflects the rotund personality of the kewpie-faced Armando, who keeps hopping around yelling "hello"! and "nice to see you." Over on the West Side the boom has also had its affect. Fifty-Second Street, the home of swing and jive, is full of Service men on leave. Unfortunately, these swing joints are not too much concerned with either good food or even passable service. Still if you want a lot of noise and "girlie" shows and if you're not particular, 52nd Street is the place you want. Not that the East Side places aren't noisy but their noises are usually better natured, and the food, drinks and service are better and no more expensive.

Fernon Merges With Bell

PHILADELPHIA, PA.—The investment business of Norman Fernon & Co., Inc., has been merged with that of W. H. Bell & Co., Inc., 1500 Walnut St., under the name of the latter firm.

How Much For Advertising

Albert Frank-Guenther Law, Inc., 131 Cedar St., New York City, have reprinted in attractive booklet form, "What Should You Spend On Advertising?" which appeared in a recent issue of "Domestic Commerce," published by the U. S. Department of Commerce. The article outlines the part advertising should play in the war and in the peace to follow and in addition lists by classifications the percentage of sales volume spent in advertising by 533 companies. Copies of this interesting and attractive booklet may be had upon request (made on a business letterhead) from Albert Frank-Guenther Law, Inc.

Form Thomas Associates

The officers and other personnel of W. L. Thomas & Co., Inc., announce the formation of Thomas Associates, Inc., 551 Fifth Avenue, New York City.

Earnings Still An Unknown Quantity

As perhaps no time before in financial history, security holders today find it extremely difficult to appraise the earnings of their companies. Even aside from the tax factor, the question of renegotiation of contracts (for war work) looms large. The Senate Finance Committee is expected soon to consider the question of overall limitation of war profits—and some such provision may be written into the pending tax bill. Thus, the favorable reaction that had greeted the 80% tax ceiling proposal (applicable mainly to companies whose operations have been vastly stimulated by war production, as compared with their pre-war operations) is temporarily offset by uncertainties regarding profit limitations. The latter, presumably, would be applied before any tax calculations whatever. Sooner or later, problems of this kind will be straightened out, but meanwhile the market apparently prefers to wait and see.

It remains evident, however, that uncertainties of various kinds are not producing any liquidation to speak of; rather, they merely appear to postpone buying initiative. In general, an attitude of this kind on the part of the stock market betokens a strong underlying technical position, the effectiveness of which on the upside awaits only a more clear-cut incentive.—J. S. BACHE & CO.

Com. Ass'n Condemns SEC Proxy Proposals

A resolution condemning the proposed revision of stockholders' proxy rules by the Securities and Exchange Commission was made public on Sept. 15 by Neal Dow Becker, President of the Commerce and Industry Association of New York, after its unanimous adoption by the Board of Directors. The changes were recently advocated by the staff of SEC and presented to the Commission.

"The Commerce and Industry Association is not opposed to rules and regulations which will actually operate so as to carry out the sound objectives of protecting investors from fraud, for which the SEC was created," the committee report read. "In an effort to prevent isolated abuses, however, all corporate activity should not be unduly hampered, especially by arbitrary requirements that exceed the authority granted the Commission by Congress.

"The practical effect of these proposed amendments would be to give the personnel of the SEC power to influence many of the policies and operations of the managements of listed companies. This power would definitely obstruct the application of sound management ability to American business and to that degree would injure, rather than aid, investors."

Savings Banks Show Continued Gains

Savings through the New York State Savings Banks continued to gain during the month of August, according to the latest statistics gathered by the New York State Savings Banks Association. Savings banks report a net increase of 12,388 in number of accounts, a gain of $16,220,000 in dollar deposits and War Bond sales of $17,290,000.

This brings the increase in savings accounts during the past three months to 21,144, total deposits at the end of the month of $5,427,000,000 and total War Bond Sales to $338,402,000. The gain in deposits during August may be added to War Bond sales for the same month to indicate a net of new savings of $33,510,000 accounted for by the savings banks.

Comparison with the results for the same month in previous years new accounts and in dollar deposits are the largest of any August during the past eleven years and are a healthy sign today when it is so important that current earnings be diverted into savings.

Stock Market Prop

"In round terms, there will be $84,000,000,000 fighting to purchase $75,000,000,000 of goods" is the way Leon Henderson recently described the inflation problem in the immediate future. One doesn't have to be an economist to figure out that in face of this situation the pressure will be strong to force the prices of goods upward. But against this pressure will be the efforts of the Government to hold prices down by price controls, rationing, etc.

From the President's recent speech and from various indications in other quarters it appears that the Administration is finally beginning to take a realistic attitude toward the inflation problem. If this results in the adoption of comprehensive and effective controls, inflation should be checked sufficiently to avoid serious consequences. If not, then the prices of goods are likely to rise even more drastically than during the last war.

What the answer will be is anyone's guess. We know that the dangers are more widely appreciated than in the World War I period and that central government powers are greater. But we also know that the war is being conducted on a vastly greater scale financially, productively, and otherwise, with the result that the problem of controlling inflation is correspondingly greater than it was 25 years ago. At the moment it seems improbable that either the extreme of drastic runaway inflation on the one hand or the extreme of completely effective control on the other will eventuate. Perhaps a fair guess as to what will happen, therefore, is that the final result will be somewhere near the middle of the range between these two extremes.

From a longer term standpoint this prospect has bullish implications stockmarketwise. But taking the situation as a whole, it also has an interesting aspect from the shorter term standpoint. This has to do with the excess of purchasing power which, as Mr. Henderson has pointed out, is now accumulating. To the extent that price controls and rationing are effective in holding down the price level and restricting purchases of consumer goods, the excess of purchasing power will spill over into other channels of spending. In other words, the X number of billions that aren't spent for the purchase of available consumer goods will be spent in some other way.

The largest portion of this money will go into Government bonds, but we know from past experience and from what is happening abroad that a very considerable portion will go into the purchase of common stocks. It is doubtful if this new source of buying power has made itself felt to any great extent as yet. But as time goes on and more excess purchasing power dollars accumulate, they will constitute a strong prop to stock market stability. In fact, given more encouraging war news, these excess purchasing power dollars could conceivably be an important factor in pushing stock prices upward just as they are now doing in the consumer goods market.—*W. F. Shelley in Massachusetts Distributors' "Brevits."*

Aug. Living Cost Up 0.3%

The cost of living for wage-earners and lower-salaried clerical workers in the United States rose 0.3% between July 15 and Aug. 15, according to the National Industrial Conference Board, New York.

Food, which rose 0.8%, was chiefly responsible for the increase shown. Clothing rose 0.2%, showing an increase of 0.1% in the cost of men's clothes and 0.3% in women's clothes. All other items surveyed—housing, fuel and light and sundries—remained at the same level as the previous month.

The Board's index of cost of living (1923=100) stood at 98.1 for August as compared with 97.8 in July, 97.3 in June and May, 96.1 in March, 95.1 in February and 89.4 in August, 1941.

The level of living costs was 9.7% higher than that of a year ago. Clothing costs led the advance over August, 1941, with an increase of 18.4%. Food was second with a rise of 15.8%. Other advances during the 12 months were: sundries, 6.3%; fuel and light, 2.0%; and housing, 2.5%.

The purchasing value of the dollar declined 0.3% from July to August. During the year it went down 8.9%.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 973)

* * *

Last week the market again managed to creep up to within shouting distance of the important 110 level (D. J.) but as this is being written it's back again within hailing zone of the critical 105 figure. Slowly being ground between these two millstones, it still gives no clear indication of any nearby trend. The stocks you hold on this column's recommendations are acting with the market. They can't quite make the profit taking prices and refuse to go through their critical levels. Until these stocks do one thing or another it would be futile to be any more specific.

* * *

Here and there signs of buying do appear. But seldom are these signs in evidence long enough to warrant following. Therefore, in summing up, I advise all stocks should be held until either the profit areas or the critical zones are reached and penetrated.

* * *

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.]

SEC Extends Period For Submission Of Views Regarding Bid and Asked Disclosure Rule

(Continued from page 970)

sented by the staff of the SEC which had been proposed by this Wall Street group, but the results are the same.

The original SEC Acts were all right as far as they went, but they did not carry through all the features they should have of the English Companies Acts from which they were copied, especially enabling proper financing of small businesses. While in the first few years a great deal of good was done, it is now a question whether this statement is still true. The members of the Commission, present and past, have tried to be fair to all people in the investment business, but it seems to the writer that a grave mistake was made in policy when the recent Congressional hearings were held to consider revisions to the SEC Acts, for the Commission to take the attitude they did, namely "no changes." It is patent that some changes are necessary for the well-being and best interests of our country.

A reasonably good Stock Exchange market and Over-the-Counter market would certainly be a help to war-time economy and would do more than any one thing to help the Treasury Department in its tax collections and bond-selling program. Present laws and regulations have made a good listed market impossible and resulting spreads of 15 to 25 points between bid and asked prices certainly do not profit the investing public. This trading plan in so far as it affects municipals is a direct slap at Congressional intent. Only in 1938, Congress excluded municipals in passing the "Maloney Act." A committee should be appointed of municipal and corporation traders to lay the facts before the Interstate Commerce Committee, Mr. Lea, Chairman, and the Finance Committee of the Senate, Senator George, Chairman. If the Wall Street element of the Stock Exchange, with SEC help, can put over this nefarious plan under the cover of war-time stress, we would be derelict to thousands of our associates who have given their services, many their lives in the service of their country. They expect us to at least carry along the home front for them so they will have a job to return to. . . .

We were interested in a statement made in the "New York Times" of Aug. 24, attributed to the Commission, that no broker or dealer would be willing to argue the merits of the rule.

When an "execution," and I use the term "execution" advisedly, is handled on the New York Stock Exchange or Curb, it is largely a mechanical process which a robot could handle, speed being the first consideration, which usually does not benefit one party to the transaction, either buyer or seller. In one local Kentucky stock traded in New York the bid was 40, the asked 80, before and after a sale of 10 shares at 50. If this rule were put in effect, this information should be on all listed confirmations. "Executions" on the listed market are largely made by "social" clerks. They do not at present give one-tenth of the service or one-tenth of the knowledge, skill and care for investors' best interests as exhibited by the great majority of traders in Government bonds, municipal bonds and over-the-counter securities.

Excess regulations have deflated the listed markets in such a fashion that the Government itself has to use the facilities of the over-the-counter markets in Government bond transactions. The only security averages which have held up are the over-the-counter securities.

This rule, if it is to be seriously considered, should be put into effect after consideration by the National Association of Securities Dealers, that creature of the SEC set up to regulate the over-the-couner markets. If this organization can't do it and work out the problem, it is a waste of money for all dealers to pay dues in it to keep it going. All dealers should be for any rule in the public interest, and against any that are not.

The SEC has been in a rather peculiar position, pushing on the one hand its public utility disintegration policy in a market which is sacrificial to all holders, and on the other hand being given the war duty by Congress of protecting the investment public. That certainly does not help the war-time economy and we question whether that was ever in any way Congressional intent; certainly not the intent of the present courageous and able Congress.

To relieve this situation, the Federal Power Commission should be given control of the financial part of the utility business, transferring the control from the SEC. As the Government war financing practically stops all new financing, the activities of the Commission should be curtailed to the minimum. The savings can be put into additional tanks and guns. The cost of policing can be cut to a minimum with State agencies and various national organizations functioning smoothly.

All the efforts of the Commission should be devoted to strengthening the national economy, planning for the post-war period, and the SEC should be given the job of successfully handling the Government bond financing to the general public. The SEC can thus render a real service to their Government and the people, and not be left in the class of doubtful purpose agencies.

The investment industry in Kentucky and all over the country has been donating its time and services in the furthering of the sale of War bonds. It has been estimated that the industry's out-of-pocket expense this year has amounted to $75,000, not including any time or percentage of overhead expenses. This is done at a time when the securities industry as a whole is largely operating at a loss. No industry, profession, or Government employee has more right for an "E" from our great war leader, Mr. Roosevelt, than does our own industry. We think the SEC has made a serious mistake even to suggest the consideration of this rule at the present time. The present job of all is to win the war, and not to create controversy and disunity.

If we can protect our business from being destroyed, our industry can prove very important during the war to the welfare of our Government. When peace comes, our business will have a great part to play in the economic development of the country and of the whole world, and can look forward to the future with optimism.

Our answer to this rule, if we care to give it, should be that the only thing we can give any consideration to now is "Victory in the War."

THOMAS GRAHAM,
National Committee Member from Kentucky

DEALER NO. 31

Several days ago a case came to light in which the City Clerk's office had contested the right of a Negro Bishop to perform marriage ceremonies on the ground that his particular religious sect had not appeared in the 1936 Federal census as required by an amendment to the Domestic Relations Law adopted by the 1942 Legislature.

Corporation Counsel for the City Clerk's office argued that "grave abuses had existed under the law as it existed prior to the enactment of the amendment."

In the Supreme Court, Justice William C. Hecht, Jr., deciding in favor of the Negro Bishop, rendered the following decision: "It is more desirable by far," he said, "to tolerate the abuses of a few charlatans than to give judicial approval and sanction to a legislative enactment patently repugnant to the principles of religious liberty."

Now, does this decision consign John Q. Public to a future of questionable certainty as to his marital status wherein he is to assume that even in this important phase of his life there are those who are not beyond the reach of Satan? Only one with the mental faculties of a feather-merchant could possibly conclude that this was the ultimate intent and purpose of this learned Judge in wording such a decision!

If a man wishes to enter into the contract of marriage, he goes to his own clergyman whom he knows and respects. If, of necessity and in the case of civil marriage, a man is forced to apply to someone strange to him he has available every means of investigation as to the legal status of that particular officer and it is his own foolish mistake if he neglects to exercise those means.

Since many of the recent proposed rulings as set forth by the SEC have been saturated with inferences not definitive, but none the less vitriolic, and which must be swallowed by the honest and the crooked alike, I think I need elaborate no further on what I am trying to set forth and simply keep it in the state of insinuation, in line with the general practice of that worthy Commission.

Decapitation is not a solution to ridding the world of biting dogs for this recourse would ultimately mean the extinction of the canine world as all dogs, at some time or other, are forced to show their fangs if they are to survive.

The SEC has muzzled the securities business and, in very many cases, with sincere realization of necessity. Surely the Commission must have made provisions for the proper adjunctive police powers and authority to effectuate the enforcement of these rules and regulations. Or are we to assume that they have failed in this respect and are now "shooting at the moon" to further perpetuate their own admitted ineffectiveness?

To correlate the case of the Negro Bishop and the Court's decision, with its effect on the investment business, we have only to change the last two words, viz.: "than to give judicial approval and sanction to a legislative enactment patently repugnant to the principles of FREE ENTERPRISE."

Very truly yours,
F. V. M.

Capital Gains And Losses

Prospective treatment of capital gains and losses in the 1942 tax bill is of paramount importance to all investors.

Under the proposal presently before Congress, gains and losses would still be divided into short and long term, although the holding period would be changed, i.e., the short term category would consist of assets held not more than 15 months and the long term category would consist of assets held more than 15 months (latest reports indicate that the Senate is contemplating reducing the holding period to 13 months).

Short term gains and losses would still be recognized at 100% but long term gains and losses would be recognized to the extent of 50%. Short term gains and losses would be offset against each other to determine the net short term gain or loss and likewise long term gains or losses would be matched to determine the net long term gain or loss. However, the proposed change would permit a net long term loss to be offset against a net short term gain, and vice versa, to determine the net capital gain or loss. A net capital gain resulting from an excess of a net short term gain over a net long term loss (or solely from a net short term gain) would be added to ordinary income and would be subject to taxes at the regular normal and surtax rates. A net capital gain resulting from an excess of a net long term gain over a net short term loss (or solely from a net long term gain) either may be added to ordinary income and taxed at regular rates or may be taxed separately at 50%, whichever method produced the lower tax. Since long term gains are recognized only to the extent of 50%, the effective maximum rate on long term gains is 25% of the actual gain.

It is important to note that a net capital loss may be deducted from ordinary income (salaries, interest, dividends, etc.) only to the extent of $1,000, but the excess over this figure may be used for a five-year period to offset net capital gains. In carrying over excess losses, these would be considered as short term losses in succeeding years and in applying the carryover the amount available from the earliest year would be used first. As long as there remains a carryover loss in any year in which there is no net capital gain, $1,000 of the carryover may be applied to reduce ordinary net income.

How the Carryover Works

Suppose in 1942 there is a net capital loss of $10,000. Of this amount $1,000 can be applied to reduce net income, leaving a $9,000 carryover. Now assume in 1943 there is a net capital gain of $5,000 and of the 1942 carryover loss of $9,000, $5,000 could be applied as an offset, thus resulting in no taxable gain. In addition, $1,000 of the carryover of $4,000 may be applied to reduce net income, thus leaving $3,000 as the balance of the 1942 carryover available for succeeding years. Now assume in 1944 there is a net capital loss of $5,000 and that $1,000 of the 1942 carryover is applied to reduce net income—this would reduce the 1942 carryover to $2,000 and would leave the 1944 carryover at $5,000, making a total carryover in that year of $7,000. Now assume in 1945 there is no net capital gain or loss and that $1,000 of the remaining 1942 carryover is applied to reduce net income—this would reduce the 1942 carryover to $1,000 and would still leave the 1944 carryover at $5,000, or a total of $6,000. In 1946 assume there is a net capital gain of $6,000—again this can be used the $1,000 remaining from the 1942 carryover and $5,000 from the 1944 carryover, resulting in no taxable gain. This might be continued ad infinitum, but the foregoing will suffice to illustrate briefly how the carryover provision would work.—G. Y. BILLARD, *J. R. Williston & Co.*

Our Reporter's Report

(Continued from first page)

Offset To Steady Drain

Easing of reserve requirements at the two major cities, the Reserve explains, is designed to offset the strain on banks in those centers incident to the Treasury's heavy withdrawals.

Such funds, it was explained, have been expended largely in other sections of the country, thus setting up a steady drain on the two major points.

For a time the Reserve endeavored to ease the impact of such operations through the action of its open market committee, chiefly in New York. But months ago, it became evident that these purchases alone would not suffice for long to keep the banks involved in position to absorb heavy new Treasury emissions.

Southwestern Public Service

Response to the offering of new securities under the refinancing program of the Southwestern Public Service Company was fully up to the expectations of those familiar with the undertaking.

Most heartening, according to observers, was the call for the new 6½% cumulative preferred stock, which incidentally might have been attributed to the move by the Senate Finance Committee to permit deduction of preferred dividend requirements before making provision for excess profits taxes.

The 4% first mortgage bonds and the notes were working out satisfactorily, it was indicated, with prospects for a closing of the books within a few days.

Soaking Up Free Funds

The Treasury moved this week to siphon off as much as possible of funds which corporations and individuals may be setting aside against enormously increased taxes which will become due next year.

It proceeded to liberalize the terms of the Tax Saxings Notes which have been on sale since Aug. 1, 1941 in a manner to make them more attractive.

The new Series C notes, which replace the old Series B-1944, are now adaptable for two purposes; either for accumulation of tax reserves, or for temporary or short term investment of cash balances which may be idle, with provision for cash redemption with interest.

The Series A-1945 notes like their predecessors, are designed for small taxpayers, with the maximum available for presentation against tax liability being raised from $1,200 to $5,000. This new limitation is being applied also to the predecessor issues.

Large Municipal Offering

The municipal market, which has been in the doldrums for months so far as new business is concerned, will have an opportunity to bid for a substantial piece of Boston financing next week.

The Boston Metropolitan District has issued a call for bids, to be opened next Wednesday, on an issue of $8,186,000 of new bonds of the Transit Authority for the city and adjacent communities.

Carrying the date of Oct. 15 next, the new bonds will be serials maturing in one to 25 years. In view of the dearth of new offerings recently, this issue is expected to arouse considerable competition.

Interesting Opportunity

Securities of the St. Louis-San Francisco Railway Co. offer attractive possibilities, according to an interesting circular issued 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.

Calendar of New Security Flotations

OFFERINGS

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 the 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)

Southwestern Public Service Co. on Aug. 31 filed an amendment to its registration statement fixing the proposed issue of 3¾% (int. rate fixed at 4% by amendment filed Sept. 8) first mortgage and collateral trust bonds due 1972 at $20,000,000, the amount of serial notes at $6,000,000 and the amount of preferred stock at 60,000 shares, all issues to be offered to public through underwriters. The $1 par common stock (185,000 shares) is to be offered first to common stock holders of Community Power & Light Co. and of General Public Utilities, Inc., other than Community as a stockholder of General, the offering to be made through warrants, the unsubscribed shares to be sold through underwriters

In an amendment to its registration statement filed with the Securities and Exchange Commission on Sept. 10, the Southwestern Public Service Co. lists the underwriters and the amounts underwritten on its proposed offering of new securities. The registration statement covers $20,000,000 first mortgage and collateral trust bonds, 4% series due 1972; $6,000,000 serial notes, interest rates 2½% and 3%; 60,000 shares 6½% cumulative preferred stock, par $100, and 185,000 shares of common, par $1.

The names of the underwriters are given below. (The amounts of each class of security which the several underwriters have agreed to purchase will be given in "Chronicle" Monday Sept. 21.)

Dillon, Read & Co., E. H. Rollins & Sons, Inc., A. C. Allyn & Co., Inc., Auchincloss, Parker & Redpath, Bacon, Whipple & Co., Baker, Weeks & Harden, Bear, Stearns & Co., A. G. Becker & Co., Inc., Blyth & Co., Inc., Bodell & Co., Inc., Boettcher & Co., Alex. Brown & Sons, Brush, Slocumb & Co., H. M. Byllesby & Co., Inc., Central Republic Co., Inc., Davis Skaggs & Co., Doolittle, Roth & Schoellkopf, Eastman, Dillon & Co., Estabrook & Co., Goldman, Sachs & Co., Graham, Parsons & Co., Granbery, Marache & Lord, Hallgarten & Co., Harriman Ripley & Co., Inc., Harris, Hall & Co., Inc., Hayden, Miller & Co., Hemphill, Noyes & Co., Hornblower & Weeks, W. E. Hutton & Co., Johnston, Lemon & Co., Kay, Richards & Co., Kebbon, McCormick & Co., Kidder, Peabody & Co., W. C. Langley & Co., Lee Higginson Corp., Loewi & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., Milwaukee Co., Newhard, Cook & Co., Newton, Abbe & Co., Paine, Webber, Jackson & Curtis, Putnam & Co., Rauscher, Pierce & Co., Inc., Riter & Co., L. F. Rothschild & Co., Schwabacher & Co., Chas. W. Scranton & Co., Shields & Co., Shuman, Agnew & Co., I. M. Simon & Co., Smith, Barney & Co., Stein Bros. & Boyce, Stix & Co., Stone & Webster and Blodget, Inc., Stroud & Co., Inc., Spencer Trask & Co., Tucker, Anthony & Co., Union Securities Corp., Whitaker & Co., White, Weld & Co., Williams, Parmele & Co., Inc., Wisconsin Co., Harold E. Wood & Co.

Registration effective 5:30 p.m. EWT on Sept. 14, 1942, as of 5:30 p.m. EWT Sept. 14, 1942

Offered Sept. 15, 1942, the bonds at 107½ and int., the notes at prices ranging from 97.09 to 102.29 and int., according to maturity, the preferred stock at par and the common stock at $5 per share

BOND INVESTMENT TRUST OF AMERICA

Bond Investment Trust of America has filed a registration statement with the SEC for 41,544 units of beneficial interest. Total includes 1,544 units of beneficial interest now issued and outstanding to the extent that the same may be repurchased and thereafter reoffered, together with 40,000 units authorized but not heretofore issued

Address—49 Federal Street, Boston, Mass.

Business—Investment trust

Underwriting—Whiting, Weeks & Stubbs, Inc., Boston, principal underwriter

Registration effective 5:30 p.m. EWT on Sept. 9, 1942.

Proceeds—For investment.

Registration Statement No. 2-5037. Form A-1. (8-21-42)

Offered Sept. 10, 1942 at $99.39 per unit. Public offering price figured twice daily. Units offered by Whiting, Weeks & Stubbs, Inc., Ballon, Adams & Co., Inc., R. L. Day & Co., Estabrook & Co., Kidder, Peabody & Co., Paine, Webber, Jackson & Curtis, Stone & Webster and Blodget, Inc. and Tucker Anthony & Co.

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, SEPT. 27

UNIVERSITY CLUB OF CHICAGO

University Club of Chicago has filed a registration statement with the SEC for $802,500 principal amount of 4% debentures due Sept. 30, 2105

Address—76 East Monroe Street, Chicago, Ill.

Business—The club has operated since its organization in 1887 and intends to continue to operate as an organization for educational, social and fraternal purposes. It has no capital stock and is not operated for pecuniary profit but is operated solely for the benefit of its members

Offering—At the time of construction of the club building presently operated by the club there was organized under the laws of the State of Illinois, a stock corporation known as the University Auxiliary Association. The shares of that corporation were largely subscribed by members of the club and the association used the funds so obtained for the construction of the club building. The club now proposes to offer its 4% debentures—being the securities registered hereby—in exchange for the outstanding shares of the association, other than shares of the association owned by the club, and upon acquisition of such shares, or such proportion thereof as shall be approved by the board of directors of the club, to cause the association to be dissolved and liquidated.

It is considered that the issuance of the 4% debentures of the club in such exchange is a "reorganization" within the purview of the definition of that term set forth in paragraph 5(1) of the rules as to the use of Form E-1 as constituting "the exchange of securities by the issuer thereof for securities of another issuer." The club proposes to offer its 4% debentures in exchange for shares of the University Auxiliary Association on the basis of $100 principal amount of debentures for each share of the Association of $100 par value, other than shares of the Association owned by the club

Registration Statement No. 2-5042. Form E-1 (9-8-42)

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.

CENTRAL MAINE POWER CO.

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

Address—9 Green Street, Augusta, Maine

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

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

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

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

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

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

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

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

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

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

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Sept. 10, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in 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

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)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

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.

Amendment filed Sept. 12, 1942, to defer effective date

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 Aug. 11, 1942, to defer effective date

Equipment Finance Corp. filed on Aug. 13 an amendment to its registration statement in which the proposed offering is stated as follows: Sold prior to registration to employees of Curtiss Candy Co. 1,238 shares of common, no par value, at $100 per share and offer of rescission is being made re above shares, to be publicly offered at $100 per share, 2,993 shares for total of $299,300. Purpose of issue as amended includes wagons, horses and facilities for operation of horse-drawn vehicles.

Registration Statement—Effective 12:45 p.m., ESWT on Sept. 2, 1942, as of 5:30 p.m. Aug. 11, 1942.

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 Sept. 5, 1942, to defer effective date

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

Amendment filed, July 30, 1942 to defer effective date

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 Sept. 14, 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.

Registration Statement effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares.

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

STILLWELL WORSTED MILLS, INC.

Stillwell Worsted Mills, Inc., a newly organized company, has filed a registration statement with the SEC covering 30,000 shares of preferred stock, $10 par value, 30,000 shares producers common stock, $10 par value and 60,000 shares of common stock, $10 par value

Address—East Avenue, Harrisville, Rhode Island

Business—Plans to engage in business of worsted yarn and cloth manufacture, including dyeing and finishing

Offering—The 30,000 shares of producers common and the 60,000 shares of common stock are to be offered for sale at $10 a share. The 60,000 shares of common will be offered to a group of approximately 30 executives and key employees of the old Stillwell Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwell Worsted Mills and its subsidiaries. Stillwell Worsted Mills, Inc., the new company will acquire properties of Stillwell Worsted Mills, the old company, located in Rhode Island, Virginia and Connecticut and certain stocks of finished cloth located in New York and Illinois. The statement says the new company does not intend to engage in the business of top manufacture in which the old company has engaged and intends to continue to engage.

The new company also plans to issue and have outstanding $2,910,000 of first mortgage serial bonds, maturing from 1944 to 1967, which will carry an interest rate varying from 2 to 5%

The statement says that the new company has no present intention of issuing the preferred shares, planning to hold them for ultimate conversion of the producers common shares.

Registration Statement No. 2-5041. Form A-1 (8-28-42)

Amendment filed Sept. 14, 1942, to defer effective date

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta,

Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Amendment filed Aug. 31, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

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

Amendment filed Sept. 12, 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 eithe 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 Sept. 11, 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 Sept. 1, 1942, to defer effective date

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Congress Gets Bills To Stabilize Wages, Farm Prices & Cost Of Living

Legislation authorizing President Roosevelt to stabilize prices, wages, salaries and other factors affecting the cost of living was introduced in both branches of Congress on Sept. 14 in response to the President's request in his Labor Day message for the passage of anti-inflation proposals by Oct. 1.

Separate measures, differing widely in several respects, were offered in the Senate by Senator Brown (Dem., Mich.) and Senator Wagner (Dem., N. Y.), Chairman of the Banking and Currency Committee, and in the House by Representative Steagall (Dem., Ala.), Chairman of the Banking and Currency Committee.

Although the President said in his message that as soon as farm prices are stabilized he would himself take action to stabilize wages in line with increased living costs, both bills contained wage formulas.

The Senate joint resolution calls for stabilizing wages and salaries as of Aug. 15 and farm prices at levels not below parity, at the same time conferring on the President power to make adjustments "to correct gross inequalities or to aid in the effective prosecution of the war." The bill provides that the price ceiling for any agricultural commodity shall not be fixed below the higher of these two alternatives:

1. The parity price or "a comparable price" where one has been determined, or

2. The highest market price between Jan. 1 and Sept. 15, 1942.

The wage and salary provisions of the Senate bill state that wage controls shall not (1) be inconsistent with the Fair Labor Standards Act (wage and hour law); (2) be inconsistent with orders issued by any Federal agency on cases pending before Sept. 15; and (3) be used to reduce compensation below highest levels prevailing between Jan. 1, 1942, and Sept. 15, 1942. It also declares that no employer shall pay and no employee shall receive wages or salaries in contravention of regulations which the President may issue.

The House bill requires that farm price ceilings be fixed at a price not lower than parity as re-defined to include all costs of production, including the cost of labor.

The Steagall bill would also call for a faim price floor of 100% of the new parity level during and for three years after the war. It further stipulates that farm price ceilings shall not be less than the new parity prices or the highest market price reached by a given commodity during the period from Jan. 1, 1942, to the date of final enactment.

As to wages, the House bill provides that the President establish "such maximum salaries and industrial wages as will bring about and maintain a fair and equitable relation between such salaries and industrial wages and the maximum prices for agricultural commodities."

No time limit is set on the President's powers in the House bill but the Senate provides that they would terminate on June 30, 1944.

Both bills amend the Emergency Price Control Act of 1942.

The Senate Banking and Currency Committee opened hearings on its bill on Sept. 15, with Secretary of Agriculture Wickard and Price Administrator Henderson appearing as the first witnesses.

The President's message to Congress was given in these columns of Sept. 10, page 889.

Fuel Oil To Be Rationed Beginning October 1 Areas May Later Be Extended

Donald M. Nelson, Chairman of the War Production Board, on Sept. 15 ordered fuel oil rationing for 17 Eastern Seaboard States and for 13 Midwestern States by Oct. 1, with a probable consumption reduction of at least 25%. He added that the rationed area may have to be extended later, and warned consumers to convert heating equipment to coal because there may be even a shortage of electricity and natural gas in the rationed areas.

Fuel oil deliveries on the Eastern Seaboard, shut off since Aug. 3, were resumed on Sept. 16 and will terminate Sept. 30. Consumers may fill their tanks up to a capacity of 275 gallons. This fuel will not be charged against the coupons which will be distributed by the Office of Price Administration which has been delegated by Mr. Nelson to carry on the rationing program. Deliveries up to 50% of tank capacity will be permitted for all consumers other than private dwellings.

Actual rationing of fuel oil through coupon books will not begin until Nov. 30, due to the immense amount of work required in printing the books and setting up the system of distribution.

However, after Sept. 30 oil deliveries will be resumed on a rationed basis upon issuance by the person receiving such deliveries of a written guarantee that coupons covering the amount received will be surrendered when ration books are issued, equivalent to any such deliveries on and after Oct. 1.

The Eastern Seaboard area is made up of the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia and Georgia, that part of Florida east of the Apalachicola River, and the District of Columbia. The Midwestern area includes Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The States of Oklahoma and Tennessee were not included in the Midwestern area because the number of fuel oil burners in those States is so few as not to justify the imposition of rationing at this time, Mr. Nelson stated.

The rationing will not be uniform through the rationed areas. Some sections may obtain a larger quota than others.

The Office of War Information, in connection with the above decision to ration fuel oil in some sections of this country, said:

"The Eastern Seaboard Area faces serious fuel shortage this winter. In an effort to alleviate this problem, areas to the west must sharply reduce their consumption of fuel oil in order to make available transportation facilities for the East, where the situation threatens to be more distressing.

"So acute is the situation that even with rationing, which is now being considered, cooperative efforts must be taken to make the most effective use of available heating facilities or the war effort will be severely hampered. Every tank or coal car used in carrying fuel must be taken from its job of carrying war supplies to our fighting men at the front. The problem is not merely for the householder, alone. The storekeeper and the manufacturer must be urged to conserve all types of fuel in the shop and in the plant."

Morgenthau Denies Bond Sales A Failure

In a formal statement designed to clear up the impression that he regards the voluntary war bond program as a "failure," Secretary of the Treasury Morgenthau said on Sept. 11 that "this is not only a distortion of anything I have said on the subject but it is also an injustice to the hundreds of thousands of devoted volunteers in all parts of the country who are working night and day to enlist the nation's savings for the war. His statement goes on to explain:

"In view of our swiftly rising war expenditures I have said that the voluntary war bond program alone cannot close the gap between the amount of money available for consumer spending and the supply of goods available for civilian use. I have said that it must therefore be supplemented by a more drastic and comprehensive tax program, including a tax on spendings, a part of which would be treated as a debt to the taxpayer and repaid after the war. We shall, however, continue to rely upon voluntary lending for a large part of our financing. The mounting requirements of the war demand that our sale of war bonds be continued and intensified. As I said to the Senate Finance Committe last week, it is my belief that the voluntary war bond program has produced and will continue to produce a great contribution to the nation's war effort. Regardless of the other measures that are needed, the voluntary savings program will be essential until the war is won. To our hundreds of thousands of war bond volunteers, I should like to say that the nation is counting on them more than ever to carry on the magnificent work in which they are so unselfishly engaged."

W. M. Jeffers Named Rubber Administrator

William M. Jeffers, President of the Union Pacific Railroad, was named Rubber Administrator on Sept. 15 and placed in complete charge of the entire rubber program, to carry out the recommendations of the Baruch committee. The appointment was announced by Donald M. Nelson, Chairman of the War Production Board, who said his selection had the approval of President Roosevelt. Mr. Nelson said he was delegating all his authority over the rubber program to Mr. Jeffers, who, in turn, will issue directives to all governmental agencies concerned with rubber.

In making the appointment, Mr. Nelson said:

"Any one who knows Mr. Jeffers knows also that he is an exceedingly competent executive and administrator who can do any kind of a tough job. This job is one of the toughest. I am placing Mr. Jeffers in this post with the approval of the President, and I am delegating to him all my authority. From this point on, any problem connected with rubber is a matter for Mr. Jeffers's decision, and I know he will do this job."

Accepting the appointment, Mr. Jeffers said he was "already at work" and "intends to do whatever is necessary to carry out the assignment." He further stated:

"I am mindful of the words used in the Baruch report, in which it is said that the existing rubber situation is so dangerous that, unless we take corrective steps, this country will face both a military and civilian collapse.

"This means I have a tough job. But it is also a job for all the people of the United States. The biggest stockpile of rubber we have is on the wheels of our automobiles. I ask every motorist, every truck driver, everybody who runs a car, to remember that he is now the custodian of a material more precious than gold.

"I cannot do any more talking about the matter now. We do not need talk; we need action."

Mr. Jeffers was born in North Platte, Neb., on Jan. 12, 1876, and began his career with the Union Pacific System in 1890 at the age of 14. He was Vice President in charge of operations from 1928 to 1930 and became Executive Vice President of the Union Pacific System in 1932. Since 1937 Mr. Jeffers has been President of the system.

The Baruch committee's rubber report is referred to elsewhere in these columns today.

Bank Supervisors Cancel Convention

The National Association of Supervisors of State Banks has canceled its forty-first annual convention because of difficulties of transportation and other complications resulting from the war, it is announced by Rulon F. Starley, President of the Association, in Salt Lake City, Utah. The convention was to have been held in Philadelphia late this month. This is the first cancellation since the association was organized in 1902.

In place of the annual meeting, the supervisors will hold a conference in Philadelphia on Nov. 16 and 17 to consider questions arising from the war and possible changes in policy to promote the war effort, Mr. Starley said.

Answers To Questions "Securities Salesman's Corner"

1. Unregulated competition which caused a deterioration of the rate structure.
2. A class I railroad is a railroad which does a $1,000,000 worth of business a year.
3. Pocahontas roads: Virginian, Chesapeake & Ohio. Industrially owned carriers: Missabe & Iron Range, Chicago and Illinois Midland, Bessemer & Lake Erie.
4. The Interstate Commerce Commission.
5. The courts cannot CHANGE a plan. They can DISAPPROVE it. They can send it back with suggestions.
6. The three main steps in present day railroad reorganizations are: The ICC plan is certified to the court, time of court approval, consummation.
7. This ruling states that any corporation, railroad or otherwise in bankruptcy earns its interest and does not pay it, then the amount they earn is taxable, both from normal or otherwise. If they do not pay it to the bondholders—they will have to pay it to the Government, only more so—so they had better pay it to the bondholders.
8. First mortgage bonds average about 12½%.
9. Income bonds average about 25%.
10. About 1,000,000 men were employed, or approximately one-half the number in 1930.

Canadian Industrial Activity Up Slightly

Only a slight increase in Canadian industrial activity as a whole occurred during the past month, A. E. Arscott, General Manager of the Canadian Bank of Commerce, Toronto, states. "Our index rose from 179 at mid-July to 180 at mid-August (1937=100)," Mr. Arscott declared, "the percentage of factory capacity utilized rising simultaneously from 120 to 121. Our composite index of activity in September, 1939, registered 100, including, among items now figuring largely in the war program, 68 for the automotive trades, 98 for the other iron and steel industries and 88 for the non-ferrous metal trades.

"With the progressive curtailment of output for civilian consumption and the conversion of many types of plant to armament production, the development of the national war economy is even greater than that shown by the figures themselves.

"Our August index records a rise in the food-processing group, mainly in the flour and meats for export. The clothing group was unchanged. There was a slight recovery in pulp and paper, but other wood product industries were less active chiefly owing to a decline in saw-milling. The automotive trades were more active on government orders, but some reorganization of the heavy iron and steel trades caused a recession in that section, slightly lowering the index for the group as a whole.

"Our wage payroll index rose from 201 for June to 203 for July (1937=100), with gains in manufacturing, mining (chiefly on account of coal) and construction and with losses in logging and trade."

Why Ins. Stock Now?

An interesting discussion of the situation affecting insurance stocks and the attractive outlook for these issues is contained in the Sept. 8 issue of Huff, Geyer & Hecht's "News Review," in addition to a comparative table of fire and casualty insurance operating results for the first half of 1942. Copies of the "Review" may be had upon request from Huff, Geyer & Hecht, Inc., 67 Wall St., New York City.

SEC Amendments

The Securities and Exchange Commission announces the adoption of two amendments to Regulation A under the Securities Act of 1933. Regulation A exempts from registration certain issues of securities whose aggregate offering price to the public does not exceed $100,000.

The purpose of one of the new amendments is to clarify the circumstances under which Regulation A is available for an issue of securities which has once been effectively registered under the Act.

The second amendment is made necessary by the abolition of the Washington, D. C., field office of the Commission. The Baltimore regional office has been established with jurisdiction over the area previously served by the Washington, D. C. field office.

Our Reporter On "Governments"

And now the September deal is out of the way—a success as anticipated and a particularly significant financing not so much because of its own terms but because of what its terms imply for the future. . . . $3,000,000,000—the largest single Government borrowing operation in history, aside from the Liberty Loan issues of the first World War. . . . Short-term—with $1,500,000,000 of the financing in the form of 0.65% certificates of indebtedness due in seven months and 11 days and $1,500,000,000 of it in the form of 1¼% notes due March 15, 1945. . . . Obviously designed for commercial bank subscription—with the short-dating of his classifications forcing disproportionately large subscriptions from institutions in the big cities, such as New York and Chicago. . . . Carefully worked out as to payment—with the payment date of Sept. 21 on the certificates and of Sept. 25 on the notes allowing the banks to catch their breath after the income tax dates and permitting some of the borrowed money to seep back into the system before the buyers must put up the cash. . . . In short, a good, workable, technically perfect financing. . . .

In about a week or so, dealers say, there should be a 4 to 5/32 premium on the notes. . . . (The certificates, of course, are shaved so close there's no point in talking about them in premium terms. Last quote indicated premium of 5c. per $1,000 certificate.) . . . Excellent angle of this financing was the choice of delivery dates, for by extending the time for payment to 11 days for the certificates and 15 days for the notes, Secretary Morgenthau gave the market a needed breathing spell. . . . At the rate spending is going, $2,000,000,000 will be "back in the market" by payment date. . . . Redemption of Treasury 2s and discount bills in between offering and payment date will give institutions more funds. . . . Extension of time to allow some rest between the 15th tax date and payment period will give buyers even more leeway. . . . In this one provision—extended payment period—lies much of the answer to the immediate success of the deal. . . .

Of course, the fact that the issues are so short-dated guaranteed their distribution. . . . If you want to carp about things, the maturities are even too short, for banks in the country won't and can't get excited about issues on which the return is less than ¾ and 1¼%. . . . Morgenthau definitely placed the responsibility for the success of the September borrowing on the giant city banks. . . .

And that leads right into much more important points, the implications of the choice for the September maturities. . . .

WHAT'S AHEAD?

As the experts see it, here's what we may expect soon—with predictions based considerably on the recent deal:

(1) A really long-term financing in October, for the market has been given its resting period and choice of such short-dated maturities logically suggests the long-term list is being dressed up for this purpose. . . .

(2) An issue designed to appeal primarily to buyers outside of banks, for the banks have been placed in the position of taking $3,000,000,000 of securities this month and it is logical to expect the next call will be on funds of non-banking institutions and individuals. . . .

(3) A real thunder-and-lightning selling campaign, aimed at awakening interest in the coming long-terms among individuals. . . .

(4) A general lowering of bank reserve requirements for the banks as a whole, designed to put this class of buyers in a more comfortable position to subscribe to future issues. . . .

Maybe there'll be some change in these forecasts, due to now unforeseen foreign developments or some extraordinary change in the domestic inflation-tax-control-political picture, but as matters shape up now, these four predictions appear to have considerable weight. . . .

No point in guessing now what type of long-term bond might be tried, naturally, but just to guess anyway. . . . This writer looks for something around the 2¼% coupon level due in the late 50s. . . . That would get the banks, insurance companies and some individuals. . . . And it's interesting to speculate now on how many little Americans will realize when that issue comes out just how attractive an offer they've had all along in the 2.9% Series E 10-year bonds. . . .

Amazing. . . . To see how few people know those bonds from an investment point of view are the most attractive available anywhere in the world. . . .

INSIDE THE MARKET

Dealers appear particularly pleased with action of market. . . . Stability in face of huge offering of Thursday and Friday was magnificent. . . .

Feeling around that Morgenthau is doing excellent job in giving market liquidity, and after September deal is paid for market will be in good shape for October's bond offering. . . .

Rise in short-term interest rates believed to have run its course. . . . And rise was needed to give liquidity to market, traders insist. . . . Statistically, here's the way that rise shapes up: average yield on Treasury bills up 0.279% from this time last year. . . . On three-five-year notes, up 0.81%. . . . On five to 10-year bonds, up 0.37%. . . . On longer-term bonds, up 0.19%. . . .

Some of the bigger trading houses talking of good rise in market for next few weeks. . . . Optimistic feeling around in Government bond circles is significant. . . . As for pessimism among the few, that's answered with comment, "authorities won't permit any important decline and they don't have to now." . . .

Comment made that liquidity created by sales of certificates, notes, etc., will be a help if and when any decline is threatened. . . .

Pattern of market in England worth studying, suggests our market may get into upward trend again if we're to follow British leadership. . . . Banks out of New York and Chicago districts may get more and more into long-term market as their holdings of short-terms increase and their need for earnings becomes more acute. . . .

RESERVES RAISED AGAIN

Confirmation of Federal Reserve Board's policy of reducing reserve requirements by gradual steps came in announcement that requirements of New York and Chicago banks are to be cut from 24 to 22%. . . . Represented second cut in less than a month. . . . Added $335,000,000 to reserves of banks in New York, $65,000,000 to reserves of banks in Chicago. . . . Now only one more cut possible for these special banks until Board announces nation-wide adjustment in requirements. . . .

The move had to be made. . . . Excess funds held by New York banks were said to be around $200,000,000 just before the income tax date—a figure too low for comfort. . . . And more moves will come. . . . They must. . . . For the Reserve must keep the market in shape to take the billion-dollar financings the Treasury has on the calendar. . . .

SIGNIFICANT STATEMENTS

Worth noting that market is being geared to taking "without trouble" huge financings that would have thrown most investors into a panic a few years ago. . . . $3,000,000,000, the first in a series and largest deal since Liberty Loan days, was tried in short-term list. . . . Good psychology. . . . Suggests bigger ones to come. . . .

"They're all going to be pretty big from now on," said a Treasury official last Thursday. . . . "I wouldn't say this was the largest by any means." . . .

Meaning? Guess is we're being prepared for $5,000,000,000 issues every five to six weeks. . . . Next step upward may be $500,000,000 more. . . . Then to the $4,000,000,000 mark and then to the goal. . . . Which is exactly what foresighted dealers in Governments are looking for and saying is necessary to place the financing on a sound, definite basis. . . .

Others worth considering:

From a big dealer:

"Don't count too much on the tax-exempts, for this is a political not a financial issue and it's quite possible that in months to come, Congress will be forced into position where saving exemption for a few holders will be politically impossible.

"If you do buy tax-exempts, keep them short, so you haven't long to go on maturity. And keep away from the very high premium exempts."

From another, this one in the municipal field:

"Chances of keeping tax-exemption on new municipal issues seem smaller all the time. Wouldn't be surprised if Government gets after outstanding municipals soon."

From a third trader:

"In switches, be sure tax-exempts bought are in intermediate to short-term group. Buying longer ones seems dangerous."

From a fourth:

"No reason why we should fear or consider any major change in interest rates now. Situation is under control and will remain so for many months. We have assurances that any rise in interest rates will be fought vigorously."

Look 'em over. . . . If you're on another side of the fence, you might consider the points made just to make sure you're not going too far in one direction. . . .

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on Sept. 13 that during the month ended Aug. 31, 1942, authorizations were issued to receivers for payments of dividends to the creditors of two insolvent national banks. Dividends so authorized will effect total distributions of $876,800 to 13,863 claimants who have proved claims aggregating $5,715,600, or an average payment of 15.375%. The minimum and maximum percentages of dividends authorized were 2.88% and 9.73%, while the smallest and largest payments involved in dividend authorizations during the month were $173,300 and $703,500, respectively. Of the two dividends authorized during the month, one was a final and partial interest payment and one was a partial interest payment.

Shipway Morris Plan V.-P.

William R. Shipway has been elected a Vice-President of the Morris Plan Bank of New York. He is head of the bank's war-contract financing division and commercial loan department.

Two Enjoined

Levan G. Smith and Warren Sears Crowell have been enjoined in Federal Court in New York from further violations of the Securities Act of 1933. The Securities and Exchange Commission had filed charges that they had made fraudulent sales of the stock of the National Bronze and Foundry Company, of which Mr. Smith is Vice-President. Smith and Crowell, the latter of whom was head of the Pilgrim Securities Corporation and a registered broker-dealer, formerly controlled the recently dissolved brokerage firm of L. G. Smith Co., Inc. The defendants consented to the final judgment.