Final Edition THURSDAY In 2 Sections—Section 1

FINANCIAL CHRONICLE
The COMMERCIAL &

Reg. U. S. Pat. Office

Volume 156 Number 4112 New York, N. Y., Thursday, October 1, 1942 Price 60 Cents a Copy

OUR REPORTER'S REPORT

Those who follow the bond market suspect just a dash of "wishful thinking" in some of the reports now going the rounds with regard to prospective new financing by several public utility companies.

They take the current discussion of the Utah Power & Light Company's plans, which set a figure as high as $45,000,000 for a new issue as a case in point.

Considering the position of the company's outstanding 5s, due in 1944, they are still moving somewhat under par, market observers contend that such financing can hardly be imminent.

It was admitted, however, that the behavior of the bonds recently does suggest that work is doubtless under way on the matter of shaping up a refinancing program, since the issue has suddenly come to life in the last few days.

But those who take their cue from the market are satisfied that some weeks will elapse before the company completes the formality of going into registration with the Securities and Exchange Commission to cover any proposed new issue.

Such financing, when it comes, is expected to provide for refunding of certain outstanding obligations of subsidiaries including those of Utah Light & Traction and Western Colorado Power.

Florida Power & Light

Florida Power & Light Company is considered likely to be in the market with a large-scale program in advance of Utah Power & Light. The southern utility already has in registration with the Securities and Exchange Commission a program of refinancing involving almost $70,000,000.

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Our Reporter On "Governments"

So it will be a $4,000,000,000 borrowing this month—the largest in a group of ever-increasingly large financings. . . . And if the Treasury continues its policy of "rotating" its offerings, October's will be a bond flotation. . . . Maybe a reopening of the "taps." . . . Or maybe a new medium-maturity bond, carrying a 2¼% coupon. . . . Or maybe a mixture of longs and shorts. . . .

Considering the fact that September's $3,000,000,000 deal was in the form of short terms, October's should be in the form of longs. . . . And yet, even this partially enunciated policy of rotating offerings is not sufficient. . . . What we need is a definite, understood, established over-all war financing program. . . . What we need is an end to this month-to-month, haphazard borrowing policy. . . . Perhaps, October's issue will be the last of the issues under the old program. . . . It is about time. . . .

Anyway, we'll have the issue the second week of October, according to reports. . . . And between now and then, the market should be stable and uninteresting, for it's in the "waiting phase" again. . . .

ANOTHER BILL TOTAL RISE?

Weekly discount bill total now at $400,000,000 and going well. . . . Subscriptions are satisfactory, well distributed, indicate nation-wide familiarity with issue. . . . Last issue of bills was sold at average rate of 0.370%, an increase of 0.001% from previous week. . . . Bill rate definitely is stabilizing although at much higher level than was normal a year ago. . . . Rate around this time in 1941 was 0.071%, reflecting a rise in this shortest-term Government credit of 0.297%. . . .

Probability is bill totals will go up again—and soon, according to informed sources. . . .

$500,000,000 is the objective. . . . And when that is reached, look for holding around that level. . . . Incidentally, if you have surplus cash which you know you'll need in a few months, buy the bills. . . . You must bid competitively, of course, but you can find information on this from an informed dealer. . . . Inquire best way to bid and best rates. . . .

In effect, a discount bill is an interest-bearing reserve account for you. . . . Easily marketable and maturing in 91 days and still bearing a return. . . . If you aren't in the bill market now, consider this step seriously. . . .

INSIDE THE MARKET

Insurance company purchases of Governments and other securities have fallen way off in last few weeks—indicating "breathing spell" between Government financings. . . . Insurance companies have placed 57% of their new investment funds in Governments in 1942 to date, will up this percentage as months roll by. . . .

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Minimum Capital Rule And The SEC

Rumor has it that the SEC will not sanction the minimum capital rule recently voted by the National Association of Securities Dealers, Inc., but instead will establish such standards for the whole over-the-counter field. Because of the injustice that such a rule would impose on the little dealer, and in view of the strenuous efforts of the New Deal Administration to protect the rights and privileges of those not blessed with abundant riches, we are hesitant to believe that the SEC would take any action which would be at variance with the philosophy of its creator.

Roger Babson Says Outlook For Bank Earnings Good; Touches On Inflation

In the "Christian Science Monitor" of last Saturday, Roger Babson had the following to say on the subject of bank earnings and inflation:

"An interest rate is a money fee paid by those who have less than they need of money, to those who have more than they can use. The rate at which money will be lent during the coming inflation will depend upon the relative status of two elements: (1) the eagerness of those who have insufficient money to have or do things which require money; (2) the eagerness of those who have ample funds to loan money for an interest revenue.

"Inflation means that there is plenty of money of a kind. In some cases, inflation takes on the characteristics of an apparent shortage of purchasing power. In Germany in the 20's since the huge increase in the supply of money was placed to the benefit of a small clique, the rest of the nation suffered a severe shortage of money. Prices would go up faster than this flood of money would reach the public and most businessmen. This advance was caused both by a decreasing desire to hold onto money and by an increasing demand for tangible goods.

"If inflation should take the shape of a huge expansion of currency, or a sudden increase in the use of currency, there might be greater assurance that interest rates would go up during inflation. In this country, however, inflation is taking the form of slow bank deposit inflation. So many people use checks to spend their bank deposits that we are not immediately threatened with radical currency inflation.

Government Now Controls Rates

"Inasmuch as the Government now controls the Federal Reserve Board, the interest rates which are accompanying the present slow inflation are a matter of Government policy. One must not forget that ever since the banking system was invented, the supply of monetary funds, whether as credit or currency, depended upon Government legislation rather than on gold and silver.

"Recent statements emanating from Government quarters indicate that the Comptroller of the Currency, when examining banks, will tend to consider the Government bond portfolio of such banks as a non-risk element in the bank's earning assets. On this basis, banks may be permitted to continue the purchase of Government bonds regardless of their financial statement. Consequently, banks are engaged in the wholesale purchasing of Government bonds.

"During the war, we should continue to witness low interest rates. Deposits, however, will so increase that, notwithstanding low rates, banks should be able to earn dividends during the war. If allowed to make higher service charges, they may even accept a lower rate of interest on their Government bonds. The deposits of the average bank increase to about 75% of its increase of Government bond holdings.

Money Rates After the War

"In the post-war period, there will develop a resumption of international trade which should cause a renewed demand for funds for the purpose of rehabilitating devastated regions and inventories. This will come just at the time when individuals and busi-

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DEALER BRIEFS

Cincinnati, O.

Investors are very cautious and confused. Their prime motive, as it should be, is to preserve capital, although facing the growing necessity of bolstering declining income on investments other than Government bonds, which are absorbing most of the funds resulting from maturing or called bonds, or preferred stocks.

The inflation hedge theory seems to be secondary to the other factors and there is practically no speculative interest. — *Herbert R. Bloch, Benj. D. Bartlett & Co.*

Hartford, Conn.

Business is quiet in Connecticut. Many salesmen are working in Defense Factories while still keeping Broker connections. Connecticut Industrial Stocks appear attractive to us although the best buys to date have been the local Insurance Stocks with their low yields.— *W. W. Mansfield, Mansfield & Company*

Indianapolis, Ind.

We find that the principal interest of our clientele today is in local securities which are apparently under-valued in connection with present and prospective earning power. We find active interest in Stokely Bros. preferred, Indianapolis Railways, Inc. bonds and local real estate securities.—*J. J. Kiser, Kiser, Cohn & Shumaker, Inc.*

Philadelphia, Pa.

Local dealers report good success in placing second-grade and reorganization railroad bonds with their customers based on the premise that this classification enjoys immunity from the threat of high taxes and yet provides opportunities for liberal yield and further appreciation. In view of the fact that the more desirable of such issues are listed, we are, wherever possible, adding a flat charge to the regular exchange commission. We find little customer objection to this method in view of the statistical and advisory service involved.—*J. Gentry Daggy, Buckley Brothers*

Sioux City, Iowa

For the last six months our municipal and over-the-counter business has been fairly satisfactory. The volume of listed items has been subnormal, but with the passing of the tax bill and the fate of Stalingrad determined, we look for an improved volume, probably on the upside. The action of the market during the last few days has shown symptoms of what might happen with the settlement of the two factors just mentioned, as well as the wage and farm measures now pending.

Enormous grain crops now maturing in this section, together with heavy livestock shipments, should produce a large amount of cash for the purchase of securities and available merchandise in addition to war bonds.—*C. W. Britton, C. W. Britton & Co.*

New Orleans Traders Name Kingsbury Pres.

NEW ORLEANS, LA.—At the annual meeting of the New Orleans Security Traders Association, J. Wallace Kingsbury of Kingsbury & Alvis, was elected

J. W. Kingsbury

President for the term Oct. 1, 1942, through Sept. 30, 1943.

Joseph Minetree, of Merrill Lynch, Pierce, Fenner & Beane, was named Vice-President, and James Roddy, of Scharff & Jones, Inc., was chosen for the office of Secretary-Treasurer.

The New Orleans Security Traders Association is an affiliate of the National Security Traders Association.

Gustav Klein Is With Mackubin, Legg & Co.

BALTIMORE, MD.—Mackubin, Legg & Co., 22 Light St., members of the New York and Baltimore Stock Exchanges, announce that Gustav Klein is now associated with them in their municipal department. Mr. Klein was formerly manager of the municipal department of W. W. Lanahan & Co., was with Stein Bros. & Boyce, and prior thereto for many years was with Alex. Brown & Sons.

Gay, Field & Wixted Join Gude, Winmill

Charles R. Gay, senior partner, and Edward P. Field and Joseph F. Wixted, partners of the New York Stock Exchange firm of Winthrop, Whitehouse & Co., will become members of the firm of Gude, Winmill & Co., 1 Wall Street, New York City, today coincident with the dissolution of Winthrop, Whitehouse & Co. These additions to the official family of Gude, Winmill & Co. represent an enlargement of that firm and its facilities. The Brooklyn office of Winthrop, Whitehouse & Co. which was opened in 1920 by the former firm of Whitehouse & Co. will be operated as a branch of Gude, Winmill & Co., which maintain two offices in Manhattan. Robert C. Winmill, Fred F. Alexandre, John A. Morris, Paul L. Hughes, Sherburne Prescott, James G. Tremaine, Coleman B. McGovern are other general partners and Viola T. Winmill is a limited partner of the firm. The firm will be members of the leading stock and commodity exchanges.

Robert C. Winmill, the senior partner of Gude, Winmill & Co. is well known in financial circles in New York and Washington and is a director of a number of corporations. Edward P. Field was for many years senior partner of the firm of Pearl & Co. and became a general partner in Whitehouse & Co. in 1935. He is a director of the Commodity Exchange Hide Clearing Association and of the Commodity Exchange Metal Clearing Association.

Mr. Gay has been a member of the New York Stock Exchange since 1911, a governor from 1923 to 1935 and president from 1935 to 1938. He is a trustee of Dickinson College, Drew University, Packer Institute of Brooklyn and the Dime Savings Bank of Brooklyn. He was the first Exchange president to endeavor aggressively to "sell" the Exchange through a program of education and public relations. He expressed the belief that "the exchanges, even under the adverse conditions of the present day, continue to be the nation's market-places for securities," and that, "the present management of the New York Stock Exchange under the able leadership of President Schram is progressive and doing a fine job."

"Just as the sale of Liberty Loan bonds in the last war created an army of investors, the sale of the many times greater amounts of War Bonds today is not only helping to win the war but is creating a new army of potential investors and building up a reserve purchasing power which must make itself felt at the proper time," Mr. Gay said in commenting on the market outlook.

Admission of Messrs. Gay, Field and Wixted to partnership in Gude, Winmill & Co. was previously reported in the "Financial Chronicle" of Sept. 3.

Now Penington, Colket Co.

The firm name of Penington, Colket & Wisner, members of the New York and Philadelphia Stock Exchanges and New York Curb Exchange was changed to Penington, Colket & Co. on Sept. 30, coincident with the retirement from the firm of Herbert L. Wisner.

Penington, Colket & Co. maintains offices at 70 Pine Street, New York City, 123 South Broad Street, Philadelphia, and in Reading, Pa.

Fahey Chosen Head Of Ohio IBA Group

CLEVELAND, O.—The northern Ohio group of the Investment Bankers Association has elected Leslie J. Fahey, President of Fahey, Clark & Co., Chairman for 1942-1943. Durwood Du Bois, Stranahan, Harris & Co., Toledo, was named Vice-Chairman, and Herman Sheedy, McDonald-Coolidge & Co., Secretary-Treasurer.

John S. Fleek, Hayden, Miller & Co., Maynard H. Murch, Maynard H. Murch & Co., and Yost Fulton, of Maynard H. Murch & Co., the retiring Chairman of the northern Ohio group, become new ex-officio members of the Board of Governors.

Members of the Nominating Committee were M. J. M. Cox, Curtiss, House & Co., Chairman; & Co., Maynard H. Murch, May- C. B. McDonald, McDonald-Coolidge & Co.; and Harold L. Emerson, H. L. Emerson & Co., Inc.

Frank Mulligan With E. H. Rollins & Sons

Frank E. Mulligan has become associated with E. H. Rollins & Sons, Inc., 44 Wall Street, New York City, in their trading department. Mr. Mulligan was formerly with G. A. Saxton & Co. and prior thereto was with Distributors Group, Inc., and Hoit, Rose & Troster.

Shaskan & Co. Adds Mendelson To Staff

Sidney Mendelson has become associated with Shaskan & Co., 40 Exchange Place, New York City, members of the New York Stock Exchange, and will be in charge of the mortgage certificate and title department. Mr. Mendelson formerly was with Leroy A. Strasburger & Co.

COMMERCIAL and
FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, October 1, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 8, 1879.

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.

Wall Street Riders Name New Officers

At the Seventh Annual meeting of the Wall Street Riding Club, Miss Frances M. Weller was elected President for the coming season. Miss Weller was formerly Secretary and Director of the Club. Other officers elected were: Miss Regina Hankinson, Vice-President and Treasurer and Miss Helen M. Doyle, Secretary. Six directors were elected to serve for a term of two years: Burton Wander, Charles Brunner and William H. Salisbury; Frances M. Weller, Helen M. Doyle and Eugenie Dittmann.

While several of the members of the Wall Street Riding Club are now with the armed forces, the Club looks forward to an active season of competition and social events. Recently, a sizeable sum of money was contributed to the Tribune Fresh Air Fund by the Club; proceeds of its Sixth Annual Horse Show, which was given for this benefit.

Now Jas. B. Taylor Co.

With the retirement today of John G. Bates and J. Grenville Bates, Jr., from partnership in Taylor, Bates & Co., 48 Wall Street, New York City, the firm name will be changed to James B. Taylor & Co.

Bull, Holden & Co. Opens Business Today

The new Stock Exchange firm of Bull, Holden & Co. opens for business today, with offices at 14 Wall Street, New York City. The general partners of the firm—Henry W. Bull, Milton W. Holden and George F. Brennan—together with other members of its staff have been with the firm of Winthrop, Whitehouse & Co., which is being dissolved, and were formerly with Winthrop, Mitchell & Co.

The opening of the new firm marks the completion of 47 years in Wall Street for Henry W. Bull, the senior partner. He started his career in 1895 with Edward Sweet & Co. That firm was headed by his father, the late William L. Bull, who was President of the New York Stock Exchange in 1889-90. For many years Mr. Bull was senior partner of Harriman & Co. and also Harriman, Keech & Co. He is President of the Turf and Field Club and formerly for many years was President of the National Steeplechase and Hunt Association. He is a Director of the Fulton Trust Company.

Mr. Holden has been a partner in the firms of Harris, Winthrop & Co., Winthrop, Mitchell & Co. and Winthrop, Whitehouse & Co., and formerly was with West & Co., of Philadelphia. He served in the Lafayette Flying Corps of the French Army during the first World War.

Mr. Brennan, who has been associated with Mr. Bull since 1914, will represent the new firm on the floor of the New York Stock Exchange. He has been a member of the Exchange since 1926.

Formation of Bull, Holden & Co. was previously reported in the "Financial Chronicle" of Sept. 10.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 28 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Sept. 30 and to mature Dec. 30, which were offered on Sept. 25, were opened on Sept. 28 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $725,763,000.
Total accepted, $401,288,000.
Range of accepted bids:
High, 99.925, equivalent rate of discount approximately 0.297%.
Low, 99,905, equivalent rate of discount approximately 0.376%.
Average price, 99.906, equivalent rate of discount approximately 0.373%.

48% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Sept. 30 of $301,758,000.

Assoc. Gas & Elec. Study

Wertheim & Company, 120 Broadway, New York City, has just prepared a new bulletin commenting on certain phases of the Associated Gas & Electric Corporation System. Copies may be had upon request.

Stock Market Looks Higher

During the past week the market advanced out of the narrow range in which it had been backing and filling for a period of almost three months since its recession from the high point of the recovery reached early in July. Moreover, the break-out on the upside was accompanied by the best volume of the year.

While it is true that the penetration of this July high was not large in extent and there has since been some slight recession, it is our opinion that the long period spent in a narrow range since the July high was made, together with the greatly increased volume on which the penetration was accomplished, justify the assumption that the past three months of narrow movement are to be viewed as a consolidation of a previous advance, with a further advance now indicated.

Accordingly, we consider purchases around current levels warranted, in anticipation of higher prices.—*Lober Brothers & Co.*

Boston S. E. Elects A. Giroux President

BOSTON, MASS.—At the annual election of the Boston Stock Exchange, Archibald R. Giroux was elected president. Stearns Poor was chosen vice-president and Mark R. Hodges, Schirmer, Atherton & Co., was re-elected treasurer for the seventh term.

Belknap Is Now With Stein Bros. & Boyce

BALTIMORE, MD.—Stein Bros. & Boyce, 6 South Calvert Street, members of the New York Stock Exchange and other leading exchanges, announce that Robert S. Belknap has become associated with them. Mr. Belknap was formerly with W. W. Lanahan & Co., was at one time sales manager for Alex. Brown & Sons, and prior to that was in charge of the Baltimore office of The National City Company.

Arthur Stemler Opens As Investment Counsel

Arthur L. Stemler is opening an office today at 50 Pine Street, New York, to act as a financial consultant to estates and corporations. Mr. Stemler has been associated with Blair & Co., Inc. for the past thirty years, and since 1932 has served at treasurer and assistant secretary of that corporation.

NY Analysts To Meet

The New York Society of Security Analysts, Inc., announces that at their meeting on Friday, Oct. 2, Benjamin Graham will speak on "Stockholders and the Managerial Revolution."

On Monday, Oct. 5, Karl Shaver of the Utilities Division of the Securities and Exchange Commission will speak on "Problems Facing the SEC in the Enforcement of the Public Utilities Holding Company Act."

On Wednesday, Oct. 7, T. L. Shaffer, Vice-President of Congoleum-Nairn, Inc., will speak on the "Floor-Covering Industry."

All will be luncheon meetings held at 56 Broad Street, New York City; lunch at 12:30 p.m., with the addresses scheduled for 1 p.m.

Inv. Fairplay League Appoints Leonard Mgr.

B. C. Forbes, head of the Investors Fairplay League, announces the appointment of Luke C. Leonard, business man and organizer, as manager of the League's Michigan branch, with headquarters in Detroit. Senator Arthur H. Vandenberg, one of Mr. Leonard's early employers on the Grand Rapids "Herald," has expressed cordial endorsement of the appointment.

Barcus Kindred Takes Over Lewis, Pickett

CHICAGO, ILL.—Barcus, Kindred & Co., municipal bond dealers, have acquired the firm of Lewis, Pickett & Co., it is announced. The Lewis, Pickett concern will be continued for the purpose of completing the company's unfinished business. Offices have been moved to Barcus, Kindred's headquarters at 231 South La Salle Street.

All of Lewis, Pickett & Co.'s personnel except John D. Pickett will continue with the organization, including Harry J. Wilson and Stanley W. Lang, Vice-Presidents; and Norman S. Wilson, Treasurer. Mr. Pickett, former President, is retiring after 30 years in the municipal bond field.

Lewis, Pickett & Co. has been active in underwriting municipal revenue issues, particularly in financing the acquisition of utilities by cities. The company has handled many acquisitions consummated in Illinois and Indiana in recent years, including Vincennes, Greencastle, Princeton and Mt. Vernon, Ind.; and Mattoon, Litchfield, Benton, Jerseyville and Westmont, Ill.

Barcus, Kindred & Co. has been specializing in the analysis, underwriting and distribution of municipal securities since 1932, and has branch offices in Austin, Tex., and Des Moines, Ia.

In The Armed Forces

Gordon K. Cohn, Vice-President of Kiser, Cohn & Shumaker, Inc., Indianapolis, who enlisted as a private in the Army in February, 1942, is now in Officers' Candidate School, Financial Department of the Army, at Duke University, Durham, N. C.

William A. Grigsby, long associated with John Nuveen & Co. in their Chicago office, 135 South La Salle Street, and in their Miami office, has joined the U. S. Army.

James M. Johnston, President of Johnston, Barr & Co., Chattanooga Bank Building, Chattanooga, Tenn., has been commissioned as a Lieutenant in the U. S. Naval Reserve and has been called for duty. His firm will discontinue business for the duration.

Julian A. Kiser, of Kiser, Cohn & Shumaker, Inc., Indianapolis, who enlisted in the U. S. Army as a private in February, is now a Second Lieutenant in the Air Corps, stationed at Hunter Field, Savannah, Ga.

Kenneth V. Leibert, of the trading department of Mitchell & Co., 120 Broadway, New York City, is now serving in the U. S. Navy.

Albert W. Lind, a general partner of Sterling, Grace & Co., 50 Broad Street, New York City, members of the New York Stock Exchange, has just been commissioned a Lieutenant, Junior Grade, in the U. S. Naval Reserve and is taking a leave of absence for the duration. He will, however, remain a general partner in the firm.

REAL ESTATE SECURITIES

INTELLIGENT ANALYSIS BY INVESTORS

Dealers who specialize in the sale of real estate bonds record an increasing interest in this type of security from a public who previously had shown little interest. Those firms who have made a practice of making extensive investigations and have prepared complete analyses and comparisons before offering the securities to their customers find that they have been more than repaid for their cost and effort as these reports have had a tremendous educational value. Questions are asked today in relation to various offerings which never would have occurred to purchasers a few years ago.

As an example, old customers and new prospects today bring up the subject of price range over a period of years, its relation to asking price and earning power of the security five years ago in comparison to present asking price and earnings. Such an analysis is sound and in many cases after taking varying conditions into consideration, it becomes quite evident that many issues are underpriced, present attractive yields at the current level and hold promise of considerable increase in market value.

We believe that some specific instances more clearly illustrate the point. Broadway Motors Building Corp. (General Motors Building) 4-6s, due 1948, sold at 69 in 1938 showing earnings 2.05 times interest charges, the high in 1942 was 60, present level approximately 50 with earnings showing interest earned about 2.31 times. Present outstanding bonds total approximately $3,644,500 as compared to $4,244,500 outstanding in 1938. Sinking funds are running heavier than they were at that time and are applicable to a smaller outstanding amount. It seems reasonable to assume that these bonds present possibilities above the current level at which they can be purchased.

Hotel St. George 1st 4s in 1938 were selling at 50 with earnings equal to only 3.70%, today at 40 the earnings are equal to 8% on the outstanding bonds, sufficient to cover the 4% fixed interest and provide about $175,000 as a sinking fund for retirement of bonds, a market stabilizing feature which did not exist in 1938 or any year since then up to the present time.

Broadway Barclay 1st 2s selling at 25 in 1938 now around 19-20 level while earning conditions have improved, is an example in the lower price group.

Hotel Lexington "Units" selling at 55 in 1938 at which time interest accumulations were unpaid and the outlook for reduction of the mortgage far remote are today about 48-50 with all interest accumulations paid, with earnings showing indication of full interest coverage and sufficient to provide $50,000 or more each six months for retirement of bonds.

Consideration is also being given to the present purchase price in its relation to equity value. A formula being used is to discount assessed valuations 40% to 50% using the resultant value as a base, and to multiply the amount of outstanding bonds by the current market price. The difference between the adjusted value of the property and this figure would be equity, giving a yard stick by which to determine whether or not the security is underpriced in relation to knockdown equity value.

Stewart & King To Be Hicks-Price Partners

CHICAGO, ILL.—John C. Stewart, member of the Chicago Stock Exchange, and Thomas E. King will become partners in Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, as of today. Messrs. Stewart and King were formerly partners in Hixon, Stewart & King.

R. V. Klein Co. Is Formed In Newark

NEWARK, N. J.—R. V. Klein Co., with offices in the Griffith Building, 605 Broad Street, has been formed as of today by Rudolph V. Klein, sole proprietor, to conduct a general over-the-counter securities business. Associated with him are William N. Portnoy, sales manager, and Henry Rosenfeld, cashier.

Both Mr. Klein and Mr. Portnoy were formerly connected with the M. F. Klein Co. of 170 Broadway, New York; the former, who is a brother of M. F. Klein, as general manager, and the latter as sales manager.

The new firm's telephone number in Newark is MItchell 2-4144.

Home Insurance Study

The study of the Home Insurance Company compiled by Butler-Huff & Company of California, 210 West Seventh Street, Los Angeles, Calif., which discussed its history, position and outlook, prepared from the viewpoint of the investor in its capital stock, has proved so popular that a second edition is planned for distribution next spring after the company's 1942 statement is released.

A few copies of the first edition are still available and may be had without charge from Butler-Huff & Company.

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 CITY—**Eugene H. de Bronkart**, formerly with John Nickerson & Co., is now with **Amott, Baker & Co. Incorporated**, 150 Broadway.

NEW YORK, N. Y. — **John J. Fagan, John E. Haase, Anthony G. Raffo** and **Harold T. Sweeny**, all formerly with Winthrop, Whitehouse & Co., have become associated with **A. M. Kidder & Co.**, 1 Wall Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Eben S. Martin** has been added to the staff of **Dodge Securities Corp.**, Terminal Tower.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Frank L. Walker** is now connected with **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Ave., N. E. Mr. Walker was formerly with Borton & Borton, Inc., P. E. Kline, Inc., and prior thereto with Jackson & Curtis and Merrill, Turben & Co.

(Special to The Financial Chronicle)

ROCK ISLAND, ILL.—**Nat E. Geismar**, previously with Morris Geismar & Co., has become affiliated with **Straus Securities Company**, 135 South La Salle Street, Chicago.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Robert M. B. Tidd** has become associated with **Edward D. Jones & Co.**, 705 Olive Street. Mr. Tidd was formerly an investment counselor.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **George E. Chapin** has joined the staff of **Ryan, Sutherland & Co.**, Ohio Building. Mr. Chapin was formerly with Vercoe & Co. and B. J. Van Ingen & Co. Prior thereto he had been with Stranahan, Harris & Co. for 10 years.

Ransom Edwards With Newborg Trading Dept.

Ransom R. Edwards, formerly with Katz Bros. as Manager of the Trading Department, is now associated with Newborg & Co., members of the New York Stock Exchange, in the firm's unlisted Trading Department, where he will continue to specialize in aviation, industrial and railroad securities.

Ransom R. Edwards

Mr. Edwards, who has been in Wall Street for 14 years, is widely known not only in New York but also in many cities all over the country by brokers and dealers with whom he trades. Prior to his association with Katz Bros., Mr. Edwards was connected with Kobbe, Gearhart & Co., Inc., D. J. McMillen & Co. and Hammonds & Co.

In his present position with Newborg & Co., Mr. Edwards can offer his clients exceptionally comprehensive brokerage and trading facilities, as Newborg & Co., founded in 1900, with offices at 30 Broad Street, New York, holds memberships in 16 security and commodity exchanges. These memberships include: New York Stock Exchange, New York Curb Exchange, Baltimore, Boston, Chicago, Philadelphia, Pittsburgh and Salt Lake Stock Exchanges, New York Cocoa, New York Coffee & Sugar, New York Cotton, New York Mercantile, New York Produce, Chicago Mercantile and Commodity Exchanges, as well as the Chicago Board of Trade.

Mr. Edwards' new telephone number is HAnover 2-6540, and the teletype number is NY 1-2972.

Glen A. Darfler Now With Kneeland & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Glen A. Darfler has become associated with Kneeland & Co., Inc., Board of Trade Building. Mr. Darfler was formerly an officer and manager of the trading department of Alexander & Co., Inc.

Edward Crone To Head L. M. Marks Mun. Dept.

Edward A. Crone has become associated with Laurence M. Marks & Co., 49 Wall Street, Members of the New York Stock Exchange and other leading Exchanges, as manager of the firm's municipal department. Mr. Crone has been continuously engaged in the municipal bond business for 20 years. Starting with White, Weld & Co. in 1922, he later served for five years as an officer of Chase Securities Corp., and subsequently as an officer of the bond department of the Chase National Bank. For the past four years he has been manager of the municipal department of Riter & Co.

Hartley Rogers Will Form Investment Co.

Hartley Rogers is forming Hartley Rogers & Co. with offices at 120 Broadway, New York City, to engage in the securities business. Mr. Rogers has been a partner in Craigmyle, Rogers & Co., Rogers, Torrey & Cohu, and Hartley Rogers, Lyon & Co. Prior thereto for many years he was head of Hartley Rogers & Co., Inc., New York and Pacific Coast investment house.

Richardson Rejoins Vasconcells, Hicks

(Special to The Financial Chronicle)

DENVER, COLO. — Allan S. Richardson has rejoined the staff of Vasconcells, Hicks & Co., Security Building. Mr. Richardson was recently with Sullivan and Company. Prior thereto he was Vice-President of Vasconcells, Hicks & Co.

R. J. Powelson With Smith, Barney & Co.

Smith, Barney & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Ralph J. Powelson is now associated with them in their municipal bond department. Mr. Powelson was formerly an officer of Tripp & Co., Inc. In the past he was in charge of the trading department of the New York office of Kelley, Richardson & Co.

Tomorrow's Markets Walter Whyte Says—

Market inability to advance on sustained volume—leader sluggishness—no good news —indicates nearby top. Advise profits acceptance.

By WALTER WHYTE

So another week has gone over the dam. The market in its inimitable way managed to crawl up a little more. Volume even increased, a condition which gave rise to new bursts of optimism from those in the business. For without volume the average broker might as well stay home and read the funnies as expect to make any important money by coming to the office.

* * *

But if the market went up it didn't get its impetus from any startling news developments. On the contrary we seem to be in the midst of a period of flowery oratory all aimed to either wake us up from what some speechmakers call our "complacency" or lull us to sleep again with their "assurances" that Japan for one cannot start a new offensive ". . . she's all gorged up like a boa constrictor."

* * *

Back on the home front, specifically Washington, the city of the Big Wind, Congress is having itself an old fashioned kaffee-klatch. Glittering generalities fly about Capitol Hill like shuttlecocks in fast badminton games. No Congress would take orders from the President. No Siree! They'd show him who is a rubber stamp. Of course the gentlemen of the farm bloc are entirely different. They are solid, respectable Statesmen who know what's what. And what if the farm lobby makes "suggestions"? They're good suggestions, aren't they? Certainly better than such a silly idea that a little word like "parity" should stand in the way of a little more money.

* * *

Meanwhile the market has advanced a little more. An advance, as mentioned above, which has given impetus to new hopes. But hopes are one thing. Realizations, unfortunately, are another. For if there is any medium which looks realistically at present and possible future events and tries to interpret them it is the stock market.

* * *

Up to last Saturday volume for the week—day by day—was one of the best seen this year. Beginning Monday of this week volume dropped off again.

* * *

Last week I wrote the market action was the best in a long time. Up to last night I still believed it. But little signs are now cropping up which make me hesitant. Anybody who follows stock prices through averages knows the 110 (DJ) industrial level marks the beginning of a resistance zone. Last week I said the market action indicated a possibility that the next important stop would be across 112. This opinion was advanced in the belief that by this writing the 110 figure would have been penetrated. Well, it has not. The best figure to date was 109.98.

* * *

Inability to penetrate at this time would not be an indication of a turnabout if it weren't for the fact that more and more individual stocks are beginning to back away from their highs. Not only do they back away but violate previous day's lows in too many instances to make the immediate outlook comfortable.

* * *

Summing it up in a few words: the market is beginning to show top signs. That being the case it would be politic for the trader to once again become reacquainted with cash rather than with pretty colorful stock certificates, or formal little notes stating ". . . . we have this day bought for your account and risk. . . ."

* * *

You still hold positions in the following: Air Reduction bought at 30. Half profits were advised at 35 or better. It's now about 35¼. That gives you about 5 points gross profit. Take it and stop the rest at 33.

* * *

Allis Chalmers bought at 23. Half profits advised at 27

(Continued on page 1166)

RAILROAD SECURITIES

The Administration's revived anti-inflation drive got off to an inauspicious start last week when the non-operating railroad unions filed notice of a demand for a wage increase of 20 cents an hour and establishing a minimum wage of 70 cents an hour. On an over-all basis it has been estimated that the increase of 20 cents an hour would mean a raise of 25% in the pay of non-operating personnel and add 16% to 18% to the carriers' payrolls. In actual practice, however, the proposal would mean much more than a 25% increase in the pay of individual groups if the 70 cent minimum were applied. For example, it is estimated that the average hourly pay of section hands on some of the Southern roads last year amounted to less than 45 cents. Even allowing for the fact that the 1941 average did not include a full 12 months operation at current wage rates, a 70 cent minimum would involve an increase of well over 25%.

If the recent anti-inflation program outlined by the Administration may be taken seriously, it is obvious that this most recent step by labor would carry little, if any, threat. Last fall when the previous increase in wages was granted it was based on the rise in living costs that had taken place during the year. It is now apparently claimed that the higher wages finally agreed on (incidentally they were better than the original award recommended by the Fact Finding Board) did not even compensate for the increase in the cost of living that had already occurred, and it is pointed out that general price levels are now even higher. This attitude would hardly seem compatible with the action of the War Labor Board in the principles set out in the Little Steel formula, allowing a wage increase of 15% above Jan. 1, 1941, levels to compensate for the rise in the cost of living.

The following figures, as published by Standard & Poor's, are significant, showing the increase in hourly earnings of various classes of rail labor from January, 1941, to June, 1942. Classes receiving less than the yard-stick increase of 15% are very modestly below that figure. In asking for the new increase it is obvious that railroad labor considers itself immune to Government admonitions that the entire Nation must recognize the necessity for a lower standard of living if the war is to be won and the dangers of inflation minimized.

*Hourly Earnings

	January 1941	June 1942	Rise
Professional, clerical and general	$0.696	$0.784	12.6%
Maintenance of way and structures	0.525	0.606	15.4
Maintenance of equipment and stores	0.698	0.796	14.0
Transportation (other than train, engine and yard)	0.635	0.729	14.8
Transportation (yardmasters, switch tenders & hostlers)	0.635	0.843	32.7
Transportation (train & engine service)	0.745	1.000	34.2

*Straight time paid for.

The most favorable consideration in the present request for an increase is that the matter will presumably not come up for final consideration until after election even though the unions are attempting to short circuit the cumbersome machinery set up in the Railway Labor Act. In most quarters it is believed that there will be a notable stiffening in the whole attitude of the Government towards pressure groups once the elections are out of the way. Also, it appears doubtful if the Administration will be able to get very far on its plan to control farm prices unless similar action is taken with respect to wages.

It may be taken for granted that regardless of the outcome of control programs any increase granted rail labor at this time would be substantially below the original request. Furthermore, there would be no question as to the ability of the roads as a whole, or the individual roads separately, to continue profitable operations even under the burden of the requested wage increase, so long as the war boom lasts. The increase would, however, carry highly unfavorable implications over the long term. There would be a serious question as to the ability of most of the marginal roads to continue carrying the burden once traffic returned to normal. Also, the imposition of additional expenses at this time would reduce by an equivalent amount the funds the marginal roads now have available for debt retirement programs. Therefore, it is generally expected that the greatest market impact would be on the speculative bonds of the still solvent roads. This has already been apparent in a shading or withdrawing of bids even though no sizable liquidating wave has hit the market. Active liquidation would be expected to accompany any sign that the wage increase might actually be granted, even in part.

On the other hand, it seems possible that the general run of reorganization liens would not be subject to any heavy selling. A large part of the speculative interest in this group is based on approach to reorganization, the level of war rather than post-war earnings, and the substantial interest payments expected during the war period. Earnings levels are now so high and cash accounts so thoroughly rehabilitated that even a sharp wage increase would not be calculated to interrupt the trend of large interest payments.

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—43⅛; low—14¾; Sept. 30 price—41⅞.

Interesting Situation

Brown Co. 5s, due 1959, offer interesting possibilities, according to a circular issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Bank and Insurance Stocks

This Week—Insurance Stocks

Diversification is one of the oldest and most generally accepted principles of investment. However, it is not always practised as religiously and as scientifically as it should be. In fact, every so often there arises a school of thought—usually immature—which endeavors to demonstrate that diversification is obsolete, unnecessary or simply sheer laziness. This kind of philosophy may hold water during certain periods, when skies are clear and the direction of the prevailing winds is clearly discernible. However, it usually comes to grief as soon as a major disturbance occurs—and the present situation is an outstanding illustration of that fact.

The war economy which is daily becoming a more integral part of American life is one of the most far reaching upheavals in modern history. Countless businesses are being torn up by the roots and either drafted for war service or put out of commission entirely. For most citizens, it is impossible to anticipate what the morrow will bring forth. In other words, every business and every individual must proceed more or less on a hand to mouth basis. Normal planning is being superseded by the exigencies of the war effort.

From an investment standpoint, these conditions mean that no one can foresee where the lightning may strike next. Orthodox analytical procedure is of little avail. The only refuge is diversification and fortunate indeed is the business which is in a position to permit of some measure of diversification. Few are the industries which still occupy such an enviable position and, of those, the insurance business is one of the most singularly blessed.

A well run insurance company, particularly in the fire and casualty fields, is pretty close to the last word in diversification. This applies both to its underwriting coverage and its investment policy. Few people appreciate the mathematical precision and the scientific discrimination which go into the operation of an insurance company. The foundation of insurance is the Law of Averages—and that is one law that can never be repealed. The most successful insurance companies are those that have conducted their affairs, year in and year out, in accordance with that principle. They have recognized the fallibility of human judgment and have sought to eliminate it, as much as possible, from their operations.

In the underwriting end, for example, it is possible to gamble in a big way on certain lines or types of business which are constantly available to any company. The recent situation in regard to Ocean Marine coverage is an excellent illustration of the abnormal profits which can sometimes be secured, if all goes well, and the very serious losses which also may be suffered when the reverse happens. Ordinarily, most of the top flight companies try to avoid placing themselves in such a position. It has proved to be the better part of wisdom to limit the underwriting "exposure" so that no catastrophe or unexpected turn of events will result in serious damage.

Fire underwriters, for example, learned the valuable lesson of wide distribution of risks in the San Francisco fire and other similar conflagrations. Today the risks of most leading companies are spread over all the 48 States and in thousands of different towns. Not only is it the practice to restrict the exposure in any one city or locality, but many companies go so far as to seek the widest possible geographical distribution. The wisdom of such a course has been demonstrated many times in recent years. Adverse weather conditions (such as hurricanes) may strike almost any section of the country at various times—but no one knows when or where. Sometimes it will be the Atlantic Seaboard, sometimes the Gulf Coast, sometimes inland through the Middle West, sometimes in the Great Lakes area, sometimes on the Pacific Coast.

These so-called Acts of God cannot be provided against by the mind of man except through a policy of diversification. Thus, it has been proved again and again that the best underwriting experience, over long periods, is shown by the companies with a maximum of territorial distribution. It also follows that diversification among different industries and classes of people is important. Many businesses cannot do this because of the limitations which they have. For example, a shipbuilder can build ships and not much else. An airplane manufacturer or a machine tool company, etc., may make only one line or general type of product and perhaps today has only one customer, namely Uncle Sam. Even a tobacco company or a biscuit company or the supplier of any limited type of service or commodity does not enjoy a great deal of diversification under present conditions.

Not so the insurance business because it serves all industries and all classes of people. If some of its customers are being injured by the war economy, others are having a period of prosperity. Likewise, when the war boom ends, the insurance business will not be faced with the predicament which so many businesses will have of converting back to peacetime pursuits again or of going out of business entirely. It does not—and will not—have the problems of over-expanded plant and equipment, of obsolescence, of technological changes, of shifts in population and other kindred maladjustments which are now being aggravated by the war and which will be repeated, in reverse, when peace comes again.

Similarly, an insurance company enjoys unusual advantages in the flexibility and diversification of its assets. Most fire and casualty companies own a broad list of bonds and stocks representing hundreds of different localities and industries. Neither storm, nor snow, nor gloom of night—nothing short of a complete collapse of our economic system and of America itself—can do irreparable damage to companies of this kind. Their position is at least more permanent and more secure than the general run of enterprises, many of which have a very limited scope and whose tenure of life hangs by a very slim thread.

This is certainly one of the least favorable times in our economic history to attempt to put "all of one's eggs in one basket" because no amount of watching will guarantee a satisfactory outcome. Insurance stock investors, however, can at least enjoy relative peace of mind, secure in the knowledge that their investment is neither a war casualty nor a "war baby." Furthermore, through the widest possible diversification, they have about all the protection anyone can expect to secure in this vale of economic tears.

International Series, New Trust, Offered

National Securities & Research Corp., sponsors of National Securities Series, which includes "Bond Series," "Low-Priced Bond Series," "Preferred Stock Series," "Income Series," and "Low-Priced Common Stock Series," announces that it is offering today shares of International Series, a new series in this group. International Series is an open-end investment trust. The initial offering price is $12 per share.

Henry J. Simonson, President of National Securities & Research Corp., says that it is the current intention to invest approximately 60% of the assets in the obligations of foreign governments, approximately 15% in bonds of foreign and domestic corporations, and the remaining 25% in common stocks of domestic corporations.

Securities comprising the initial portfolio of International Series include:

Foreign Government and Municipal Bonds—	% of Portfolio
Australia (Commonwealth of) extl. s. f. 5s, 1957	4.95
Canada (Dominion of) 12-year refunding 4s, 1945	1.74
Queensland, Australia (State of), s. f. gold 6s, 1947	4.98
Saskatchewan (Province of), Canada, gold 5½s, 1946	4.97
Sydney, New South Wales, Australia, external s. f. 5½s, 1955	4.96
United Kingdom of Great Britain and Northern Ireland 4s, 1990, ref. 4s, 1960-1990	4.89
Denmark (Kingdom of) extl. s. f. gold 4½s, 1962	4.75
Norway (Kingdom of) 20-yr. extl. s. f. 4½s, 1956	4.78
Brazil (United States of) extl. s. f. (1926) 6½s, 1957	1.24
Brazil (United States of) extl. s. f. 8s, 1941	3.29
Chilean Consolidated Municipal Loan extl. s. f. assented A 7s, 1960	4.92
Colombia (Republic of) extl. s. f. 3s, 1970	3.62
Costa Rica (Republic of) 7s, 1951	2.59
Dominican Republic extd. customs admin. 2nd ser. & s. f. 5½s, 1969	2.83
Rio de Janeiro (City of), Brazil, extl. s. f. 8s, 1946	3.68
Uruguay (Republic of) extl. s. f. 4-4⅛s, 1979	2.20
Corporate Bonds—	
American & Foreign Power Co., Inc., debenture 5s, 2030	4.35
Canadian Pacific Ry. perpetual debenture 4s	1.44
Consolidated Electric & Gas Co. coll. trust A 6s, 1962	4.95
International Telephone & Telegraph Corp. debenture 5s, 1955	4.87
Common Stocks—	
Briggs Manufacturing Co.	3.69
General Motors Corp.	1.51
Hershey Chocolate Corp.	2.95
Holland Furnace Co.	1.99
Inland Steel Co.	2.47
International Harvester Co.	1.92
Pan American Airways Corp.	1.48
Smith (L. C.) & Corona Typewriters, Inc.	2.04
Standard Oil Co. (New Jersey)	1.57
United Fruit Co.	2.15
Woolworth (F. W.) Co.	2.23

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.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1165)

or better. Stock can't seem to get across 25. Current price about 24½. I suggest holding, but keep stop at 23.

* * *

Crane bought at 12 is still there. Hold, but stop at 11.

* * *

International Harvester bought at 43 with a half profit price of 50 advised is now at 48¾. I'm afraid it will not make the 50 price on this move so suggest taking half profits at market (about 3¾ points) and stopping the rest at 45.

* * *

Pittston Co. bought at 1¾ managed to get up to 2⅞ but is now back to 2¼. On next rally to across 2⅝, I advise taking profit. Though for long pull holders the fundamentals have merit.

* * *

The last stock in our list is Union Carbide bought at 59. You were advised to take half profits at 70 or better, and hold the rest with a stop at 66. Stock crossed 70, backed off to 68 and is now at 72¼. With market conditions being what I think they are I now advise disposing of the rest of Union Carbide at the market. All these trades show you actual gross profits of about 23 points, which, considering everything isn't so bad.

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.]

The Securities Salesman's Corner

COMMUNISTS IN THE SEC???

Last week the Dies Committee again reported to the press that a number of employees high up in Government agencies were either communists or members of communist front organizations. LISTED AMONG THIS GROUP WAS AN EXECUTIVE OF THE SEC.

Although the name of the accused individual has already appeared among those listed by the Committee, we do not believe it to be "fair play" to give any further publicity here to these charges against this person. No case against any one should be decided in the papers. (While on this subject, perhaps the SEC could profitably learn this lesson, instead of issuing its press releases against individuals and firms, when these charges of law violation are still a matter of unproven fact.)

After all, who can say that the individual, under censure by the Dies Committee, is a communist, or harbors communist sympathies, until he has had a chance to give his side of the story? Either this party harbors communist sympathies, and gives evidence of his antagonism toward the things that make up capitalism and the American way of life—or he doesn't. If he does hold anti-American and anti-capitalistic opinions, he should be fired immediately from his present position with the SEC. If not, public retraction of this unfortunate accusation should be made as soon as possible.

There may be some who will disagree with these opinions. Others might hold that it doesn't make much difference if we have a communist or two working for the SEC. In other words, why "make a tempest in a teapot"?

First of all, the SEC is a regulatory body. It is the policeman of our business. It is our judge and our jury. Accordingly, the SEC should certainly be above reproach regarding the fairness, the impartiality, and the absence of bias with which it reaches its decisions. If those in the financial field should ever become convinced that communists are connected with the SEC, they surely could not be held up to blame and criticism if they were to lose confidence in the actions and the decisions of the Commission.

Recently, Mr. Purcell, Chairman of the Commission, made several speeches wherein he attested to the spirit of cooperation and friendship which now exists between the Commission and the securities industry. In order for this condition to continue, it is imperative that the Commission retain the confidence of the investment business. This slur on the personnel of the Commission should be cleared up immediately. The Commission expects Wall Street to be blameless in its relations with the public. It is not too much for Wall Street to expect the Commission to be likewise free from criticism in the selection of its personnel. Those of us who are in the securities business don't like communists—and we don't trust them either.

Brazilian Cotton, Coffee

Brazilian cotton production in 1941-1942 is estimated at considerably less than in the previous crop year, according to advices to the Department of Commerce made available Sept. 22, which said:

"The stabilizing influence of Government loan measures, however, has caused prices to continue firm.

"Shipping space for coffee is very difficult to obtain, and cannot be contracted for until the local exporter is informed that the United States importer has been granted an import permit. Only small amounts of coffee of the old crop are reaching ports from the interior. Regulations for the new crop have not yet been issued."

Colyer, Robinson & Co. Discontinue For Duration

Colyer, Robinson & Co., Inc., 1180 Raymond Boulevard, Newark, N. J., announce that they have discontinued business for the duration of the war, as of Sept. 30.

Capt. Robinson is stationed at Army Air Base at Walla Walla, Wash. He is now spending a week at the firm's Newark office.

Labor Unions Are Prospering

An important Washington weekly points out in the current issue that "the CIO has moved its Washington headquarters into the building that used to house the Republican National Committee." This removal, we take it, is pure coincidence and does not particularly symbolize any profound shift of power in our national political life. However, it is interesting to note that this war period has brought great prosperity to American labor unions.

Income from dues going to our labor unions, of course, is tax free. In 1941 it is estimated the collection of dues totaled $140,000,000 and this year will approach $145,000,000. Three of the CIO unions: United Steel Workers, United Automobile Workers and United Mine Workers, are each reputed to collect from their membership from $5,000,000 to $6,000,000 annually. And other unions, both CIO and AFL, are becoming financially strong; the "locals" (which keep the larger part of the dues collected) as well as the parent state and national organizations.

Union expenses on the other hand during the current period are probably subnormal. For both the CIO and the AFL have agreed to eliminate strikes as a weapon and to maintain labor peace and as a consequence wealth is piling up as expenses are reduced.

It would appear, therefore, that the unions are going to come out of this war exceedingly "well heeled," thoroughly equipped to hold up their end should any important strikes develop. Perhaps, too, one of these days all of our unions will be agreeable to publishing income statements and balance sheets since these will reflect a prosperous condition. For up to now one of the reasons unions have been reluctant to publish balance sheets has been their desire to keep from employers any knowledge of a slim financial condition. Obviously if a union has had a lean treasury, it was not particularly desirous of having the fact publicized and known to employer groups.—*RALPH E. SAMUELS & CO.*

Hanson & Hanson Enjoined

A temporary injunction has been issued against Hanson & Hanson, New York brokerage firm, Arnold R. Hanson, S. Welmer Hanson, partners in the firm and John W. Hession, specialist salesman, for the firm until his discharge last June, in connection with a suit begun by the New York State Attorney General in Supreme Court to put the concern out of business on charges that it had rigged the market in a bond issue of the Wisconsin Central Railroad. The charges must be answered in court by the defendants on Oct. 9.

According to the Attorney General's office the three defendants ran the market price of defaulted bonds of the Superior & Duluth Division of the Wisconsin Central from 12½ in February to a high of 35 in June by circulating false tips—thereby bringing themselves a profit of over $25,000. The bonds broke on the New York Stock Exchange from 34 to 18 on June 30 when a Canadian Pacific Railway executive denied the tips, leaving two investment trusts and at least 40 investors with losses that might aggregate $70,000, the Attorney General's office declared.

Max Furman, Assistant Attorney General, told the court that Hession began circulating rumors that the Canadian Pacific Railway, the parent company of the Wisconsin Central, would buy up the defaulted bonds at prices that rose, as his campaign progressed, from 25 to 65. Meanwhile the brokerage firm was buying the bonds on the New York Stock Exchange and selling them over-the-counter to investment trusts, individual customers and even other brokers, Mr. Furman stated.

Hession had even declared he had attended a meeting at the Reconstruction Finance Corporation's Washington office, where Canadian Pacific officials offered to pay 65 for each bond held by four leading life insurance companies, the largest investors, Mr. Furman stated, adding that the Hansons had made Mr. Hession write and sign that statement, but had used it to sell more of the bonds. Hession afterward admitted, according to Mr. Furman, that this story was fictitious but that all his tips came from a high placed informant, whom he refused to reveal. Hession is now awaiting trial for refusal to expose this informant, it was stated.

How Much Are Aircraft Stocks Worth?

The "Fortnightly Market and Business Survey" issued by E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, contains a most interesting discussion of the outlook for post-war earnings in the aircraft manufacturing industry, including a tabulation of estimated liquidating values of the common stock of nine leading manufacturers. Copies of this circular, together with a memorandum containing some interesting investment portfolio suggestions, may be had from the firm upon request.

SEC Denies Application

The application of Jack Lewis Baker of Jacksonville, Fla., for registration as an over-the-counter broker-dealer under the Securities Exchange Act of 1934 was denied by the Securities and Exchange Commission. According to the findings of the Commission, Mr. Baker had been convicted of a felony within the last ten years involving the purchase and sale of securities while acting as a salesman in transactions which showed a "flagrant disregard of established standards of fairness and good conduct."

Judson & Co. To Be NYSE Member

The firm of Judson & Co., 60 Beaver Street, New York City, members of the New York Produce Exchange, will acquire membership in the New York Stock Exchange with the acquisition by Kenneth G. Judson of the Exchange membership of Jeremiah R. Morris. Transfer of the membership will be considered by the Exchange on Oct. 8.

Investment Trusts

Investment Company Briefs

"Possessor Quiz" is the intriguing title of a little sales booklet just out on Fundamental Investors. Thirty war quiz questions are directed at the "possessor" of capital funds—i.e., a savings account or bank deposits, life insurance or an annuity, real estate or mortgages, investments in stocks or bonds. They are tough questions and will certainly emphasize to the "possessor" just what a tough problem he is up against today.

The booklet goes on from this point to describe the advantages of mutual funds in meeting the problems of "possessors." Although mutual funds as such are generously included in the discussion, the real punch line is to be found in the paragraph describing a chart showing the comparative record of 20 prominent mutuals during the past 10 years. The record of each company in the chart is shown by a horizontal "percentage increase" bar and the companies are numbered from 1 to 20 in the order of their performance with no identification of the individual companies.

The punch line referred to is as follows: "Company No. 1 produced for its shareholders an overall gain of 104.1%—the increase in asset value per share plus dividends paid. This leading 'Mutual'—Fundamental Investors, Inc., and its management, are described in the following pages." A nice record and one that is well presented in "Possessor Quiz."

* * *

National Securities & Research Corp. in the Sept. 24 issue of "Investment Timing" points out that in the first half of 1942 earnings and dividends of industrials and utilities declined whereas railroad earnings and dividends increased. In all groups the fluctuations in dividends were not as great as the changes in earnings. The earnings of Class I railroads in the first half of 1942 were 70% higher than a year before, and their dividends rose 10%. In the same period industrials showed a 35% decline in earnings and a 14% dividend decline. Earnings of electric utilities were down 25% and their dividends were 9½% lower.

With respect to its Sept. 10 forecast of a downward intermediate trend of stock prices, this service states candidly, "the action of the market this week has demonstrated that our selling advice . . . was at worst, definitely bad; at best, premature." After further analysis of the market's immediate position, however, the service concludes not to "reverse our bearish position."

A new prospectus on First Mutual Trust Fund (dated Aug. 1, 1942), together with a memorandum listing "15 High-Spots" of the Fund, is currently being distributed to dealers.

* * *

"How To Develop Constructive Investment Business" is an unadorned booklet with enough tested sales ideas in it to make the most discouraged merchandiser of securities sit up and take notice. Published by the Keystone Corp. of Boston, this booklet contains some of the secrets which have resulted in that sponsor's outstanding record of over $11,500,000 in sales so far this year. If you aren't on Keystone's regular mailing list, we suggest that you write direct to 50 Congress Street, Boston for a copy.

* * *

The September issue of Chemical Fund's "Test Tube" delves into the prospects surrounding synthetic rubber.

"The surest statement that can be made about rubber at this time," says the bulletin, "is that no matter how you stretch it, the United States and the United Nations have very little on hand to cover a very big demand. It is for this reason that an entirely new chemical industry of gigantic size is being created to produce synthetic rubber."

After discussing the various aspects of the problem, the bulletin concludes, "As there are many companies active and a variety of processes involved, it is difficult for a private investor to participate to a full extent in the synthetic rubber industry; an informed and diversified selection appears important."

* * *

"How Much Inflation?" asks the Mid-September issue of Hugh W. Long & Co.'s "New York Letter." While the bulletin does not attempt to give the answer, it does state the following conviction.

"Securities have not been rationed nor have we heard any serious proposal that they should be. Studies of current prices of many stocks in relation to their

(Continued on page 1169)

Municipal News & Notes

The "ostrich policy" of merely restoring tax delinquent land to the tax rolls must be abandoned by municipal fiscal officers if they wish to prevent property tax delinquency—on the wane at present—from getting the upper hand again after the war, a study just issued by Public Administration Service, said.

In place of the "ostrich policy," which considers only the tax-producing possibilities of land, the finance officers must follow a program of collaboration on solving the problem with city planners, housing officials and other governmental departments, according to the study by A. M. Hillhouse, municipal finance authority.

Tax delinquency, the study said, is bound up inextricably with uncontrolled land use, slums and blight, poor building codes, inadequate municipal services and cumbersome legal procedures for clearing tax titles.

To solve these interlocked problems, the study recommended that cities set up corrective laws and machinery now, so they will be able, after the war, to make the best use of tax-abandoned properties and check excessive delinquency.

On the "preventive" end finance officers can reduce delinquency, the study said, by creating a bureau of delinquent tax collections, adopting vigorous collection policies and streamlining available tax-foreclosure measures. But to overcome blight, decentralization and uncontrolled subdivision platting—"the great evils undermining the property tax system of our central cities"—measures must be taken in cooperation with other municipal agencies. Among the steps are the following:

State statutes must be passed and city ordinances enacted to bring into being modern city planning organizations; master plans harmonized with county, regional and State plans; zoning ordinances revamped and new building codes passed in line with developments in modern architecture.

Plans must be drawn for the complete rehabilitation of blighted areas within cities with the aid of private capital; cities must be given the power to build up land reserves from the properties they acquire by tax reversion; and municipal services must be improved to prevent decentralization.

Finally, the real property tax system must be modernized to make the tax burden more equitable and more bearable.

No easy obstacle to overcome, the study said, is the fact that various groups interested in land "talk different languages." To the realtor, chief causes of tax delinquency are exorbitant tax rates and a city hall unwilling to cut assessments rapidly in depression times. The finance officer thinks about how to catch those who seek to "escape" their share of the tax burden. The city planner, in turn, talks rehabilitation of slum areas, new street patterns and housing.

These groups "move and live in different worlds, and must be brought together to promote the best long-run interests of the city," the study said.

San Francisco To Sell $7,950,000 Bonds

The Board of Supervisors' Finance Committee recently agreed to sell $7,950,000 Market Street Railway purchase revenue bonds after Nov. 3, providing the project is approved by the voters at the election on that date. In a meeting with representatives of bond houses, the supervisors stipulated, however, that firms interested in the proposed issue furnish the city with an estimate of interest charges on the bonds and the probable unified railway fare not later than Oct. 21.

"The people should know," said Supervisor MacPhee, "what the interest charges and fare will be in advance of the election."

MacPhee was named Chairman of a committee, which includes bonding house representatives, to work out details of the sale. The committee is expected to select an "outside" engineer to check on estimates of revenue and expenses under railway consolidation.

The bonds would be more marketable outside the State, according to the bondsmen, if a nationally recognized engineering authority verifies conclusions reached in the reports already submitted.

MacPhee, who proposed an advance sale of the bonds so as to definitely tie up a bonding firm to a definite interest rate under favorable market conditions, said he was willing to make "concessions" in order to establish harmony and encourage every possible bid for the bonds.

By resolution, the Supervisors a week ago asked for submission of bond proposals not later than October 13 with the purpose of selecting the best bid. Bonding firms claimed that the city would not be able to get a bonafide bid at a fair price from anyone except a banking institution large enough to take the bonds for their own accounts.

Oklahoma Governor Urges Debt Reduction

Governor Phillips recently proposed that the commissioners of the land office request the next session of the State legislature to use approximately $5,500,000 of the general fund surplus to retire outstanding funding bonds.

Phillips pointed out that at the beginning of the present fiscal year, July 1, the State had a surplus in the general revenue fund of more than $6,000,000. He said the State has a total bonded indebtedness of $36,736,835 by reason of funding bonds issued by the State in 1913, 1935, 1939 and 1941.

From present indications, he said, revenues of the State will be ample to produce enough to pay all sums appropriated for the present fiscal year and provide an additional surplus.

The present State debt could be reduced by appropriate legislation authorizing and directing the payment of the State funding bonds now owned by the commissioners of the land office in the sum of $5,466,054.

Action on the Phillips resolution was delayed after the request of A. L. Crable, State Superintendent, who said he thought the proposal should be considered when all members of the School Land Commission were in attendance.

Cuyahoga County Debt At 14-Year Low

The above county's gross bonded debt is now the lowest in 14 years and the net debt is lower than at any time since 1929, it was disclosed in a report recently released by County Auditor John A. Zangerle.

Termed the best financial standing since the boom days of the pre-depression era, the county's current gross bonded debt of $34,580,200, according to the report, is $11,445,050, or more than 25%, under the record high figure of $46,025,250 which was reached in January, 1933.

Moreover, the report stated, the county slashed its total outstanding indebtedness to the lowest level since January, 1928, when the total stood at $26,343,755.

Zangerle, in releasing the special survey prepared by his deputies, said that "still better" was the picture of the county's net bonded debt—that is, the gross bonded debt less self-liquidating bonds and note issued in anticipation of special assessment collections.

The county's net bonded debt as of today, he pointed out, is $16,465,792, or 31% under the record high of $23,810,943, which was on the books in January, 1933.

"Actually," he said, "the net debt is lower now than it has been at the close of any year since 1929, when it was $14,760,006."

Coincident with the reduction in both types of debts, the average rate of interest on outstanding bonds, it was disclosed, declined steadily to its present current rate of 1.75%, the lowest rate on record. In the pre-depression years this rate was about 4.48%, and at one time in the 1920s it was 6% flat.

While ascribing the "excellent condition" of the county's finances in part to the good work of county officials, the county auditor frankly admitted that the reductions also represented to a large degree the taxpayers' policy of halting financing of permanent county improvements in the depression years.

States Held Losing By Renegotiation

Renegotiation of war contracts is costing State governments millions of dollars in State corporation taxes, it was charged recently by John D. Hawley, Jr., President of the Northern Pump Co. of Minneapolis, in telegrams sent to the Governors and Treasurers of all States and to all Senators and Congressmen.

Mr. Hawley, who had previously volunteered to reduce his salary to $25,000 a year, said these funds which would have gone to the State treasuries, are being seized by the renegotiation boards and given to the United States Treasury. He stated that these boards bring tremendous pressure on manufacturers to make adjustments and giving funds to the renegotiation boards immediately before filling out their income taxes.

State tax boards, it is charged, being unfamiliar with renegotiation, have been accepting Federal tax returns as the basis for State income tax returns and no State legislation permitting a manufacturer to make a "horse trade" with the boards depriving the State of corporation income taxes.

Federal Bill Would Shield Certain Local Bonds

Senator Claude Pepper (D., Fla), recently introduced a bill to permit State and local governments to tax private property acquired by the Federal Government where the taxes are needed to retire bond issues.

Reduction In Local Government Units Urged

Reduction of 90% in the number of local governmental units for the sake of administrative efficiency and economy in local government was suggested recently in a report published by Public Administrative Service.

Such a drastic reorganization would reduce the number of local units of government from 165,000 to 17,800, according to the report, written by William Anderson, professor of political science, University of Minnesota.

In making his suggestion, Mr. Anderson took into account that government is a "human" organization whose form is not easily changed. Also, he said, while many people believe there should be a reduction in government units, few agree on what the ideal number would be and little research has been done toward a standard of population and size.

The 17,800 units, according to the report, would be distributed as follows: 200 city-county units, with a central city of at least 60,000 population; 2,100 rural and semi-rural counties; 15,000 incorporated places; 500 miscellaneous units. The average State then would have about 370 units instead of nearly 3,500.

This reorganization would result in only a single layer of government for more than three-fourths of the people and a two-layer system for less than a fourth. At present a large part of the nation is under four or five-layer government, ranging from special districts to State and Federal levels.

City-county types of unit would prevail in main urban centers, handling all functions of city, county and school districts, under the plan. In rural and semi-rural areas, the county would be the main unit for performing services of State-wide importance, including education and rural local services. Many counties would be consolidated to enable them to supply services more effectively.

Townships in most midwestern and several Middle Atlantic States would cease to exist as important governing units, though they might continue to administer elections, etc. New England townships, which are more like cities and villages, would be consolidated where practical but would continue present governmental functions.

School districts and practically all other special districts also would disappear. Schools would be administered by counties, cities and larger towns and villages, under State control and supervision. Special districts might still be used in metropolitan areas where larger units are needed for certain purposes, and for federations of counties in maintaining expensive sanatoriums or similar services.

If such a reorganization of local governments were brought about, the study said, principal changes would be necessary only in States west from New York to Montana, the Dakotas, Nebraska, Kansas and Missouri. New England, the South and the far West would have much less pruning to do, although for most changes State legislatures would probably have to take action first.

New Jersey Municipal Costs Expand

The State Taxpayer's Association, in a recent report, asserted that operating costs of New Jersey municipalities increased $2,433,325 this year to a grand aggregate of $109,056,446.

"This condition serves," the report said, "as a danger sign that neither municipal officials nor citizens could afford to ignore in normal times and certainly not during the emergency when war imposes severe strain upon taxpaying resources. It emphasizes the necessity for slashing deeply non-essential spending in home government for the duration."

Operating expenditures are described as particularly important factors in local government because, once increased it is difficult to reduce. Such costs, the report points out, represent a continuing burden upon taxpayers while other expenditures, such as those for debt service, follow a downward trend as the obligation is met.

Calif. To Buy More Treasury Bonds

The State government of California, deep in debt only a year ago, is planning to invest an additional $10,000,000 of surplus cash in United States Treasury bonds.

Finance Director George Killion requested State Treasurer Charles G. Johnson to join with him in declaring the $10,000,000 as "surplus money," to make it immediately available for the contemplated investment.

The State has purchased $20,000,000 worth of Government securities since May 1 in line, Killion said, with a policy of putting "every dollar in surplus funds" into Treasury bonds as a reserve against future needs.

In place of a deficit of $34,000,000 a year ago, the State now has a surplus officially estimated on Aug. 31 as $42,288,000, largest in its history.

Three States Enact Motor Fuel Tax Laws

Though motor fuel tax revenues of the States will suffer generally because of gasoline rationing, three States—Virginia, Mississippi and South Carolina—will secure some new revenue through 1942 fuel tax legislation on out-of-State purchases, the Federation of Tax Administrators reports in a survey just released.

Under Virginia's new statute all motor carriers must buy within the State as much fuel as they use in the State or pay to the State treasury an amount equal to taxes they would have paid if their fuel was bought in the State. Only State-licensed carriers formerly were required to do this.

A 1942 amendment in Mississippi imposes a tax of six cents a gallon on all gasoline used within the State on which the Mississippi tax has not been paid. The use tax, applying to all commercial carriers and persons transporting their own property for business purposes, is due when the carrier enters the State, though the Motor Vehicle Commissioner may authorize monthly reports and payments.

Motor fuel other than gasoline, such as Diesel oil, is taxed to the user under a new South Carolina law, and if a dealer sells these special fuels to a State resident or out-of-State operator without a use fuel permit, he becomes liable for the tax himself.

Altogether, seven States made changes in their motor fuel tax laws this year, according to the survey.

Besides the use tax laws these included, mainly, refund provisions. Kentucky made eligible for refund motor fuel used in aircraft in interstate commerce, and Virginia granted refund of two cents a gallon on gasoline purchased in the State and used by planes in flights over the State, with full refund for plane flights outside the State.

Rhode Island abolished refunds of motor fuel taxes except those on interstate sales and sales to the Federal Government, removing the privilege for commercial fishermen, lumbermen, farmers and certain others. Mississippi amended its refund law to demand a daily statement of the use of refund gasoline. Virginia relaxed the 60-day limit on ordinary refund claims, and added a law permitting tax refunds on motor fuel consumed by vehicles carrying machines for spraying fruit trees and plants.

Among other motor fuel legislation of 1942 was the New York act extending emergency taxes of two cents a gallon on motor fuel sold up to June 30, 1943.

N. Y. Towns To Operate On Budget System Soon

All towns of New York State not already operating fiscal affairs under a budget system are slated this month to put into effect, under provision of the town law as amended by the 1941 Legislature, a system whereby each fiscal year will be preceded by filing with the town clerk an estimate of the needs for the year and estimated revenues.

Preparing town officials for the budget plan system, Frank C. Moore, Executive Secretary of the Association of Towns of New York State, arranged for a conference of town and county clerks, county attorneys and clerks of the boards of supervisors of the State in Syracuse September 9.

To assist local officials, the Association of Towns of the State of New York also put out a 90-page booklet, "The Town Budget System," which covers in detail all of the requirements of the law. It shows how to prepare the budgets, duties of the officers, preparation of individual officers' estimates of expenditures and ends with 28 questions and answers on the chief changes of the town law.

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.

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 1167)

probable earnings and dividends suggest strongly that they are bargains even if the inflationary process were to stop dead on Oct. 1. And it will not.

* * *

Hare's, Ltd. is out with a new and extensive report on "Aviation Progress and Prospects." Sales and earnings figures on leading companies for the past three years are given. The industry is believed to present the investor with both an opportunity and a problem.

"America has only begun to fly. The potential development of the aviation industry over the next few decades challenges the imagination. It offers opportunities for the investor, though with pitfalls that must be avoided. . . . The industry will expand and prosper, but individual corporate units will disappear and change."

* * *

In connection with a message to shareholders of Affiliated Fund, the latest issue of "Abstracts" points out the significance of the Fund's now well-advanced policy of working toward a fully-invested position.

"The pendulum is nearing the end of its deflationary arc, and we are convinced that the period ahead will be more satisfactory and profitable for the dealers in as well as the owners of good American securities."

* * *

The Sept. 24 issue of Calvin Bullock's "Bulletin" quotes the magazine "Exchange" on investment trends in college endowment funds.

"The general trend is toward a decrease in holdings of bonds and mortgages, and increases in preferred stocks, common stocks and real estate. At June 30, 1941 holdings of common stocks by endowments of 120 institutions amounted to 24.8% of the aggregate value of the funds.

"More pronounced was the trend toward equity investments by endowment funds exceeding $15,000,000. The average of eight of these funds had lifted common stock holdings from 17.4% in mid-1937 to 30.9% in mid-1941. From mid-1938 to mid-1941 bond holdings were decreased by over 10%."

The September issue of "Perspective" contains its usual scholarly and thorough-going report—this time on "The Chemical Industry Under War Conditions." It is suggested that interested readers write to Calvin Bullock, 1 Wall Street, New York, for copies of this report.

* * *

An interesting analysis of the "inflation gap" based on recent Department of Commerce data is contained in the September issue of the "Broad Street Letter." In the second quarter of 1942 this gap was calculated at an annual rate of $13.7 billion.

The bulletin points out that while much of these funds will be diverted into even larger purchases of Government bonds, many investors may seek to balance their Government holdings by the purchase of well selected equity securities.

* * *

The Sept. 19 issue of "Brevits" gives considerable space to the recent re-affirmation by Standard & Poor's of their prediction last June that the next major movement in equity security prices would be upward. Comments by the advisory service in re-affirming its prediction are quoted at length.

Massachusetts Investors Second Fund reports an increase in net asset value per share to $7.30 on Aug. 31, 1942 compared with $6.85 at the close of the preceding quarter. Net assets based on market values as of Aug. 31 amounted to $6,621,609, available for the 903,455 shares outstanding; against $6,150,365 for the 897,932 shares outstanding on May 31, 1942.

Dividends

Affiliated Fund, Inc.—A quarterly dividend of 3c per share payable Oct. 15, to stockholders of record Sept. 30, 1942.

* * *

Broad Street Investing Corp.—A quarterly distribution of 25c per share payable Oct. 1, to stockholders of record Sept. 18, 1942.

* * *

Fundamental Investors, Inc.—Quarterly dividend No. 35 amounting to 20c per share payable Oct. 15, to stockholders of record Sept. 29, 1942.

* * *

General Investors Trust—A quarterly dividend of 6c per share payable Oct. 20, to stock of record Sept. 30, 1942.

* * *

Manhattan Bond Fund, Inc.—Ordinary distribution No. 17 amounting to 11c per share and an extraordinary distribution amounting to 2c per share payable Oct. 15, to stock of record Oct. 5, 1942.

* * *

National Securities Series—Preliminary estimate of distributions to be made on Oct. 15, to stock of record Sept. 30, 1942.

Bond Series	8c
Low-priced Bond Series	9c
Preferred Stock Series	10c
Income Series	7c
Low-Priced Common Stock Series	1c
First Mutual Trust Fund	5c

Our Reporter's Report

(Continued from first page)

Here again, however, the market does not indicate any expectation of early completion, since the company's 5% bonds, which are involved, callable at 102, continue to command a premium of 2 points or more. If the financing were considered in immediate prospect, it is argued, this issue would soon adjust itself to a "money basis."

The company proposes to issue $45,000,000 of first mortgage bonds, due in 1971, along with $10,000,000 of debentures due in 1956 and 140,000 shares of new preferred. Proceeds would be applied to retirement of outstanding 5s requiring $53,170,000 and the 7% cumulative preferred stock, which is callable at $110.

Shifting Into Governments

There is a tendency on the part of banks handling trust accounts to put the latter more substantially into Government securities in the absence of more suitable opportunities in the corporate field.

This is said to be especially true in the case of such accounts having bonds with 10 years to go to maturity, where the yield has been whittled down to little better than 2%.

In many such instances the tendency is to sell out such holdings and put the resulting funds into series G Treasury bonds, where a fixed rate of interest is assured to maturity.

Building the Bulwarks

There is little reason to doubt tnat Secretary of the Treasury Morgenthau and members of the Federal Reserve Open Market Committee took into consideration the status of member banks in New York and Chicago in the course of their discussion of the forthcoming $4,000,000,000 war loan.

And likewise, it is almost a foregone conclusion that the Reserve Board Governors will order another reduction in the rate of reserve requirements for banks in those cities in advance of the Treasury's flotation.

Latest figures for the New York area indicate that despite two reductions in such requirements, excess reserves of member banks are again down around the $200,000,000 level. The next cut would take the rate of requirements down to 20% as contrasted with the 26% level in force prior to the first cut put into force some weeks ago.

A Real Undertaking

Since the impending Treasury financing will be the biggest single undertaking since Fourth Liberty Loan of $6,000,000,000 in 1918, it may be expected that no stone will be left unturned to insure its success.

Secretary Morgenthau and his advisers may be counted upon to draw up a schedule that will appeal to the wisest possible circle of institutional investors.

In an operation such as this the offering is bound to be pointed toward insurance companies, banks and substantial trust funds.

Outlook For Bank Earnings Favorable

(Continued from first page)

nesses will be subjected to most severe income taxes which they may not have the money to pay. Due to increased wholesale prices much more capital will be required to carry adequate inventories. Hence, many must go to the banks to borrow. Individuals will then want to cash in their war savings bonds so that the Government may also have to borrow from the banks to get the money to pay them.

"This cashing in of Government securities held by individuals will not be sufficient to replenish the coffers of such individuals or business firms. It is likely, therefore, that despite the inflation of the post-war period, much of the money supply will be frozen. Banks will experience a rather heavy demand for loans, thus permitting them to charge higher interest rates than can be thought of today. Furthermore, from fear of a decreasing value of money due to inflation, lenders will want a higher interest rate due to the increased risk involved.

"When we come to housing loans, it is likely that the present low interest rates may be a permanent feature; but for loans to merchants, we must visualize a situation when the lend-lease policy may have drained our huge surplus of most goods—not only foods. It is well to remember that the need for commercial loans arises primarily from the creation of goods and crops.

"When commercial loans shift from productive activity to inventory-holding it is usually about the end of the business boom. Therefore, lend-lease is an instrument which, in the post-war period, might cause a renewed industrial boom at high prices when most firms find their cash resources depleted.

"The outlook for banks is probably more hopeful now on such a long-term view than it ever has been since 1926. A small increase in interest rates should greatly add to a bank's profits. Hence, to bond buyers I say—avoid long-term, low yielding corporation bonds, but buy bonds maturing within five to ten years when they probably then can be exchanged for a better security paying a higher rate of interest."

American Legion Asks Capital-Labor Draft

The American Legion asked Congress on Sept. 21 for immediate legislation to conscript capital, labor, industry and agriculture, as well as the fighting manpower. This action was taken at the Legion's national convention held in Kansas City, Mo., Sept. 19-21.

Several other resolutions were adopted by the convention calling for legislation on the following matters:

Lowering of the draft age to 18 years.

Conscripting manpower for war production.

Job security for all returning from the armed services.

One year's compulsory military training for young men after the war.

Fewer deferments of young, able-bodied men in essential jobs; and no deferments at employers' requests unless substitute employees cannot be found.

Another resolution adopted by the Legionnaires expressed "complete confidence and faith" in the war leadership of President Roosevelt and denounced "strikes, lockouts, cessation of work and discrimination in employment as sabotage."

The convention also approved a resolution asking Congress to amend the Legion's charter so as permit veterans of the present war to become members of the American Legion. Another resolution urged that every effort be made to bring the nation's air power to the highest possible strength.

On the compulsory military training resolution after the war, the Legion took the position that every male before reaching the age of 22 should be trained in the armed forces for one year.

Roane Waring, Memphis utility executive, was chosen National Commander succeeding Lynn V. Stambaugh of Fargo, N. D.

Pledging the Legion's fullest support to the President in the war effort, National Commander Waring at the same time called for the protection of personal liberties and "to the end that the Government continue to function along constitutional lines."

This year's convention was small compared with previous meetings, having been attended by only about 1,500 delegates. Whether a meeting will be held next year was left for the National Executive Committee to decide.

Banks Increase Gifts To Greater N. Y. Fund

Commercial banks and trust companies in New York City have contributed $313,648 to the 1942 campaign of the Greater New York Fund, it was announced Sept. 24 by John W. Hanes, former Under-Secretary of the Treasury and General Chairman of the drive, which still is in progress. Mr. Hanes, who personally conducted the appeal to banks and trust companies, made the announcement in a report to James G. Blaine, Chairman of the Fund's Board of Directors, pointing out that the amount collected so far this year compares with $278,699, the final total from the group in last year's campaign. Mr. Hanes said that, of the amount so far collected from commercial banks and trust companies, $286,898 came from firms and $26,750 from employee groups.

Falconer In New Post

James G. Blaine, Chairman of the Board of Directors of the Greater New York Fund, has announced that Douglas P. Falconer, who has been Executive Director of the Fund since its inception in 1938, has resigned that post to become Executive Director of the United Seamen's Service. Mr. Falconer accepted the new post, Mr. Blaine said, at the request of Rear Admiral Emory S. Land, War Shipping Administrator and Chairman of the Maritime Commission, who also is Chairman of the Board of Directors of the United Seamen's Service. Mr. Falconer has taken up his new duties at the headquarters of the United Seamen's Service, 39 Broadway. The organization will provide relief, recreation and repatriation of United States merchant seamen in all parts of the world.

Guayule Acreage Raised

The Senate passed and sent to the House on Sept. 21 a bill increasing the potential guayule rubber-growing acreage from 75,000 to 500,000 acres, in the discretion of the Department of Agriculture. This action was in line with one of the recommendations contained in the Baruch rubber report to the President (referred to in these columns of Sept. 17, page 985. In calling for passage of the legislation, Senator Downey (Dem., Calif.) explained that the "yield of seeds from the guayule plant was eight times what we had anticipated, which permits a greatly expanded program." He added that "it is the desire of the Governmental agencies to take advantage of that possibility and to plant a larger acreage." Passage of the original guayule bill was noted in these columns March 12, page 1062.

UP-TOWN AFTER 3

PLAYS

"Vickie," a new farce by S. N. Herzig. Presented by Frank Mandel at the Plymouth Theatre, N. Y. With Jose Ferrer, Uta Hagen, Taylor Holmes, Margaret Matzenauer, Mildred Dunnock, Frank Conlan, Collette Lyons, Charles Halton, Evelyn Davis, Edmund Glover, Red Buttons, Lynne Carter, Del Hughes and others. Staged by Ferrer and Mandel; sets by Ernest Glover.

Almost everybody knows someone who is a member of the AWVS. And almost as many people know somebody or have themselves gone through the martyrdom of acting as a "patient" for tyros anxious to practise the mysteries of first aid. S. N. Herzig thought this knowledge had all the elements of a good farce and sat down and wrote "Vickie." The idea was a good one. The actors who interpret the characters are capable but the story itself is neither good or funny. There's a lot of room in the plot to poke good natured fun at our women folk, who in the name of Service, bandage us with tri-cornered handkerchiefs and tie splints to our legs. But "Vickie" has neither humor or wit. It is the story of a newly-married couple and their mad home life. George has to stop working on his model, vital to the war effort, whenever his wife Vickie, an active member in the AWCS (fortunately non-existent) has the urge to practise first aid, or is driven out whenever she tears through the apartment with her army. The commander of the AWCS is a dominating female relentless in her search for perfection. She quarters soldiers on the couple. She uses George's vital working plans to wrap sandwiches in. She even captures one of Washington's leading dollar-a-year men who comes to inspect the plans. She is sure he's a spy. There are other shenanigans as well. Vickie sells George's best clothes through the AWCS thrift shop. The cook quits. A new cook, a refugee concert singer, appears on the scene. The small apartment is turned into a bedlam. Soldiers dash in and out; AWCS members use the place for commando tactics; an air raid spotter who graduated from flag pole sitting handcuffs himself outside their windows. And so it goes. There are laughs but they are heavy-handed ones. The gags are seldom funny enough to fill in the gaps caused by the general confusion. The cast tries hard but even it can't carry a poor play.

MOVIES

There have been a number of movie musicals recently but the good ones are usually born in Hollywood. For some reason a good Broadway musical loses something when transposed to the screen. It may be because the Hays office frowns on some of the lines or it may be for some other reason entirely. Whatever the reason, MGM's "Panama Hattie" is an example of a good stage musical which doesn't come off in the movie version. It retains the original plot, the songs; it even has some of the original cast—Jackie Horner and "Rags" Ragland. Yet the sparkle and the spontaneity of the original is lacking. Miss Ann Sothern, a fair singer, is no Ethel Merman. Alan Mowbray, a good actor in his own right, is not as funny as was Arthur Treacher. Even "Red" Skelton works hard for his laughs but doesn't make it. The scene in the original where the three sailors meet the English butler was excruciatingly funny. In the movie it's flat. . . . If you're the parent of a high school boy you owe it to yourself to see the MGM short **"ATCA"** (American Training Corps of America). In a simple narrative form it explains why sixteen-year-old kids now take preliminary aviation courses as part of their high school curriculum. Through the experiences of an average American family—the Jones'—it tells how their young son took the course, what it teaches him and most important why the course was, and is necessary.

AROUND THE TOWN

The Glass Hat (Belmont Plaza-50th & Lexington) opened its fall show the other night. It consists of Miss Kay Penton, an alumnus of George White's Scandals, who sings effectively. The Standlers, a dance team. Joe Pafumy and Anita, another dance team, and Bill Johnson, who acts as m. c. and sings pleasantly. The hit of the show is a young man, Paul Winchell, a ventriliquist, who shortly after his appearance, had his audience howling. One of the sidelights was the presence of perennial playboy, Tommy Manville, at a ringside table. Naturally, he was called on to take a bow. For, as the m. c. inadvertently implied, if he hadn't announced his presence, Manville's evening would have been a flop, a condition disturbing to one and all, particularly the waiters who scraped and bowed Manville in and out. . . . One of the better West Side restaurants is **Leone's (239 W. 48th)**. Strictly an eating place specializing in Italian dishes, the oak-beamed restaurant is jammed. No entertainment with exception of pianist who plays tunes of yesteryear. It's a little startling to see people stop swallowing spaghetti to first hum along with the tunes and then suddenly burst into full song as they recall the words of the nostalgic tunes. Leone's good Italian cooking has a large following among the church hierarchy. Only restaurant I know of to attract clergymen in such numbers. . . . Another restaurant worth more than casual mention is Rockefeller Center's **Louis XIV.** A fine eating place, it's a favorite haunt for radio people before and after their programs. . . . **The Penthouse** has a new attraction, a Miss Sylvia St. Clair. Hailing from Paris (she says), her voice is pleasant. But it's what Miss St. Clair sings rather than how she sings that is attention getting. Her song describing the sad state of a young lady who lives in a Women's Hotel is something to hear.

OPA Increases Price Of Silver Bullion

The Office of Price Administration on Sept. 22 increased the maximum price for silver bullion, other than newly-mined domestic silver, by 9.625¢ per ounce, bringing the price to 45¢ an ounce.

A similar increase also was provided for semi-fabricated articles

Announce Program For IBA War Conference

At the War Finance Conference of the Investment Bankers Association of America to be held in New York, Oct. 19 and 20, Under Secretary of the Treasury Daniel W. Bell, officials of the Treasury's War Savings Staff, a number of Federal Reserve Bank Presidents and the executive managers of several Federal Reserve District Victory Fund Committees are scheduled to take part. These men, it was pointed out by John S. Fleek, President of the Association, in making the announcement on Sept. 30 are the ones "primarily responsible for directing the sale of Government bonds, so vital to the nation's financing of the war."

In addition, Rear Admiral Emory Scott Land, Chairman of the U. S. Maritime Commission and Administrator of the War Shipping Administration, and former Ambassador to Japan, Joseph C. Grew, are to speak, giving the investment men working on raising billions for war their appraisal of the war needs.

Under Secretary Bell is to address a dinner meeting on October 19 at the Waldorf-Astoria, climaxing an afternoon session which will be in the nature of a national sales conference on Government securities.

The other Treasury Department, War Savings Staff, and Federal Reserve officials are to participate in the afternoon program devoted to ways and means of stimulating sales of Government securities. Among the speakers will be the key men of the Victory Fund Committee organization. This is one of the vehicles for investment bankers' participation in the Treasury's financing operations and it is coordinated nationally through a committee of which Secretary of the Treasury Morgenthau is Chairman, the Presidents of the 12 Federal Reserve Banks are members and which is under the direction of George Buffington, Assistant to the Secretary.

Former Ambassador Grew, now acting as a special assistant to the Secretary of State, will also speak at the dinner meeting. Rear Admiral Land will speak at a luncheon meeting at noon on the same day.

The announcement of the program, made through the office of the Association in Chicago, said that members of the Board of Governors and of a number of committes had been asked to meet the day before the conference in order to free its program so far as possible of everything except the war financing. Other business of the Association itself will be included in two brief business sessions on the mornings of October 19 and 20.

An outline of the program, as announced, follows:

Monday, October 19

10:15 A. M. Address by President John S. Fleek, partner of Hayden, Miller & Company, Cleveland.

12:30 P. M. Luncheon meeting addressed by Rear Admiral Land, Chairman, the U. S. Maritime Commission and Administrator of the War Shipping Administration.

2:15 P. M. War Finance Conference.

Included among those participating will be:

Officials of the United States Treasury.

Representatives of the War Savings Staff of the United States Treasury.

The Presidents of several Federal Reserve Banks as members of the national Victory Fund Committee and as Chairmen of their respective District Committees.

The Executive Managers of several of the District Victory Fund Committees.

Others prominent in the Treasury's war financing.

7:45 P.M. Dinner. Speakers: Daniel W. Bell, Under Secretary of the Treasury; Joseph C. Grew, Special Assistant to the Secretary of State, former Ambassador to Japan.

Tuesday, October 20

10:30 A. M. Amendments to Constitution and By-Laws.

Election of Officers.

Address by incoming President.

The War Finance Conference is replacing the usual five-day annual convention of the Association and is being held in New York to minimize traveling for those attending. A majority of the Association's members are located in eastern financial centers and delegates who come from other sections will be urged to combine the trip with one of their regular periodic visits to the East, Mr. Fleek said.

Earlier reference to the Association's "War Finance Conference" of the Association appeared in our issue of Sept. 3, page 793.

Military Courses At N. Y. Inst. Of Finance

Believing that there is considerable interest in military and naval courses which prove of value to civilians entering the Army, Navy, Merchant Marine or home defense, the New York Institute of Finance, cooperating with the New York Stock Exchange and the Association of Stock Exchange Firms, has made plans to offer a number of such courses, open to all.

John L. Clark, President of the Association of Stock Exchange Firms, will head the Military Training Division of the Institute. Mr. Clark was an Army instructor in World War I.

A class in Celestial Navigation was commenced on Monday last. Conducted by Captain Theodore Nelson, U.S.N.R., retired, this course is offered as a refresher to individuals with previous experience who will later teach other navigation courses at the Institute.

Alfred Roelker, of the Military Training Camps Association of the United States, is assisting in the planning of a series of lectures designed to acquaint civilians with the organization and activities of the different divisions of the armed services.

A course in military instruction, based on The New Infantry Drill Regulations, is planned for October. Drills in this course will be held on the floor of the New York Stock Exchange after trading hours. It is also planned to commence classes in signaling, which will include radio, blinker and semaphore, and Army paper work, map and photo reading. There will also be a refresher course in mathematics useful to those entering Artillery, Anti-Aircraft, and related branches of the service.

Tuition fees, according to the announcement, will be scaled to meet the costs involved. The Institute invites inquiries from those interested in the program, as well as from men with military experience wishing to serve as instructors.

Directors of the New York Institute of Finance, which is located at 20 Broad Street, are Robert Cluett III and Albert P. Squier.

Boyd Appointed New York Reserve Bank Officer

Announcement was made on Sept. 24 by Allan Sproul, President of the Federal Reserve Bank of New York, that effective September 25, Harry M. Boyd, formerly Chief of the Administration and Correspondence Division of the Government Bond Department, has been appointed an officer of the Federal Reserve Bank of New York and has been assigned as Manager, Savings Bond Redemption Department.

Thompson, Davis Men Join Cruttenden & Co.

CHICAGO, ILL.—The investment business of Thompson, Davis & Phipps, Inc., 120 South La Salle Street, securities firm founded here in 1936, will be discontinued Oct. 1, 1942, and practically the entire investment personnel are to become associated with Cruttenden & Co., members New York and Chicago Stock Exchanges, 209 South La Salle Street, C. H. Thompson announced today. Thompson, Davis & Phipps, Inc. will remain in business as a manufacturing firm making tool kits under government contract under the direction of C. H. Thompson, President, and William F. Phipps, Secretary and Treasurer.

Those who will join Cruttenden & Co. include Clyde H. Andrews, formerly executive Vice President, McGraw & Co.; Ivan S. Cummings, Iowa representative; John B. Dunbar, formerly with C. F. Childs & Company and who once headed his own firm here; Earle C. Gott; Marvin C. Greener, Willard Medway and Milton L. Williams, formerly principals in Medway, Wadden & Williams here; Conrad J. Reinhard, Davenport, Ia. representative; Godfrey Reinhard, La Salle, Ill., representative; Rolland W. Schillito; A. L. Stevenson; William L. Taylor, Jr.; Earl L. Virden; and William R. Mee, Bloomington representative and formerly secretary, National Association of Security Dealers.

Cruttenden & Co. was organized here this summer as an outgrowth of Fuller, Cruttenden & Co. The present partners are Walter W. Cruttenden, Fred R. Tuerk, member New York Stock Exchange, and Lt. Kenneth S. Beall, U.S.N. In addition to its listed activities the firm maintains active trading and underwriting departments.

A. H. Aseltine Dies

Alverton H. Aseltine, a retired officer of the Chase National Bank, of New York, died on Sept. 24 in the Harkness Pavilion at Presbyterian Hospital after a short illness. Mr. Aseltine, who resided in Garden City, L. I., enjoyed a wide acquaintance among bankers throughout the United States. He retired as Second Vice-President of the Chase National on Feb. 1, 1941, and it was noted in these columns of that date (page 771) that his Wall Street connections covered a period of over 40 years. His early association was with our own publication; he joined the business staff of the "Commercial & Financial Chronicle" in 1898, traveling extensively for it during the next 15 years. Mr. Aseltine at his death was 67 years old; he was born in Oswego, N. Y., Nov. 8, 1874, of Canadian parentage, and came to New York in the late nineties after a short business experience in Kingston, Ontario. After leaving the "Chronicle" about 1913 Mr. Aseltine spent two years with the National City Co. later becoming connected with the Equitable Trust. In 1918 Mr. Aseltine joined the Chase National Bank and for more than 20 years thereafter represented the bank at conventions and group meetings of bankers in all parts of the country. He was appointed an Assistant Cashier of the Chase in 1923 and a Second Vice-President in 1930. Since his retirement in 1941 Mr. Aseltine has devoted much of his time to service with the British War Relief Society here. He also served for several months as a postal censor in the U. S. Censors' Bureau at New York.

Opens Own Office

WATERTOWN, N. Y. — Lester H. Morgan is now doing business as an individual dealer in securities from offices in the Woolworth Building. Since 1932 Mr. Morgan has been a partner in Roberts & Morgan; prior thereto he was local representative for Lee Higginson & Co.

NY Trade Bd. To Study Post War Problems

The New York Board of Trade made known under date of Sept. 26 the adoption of a complete War Program, indicating at the same time that it will undertake at once a study of Post-War Reconstruction problems. The announcement was made yesterday by Percy C. Magnus, President of the Board. It is pointed out that the work of the Board's autonomous sections is being intensified. Among the active sections of the Board are its 50-year-old Drug, Chemical and Allied Trades Section, the Insurance Group, a Securities, Commodities and Banking Section, a recently formed Latin-American Trade Section, as well as groups of Textiles, Transportation and Retail Trade. According to the announcement the program is the result of the work of a Special Committee, composed of Dr. Elvin H. Killheffer, of E. I. DuPont De Nemours & Co., Chairman; J. E. Lewis, Aetna Life Insurance Co.; E. T. T. Williams, Becton, Dickinson & Co.; William T. Van Atten, Dun and Bradstreet, Inc.; Arthur Snyder, Alfred M. Best Co., Inc.; Harold M. Altshul, Ketchum & Co., Inc.; Edwin M. Otterbourg, General Counsel of the New York Board of Trade. From the announcement we also quote:

"There is being set up a 'War Committee of the New York Board of Trade' consisting of seven directors. This War Committee will arrange for the immediate appointment of the following five subcommittees:

"1. War Defense Committee to aid in the defense of civilian life and property.

"2. War Business Committee to aid in assuring a continuity of New York City business and business activities consistent with the war effort.

"3. War Employment Committee to aid in the continuity of employment in New York City consistent with the war effort.

"4. War Port Committee to aid in the development and continued full use of the Port of New York, and all of its facilities.

"5. War Finance Committee to aid in maintaining and establishing New York City as a self-sustaining municipality."

The report points out that New York City buys from 30% to 63% of each issue of Federal securities. The city contributes annually between 20% and 25% of the entire income tax collected in the nation. The Committee concludes: "Whatever Helps New York—Helps the Nation, and Whatever Hurts New York—Hurts the Nation."

As a second part of the program, the Board will set up a Committee on Post-War Reconstruction. From the report: "Business and industry in the United States are far too complacent about it (Post-War Reconstruction). This is understandable because the first job is to win the war, but after we win there will remain the biggest job of reconstruction ever faced. It will be too late to begin thinking about it the same day we want to start rebuilding, nor is it safe to rely upon others for all the thinking and planning. It is still less safe to be unconcerned as to the plans of others."

A Committee on Government Finance will continue the work of studying this broad problem, including taxation and the implications of the Lend-Lease Program.

Noting that changing conditions may require changing programs, the Committee recommended, and the directors approved, the appointment of a permanent Committee on Program, which will keep the Board's work adjusted to new conditions as they arise.

Commenting on the program Mr. Magnus said:

"This report received the enthusiastic approval of the directors of our Board and is being put into action. The committees are being set up to carry out the work. In this way the Board is reflecting the desires of all American business, namely—to win the war for democracy, and to preserve democratic institutions in the Post-War era."

Tin Quotas Widened To Increase Output

The International Tin Committee, which has regulated most of the world's output of this metal under a seven-nation agreement, on Sept. 28 virtually opened the production floodgates for countries still under United Nations' control, according to Associated Press London advices, which further said:

"The Committee, in a gesture to preserve its machinery for post-war control, set export quotas for the remaining major areas under its control at 105% of agreed tonnages until further notice, continuing the percentage now in effect.

"But it said the quota would be adjusted 'if any territory should be able to exceed this amount.'

"The concession applies to Bolivia, the Belgian Congo and Nigeria, whose pre-war permissible annual exports were 46,490 tons, 13,330 tons and 10,980 tons, respectively.

"Malaya, with 71,940 tons, the Netherlands East Indies with 36,330 tons, Siam with 18,000 tons and French Indo-China with 3,000 tons annually, are all in Japanese hands.

"The four signatories to the present agreement are Belgium, Bolivia, the United Kingdom and the Netherlands.

"United Kingdom production has been around 1,500 tons annually, but since the start of the war efforts have been made to revive the tin mining industry in Cornwall, with an ultimate goal of 10,000 tons annually.

"Stocks in hands of the United Nations were held in reserve until mid-1941, but war demands since have been such that everything possible must be done to make the sources remaining fill the gap caused by Japanese conquests."

Nation-Wide Speed Limit; Gas Ration November 1

A nation-wide speed limit of 35 miles an hour for the country's 27,000,000 passenger cars becomes effective today (Oct. 1) in accordance with an order issued by Joseph B. Eastman, Director of the Office of Defense Transportation. Enforcement of the speed limit will be up to State officials. The order goes into effect Oct. 15 for trucks and buses operated on regular schedules over regular routes.

In another move designed to conserve rubber tires, Price Administrator Leon Henderson announced on Sept. 26 that nation-wide gasoline rationing and compulsory tire inspection would be instituted about Nov. 22. The tire inspection will be required every 60 days to insure their proper care. Both these moves are part of the program to limit the annual mileage of automobiles to necessary driving, as was recommended by the President's Rubber Survey Committee (referred to in these columns Sept. 17, page 985).

Mr. Henderson said that the gasoline rationing program will be merged with tire rationing into a single program. He also stated that compliance with the 35-mile-an-hour speed limit will be a basic requirement for obtaining both tire and gasoline rations.

The Price Administrator estimated that, on the basis of the gasoline rationing plan now in effect in 17 Eastern States, the use of private cars will be reduced an average of 60% from normal by nation-wide rationing. A basic allowance of slightly under four gallons a week will be granted motorists.

Explains Deductible Advertising Expenses

Guy T. Helvering, Commissioner of Internal Revenue, issued on Sept. 29 an official statement of the policy of the Bureau of Internal Revenue regarding the deduction of advertising expenses for tax purposes. The Commissioner amplified public statements on the same subject previously made by Secretary Morgenthau before the Joint Congressional Committee on Internal Revenue Taxation on May 28, 1942, and by the Bureau itself in correspondence with the Association of National Advertisers, Inc. According to the Commissioner, advertising expenditures to be deductible "must be ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged." Indicating that no definite rule can be laid down in advance so as to fit all situations and all classes of taxpayers, Mr. Helvering says that "in determining whether the amounts are reasonable it is necessary to take into consideration all the facts and circumstances in each particular case."

Among other things, Mr. Helvering says:

"Reasonable expenses incurred by companies in advertising and advertising technique to speed the war effort among their own employees, and to cut down accidents and unnecessary absences and inefficiency, will be allowed as deductions."

Commissioner Helvering's statement in full follows:

"To be deductible, advertising expenditures must be ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged. The Bureau recognizes that advertising is a necessary and legitimate business expense so long as it is not carried to an unreasonable extent or does not become an attempt to avoid proper tax payments.

"The Bureau realizes that it may be necessary for taxpayers now engaged in war production to maintain, through advertising, their trade names and the knowledge of the quality of their products and goodwill built up over past years, so that when they return to peace-time production their names and the quality of their products will be known to the public.

"In determining whether such expenditures are allowable, cognizance will be taken of (1) the size of the business, (2) the amount of prior advertising budgets, (3) the public patronage reasonably to be expected in the future, (4) the increased cost of the elements entering into the total of advertising expenditures, (5) the introduction of new products and added lines, and (6) buying habits necessitated by war restrictions, by priorities, and by the unavailability of many of the raw materials formerly fabricated into the advertised products.

"Reasonable expenses incurred by companies in advertising and advertising technique to speed the war effort among their own employees, and to cut down accidents and unnecessary absences and inefficiency, will be allowed as deductions. Also reasonable expenditures for advertisements, including the promotion of Government objectives in wartime, such as conservation, salvage or the sale of War Bonds, which are signed by the advertiser, will be deductible provided they are reasonable and are not made in an attempt to avoid proper taxation.

"It is the statutory responsibility of the Bureau to determine and collect Federal taxes, among which are the income and excess profits taxes, and to prevent abuses and attempts to avoid the high tax rates to which business will be subject under the proposed tax bill now before Congress.

"No definite rule for determining what is reasonable in the case of expenditures for advertising can be laid down in advance so as to fit all situations and all classes of taxpayers. In determining whether the amounts are reasonable it is necessary to take into consideration all the facts and circumstances in each particular case.

"The Bureau will consider applications for individual rulings. It is, however, busy with an unusual volume of work, and it is believed that if taxpayers will keep in mind the foregoing general rules, individual rulings will not be necessary except under most unusual circumstances."

Demand Repeal Of Silver Purchase Acts

Measures seeking to repeal the two so-called silver purchase acts of 1934 and 1939 were introduced in the House on Sept. 17 by Representative Celler (Dem., N. Y.). The Silver Purchase Act of 1934 requires the Treasury to continue the buying of silver for the purpose of getting and keeping one-fourth of the country's combined stocks of gold and silver in the form of silver, and the act of July 6, 1939, requires the Treasury Department to buy all domestically produced silver at 71.111 cents an ounce.

Declaring that the country's annual silver production is 70,000,000 ounces "far more than is necessary to meet the needs of defense and normal industries," Mr. Celler said that because of the silver laws none of the domestic output is available to industry but "must be bought up by the government and buried." He termed the burial of some 1,361,000,000 ounces of sorely-needed silver at West Point "asinine and scandalous."

In his statement pertaining to the silver situation, Representative Celler said:

"It is the result of the machinations of the formidable Silver States, notably Idaho, Montana, Utah, Arizona, Colorado, and Nevada. Some little silver is mined in California, New Mexico and Texas, but the deadly combine is as stated above. The conspirators have gone so far as to cut off foreign silver supply. To meet the dreadful need growing out of the war effort the War Production Board has even gone so far as to prohibit the use of imported silver except by special authorization. Extreme restrictions are placed upon silver manufacturers as to the use of foreign silver on their hands. They can only use a tiny portion and the balance will have to be disposed of as the War Production Board demands.

"Jewelry manufacturers, silversmiths, and fabricators of civilian articles are in dire need of silver. They face the prospect of being forced out of business despite the fact that 1,361,000,000 ounces are 'free' but buried."

Representative Celler added that the war effort demands that the entire silver question "be pushed out into the open," and advocated repeal of the silver purchase acts in order to enable "those industries in the need of silver to compete fairly with the Government for its purchase."

A similar bill seeking the release of some of the "free" silver to silver-using industries converting to war work was introduced in the Senate on Sept. 14 by Senator Green (Dem., R. I.); referred to in our Sept. 17 issue, page 994.

Senator McCarran (Dem., Neb.), leader of the silver bloc, conferred with silver Senators and War Production Board officials on Sept. 18 and said the Senators agreed unanimously to oppose any change in silver legislation and the Green bill in particular. He also reported that the WPB was not interested in the Green measure because it would divert Treasury silver from war industries. Senator McCarran disclosed on Sept. 19 that he plans to introduce legislation increasing the legal silver purchase price from 71.1 cents to $1.29 a fine ounce to increase production.

Following introduction of the Celler bills, Western Representatives charged that Eastern bankers were seeking to revise the monetary system and promised a united front against the bills.

The Treasury and WPB recently issued an announcement regarding the disposition of "free" silver.

OPA Begins Work On Retailer Assistance

Price Administrator Leon Henderson announced on Sept. 22 that a "retailer assistance" program is being formulated so that retailers may reduce deliveries and eliminate "frills" from their operations as a means of lowering the cost of doing business under OPA ceilings. To this end a committee of retailers from all parts of the country met in Washington with OPA's Retail Trade and Services Division and Industry Council on Sept. 29 and 30 to assist in development of the program. Representatives of the Department of Commerce and of the Office of Defense Transportation also attended.

The meeting was held to consider the development of regulations dealing with the elimination or curtailment of certain non-essential retail services. Among other things, the meeting discussed the extent to which stores should be allowed to reduce deliveries; to reject returns of merchandise; to restrict free toll telephone service and telephone orders calling for the delivery of small purchases, and to limit so-called "lay-aways"—that is, the holding of goods on small deposit for delivery weeks or months in the future.

In his announcement of Sept. 22 Mr. Henderson said:

"A war economy has no room for business frills and furbelows. The years preceding 1939 were years in which customers were hard to get and various business-attracting services came into being in many retail stores. Such things as same-day delivery service, liberal credit terms, goods on approval, c. o. d. service on small purchases, pick-up of returns, became common practice in both large and small stores to induce more public buying.

"Today the picture has changed. We are at war. Time and many materials are short. Retailers are experiencing numerous difficulties and are operating under price ceilings that make control of costs a real, live problem.

"The General Maximum Price Regulation requires retailers to continue to offer the same services that they did in March—the base month for ceiling prices. The reason for this provision is obvious—it is intended to prevent hidden price increases that result when customers are compelled to pay extra for things formerly given free. This basic reason still holds. OPA does not intend to relieve retailers from continuing to supply essential services if they have done so in the past.

"However, there are many services given by stores which are not essential; in fact, are not even desirable under war-time conditions. It is these superficial services—holdovers from pre-war days—that can and should be eliminated. The buying public does not expect their continuance; the Government does not want it.

"OPA has been working on this problem for some time. Private discussions have taken place with small groups in the merchandising field and sufficient basic information has been accumulated to permit work to begin on a definite 'retailer assistance' program."

Home Fuel Oil Users To Receive About 66 2-3% Of Normal Supply—Five Heating Periods Fixed

The Office of Price Administration, through Paul M. O'Leary, Deputy Administrator, on Sept. 25 announced that users of home heating oil will have to get along on the average, with about two-thirds of their normal fuel supply unless they convert their furnaces to coal. "The coupon rationing plan," Mr. O'Leary said, "is going to be geared to an estimated overall average cut of 33⅓% of normal consumption. We found that the 25% cut, originally planned, would not be sufficient to provide an adequate margin of safety and still meet the fuel shortage."

"On the basis of last year's consumption," Mr. O'Leary asserted, "the cut will be somewhat smaller since last winter was unusually warm — according to the Weather Bureau statistics, about 10% warmer than normal. So a cut of 33⅓% of normal is the equivalent of a 26% reduction in last year's consumption.

"We cannot predict what kind of weather is ahead of us this winter, but we believe it safer to plan for a normal season rather than a warm one like the last. We must remember too that it was not unusually warm in all areas last winter; in some places it was actually much colder than normal, and the degree of departure from normal varied greatly.

"Therefore, it seems not only safe, but also fair that we compute the ration on the basis of a normal winter in every section of the rationed area. To do this we have studied Weather Bureau statistics covering many years in scores of localities. On the basis of this study we have concluded that in order to make the limited supply of fuel oil go around there must be a cut of 33⅓% from normal consumption."

Mr. O'Leary warned that householders who can't heat their homes comfortably on two-thirds of the amount of fuel normally used, should convert to coal if at all possible.

Complete denial of rations of fuel oil for heating in apartment houses, and commercial, industrial and institutional establishments which possess the facilities to convert their furnaces to coal, was announced on Sept. 20 by Mr. O'Leary, who said that a large proportion of buildings, all heavy users of fuel oil, including apartment houses, office buildings and manufacturing plants, have furnaces that can be easily converted to coal. "The desperateness of the fuel oil situation demands that they do so," he stated.

Mr. O'Leary added that commercial, industrial and institutional establishments will be required to report on the convertibility of their oil furnaces when they register for rations of fuel oil. Rationing boards, it was pointed out, will have the benefit of advice from heating experts in determining if such establishments should be denied rations.

In no event, whether it be a private home or a large manufacturing plant, will any establishment be eligible for a fuel oil ration if a new oil burner or equipment converting the furnace from other fuels to fuel oil has been installed since June 1, 1942.

Other types of uses for which rations will be denied regardless of their convertibility include coal spraying equipment and other users to the extent to which standby facilities that use fuels other than oil are usable. For example, some commercial establishments have coal boilers idle or in operation only part time since installation of new oil-burning equipment.

Rations for large buildings that cannot convert will be set differently from those for private homes. The heat loss formula based on floor area will not be applied. Instead the ration will be a percentage of last year's consumption with adjustments made to take into consideration degree days. In most cases, the curtailment under rationing will probably be at least as great as that in private homes.

Exceptions will be made for hospitals where a severe cut might present serious health hazards.

Divided Into Four Zones

The Office of Price Administration announced on Sept. 19 that because of wide disparities in climate the rationed area has been divided into four thermal, or heat zones. In addition numerous subzones are being established to provide for ration adjustments in localities where the climate has been found to be unusual.

Zone boundaries, Joel Dean, Fuel Rationing Chief, explained, were established after a careful study of United States Weather Bureau reports covering the last 43 years. From these reports OPA heating engineers found out the number of degree days that are normal for each region.

"Degree days" is a measurement of intensity and duration of the heating season. The degree figure for a locality is the average number of days in the heating season there multiplied by the number of degrees of heat required to raise the temperature of a house from the average outside temperature to the 65 degree level to be allowed under fuel oil rationing.

Wherever possible State lines have been followed in setting up the thermal zones. However, because the climate varies extensively in certain States, the zone lines cut through some States and follow county lines.

OPA announced the four zones as follows:

Zone A—Maine, New Hampshire, Vermont, 15 counties in northern New York, Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, and northern part of Iowa.

Zone B—Massachusetts, Rhode Island, Connecticut, New York (except upper 15 counties), Pennsylvania, New Jersey, Nebraska, and parts of Ohio, Indiana, Illinois, Iowa, Kansas and Missouri.

Zone C—Delaware, Maryland, Virginia, West Virginia, District of Columbia, Kentucky, lower parts of Ohio and Indiana, and Illinois, Missouri, and Kansas.

Zone D—North Carolina, South Carolina, Georgia, Florida east of the Apalachicola River.

Applications for rations will be made on a blank on which the householder has given the board detailed information about his fuel oil needs. Among the most important information will be the number of square feet of heating space in the house. To do this the applicant must measure the length and width of each room to be heated, then compute the total number of square feet. He may include halls, closets, and other occupied areas, except attics, porches and basements unless they are used as sleeping quarters.

The application blanks will be made available to consumers through their dealers, OPA announced. Dealers, in distributing the forms to their customers will be expected to fill in, on the basis of records in their offices, information about the quantity of fuel oil which the customers purchased last year. The amount of fuel used last year will be one of the factors determining the size of the ration.

Five Periods Adopted

The heating season in the 17 Eastern Seaboard States and the 13 Midwestern States, where the fuel oil rationing plan will go into effect on Oct. 1, will be divided into five periods so that home consumers of heating oil can budget their rations accurately, the OPA made known on Sept. 28. Any fuel on hand at Oct. 1 or purchased thereafter will be part of a householder's ration.

Coupons numbered from one to five will be issued for the specific periods and will be valid only within those periods, OPA said. However, provision for advance use of coupons will be made to meet the needs arising from unusually cold spells.

When fuel-oil users apply for their basic ration they will be asked to state the number of gallons of fuel they had in their tanks on Oct. 1. Coupons equivalent to that gallonage will be torn from the ration sheet by the local war price and rationing board before the ration is issued. The minimum inventory deduction will be 250 gallons in all cases where the users' capacity is in excess of that amount, unless the user shows he was unable to fill his tank up to 275 gallons.

For any fuel oil purchases made after Oct. 1 the customer must agree to turn over to his dealer coupons for the amount of the purchase as soon as the ration is issued.

The basic ration takes account of the average temperature in each community and is distributed according to the normal variation of degree-days over the heating season. The area to be rationed has been divided into four zones.

However, since the ration is issued in advance for the entire year, it cannot provide for unusual weather conditions. Therefore, a means of adjusting the ration to meet any departure from normal temperatures must be established. While such adjustment is possible by varying the gallonage value of the coupon unit, the variation cannot be made accurately in anticipation of cold spells. Adjustment will have to be made in the period immediately following the unusual cold weather. Thus, if Period 1 is bitterly cold the unit value of coupons for Period 2 will be increased.

The plan takes into consideration, however, that this delayed adjustment might result in depletion of consumers' supplies during an unusually cold period. To meet this situation, an advanced use of coupons numbered for the subsequent period will be permitted during the last part of a given period. Thus the shock of an unusually cold Period 1, for example, will be taken up by borrowing coupons from Period 2.

Provision for delayed use of the coupons will permit ration holders to use Period 1 coupons for a certain number of days in Period 2. This overlap will aid dealers in making deliveries of economical size and allow them more time to fill all consumer tanks at the end of a period.

Tentative expiration dates of periods in the four zones follow:

Zone A—Period 1, Nov. 29; Period 2, Jan. 6; Period 3, Feb. 8; Period 4, March 17; Period 5, Sept. 30.

Zone B—Period 1, Dec. 2; Period 2, Jan. 5; Period 3, Feb. 6; Period 4, March 12; Period 5, Sept. 30.

Zone C—Period 1, Dec. 3; Period 2, Jan. 4; Period 3, Feb. 2; Period 4, March 6; Period 5, Sept. 30.

Zone D—Period 1, Dec. 5; Period 2, Jan. 2; Period 3, Feb. 5; Period 4, March 6; Period 5, Sept. 30.

(See also article in "The Commercial and Financial Chronicle" of Sept. 17, page 983.)

W. W. Crabb Co-Manager Of du Pont Newark Office

NEWARK, N. J.—William W. Crabb, associated with Finch, Wilson & Co., members of the New York Stock Exchange, for the past twenty years, has been appointed co-manager of the Newark office of Francis I. du Pont & Co., 728 Broad Street.

To Test Ration-Bank Plan In Albany Area

A ration-banking plan to facilitate and safeguard the handling of ration coupons in trade channels after use by the consumer, has been devised for nation-wide use by the Office of Price Administration and will be tested first for a six-week period in the Albany-Schenectady-Troy, N. Y., area beginning within a month, it was announced on Sept. 24.

In making the announcement, Price Administrator Leon Henderson said the plan contemplates use of all the State and national bank and clearing house facilities of the nation. The announcement added in part:

"It has been worked out by the OPA with the cooperation and approval of leading bankers, the Federal Reserve Board, Comptroller of the Currency, and the Federal Deposit Insurance Corp., and bears the approval of the Superintendent of Banking of New York State. Mr. Henderson said test of the plan hase been made possible by the whole-hearted cooperation of William R. White, the New York State Banking Superintendent, and the bankers of the test area.

"Nation-wide operation of the plan, Mr. Henderson said, will remove from the local War Price and Rationing Boards the tremendouse burden of counting and clearing the hundreds of millions of rationing stamps now coming into their hands each month under sugar rationing, and gasoline rationing in the East, and will facilitate the operation of all future rationing programs requiring use of coupons. He said it will prove of great value to business men who now frequently have to wait in line at their ration board offices to turn in their coupons.

"The ration-banking plan provides for the deposit of ration coupons just as currency is deposited in the bank by business men, with subsequent transactions handled by checks. The consumer's use of the coupons is in no way affected, the control starting, in the case of sugar coupons, with the retailer, and in the case of gasoline, with the wholesaler. Cost of the services rendered by the banks will be borne by the OPA."

In a letter presenting a complete draft of the plan to the Federal Reserve Board, the Comptroller of the Currency, the Federal Deposit Insurance Corp., and the New York State Superintendent of Banking, Mr. Henderson asserted that an improvement over the present system of handling is necessary to the success of the whole rationing program.

Mr. Henderson also said:

"In the operation of the gasoline and sugar rationing programs, ration stamps are allotted to consumers who transfer them to retailers when making purchases. The retailer, in turn, is required to deliver to his supplier the appropriate number of stamps whenever he takes delivery of rationed merchandise. These stamps or their equivalent move upward through the trade as the merchandise moves downward.

"Each month 130,000,000 sugar stamps are put into circulation, and, on th eastern seaboard, 150,000,000 gasoline coupons. Obviously, we have had to construct facilities for exchanging small for large denomination ration paper in order to avoid the unmanageable bulk of paper which would otherwise result within the trade.

"Presently, this mechanical task of making exchanges is being handled by the Local War Price and Rationing Boards. In the past months, however, the work of these local boards has increased greatly, and will continue to increase. The result is a growing amount of inconvenience to merchants who find that frequently they must wait in line when they visit a local board to exchange stamps for ration paper of higher unit value. An easier system of exchange is essential so that the quantity of paper transferred from trader to trader may be handled accurately, and that a large bulk of ration currency, which is negotiable, need not be kept on the premises with the risk of loss or theft or be counted and recounted on each transfer. We are also anxious to relieve the local boards of as much mechanical work as possible, to permit them to concentrate on the performance of their administrative functions.

"With these ideas in mind, we have outlined a 'ration banking' plan, similar to that now in use in England. The plan provides for the transfer of ration credits through ration bank accounts in a manner similar to that in which money credits are transferred by check. Details have been discussed with members of your organization, who have made valuable suggestions."

ODT To Inventory Tires On Commercial Vehicles

Applications for Certificates of War Necessity under General Order ODT No. 21 will provide the Office of Defense Transportation with a complete inventory of all tires now on the wheels of the country's more than 5,000,000 non-military commercial vehicles or held for the use of such vehicles. The ODT announcement Sept. 25 said:

"In applying for a Certificate of War Necessity, every operator must report the number and condition of all tires in his possession by sizes or size groups, including both new and used tires.

"In addition, the operator must list the mileage of tires, by sizes, which were removed from service, in 1941, exclusive of retreaded or recapped tires, thus giving the ODT a definite gauge on normal consumption of new tires by commercial vehicles.

"One type of application blank will be mailed to operators of one or two vehicles; another to fleet operators — those operating more than two vehicles. Mailing of the application blanks, together with detailed instructions on how to fill them out and other relevant data, is to begin shortly.

"The application blanks, which will be accompanied also by self-addressed envelopes for their return, will be mailed from the ODT's central mailing office at Detroit. As the mailing is completed in a given area, all counties covered will be announced.

"Any operator of a truck, bus, taxicab, jitney, ambulance, hearse or vehicle available for public rental who resides in any such county and who has not received his application blank when this announcement appears, should apply immediately to the nearest field office of the ODT's Division of Motor Transport, stating the number of self-powered vehicles he operates so that the proper application blank can be forwarded to him."

The ODT order controlling commercial vehicles was referred to in these columns of Sept. 24, page 1101.

Realtors War Conference

The whole many-faceted question of how real estate and real estate business services can most usefully serve the nation's emergency needs and war effort will be the subject of a three-day war conference called by the National Association of Real Estate Boards in St. Louis Nov. 18, 19 and 20. The Jefferson Hotel will be conference headquarters. Bringing together the entire membership of the association, the War Conference will take up in detail matters reviewed by Presidents of the member real estate boards at a meeting just closed in Washington. David B. Simpson, Portland, Ore., President of the Association, in opening the Conference, will have as the subject of his address, "Real Estate in Wartime."

Social Security Tax Frozen At 1% For 1943 In Proposed Tax Bill—Opposed By Morgenthau

The Senate Finance Committee voted on Sept. 24 to freeze Social Security payroll taxes on both employers and employees at the present 1% level through 1943.

This actoin, together with the rejection of a proposal to tax excess earnings of individuals, virtually completed the Committee's consideration of the new tax bill. The measure now is before legislative drafting clerks, who are expected to report the final draft to the Committee tomorrow (Oct. 2), with floor debate in the Senate likely to start Monday (Oct. 5).

Before concluding its consideration on Sept. 24, the Senate Finance Committee enlarged the field of study of the joint Congressional-Treasury group on compulsory savings by instructing it to also report back on the possibilities of the pay-as-you-go income tax collection plan, sponsored by Beardsley Ruml, Chairman of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co.

The Committee's action on the Social Security taxes, taken on a 12 to 4 vote, was on a motion by Senator Vandenberg (Rep., Mich.), who contends there is no justification for a doubling of payroll taxes in view of the present reserve fund. Under existing law, the 1% tax on both employers and employees would automatically rise to 2% on Jan. 1, 1943.

Secretary of the Treasury Morgenthau, in a statement issued Sept. 28, called on the Senate Finance group to reverse its action on social security taxes, declaring that passage of the Vandenberg proposal "would jeopardize the program for financing Old-Age and Survivors' Insurance."

Mr. Morgenthau added that "everything we have urged and planned in the fight against the rising cost of living has been predicated upon the assumption that Social Security contributions would rise on Jan. 1 to the new schedules."

Secretary Morgenthau's statement follows:

"Passage of the Vandenberg amendment would jeopardize the program for financing Old-Age and Survivors' Insurance. Sound financing requires that Social Security contributions be collected at the scheduled levels, especially during a period of very high incomes and employment such as this.

"Passage of the Vandenberg amendment would also require substantial adjustment in the Government's plans for war financing. It would, in effect, reduce the flow of anti-inflationary funds into the Treasury by over $1,500,000,000.

"Everything that we have urged and planned in the fight against the rising cost of living has been predicated upon the assumption that Social Security contributions would rise on Jan. 1, 1943, to the new schedules, adding 1% to the contributions of employees and 1% to those of employers.

"The Administration's record on Social Security has been clear and consistent. Last January the President submitted a budget based on the assumption that the scheduled rate increases in Social Security contributions would go into effect on Jan. 1, 1943, and that in addition, $2,000,000,000 in new contributions would be raised for an expanded Social Security program.

"When I appeared before the House Ways and Means Committee on March 3, I recommended an expansion of the Social Security program as outlined in the President's budget message of last January, and I repeated this recommendation in my letter to the Committee on May 6.

"I strongly hope that the Senate Finance Committee will reverse its tentative approval of the Vandenberg amendment, because the passage of that amendment would make our task harder than ever."

Regarding other actions taken by the Senate Finance Committee on Sept. 24, Washington advices to the "Wall Street Journal" of Sept. 25 reported as follows:

"1. Extended to reorganize interurban electric railways subject to regulation by the Interstate Commerce Commission the right to use the capital base of the old company in computing excess profits credit. This was voted earlier for other railroads.

"2. Rejected 7 to 6 a motion of Senator Connally (Dem., Tex.) to impose an excess profits tax on individuals. His proposal would have taxed 50% of the earnings of an individual in excess of the average for a base period.

"3. Enlarged the category of charities to which corporations may make contributions to include organizations sponsored by Federal and State governments such as the Army and Navy relief funds and United Service Organizations.

"4. Voted a 30% withholding tax rate on interest and dividends received by nonresident aliens and foreign corporations from American sources. The present rate is 27½% and the House voted a 37½% levy.

"5. Reinstated a section contained in the 1938 tax law (Section 112 B 7) setting forth methods of treating capital gains and losses when a corporation liquidates in the last month of the year to assume the tax status of an individual or partnership. The provision, however, was limited to personal holding companies and applies only in 1943."

Senator Vandenberg's remarks on Social Security tax freezing, incident to his introduction of a bill to accomplish this purpose, were given in these columns Sept. 24, page 1094.

ABA Savings Division Anniversary Booklet

A booklet featuring articles by W. Espey Albig, deputy manager of the American Bankers Association, and Dr. Paul F. Cadman, economist for the Association, is being sent to the ABA's entire membership in connection with the celebration this year of the 40th anniversary of the organization of the Association's Savings Division. The article written by Mr. Albig, who is Secretary of the Savings Division, points out that the Division came into being in November 1902, when the Association's Executive Council unanimously adopted a motion for establishment of a savings bank "Section." Myron T. Herrick, who later became U. S. Ambassador to France, served as its first President. Citing the growth in the section's membership during the institutions, it was made a Division of the Association.

"It was natural that both state and national banks interested in the savings business should find membership in the Savings Bank Section valuable. As the membership of the Section by 1920 included a large number of commercial banks with savings departments, in addition to savings institutions, it was made a Division of the Association.

"Over the years the increase in savings deposits and the number of savings depositors has been marked, as indicated by figures compiled annually by the Division:

	Savings Deposits	Savings Depositors
1909	$5,678,735,379	14,894,696
1922	17,578,920,000	30,544,738
1932	24,281,346,000	44,352,103
1941	26,149,213,000	46,151,254

"As a result of the continued growth of savings in all types of banks, and the considerably diminished number of strictly savings institutions, it was decided in 1931 to eliminate the restriction implied in the title, Savings Bank Division, by changing it to the present name, the Savings Division.

"The work of the Savings Division, which at first centered on the protection of savings deposits, on savings practices, and on uniformity of legislation, has changed with the expanding of savings as a national force. Conferences, which bring discussion of bank problems to the door of the bank, school savings, industrial savings, savings clubs, personal or small loan departments, uniform methods of computing interest, savings account analysis, cost analysis, personal money management, bank advertising, mortgage and real estate financing, customer relations, and competition of outside financial agencies for savings deposits—all receive the attention of the Division."

The booklet carries a symposium of bankers' opinions as to the value of savings in the banking structure, which says in part:

"Savings deposits have a tendency to stimulate thrift on the part of many persons who maintain no other banking connection; secure the good will of the bank's customers; and enable the bank to perform its essential economic functions of accumulating and investing the savings of the people for use in furthering enterprise."

Dr. Cadman, in paying tribute to the value of savings institutions, wrote as follows:

"The ability and willingness of any people to accumulate and employ capital is a certain index of their power to progress. No society could consume all that it produced, and enjoy economic advancement.

"Studies in the field of capital formation show that over a period of 20 years from 1919-1938 the net savings of corporations and the government were inconsequential. The savings of individuals represented 87% of the net capital formation in that period. During the first decade from 1919-1928, the savings of individuals were estimated at only 50% of the capital formation, but from 1929-1938 they rose to offset the negative savings of corporations, entrepreneurs, and the government. In the year 1938 more than one-third, namely, 37% of all institutional savings were made through mutual savings banks and the savings departments of commercial banks. Life insurance accounted for another very large segment. The savings bank and the life insurance company, where capital is formed in terms of dollars by individuals who think of their accumulations in terms of dollars, have been the principal sources filling the reservoir of capital which has made possible the economic expansion and development of the United States.

"In times of war, both the savers and the government can profit by savings institutions. The government enjoys their capacity to buy large blocks of its securities at a minimum of placement and servicing cost. The savers, on the other hand, enjoy the advantage of conserving institutions which through the years have built up large reserves and which have in their portfolios sufficient diversity to give a high degree of protection. There usually appears the traditional argument that since the management of savings institutions is going to lend heavily to the government, the individual might as well do it without any intermediary agency. Such reasoning fails to take into account the advantages mentioned above and also ignores the fact that only a relatively small number of people are accustomed to buying bonds and that very few think of themselves as potential buyers. To their ears, the appeal to buy bonds always seems to be directed to the other fellow. On the other hand, literally millions of people are thoroughly familiar with the savings account and the life insurance premium.

"The service which these conservers have rendered to the nation and to the people stands as a living part of the history of America's progress. Its beneficiaries are legion, for in very truth, it has provided the only social security that has either reality or meaning."

Willkie Calls For Second Front—Churchill Urges Discretion In Talk Of Armed Action

Wendell L. Willkie declared in Moscow on Sept. 26 that the best way the United States can help Russia is "by establishing a real second front in Europe with Great Britain at the earliest possible moment military leaders will approve."

Mr. Willkie has been in Russia to carry out certain commissions for President Roosevelt in his capacity as the President's personal representative and also to investigate conditions and report on them to the American people.

During his stay of more than a week in Russia, Mr. Willkie held several conferences with Premier Joseph Stalin and Foreign Minister Vyacheslov Molotov and made a trip to the war front. He also visited many industrial and war plants.

Mr. Willkie's statement advocating a second front was issued at the completion of his inspection trip. He also called for redoubling "our efforts to get tanks, airplanes and trucks here and every other implement of war" and for building "a bridge of supplies to Russia." Other ways in which the United States can help, Mr. Willkie said, are by sending food and medical supplies.

It may be noted here that disapproval of all speculation on the time and place of a second front was voiced by Prime Minister Churchill on Sept. 29 as the subject came up in the House of Commons. This is learned from London Associated Press accounts Sept. 29, which said in part:

"Mr. Churchill's remarks were provoked by a question from Capt. Peter MacDonald which was prefaced by the assumption that 'the period of offensive operations by the United Nations is now approaching.'

"Capt. MacDonald was anxious lest some one with inside information indiscreetly tip off the enemy with too free talk. In response to his request for a word of caution Mr. Churchill said: 'I welcome this opportunity of again emphasizing the undesirability of public statements or speculation as to the time and place of future Allied offensive operations, even though such statements are based on inference and not, as the suggestion seems to imply, on inside information.'"

Among other things Mr. Willkie in his statement pointed out that 5,000,000 Russians have been killed, wounded or are missing and that at least 60,000,000 Russians, or nearly one-third the population, are now slaves in Russian territory controlled by Hitler.

Mr. Willkie left Russia on Sept. 27 for China where he will confer with Generalissimo Chiang Kai-shek and other leaders. He is expected back in the United States around Oct. 15.

Before going to Russia, Mr. Willkie toured the Middle East visiting Egypt, Arabia, Palestine, Syria, Turkey, Iran and Iraq.

Plans for his trip were noted in these columns Sept. 3, page 818.

New York Stock Exchange Weekly Firm Changes

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

Selma Ungerleider, special partner in E. J. Roth & Co., New York City, withdrew from the firm as of July 16th.

Mtg. Bankers To Sell Billion In War Bonds

Plans for a drive by members of the Mortgage Bankers Association of America to sell a billion dollars of war bonds and stamps before Aug. 31, 1943, was announced in Chicago on Sept. 29 by Charles A. Mullenix, Cleveland, Association Vice-President, at a meeting of former Presidents of the organization. The meeting was in conjunction with a three-day Conference on Wartime Mortgage Finance. Guy T. O. Hollyday, Baltimore mortgage banker, will be named to head the drive and actual work will begin immediately after the close of the Conference. Sales by the various classes of members in the Association, such as life insurance companies, title companies, banks and mortgage houses, will be handled by divisional committeemen to be announced soon.

Mr. Mullenix also announced that the Association will, within the next 10 days, set up a post-war planning committee to study the changes now going on in housing, real estate and related fields and make preliminary plans for the post-war period. It will be headed by Dean R. Hill, Buffalo, a former Association President.

In his speech before the group, Mr. Mullenix specified 11 major post-war problems of mortgage banking, some of which must wait for the conclusion of the war but others which can properly be studied now in the light of current developments which will affect them later.

The second point in his post-war list was a "plan by private interests for the purchase of the then existing mortgage portfolios of such Federal agencies as the Federal National Mortgage Association, RFC, HOLC and others. This involves balancing the risk of taking over these portfolios as against the risk of losing the mortgage business entirely as a result of continually increasing portfolios held by government agencies." This will be a most important wartime mortgage problem, Mr. Mullenix said.

Another problem will be the "probability of permanent rent and other price control which may force complete socialization of real estate thereby wiping out the private mortgage business entirely." He emphasized that the Association is extending wholehearted cooperation to OPA in rent control operation, had assisted in its rental housing survey and recently in a special communication to members, urged increasing aid in making the wartime control system effective.

A further problem he listed as "eliminating the possibility of another 1921" and said it involved the probable ability of the construction industry to meet the demand for housing and other construction on a basis to eliminate a gap between a post-war boom and a later continuous period of prosperity. Probable sources of equity money, probable supply of funds for mortgage financing in view of the great sums needed to finance the war and the probable trend of future interest rates were others deserving study now, he said. He cited also as a problem the future trend of local taxes. He recalled that after the first World War local taxing bodies "went wild in their spending."

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

SUNDAY, OCT. 11

DENVER CHICAGO TRUCKING CO., INC.

Denver Chicago Trucking Co., Inc., has filed a registration statement with the SEC for $400,000 debentures, 5%, maturing serially from 1944 to 1952, inclusive

Address—2501 Blake Street, Denver, Col.

Business—Operation of motor truck transport lines

Underwriting—Brown, Schlessman, Owen & Co., Denver, Col., is the principal underwriter

Offering—The issuer, a new corporation, upon the exercise of its option, will take over and carry on the present business of a partnership as an interstate carrier of merchandise by motor vehicle. The new corporation will acquire from the partnership all accounts receivable, motor vehicle equipment, rolling stock, real estate, franchises, etc. In consideration thereof corporation will deliver to partnership 4,000 shares of its capital stock, $1 par value, $250,000 of its debenture 5s and is also to deliver to the underwriter, on the order of the partnership, $150,000 of the debentures of the par value of $1,000 each, for the sum of $150,000 plus accrued interest to date of delivery. Corporation in normal course also assumes liabilities of partnership. The underwriter will purchase the partnership and the debentures from the partnership and the corporation and offer them to the public at prices ranging from 103.28% for the March 1, 1944, maturity to 100 for maturities 1948 to 1952, inclusive, plus accrued interest

Proceeds—The net amount to be received by the corporation will be used as working capital. Net amount received by partnership will be partnership funds distributable among the partners or usable for such purposes as the partners may decide

Registration Statement No. 2-5044. Form A-1. (9-22-42)

TUESDAY, OCT. 13

UNITED WHOLESALE DRUGGISTS OF ST. LOUIS, INC.

United Wholesale Druggists of St. Louis, Inc., has filed a registration statement with the SEC covering 4,000 shares of no par value common stock. Company was organized Aug. 11, 1942

Address—100 West Tenth Street, Wilmington, Del.

Business—It proposes to operate a warehouse at St. Louis. The corporation has been formed for the purpose of enabling distributors of United Drug Co. to have the benefit of purchases at wholesale of merchandise other than that sold by United Drug Co.

Underwriting—No underwriters named.

Offering—This offering of stock is not being made to all distributors of United Drug Co. products but is limited to those in the area economically served from St. Louis. Shares are to be sold at $50 per share for a total of $200,000 to the distributors of the products of United Drug Co. It is not contemplated that it will be necessary to borrow money. However, in the event a temporary loan is necessary pending receipt of funds to be raised from the sale of this issue, a loan not in excess of $50,000 may be made to the corporation by United Drug Co. At no time will there be over $200,000 raised from all sources. In the event such a loan is made it will be in form of a note for one year with interest at the rate of 3%. The benefits from such sales will be distributed to stockholders as dividends, monthly participations of earnings, and year-end checks of remaining earnings. Each stockholder will be allowed to increase his holdings as his merchandise purchases increase so he may hold stock proportionate to his purchases in order to receive his share of earnings

Proceeds—So far as determinable, the funds will be devoted in the amounts and to the purposes indicated, namely, to purchase of merchandise for sale to retail druggists $185,000, and to working capital $15,000

Registration Statement No. 2-5045. Form A-1, (9-24-42)

SATURDAY, OCT. 17

SOUTHERN UNION GAS CO.

Texas Southwestern Gas Co. has filed a registration statement with the SEC for Southern Union Gas Co. (the latter to be the surviving corporation in a proposed merger plan) covering 240,584 shares of Southern Union Gas Co. common stock, par value $1 per share. The name of the registrant will be changed in consummation of the merger plan from Texas Southwestern Gas Co. to Southern Union Gas Co.

Address — 1104 Burt Building, Dallas, Texas

Business—Primarily engaged as an operating utility company

Underwriting—E. H. Rollins & Sons, Inc., is the principal underwriter

Offering—Agreement of merger provides, among other things, that the survivor corporation shall offer approximately 240,584 shares of its common stock, par $1 per share, for subscription by holders of the presently outstanding common stock of Southern Union Gas Co., New Mexico Gas Co., and New Mexico Eastern Gas Co. at the price of $1.50 per share. Details of the merger plan have been filed with the Commission and previously announced

In addition to the securities to be issued in exchange for outstanding securities of the constituent companies involved in the merger plan, the details of which have previously been filed with the Commission and made public, the company will issue and sell for cash $3,650,000 of first mortgage sinking fund bonds, 3¾% series due Oct. 1, 1962

Registration statement reveals that E. H. Rollins & Sons, Inc., has advised the company that it has agreed to sell the bonds for the survivor corporation at a price equal to not less than 103¾% plus accrued interest, in such manner that there will not be involved any public offering of the bonds requiring their registration under the Securities Act of 1933. As compensation for its services in finding a purchaser, the banking firm is to be paid a commission of one-half of one per cent of the aggregate principal amount of the bonds

The banking firm also has agreed to purchase any unsubscribed shares of common stock offered to present shareholders of the constituent companies

Proceeds—The proceeds to be received by the survivor company from the sale of its bonds in the face amount of $3,650,000 and from the sale of common stock for cash and $250,000 of the proceeds from the Southern Union Production Co. loan will be used for the retirement of publicly held bonds and long-term debt of the constituent companies, to apply to working capital for the company and for reorganization expenses

Registration Statement No. 2-5046. Form A-2. (9-28-42)

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.

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

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

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. 23, 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

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)

Company in an amendment filed Sept. 24 reverses the list of underwriters of its proposed $2,200,000 4¾% sinking fund debentures with the amounts which each will purchase as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$900,000
Eastman Dillon & Co.	510,000
Whiting, Weeks & Stubbs, Inc.	250,000
Stroud & Co., Inc.	200,000
Graham, Parsons & Co.	150,000
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 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

STILLWATER WORSTED MILLS, INC.

Stillwater 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 Stillwater Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwater Worsted Mills and its subsidiaries. Stillwater Worsted Mills, Inc., the new company will acquire properties of Stillwater 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)

Registration effective 5 p.m. EWT on Sept. 23, 1942

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 Sept. 19, 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 all 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. 28, 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. 19, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed Sept. 11, 1942, to defer effective date

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)

Amendment filed Sept. 24, 1942, to defer effective date

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Urges Controllers To Meet War Responsibilities

T. C. McCobb, new President of the Controllers Institute of America, on Sept. 22 called on the controllers to "shoulder their share of the responsibility for the adjustments necessary to meet war conditions." Mr. McCobb, who is Controller and Director of the Standard Oil Co. (New Jersey), made this appeal before the controllers assembled in Chicago on Sept. 22 for their annual meeting. Pointing out that there have been drastic changes in the work of controllers, Mr. McCobb said that in many cases it is necessary to develop new techniques without much benefit of past experience. He further stated:

"Open-mindedly and constructively we must survey new conditions as they arise; we must patriotically comply with wartime regulations, eliminate non-essential procedures, counsel management in unchartered seas and, while doing this, revamp our office staffs to fill the gaps left as our trained accountants are called into service."

Mr. McCobb went on to say in part:

"Regardless of the controller's personal inclinations and limitations, he must operate today in a new field that is wider and more difficult than before. Drastic regulations made by the Federal Government have had a profound effect upon business administration. Facing so many strange problems, the directors of a corporation must have implicit confidence in their controller, and he in turn must exercise ceaseless vigilance to justify this trust. The directors are constantly signing under oath reports going to Washington, and it is they who accept responsibility for such statements, rather than the controller who provided the figures.

"The continuance of any business today is absolutely dependent upon proper accounting. Our businesses are faced with a multitude of new accounting responsibilities, in the form of reports to tax authorities, to regulatory commissions, to war bureaus and to stock listing controls—to name just a few. No matter how onerous we find compliance with these demands to be, and even if we believe that the data will never be used, we have no choice but to assume that the statements are important—and perhaps even necessary—to the war effort. And so we produce them, regardless of the work and cost involved.

"When the nation is at war, the controller's discretion as to what he will supply is practically nonexistent. But while we comply with so many new regulations, sound and unsound, we should bear in mind the fact that we do comply because these measures were brought forth by the emergency. We should not become reconciled to doubtful practices which we accept only because of the crisis, and be willing to countenance them when Government is returned to the people. We may have to reserve our right to protest, but we certainly should not abandon it."

Mr. McCobb's election and that of other new officers was referred to in our issue of Sept. 24, page 1091.

FDIC Income For Half Year Increases Surplus Further

Income of the Federal Deposit Insurance Corporation for the six months ended June 30, 1942, amounted to $33,649,441, according to a report to insured banks issued on Sept. 21 by Leo T. Crowley, Chairman of the FDIC. This total included assessments of $27,711,404 paid by insured banks and interest earned of $5,938,037, after deducting provision for amortization of premiums. Expenses and losses during this period amounted to $3,560,737, of which $1,715,479 represented deposit insurance losses and expenses, and $1,845,258 represented administrative expenses and other charges.

Mr. Crowley's report also revealed that income for the year ended June 30, 1942, amounted to $65,658,605, including assessments paid by insured banks of $54,154,790 and $11,503,815 representing interest earned, less provision for amortization of premiums. Total losses and expenses for the year amounted to $6,317,200 represented by deposit insurance losses and expenses of $2,652,761, and administrative expenses and other charges of $3,664,439.

The report further stated:

"The surplus of the Corporation as of June 30, 1942, was $294,587,895 resulting from an excess of income over expenses and losses during the entire period of operations. Total income from the beginning of deposit insurence on Jan. 1, 1934, to June 30, 1942, amounted to $370,188,506, including assessments of $290,202,171 paid by insured banks and $79,986,335 derived from interest earned and profits from sales of securities, after making provision for amortization of premiums. Charges to surplus amounted to $75,600,611. Net deposit insurance losses and expenses amounted to $48,015,554, resulting from the difference between total disbursements of $268,638,121 actually made or pending to depositors of closed insured banks in settlement of their claims and to merging banks or receivers of closed banks for loans or purchases of assets, including expenses incident thereto, and estimated recoveries of $220,622,567. Administrative expenses and other charges amounted to $27,585,056.79."

The advices from Mr. Crowley's office also states:

"During the six months ended June 30, 1942, 11 insured banks suspended or received aid from the Corporation. The 41,134 depositors in these banks, having total deposits of $11,137,000, were protected to the extent of $11,128,000, or about 99.9% of their claims, by insurance or otherwise. Of the 41,134 depositors in these banks, 41,128 were fully protected.

"During the year ended June 30, 1942, 18 insured banks, having 80,018 depositors, all but 229 of whom were fuly protected, closed or received aid from the Corporation. Total deposits in these 18 banks amounted to $30,223,000 of which $29,221,000, or 97%, were protected against loss.

"By June 30, 1942, 381 insured banks, having 1,247,638 depositors with total deposits of $479,497,000, had been liquidated or merged with the aid of loans from the Corporation. Deposits amounting to $468,781,000, or 97.8% of the total deposits in the 381 banks, were made available promptly without loss to the depositors. Only 1,952 of the 1,247,638 depositors, or less than one-quarter of 1%, held accounts in excess of $5,000 and were not fully protected by insurance, offset, preferment, pledge of security, or terms of the merger agreements.

"On June 30, 1942, there were 13,456 operating banks insured by Federal Deposit Insurance Corporation, 26 fewer than were insured on Dec. 31, 1941. There were 52 banks eliminated during the 6-month period: 3 by suspension; 8 by merger with financial aid from the Corporation; 41 by voluntary merger, consolidation, or liquidation. There were 26 banks admitted to insurance, of which 14 banks were in operation at the beginning of the year and 12 first opened for business in 1942."

Record Shipbuilding "Most Gratifying"

President Roosevelt said on Sept. 25 in a "salute to the Victory Fleet" that the record of American shipbuilders in the past year is "most gratifying" and "cannot fail to inspire added confidence in the minds of the people of our nation and those of our Allies, that we shall achieve ultimate victory over our Axis enemies."

The President's remarks were made in reply to a progress report from Rear Admiral Emory S. Land, Chairman of the Maritime Commission, on the occasion of the first anniversary (Sept. 27) of the launchiing of the Liberty ships.

In his report of progress, Admiral Land stated that the President's 8,000,000-ton goal for 1942 should be met and that the 16,000,000-ton goal for 1943 "appears reasonably certain of accomplishment."

The President's letter to Admiral Land read:

"Your report of progress made by American shipbuilders in the year since the first Liberty ships were luanched on Sept. 27, 1941, is most gratifying. It cannot fail to inspire added confidence in the minds of the people of our nation and those of our Allies, that we shall achieve ultimate victory over our Axis enemies.

"When I gave directives, first for 12,000,000, then for 18,000,000, and finally for 24,000,000 tons of merchant ships to be built by our shipyards in 1942 and 1943, I issued a challenge to the shipbuilding industry and the Maritime Commission. That challenge has been accepted and is being met, gloriously and efficiently, despite the fact that by my directive the Maritime Commission thus diverted a large amount of its facilities to the construction of much needed special types of ships for the Navy.

"It is with great pleasure that I join in a 'salute to the Victory Fleet' on Sunday, Sept. 27. Every one of us on that day should voice a word of appreciation and a prayer for the men who build our ships and those who sail them.

"They are making an all-out effort for and a vital contribution to the preservation of our freedoms. We—and all other liberty-loving peoples of the world—are deeply indebted to them for their devotion and heroism."

The text of Admiral Land's report follows:

"One year ago next Sunday, Sept. 27, the first Liberty ships built pursuant to your emergency shipbuilding directive of January, 1941, were launched. Here is a brief progress report on the merchant ship production, which your subsequent directives have expanded to 24,000,000 deadweight tons to be delivered into the nation's war service in 1942 and 1943.

"Deliveries of completed ships in those 12 months, including those scheduled for delivery the remainder of this month, total 488, aggregating about 5,450,000 deadweight tons. Of these, 327 are Liberty ships, 49 are C-type cargo vessels, 51 are tankers, 5 are ore carriers and 56 are cargo ships for private and British account.

"September deliveries to date and those scheduled to Oct. 1 total 90 ships of approximately 1,000,000 deadweight tons, an average of three ships a day, which sets a new record for steel merchant ship production. Scheduled deliveries for the remaining three months of 1942 should bring us to the 8,000,000-ton goal of your directive.

"Production time for Liberty ships has been reduced from an average of 241.8 days for all yards in January to 833 days in August and 70 days so far this month. These records indicate still further reduction of average production rate to the point where your 1943 directive of 16,000,000 deadweight tons appears reasonably certain of accomplishment.

"Since your original emergency directive in January, 1941, American shipyard capacity for production of large ocean-going merchant ships has been more than tripled. In this expansion the Commission has authorized and financed the construction of 20 emergency yards with 165 ways, and the addition of 45 ways to existing yards. Ship production capacity of the nation is now at an all-time high, and is considerably greater than that of all other nations combined. We have more than 60 shipyards now. They are on all coasts and the Great Lakes. More than 700 plants in nearly all States are producing ship materials.

"Because of this accomplishment by workers and management in American shipyards and industrial plants in keeping apace with the continually expedited production schedules—which the Axis aggressors have termed 'fantastic,' and 'impossible'—the Commission feels that these men, together with those men who are serving so valiantly on the ships of the merchant marine, merit a 'Salute to the Victory Fleet' on Sunday the 27th, the first anniversary of the Liberty ships.

"On behalf of all those men, I believe I am fully justified in assuring you, Mr. President, and the American people that they are not content with past accomplishment but will bend untiring effort to respond fully to your urgent plea for 'ships, more ships and still more ships; speed, more speed and still more speed' until the victory has been won."

Market Transactions In Govts. For Aug.

Market transactions in Government securities for Treasury investment and other accounts in August, 1942, resulted in net sales of $8,446,000, Secretary of the Treasury Morgenthau announced on Sept. 15. This compares with net sales of $2,295,000 in July.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—	
September	$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$2,500 sold
October	200,000 sold
November	No sales or purchases
December	$60,004,000 purchased
1942—	
January	$520,700 sold
February	29,980,000 purchased
March	5,814,450 purchased
April	300,000 purchased
May	16,625 purchased
June	250,000 sold
July	2,295,000 sold
August	8,446,000 sold

FDR Warns Colleges Of Wartime Problems

Declaring that "the challenge of the new day for American colleges is very great," President Roosevelt warned on Sept. 24 that "winning the war will be futile if we do not throughout the period of its winning keep out people prepared to make a lasting and worthy peace." The President made this statement in extending felicitations to Everett Needham Case, new President of Colgate University. The letter was read at the installation exercises held on the university campus at Hamilton, N. Y. This is learned from special Hamilton advices to the New York "Times" from Benjamin Fine, in which the President's letter was given as follows:

"May I take this occasion to extend felicitations to you and to Colgate University. You are beginning your term of service as President while the university is celebrating its 105th anniversary of Founders' Day.

"You will no doubt wish to build upon the achievements of Colgate's distinguished past but you will also find problems facing you quite unprecedented in the history of the institution. In a sense, therefore, you will be writing finis to one chapter and starting another.

"The challenge of the new day for American colleges is very great. All our energies at the present must be devoted to winning the war. Yet winning the war will be futile if we do not throughout the period of its winning keep our people prepared to make a lasting and worthy peace. This time the peace must be global the same as the war has become global. Around the peace table the voice of the United States will have great weight. It is of tremendous importance that that voice shall represent the aspirations of a people determined that mankind everywhere shall go forward to its destiny. The soul of that destiny is maximum freedom of the human spirit.

"I congratulate you on the great opportunity that is yours and hope that you will find the keenest satisfaction in undertaking the difficult task."

Chicago Home Loan Bank Mortgage Loans Up In July

Showing the first increase since April, the July borrowing for home ownership purposes in the Illinois-Wisconsin district reached $31,265,000, a gain of 3.3% over June, the Federal Home Loan Bank of Chicago reported on Sept. 19. It came nearer than either of the two preceding months to equalling the dollar volume for the like month of 1941, being 80% of last July's total, according to A. R. Gardner, President of the bank. In Wisconsin it was heaviest for any month so far in 1942 and in Illinois it was the year's third largest month's activity. Figures are for all mortgages recorded for $20,000 or less by all types of lenders. They show that 9,887 borrowers obtained mortgage loans of this size from some source this past July. This is more borrowers than in any post-depression July except 1941.

Philippine Functions To Interior Secretary

In an executive order dated Sept. 16, President Roosevelt transferred to Secretary of the Interior Ickes the functions, powers and duties of the United States High Commissioner to the Philippine Islands, together with the personnel, records, property and funds of the office. The last High Commissioner to the Philippines was Francis B. Sayre, who returned to the United States last March just before the surrender of the Islands to the Japanese.

Hillestad To Head Norges Bank In N. Y.

The Norwegian central bank, Norges Bank, which upon the German occupation of Norway in the spring of 1940 temporarily transferred its head office to London, England, has appointed Hallyard Hillestad its representative in New York for the United States, Canada, and certain Central and South American countries. Norges Bank has not previously been represented in this or other countries of the western hemisphere.

Mr. Hillestad has resigned as an officer of the J. Henry Schroder Banking Corp., New York City, to accept this appointment. His office will be at 2 Wall Street. The announcement further explained:

"Mr. Hillestad is a native of Bergen, Norway, and came to the United States in 1919. He has been with the J. Henry Schroder Banking Corp. since its establishment in 1923. He was graduated from the University of Oslo in 1917 with the degree of Cand. Oecon. He is a financial counselor to The Norwegian Shipping and Trade Mission here but has resigned from various corporation directorships to devote his entire time to the representation of Norges Bank.

"Norges Bank has now for more than two years carried on its business from its temporary head office in London, where it is registered under the British Companies' Act of 1929. As a consequence of the German occupation of Norway, Norges Bank, London, accepts no responsibility for any of the actions or engagements of the Oslo institution. The management of that institution, which now purports to be exercising the functions of a central bank, is not recognized by the Royal Norwegian Government as having any legal status whatever. It is under the domination of the German invaders. The bank notes issued by the Oslo institution, and other obligations to third parties incurred by it, have no validity as against Norges Bank, London, Mr. Hillestad explained. Currency now circulating in occupied Norway is German controlled and without national independence, as the result of which it is stated to be without its usual economic and legal significance.

"How the legal relations which have come into existence through Norges Bank functioning in occupied Norway should be taken into account will depend, Mr. Hillestad said, upon post-war legislative, administrative, judicial and other measures."

Our Reporter On "Governments"

(Continued from First Page)

Sales of some tax-exempts by insurance companies reported, reflecting companies' search for more cash to use in buying new taxable bonds at 2½% interest level. . . .

New York and Chicago banks were in easy position for a few days last week but this was just a lull. . . . Banks since have paid for $1,500,000,000 issue of Treasury notes, bought largely in this district, however. . . . And although war loan deposit arrangement was available on the notes, the Treasury is drawing on its cash balances with the banks at a terrific rate. . . . So, another near-squeeze is inevitable and soon. . . . Federal funds market may revive within a week or two. . . .

And then another cut in reserve requirements is due for banks in the two big cities. . . .

And following that—possibly in October—should come the first general cut in reserve requirements in many months. . . .

Government bond market is at dead center. . . . Never has it been so quiet for so long a time. . . . "Support has been so good it has destroyed the trading market!" was the bitter comment of one dealer. . . .

"Nobody wants to do anything," reported another major dealer, who went on to describe the market as in "a bad state of inertia." . . . Comments are graphic enough to show condition of market. . . .

Still expectations around that a bond issue will be sold in October, may awaken market. . . . As for coupon, argument persists as to whether a 2¼% coupon would be advisable just at a time when the 2s are being absorbed. . . .

TAX-EXEMPTS

If you'll glance at the list of bonds on the Government's ever-lengthening calendar, you'll see the tax-exempts have been notable for their lack of advancing power in recent weeks. . . . They've been in supply—compartively speaking, of course. . . . They've been leaders of the market in one sense but surprisingly uninspired leaders. . . . And this all has been in the face of increasing evidence that for another year, the tax-exemption feature on Government bonds is safe. . . .

Investigation discloses the supply is not coming from small holders of bonds, out-of-town investors or from savings banks. . . . Most bank holders are maintaining their positions, it is said. . . . And informed sources say the real liquidation is coming from insurance companies—with sufficient tax-exempts and with intentions of using the funds released to buy more tax bonds on the next issue. . . .

A generalization about the tax-exempts is an impossibility. . . . Everything depends on your own status, how you will fare under the new tax laws. . . .

But the tax-exempts do seem cheap. . . . Especially the long-term bonds, in relation to the long-term taxables. . . . If, after investigation of your position, you find you can use some more tax-exempts, consider the longer-terms. . . .

Chances are you'll make a profit just on the market movements between these and taxables during the next few months. . . .

Good buys appear to be the:

2¾s of 1965/60 at around 109¾ to yield 21.10% to call date, 2.21% to maturity;

2¾s of 1963/58 at around 109⅛ to yield 2.06% to call date, 2.20% to maturity;

2¾s of 1959/56 at around 108⅞ to yield 2.01% to call date, 2.11% to maturity. . . .

Canadian Harvest Behind Schedule

Harvesting operations in the Canadian Prairie Provinces are now running three weeks later than usual, with cutting of all grains about 75% completed and threshing about 25%, according to the weekly crop report of the Bank of Montreal issued Sept. 25. Frosts and wet weather have resulted in a general lowering of grades.

The bank further reported:

"Scarcity of labor and shortage of storage space have increased the difficulty of handling the huge crop. The Dominion Government estimates the production of wheat on the prairies at 587,000,000 bushels compared with 293,000,000 bushels in 1941 and coarse grains at 804,000,000 bushels compared with 289,000,000 bushels.

"Satisfactory crop conditions and yields are reported in other sections of Canada."

Eble Elected V.-P. Of Wm. Mericka Co.

CLEVELAND, OHIO.—At a meeting of the directors of Wm. J. Mericka & Co., Inc., Union Trust Building, held Sept. 28, 1942, Howard J. Eble of that firm was elected to the position of Assistant Vice-President.

Mr. Eble joined Paine Webber & Co., Cleveland, in 1928 in their unlisted trading department, and remained with Paine Webber & Co. until 1932, at which time he became associated with Wm. J. Mericka & Co., Inc., and remained with them until 1939.

From 1939 to 1941 he was with the firm of Johnson, Kase & Co. of Cleveland, after which he rejoined Wm. J. Merica & Co., Inc.

Mr. Eble is a specialist in Ohio over-the-counter securities, and is well known throughout the State for his knowledge of bonds and land trust certificates.

Waldmann Represents Mercantile Commerce

George R. Waldmann representative here for the past 11 years of the Manufacturers & Traders Trust Co. of Buffalo, and previously in the municipal bond department of W. A. Harriman & Co., Inc., has been appointed New York correspondent of Mercantile-Commerce Bank & Trust Co. of St. Louis.

Mr. Waldmann is a member of the Bankers Club of America, The Bond Club of New York, the Municipal Securities Committee of the New York Group of the Investment Bankers Association, and The Municipal Bond Club of New York, of which latter he was an officer and governor.

Kassebaum To Manage Ingalls-Snyder Dept.

Ingalls & Snyder, 100 Broadway, New York City, Members New York Stock Exchange, announce that John E. Kassebaum, formerly with Winthrop, Whitehouse & Co., is now associated with them as manager of their investment bond department.

Stein & Burian Join Strauss Bros. Dept.

Strauss Bros., 32 Broadway, New York City, announce that John R. Stein and Arthur J. Burian have become associated with them in their trading department. Mr. Stein was formerly with Ernst & Co., and Mr. Burian was with Bonner & Gregory. The firm also announces that the direct wire from their New York to their Chicago offices has been extended to St. Louis.

William Frankel and Soren Nielsen of the trading department have joined the armed forces.

Sound Railroad System Held In National Interest

A financially sound railroad system is in the national interest, according to the current bulletin issued by Strauss Bros., 32 Broadway, New York City. ". . . an interesting sidelight is provided by present transportation difficulties within Germany," the bulletin continues, "where, competent opinion asserts, continued neglect of the railroads is likely to lead to a serious breakdown in transportation facilities, with ultimate effects upon Germany's ability to maintain her fighting fronts. We can take grim satisfaction in the discomfiture of our enemies, and congratulate ourselves on the tremendous job that is being done by our own railroads."

Copies of the Bulletin may be had from the firm upon request.

Simmonds On ABA Comm.

A. C. Simmonds, Jr., Vice-President of the Bank of New York, New York City, has been appointed a member of the National War Loans Committee of the American Bankers Association, it is announced by Henry W. Koeneke, President of the Association. Mr. Simmonds has served on many special committees of the Association and is a member of the credits faculty of the Graduate School of Banking, conducted by the American Bankers Association at Rutgers University.

Richmond Corp. Dissolves

RICHMOND, VA.—The Richmond Corporation, 726 East Main Street, discontinued business as of Sept. 30. Rutherfoord Fleet, formerly president of the corporation, has become a vice-president of Lawyers Title Insurance Corporation. J. Joseph Day, previously vice-president of the Richmond Corporation, has been appointed a vice-president of the Morris Plan Bank of Virginia.