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OUR REPORTER'S REPORT

The investment banking world is patiently awaiting final passage by the Congress of the new War Revenue Bill as a means of helping to chart its course for the months ahead.

With tax matters in a state of flux for many weeks, there has been a disposition on the part of potential issuers to hold back for a better view of that phase of the situation.

It was recognized that much effort might be wasted in proceeding to draw up a program for a given company only to find that changes in the pending bill had upset all schedules.

The wisdom of the course pursued is plainly evident from the structure of the bill as it leaves the hands of the Senate as contrasted with the set up of the legislation sent forward by the House.

Once the matter of taxes is settled bankers will be able better to gauge the job which is ahead of them. But even after that there will be many difficulties ahead and there is no disposition to attempt to look around these barriers.

The biggest of these, of course, is the need for the Treasury to have full access to the market in carrying through its war financing. Just how corporations will be permitted to squeeze in between these frequent national loans is something which remains to be seen.

Railroad Business Ahead

The market fraternity is confident that the new War Revenue Act containing, as it does, provision for corporations to buy back outstanding bonds at prevailing

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Our Reporter On "Governments"

This is a column of comment on Government finance—a straight-talking, hard-hitting week-to-week report on how the Treasury is handling its financing of the war and how its offerings of securities are being taken by the market. . . . Its purpose is to inform investors about gossip and reactions within the market itself. . . . Its objective is to serve as a guide. . . .And now with this introduction, never before considered necessary by this writer, this sentence is written:

The last issue of Secretary Morgenthau's was a mistake. . . . A bad mistake. . . . For the first time in years, the Treasury Chief is "shaving 'em too closely." . . .

It takes considerable courage to write these words, for the first instinct of any true American these days is to be patriotic—to minimize the seeming faults of our Administration, to play up the virtues, to encourage all citizens to go all-out on the war effort. . . . And for us, going all-out means supporting to the last penny whatever offerings the Treasury deems fit to tender. . . .

Nevertheless . . . Consider what Morgenthau gave us last Thursday. . . . A 2% bond of 1952/50, which means a 2% bond of 1952, for obviously these very low-coupons are not going to be refunded or repaid until the last moment. . . . A 1½% note of 1946, representing an additional offering of the Decembers, 1946, already outstanding in the amount of $1,119,000,000. . . .

There are eight issues of 2s on the list now! The three "middle" issues of 2s due 1951/49 and taxable, are just getting to a fair position. . . . For months, these issues have been lagging behind the market, have been indicating poor distribution. . . . Their prices have been supported at slightly above par. . . . Had not the Federal Reserve tendered support to these issues, they never would have remained consistently above 100. . . .

There's another issue of taxable 2s of 1955/51 which has been selling at around the par level for a long time too. . . .

It's unnecessary to labor the point. . . . The 2% coupon has been used too many times in recent months. . . . Banks outside the big cities of Chicago and New York have indicated clearly their wish for a 2¼% coupon. . . . Insurance companies in and outside the major cities have indicated clearly their wish for longer-term bonds. . . .

So what does Morgenthau do? He gives us another 2% bond due in 10 years and placed so close to the market that only strong support by the authorities on the day of offering prevented a nasty decline. . . .

To be frank about it, not since the issue of the ill-fated 3s of 1955/51 just before England abandoned the gold standard have dealers around New York been so shocked at a financing choice by our Treasury. . . .

A 2% RATE

The Secretary has announced the results of the issue. . . . You know them now. . . . $4,100,000,000 of subscriptions received for a $4,000,000,000 issue, indicating allotments to banks at close to 100%. . . . Not since 1933 has an issue been subscribed by so narrow a margin. . . . Not for years has the financial community responded so poorly to a Government financing. . . .

"We took the chance and we were successful," said the Secretary on Monday. . . . "I think the taxpayers will be happy. I consider it a real victory for the Treasury and the Federal Reserve Board." . . .

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On The Home Front In 1918 Will History Repeat?

Editor's Note—The United States entered World War I in April, 1917, and the conflict was formally ended with the signing of the Armistice on Nov. 11, 1918. Under the stress of wartime conditions, the domestic economy was subjected to widespread dislocations as a result of the controls and restraints imposed on business and industry by the National Administration. The nation is now undergoing even more radical changes in its fundamental structure than was the case in 1918. For this and other reasons, we believe it very timely and pertinent to present now a review of the situation which prevailed on the "home front" during the previous conflict. The record for that period as it appeared in the Financial Review for 1918 published by the "Chronicle," is reprinted herewith:

At home the war made necessary many privations. These included fuelless days and lightless nights and, in the matter of food, numerous restrictions regarding the use of wheat, and meat and sugar as well. In fact, conservation in the use and consumption of materials and supplies (not omitting labor) was practiced in every direction. These restrictions and regulations were necessary in order that the production of things so essential to the conduct of the war might be continued with unabated energy, that the military forces of the United States might be properly clothed and fed, and in every way nourished and equipped, and last, but by no means least, that adequate food supplies might be furnished to the countries of Europe associated with the United States in the great struggle. This last was a task of gigantic magnitude. When 1918 opened the situation abroad was that, after nearly four years of war, Great Britain, France and the other Allies were reaching the point of exhaustion in their food supplies and their manpower, and the duty rested upon the United States of re-enforcing both, and to do it with no hesitation and with the utmost freedom, because delay or hesitation or stint or insufficiency might make the effort utterly futile. Conservation and privation became all the more necessary inasmuch as our own hoards at home were by no means plenteous and in some respects were actually deficient. That in face of such circumstances the United States was able to meet all the requirements—that it was able to rush both food supplies and troops abroad in almost unlimited degree—attests at once the skill and the ingenuity with which the huge undertaking was carried out and the loyalty and the self-denial with which the population supported those in authority. It may be added that from the moment the United States entered the war (in April of the previous year) the further task devolved upon this country of financing the purchases here of all the Allied countries. After the signing of the Armistice, the restrictions were one after another quickly removed, and at the close of the year few of them remained in effect.

It was in the case of wheat that meeting European require-

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Says SEC Disclosure Rule Would Eliminate Markets For Securities Of Smaller Companies

The proposed SEC bid and asked disclosure rule, X-15C1-10, would destroy the only market available for the securities of many smaller companies which are not widely distributed, it was stated by Martin Judge, Jr., of Hill, Richards & Co., San Francisco, in a letter published recently in the San Francisco "News." Mr. Judge also observed that the regulation "will likewise destroy the efforts that have been made by brokers who have interested themselves in the shares of these limited companies" to the consequent detriment of the shareholders. Text of the letter, as it appeared in the Coast newspaper, follows:

"Your articles appear under a Philadelphia dateline, that city being the new home of the SEC. The implications in the articles are unfair.

"On many unlisted securities there are no bid and asked quotations. I am referring mostly to the smaller capitalized companies, shares of which are not widely distributed. I can recite a local experience of more than 25 years in which markets have been developed in these limited companies by brokers who have made a business of studying the history and dividend records of individual corporations.

"Before this broker interest existed an estate compelled to liquidate or a stockholder requiring funds, had the alternative only of selling the shares to an officer or director of the company at his elected price. This highly specialized broker service, resulting in great benefits to all the stockholders, is entitled to compensation in excess of the regular brokerage fees paid on listed securities, where the auction market requires no effort.

"In most of these limited companies it would be impossible to quote an actual bid and asked price on the shares. Take, for example, San Francisco Bank. All you can tell an inquiring customer is your knowledge of the last sale, say $9,500. No one will make an actual bid and asked price, each transaction being an individual effort to effect a purchase or a sale. A quick sale might be made to the "inside," say at $9,300, but the effort of an experienced broker might realize $9,600 net for the seller, the broker's undisclosed profit perhaps being $100.

"Over a period of more than 23 years I have accumulated card records and circular information on more than 20,000 Pacific Coast stocks and bonds. The service has been available to banks, estates and other brokers, at their request. This naturally has been at great cost and compensation for the service can only come from an occasional transaction.

"The new restrictive SEC rulings, applying to all securities, once becoming law, will find me impotent for any continued service. It will likewise destroy the efforts that have been made by brokers who have interested themselves in the shares of these limited companies and leave the minority shareholders without the markets these specialized brokers have heretofore been able to provide."

Stolle Heads Saxton; Johnson Joins Firm

G. A. Saxton & Co., 70 Pine Street, New York City, announce that Carl Stolle has been elected President of the company, succeeding the late George A. Saxton. Mr. Stolle has been associated with the company for many years as Vice President.

The firm likewise announced that Mr. Walter R. Johnson, formerly a partner of T. L. McDonald & Co., has become associated with the trading department of G. A. Saxton & Co.

Lucas, Ernst, Others With Walston-Hoffman

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—John J. Lucas, J. C. Ernst, Clarence M. Frank and Patrick T. Kavanaugh have become associated with Walston, Hoffman & Goodwin, 265 Montgomery St., members of the New York and San Francisco Stock Exchanges. Mr. Lucas was formerly a partner in Eastland, Douglass & Co., with which Mr. Ernst was affiliated in charge of the investment and trading departments. Mr. Frank and Mr. Kavanaugh were also connected with Eastland, Douglass & Co.

N. Y. State Income Tax Payment Is Due Today

The final installment of the 1942 New York State income tax is due today (Oct. 15). Carroll E. Mealey, President of the State Tax Commission, said payments were expected from 100,000 state income taxpayers who use the installment plan. They will pay a total of approximately $9,000,000. The Oct. 15 payment represents one-fourth of the total tax of those who pay by installment. Half was paid April 15 and one-fourth June 15. The Department points out that if mailed, the October payment should bear a postmark not later than midnight tonight. Otherwise, the taxpayer is subject to delinquency penalties.

W. Monro Named Pres. Of Schoellkopf-Hutton

BUFFALO, N. Y.—Walter J. Monro, Vice-President of the firm since 1935, was chosen President of Schoellkopf, Hutton & Pomeroy, Inc., 70 Niagara St. Mr. Monro succeeds the late Jacob F. Schoellkopf as head of the securities firm.

SEC Expected to Move Slowly on Bid-Asked Rule

The over-the-counter industry noted with marked satisfaction informal assurances from Philadelphia of the intention of the Securities and Exchange Commission to proceed cautiously in connection with its proposed "full disclosure" rule governing counter transactions. Although the deadline for the submission of views to the Commission regarding the suggested regulation was not extended beyond Oct. 15, it was expected that the Commission would continue to accept comments beyond that date without formal announcement to that effect. These reports suggested that the SEC has come to realize the serious threat embodied in Rule X-15C1-10 to the welfare of the industry and the investing public and served to arouse some hope within the industry that the plan may be entirely abandoned or so revised as to make it less harmful to the business.

DEALER BRIEFS

Boston, Mass.

The urgency to invest in war bonds as the patriotic thing to do has caused many investors to again think in terms of general investments also. There is a very definite desire on the part of private investors to stabilize their income by investing more money to offset the dividend reductions which have taken place.

Railroad bonds of the calibre of Southern Pacific Company 4½s due 1969, New York Central Railroad Company 4½s due 2013, and Georgia Southern & Florida Railway Company First 5s due 1945; and good operating utility preferreds seem to meet with approval.

Investor confidence is definitely on the increase.—*Arthur Rand, Arthur Rand & Co.*

Although fixed income securities are very popular now in New England, we have found increasing interest developing in favorably situated preferred stocks with dividend arrearages.

We believe this to be a sign of an approaching market here for equity stocks.—*Paul Dudley Childs, Childs, Jeffries & Thorndike, Inc.*

Chicago, Ill.

We believe that the Allied Nations will win the war; we are certain that taxes will not always be 45% and 90%; we believe that there will be a return of "Free Enterprise."

Equities in sound American businesses are on the bargain counter, especially such companies as occupy a good war position and have favorable peace time prospects.

We as underwriters and wholesale distributors find many far-sighted dealers doing an active business on such issues that we have been able to offer that come within the above classification.—*Floyd D. Cerf, Floyd D. Cerf Company*

The surest way to learn "how much you love" the Investment Business is to take a leave of absence and work at something else for several months . . . You will be glad to get back to your own bed and stay there.

After all is said and done, the Investment Banking Business, like mining, steel, radio, transportation, battleships, planes and the Army and Navy, will have its day in Court, and so too, will the Stock and Bond Market . . . Repealing the Prohibition Act was a one to fifty bet in 1931 . . . Two years later a new political party took over, and the wings of Volsteadism were clipped . . . six months later the last guns of prohibition were spiked and the common folks were drinking beer at 10c a glass. Laugh if you want to—but few thought Prohibition would ever be repealed. It takes patience to sit back in the bushes and watch the pendulum swing . . . but the rewards are big . . . Patience is not one of our common national characteristics and that is why the few who have it do so well.—*Kneeland & Co.*

Cincinnati, Ohio

The apathy of our clientele has been most pronounced in the past several months. However, the very recent improvement and activity in the big board has apparently instigated a revival of at least inquiry on the part of our customers. This factor leads us to believe that a very definite underlying potential interest exists which, if once set into motion, will be the making of a much better market. The stimulus to bring into action this revival

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Twin City Bond Men Elect Jackish Pres.

MINNEAPOLIS, MINN.—Geo. V. Jackish, Harris Upham & Co., was chosen President of the Twin City Bond Traders Club, Incorporated, at the annual election of officers of the club held recently.

George W. Jackish

Edward J. Knight, Wells-Dickey Co., Minneapolis, was named Vice-President; Walter Space, Thrall West Co., Minneapolis, Secretary; Adolph Helfman, First National Bank of St. Paul, Treasurer. Kermit B. Sorum of Allison-Williams Co., Minneapolis, was elected National Committeeman.

The Twin City Bond Traders Club is an affiliate of the National Security Traders Association.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Oct. 9 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Oct. 14, 1942, and to mature Jan. 13, 1943, which were offered on Oct. 7, were opened at the Federal Reserve Banks on Oct. 9.

The details of this issue are as follows:

Total applied for—$713,102,000.
Total accepted—$400,438,000.
Range of accepted bids:
High—99.924. Equivalent rate of discount approximately 0.301% per annum.
Low—99.905. Equivalent rate of discount approximately 0.376% per annum.
Average price—99.906. Equivalent rate of discount approximately 0.373% per annum.
(48% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 14 in amount of $301,186,000.

Ins. Situation Good

The insurance companies at present are in a favorable situation and offer attractive possibilities, according to the current issue of "News Review," published by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Calif. Copies of the "Review" containing brief discussions of a number of situations which Butler-Huff & Co. considers especially interesting may be had from the firm upon request.

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New Zealand's Minister To Address Bond Club

The Honorable Walter Nash, Minister for New Zealand, will address the Bond Club of New York at its first luncheon meeting of the current season on Oct. 27, Albert H. Gordon, President of the club, announced today. Mr. Nash will discuss "New Zealand in the War."

A. Seidler, Jr. Joins Julius A. Rippel, Inc.

NEWARK, N. J. — Alexander Seidler, Jr., formerly Assistant Vice President of Colyer, Robinson & Co., Inc., has become associated with Julius A. Rippel, Inc., 744 Broad Street. Mr. Seidler is a graduate of Princeton University and is a member of the Bond Club of New Jersey.

Wm. Woods Transfers To N. Y.; Smith To S. F.

Ferdinand C. Smith, partner of Merrill Lynch, Pierce, Fenner & Beane in charge of the Portland office, is being transferred to the firm's San Francisco, Calif. office at 221 Montgomery Street, succeeding William W. Woods as manager of that branch.

Mr. Woods, also a partner in the firm, will be brought to New York to contact banks and institutions. In the past Mr. Woods was a Vice-President of the National City Bank and for two years was in charge of the bank's Argentina branch.

Calif. Bank Debits Climb

Bank debits in the sixteen California clearing house cities in August ran 21% ahead of the same month last year, bringing the January-August debits 18% above the 1941 figures, according to a current issue of Business Outlook published by Wells Fargo Bank of San Francisco.

Ira Haupt Expanding; To Take New Quarters

On or about Oct. 17, Ira Haupt & Co., members of the New York Stock Exchange, will move to new and enlarged quarters at 111 Broadway, New York City.

Samuel E. Worms and Claude S. Newman, formerly senior partners in the dissolved firm of Newman Bros. & Worms, recently were admitted to general partnership in the firm. Jules R. Gimbernat, Jr., for many years manager of the railroad bond department of Ira Haupt & Co., also becomes a general partner. Abbott L. Baum and Herbert C. Newman, formerly partners in Newman Bros. & Worms, have joined the Haupt organization.

Ira Haupt & Co. will retain the present personnel and offices of Newman Bros. & Worms, located at 349 East 149th St., and 15 East Broadway, New York City, and 1615 Pitkin Ave., Brooklyn. Newman Bros. & Worms' office at 25 Broad St. will be moved to 111 Broadway and consolidated with Ira Haupt & Co.'s main office.

The firm of Newman Bros. & Worms was originally formed in 1916 and in its early days was closely identified with the cotton and commodity markets. The firm has had a membership on the New York Stock Exchange since 1922 and maintained memberships on the leading Exchanges.

The predecessor of the Haupt organization was formed under the name of Hart & Haupt in 1919. In 1927 the name was changed to Ira Haupt & Co., and in 1932, Udo M. Reinach, a senior partner, joined the firm. Other partners in the firm are: Bertram M. Goldsmith, Martin Scherk (in the armed forces) and Townsend E. Allen.

Admission of Messrs. Worms, Newman and Gimbernat to partnership in Ira Haupt & Co. was previously reported in the "Financial Chronicle" of Sept. 24.

G. Huberty Jr. Joins Goodbody In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO — George Huberty, Jr. has become associated with Goodbody & Co., National City Bank Building. Mr. Huberty was formerly in the trading department of Curtiss, House & Co.

F. E. Gernon To Join Carl M. Loeb-Rhoades

Frank E. Gernon will become associated with Carl M. Loeb, Rhoades & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, as of November 1st. Mr. Gernon for many years has been associated with Hayden, Stone & Co., of which he has been a partner since 1929.

Chas. Doyle to Manage Dept. for E. J. Duffy

Charles E. Doyle, formerly of Charles E. Doyle & Co., has become associated with Edward J. Duffy & Co., 111 Broadway, New York City, as manager of the firm's unlisted department.

Edward J. Duffy & Co. are members of the New York Stock and Curb Exchanges.

New Firm In Jacksonville

JACKSONVILLE, FLA.—Southeastern Securities Corporation has been formed to engage in a general securities business from offices in the Graham Building. Officers of the new firm are Donald B. Brayshaw, President; John W. Muskoff, Vice-President and Treasurer, and Mrs. M. D. Snyder, Secretary.

The Cliffs Corporation

Common Stock

By J. A. NELSON

Business: Organized in 1929, the Cliffs Corporation is an industrial holding company the policy of which is to own on a long-term basis, large blocks of common stock of leading steel companies. Its corporate structure is simple, the balance sheet as of Dec. 31, 1941, consisting in substance of its holdings of steel stocks, as shown below, on the asset side and 805,734 shares of its own common stock on the liability side. There was no bank indebtedness, and small current liability items were more than offset by cash on hand.

Investments:

No. of Shares	Security
102,500	Inland Steel Co., common
160,449	Republic Steel Corp., common
30,000	Wheeling Steel Corp., common
100,500	Youngstown Sheet & Tube Co., common
408,296	Cleveland-Cliffs Iron Co., common

Book Value: Based only on the current market value of the company's holdings of Inland, Republic, Wheeling and Youngstown, as shown above (and without giving any value to the ownership of 100% of the common stock of Cleveland-Cliffs Iron Co.) the book value of Cliffs Corporation common stock is $16.25 a share.

Income and Dividends:

	1937	1938	1939	1940	1941
Net income per share	$0.92	$0.25	$0.40	$0.80	$1.35
Dividends paid per share	0.80	0.25	0.40	0.75	1.25

1941 dividends were paid as follows: 20¢ April 5th, 25¢ June 20th, 25¢ Sept. 25th, 55¢ Dec. 22nd. A payment of 20¢ was made on March 20, 1942, also June and Oct. 20¢, total 60¢.

Cleveland-Cliffs Iron Company: This company is a long-established enterprise of substantial size engaged in mining iron ore and coal, in lumbering and shipping and various other activities, and owns vast and important natural resources. Its net earnings in 1941 totaled $4,149,512, equal after regular preferred dividends to $4.20 a common share—or the equivalent of $2.13 a share of Cliffs Corporation stock. Because of large preferred dividend arrears, Cleveland-Cliffs Iron Co. is paying no common dividends, but a continuance of the present earning level would suggest that some action could be taken to clear the preferred arrears, permitting resumption of common payments.

Comment: The common stock of Cliffs Corporation currently is available at considerably below the market value of the company's holdings of listed steel stocks, without giving any value to its ownership of all the common stock of Cleveland-Cliffs Iron Co. In view of the demonstrated earning power of the latter company, we regard this holding as an asset adding substantially to the potential value of Cliffs Corporation stock and offering possibilities of contributing importantly to the company's income in the future. In our opinion, Cliffs Corporation common stock provides an attractive method of acquiring an equity interest in the steel industry.

It will be noted that since the middle of 1940 steel production has remained well above the 1937 high and has continued in an advancing trend. If, as most authorities predict, production is maintained at current or higher levels for an indefinite period, steel companies should continue to realize substantial earnings. In sharp contrast, the current market for Cliffs Corporation stock is far below its 1937 high and, in fact, is at the approximate low for the past six years. At the same time per share earnings and dividends on the stock in 1941 were the largest since 1930.

N. Y. Analysts To Meet

At the luncheon meeting of the New York Society of Security Analysts, Inc., on Friday, Oct. 16, at 56 Broad St., New York City, Benjamin Graham will lead an interesting discussion on "Stockholders and the Managerial Revolution." It is understood that a number of special situations will be considered.

G. B. Menden Now With Farwell, Chapman Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—George Bertram Menden has become associated with Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Menden was formerly with the Chicago office of Jackson & Curtis for many years in charge of the investment department.

Interesting Situation In Elastic Stop Nut Corp.

Ward & Company, 120 Broadway, New York City, have just issued an interesting memorandum on Elastic Stop Nut Corporation in which they point out that the history of the Company has been good and the outlook appears to be exceptionally bright. The memorandum also stresses the fact that Elastic Stop Nut Corporation has filed a registration statement with the SEC indicating that they propose to increase their capitalization through the issuance and sale of $2,500,000.00 of new 6% Cumulative Convertible Preferred stock.

Copies of the memorandum may be had from Ward & Company upon request—write for Memo No. 251.

New York Stock Exchange Weekly Firm Changes

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

Proposed transfer of the Exchange membership of Victor B. Cook to Harry F. Bliss will be considered on Oct. 22. Both are partners in Merrill Lynch, Pierce, Fenner & Beane, New York City.

Proposed transfer of the membership of the late John H. McMannus to Kenneth G. Judson, partner in Judson & Co., New York City, will be considered on Oct. 22.

The proposal that Archibald Douglas, Jr., act as alternate on the floor of the Exchange for Van Vechten Burger will be considered on Oct. 22.

Fitzhugh J. Dodson, partner in Stein Bros. & Boyce, Baltimore, Md., will retire from the firm as of today.

Situations Interesting

The current situation in Cliffs Corporation Common and Cleveland Cliffs Iron Preferred offers attractive possibilities according to a report just issued by Wyeth & Co., members of the Los Angeles Stock Exchange, 647 South Spring Street, Los Angeles, and 40 Wall Street, New York City. Copies of the report may be had from Wyeth & Co. upon request.

Kelly With Blyth Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Edward J. Kelly has become associated with Blyth & Co., Inc., 135 South La Salle Street. Mr. Kelly was formerly in business for himself in Chicago under the firm name of Edward J. Kelly & Co. and prior thereto was with Babcock, Rushton & Co. for a number of years.

REAL ESTATE SECURITIES

REDUCTION IN ASSESSED VALUES HELPFUL TO MANY PROPERTIES

Values placed upon real estate by the taxing bodies of municipalities have for many years been out of line with true value and inconsistent with the earning power of the properties.

In the last few years, many owners unable to come to agreement with these taxing bodies as to a fair reduction, have resorted to "certiorari proceedings" instituted in the proper courts seeking to obtain a reduction of excessive real estate taxes and to recover a portion of the taxes paid for prior years.

Decisions of the court favorable to the plaintiff result usually in a net cash refund after fees and the establishment of a reduced tax assessment base for the current and future near term years. The tax rate in New York City is roughly $3.00 a thousand and this rate applied to a million dollar reduction in assessed value results in a saving of approximately $30,000 a year. Such savings are important not only to the owners of the property but to the public which holds the outstanding mortgage bonds.

The court recently granted a reduction in assessments totaling $1,625,000 for two years under consideration in the case of Forty Wall Street Building, Inc., which in the judgment of the directors was not adequate, therefore an appeal seeking further reduction was filed. A reduction of $500,000 in the assessed value of 165 Broadway Building was granted, also $185,000 to the 10 East 40th Street Building, Inc. Many other reductions have been granted to other properties and the move seems to be on for owners to seek reasonable assessments based on present conditions.

Support Of Ruml Pay-As-You-Go Tax Plan Advocated By N. Y. Chamber of Commerce

Frederick E. Hasler, President of the Chamber of Commerce of the State of New York, announced on Oct. 4 that the Chamber was enlisting the cooperation of other chambers, taxpayer groups and kindred organizations throughout the United States in an effort to bring about the adoption by Congress of the Ruml pay-as-you-go plan for payment of income taxes. The New York Chamber unanimously endorsed the plan at a special meeting on Sept. 10 at which Beardsley Ruml, the author, spoke. As the initial step, Mr. Hasler sent a letter to the nationwide membership of the Chamber requesting members to back-up their belief in the Ruml plan by urging its adoption upon their Senators and Congressmen.

This was followed by a letter to officials of several hundred other leading organizations in every State suggesting that if they were in favor of the plan that they might wish to take similar action with their individual memberships. Enclosed with each letter were copies of the report on the Ruml plan adopted by the Chamber and Mr. Ruml's address. Copies of both were sent also to members of the Senate Finance Committee which is considering the 1943 tax measure and to officials of the Treasury Department. As to the Chamber's efforts Mr. Hasler on Oct. 4 said:

"Adoption of the Ruml plan will give Congress an opportunity to right an injustice which, through lack of foresight, was perpetrated on the taxpayers when the income tax first was imposed. Now we are faced with a situation where with the heavy taxes which will have to be paid next year to help finance the cost of the war, millions of taxpayers in the lower and middle brackets will be unable to pay their income taxes out of current earnings already reduced in purchasing power by the sharp rise in the cost of living and facing further shrinkage unless a ceiling is placed on farm prices and wages.

"The result of this will be that in order to pay the previous year's tax debt many persons with small, fixed incomes will abruptly stop purchasing war bonds and turn back to the Government some or all of those they have bought; others will be compelled to sacrifice their life insurance or the savings of years, default in payments on their homes and abandon plans to continue the education of their children. Nothing will break down the morale on the home front more disastrously than this. Congress can help to prevent it by adopting the Ruml plan."

In his letter to officials of other Chambers of Commerce, Mr. Hasler said:

"First let me say that the (Ruml) plan is not intended as a protest against taxes or increased taxation for war purposes. We believe that all of our people throughout the country are willing to make every sacrifice in order to further our war plans and to achieve victory, but we firmly believe that in the process of taxation, its collection should be made as fairly and as easily as possible, especially for those who are not classed as 'big business' or persons of large means.

"Chambers of Commerce are frequently accused of acting only in the interest of 'big business' and of men of wealth, but in advocating the Ruml plan we firmly believe that it would be of inestimable value to those in the low and middle income brackets."

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Arthur W. Alstrin** is now affiliated with **John A. Dawson**, 1 North La Salle St. Mr. Alstrin was formerly with Bear, Stearns & Co. and prior thereto for many years with Stein, Brennan & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Gerald F. Barron** has become associated with **Doyle, O'Connor & Co.**, 135 South La Salle Street. Mr. Barron was formerly with Thompson Ross Securities Company, J. P. Blaney & Co. and R. H. Smart & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **William B. Daniels** has become connected with **Link, Gorman & Co., Incorporated**, 208 South La Salle Street. Mr. Daniels was previously with Thompson Ross Securities Co., Inc. and for many years with Addison Warner & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Arthur S. De Pew**, formerly with Thompson Ross Securities Co. for a number of years, has joined the staff of **Ryan-Nichols & Co.**, 105 South La Salle Street.

(Special to The Financial Chronicle)

LOUISVILLE, Ky.—**Emil F. H. Hammerschmidt** is with **Berwyn T. Moore & Co., Inc.**, Marion E. Taylor Building. Mr. Hammerschmidt was formerly with the Kentucky Title Trust Company.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **Jerome U. Bihl** has become affiliated with **Leo G. MacLaughlin Co.**, 54 South Los Robles Avenue. Mr. Bihl was previously with Reagan, Carr & Gaze, Ltd., and Fox, Castera & Co.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Roland H. Rhotehamel** has been added to the staff of **W. H. Heagerty & Co.**, Florida Theater Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Clifford Penn Thomas** is now connected with **Bankamerica Company**, 625 Broadway. Mr. Thomas was formerly with Wheaton & Roberts and Fox, Castera & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**William C. Holmes** has joined the staff of **H. R. Baker & Co.**, Russ Building.

"We Can Pay The War Bill"

Professor Alvin H. Hansen (Harvard Professor-Treasury Department Adviser) under this title writes a provocative article in a current periodical.*

It is Professor Hansen's point that our fears of a large national debt at the war's end are pretty much groundless. For he emphasizes that as a nation in the real meaning of the word we should be "debt free"; in other words we will owe no money whatsoever to any other country; in fact to some extent may be in a creditor position. He feels that at the war's end our national annual income will reach 110 to 120 billions of dollars and that our internal national debt will certainly not reach double that figure. The ratio of debt; below twice annual national income, he goes on to say, has been demonstrated by British experience as being thoroughly "manageable."

The Professor also is convinced that for many other reasons we shall be able to support this high internal debt. We will have fabulous productive capacity at the war's end, perhaps 50% higher than in pre-war years, and we will come out of the war with a tremendously increased trained and skilled working population.

These factors will permit us to produce a higher real income than we have ever before experienced and will aid us in surviving the inevitable "technological revolution."

Professor Hansen is not disturbed by the increase in prices that has been witnessed so far and points out that in the last war in a comparable period the price rise was three times that which we have so far encountered. To prevent further spiraling he recommends taxing corporate profits to the limit and much heavier taxation of incomes below $3,000, adding that we should adopt, for the period of the war only, a retail sales tax.

The point is also made by Professor Hansen that unless bold policies are adopted we shall sooner or later run headlong into very serious depressions; emphasizing out that we have had long and serious depressions in the past that had no connection with war. He stresses the opinion that the government may have to step in boldly in its efforts to sustain income and employment, and ends on the challenging note; "We need a dynamic leadership by American business, unafraid to use the state as an engine of expansion and economic progress."

* * *

Stray Comments

Mr. Morgenthau's demand for a 6 billion dollar additional tax bill may have been timed to obtain smooth and early passage by Congress of the 1942 bill today reported to the Senate. * * * If the war is not going to be too long and if recapped tires are "just around the corner," prehaps investors should be giving consideration to the currently tax exempt Triboro Bridge 3¼s of 1980 (selling around 80-81½), and Port of New York Authority 3s of 1975 (around 91-92½). * * * Retailers of hard goods and men's clothing may find the going rather difficult, but Lerner Stores, a ladies ready-to-wear chain, should be far less vulnerable to priorities, rationing and the like. * * * If we are to have $25,000 salary ceilings (after taxes), individuals with substantial income from interest, dividends and capital gains will be in a relatively advantageous position.

The Market

Share prices continue to show reasonably sustained strength and we would look for a continuance of the present pattern. Investors apparently are a little more ready to use idle cash for the purchase of high-grade equities and it is a state of mind that we believe is quite likely to continue.—*Ralph E. Samuel & Co.*

*October "Atlantic Monthly."

Tomorrow's Markets Walter Whyte Says—

Despite general market optimism technical signs point to top. Selling now and buying back later is advised as trader's credo.

By WALTER WHYTE

One of the hardest things for a trader to do is to go against the tide. To be bearish when everyone around is bullish; or bullish when everyone else is bearish goes against every human trait. We are all creatures of habit and custom. The one thing we fear is to be different. It's easy to sit back and read a market letter and agree with what it says. It's not so easy to forget what somebody else says and do one's own thinking. It opens up dangerous ground and leads to mental confusion. So most people like to have somebody do their thinking for them. That's one of the reason why radio commentators and newspaper columnists have such wide followings.

* * *

Here we are in the midst of a market which seems, at long last, to have made up its mind and gone up like a rocket, volume and everything. And here am I with the unmitigated gall telling people to get out while the getting out's good. Yet that's exactly what I'm doing.

* * *

The market has gone up nicely. It has caused a lot of people to change their minds. The public has stopped asking for quotes and is actually beginning to fill out order slips. Everything seems rosy. God's in His heaven and all's well with the world. But beneath all this sweetness and light the market is throwing signals I interpret as danger ahead.

* * *

It is possible the dangerous shoals may be negotiated with just a minor set back; maybe no set back at all, just dullness. Yet I have seen these things happen too often to just shrug them off casually.

No one knows better than I how widespread is the feeling of optimism in the Street. Everybody seems to agree the market is going higher. No one would like to believe it more. But substituting wish for the belief is seldom profitable in this business of buying and selling stock certificates, very few of which we see anyway. For if there is any business that is more cold-blooded about evaluating the past, present and future than the stock market I don't know what it is.

* * *

A favorable war communique, a rousing speech by an impassioned orator lift our hopes or dash them to the ground. Yet the market is not concerned, with either pretty speeches or optimistic news communiques. It takes available facts, weighs them and calculates their cumulative effect on the price structure and acts accordingly. Frequently the resultant action seems crazy in the light of generally known news. But at a later date it is seen it was the market that interpreted the news properly and not columnists, radio commentators or windy politicians.

* * *

Three weeks ago I wrote the market showed enough guts to not only cross the obstacle at 110 (DJ) but also showed latent ability to go to somewhere between 112 and 116. The next week I felt a little different but I still kept the profit taking figures in the stocks you held at figures calculated on the 112-116 range. On Tuesday the averages managed to advance to 115.80 closing at 115.01. It is right in the upper strata of the range I set for it three weeks ago.

* * *

It may go higher from here but I doubt it. Too many technical signs indicate otherwise.

* * *

To many of us the war is still something which means collecting scrap, less driving, higher cost of living and that's about all. Of course taxes will begin pinching harder before long. But that too is in the future. Meanwhile the maneuvers of armies or naval units or airplane fleets give us all opportunities to become armchair generals, dry water admirals and grounded pilots. But few of us have bothered to think about economic consequences of an all out war. The word inflation rings pleasantly to some; ominously to others.

* * *

If we remember our history we recall the Mississippi Bubble, the French inflation and the later German holocaust. But applying this knowledge to present day problems is something else. For one thing we don't know how. Somewhere we have picked up the

(Continued on page 1343)

RAILROAD SECURITIES

Followers of railroad bonds in the so-called "marginal" class have been sorely disappointed by the market action of the junior bonds, refunding 4½s and 5½s, in recent markets. They continue to hover little above the year's lows in desultory trading in the face of growing confidence in the road's post-war potentialities. The lack of interest in the liberal income return available from these securities is particularly marked when contrasted with the highly satisfactory performance of all other system obligations. The three outstanding divisional liens are all selling at new 1942 highs and even the unsecured 6% notes due in 1950 are now selling at par. With markets indicating an almost complete lack of apprehension as to payment of all of these other bonds, it is difficult to justify the present price level of the junior liens which stand to benefit so widely from retirement of the earlier maturities.

The Nickel Plate management has already shown a strong inclination to make as rapid inroads as possible into its debt and charges, and the properties themselves have displayed large potential earning power. In fact, if adjustment is made for the reduction in fixed charges in the interim, the road would have been able to operate profitably in every year of the depression decade with the exception of 1932. Even without allowing for and reduction in charges, obligatory requirements were covered 1.61 times on the average for the five years through 1941. Fixed charges now amount to only about $5,800,000 per year, or almost 20% below the average for the five years through 1941. Moreover, there is reason for confidence that they may be reduced to $5,000,000, or lower, even if the war-induced traffic boom lasts no longer than through 1943. On the present outlook, and considering that after the war we will play a dominant role in the feeding and rebuilding of the war-torn world, maintenance of the high earnings through next year would appear as a conservative expectation.

There are two considerations which may be acting as a market drag on these issues. For one thing, earnings so far this year have failed to keep pace with the like interval of 1941. Gross has expanded widely but net operating income for the eight months through August declined 12.4%. The bare figures are naturally disappointing, but there are extenuating circumstances and it is believed that the closing months of the year may witness far more favorable year-to-year comparisons.

One consideration is the obvious fact that costs from here on will be more comparable with 1941 months as higher wages were in effect in the final four months last year. The other consideration is the possibility that the road has been overly conservative in accruing income taxes. While net operating income for the eight months was down only $1,205,000 tax accruals were up $9,209,000. Federal income taxes, surtaxes and excess profits taxes amounted to $10,725,000 or at a rate of 66.9% of net income before taxes. More modest accruals are expected in the closing months of the year, with some quarters pointing to the possibility that credit reversals may be made. On this basis it is possible that final results for the year may compare favorably with the $12,687,000 net income reported for 1941.

The other consideration is the old uncertainty engendered by the joint and several guarantee with New York Central of the Cleveland Union Terminal bonds. This has taken on added significance in view of the growing pessimism as to the long term outlook for the Central. There can be no question but that assumption of the whole Cleveland Union Terminal obligation would prove an insuperable burden to Nickel Plate in the event that New York Central should be forced into reorganization. On the other hand, this obligation would have no bearing on the mortgage debt of Nickel Plate.

It might well mean judicial reorganization but the obligation on the guarantee would be only an unsecured claim on the properties and would not cut into the equity of the holder of a mortgage on the line. With the road obviously able to support that mortgage debt from operations, a reorganization brought about merely by the guaranteed obligation would certainly not call for any sacrifice on the part of holders of the refunding bonds. It is not likely that the fundamental improvement in the status of the company itself and in the investment position can permanently be obscured by these psychological drags.

Cliffs Looks Good

The present situation in Cliffs Corporation offers interesting possibilities according to a circular issued by Gillis, Russell & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. Copies of the circular may be had from Gillis, Russell & Co. upon request.

In The Armed Forces

Robert A. Magowan, partner in Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, has been commissioned a Lieutenant Senior Grade in the U. S. Navy and will report for duty next Tuesday.

Interesting Possibilities

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.

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—43⅞; low—14¾; Oct. 14 price—43⅝.

Bank and Insurance Stocks

This Week — Insurance Stocks

The seven days from Oct. 4 to Oct. 10 this year were officially designated by the President as "Fire Prevention Week." Never before, perhaps, have the admonitions to guard against fire been as seriously and whole-heartedly accepted as on the present occasion. Since the entry of the United States into the war, and due to the threat of enemy air raids, every citizen of our country has become increasingly "fire conscious." Federal and civil authorities, working in conjunction with the schools, churches and other community organizations, have attempted to bring to every home in the land complete and detailed instructions regarding the prevention and control of fire. As a result, most youngsters as well as most adults now possess some rudimentary knowledge of this important subject. The object, of course, is to make every household a well-organized and independent Fire Department in itself.

It is eminently logical and fitting for Fire Prevention Week to come in October because this is the season of the year when weather conditions, throughout a large part of the United States, are most propitious for fires. It is a time when the foliage is most beautiful—and most dangerous. It is a time when energetic householders like nothing better than to rake up the accumulated debris from lawn and garden and then to start their own individualistic bonfires therewith. The smell of autumn leaves aburning has given rise to many lyrical poems—and also to many urgent calls for the neighborhood f i r e department. Thus, even the demands of poesy must be subordinated to the war effort.

In the grim business of war, fire is the most deadly of enemies. The various Fire Underwriting Associations of the country have accordingly this year adopted the slogan, "EVERY FIRE IS SABOTAGE TODAY." These associations composed of capital stock fire insurance companies, have led the fight against fire damage and loss of life for several decades. Most of the time they have received little assistance from organized society or from individual members of the community because our people have been notoriously careless and callous in regard to fire hazards. Obviously, the interest of the fire companies has been largely selfish but, at the same time, it has had a sound humanitarian background. Now the campaign to eliminate fire destruction also carries a strong motif of patriotism and the facilities and experience of the fire companies will play an important part in successfully prosecuting the war.

President Roosevelt's message with reference to the establishment of this year's Fire Prevention Week is an especially noteworthy document. Most proclamations of this kind, consisting largely of "whereases" and "therefores," are openly and intentionally a mere formality. Not so this one. It is worth repeating, both for its literary merit and economic significance. It should be required reading for every man, woman and child in America.

The proclamation of the President reads as follows:

"Any loss of human life, any interference with production, any loss of critical materials hinders and impedes our war effort.

"Uncontrolled fire, even in normal times, is a national menace. It kills or disables thousands of our people and destroys a significant portion of our national wealth each year. Today, when every machine is being taxed to its fullest productive capacity, when new hands are working with unfamiliar tools, and when agents of our enemies are seeking to hinder us by every possible means, it is essential that destructive fire be brought under stricter control in order that victory may be achieved at the earliest date.

"Nothing less than the united vigilance and effort of all the people will suffice to break the grip of this menace. Fire hazards everywhere must be detected at once and eliminated. Loss of life and property from blaze and smoke must be reduced in every State of the Union. Prevention of all uncontrolled fires must be our goal.

"Now, Therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby designate the week beginning Oct. 4, 1942, as Fire Prevention Week; and I earnestly request the people of the country to give special heed to the importance of taking active measures during that week and throughout the year, to conserve our human and material resources from the destructive toll of fire; and I direct the Office of Civilian Defense and other appropriate Federal agencies to initiate programs for emphasizing the importance of attaining these objectives. I also desire to enlist the cooperation of State and local governments, of educators and civic groups, and of the press, the radio and the motion picture industry, with a view to promoting widespread realization of the dangers of fire and knowledge of the methods of controlling it."

Thus spoke the President and thus it is assured that the Fire Insurance Industry will receive the active and official support of the Government in attempting to stamp out fire and damage for the duration of the war. In this and other ways, the industry is receiving the benefit of millions of dollars worth of advertising, cooperation and education such as could never be obtained under ordinary conditions. From a long range standpoint, extending far beyond the war period, these developments will be of inestimable value to the Fire Insurance Industry. The training which civilians, both old and young, are now receiving in connection with the handling of fires of all kinds is a permanent addition to our store of knowledge. Furthermore, we shall emerge from the war with a vastly larger and more modern supply of fire fighting equipment than we have ever before possessed or would be likely to possess were it not for the war emergency.

Fire Prevention Week, therefore, has been of unusual interest and value in this particular year of so-called grace. It is given to few industries to have an entire week set aside to emphasize and signalize their particular field of activity. As a general rule, we are asked to memorialize nothing more significant than Eat-An-Apple Week or Be-Kind-to-Your-Mother-in-Law Week. Worthy as such objectives may be, fire prevention is of far greater concern to all our people. Thus, we have further evidence of the important role which the Insurance Industry plays in our American way of life.

DEALER BRIEFS

(Continued from page 1338)

of interest in securities will be supplied by much better war news. In our opinion this will be forthcoming in the very near future.—*Lee R. Staib, Geo. Eustis & Co.*

Jackson, Mich.

While for the past two years we have continued to find money for "growth" companies such as Hayes Industries and Ampco Metal we are stressing more and more the bank and insurance shares and meeting with a splendid reception. The past two months, for many clients who have favored Utility Preferreds for years, we have been able to convert advantageously to other Utilities with the same or improved security and better yields. One of the most encouraging factors for a long time is the voluntary appearance of funds seeking investment.—*Russell H. Goodrich, H. H. Butterfield & Co.*

Lansing, Mich.

Almost daily we receive inquiries for the better grade Michigan municipal bonds with practically no available source of supply. Local stocks continue strong but inactive. We have experienced some interest in second grade rail bonds in the recent past. — *William Donovan, Donovan, Gilbert & Co.*

Worcester, Mass.

Dealer interest should now respond to prominent Over-the-Counter issues. The dormant market of the past year will, in our opinion, be replaced by a continued active security market. We continue to find substantial interest in second grade railroad bonds.—*Norman B. Robbins, H. L. Robbins & Co.*

Philadelphia, Pa.

Our experience with investors still continues to be the same, namely, distrust and suspicion of the New Deal in its entirety. Everyone cheerfully and gladly supports the war efforts, but the big uncertainty in the investors' minds is still the ulterior motives of the New Deal Administration. Every intelligent person realizes that all wars bring problems, but that in the past they have always been solved and that they will be solved again. The problems raised by the New Deal and its agencies are a different matter, however. Our observation has been that they are more the cause of lack of confidence on the part of capital than anything else. —*John F. Bunn, Jr., Bioren & Co.*

Interesting Speculation

The current situation in National Supply Co., producer of equipment for drilling oil wells and extracting the oil, offers attractive long-term speculative possibilities, according to a memorandum being distributed by Newburger & Hano, 1519 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of the memorandum, containing further details and some interesting comparative figures, may be had from the firm upon request.

To Redeem Honolulu Bonds

The City and County of Honolulu, Hawaii, has called for redemption on Oct. 30, $500,000 of its 5% water works bonds, Series A, due April 15, 1952. Payment will be made at the office of the Treasurer of the City and County of Honolulu, Hawaii, or at the Chemical Bank & Trust Co., New York.

DIVIDEND NOTICES

COLUMBIA GAS & ELECTRIC CORPORATION

The Board of Directors has declared this day the following dividends:
Cumulative 6% Preferred Stock, Series A
No. 64, quarterly, $1.50 per share
Cumulative Preferred Stock, 5% Series
No. 54, quarterly, $1.25 per share
5% Cumulative Preference Stock
No. 43, quarterly, $1.25 per share
payable on November 15, 1942, to holders of record at close of business October 20, 1942.

DALE PARKER
October 8, 1942 *Secretary*

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., September 29, 1942.

The Board of Directors has this day declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 119, on the Common Capital Stock of this Company, payable December 1, 1942, to holders of said Common Capital Stock registered on the books of the Company at close of business October 30, 1942.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York, N. Y.

JOHN MORRELL & CO.

Morrell PRIDE meats

DIVIDEND NO. 53

A dividend of Twenty-five Cents ($0.25) per share on the capital stock of John Morrell & Co., will be paid October 31, 1942, to stockholders of record October 15, 1942, as shown on the books of the Company. Ottumwa, Iowa. Geo. A. Morrell, Treas.

HOMESTAKE MINING COMPANY

Dividend No. 858

The Board of Directors has declared dividend No. 858 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable October 26, 1942 to stockholders of record 3:00 o'clock P. M., October 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, *Secretary.*
October 6, 1942.

Storage Loans On Cotton

The Department of Agriculture announced Oct. 7 that loans will be made by the Commodity Credit Corporation to producers on 1942 crop cotton stored on farms. The loans will be secured by chattel mortgage. Application for loans must be made to county agricultural conservation committees. CCC officials stated that in many areas sufficient public warehouse space is not available for the 1942 crop and that storage of Government loan cotton on the farms will materially relieve the tight storage situation.

The announcemnt added:

"The farm storage structures will be inspected and must be approved by loan inspectors supervised by the county committees before loans are made. Producers must agree, if the loan is not repaid, to deliver the mortgaged cotton to an approved warehouse designated by Commodity Credit Corporation. Producers will be paid a storage allowance of 10 cents per bale per month on cotton delivered to Commodity Credit Corporation in satisfaction of loans.

"The loan rates for farm-stored cotton will be on the same basis as rates for loans secured by cotton stored in approved public warehouses."

Industrial Adviser

The Board of Governors of the Federal Reserve System has approved the appointment of Herbert P. Ladds, President of National Screw & Manufacturing Co., of Cleveland, Ohio, as a member of the Industrial Advisory Committee for the Fourth (Cleveland) Federal Reserve District, to serve the remainder of the term ending Feb. 28, 1943. Mr. Ladd's appointment is to fill the vacancy created by the death of Carl C. Gibbs.

The Securities Salesman's Corner

LIFT YOURSELF OUT OF THE CROWD!

One day last week, it was our pleasure to bump into three different securities men. Two of them were cheerful, confident and optimistic about their business. They made you feel this surge of sureness and purposefulness with which they were meeting the problems of the day and somehow you seemed to sense when you talked with them for only a minute or two, that there were definite reasons why they were doing business.

The other fellow had just the opposite attitude. The first question he asked when he saw us, was something like this, "How's business, Bill? Kinda slow, huh?" You knew he wanted you to say, "Yeah, John, it's rotten, isn't it?" Sorta of a "misery loves company" conversation would then have ensued. This fellow finally ended up in our office asking our opinion of whether he should stay in the business or not, whether we thought there was any future to it, and if not, what in the world did we think he could do.

Now let's see what was behind the first two optimistic salesmen that gave them their hopeful and successful attitude, and on the other hand, why was the third in a discouraging rut? We found out that both of the optimists were using **New Ideas.** They were trying new angles that had imagination behind them and they were making these ideas work. They were not trying to do a securities business along the same old stereotyped lines that they, and all the rest of us, were using five and ten years ago. The first fellow told me that one day last week one of his clients walked into his office and laid a certified check on his desk for $50,000. He asked this salesman to invest this money for him in a diversified list of securities. The salesman charged him a 1% commission and the client was entirely satisfied. Here was a salesman who sold primarily "over-the-counter" securities buying a list of investments for this client. Some were on the Curb, some on the Stock Exchange, others unlisted and even some U. S. Governments were included. When I asked him how it happened that an investor should come to him and make him such a proposition instead of going to an investment counsel he told me the answer was simply that this client had confidence in his judgment as a securities man, and such being the case, "why shouldn't he come to him rather than any one else." He said that he had sold this client securities before that had been entirely satisfactory and not only this was important but also **He Had Never Overlooked An Opportunity To Sell His Clients The Idea That He Was A Competent Advisor On Investment Matters, Not Just A Salesman Who Had A Certain Security That He Wanted To Sell.**

The second fellow was also using a different approach to the business. **He Was Out Buying Bonds—Not Selling Them.** He had uncovered a bond that looked weak to him and he had secured a list of the holders. He was out in the field, meeting new people, and telling them some things about the security which they owned that was interesting to them because they already held it as one of their present holdings. He told me he had opened up about two dozen new accounts in the past six weeks.

The third fellow (our pessimist) first of all, was so mentally befogged that it is doubtful if he was doing constructive work of any kind. However, what little work he tried to accomplish was practically nothing more than doorbell ringing. He went to see people, he knew a few securities that his firm happened to like, just about well enough to skip over their highlights lightly; and contributing to his failures more than anything else, we believe, was the fact that he didn't know where he was going, or why. He just splashed all around and got exactly nowhere.

The moral of this little piece is: There is business around today—plenty of it—but you must have constructive ideas for getting hold of the angle you wish to exploit and then one must work along certain definite and proven lines to achieve the desired end in view. Next week we will offer a concrete plan for going out and getting business which is based upon these fundamentals. It will consist of two instalments; the first one will appear next Thursday.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1341)

information that buying of common stocks will protect us. While this may be partially true the question of timing is more important. It is here where the trader comes into his own. He is not concerned with involved balance sheet analysis. He buys stocks because the technical signs point up and sells them when technical signs point down. He knows it's poor satisfaction to buy the right stock in a wrong market. And patience is a virtue which has little place in the trader's business. I am quite willing, for example, to stay with a stock for weeks, even months, so long as it (and the market) shows more up. But I'm not going to be married to it and put up with its vagaries if the signs which originally led me to buy it (or recommend it) over around. Of course I always face the possibility the market may change and go on up leaving me with nothing but memories. But that's a chance I've taken before and being human I'll take again.

* * *

Now about your stocks: Air Reduction bought at 30; half profits taken at 35, is now about 36. Hold it if you want to but stop at 34. Allis Chalmers bought at 23, half profits recommended (last week) at 26, is currently about 26¾. Hold rest but keep stop at 24. Crane bought at 12, currently at 13⅞, should be sold at 14 or better with a stop at 13. International Harvester bought at 43; half sold at 50, is now 51½. Hold but stop at 48.

* * *

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.]

U. S. Supreme Court Opens 1942-43 Term

The U. S. Supreme Court opened its 1942-43 term on Oct. 5, all the members being present, except Justice James F. Byrnes, who resigned just before the convening of the Court as a result of his appointment by President Roosevelt as Director of Economic Stabilization. Official announcement of the resignation of Justice Byrnes was made by Chief Justice Stone who in part said:

"We wish for him all success in his new and arduous undertaking and that he may find in it that durable satisfaction which is the true reward for a great task greatly performed."

The Associated Press in its account of the opening of the new term said:

"Chief Justice Stone also formally announced 'in deep sorrow' the death July 18 of the retired Justice George Sutherland and accepted for the court a bust of the late Justice Louis D. Brandeis presented by the American Bar Association.

"The rest of the opening session, which lasted just fifteen minutes, was devoted to admitting to practice a score of attorneys, some of them in the uniforms of Army and Navy officers."

The naming of Justice Byrnes to his new post was referred to in our Oct. 8 issue, page 1273.

Small Business To Get Loans For War Work

The Board of Directors of the Smaller War Plants Corporation, in a statement of policy issued Sept. 30, said that in making loans to small manufacturers its main consideration will be whether the money will bring about a quicker termination of the war.

The Smaller War Plants Corp. was organized by Congress with a capitalization of $150,000,000 designed to finance small firms for war work. It supplements the Smaller War Plants Division created within the War Production Board, with Lou E. Holland as head.

The director's statement said:

"As we understand it, our Corporation was empowered to make loans to smaller manufacturers desirous of engaging in war work, because these small plants often need financial assistance that they can't get through ordinary banking or Government channels.

"The Corporaption's objective is to expand and speed up war production and to strengthen our war economy. With this objective always before us, the first question we ask ourselves when considering an application for a loan is:

"'Will this money help kill a Jap or a German; will it help save the life of a United Nations soldier, sailor or airman; will it help win the war sooner?'

"If the answer to that question is a definite 'Yes,' the application has a pretty fair chance of acceptance.

"Obviously, we must give attention to the usual banking considerations and be able to see a reasonable prospect that the borrower will repay the loan—but we are not going to insist on gilt-edge security."

Under date of Sept. 27 it was indicated in Washington advices to the New York "Journal of Commerce" that approximately $6,000,000 worth of war contracts have gone to small business in the past fortnight through the efforts of the Smaller War Plants Division of the War Production Board. Frank Smith, head of the engineering section of the Division, made the announcement in giving details.

In our Oct. 1 issue, page 1186, we noted that Mr. Holland had made known the creation of a Board of Consultants to serve in an advisory capacity to the smaller War Plants Division and also to the Smaller War Plants Corp.

Investment Trusts

NOW WE SHALL SEE

"Times change—and we ourselves change with them." So runs the opening line of an old Latin poem. And, certainly, it holds true for the sales problems of the open-end investment companies.

To anyone who has followed the activities of investment company sponsors in recent years, a conscious groping toward the solution of these time-wrought changes in sales problems is quite evident. It is most noticeable in their sales literature. From the stilted financial brochures and the oft-times flamboyant "character" booklets of the late Twenties and early Thirties, there has been a gradual, somewhat hesitant trend toward the adoption of professional advertising techniques.

In viewing this development, many financial men have solemnly shaken their heads and said that "securities just couldn't be sold that way." At last the field will have the opportunity of "sitting in" on a fair test of this question.

Hugh W. Long & Co., always in the forefront with innovations in sales literature, has just released a "broadside" on the aviation series of New York Stocks which breaks cleanly with the traditional in investment company descriptive folders. From the standpoint of the professional advertising man, it is a finished job. It's as smooth and exciting and full of interest as a broadside on De Soto automobiles or Real Silk hosiery.

Whether this type of sales literature is adaptable to the securities business has been a burning question for a long time. At last we shall see.

* * * *

Lord, Abbett's "Union Dealer" for Oct. 9 lets the record of Union Bond Fund "C" speak for itself. Here it is:

	Offering Price
December 31, 1941	$5.12
October 8, 1942	6.08
Increase	$0.96
Dividend	0.28
Gain in 9 months 8 days	$1.24
Percentage gain	24.2%

"According to our records," states the bulletin, "this gain exceeds that of any other comparable fund during the same period."

* * * *

The Oct. 8 issue of Calvin Bullock's "Bulletin" discusses "Stabilization" and from the development draws favorable conclusions for investors.

Purchases of Dividend Shares in the first 9 months of 1942 are reported 44% greater on a dollar value basis than in the same period of 1941.

Portfolio changes in Dividend Shares during September were as follows: New additions: Chesapeake & Ohio and National Steel —Increases in holdings: American Telephone, Commonwealth Edison, General Motors, Great Western Sugar, Glidden, Parke Davis, Reynolds Tobacco "B," Safeway Stores, and Timken Roller Bearing—Decrease in holdings: Eastern Air Lines and International Harvester — Eliminations: Goodrich and National Distillers.

The Keystone Corporation in its current issue of "Keynotes" points out that when an investor goes to war he necessarily takes from his own interests and the interests of his family "five indispensables." They are listed as:

1. His own experience and judgment.
2. His continuous attention.
3. His ability to act.
4. His opportunity to replace present advisers (who may become unavailable for one reason or another).
5. His protection for his family.

The bulletin concludes that "This is a problem facing many Americans today—and one that will face more."

"The solution is to find a well-established organization possessing experience, continuity and an adequate staff to protect his investments, whether he is in Iceland or Australia or Washington. It should be restricted by adequate protective provisions and yet flexible enough to meet family requirements under changing conditions.

"Failure to provide adequate supervision for investments will invite added worry and possible serious loss."

* * * *

Manhattan Bond Fund in its Oct. 1 report to shareholders points out with gratification that the net assets of the fund as of that date had passed the ten million dollar mark for the first time.

* * * *

"Abstracts," issue of Oct. 8, discusses the "Policy and Performance" of Affiliated Fund over both a long-term and a shorter period extending up to the present.

The policy was "to offset the leverage factor during a period which we felt would witness lower security prices" and "rather than keep the funds fully invested . . . to go partly into cash—and to return a part of this cash to the stockholders in the form of dividends." During a period of rising prices, on the other hand, the policy is to limit dividends to net investment income available so that all capital funds can be put to work for the investor.

(Continued on page 1349)

Municipal News & Notes

The principal development in the municipal bond market during the recent week, and, as a matter of fact for some time past, was the action of the Senate, on Oct. 8, in rejecting by a vote of 52 to 34 the recommendation of its Finance Committee to tax the income from all State and municipal bonds issued after Dec. 31 of this year. The proposal was included in the Senate Committee's version of the new tax bill as passed by the House. The House Ways and Means Committee, despite the clamor raised by the Treasury and the repeated requests of President Roosevelt, had refused to approve any change in the existing status of municipals with respect to their exemption from Federal taxation. The demands of the Administration called for the taxation of both outstanding and future issues.

The Senate Committee sought a compromise by limiting the Federal levy to future issues. However, the opponents of any change in the status quo, both in and out of Congress, have steadfastly refused to make this apparent concession, as they are unyielding in their contention that tax immunity is established in the Constitution and any change can only be effected by way of a Constitutional amendment.

In addition, the so-called compromise on this highly controversial question was viewed with marked suspicion even by those who favor the taxation of new issues. They characterized it as an attempt of the Federal Government, as one Senator expressed it, to "get its nose under the tent" as a means of ultimately subjecting by Congressional action the approximately $20,000,000,000 of outstanding State and local bonds to taxation.

Following the vote on the amendment to strike the Finance Committee's proposal from the revenue bill, offered by Senator Harold Burton, Ohio Republican, the Senate rejected a provision which would have waived the right to claim exemption from State income taxes for the income derived from future Federal issues.

The Senate's rejection of the proposal to tax future municipal issues seems to have killed the possibility of any such provision being incorporated in the current tax measure. It would appear to be entirely premature, however, to assume that the question has been permanently resolved. Indeed, dispatches from Washington recounting the negative vote in the Senate, clearly indicated that the Treasury would renew its efforts to tax municipals when its next revenue measure comes before Congress shortly.

At that time, it is held, a reversal of the Senate attitude is entirely possible, particularly in view of Senator George's reported statement during debate on the issue that while he always has doubted the power of Congress so to tax, he now believes it should proceed to include municipal bond income within the tax structure and let the Supreme Court decide the issue.

He said this vote was justified in wartime when every possible sources of income was required, however small compared with the over-all deficit, and Congress therefore was warranted in overcoming its reluctance to use the more doubtful powers of taxation.

Probably in recognition of the possible early revival of the whole question, the response in municipal circles to the Senate vote was not exactly of an exuberant nature. True enough, a slight increase in trading activity developed, attended by a nominal increase in quotations. Then, too, a number of offerings previously in the market were withdrawn. However, the tendency all along the line was to refrain from interpreting the vote as a complete "victory" and to act accordingly.

War Seen As Aid In Local Debt Picture

New York City Comptroller Joseph D. McGoldrick, speaking before the financial section of the 37th annual meeting of the American Life Convention at the Edgewater Beach Hotel in Chicago recently, declared that the war period presented a "real opportunity" for the nation's cities to place their "financial households in order." Local revenues, he averred, can be expected to remain relatively stable during the period, although the States, because of the gasoline and rubber situation, can be expected to suffer substantial losses in highway revenues. Mr. McGoldrick said there was a possibility of the Federal Government guaranteeing the States amounts equal to receipts they obtained in 1940 or 1941 from gasoline and motor vehicle taxes. A system of Federal guarantees, similar to that in effect in Canada, may be effected, he asserted.

The speaker cited the marked decrease in new municipal bond borrowings and observed that existing indebtedness was being retired at a faster rate than new obligations were being issued. Mr. McGoldrick was quoted as saying that New York City would not issue any new bonds in the wartime period.

Asked to comment about the prospect of toll revenue bonds, McGoldrick is reported to have expressed the view that the various authorities issuing toll revenue bonds should have no difficulty in meeting interest charges, but that the "pinch" would be felt when they were faced with maturities on the principal.

Mr. McGoldrick was inclined to regard the deferring of maintenance because of inability to obtain materials, the possibility of higher cost of supplies and enlarged salary costs as new problems facing the cities.

After the war, a reversal of current trends will result, he declared, and a demand will be made for public improvements. New York, he said, already has begun work on a postwar program, and that this plannnig will continue for the next two years. He added that the city hoped to be ready to proceed with the program within 60 days after termination of the war. The extent of the program will be determined by the amount of money available and the extent of a federal subsidy.

Asked for comment on the imposition of a payroll tax to take the load off real estate, Mr. McGoldrick said suburban immigration was a problem to municipalities. Some reasonable means must be found, he asserted to reach people for taxing purposes who enjoyed all the benefits of cities but lived in rural areas. It might be, he added, that the payroll tax would be the solution.

Calif. Toll Authority Hastens Debt Redemption

Progress made by the above authority in retiring its outstanding bonds at a rate above normal requirements is reflected in a recent report made by Frank W. Clark, Secretary of the Authority and Director of Public Works of the State. The report, it was said, disclosed that $10,154,000 of the original $73,000,000 bonds issued in connection with construction of the San Francisco-Oakland Bay bridge, have been redeemed through open market purchases, although only $440,000 actually had matured.

The report from Mr. Clark showed that $7,247,000 face amount of the bonds had been redeemed up to Feb. 28, 1942, the close of its last fiscal year, at a cost of $7,534,104. Of the face amount of bonds redeemed, $2,350,000 were term bonds and $4,897,000 were serial obligations. Since Feb. 28 an additional $2,907,000 face amount of bonds have been retired.

The authority has purchased the bonds in the open market for retirement. Funds for this purpose have come from a reserve that has been built up.

The authority in the first eight months of the year obtained $3,798,854 in toll collections from the bridge, as compared with $3,421,044 in the same comparative period of 1941.

The annual report for the year ended Feb. 28 showed that the San Francisco-Oakland Bay bridge division had total revenues of $5,928,335. Expenses amounted to $51,209 and interest on bonds was $2,667,860, leaving a surplus for the period of $3,209,266.

Municipal Default Conditions Largely Remedied

The conditions which resulted in defaults on their obligations by a proportionately small number of States and local subdivisions in the early 30's have since been greatly eliminated and it is probable that repetition of the default exeprience of the past decade will be largely avoided. This view is set forth in the report just issued by the Bureau of the Census under the title "Property Taxation 1941," which also observes that the subject of municipal defaults has been over-emphasized and that at the present time these delinquencies have been largely remedied.

"While serious in some parts of the country, the extent of defaults by local governmental units was never high as compared with other lines of private industry," the report adds. This is a fact, incidentally, that is usually ignored in considering over-all debt record of States and municipalities.

The causes of defaults were many, the Census Bureau says, and included unusual demands for financing needed public improvements in rapidly growing areas, unemployment relief payments, inflated valuations from premature real estate development, and closed banks. "A cure was promptly effected, however, through refinancing of the debt by spreading the maturities to the immediate relief of the taxpayer." With reference to the question of defaults, the report observes as follows:

With assessments now more generally based on an estimated capitalization of the normal income of property, lower interest rates, budgetary provision for uncollected taxes, normal tax collections, and a more alert supervision of municipal finances both locally and at the State capital, it is probable that repetition of the default experience of the past decade will be largely avoided.

Mobile To Redeem Maturity Without Refunding

In the "Chronicle" of Oct. 5, on page 1193, there appeared an item regarding the high price commanded for Mobile bonds as reflected in the recent offer of a Birmingham investment house to sell to the city a total of $280,000 of 3½% refunding bonds of 1940 at a reported price of 107.30. The report, taken from a local newspaper, recounted that veteran city officials could not ever recall when general obligation city bonds sold for more than 105 and observed that it was not so many years back when the bonds brought slightly more than 40.

With reference to the item in question, we are advised by Robert S. Bacon, Assistant Vice-President of the First National Bank of Mobile, that the city has officially announced its intention to retire in cash, and without a refunding issue, the $100,000 5% sewer bonds dated Nov. 1, 1912 and due on Nov. 1, 1942. As a result of this redemption, we are informed, Mobile's outstanding general obligation debt will be $9,865,000 as against a high of over $13,471,000 on Oct. 1, 1936.

"This substantial debt reduction," according to Mr. Bacon, "has been accompanied by almost phenomenal growth, the Chamber of Commerce estimating there are now 125,000 people within the city limits, 185,000 in Mobile and suburbs, as against 60,000 in 1930."

Would Ban "Free Riding" On Golden Gate Bridge

Two bills proposing to discontinue free use of the Golden Gate Bridge during the war and for six months thereafter were introduced recently in the House by Representatives Clarence F. Lea (D., Calif.) and Richard J. Welch (R., Calif.) They are H. R. 7667 and H. R. 7670.

Representative Lea said enactment would help meet the bridge's yearly debt of over $200,000 by exacting tolls amounting to $285,000 a year from an estimated 14% of the traffic now using the bridge toll-free as Government workers.

He said during recent conferences with officials of the Maritime Commission—which has prepared 10 buses to transport workers to the Sausalito shipyards—that the officials said they would insist in the toll-free privilege for such workers as long as it was granted other Government workers, but would be glad to cooperate with Golden Gate authorities in paying tolls if they also were required of other Government workers.

N. Y. Counties To Reduce 1943 Budgets

County budgets for 1943 will show reductions, almost without exception, the Citizens Public Expenditure Survey has predicted. The prediction was based partly on replies to a recent letter which L. Richard Guylay, Executive Vice-President of the Survey, addressed to chairmen of county boards of supervisors and partly on reports of spending trends from other sources in the counties. Many of the replies from chairmen contained reports of economy practices which have been put into effect for the dual purpose of conserving revenue resources and aiding in the war effort.

"If there are exceptions to the general trend toward reductions in county budgets, they will be rare and due to unusual conditions such as increased debt service loads and extraordinary expenditures for such emergencies as repair of flood damage," Mr. Guylay said. "Even in these exceptional instances there are indications that budgets will be held close to the 1942 levels or possibly lowered through reduction of expenditures for other purposes."

"The reductions of budgets should be accompanied by cuts in tax rates," Mr. Guylay continued. "A further automatic reduction in tax rates will result automatically from repeal of the real estate tax for the support of armories which was voted by the Legislature last spring and signed by the Governor.

"Still another factor which should contribute to the reduction of county tax rates is the application to reduction of the tax levy of surpluses accumulated during the current fiscal year. The prospect for such surpluses is indicated by the scope and variety of wartime economy measures which have been put into effect since Pearl Harbor by county governments in various parts of the state. Yet another factor which can be expected to increase surpluses and decrease appropriations for next year is the general curtailment of highway and other construction, except where essential to the war effort, the postponement of purchases of equipment in which strategic war materials is used, and the decline in welfare expenditures."

Taxable Valuations Below Depression Levels

Assessed valuation of taxable property in the United States in 1940 was 11.4% less than in 1932, resulting in a 1941 property tax yield of $4,500,000,000 or 5% less than in the depression year, the United States Department of Commerce said on Oct. 6.

Property taxes in 1941 were collected on the basis of an assessed 1940 valuation of $145,000,000,000. In the same period from 1932 through 1940, values for tax purposes, declined 16% in the 94 largest cities from $66,000,000,000 to $56,000,000,000.

In 1941 property tax collections, made only by State and local governments, amounted to 24.1% of the total $18,600,000,000 in taxes collected last year by Federal, State and local governments.

The 1941 property tax yield was $33.99 per capita, compared with $37.63 in 1932. Nineteen States reported higher taxes in 1941, but 29 had smaller collections than in the depression year.

New Haven Bond Maturing Schedule Heavy

Paul B. Wilcox, Executive Director of New Haven Taxpayers, Inc., speaking recently at a luncheon meeting of the New Haven Rotary Club, declared that the city government will be required to pay off more than half of its $11,000,000 bonded debt within the next five years. Mr. Wilcox was quoted in the local press as saying:

"We will be paying off the debt for the next five years on an average of more than a cool million every year to say nothing of interest charges. Then for 14 more years, we will be paying off the other 50% of our debt." The taxpayers' director urged the Rotarians to organize a committee to investigate city policies and report to the club recommending action.

Louisiana Revives Sales Tax As War Measure

Enacted as a "war emergency" levy, a new 1% sales and use tax on purchases made in Louisiana beginning Sept. 1 brings to 23 the number of states with sales tax laws, the Federation of Tax Administrators reported Oct. 13. Revenue from the Louisiana tax, which was passed by a special legislative session, probably will be used for schools, hospitals and general relief, according to the Governor's message asking its enactment. Louisiana previously had a state sales and use tax but abandoned it in 1940.

The new tax falls on all retail sales, or on the use, consumption, distribution or storage of tangible personal property on which the sales tax has not been paid. The tax is collected from the purchaser, in even cents. Articles exempted include stocks and other securities, farm products sold directly from the farm, gasoline, steam, ordinary water, newspapers, electric power, natural gas and soft drinks.

In New Orleans, which has a municipal sales tax of 2%, a "joint bracket" of collection has been adopted, which brings the tax to three cents on a dollar on articles taxed by both jurisdictions. Two-thirds of the revenues in this case go to the city and one-third to the State.

States now levying sales taxes are, besides Louisiana, Alabama, Arizona, Arkansas, California, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Mississippi, Missouri, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Utah, Virginia, Washington, West Virginia and Wyoming.

Use taxes, whose major purpose is to help eliminate tax evasion made possible by crossing a State line to buy in a "taxless" state, are found in 16 states—Alabama, California, Colorado, Iowa, Kansas, Louisiana, Michigan, Mississippi, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Utah and Wyoming.

War Impact Seen In 1942 State Tax Income

State tax collection figures for 1942 show significant changes in the relative importance of various types of levies as a result of war conditions, according to an analysis by the Federation of Tax Administrators, Chicago.

Collections, also, total the highest they have ever been—$4,920,000,000 for fiscal years ending in 1942. This total is 9.4% more than 1941 collections, 16.8% higher than those of 1940, and 24.7% over 1939.

This year payroll taxes replaced motor fuel revenues as leader in revenue, yielding $1,125,000,000 or 22.9% of total State collections. Motor fuel taxes stood second, with a yield of $906,000,000 for all States, while motor vehicle revenues, yielding $416,000,000, were in sixth place. Decrease in automobile travel late in the fiscal year was reflected in the 0.9% decline in motor fuel receipts and the 3.9% drop in motor vehicle license collections.

Sales taxes amounted to 13% of all State collections this year, contributing the third largest portion of the total. Income taxes contributed 10.6%, business and occupational licenses 10%, liquor taxes 5.1%—all approximately the same as the previous three years. Property and inheritance tax collections, on the other hand, have declined in relative importance—the former from 6.3% in 1940 to 4.8% in 1942; the latter from 2.8 to 2.2% in the same period.

The most marked increase in total State collections this fiscal year was 31.7% in tobacco taxes, followed by 22.8% in income taxes—both individual and corporate. Corporate income taxes themselves showed a rise of 67% during the year, due to the war program. Payroll, liquor and general sales tax collections increased by 24.5%, 17.2% and 13.1%, respectively.

The analysis was based on U. S. Bureau of Census figures. Figures for seven of the 48 States—those with fiscal years ending between June 30 and Jan. 1—were estimated by the Federation.

Montana Finances In Strong Condition

That the past six years have brought about a marked improvement in the State's operating finances is evidenced by the fact that on June 30, 1938, after nearly 20 years in the red, the State general fund had a balance of $111,859, as compared with June 30, 1937, when the state general fund had an overdraft of $381,392. By June 30, 1942, the geenral fund balance stood at $2,403,650.89, according to the Montana Taxpayer.

"On June 30, 1937, the state general fund had an overdraft of $381,392. On June 30, 1938, after nearly 20 years in the red, the state general fund had a balance of $111,859. The following year the balance was about the same, but by June 30, 1940, it was $404,359, and on June 30, 1941, $413,668," the Montana Taxpayer states.

"During the past year, due to remarkable collections of delinquent property taxes, greatly increased individual and corporation income taxes, and the fact that the various boards, offices, commissions, and state agencies spent $317,740 less than was appropriated, the balance in the State general fund increased to $2,403,650.89 by June 30, 1942."

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 15

$679,000 Bridgeport, Conn. At previous sale successful bidder was Lee Higginson Corp., New York, the next best bidder being the Harris Trust & Savings bank-Northern Trust Co., Chicago, account.

October 22

$1,575,000 Reading Housing Authority, Pa., refunding bonds.

October 23

$1,905,341 Panama City, Fla., refundings offered in connection with refinancing of outstanding indebtedness.

Our Reporter's Report

(Continued from first page)

market levels, will lead to something in the way of new business.

That phase of the situation is expected to react most favorably on the railroads which have been most active in sponsoring the change in the law.

If the retirement provision carries through conference without change, corporations seeking to buy back their bonds at discounts, would be able to do so and be tax exempt on the indicated capital gain, without first taking a "pauper's oath" as is now required.

Improvement which has marked the carrier bond list, particularly in the obligations of receivership roads is viewed as directly traceable to this shift.

Alabama, Great Southern

Within a fortnight the Alabama, Great Southern Railroad will open bids for the sale by it of $9,500,000 25-year 3¼% first mortgage bonds.

Bankers point to this as an indication that a certain amount of business may be expected to develop in spite of trying circumstances.

Prospects favor brisk bidding for the Alabama's offering, with indications that at least three and possibly four groups will seek the bonds.

Treasury Sets Rate

Unless Secretary of the Treasury Morgenthau experiences a change of heart and accepts counsel of his banking advisers, it is now quite definitely established that the rate on war bonds such as sold last week, will remain at 2%.

Bankers are known to have suggested a 2¼% issue on the last occasion, but the Treasury stuck fast to its 2% rate, even though there are inklings that Federal Reserve people also leaned to the higher coupon.

Presumably banks, which have been the big buyers of war securities, would be willing to accept a slightly more distant maturity in return for the better yield.

One Course Left

Now that the Senate, along with the House has turned back Administration efforts to end the tax exemption which municipal obligations have long enjoyed, the wonder is what direction the next move to break down that barrier will take.

The Administration, it is apparent, is determined by one means or another to end the privilege of political subdivisions in that respect, as a means of increasing Federal revenues, among other things.

It appears now, however, as though the only avenue remaining open to its accomplishment is direct recourse to a constitutional amendment and the time that such precedure requires.

Urge Delaying Proxy Changes Until Peace

Declaring that the revisions in proxy rules proposed to the Securities and Exchange Commission by its general counsel will not promote simplification or greater protection to the small stockholder, an interim report made public by the Chamber of Commerce of the State of New York on Sept. 26 urged further consideration by the Commission and recommended that any revision should be delayed until the end of the war. The report, which was drawn by the Special Committee on Corporate Management of which William de Krafft is Chairman, expressed the opinion "that such abuses in corporate management which may have been practiced in years past have been corrected, and that there now remains no flagrant abuse of the trustee character on the part of great corporations in which the public at large has invested its funds."

Pointing out that the war and the growing shortage of skilled help had placed additional burdens upon corporate management, the Chamber Committee said it favored any revision of the proxy rules by the SEC which would tend toward their simplification.

The report which was adopted by the Chamber on Oct. 1 criticized the proposed inclusion in proxy statements of all salaries, saying it would benefit competitors and persons not interested as stockholders and in many cases would create "internal dissatisfaction and controversial gossip."

Referring to the proposal to include activities of the corporation with the financial statement in proxies, the report said that the change was impractical and would duplicate rather than simplify the burden of preparation for stockholders' meetings, adding that "it is unfair to place on honest management excessive burdens in attempting by changes in the proxy rules to control an inconsiderable percentage of dishonest managers." The report also criticized the provision which would entitle any stockholder, no matter how small his holdings, to include an unlimited number of resolutions in the proxy statement and to nominate directors in addition to those named by the management. Commenting upon the proposal that stockholders must express by ballots their approval or disapproval of each item of business to be brought before an annual meeting, the report said that this change might make it impossible to obtain quorums for annual meetings.

Canadian Industrial Activity Rises More

An increase in industrial activity is again recorded by the index of the Canadian Bank of Commerce, Toronto, which rose from 180 at mid-August to 182 at mid-September (1937=100), with the percentage of factory capacity utilized remaining at 121, according to A. E. Arscott, General Manager. "The main factor in this increase was the rise in the food group, chiefly on account of the seasonal activity of the canning industry and, to a less extent, that of flour-milling; meat-packing declined," Mr. Arscott continued, adding that "the clothing group as a whole was unchanged, the seasonal increase in the women's clothing industry being offset by slight decreases in other items. Pulp and paper declined, as well as other wood products; saw-milling was less active than the month and the year before, and there is evidence of a smaller output of a number of domestic articles made from wood.

"Moderate to slight declines occurred in the automotive and the other iron and steel trades, although all sections were more active than a year ago. Non-ferrous metal-working was higher, mainly because of the upward trend of the electrical trade, now largely engaged on government orders.

"Our wage payroll index declined from 204 (revised) for July to 201 for August, which was also the June level. Manufacturing, mining and trade payrolls were lower, but there was an upward movement in logging, construction and transportation."

Glass Securities Look Good

The effect of present and post-war conditions on the manufacturers of flat glass, with particular reference to the situation of Libby-Owens-Ford Glass Co., is discussed in detail in a recent circular issued by E. F. Hutton & Co., 61 Broadway, New York City. The outlook for such manufacturers is considered not to be unfavorable, even with the possible competition from various new-type plastics which have been making rapid strides. Copies of the circular, which contains some interesting conclusions, may be had from E. F. Hutton & Co. upon request.

Shuldiner Is Curb Member

Henry D. Shuldiner, partner of the New York Stock Exchange firm of Shaskan & Co., 40 Exchange Place, New York City, has been elected to membership on the New York Curb Exchange.

UP-TOWN AFTER 3

PLAYS

"The Eve of St. Marks," a new play by Maxwell Anderson. Produced by the Playwrights Company at the Cort Theatre, N. Y. Cast: Aline MacMahon, William Prince, Mary Rolfe, Matt Crowley, James Monk, and others. Directed by Lem Ward. Sets by Howard Bey.

The first contribution to the theatre of a mature play to deal with the war and the part played in it by ordinary Americans comes from Maxwell Anderson, who was the co-author of "What Price Glory." Yet, in spite of its timeliness and forgetting for the moment that "The Eve of St. Marks" packs a terrific emotional wallop, it is not a great play. For while it deals realistically with a subject of personal national interest, and well too, it also has bits of theatrical hokum which detract from the picture Mr. Anderson paints for us. But if his dream transference scenes are unreal then his reproductions of life in the average American family, their customs, habits, the things they talk about, are as genuine as anything can be. Its appeal is universal. Many American families have already received War Department messages in which the terse words, "Missing in Action," appear not to understand the agony they carry. The story deals with a farm boy turned soldier; his furloughs home to his family, and his courtship of a neighbor's daughter. It ends with his stand on a lonely Pacific Island when he and his mates are faced by overwhelming odds. It is a grim tale. Yet "Eve of St. Marks" is not entirely a grim recital. In its overtones can be found some of the best laughs in town. Mr. Anderson knows his American soldier too well to paint him as a Rolloboy full of ideals. His characters are of flesh and blood. The draftees relieve their training ennui with loud crap games, are vitally interested in the girls at the local juke joints and discuss their experiences in salty terms. The most moving scenes, however, are those showing the folks back home on the farm or in their kitchen. It is then the play becomes a mirror of American life. Its very simplicity strikes responsive chords. Aline MacMahon is a warm and sympathetic mother. William Prince, as the son, does a realistic job. Mary Rolfe, as his girl, is radiant. As a matter of fact, the entire cast is excellent.

MOVIES

"A Yank At Eton" (MGM) tries to prove the English, despite the old school tie, are really solid citizens who play the game. The guy who finds it out is Mickey Rooney and his little sister. Their mother, on a trip abroad (this is before the war), meets and marries an Englishman. The children are sent for. Mickey, with a reputation as prep school football player, has his heart set on Notre Dame and takes to England and Eton as a cat takes to water. He finally makes a go of it after taking his lumps as the fresh American. A pleasant picture about how to play the game in order to succeed. It will have the younger set splitting their hands. Oh yes, you will see Freddie Bartholomew as a tall, gangling youngster. **"Eyes in the Night"** (MGM) brings back the blonde Ann Harding to play opposite Edward Arnold, who is the blind sleuth who, together with his seeing eye dog, foils the Nazi spy ring. A fair thriller. **"Iceland"** (20th Century Fox) may be an ice-covered rocky outpost but not according to this movie. For when a U. S. Marine outfit, boasting such members as John Payne and Jack Oakie, lands on its bleak shores it finds not only a bevy of gorgeous showgirls headed by ice skating Sonja Henie (they are constantly putting on ice skating extravaganzas for the boys) but also Sammy Kaye and his orchestra to liven things up a bit. If that isn't enough, the Icelanders also have quaint marriage customs to keep the boys in hot water. If the story seems like something marijuana addicts have cooked up the music is catchy.

AROUND THE TOWN

The Hotel New Yorker (34th & 8th Ave.) celebrated the return of Benny Goodman and his orchestra by changing its ice show to something called "Arabian Nights On Ice." Why it was necessary to change only the management knows. For its current spectacle, though pretty enough so far as costumes and skating agility is concerned, can't compare with its previous show. However, Bob Russell, who is good enough to hold anybody's attention, is still there singing pleasantly and trying hard to make the show run smoothly. He's in there making like an Aladdin. But even an Aladdin complete with magic lamp can't make it. Benny Goodman is still the same Benny Goodman. People continue to jam around the bandstand to hear him give out. Though with the loud speaker system pitched to its loudest, I can't see why. . . . **The Versailles (151 E. 50th)** also has a new show, leastways new to me, something named "Life Without Men." The girls are pretty. The costumes look very expensive. But all I can tell you about it is it's not too loud to interfere with your enjoying the excellent Versailles cuisine. . . . Now that Fefe (Felix Ferry) is in the Army, Gene Cavellero, who owns the Colony, is in full charge of the **Monte Carlo (E. 54th St.)**. On Oct. 22nd Gene plans to open the fall season with a room calculated to knock your eye out. According to Franklyn Hughes, decorator, the place will be one solid mass of mirrors. Ceiling will be a brilliant blue and here and there will be something called fire engine red set off by white moss fringes. Boy! oh boy, does that sound like a place in which to get stinko! !

Greets Chinese Envoy

The new Chinese Ambassador to the United States, Wei Tao-ming, presented his credentials to President Roosevelt at the White House on Oct. 6. He assured the President that the Chinese Government and people would continue to do "their full part in this global struggle for the preservation of civilization, and when victory comes will gladly share in the heavy responsibility of fashioning a just and lasting peace."

In greeting the new envoy, President Roosevelt paid high tribute to the Chinese people for their "more than five years of heroic warfare against a ruthless enemy." He also told Dr. Wei that "there is no easy road to victory" but assured him that both countries "can look forward in confidence to ultimate and complete victory over our common enemies and to achieve a peace that shall endure."

Dr. Wei succeeds Dr. Hu Shih, who has been recalled to become a special adviser to the Chinese Cabinet; referred to in these columns Sept. 24, page 1098.

The Stock Market

The market "went over the top" last week and has continued its advance in impressive fashion. Following the late April low point of around 93 in the Dow-Jones Industrial Stock Average, prices rallied to around 109 by early July, then sagged well into August when they started edging upward again toward the July peak. Ability to push through this resistance point on relatively heavy volume, as demonstrated last week, was heartening to investors generally and impressive to market technicians. As usual, a varied assortment of reasons is being advanced to explain the market strength.

As we view the situation, these reasons boil down to the following:

Taxes and Earnings

Senate passage of a "reasonable" tax bill has turned pessimistic fears with respect to the outlook for corporation earnings to moderately optimisitc hopes. The 40% base rate plus the 90% excess profit rate, with a 10% post-war credit and an 80% over-all tax ceiling, gives assurance that a "reasonable" level of corporation earnings will be maintained. And even if the base rate were upped to 45% by joint congressional committee action, the serious impairment of earning power indicated by the extreme Treasury proposals would not occur. In short, the tone of tax discussions in Washington and the general provisions of the bill now nearing enactment indicate that while excessive earnings are to be siphoned off by the government, reasonable earnings, as judged by normal standards, are to be preserved.

Carrying the reasonable earnings through to dividend payments and translating such payments to yield figures, a comparison with bond yields shows an extremely abnormal disparity. And while the market was reluctant to recognize this disparity when apprehension over tax proposals was in the air, it is natural that it should begin to reflect such recognition now that the worst has been made known and digested with respect to taxes and a constructive bill is nearing passage.

Inflation Control

Long a bogey in the minds of investors, the subject of inflation has recently developed a new twist. When inflation first threatened, it was generally (and still logically, from a long term standpoint) felt that common stocks provided one of the most effective and convenient hedges against its consequences. But as taxes were increased and labor costs began climbing, the fear developed that corporations would be robbed of their earning power. These fears were fed by the fact that initial attempts at inflation control centered around corporate business in the form of increased taxes, price controls, raw material allocations, etc. Thus fears grew that common stocks would be adversely affected during a period of inflation, at least as long as controls were centered exclusively around them.

The new twist is simply that with the broadening of inflation controls to cover wages and other business costs, the position of corporations and, in turn, common stocks is greatly improved. If wages are to be held down along with prices, etc., then the threat that corporation earnings will be squeezed from this quarter is largely removed. And with tax rates established at approximately ceiling levels, the prospect is that *along with* prices, wages and other costs, corporation earnings are likewise to be frozen at around present levels. The significance of this lies in the fact that the present level of earnings is capable of supporting substantially higher stock prices.

Thus, while "inflation" has lost much of its old potency—at least from a short-term standpoint—as a reason favoring the purchase of common stock, *inflation control* is emerging as a logical and compelling reason for such action.

The War

It is now fairly well demonstrated that investment sentiment has developed a strong immunity to adverse war news. All summer, while the Nazis pushed on into Russia, occupying most of the Ukraine and getting well into the oil region of the Caucasus, and while Rommel drove the Allies clear across Northern Africa virtually to the gates of Alexandria, the stock market has been trending gradually upward. As stated in "Brevits" several weeks ago, this action of the market in face of adverse war news suggested that long range investment sights were being set beyond the war itself to the peace to come on the assumption that the United Nations would eventually be victorious even though they might experience further setbacks before the tide would turn in their favor.

On the other hand, *good* news from the war fronts may well become increasingly important as a constructive market influence. The logic of this is simply that the prospect of peace holds the promise of a return to normal peace time stock price levels. And as the market is now substantially under such levels, it is reasonable to expect market strength to develop on news of events that enhance the prospect of victory.—*W. F. Shelley in Massachusetts Distributors "Brevits."*

Why The Stock Market Should Do Better

Before turning to things to come, we would like to point out what we consider to be some of the realities of things as they are. To our way of thinking there are only three types of people who can honestly feel unhappy over the way the stock market has acted during the summer: (1) The person who always feels unhappy over how it acts; (2) the old-line speculator who must have big swings in big blue chips to turn what he considers an honest penny; (3) The straight commission broker whose business is so closely geared to volume that he hasn't a chance to make his honest penny unless trading is clipping along at anywheres from half a million to a million shares a day. Faced as it has been by bad military news, by prospects of enormous new taxes, by further grave dislocations to our economy, the stock market, as measured by the Dow-Jones Averages, has turned in a remarkable performance. And if one looks beyond the averages to the movements of individual issues, it will be discerned that ample opportunities for profit have existed even this year. In addition, the patient holder of stocks has received what in any other time would have been considered a very fair return upon his captial.

Having seen the market hold together thus far, it is difficult to see it collapsing in the future. We are inclined to believe that the only cause of such a collapse would be a combination of tremendous military set-backs so grave that American industry and individuals would be called upon to make sacrifices of individual rights and property such as have not yet been seriously discussed. Every day that passes sees such set-backs more remote as the strength of the United Nations increases.

We cannot predict when a real advance will commence, or what particular circumstances will cause it. Certainly any confidence in a maintenance of current earning power would be a factor, and such confidence need not be contingent entirely upon a long war. And while we know we are in the minority, we feel there is a good chance that at some point some of the huge excess income will trickle into stocks. In the last issue of "Life" there was a picture of war workers buying champagne. After the novelty of champagne wears off a few shares of stock might look alluring—especially if they were moving up and we think that even if the ghost of inflation can be laid now, it will again stalk the land when victory seems sure and the debt grows heavy.

A good deal has been written contrasting the movement of the English market (where the uninformed public is again an important factor) and our own. The two are not entirely comparable, but the following quotation from a letter written by one of our London correspondents fits in with our ideas of what will eventually be seen here; "Business with us is very quiet, although markets keep distinctly firm. In comparison with the quotations for good stocks on your market, our prices seem particularly high, but the pressure of money is so great that it is driven into the market, and when one tries to buy the better class industrial investments, one finds a great scarcity of stock as holders do not wish to sell and practically the only stock that does come in comes in through deceased estates which have to liquidate holdings to meet Death Duties."

Stocks, as we believe Andrew Mellon remarked, will fluctuate. Rising markets are built on lack of fear. As time passes and our market refuses to go down a good base of confidence is being established which would favor the chances that the next move will be in the direction all good brokers hope for. — *Washington Dodge, Arthur Wiesenberger & Company.*

More Freight Cars And Locomotives Installed

Class I railroads put 53,695 new freight cars in service in the first eight months of 1942, the Association of American Railroads announced on Sept. 24. Of the total number installed there were 33,402 box, 17,165 coal, 1,575 flat, 540 refrigerator, 100 stock, and 913 miscellaneous freight cars.

New freight cars on order Sept. 1, 1942, totaled 13,097 box, 17,946 coal, 2,262 flat, 868 refrigerator, 200 stock, and 690 miscellaneous freight cars, or a total of 35,063, as compared with 92,033 on Sept. 1, 1941.

Railroads in the first eight months of 1942 installed 514 locomotives of which 207 were steam and 307 were electric and Diesel. In the same period last year they put 372 new locomotives in service of which 84 were steam and 288 were electric and Diesel.

New locomotives on order Sept. 1, 1942, totaled 861 which included 323 steam and 538 electric and Diesel. On Sept. 1, last year, they had 611 new locomotives on order including 317 steam and 294 new electric and Diesel.

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ments was most difficult. That the task was fully and adequately accomplished constitutes perhaps the most notable achievement of the war in the matter of food conservation. The 1917 wheat crop had been very much reduced, with the result that in the early months of 1918 the possibility of sparing more wheat for export became out of the question unless the domestic consumption was radically reduced and curtailed. The efforts of the Food Administration were therefore directed to that end. By milling regulations under which a greater percentage of extraction was obtained from the wheat in the making of flour; by the enforced use of various substitutes for wheat in flour, and by cutting down by various devices the consumption of all food articles in which flour or wheat was a constituent element, the seemingly insuperable task was accomplished. Simultaneously the Food Administration and the Department of Agriculture as well as private initiative were engaged in inducing farmers to bring the 1918 production up to the highest point possible. Favorable weather with the stimulus afforded by the high Government guaranteed price ($2.20 per bushel for wheat at Chicago) crowned the effort with success and the 1918 yield of wheat in the United States proved one of the largest on record, so that the restrictions upon the use of this cereal could be relaxed even before the signing of the Armistice.

In a statement issued by the Food Administration towards the close of the year and published in the "Chronicle" of Dec. 28, page 2426, a summary was furnished of the really remarkable achievement that was accomplished in the way of the curtailment of the use of wheat. This statement noted that the previous spring the Food Administration had been extremely anxious about the wheat shortage, leading to the promulgation of the regulations intended to cut down the consumption of wheat to the barest necessity in order to meet the needs of the Allies.

With a surplus of only 20,000,000 bushels of wheat, the American people through conservation enabled the Food Administration to ship 141,000,000 bushels of wheat. In spite of this conservation, when we reached the 1918 harvest, there was less than a ten-day supply in America. When the new crop came in, it proved to be very large, but not too large to take care of the needs at that time. It was the desire of the Food Administration not to be caught another season with any shortage of this most valuable foodstuff and, with the idea that it was necessary not only to continue shipments of wheat to Europe but to build up a big reserve for the 1919 spring offensive, the Food Administration continued to ask the people to use wheat sparingly. The signing of the Armistice changed the situation with wheat immediately, just as it did with all measures taken with the needs of a continuing war in view. Wheat supplies in distant countries were made available by the cessation of the submarine menace, and the assurance of a good crop in 1919 undisturbed by war relieved somewhat the necessity of building up as large a reserve as was anticipated.

As an illustration of the extent to which food restrictions were carried we may note that on Oct. 13 a new food conservation program effective Oct. 21 was announced by the U. S. Food Administration, which carried the rule of conservation further even than all the previous regulations to that effect. This was less than a month before the actual signing of the armistice on Nov. 11 (and as a matter of fact negotiations for the conclusion of the Armistice were then already actively in progress) and indicates the extent to which further sacrifices and privations would have been necessary if the war had been prolonged further. It also indicates the desperate nature of the situation at the time. The new regulations applied to every hotel restaurant, cafe, club and dining car service in the country. It may be added that it was estimated that approximately 9,000,000 persons were taking their meals in public eating places. The new regulations were meant to carry into effect the announcement of the Food Administration made the previous month that, in fulfilling the American promise to the Allies to send them an increased tonnage of food products in the new fiscal year, public eating places would be called upon "to undertake in many particulars a more strict program than last year." This announcement of the previous month (which was published in the issue of the "Chronicle" of Sept. 28, 1918, pp. 1246 and 1247) showed that in order to meet the requirements of the Allied armies and civilian needs our own armies abroad, the Belgian relief and certain neutral countries dependent upon the United States, the inter-Allied food program called for the shipment from this country during the twelve months ending June 30, 1919 of 17,550,000 tons of meats, fats, breadstuffs, sugar and feed grains, as compared with 11,820,000 tons in the year ending July 1, 1918. Of meats and fats (beef, pork, dairy, poultry and vegetable oil products) the requirements were estimated at 2,600,000 tons, against 1,550,000 tons; of breadstuffs (wheat and substitutes in terms of grain), 10,400,000 tons, against 6,800,000 tons; of sugar (from United States and West Indies), 1,850,000 tons, against 1,520,000 tons; and of feed grain (mostly army oats), 2,700,000 tons, against 1,950,000 tons.

The new food conservation program, which was designed to supply the 17,550,000 tons of meats, fats, grain, sugar, etc., for export abroad was comprised in twelve "general orders" and the purpose was to bring about a direct reduction in the consumption of food products. This was a change from the series of emergency regulations previously in force with the same end in view, such as meatless and wheatless days and the substitution of one kind of food for another. A reference to the requirements of some of these general orders will indicate their drastic nature. For instance, it was required that no public eating place should allow any bread to be brought to the table until after the first course had been served, that no bread or toast was to be used as a garniture or under meat, that not more than one kind of meat was to be served to a patron at any one meal, that not more than one-half ounce of butter was to be served to any one person at any one meal, that no public eating house was to use the sugar-bowl on the table or lunch counter, and that in no event should the amount of sugar served to any one person at any one meal exceed one teaspoonful or its equivalent. As the Armistice was concluded on Nov. 11 these twelve general orders remained in force only a very brief time.

The foregoing plans marked the culmination and climax of the conservation and restriction program. But from the very beginning of the year the American public was called upon to endure many hardships and trials, all of which it is well enough to say were cheerfully borne in a spirit of patience and patriotism no matter what their nature or how severe the denials they imposed. The year opened at a time of intense cold and amid great snow storms, and the winter of 1917-1918 will ever prove memorable for its rigors. As a matter of fact the winter seems to have been wholly without precedent. Here in New York the mercury in the thermometer dropped to 13 degrees below zero just before the opening of the year—that is on Dec. 29, 1917—which was the lowest point touched in the records of the local weather bureau which run back to 1880, and is said to have been the lowest in 100 years. And this severe cold, accompanied by tremendous snow falls in practically the whole of the eastern half of the country north of the Ohio and Potomac rivers extended through January and into the early part of February. The winter had begun very early (even the previous November had been colder than usual, while the record for December has just been referred to) and this, together with the priority orders given on Government shipments of freight and on the freight orders of contractors engaged on Government work, produced a degree of congestion of freight on railroad tracks at eastern seaboard terminal points absolutely without a parallel. It was this perhaps more than anything else that had impelled the Government to take over control of practically the entire steam railroad system of the country at the close of 1917. The situation would have been difficult enough to handle even under ordinary weather conditions. But with the cold so extreme, making outdoor work very difficult and impairing the capacity of the locomotives, and with snow imposing additional obstacles, the task became almost insuperable.

There was a shortage of coal to begin with, and now the mining and shipping of coal was rendered increasingly difficult at a time when the demand for coal was enormously augmented. Indeed, the scarcity of coal amounted almost to a famine along the Atlantic seaboard, but especially at New York and in New England. The inclemency of the weather made relief from the fuel scarcity all the more imperative and yet all the more difficult to effect. In large measure the scarcity of coal followed from the inability to get loaded cars out of terminal points to the consuming districts. The situation finally became so desperate—ships being unable to leave port because of the inability to get coal, and schools in considerable number being obliged to close up in this city and elsewhere—that extraordinary measures had to be resorted to in the endeavor to furnish relief. Late in the night of Wednesday, Jan. 16, there came the startling announcement that the Fuel Administrator had decided to order the withholding of fuel from manufacturing establishments in the whole of the eastern half of the country for the five-day period beginning Jan. 18 and ending Jan. 22, thus compelling the closing down of such manufacturing establishments, and also to deny the use of fuel not alone to manufacturing establishments but to office buildings, retail stores and nearly all other activities for 10 successive Mondays beginning with Monday, Jan. 21, which formed part of the five-day period. The order applied to every factory east of the Mississippi, including the whole of the States of Minnesota and Louisiana. Previous to this, on Jan. 10, the Fuel Administrator had issued a series of orders calling for the conservation of fuel by industries not absolutely essential in the prosecution of the war.

It proved possible in February to modify the Monday general closing order. On Feb. 8 it was modified to the extent of suspending the heatless Mondays so far as all the States south of Virginia were concerned. General suspension of the heatless Mondays was announced on Feb. 13 so that Monday, Feb. 11, proved the last of the fuelless Mondays instead of March 25 as originally provided. In the suspension order, however, the Fuel Administrator left with the State Administrator power to continue whatever restrictions they considered necessary, and the New England Fuel Administrator felt that conditions were not such as to warrant suspension of the heatless Monday in his territory on Feb. 18. On Feb. 20 he too found it possible to fall in line. The latter part of February—Feb. 25—the order which had been issued by the New York State Fuel Administrator under date of Jan. 1 in regard to lightless nights was rescinded effective March 1. This was the order providing for six lightless nights as regards outdoor illumination. Even then, however, attention was called to the fact that an order from Washington providing for two lightless nights a week, namely Sunday and Thursday, still remained in effect. Lightless nights were not altogether abolished until April 25. On July 19, however, a new lightless night order (effective July 24) with a view to enforcing the conservation of coal was announced. Under this order the use of light generated or produced by the use or consumption of coal, gas, oil, or other fuel for illuminating or displaying advertisements, announcements or signs or for the external ornamentation of any building was discontinued entirely on Monday, Tuesday, Wednesday and Thursday of each week within New England and the States of New York, Pennsylvania and New Jersey, Delaware, Maryland and the District of Columbia and on Monday and Tuesday of each week in all the remainder of the United States. Certain restrictions as to street illumination and public lighting in cities, villages and towns also formed part of the order. It was not until late in the year that all restrictions as to outdoor lighting were discontinued.

In such a general review of the year it would be impossible even to enumerate all the various measures taken to enforce economy in the use of fuel. We may mention, however, that as a gasoline conservation measure the request was made the latter part of August by the U. S. Fuel Administration that the use on Sundays of automobiles, motorcycles, and motor boats be discontinued in the United States east of the Mississippi River until further notice. This action was taken to meet a threatened shortage of gasoline for shipment overseas created by the increased domestic demands and the extensive military operations in France. There was nothing mandatory about the request, though it was stated that only voluntary compliance would prevent the issuance of a mandatory order prohibiting the Sunday use of gasoline. No mandatory order, however, was found necessary. In a pure spirit of patriotism the entire population abstained from the use of motor cars and motor boats on Sundays—the one day of the week when pleasure use of this kind is always so largely indulged in. On Oct. 17 the Fuel Administration announced the withdrawal of this request not to use automobiles, motorcycles and motor boats on Sundays.

We have already indicated the extreme measures that were resorted to in October in order to enforce conservation in the consumption of food products. It seems proper to state that the movement for food conservation was in progress from the very beginning of the year. In fact, it dates back to the previous year. The control of the United States Food Administration over food commodities was considerably extended under a proclamation by the President dated Jan. 10, 1918, and made public on Jan. 14. By this proclamation importers, manufacturers and distributors of a number of essential foodstuffs and cattle fodder were placed under license. On Jan. 26 further steps in the effort to effect conservation in food in order to meet the needs of the Allies were taken when President Wilson made public a proclamation dated Jan. 18 calling for a 30% reduction in the consumption of wheat and also for the observance of new wheatless and meatless restrictions outlined in an announcement made on the same day by United States Food Administrator Herbert C. Hoover. Under the new rules promulgated at that time by Mr. Hoover two wheatless days were decreed—Monday and Wednesday—instead of Wednesday only as theretofore called for; in addition the request was made that one wheatless meal be observed each day. Besides this, wheat substitutes were asked for in the making of bread at home, while bakers, hotels and restaurants were called upon to conform to new requirements in the making of bread; the new product, which was designated "Victory bread," was to contain at the start (Jan. 28) not less than 5% of cereals other than wheat, the amount to be increased until a minimum of 20% of such cereals was established on Feb. 24. Millers were required to increase their milling percentage from 2% to 4% by producing the standard barrel (196 pounds) from 264 pounds of wheat. It was about this time also—Jan. 25—that the discontinuance of trading in January corn on the Chicago Board of Trade was announced, the idea being to eliminate the speculative element as affecting food prices and food regulations. It was in January, too, that wholesale prices for storage creamery butter for New York and Chicago, the New York prices to govern other points in seaboard territory, were announced by the United States Food Administration. In the case

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of meat, too, further restrictions were imposed. Besides meatless Tuesday, already in vogue, the public was asked that one meatless meal each day be observed and that on Tuesday and Saturday no pork products be consumed. The following March 29, in Washington, 500 leading hotel men from all parts of the country pledged themselves to abolish the use of wheat products in their establishments until the imperative need for increased wheat exports had passed.

In February President Wilson issued a proclamation fixing the price for the 1918 wheat crop at $2.20 per bushel, the same as that fixed for the 1917 crop. The price announced was for No. 1 Northern spring wheat at Chicago with a scale of differentials for other markets. Under the Food Control Act a minimum price of $2 had been stipulated for the 1918 crop, but bills were at this time being introduced in Congress to increase the price, one raising it to $2.50 a bushel, another to $2.65 and still another to $2.75. The action of the President was intended on the one hand to head off legislation of this kind which would have operated to upset the Administration's food program, and on the other hand to stimulate spring planting by assuring to the farmer certainty as to the price to be received, the price named being considered adequate for the purpose. The following June, after the Government had put into effect higher freight rates on the railroads, this basing price of $2.20 for wheat was increased to $2.26 to cover the additional transportation charge. At this time also the capital of the Food Administration Grain Corporation, through which the Government's dealings in wheat were carried on, was increased by Executive order from $50,000,000 to $150,000,000.

Through a rider to the Agricultural Appropriation Bill, Congress again sought to impose a higher price. The movement began in March when such a rider was attached to the bill as it passed the Senate on March 21; the House which had previously passed the bill rejected the amendment on April 1. A deadlock between the two Houses then developed which was not broken until July 6 when the House agreed to a minimum guaranteed figure of $2.40 a bushel which the Senate then accepted. But the President interfered with a veto saying that it would add $2 a barrel to the price of flour and further increase the cost of living. On Sept. 2 the President issued a proclamation fixing the guaranteed price for the 1919 wheat crop (fully a year in advance) and again named $2.26 as the basing price at Chicago, though a Joint Agricultural Advisory Committee of the Food Administration and the Department of Agriculture, composed of farmers throughout the country, had recommended to the President the fixing of the minimum price of the 1919 crop at $2.46. We have already stated that in November and December after the signing of the Armistice the different food restrictions were rapidly removed one after another. As a matter of fact, it became apparent early in the summer, as far as wheat was concerned, that in view of the very large crop raised in the United States there would be ample supplies for all needs, and on Aug. 1 hotels, restaurants, clubs and dining cars were released from their voluntary pledge of the previous March (referred to above) to abolish the use of wheat products until the new harvest. With the lifting of these self-imposed restrictions, public eating places were required to comply only with the baking regulations and to serve Victory bread.

As another indication of the Government's all-embracing regulations over the nation's activities, it should be stated that under two proclamations issued on Feb. 15 the entire foreign trade of the United States was made subject to control by license. This action was one of the steps taken to reduce ocean carriage of non-essentials in order to release ships for transportation of troops and war materials. On March 21 Dutch shipping in American harbors was taken over after prolonged negotiations had failed to bring about an agreement with Holland compatible with the military necessities of the United States. At the same time similar action was taken by Great Britain with the Dutch ships in English harbors. A proclamation issued by President Wilson on the previous day set forth that the law and practise of nations accorded to a belligerent power the right in times of military exigency and for purposes essential to the prosecution of war to take over and utilize neutral vessels lying within its jurisdiction, and that the imperative military needs of the United States required the immediate utilization of the Netherlands ships then in United States harbors.

It would take page after page to enumerate all the restrictive measures imposed by the Government in the exercise of the arbitrary powers with which it was invested during the period of the war. As a rule the climax was reached in the two or three months just preceding the signing of the Armistice. It will be possible to mention here only a few of these so as to indicate their nature and show how all-pervading they were. Thus on Sept. 17 President Wilson signed a proclamation ordering all breweries to be closed down on Dec. 1. From Oct. 1 on, the brewers were confined to the use of malt and hops already in stock, and manufacture had to cease altogether in December. The War Industries Board promulgated regulations for the control and use of paper, for the consumption and manufacture of wool, furniture, hats, cotton goods and a variety of other things. Both direct and indirect savings were aimed at. For instance, in the manufacture of spool cotton, the regulations were framed so as to effect conservation of lumber, cardboard, twine, nails and other materials "and to relieve the burden on railroads by cutting down to the extent of at least 600 cars a year the number of cars necessary to transport the material used in the industry." The size of spools had to be reduced, the number of colors cut down, etc., etc. In the manufacture of rubber footwear, the new schedules provided for the elimination of 5,500 styles, it was said, of rubber footwear, and restricted introduction of new lasts other than as required by the Government.

Catalogues, price lists, etc., had to be condensed, packing in cartons in large measure discontinued, and likewise the use of tissue paper, wherever possible. A curtailment in the production of the felt shoe and bedroom slipper industry was another economy measure, and of like manner were restrictions affecting manufacturers of felt heel pads and inner soles. In straw hat production a conservation program was arranged for the manufacturers of men's straw and body hats, restricting styles, height, width of brim and trimmings. The brass bedstead manufacturers also had to accept a conservation program which made it necessary to reduce the number of patterns, to restrict the use of tubing for posts, reduce the height of head ends and foot ends, etc., etc. On Sept. 26 the War Industries Board issued an order directing every retail store to discontinue the unnecessary wrapping of merchandise and to reduce consumption of wrapping paper, bags, paper boxes, office stationery, etc. On Oct. 1 a conservation program for the bicycle industry was put into effect in which the manufacture of racing models and of juvenile models had to be entirely discontinued, as also many accessories, while there was a rigid limitation in styles and in use of handlebars, grips, saddles, tires, etc. Quite early in the year, that is in June, an immediate reduction in the number of types and sizes of automobile tires from 287 to 32 was determined upon, while provision was made for further reduction so that by Nov. 1, 1920 (had the war continued) all but nine types and sizes would have been eliminated.

Indeed, no industry in the country had to submit to greater regulation and restrictions than the manufacturers of automobiles. This was because their facilities had to be turned to war uses. Thus, though the automobile manufacturers at a special meeting in Detroit had voluntarily agreed to curtail the production of passenger cars 50% beginning Aug. 1, this was not deemed sufficient by the War Industries Board, which in the summer announced that the automobile industry would have to get on a 100% war work basis at once. The manufacturers were advised that "the War Industries Board cannot at this time make any promise whatsoever regarding the supply to your industry of steel, rubber or other materials for any definite period in advance," and the Board it was stated believed it was to the best interest of all manufacturers of passenger automobiles to get on 100% war work "as rapidly as possible and not later than Jan. 1, 1919, for in no other way can you be sure of the continuance of your industry and the preservation of your organization." In an announcement on August 17, the War Industries Board stated that automobile manufacturers had already accepted war orders aggregating between $800,000,000 and $900,000,000 and that in view of the fact that the war requirements of steel and rubber exceeded the supply and made automobile curtailment necessary the War Service Committee of the National Automobile Dealers Association had agreed to recommend ways and means to stop the unnecessary use of passenger cars and increase their utilitarian uses. After the Armistice the makers of automobiles were one of the first to be granted their old time freedom.

On Sept. 17 a general furniture conservation program covering material, labor, transportation and capital was announced. This went into the minutest details, providing for instance that in the case of dining room furniture the use of mirrors was to be eliminated entirely, the manufacture of dining room arm chairs to be discontinued, the sizes of dining table tops to be limited, etc., also that the number of patterns manufactured be reduced at least 50% on active patterns as compared with July 1, 1917. The different schedules here were to take effect Jan. 1, 1919, but the armistice, of course, changed all this and made the carrying out of the program unnecessary. A schedule for shoe manufacturers was announced as early as June 29 which eliminated certain leathers and fabrics, including light gray, pearl, smoke, natural chrome, various colors of tan, etc., and in October a standardization of shoes into three classes, with prices ranging from $3 to $12 a pair, the latter being fixed as the maximum price at which shoes might be retailed in the United States after all articles of the agreement had become effective, was announced. In October the steel pen industry had to yield to subjection, the manufacture of brass and nickel-plated pens to be discontinued, no new types or styles of pens to be introduced during the war and the variety of existing types and styles to be reduced materially. There was curtailment also by the War Industries Board in the manufacture of sewing machines, oil stoves, electric heating appliances, etc. It was provided that during the six month period from Oct. 1 the manufacture of electric heating appliances, oil stoves and sewing machines must be curtailed to 50% of the six months' production during 1917, watches and watch cases to 70% and metal stamps and stencils, rubber stamps, metal tags or badges for industrial purposes to 75%. The discontinuance of the manufacture of certain electrical utensils and appliances such as carburetor heaters, frying pans, waffle irons, peanut roasters, soup kettles, stew pans, etc., was called for under restrictions issued by the War Industries Board on Sept. 29.

The most unsatisfactory feature connected with the war was the attitude of labor. The labor leaders professed loyalty and patriotism, but were insistent on higher wages and these demands were repeated over and over again. In some cases the demands were preceded by strikes, in other cases stoppage of work was threatened in the event of a refusal to grant increased pay. In the end the men in all instances got the greater portion of what they asked, the demands being usually fixed inordinately high so that they might be whittled down and yet give the men substantial additions to their previous rates of pay. The matter was usually referred to wage boards who had leanings strongly in favor of the men and the result therefore was a foregone conclusion. In the anthracite coal fields, the miners were in October granted a further increase which average one dollar a day or six dollars per week. This was in addition to the huge wage increases granted the miners in May and December of the previous year. A large increase in the price of coal at the mine and to retail buyers followed as a matter of course. The addition granted to miners in this case was stated to be a readjustment of wages in the anthracite regions to accord with the stabilization of wages in various competing industries, and U. S. Fuel Administrator H. A. Garfield refused at the same time to grant to bituminous coal miners a further increase in wages.

One of the striking incidents of the year growing out of the wage increases, and the further rise in the cost of living occasioned thereby, was the liberal manner in which profits were fixed in determining the profits that might be charged in selling to the retailer and in reselling by the latter to the consumer. The price of milk in this city was repeatedly advanced until in December the quotation for grade A milk stood at 19 cents a quart, one of the main reasons given for this being that wages and other items involved in producing the milk and in handling it after it reached the city had so greatly risen. The truth is, entirely false standards were set up as to both wages and profits. It is a well known fact that before the war oranges could be bought at 2 to 3 cents apiece and very good ones at that. In October the Federal Food Board in this city decided that a fair profit for fruit dealers—profit, be it remembered—would be two cents apiece in the case of small oranges and three cents in the case of large oranges; in other words, that in reselling to the consumer the street fruit venders were entitled to add two cents apiece for small oranges and three cents apiece for large oranges.

The railroads were under trying conditions and constituted a weak feature of the economic aspect. With the Government in full control of their affairs, the freight congestion and traffic blockades, which prevailed at the close of 1917 and became intensified in the early days of 1918 because of the unprecedentedly cold weather and the heavy snowfals, were eventually overcome, though in the meantime the population had to endure many hardships and much privations, as already set out above. The Railroad Administration reduced passenger train service, sent freight by the stortest routes, put terminals to the common use of all roads instead of the exclusive use of the particular carrier owning them, and in that and other ways managed to derive benefits and advantages under common control which could not have been obtained had the different roads continued to be operated as separate entities. But the price paid for this was heavy. Mr. McAdoo as Director-General of Railroads was very lavish in dealing out wage increases, and the worst of it was that the wage increases were made retroactive for a long period back. These wage increases of course could only be met by increasing transportation charges. Here also the Director-General proceeded in arbitrary fashion, being virtual dictator with accountability to no one for his acts.

In March the Inter-State Commerce Commission, which while the roads were under private control, persistently refused to sanction any substantial advances in rates, now reversed its policy and, in the case of the roads in Eastern territory, allowed the general commodity frieght rate increase of 15% requested, and which had previously been refused in these very cases. It was estimated that the effect would be to add about $58,000,000 to the annual revenues of the Eastern roads. But this proved to be a mere bagatelle to what was to come.

In May the first general and sweeping increases in wages were made by the Director-General in accordance with the findings of the Railroad Wage Commission which he had appointed the previous January, though in some instances the Director-General went beyond the recommendations of the Commission. The men involved on this occasion consisted largely of the members of the four railroad Brotherhoods who had obtained such huge wage increases the previous year. It was calculated that these new wage increases now made would add $350,000,000 to the yearly payroll of the railroads, but in a letter written at the beginning of August Mr. McAdoo put the amount of addition at $475,000,000 per annum.

Following this general wage increase which was promulgated May 26, Mr. McAdoo on May 27 ordered increases in railroad freight rates and passenger fares. The increase in freight tariffs was 25% all around, while passenger fares were as a rule raised from 2 or 2½ cents a mile to 3 cents. The new freight rates, covering both inter-State and intra-State traffic, became effective July 25 and the increases in passenger fares June 10. It was estimated that the higher rates would yield between $800,000,000 and $900,000,000 additional revenue to the railroads within the next year. Comment then was to the effect that the Director-General was providing much more extra revenue than he would need, even allowing for the fact that he might have to pay out $120,000,000 to $150,000,000 more for coal, but the Director-General continued his policy of wage increases, taking up one class of employees after another, even where the employees had not asked for better pay, and, in pursuance of a scheme which appeared to be meant to exploit social theories, marked wages up all the way from 50 to 100% and over in that large body of railroad help calling for comparatively little skill. In this way the additions to expenses soon began to outrun the increases in revenues, large and imposing though these proved to be.

Railroad returns in the first half of the year before the advance in transportation rates proved unsatisfactory. Gross revenues recorded substantial increases in all the months except January when the freight congestion and snow blockades seriously interfered with railroad operation, but net earnings showed heavy losses, in part because of the adverse weather conditions, and in June, when the accounts were charged with the extra outlays involved in the retroactive feature of the wage awards, the falling off in net reached the prodigious sum of $142,338,571. The second half of the year it was supposed all this would be changed owing to the higher transportation charges put into effect. The half year did open very auspiciously and for the month of July the returns showed $117,661,315 gain in gross over the same month of the preceding year or 34% and $34,466,131 gain in net, or over 31%. August also gave a pretty good account of itself, the increase in net, though reduced in amount, still being $24,312,758, or in excess of 20%. In September, however, the gain in net dwindled to $3,190,550; in October this was changed into a loss of $15,493,587; in November there was again a loss and yet larger in amount, namely $19,927,774; and for December the falling off reached $41,028,870 or almost 50%. The result was that the last six months of the year, instead of wiping out the loss in net of the first six months, added still further to the same.

The Railroad Control Bill which laid down the conditions under which the compensation for the use of the roads by the Government was to be fixed passed both Houses of Congress in March and was signed by the President on March 21. But much time was consumed in drawing up a standard form of contract for the purpose, and, when at last it was put in final shape, it did not prove acceptable to the carriers; and, though subsequently modified somewhat by the Director-General after hearing the objections of railroad officials, much reluctance continued to be manifested about entering into formal contracts, with the result that at the end of the year very few roads had actually executed and signed the contracts.

In July after a strike had been called by a small body of telegraph operators, Congress gave the President authority to take over the telegraph and telephone lines of the country. The President acted promptly and on July 23 issued a proclamation placing all telegraph and telephone lines under Government operation and control at midnight July 31. The President in his proclamation placed Postmaster-General Burleson in charge of the administration of the telephone and telegraph systems. Under the Congressional resolution the President was also empowered to assume Government control of the cable and radio systems, but these were not then included in the President's proclamation. On Nov. 16, however, in a proclamation dated Nov. 2, the President quite unexpectedly took possession of the cable systems. This last step elicited sharp criticism inasmuch as the practical ending of the war had removed all occasion for the arbitrary exercise of power of that kind and a brief grew up that the object in view in taking the step had been to exercise censorship over press communications that might be sent over the lines during the President's sojourn in France in connection with the peace negotiations. This imputation the Postmaster-General repudiated.

The financial requirements of the Government were of course of prodigious magnitude and necessarily Government borrowing was on a correspondingly huge scale. At the same time tax levies were very heavy under the law of 1917, and the year was distinguished for the preparations being made for the levying of still heavier taxes to apply on the business income and profits of the calendar year 1918, though the signing of the Armistice with Germany on Nov. 11, with the resultant curtailment of war expenditures for the remainder of the fiscal year led to a modification of policy in that respect—contemplated rates of taxation being at the instance of Secretary of the Treasury McAdoo materially lowered from the figures fixed upon by Congressional leaders during the summer months, when it was supposed the war would have to be prosecuted with undiminished vigor for the remainder of the fiscal year. The new war revenue bill was then under consideration by the Senate Finance Committee, and the result of the new developments in the shortening of the war was that the provisions of the measure had to be recast in essential particulars, the consequence being considerable delay so that the bill did not become law until after the close of 1918.

In the spring Congress had shown a disposition to put off the subject of new revenue legislation until the autumn. A Congressional election was impending and members of Congress were anxious to get home and look after personal political interests. The Administration was not in accord with this, and accordingly President Wilson on May 27 quite unexpectedly appeared before a joint session of the two houses with the request that Congress remain in session until new revenue legislation had been accomplished. Secretary McAdoo had been insistent that early revenue legislation be effected but Congressional leaders had balked and hence Mr. Wilson thought it best personally to intervene. It was in delivering this special message that the President coined the noted phrase, "Politics is adjourned." Parenthetically, it might be remarked that this did did not prevent Mr. Wilson from urging the following autumn that the people return a Democratic Congress, which doubtless was done without any political motives whatever, but to which the country responded by completely changing the political complexion of both branches, a Republican House of Representatives being returned and the opposition gaining enough members in the Senate to make that branch of Congress Republican, too, after March 4, 1919.

"We are not only in the midst of war," declared the President in his message on May 27, "we are at the very peak and crisis of it." "Our financial program," he contended, "must no more be left in doubt or suffered to lag than our ordnance program or our ship program or our munition program, or our program for making millions of men ready. . . . That is the situation, and it is the situation which creates the duty. . . . There is only one way to meet that duty. We must meet it without selfishness or fear of consequences. Politics is adjourned. The election will go to those who think least of it." In citing the facts, the President stated that "Additional revenues must manifestly be provided for. It would be a most unsound policy to raise too large a proportion of them by loan, and it is evident that the $4,000,000,000 now provided for by taxation will not of themselves sustain the greatly enlarged budget to which we must immediately look forward. We cannot in fairness wait until the end of the fiscal year is at hand to apprise our people of the taxes they must pay on their earnings of the present calendar year whose accounting and expenditures will then be closed. We cannot get increased taxes unless the country knows what they are to be and practices the necessary economy to make them available."

In indicating how the additional taxes should be raised the President said: "We shall naturally turn, I suppose, to war profits and incomes and luxuries for the additional taxes. But the war profits and incomes upon which the increased taxes will be levied will be the profits and incomes of the calendar year 1918. It would be manifestly unfair to wait until the early months of 1919 to say what they are to be. It might be difficult, I should imagine, to run the mill with water that had already gone over the wheel." As we have already seen, the course of events with regard to the war was such as to defeat Mr. Wilson's well-meant efforts, and tax payers did not come to know until 1919 what the rate of their taxes was to be. Congress responded to the President's request by remaining in session, and the House Ways and Means Committee under the Chairmanship of Mr. Kitchin, acted promptly in beginning the work of framing the new revenue bill. This work was completed with the presentation of the bill to the House on Sept. 3. Undue delay was not permitted and the bill passed the House on Sept. 20. The delay in the Senate has already been referred to, together with the complete change in the state of things bearing upon the continuance of the war. As redrafted by the Senate Finance Committee to square with this new situation, the War Revenue Bill was not presented to the Senate until Dec. 6, as already noted.

Following the President's special message on May 27, 1918, the Secretary of the Treasury on June 5 addressed a letter to Chairman Claude Kitchin of the House Ways and Means Committee outlining the probable requirements of the Government for the fiscal year ending June 30, 1919, and making suggestions as to how the increased revenue was to be provided. Mr. McAdoo estimated that the Treasury would actually have to disburse during the fiscal year approximately $24,000,000,000. For the fiscal year ending June 30, 1918, the Secretary said the Government's cash disbursements would amount to between $12,500,000,000 and $13,000,000,000. Of this amount about one-third would be found to have been raised by taxes and two-thirds by loans, all represented by long-time obligations—that is, bonds of the first, second and third Liberty Loans and War Savings Certificates. The Secretary added: "We shall thus have completed fifteen months of the war with a financial record unequaled, I believe, by that of any other nation." And from first to last, the Secretary insisted that one-third of the cost of the war must be raised by taxes. Existing laws provided only $4,000,000,000 revenue from taxation and with total expenditures as then estimated of $24,000,000,000 that would have left $20,000,000,000 to be raised by loans. The reasons impelling against borrowing so large a proportion of the total disbursements Mr. McAdoo set out as follows:

"This would be a surrender to the policy of high interest rates and inflation with all the evil consequences which would flow inevitably therefrom and which would, I firmly believe, bring ultimate disaster to the country. We cannot afford to base our future financing upon the quicksands of inflation or unhealthy credit expansion. If we are to preserve the financial strength of the nation, we must do sound and safe things, no matter whether they hurt our pockets or involve sacrifices—sacrifices of a relatively insignificant sort as compared with the sacrifices our soldiers and sailors are making to save the life of the nation. The sound thing to do is unquestionably to increase taxation, and the increases should be determined upon promptly and made effective at the earilest possible moment."

The Secretary then went on to urge that not less than one-third of the $24,000,000,000 estimated expenditures for the fiscal year 1919, or $8,000,000,000, should be raised by taxation. Mr. McAdoo recommended that "a real war profits tax at a high rate be levied upon all war profits" and that there should be a substantial increase in the amount of normal income tax upon so-called unearned incomes. He pointed out that under existing law earned incomes above certain exemptions were taxed 4% as an income tax and 8% as an excess profits tax, making a total of 12%, while unearned incomes, derived from securities, &c., were taxed only 4%. The 8% tax, he urged, should be recognized as an income tax and the rate of 12% (4% normal and 8% excess profits) should be retained in respect to earned incomes, while a higher rate than 12% should be imposed on unearned incomes. In the law, as finally enacted, Congress followed Mr. McAdoo's recommendations in levying a high war profits tax "and in fixing the normal income tax at 12% (except on amounts up to $4,000 where the rate is only 6%) but not in making a distinction between earned incomes and unearned. The super taxes were also heavily increased.

The signing of the Armistice on Nov. 11, 1918, naturally changed very materially the probabilities as to Government requirements and the amounts to be raised by taxation. The Secretary of the Treasury was prompt to recognize the altered situation and on Nov. 14 wrote a letter to Chairman F. M. Simmons of the Committee on Finance of the United States Senate, giving his ideas as to how the revenue bill then under Committee consideration should be altered to meet the changed requirements. In this letter the Secretary pointed out that the collapse of Germany necessitated "instant reconsideration of the financial problems before the Government, the most immediate of which is that presented by the new revenue bill now before the Finance Committee of the Senate." The Secretary pointed out that the prompt enactment of a revenue bill was imperative. The existing law, he asserted, was not satisfactory to the country nor to the Treasury. On the other hand, the revenue bill which has passed the House was more stringent than the changed situation would justify. The Secretary figured that, instead of $24,000,000,000 being required to meet expenditures for the fiscal year ending June 30, 1919, $18,000,000,000 might suffice. He accordingly recommended a substantial reduction in the amount to be raised under the bill as it had passed the House. Changes had been made or were in contemplation by the Senate which, taken together with the anticipated elimination of revenue from liquor taxes, would reduce the amount to be raised from the $8,000,000,000 or more provided for in the House bill to some $6,300,000,000. Further changes, he thought, might with safety be made in the bill with a view to reducing the amount of taxation to $6,000,000,000. He therefore recommended the immediate amendment of the pending bill so as to provide that with the collection of the taxes levied upon war and excess profits for the calendar year 1918 and payable in the year 1919 the war and excess profits taxes should come to an end except in so far as might be necessary to subject to these taxes profits which, though arising from contracts entered into during the war period, would under existing regulations technically be profits of 1919 and not profits of 1918. His idea was that the pending revenue bill be revised with a view to yielding $6,000,000,000 payable during the calendar year 1919 and $4,000,000,000 during the calendar year 1920. The revenue bill as eventually enacted was along these lines.

Investment Trusts

(Continued from page 1343)

As to performance, the bulletin reports:

"Going back more than two years, to June 10, 1940—a date associated with the collapse of France — Affiliated shares were selling at $2.07. This figure was exactly the same as the offering price—$2.07—at the close of Sept. 26, 1942." In this same period the Dow-Jones Industrial Average showed a net change from 111.84 to 109.32, a decline of 2.3%. Moreover, Affiliated Fund dividends paid during this period totaled 42c per share—a return over the two-year period of 20.3%.

For more recent performance figures, "Abstracts" reports as follows:

"On Sept. 26, the Dow-Jones Industrial Average penetrated its July 16 high. At the close that day, the average was 109.32 against 108.91 on July 16—up 0.4%.

"Here is the comparative performance:

	July 16	Sept. 26	Per Cent Change
Dow-Jones Industrials	108.91	109.32	Up 0.4%
Affiliated Fund Common	1.97	2.07	Up 5.0%

"N.B.—As this issue goes to press (Oct. 8) the average is closing at 113.60, and Affiliated shares are at $2.12, having meanwhole sold "ex" a three cent dividend."

* * * *

The intermediate trend of stock prices as forecast in the "Investment Timing" service of National Securities & Research Corp. remains upward according to the Oct. 8 issue of the service. It will be remembered that the forecast of the long-term trend has been upward since last spring.

The anti-inflation bill — wage and price stabilization come in for discussion in the main body of the service. Resumes of the bill and the President's related directive are given with an analysis of their probable effects.

* * * *

W. F. Shelley in the current issue of "Brevits" discusses investments and the war outlook. Commenting on the evidence that there are two schools of thought in this country as to the length of the war, and on the obvious fact that both can't be right, Mr. Shelley reasons:

"Reflecting on this matter, it occurred to us that if these two opinions express schools of thought having large followings respectively among investors and if such opinions as these are influencing investment policies of investors in different directions, then inevitably one group or the other is going to be hurt when the war does end.

"This can occur in a number of different ways, but as a simple example the investor who bets on a long war by buying war favored securities will be hurt if the war should suddenly come to an end. And the investor who bets on a short war by buying peace faored securities will be hurt in the event the war drags out for several years. There is certainly a gamble in following either course. In our opinion, however, it is a gamble which is decidedly not worth taking."

Dividends

The Trustees of New England Fund have declared a dividend of 15 cents per share, payable Nov. 2, 1942 to shareholders of record Oct. 22, 1942.

Carr Recuperating

BOSTON, MASS.—Ralph Carr, of Ralph F. Carr & Co., 10 Post Office Square, is recuperating from an operation. He hopes to be back on the Trading Desk in a few weeks.

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.

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 towards redemption or payment of debt of Southern Union Gas Co. (old Co.), Texas Southwestern Gas Co., New Mexico Gas Co., New Mexico Eastern Gas Co., reorganization expenses and working capital

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

SUNDAY, OCT. 18

ELASTIC STOP NUT CORP.

Elastic Stop Nut Corp. has filed a registration statement with the SEC for 50,000 shares of 6% cumulative convertible preferred stock (par $50) and 178,572 shares of common stock (par $1), to be reserved for conversion of preferred stock

Address—Union, New Jersey

Business — Manufacturer of self-locking nuts, etc.

Offering—After reclassification of securities, 50,000 shares of 6% cumulative convertible preferred stock will be offered first to holders of outstanding common stock, through warrants at $50 per share, unsubscribed portion through underwriters at $50 per share

Underwriting — White, Weld & Co., Shields & Co., New York; H. M. Byllesby & Co., Inc., Chicago, and First Trust Co. of Lincoln, Neb. Amounts which the respective underwriters will purchase will be supplied by amendment

Purpose—May be used for redemption of 6% cumulative preferred stock (par $100), capital expenditures and working capital

Registration Statement No. 2-5047. Form A-2. (9-29-42)

THURSDAY OCT. 22

MANHATTAN BOND FUND, INC.

Manhattan Bond Fund, Inc., has filed a registration statement with SEC for 1,000,000 shares of capital stock, par value 10 cents per share

Address—15 Exchange Place, Jersey City, N. J.

Business—Investment trust

Underwriting — Hugh W. Long & Co., Inc., Jersey City, is named as the principal underwriter

Offering—Date of proposed public offering is given as Nov. 1, 1942

Proceeds—For investment

Registration Statement No. 2-5048. Form A-1. (10-3-42)

SATURDAY OCT. 31

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 101.57 for the 1943 maturity to 100.50 for the 1952 maturity. The average offering price per unit is 102.1073 plus accrued interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their preemptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

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 thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

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

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

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

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. 29, 1942, to defer effective date

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 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)

Suspension data (including hearings) Oct. 22, 1942

ELLICOTT DRUG CO.

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

Address—120 Cherry Street, Buffalo, New York

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

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

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

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

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

Amendment filed Oct. 10, 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 Oct. 10, 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. 29, 1942, to defer effective date

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 Oct. 6, 1942, to defer effective date

Trion Company on Oct. 9 filed an amendment to its registration statement which places the number of shares of 7% cumulative preferred stock to be offered at 5,496 in place of the 6,000 shares named in original registration statement

The underwriters and the number of preferred shares which each has agreed to purchase are given as follows: Courts & Co., Atlanta, 1,000; R. S. Dickson & Co., Inc., Charlotte, N. C., 1,000; Kirchofer & Arnold, Inc., Raleigh, N. C., 950; Milhous, Gaines & Mayes, Inc., Atlanta, 500; Wyatt, Neal & Waggoner, Atlanta, 500; Brooke, Tindall & Co., Atlanta, 450; J. H. Hilsman & Co., Inc., Atlanta, 450; Robinson-Humphrey Co., Atlanta, 400, and Clement A. Evans & Co., Inc., Atlanta, 246 shares

Offering price to the public will be supplied by amendment

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

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

Amendment filed Sept. 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 eithe sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Sept. 29, 1942, to defer effective date

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 a 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)

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Seward Prosser Dies

Seward Prosser, Chairman of the Board of Directors of Bankers Trust Company of New York, died October 1, at his home at Woods Hole, Mass., after an illness of several months. Mr. Prosser, was born in Buffalo, N. Y. in 1871; his family moved to New York while he was very young, finally settling in Englewood, N. J., where he was a life-long resident. Mr. Prosser went to work at the age of 15, beginning his business career in the employ of the Equitable Life Assurance Society of U. S. He later participated in forming the insurance firm of Prosser & Homans, representing Equitable Life.

In 1907, Mr. Prosser became Vice President of the Astor Trust Company and served in that capacity until 1912, when he was elected President of the Liberty National Bank of New York. In 1914 Mr. Prosser became President of Bankers Trust Company of New York and served in that capacity as well as a member of the Board of Directors and the Executive Committee until 1923, when he became Chairman of the Board of Directors, which position he accupied at the time of his death.

Mr. Prosser had held directorships in many corporations, and at the time of his death was a Director of the International Nickel Company of Canada, Ltd.; Kennecott Copper Corp.; Braden Copper Co.; Utah Copper Co.; and other corporations. He was a member of the Union League and University Clubs.

Mr. Prosser found time in a busy life to help many worthy causes, philanthropy being one of his great interests. His first activity was directed toward public service in his home community of Englewood, N. J., where he was associated with Thomas W. Lamont and the late Henry P. Davison, Dwight W. Morrow and Thomas Cochrane in local charities. During the last World War, Mr. Prosser was associated with Mr. Davison in the first American Red Cross War Fund campaign in which more than $100,000,000 was raised. During 1930-31, Mr. Prosser headed the Emergency Unemployment Committee of New York City, familiarly known as the Prosser Committee, which represented the first city-wide effort to raise private funds for the relief of employment.

Funeral services for Mr. Prosser were held Sunday afternoon Oct. 4, at the First Presbyterian Church in Englewood, and the honorary list of pallbearers included J. P. Morgan, Thomas W. Lamont, Henry J. Cochran, Lieut.-Commander Henry P. Davison, Fred I. Kent, Albert H. Wiggin, Owen D. Young, Guy Emerson, Cornelius N. Bliss, etc., etc.

Rayon Deliveries Higher

Domestic deliveries of rayon yarn and staple fiber to American mills for the nine months ended Sept. 30 aggregated 461,300,000 pounds, reports the "Rayon Organon," published by the Textile Economics Bureau, New York. This total, which represents a new record for the American rayon industry, is an increase of 6% as compared with deliveries of 435,000,000 pounds reported for the corresponding 1941 period. The announcement further stated:

"Deliveries of rayon filament yarn to domestic consumers totaled 347,700,000 pounds for the nine months of the current year, an increase of 4% as compared with 332,900,000 pounds shipped in the corresponding 1941 period. For September alone, rayon yarn deliveries amounted to 38,300,000 pounds as compared with 38,100,000 pounds shipped in August and with 37,000,000 pounds shipped in September 1941.

"Rayon staple fiber deliveries to domestic consumers totaled 113,600,000 pounds for the nine months of 1942 as compared with 102,100,000 pounds delivered in the first nine months of 1941, an increase of 11%. September staple fiber shipments totaled 12,400,000 pounds as against shipments of 12,800,000 pounds in August and 13,000,000 pounds in September 1941.

"Stocks of rayon filament yarn held by producers amounted to 7,800,000 pounds at the close of September as compared with 7,400,000 pounds at the end of August. Rayon staple fiber stocks in producers' hands totaled 4,3000,000 pounds as of Sept. 30, as compared with 3,900,000 pounds held on Aug. 31."

October 1 Cotton Report

A United States cotton crop of 13,818,000 bales is forecast by the Crop Reporting Board of the United States Department of Agriculture, based on conditions as of Oct. 1, 1942. This is a decrease of 210,000 bales from the forecast as of Sept. 1, and compares with 10,744,000 bales ginned in 1941 and 13,109,000 bales, the 10-year (1931-40) average. The indicated record yield per acre for the United States of 285.0 pounds, compares with 231.9 pounds in 1941 and 215.0 pounds, the 10-year (1931-40) average. The previous record yield was 269.9 pounds per acre in 1937.

Most of the reduction in prospective production occurred in South Carolina, Georgia, Alabama, Louisiana, Oklahoma and Texas, where the crop is not turning out as well as was expected a month ago. Over most of this area, precipitation was above normal during September, and temperatures were below normal. This situation has delayed the maturity of the crop. Infestation of leaf worms is also reported to be unusually heavy in Oklahoma and parts of Texas. These reductions during the month were partly offset by a substantial increase in Arkansas, and moderate increases in Mississippi, Missouri, and North Carolina. In the Western States, the crop is still somewhat later than usual and is, therefore, subject to the adverse effects of early freezes.

Cotton ginnings for the United States were reported by the Bureau of the Census at 5,009,180 running bales (counting round as half bales) ginned from the crop of 1942 prior to Oct. 1, compared with 4,713,059 for 1941 and 3,923,172 for 1940.

FHA Insurance For War Housing Projects Over $350 Million

Commercial banks, mortgage companies and insurance companies have been the largest participants in the FHA's program of mortgage insurance for privately financed war housing projects under Title VI of the National Housing Act, Federal Housing Commissioner Abner H. Ferguson announced on Oct. 3.

He stated that detailed statistics now available as of June 30, 1942, show that these three types of private lending institutions originated 75% of the $355,291,550 in war housing loans approved for insurance under Title VI through that date. It was also stated by the Housing Administration that the percentage distribution of these mortgages for all types of lending institutions participating in the FHA program was as follows: commercial banks 30.4%, mortgage companies 25.5%, insurance companies 19.1%, savings and loan associations 9.9%, savings banks 3.2%, Federal agencies 1.1%, all others 10.8%.

It is pointed out by Mr. Ferguson, Title VI mortgage insurance plan has been one of the principal mediums through which private investment funds have been mobilized for the financing of essential housing projects for war workers. Through this insurance, it is stated, institutional lenders are protected against loss of their investment in such projects.

The FHA announcement goes on to state:

"In order to conserve scarce war materials, only those projects for which there is clearly an imperative need in the interest of the war effort are being approved for Title VI insurance, and the projects must conform with all regulations and standards established for privately financed war housing by the War Production Board and the National Housing Agency. Title VI projects must be located in the critical war housing areas designated by the President, and occupancy priority must be given to war workers.

"Since the 1942 war housing amendments to the National Housing Act became operative early in June, all new war housing projects initiated under the FHA program are being insured under Title VI. Previously, however, a substantial volume of housing in war industry areas also was financed under the FHA's regular Title II program.

"In the first six months of 1942, new home mortgages totaling $203,484,450 were accepted for insurance under Title II. Of these, 36.2% were originated by commercial banks, 26.9% by mortgage companies, 14.9% by insurance companies, 10.0% by savings and loan associations, 4.9% by savings banks, and 7.1% by all other types of approved lending institutions.

"On June 30, 1942, the total investment held by lending institutions in FHA-insured home mortgages of all types aggregated $3,551,421,328 in original principal amount. These represent mortgages insured since the start of FHA mortgage insurance operations in 1935. The outstanding balance of these mortgages is, of course, steadily reduced by regular monthly payments against principal as well as by a substantial volume of prepayments.

"The distribution of these holdings by type of lending institution was as follows: commercial banks 45.5%, insurance companies 27.2%, savings and loan associations 7.8%, savings banks 6.8%, mortgage companies 1.7%, Federal agencies 6.9%, and all others 4.1%."

Fla. Court Upholds SEC "Death Sentence"

The right of the Securities and Exchange Commission to require complete reorganiaztion of an operating company if such action is in line with an equitable distribution of the voting power of the concern has been affirmed by a Federal District Court, the Commission learned on Sept. 24, according to special Philadelphia advices on that date to the Chicago "Daily Tribune," which reported the Court's conclusions as follows:

"In the first contested case under the corporate simplification section of the 'death sentence' clause involving an operating company and in the first case anywhere determining the power of the Commision under the last sentence of that section, 11 (B) (2), the Commission on Tuesday (Sept. 22) won a sweeping victory in the Federal court in Jacksonville. Fla.

"First news of the opinion handed down by Judge Louis W. Strum, upholding every contention of the Commission and establishing its powers on a far higher plane than the Commission itself for years had attempted to establish, reached the Commission today with the arrival of Judge Strum's opinion.

"The case was that of the Jacksonville Gas Co. a subsidiary of the American Gas & Power Co. Judge Strum upheld in its entirety a voluntary plan for reorganization submitted to the SEC by Jacksonville Gas and in turn submitted by the Commission to the court for enforcement.

"Judge Strum found that the Commission had virtually unlimited powers under the last sentence of section 11 (B) (2), which reads:

"Except for the purpose of fairly and equitably distributing voting power among the security holders of such company, nothing in this paragraph shall authorize the Commision to require any change in the corporate structure or existence of any company which is not a holding company, or of any company whose principal business is that of a public utility company."

For years the Commision, in passing upon refunding proposals made by operating companies, has operated on the theory that its power under that sentence was extremely limited, and has permitted company after company to refund its debt when its setup was not dissimilar from that of Jacksonville Gas.

"When the act says that the Commission is not authorized to require any change in the corporate structure of an operating utility, 'except for the purpose of fairly and equitably distributing voting power among the security holders of such company,' it clearly implies that the Commission may require such change if it be for that purpose," Judge Strum held.

"Else why was the quoted exception included in the act? If Congress intended to withhold such power, that intent would have been evidenced beyond debate by simply omitting the quoted exception. Its inclusion in the act must be given appropriate significance and weight."

Banks Elected Members Of Commerce Chamber

Frederick E. Hasler, President of the Chamber of Commerce, announces that the following New York banks had been elected corporate members of the Chamber:

Guaranty Trust Co. of New York, Bankers Trust Co., Public National Bank & Trust Co., Commercial National Bank & Trust Co., National City Bank, New York Trust Co., Bank of the Manhattan Co., Bank of New York, Manufacturers Trust Co., Title Guarantee & Trust Co., Marine Midland Trust Co., Corn Exchange Bank Trust Co., Chemical Bank & Trust Co., Central Hanover Bank & Trust Co., Discount Corporation of New York, Chase National Bank, J. P. Morgan & Co. Incorporated, Irving Trust Co., First National Bank of New York, Continental Bank & Trust Co., and the Fifth Avenue Bank.

The announcement of the Chamber adds:

"The above list includes the entire bank membership of the New York Clearing House. Their election to corporate membership is due largely to the efforts of Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. and former President of the Chamber. During Mr. Johnston's administration the by-laws of the Chamber were amended to permit corporate memberships for the first time in the 174 years' history of the organization.

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