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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Except for government bonds, institutions and trusts with funds for investment are finding it increasingly difficult to place such moneys accumulating in their hands.

For months the situation has been taut in consequence of the virtual dearth of new issues reaching market. Now conditions are being aggravated by the growing disposition on the part of corporations to reduce their outstanding funded debts.

Only a short time ago the United States Steel Corporation announced plans for calling of $30,000,000 of its debentures held by the public. More recently, this week, in fact, North American Company decided to call for redemption another $3,000,000 of its bonds.

These operations take on the nature of a double-edge sword so far as holders are concerned. It not only yields them funds which must be invested profitably, but goes further and removes at least a portion of the opportunity for such action.

Consequently it is not surprising to find that the seasoned high-grade bond market has been holding solidly in face of conditions, which at times, have not been conducive to constructive thought.

Dealers report no difficulty at all in placing the limited offerings of such paper as come into the market from day to day. As in most other directions the demand far outruns the supply, yet potential buyers will not reach for securities they need.

Less Afraid of Calls

The scarcity of new outlets for money has reached the point where there is less disposition to

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HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX

of John B. Knox & Company

Editor's Note: New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the second, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part II

Man improves himself only when he is stimulated; when he is forced to struggle to attain the object of his desires, which are polygenetic and without limitation. He has been accurately described as a life-form to which exciting stimuli are essential and which approaches decadence and senescence when they are absent. It is the pressure of needs and wants in their varied manifestations which spur him to achievement. Necessity and desire alone conquer indolence and inertia. Well-being is always the major object of human thought, which operates in accordance with a prescribed form.

When man's needs are supplied by a bountiful nature he remains static. When they are temporarily furnished by a paternalistic government—and such action can only be temporary—he becomes vagrant and irresponsible. The desire for the good things of life, when connected with false ideas of right, power and equality and dissociated from ideas of industry, economy and diligence, produces the illusion that a man is robbed of his rights if he does not have everything he wants, and of equality if anyone else has more.

Man is the heir of all of the thoughts, the discoveries, the labors and the inventions of his predecessors but, contrary to the precepts of professional uplifters, who are always sufferers from psittacism, his heritage does not come

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THE FINANCIAL SITUATION

A new label has been pinned on it. Once upon a time it was "the Government's contribution to recovery." Later it became the "inflationary gap." Now it is "hoarding."

The SEC in its most recent—and according to some observers, apparently, sensational—compilations of "liquid savings" has really contributed little to the sum total of human knowledge. No one with the least familiarity with such matters needed to be told that when funds are brought into being in huge amounts by Government borrowing at the banks, deposits or actual money in circulation, or both, may be expected to increase proportionately.

Certainly everybody well understands that the Government is not borrowing from the banks to accumulate balances to its credit. Every school child knows that it is, and has been all along, spending these moneys as fast as it obtains them. It is obvious that in "spending" them, it passes them along to those from whom it purchases goods and services and to whom it owes interest. Sellers of goods and services must, of course, pay their employees and their suppliers who in turn have suppliers and employees. In a word, the funds which the Government obtains at the banks—funds which did not exist before—are quickly distributed in the normal course of affairs to the general public.

Of Course!

Now, to be sure there is no one in the country who does not know that the Government has been greatly increasing its borrowings from the banks and has been proportionately increasing the volume of its expenditures. That being the case, one scarcely needs to examine the regular bank reports to know that deposits are gaining at a greatly accelerated rate, and it is difficult to understand how anybody who reads the daily papers with more than cursory attention could be ignorant of the fact that money in circulation is likewise increasing by leaps and bounds. It is true, of course, that the ordinary bank report does not distinguish between deposits to the credit of corporations

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H. L. Federman Now With Ira Haupt & Co.

The program of expansion announced by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1, when the business of Newman Bros. & Worms was consolidated with their firm, was continued when H. L. Federman joined the organization in charge of the statistical department which is being enlarged.

Mr. Federman was with the firm of Hirsch, Lilienthal & Co. for more than 15 years. He is a graduate of the New York School of Commerce and the New York University Graduate School of Business Administration. Mr. Federman is Vice-President of the Alumni Association of the New York University Graduate School and is a director of the U. S. B. & M. Liquidation Corporation.

Sharp & Bias Partners In Shuman, Agnew Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — James L. Sharp and R. William Bias have become partners in Shuman, Agnew & Co., 300 Montgomery Street, members of the San Francisco Stock Exchange. Both have been with the firm since its formation; in the past Mr. Bias was with Mitchum, Tully & Co.

Other members of the partnership are J. Robert Shuman and William H. Agnew, the San Francisco Exchange member.

New NYC-Buffalo Wire

The unlisted trading department of Wertheim & Co., 120 Broadway, New York City, has installed a wire to Doolittle, Schoellkopf & Co., Liberty Bank Building, Buffalo. Both firms are members of the New York Stock Exchange.

Chicago Tractions Afford Investment Opportunity

By WHITMAN C. HAFF

The Chicago Surface Lines have been in receivership since 1927, yet all during the past 15 years of receivership, and since issuance, the Chicago Railways Company, the Chicago City Railways Company and the Calumet and South Chicago Railway Company have not only paid their 5% interest on their first mortgage bonds in each full year, but have reduced their principal 25%, 15% and 35% respectively.

This is really a most remarkable performance, when one considers the business depression that existed during the greater part of this period, and is equaled by few if any other traction companies. These bonds are now selling in the middle 50s, yet in 1937 they sold in the low 80s.

The Chicago Surface Lines System is the largest privately owned street railway in the world. During 1941, 689,282,697 revenue passengers were carried. The 7 cent fare, which has been in effect since 1923, has recently been increased to 8 cents. This advance was made possible by the issuance of only a temporary order by the Illinois Commerce Commission but since the Commission has acted constructively in the past it is not too much to expect that its final order will be of a favorable nature in which event it will naturally go a long way toward providing increased earnings this year and in later years.

Traction companies with few, if any, exceptions, are experiencing a period of prosperity not enjoyed since 1929 and from all indications, further gains in traffic and profits will continue, as the effects of gasoline rationing and tire shortages become more pronounced. With costs reasonably well controlled, profits should attain even higher levels under the circumstances.

The traction industry has no serious tax problem since heavy investments in trolley car equipment exempt most companies from the excess profits tax under the invested capital option.

At the present time these issues are carrying the August 15th interest of 2½% that the Federal Court has not as yet authorized

(Continued on page 1799)

$1,000 Fine, "Emphatic Criticism" Administered By NASD Conduct Comm. In Dealer Profits Case

The Nov. 1 issue of the NASD "News," published by the National Association of Securities Dealers, Inc., contained the following report of the action taken by an Association District Business Conduct Committee in a case concerning the amount of profit obtained by a securities dealer:

"The Committee, in its consideration of these transactions, rejected as specifically contrary to the intent and principles of the Rules of Fair Practice of the Association, particularly Section 4 of Article III thereto, the contention that the profit charged a customer in any individual transaction can be justified on the basis of the average margin of profit earned by a member on all of its transactions.

"The above is an extract from an opinion of a District Business Conduct Committee in a case involving findings that the member had charged customers unfair prices. In part, the member's defense was that the profit margins which formed the basis of the complaint were made in line with the policy of the organization to realize a certain average profit on all transactions.

"A fine of $1,000 was imposed by the DBCC with which was coupled 'most emphatic criticism' of the member's practice 'because of the fact that its practices with respect to profits had been the subject of previous censure by the Committee.'

"Testimony at the hearing of this complaint disclosed that the firm, prior to the initial censure of its profit policies by the DBCC in mid-1940, effected sales of bonds to its customers as a regular practice at a fixed profit of five points above its cost. As a result of the Committee's criticism, this was reduced to 4¾ points. Further testimony developed that the firm's schedule of so-called 'maximum' profits was a goal consistently achieved without regard for relationship of price charged to prevailing market except under the terms of the schedule described."

J. C. Riepe To Be Alex. Brown Partner

BALTIMORE, MD.—Announcement is made that J. Creighton Riepe will be admitted to partnership in the firm of Alex. Brown & Sons. Final arrangements are subject to formal approval of the New York Stock Exchange. Mr. Riepe has been Manager of the firm's municipal bond department.

Mr. Riepe entered the investment banking business in 1921 and is well known to municipal bond dealers throughout the country. He was for several years Chairman of the Municipal Securities Committee of the South-Eastern Group of the Investment Bankers Association, as well as a member of the National Committee, and is now Secretary-Treasurer of the South-Eastern Group of that Association. He is a past President of the Baltimore Bond Club.

Alex. Brown & Sons is the oldest banking house in the country, having been established in 1800. Other partners of the firm are B. Howell Griswold, Jr., Charles S. Garland, Lt. Alexander Brown Griswold (U. S. Army), Lt. Benjamin H. Griswold, III (U. S. N. R.), F. Grainger Marburg, William J. Price, III, and Col. Wm. Wallace Lanahan, A. S. C.

Louisville Dealers Hold Stag Session

LOUISVILLE, KY.—The investment dealers of Louisville held a stag session at the Pendennis Club in honor of the anniversary of their first "cracker barrel" session held in Washington in November of last year.

Among the guests attending the session were Judge Healy and Commissioners O'Brien and Pike of the Securities and Exchange Commission, and Joseph Schneider, Kentucky Securities Commissioner and President of the National Association of Securities Commissioners.

Bache Co. Consents To WLB Wage Jurisdiction

Reversing its former stand, J. S. Bache & Co., members of the New York Stock Exchange, has consented to the jurisdiction of the National War Labor Board in its dispute with employees over wages.

William J. Walker, attorney for the company, said the firm has consented to the Board's jurisdiction on the wage question and request that the Board proceed without prejudice to firm's right to object to jurisdiction over the company on any matters other than wages.

The firm's previous objection to the WLB assuming jurisdiction over the controversy was reported in our issue of Nov. 5, page 1631.

Russell Schaffer To Head Rambo-Keen Dept.

PHILADELPHIA, PA.—The investment firm of Rambo, Keen, Close & Kerner, Inc., 1518 Locust Street, announces that Russell W. Schaffer has become associated with them as manager of their municipal bond department. Mr. Schaffer was formerly in charge of trading in the local office of Mackey, Dunn & Co., with which he was connected for a number of years.

Florida Municipal Bulletin

Allen & Co., 30 Broad Street, New York City, are issuing their current bi-monthly bulletin on Florida municipal bonds, copies of which will be sent by them upon request.

McManaway Named Pres. of McAlister-Smith

GREENVILLE, S. C.—McAlister, Smith & Pate, Inc., investment securities house with offices in Greenville and Charleston, S. C., and Charlotte and Asheville, N. C., announce the election of Herman B. McManaway of Greenville as President, succeeding Joseph F. McAlister, who has entered the armed forces.

Mr. McManaway is rounding out nearly 20 years in the investment field and has been associated with McAlister, Smith & Pate, Inc., since July, 1941.

McAlister, Smith & Pate's main office is located in the Woodside Building, Greenville, S. C.

NSTA Service Flag

The following are members of the Baltimore Security Traders Association who are now serving in the armed forces. The Baltimore Association is an affiliate of the National Security Traders Association:

William H. Boggs, Frank B. Cahn & Co.

William A. Brown, Mackubin, Legg & Co.

Calvert J. Cahn, Frank B. Cahn & Co.

Robert P. Chambers, Mackubin, Legg & Co.

Alan F. Daneker.

Bernard E. Eberwein, Alex. Brown & Sons.

Malcolm G. Keech, Mercantile Trust Co.

David C. Kratzer, Stein Bros. & Boyce.

David C. McIntosh, Alex. Brown & Sons.

C. Benjamin Mitchell, Jr., Mitchell & Co. (New York City).

Charles Albert O'Connor, Alex. Brown & Sons.

William C. Roberts, Jr., Colonial Bond & Share Corp.

Gilford H. Teeple, G. H. Teeple & Co.

Norville E. White, W. W. Lanahan & Co.

Sanford A Lt. In Navy

J. B. Sanford, Jr., partner and manager of the Jackson, Miss., office of White, Hattier & Sanford, New Orleans, La., has received a commission as a Lieutenant (J. G.) in the Armed Guard of the U. S. Navy, and is to report on Nov. 30 to San Francisco, Calif. He is taking a leave of absence from his firm for the duration of the war.

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Sam McFalls Partner In McDaniel Lewis Co.

GREENSBORO, N. C.—McDaniel Lewis & Co., Jefferson Building, announce that Sam McFalls of Charlotte has now become associated with the company as a partner in the investment securities business.

Mr. McFalls is assuming his new duties in Greensboro immediately. For 14 years he has been associated with R. S. Dickson & Co. in various capacities and has in recent years been trading in corporate and municipal securities in the Carolinas and Virginia.

McDaniel Lewis, senior partner of the company, has been engaged in the municipal securities business in Greensboro for about 23 years. The new partnership brings together men of experience, both in the municipal and corporate field.

Robt. & T. E. Borton With Wm. J Mericka

(Special to The Financial Chronicle)

CLEVELAND, OHIO—T. Ernest Borton, member of the Cleveland Stock Exchange, and Robert E. Borton have become associated with the Cleveland Exchange firm of Wm. J. Mericka & Co., Inc., Union Commerce Building. Both were formerly officers of Borton & Borton, Inc., which has been dissolved.

Also joining the Wm. J. Mericka & Co. staff are Arthur G. Hatry and Daniel M. Sheehan, Jr., who were previously with Borton & Borton.

Capital Gains & Losses

Stix & Co., 509 Olive Street, St. Louis, Mo., have issued an interesting folder summarizing the changes which the Revenue Act of 1942 has effected in the treatment for income tax purposes of capital gains and losses. Copies of this folder may be had from the firm upon request.

DEALER BRIEFS

Miami, Fla.

There has been a stronger demand lately for all Florida bonds, with offerings none too plentiful. The market has been stimulated by the passage of the gas tax amendment, definitely allocating two cents of the gas tax for a period of fifty years to payment of road and road district bonds. This has caused a price rise in this type of bond from which the entire market has benefited. Fundamental conditions throughout the State are excellent, with good crop prospects, war activity at a high level, and a substantial number of winter residents already here. We look for further increases in bond prices, particularly in some of the city bonds which have been lagging behind the rest of the market.—*A. B. Morrison, A. B. Morrison & Co.*

Portland, Ore.

The election on Nov. 3 in Oregon, Washington and California shows a most unfavorable trend to the Public Power movement on the Pacific Coast. Congressman Pierce of Eastern Oregon, who has been a rabid Public Power enthusiast, is retired to the sidelines. Our new Congressional district turned down the Democrat candidate who was formerly an employee of Bonneville Authority. Two leading exponents of Public Power in the State of Washington, Congressmen Knute Hill and Smith, introducers in the House of many Public Power bills sponsored by Secretary Ickes, lost out to candidates who still believe in the private enterprise system. California's new Governor is another case of too much Public Power and other crackpot ideas on the part of the present administration. It begins to look as though we, in the Pacific Northwest, have had "our fill" of Public Power, and the securities of our utilities in this section are attracting much favorable attention.—*E. M. Adams, E. M. Adams & Co.*

Pacific Northwest corporate securities have for the past several years so far outshown the averages of the New York Stock Exchange that to make actual comparisons would practically recommend that the investor purchase stocks or bonds of companies in this locale. Shortage of manpower for war construction work may draw from larger corporations and as a result we may see lower earnings. Broadly speaking, however, conditions here are excellent and we expect them to stay that way.—*John G. Galbraith, John Galbraith & Company.*

Reed & Cutter Admit

Reed & Cutter, 30 Broad Street, New York City, have admitted Torrey Mosvold to limited partnership in their firm. Other members of the firm are J. Arthur Reed and George H. Cutter, Jr., general partners.

E. A. Pierce Declares All Have Vital Stake In Preserving and Developing Securities Market

The idea that the securities market was created and is operated for the exclusive benefits of the rich is "insufferably stupid" and "it has worked injury to our country and everybody in it," E. A. Pierce of Merrill Lynch, Pierce, Fenner & Beane, the country's largest brokerage and investment firm, declared on Nov. 13 in a talk before the Kiwanis Club at San Antonio, Texas.

Mr. Pierce defended the New York Stock Exchange and its function and said that the Exchange was the least understood institution in the country for which fact he blamed the "superficial theorists." Labor, he said, has a vital interest in preserving the securities market, while the farmer, the white collar class, the unemployed, and Government itself, "have a vital stake in preserving and developing the securities market."

Mr. Pierce asserted that "liquidity, especially at this time, is essential and you can's have liquidity without a reasonable degree of activity. We can't have the free flow of funds and credit that are necessary to a fair degree of prosperity if the stagnant markets that have obtained much of the time for several years are continued." Mr. Pierce continued:

"And, you can't have worthwhile activity until and unless the general public understands that its own interest demands the wide diffusion of honest information and orientation on security markets and security exchanges. With about one-third of the wealth of the country represented by securities listed on the New York Stock Exchange it is not an organization to disregard."

The New York Stock Exchange, he said, happens to symbolize security market operation to a far greater extent than any other institution in the country, which was why he used that exchange as an illustration. Few people know that this Exchange was called into being, and exists today solely because the needs of individuals and the requirements of the national economy demanded it, Mr. Pierce asserted. He pointed out that it was in response to the financial needs of a struggling new government that the Exchange was founded in 1792.

Mr. Pierce advised persons contemplating the purchase of securities to consider them as they would other kinds of property, which are subject to similar vicissitudes and in which the speculative element is no less present than in stocks and bonds. He cited the losses on real estate in the decade starting with 1930 as an example.

Dealers Applaud Editorial Protesting Attempt Of SEC To Ignore Lawful Property Rights

In the first section of the "Chronicle" of Thursday, Nov. 12, there appeared an editorial entitled "Shall Personal Property Rights Be Abrogated By Bureaucratic Edict?" protesting the attempt of the SEC to set aside, insofar as dealers in securities are concerned, the Constitution-guaranteed right of any one to dispose of property that is lawfully his on whatever terms he chooses. The article challenged the right and justice of the SEC in contending that dealer profits not consonant with the Commission's ideas in the matter constitutes fraud. A number of dealers have sent in letters expressing their appreciation and approval of the editorial. Some of these communications are given below:

DEALER NO. 1.

Let us sincerely compliment you on the article in the Nov. 12 issue, "Shall Personal Property Rights Be Abrogated By Bureaucratic Edict?"

This article is certainly along the right line, and we believe that you hit the nail right on the head. We hope that you will expand and amplify this in subsequent articles and keep up a barrage along this line until the SEC, the NASD and the entire investment fraternity is thoroughly aroused to fight and to eliminate the theory that because the SEC does not like a dealer's profit, perforce it constitutes a fraud. This theory in itself is a fraud on the investment banking profession.—*From a Rockford, Ill., Dealer.*

(Continued on page 1799)

REAL ESTATE SECURITIES

RECORD OF 10 EAST 40th STREET BUILDING, INC. SINCE REORGANIZATION

In 1933, a plan approved by the Court was consummated effecting the property owned by the corporation, which comprises the land owned in fee and the 44-story store and office building erected thereon, at 10-14 East 40th Street and 7-11 East 39th Street. The land area approximates 15,000 square feet and the building completed in 1928 contains more than 340,000 square feet of rentable area. Arnold Constable & Co. occupy the first six floors and basement under lease for a period extending to Sept. 30, 1957.

At the time of reorganization, $5,373,500 First Mortgage 6% bonds were outstanding. In reorganization each deposited $1,000 old bond was exchanged for new securities as follows:

$600 First Mortgage 5% fixed interest bond due 1953
$500 6% Non-Cumulative Income Debenture
5 Shares of Class "A" stock

Authorized new first mortgage bonds amounted to $3,054,600, authorized debentures totaled $2,545,500. First mortgage indebtedness was reduced about $2,300,000 by this procedure. A sinking fund provision in the new indenture sets aside all net income up to $100,000 per annum, after 5% interest but before depreciation for purchase or redemption of first mortgage bonds. Any remaining earnings are allocated to interest payments, payable as declared by the board of directors, on the debentures. The company has by use of funds available for sinking fund purposes purchased and deposited with the Trustee for cancellation $881,500 first mortgage bonds. During the period from March 1, 1935 through Aug. 31, 1942, actual earnings for interest on the debentures amount to $218,408.29. At the discretion of the board of directors, a portion of these funds have been used for additional purchases of first mortgage bonds, the balance sheet as of Aug. 31, 1942, showing $257,100 bonds held in the Treasury. Through cancellation and Treasury purchases, the amount of first mortgage bonds now outstanding with the public amount to $1,916,000 or in other words, a reduction of $1,138,600 has been made in the first mortgage indebtedness since reorganization.

The Directors have just announced that a 1% interest distribution will be made Dec. 1, 1942 on the $2,545,500 outstanding debentures which have accrued accumulated interest thereon of approximately 8.56% per $1,000.

At the present time, the property is about 95% rented with a rent roll about $20,000 in excess of rents received in the fiscal period ended Aug. 31, 1942. The year ended as of that date showed net income before depreciation of $151,184.82 sufficient for the full first mortgage sinking fund of $100,000 leaving $51,184.82 as earned and applicable as interest on the debentures.

Just what the policy of the Board of Directors will be from this point on is difficult to foresee but it appears to be favorable to the holders of the corporations' securities. In arriving at such a conclusion, consideration has been given to the fact that at the time of reorganization, the amount of first mortgage bonds outstanding exceeded by about $600,000 the amount of outstanding debentures, while at the present time outstanding debentures exceed by about $600,000 the outstanding first mortgage bonds of $1,916,000 on the property assessed at $4,500,000. Due to this change in ratio, and the fact that bonds held in the Treasury are about two years ahead of sinking fund requirements, it is possible that some fair sized liquidations of unpaid accumulations on the debentures may be made, as well as some continuation of purchases of first mortgage bonds for future retirement. Certainly the equity position of the first mortgage bonds has been materially improved since reorganization and consequently first mortgage reduction has improved the relative position of the Debentures and the Class "A" stock attached thereto.

The securities trade as a "Unit" (1st mortgage, debenture and stock) or separately, the first mortgage bond yielding approximately 5¾% and the Debenture, based on 1% payment in December, yielding approximately 6¾% at current levels.

Garner, Kuhn Assist NY Victory Fund Group

Perry E. Hall, Execuitve Manager of the Victory Fund Committee for the Second Federal Reserve District, announced on Nov. 16 that Robert L. Garner, Vice-President and Treasurer of Guaranty Trust Company of New York, and R. Parker Kuhn, Vice President of The First Boston Corporation, have each taken a leave of absence from their respective organizations to assist the New York Victory Fund Committee in connection with the large Treasury drive which will be launched on Nov. 30. Mr. Garner and Mr. Kuhn will collaborate with Francis T. Ward, Vice-Chairman of Region 8, which is Manhattan Island, in connection with the sale of government bonds in New York City.

Ins. Stocks Look Good

Attractive possibilities are offered by the current situation in American Insurance Company, Continental Casualty Company, Continental Insurance Company, Fidelity-Phenix Fire Insurance Company, Hanover Fire Insurance Company, Jersey Insurance Company, New Hampshire Fire Insurance Company, Northwestern National Insurance Company, Pacific Indemnity Company, Reinsurance Corporation of New York, and Security Insurance Company, as indicated in these companies' reports for the six months to June 30, 1942 according to memoranda just issued by Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York Stock Exchange and other exchanges. Copies of these memoranda may be had from the firm's bank and insurance stocks department upon request.

Hammond Commissioned

LOS ANGELES, CALIF.—William R. Staats Co. announces that leave of absence for the duration has been granted Theodore E. Hammond, Executive Vice-President, as he has received a commission of Lieutenant Commander in the United States Naval Reserve.

Mr. Hammond has long been identified with the financial, ship building and civic life of Los Angeles, formerly in partnership with his late brother, Paul B. Hammond, and latterly as an officer of the investment firm of William R. Staats Co. During World War I, Mr. Hammond was commissioned in the Fleet Naval Reserve.

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)
BEVERLY HILLS, CALIF.—**Wirt G. Close** has become associated with **Amerax Corporation**, 205 South Beverly Drive. Mr. Close was previously with Witherspoon & Co., Inc., Stephenson, Leydecker & Co., and Wm. Cavalier & Co.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Montgomery Cohen** is with **Hunnewell & Co.**, 49 Federal St.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Philip H. Morton** is associated with the staff of **R. W. Pressprich & Co.**, 201 Devonshire St.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Louis G. Olson, Jr.**, has become affiliated with **R. C. O'Donnell & Co.**, Penobscot Building. Mr. Olson was previously with Baker, Simonds & Co. and P. A. Hastings & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Charles H. Richards** has joined the staff of **H. R. Baker & Co.**, Bank of America Building. Mr. Richards was previously with Searl-Merrick Company.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Melvin Harold Smith**, formerly with Floyd A. Allen & Co., is now with **G. Brashears & Co.**, 510 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Theodore Winecoff** has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth St. Mr. Winecoff was previously with Davies & Co. and prior thereto with Post & Flagg.

(Special to The Financial Chronicle)
MADISON, WIS.—**Edwin Steussy** has become connected with **The Milwaukee Company**, 207 East Michigan St., Milwaukee. Mr. Steussy was formerly with Holley, Dayton & Gernon.

(Special to The Financial Chronicle)
RIVERSIDE, CALIF.—**Carl J. Conrad** has joined the staff of **J. A. Hogle & Co.**, which has absorbed the Riverside branch of Davies & Co., 3640 Main St., of which Mr. Conrad was manager.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Francis E. Wilcoxon** is now connected with **H. R. Baker & Co.**, Russ Building.

Portland Bond Traders Elect New Officers

PORTLAND, ORE.—Homer Bateman of Ferris & Hardgrove vas unanimously elected President of the Portland Bond Traders Club for the ensuing year at a recent annual meeting. George F. Patten, Jr., of E. M. Adams & Co., was elected Vice-President and Wallace E. Frazier of Blyth & Co., Secretary-Treasurer.

President Bateman, formerly of San Francisco, has been in the securities business in Seattle and Portland the past 10 years and with his wife and daughter now resides in the latter city. He is said to be working on a plan whereby the Portland Club may be of assistance to the investing public in its purchase of War Bonds and Stamps and in this endeavor he has the whole-hearted support of the entire club.


Homer J. Bateman


G. F. Patten, Jr.


Wallace Frazier

NY Stock Exchange Amends Rule On Trading Hours For Flexibility In Case Of Air Raid Alarms

The Board of Governors of the New York Stock Exchange, at a meeting on Oct. 29, amended its rule regarding the hours of trading by providing for flexibility in trading hours in the event of air raid alarms or other emergencies during a business day. The change in the rule makes it possible (1) to postpone the opening, (2) to advance the closing, (3) to close temporarily and reopen, or (4) to extend the trading hours for a short period beyond the normal closing (the latter only if it should appear to be necessary to facilitate the proper handling of business on the Exchange).

The Governors adopted another rule under which the Exchange may prescribe another hour for the performance of acts which should have been completed on the day the trading hours were changed.

The Board has also determined that in the event of a public air raid alarm in New York City, the following rules shall be applied:

1. If an alarm is in effect at the time the Exchange would normally be opened, the opening will be postponed until after the public all clear signal.

2. If an alarm is given during the time the Exchange is open for business, an interior signal will be given which shall automatically terminate all trading on the Floor.

3. The termination of trading under the circumstances shall have the same effect on bids and offers as a closing of the Exchange.

4. Upon such termination of trading all open agreements to

The Securities Salesman's Corner

SOME OBSERVATIONS PERTAINING TO SELLING INVESTMENTS TO DEFENSE WORKERS

This department recently received an interesting letter from Mr. W. F. Flury of Paul H. Davis & Co., Chicago, Ill., in which we were asked if we had any ideas upon the subject of how to develop investment business among executives and employees of defense industries. Mr. Flury enclosed some statistics which were taken from the August, 1942, edition of "Fortune" magazine which indicates the exceptional increase in wages paid to salary groups as follows:

Total Income by Wage and Salary Groups
(In Billions)

Wage & Salary Groups—	1936	1939	1941	1942
Under $1,000	$10.8	$12.4	$7.8	$5.9
$1,000 to $3,000	30.2	34.7	42.0	45.6
$3,000 to $5,000	6.6	7.7	17.2	22.5
$5,000 to $10,000	4.1	4.9	9.5	12.6
$10,000 and over	7.6	10.2	18.4	24.3
Totals	$59.3	$69.9	$94.9	$110.9

If we analyze the above figures it is interesting to note that although every group with the exception of those under $1,000 made gains between 1936 and 1942, there is a surprising increase in salaries above the $10,000 class. These figures are, of course, before income taxes.

There may be some who hold the opinion that there is a large volume of business to be obtained by investment firms among the wage earning, lower salary, and income groups, under $5,000 per annum. It is the opinion of this column that this class of business is unprofitable in the long run.

Our own experience, and those with whom we have discussed the subject, has shown us that most often it costs more to sell securities to this group of individuals than the business is worth, either in actual or potential profits.

The securities business is not a business that can successfully be conducted on the basis of large volume and small profits. A salesman can spend very much more time in the process of educating a person who has never bought securities, than he does in creating a new account out of an individual who understands investments. Even if he sells the uninitiated small investor, his profit and his commission do not justify the effort involved; whereas a larger and more substantial investor can readily give him an order that is profitable and makes the business worth while.

Again we have found that there is no more thankless job than to educate people into becoming investors. Most of the people who have never taken the time to study and learn about American industry, about what makes the wheels go round, about the place of prominence in the nation's forward progress which has been made possible by corporations and corporation finance, or about the vital role which has been played by the investment industry in the development of our country—these are the people who are either CIOers, New Dealers, Communists, Left Wingers, or anti anybody and everybody who isn't either a labor union man or what they choose to call a "worker" with a capital "W." Of course, there are some in this group who can be sold securities. The point we wish to make is that we believe it is too much of a job to justify what any salesman can get out of it, to make the effort worth while.

Among the group who can be classed as executives and managers of industry, we do believe there is a worthwhile field for cultivation. Here we have men who are not anti-capital; they know what makes the wheels go round, they are not prejudiced against private initiative and security investments, they are interested in providing for their own future, and they probably own investment securities and are interested in acquiring more of them. Despite the impact of high income taxes on this group which earns $10,000 and over, this is where we would work. Next week we will offer certain suggestions which have been helpful in contacting these business executives.

P.S.—There may be some of our readers who disagree with these opinions regarding the inadvisability of attempting to sell investments to defense workers making less than $5,000 per annum. If so, we would be pleased to have your comments and will present them in this column if they appear to bring out another side of this problem. Please address your communication to the "Securities Salesman's Corner."

"stop" securities shall become effective.

5. If trading is resumed the same day, bidding and offering on the Floor at the reopening shall be conducted as at any other opening, but for other purposes a trading session so interrupted shall be regarded as a single session.

6. All day orders shall be regarded as good for the entire day regardless of any interruption of trading.

7. A period of at least 20 minutes will be allowed between the public all clear signal and the opening or reopening.

It is contemplated that as soon as possible after the public all clear signal is given necessary notices concerning procedure will be published on the tape, including the time of reopening, the time of final closing, etc.

Brush, Slocumb Moves

SAN FRANCISCO, CALIF.—Brush, Slocumb & Co. have moved to new and larger quarters at 1 Montgomery Street.

Clokey-Miller Moves; E. Clokey Retires

Clokey & Miller announce that on Oct. 31, 1942, Edmund Clokey retired from their firm as a general partner but will continue to have his office with them. Gerald Clokey, senior partner, and Otto J. Delfs will continue the business of the firm as heretofore in their new offices at 61 Broadway, New York City, to which they moved on Nov. 12.

Burnside Winslow Is With Paine Webber

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—Burnside Winslow has become associated with Paine, Webber, Jackson & Curtis as co-manager of their local office at 205 Church St. Mr. Winslow was formerly Vice-President of Hincks Bros. & Co., Inc., and in the past was an officer of Winslow, Day & Stoddard.

RAILROAD SECURITIES

A modest "peace market" developed last week following the week-end announcement of the opening up of a new front in North Africa. Selling pressure was relatively light even in the opening sessions, the market being characterized by a shading of bids rather than anything else. Buying interest throughout the week was negligible. Reflecting the surprise declaration of interest payments by the court, the St. Louis Southwestern liens were notably firm during even the early peace selling, but later in the week the 2nd 4s, 1989 fell victim to the desultory nature of the general market. This is one of the most highly favored of the higher priced reorganization railroad obligations, and at the recent price level slightly under 75 is considered fundamentally substantially underpriced.

The interest payment recently authorized on the Cotton Belt 2nd 4s amounts to $100 per bond, and will reduce accumulations on the old security to the proposed effective date of the plan to $80. The proposed effective date of the reorganization is January 1, 1942 so that there is also an accumulation of one year's interest on the new bonds allocated. Under the plan, the 2nd 4s are given par for par of their entire claim in new Consolidated Mortgage bonds bearing fixed interest at the rate of 4%. By the end of this year, therefore, the old 2nd 4s will be entitled to an additional $40 per bond representing earnings on their new securities.

The balance of the accrual on the old bonds plus the accruals on account of the new bonds should, it is expected, be liquidated fairly early next year. The payment already authorized plus the accruals to the end of 1942 would reduce the net cost of the old 2nd Mortgage 4s to around 52¾. The new Consolidated Mortgage of a reorganized Cotton Belt should command materially higher prices even under present relatively unfavorable general railroad bond market conditions. The confidence with which the Interstate Commerce Commission views the long term future outlook for the properties is apparent from the fact that this is the only reorganization property in which the entire allowable new funded debt was put on a fixed interest basis. There are to be no Income bonds in the revised capitalization.

Of course consummation of the reorganization is a long way off as considerable opposition to the terms has developed, and even a District Court ruling on the plan will not be forthcoming until well into 1943. Court hearings on the plan were just recently completed and interested parties have until Feb. 1 to file briefs. The time element should have little influence on the market action of the 2nd Mortgage bonds, particularly if they are put on a regular interest basis next year.

The reorganization is a realistic one, reducing obligatory requirements to a level readily supportable under virtually all traffic conditions. Fixed charges were cut just about in half, to roundly $1,500,000. In only two years of the depression decade would income available for charges have fallen below that figure. Even with these two indicated deficit years the new fixed charges would have been covered 1.39 times on the average for the 10 years 1931-1940. Last year, which is not included in the average because of the particularly wide influence of the war on operations of Cotton Belt, these charges would have been covered approximately five times.

In common with other roads serving the southwestern and centralwestern sections of the country, Cotton Belt continues to be a major beneficiary of traffic dislocations arising from the war effort (specifically the wide gain in westbound freight movement). Taxes have taken a heavy toll of the increased revenues, having risen to $7,910,000 in the first nine months compared with $1,675,000 a year earlier. The road is believed to be the only reorganization property with earnings high enough to necessitate payment of an excess profits tax, a liability which hardly seems compatible with the Commission's ruling that the old stocks are valueless.

Despite this heavier tax burden, net operating income for the nine months through September was about a third larger than in the like 1941 interval. Further gains are looked for in the final quarter, with the full year's income estimated at at least seven times the proposed new fixed charges. Another factor to be considered as adding strength to the new bonds is the rapid accumulation of cash, some of which may well be utilized to reduce debt even further.

Interest Payments On Danish Bonds

Henrick Kauffmann, Danish Minister in Washington, on Nov. 17 made the following statement for the information of bondholders:

"For the purpose of paying Dec. 1, 1942, coupons of City of Copenhagen 25-year 5% gold bonds, due June 1, 1952, and Dec. 1, 1942 coupons of Mortgage Bank of the Kingdom of Denmark (Kongeriget Danmarks Hypotekbank) 45-year 5% sinking fund external gold bonds series IX, of 1927, due Dec. 1, 1972, I propose to put the particular paying agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

"Dec. 1, 1942, coupon payments will be subject to such licenses as may be granted to paying agents by the United States Treasury."

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—44; low—14¾; Nov. 18 price—40½.

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

Some of the broad general principles of the war financing program are beginning to take shape and, according to present indications, a strenuous effort will be made to follow orthodox procedure—at least as far as it will go. In the past, whenever it has been necessary for the Government to raise money quickly and in large amounts, the usual course has been to work primarily through the Commercial banks. Their function has been more or less that of primary underwriters of new Government issues rather than of becoming permanent investors themselves.

Banks of deposit normally take up the bulk of short-term government paper and, in addition, whatever amount of medium and long-term bonds circumstances call for at the time of issue. The latter securities are then "fed out" gradually, as market conditions permit, to savings banks, insurance companies and to miscellaneous institutional or private investors. Thus the long-term debt of the country ultimately winds up, as theoretically it should, in the hands of those generally classed as long-term investors.

Obviously the present scale of financing is much too gigantic, and much too urgent, to be handled along purely routine lines. The so-called "long-term investors" haven't enough free money, and will not respond quickly enough, to absorb the unprecedented avalanche of Government Bonds now being issued. Therefore, the commercial banking system must resign itself and prepare itself to carry a very substantial amount of the government debt for a much longer time than has been common practice in the past. In order to unfreeze the banks it will probably be necessary, sooner or later to institute some program of "forced saving" (or whatever the semanticists may decide to call it). Apparently, voluntary subscriptions to War Bonds will never suffice and some method must be found to siphon off the excess purchasing power which is aggravating the inflation trend and to tap further such other funds as, left to themselves, will doubtless prove to be too little and too late.

For the time being, however, every effort is being made to handle the situation on a conventional, as well as on a voluntary, basis. Victory Fund Committees, composed of leading bankers and government bond dealers, have been established throughout the country. Working in close cooperation with the Treasury Department in Washington, these committees are campaigning actively and vigorously — through the press, the radio, the motion picture and by individual speaking tours—to corral every spare dollar they can find and direct it into War Bonds or Stamps. The United States Treasury is doing everything it can to encourage this drive by offering a broad variety of securities, in such denominations and maturities that every type of investor can be effectively brought into the program.

According to reports from Washington, the Treasury Department is committed to a definite policy of having the banks confine themselves largely to government securities with a maturity of ten years or less and of encouraging the insurance companies, other institutions and private investors to take on most of the longer term maturities. That this policy is being successfully put into effect is evidenced by a recent study of the Treasury showing the amount of different maturities held by various investors. This study shows that, in the first seven months of this year, bank holdings of the longer maturities actually declined while their holdings of one to ten-year maturities increased substantially. At the same time, holdings of the insurance companies and "other investors" in the shorter maturities declined as they added greatly to their long-term holdings. This is just the kind of trend which both the

(Continued on page 1796)

DIVIDEND NOTICES

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DIVIDEND NOTICES

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of December, 1942, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 58 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 16th day of November, 1942, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1942.

The transfer books will be closed from the 17th day of November to the 30th day of November, 1942, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an Authorized Dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board,
W. J. WHITLING, Secretary.

56 Church Street,
Toronto 2, Canada.
10th November, 1942.

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable December 15, 1942, to stockholders of record at the close of business on December 1, 1942. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Secretary.*

ELECTRIC BOAT COMPANY
33 Pine Street
New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable December 10, 1942, to stockholders of record at the close of business November 25, 1942.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. A. G. TAYLOR, Treasurer

November 13, 1942.

Magma Copper Company
Dividend No. 81

On November 17, 1942, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable December 15, 1942, to stockholders of record at the close of business November 27, 1942.

H. E. DODGE, *Treasurer.*

The New York Central Railroad Co.

New York, November 11, 1942.

A Dividend of One Dollar ($1.00) per share on the capital stock of this Company has been declared payable January 15, 1943, at the Office of the Treasurer, to stockholders of record at the close of business December 10, 1942.

R. P. AHRENS, *Treasurer.*

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share and an additional dividend of 25 cents per share on the Company's capital stock, payable December 15, 1942, to stockholders of record at the close of business December 1, 1942.

H. F. J. KNOBLOCH, *Treasurer.*

UGI

The current quarterly dividend of $1.25 per share on $5 Dividend Preferred Stock and a dividend of 10 cents per share on Common Stock have been declared, payable December 23, 1942 to respective holders of record November 30, 1942.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
October 27, 1942 Philadelphia, Pa.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held November 12, 1942, declared a dividend for the fourth quarter of the year 1942 of $1.00 a share on the Common Stock of Underwood Elliott Fisher Company, payable December 15, 1942, to stockholders of record at the close of business December 1, 1942.

Transfer books will not be closed.

C. S. DUNCAN, *Treasurer.*

American Woolen COMPANY
INCORPORATED

225 FOURTH AVE., NEW YORK, N.Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable December 10, 1942 to stockholders of record December 1, 1942. Transfer books will not close. Checks will be mailed.

F. S. CONNETT,
Treasurer

November 18, 1942.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000

Aggregate Assets 30th Sept., 1941 ..... £150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1

Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL	£3,000,000
RESERVE FUND	£3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

Branches in all the principal Towns in
EGYPT and the SUDAN

Becker Sells 10 Million In U. S. Bonds On Holiday

CHICAGO, ILL.—All the employees of A. G. Becker & Co., Inc., 120 South La Salle Street, in a special Armistice Day drive to aid the war financing program of the government, gave up their holiday and devoted the day to the sale of government securities exclusively.

At the close of the day the Chicago organization of the firm had turned in subscriptions for $10,156,875 made up of 430 individual corporation orders. This was the first time since Armistice Day has been a holiday in the financial community that the firm has been open for business on that day.

Sebring Bonds Interesting

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, have issued an analysis of the refunding bonds of the City of Sebring, Fla., copies of which are available from them upon request.

Investment Trusts

SINCE PEARL HARBOR

If there were still any doubt remaining as to the need for and effectiveness of soundly managed investment companies, the events since Pearl Harbor have wiped it out completely.

For what investor—or what investment manager, for that matter—could have foreseen the kaleidoscopic changes that have taken place in the past year? It is true that the war brought equally portentous changes to the world in the years **before** Pearl Harbor. But those changes seemed to be happening outside our sphere of life. It was not until we became victims of aggression that the majority of Americans began to relate what was taking place to themselves.

And when this readjustment to reality began, it created such unprecedented dislocations to our industry and commerce that the individual investor could not possibly cope with the situation adequately. In recognition of this, many investors simply withdrew entirely into unproductive cash and that is where many of them are today.

In contrast, those investors who put their funds into soundly managed investment companies have, as a group, fared well. They have benefited from the safeguards—the careful selection, constant supervision, broad diversification, etc.—which are provided by the modern investment company. They have enjoyed a good return on their money. They are in a position today to meet the future with equanimity. They have the assurance that they will participate reasonably in the full recovery which is presaged by recent Allied victories.

* * *

Investment Company Briefs

Taxes still hold the center of interest in the literature of investment company sponsors. The current issue of Keystone Corporation's "Keynotes" is devoted to the highlights of the new corporate tax rates. National Securities & Research Corp. analyzes the provisions of the new law affecting individual investors in its Nov. 12 issue of "Investment Timing." This discussion, entitled "The New Tax Act and the Investor," is one of the clearest and most helpful that we have seen. National Securities & Research Corp. is making the material available to dealers in folder form. A letter accompanying the folder points out that, "Logically investors look to their security dealer for advice. In an effort to help dealers and their clients, we offer reasonable quantities of the attached folder." (Their address is 120 Broadway, New York City).

* * *

One very interesting angle of the the new tax law is raised by the Parker Corporation in a recent letter to distributors of Incorporated Investors. We quote:

"Under the Federal Revenue Code, as amended by the Revenue Act of 1942, an open-end investment company has the option of electing in any year whether to be treated, for tax purposes, as a regular corporation or as a regulated investment company. Once the option has been taken to be a regulated investment company, the decision is final and the status may not again be changed.

"Up to now, Incorporated Investors has chosen to qualify as a regulated investment company (previously called a 'mutual investment company') because, in the judgment of the directors, such qualification was in the interest of the stockholders.

"Under the new tax law, however, the directors are of the opinion at the present time that the stockholders will derive greater benefit if Incorporated Investors, at least so far as 1942 is concerned, chooses the tax status of a regular corporation. One of the results of this status will be that by offsetting income and interest received by realized losses it is expected that all dividends paid or to be paid by Incorporated Investors during 1942 will be tax free to the recipient, so far as Federal income taxes are concerned, since for this purpose they are regarded as a return of capital.

"On the other hand, Incorporated Investors will have to pay a tax which it would not incur if it elected to be treated as a regulated investment company; but the directors feel that the tax advantage to be derived by the stockholders will more than offset this tax. Also, the directors feel that in as much as the option to be treated as a regulated investment company is final and irrevocable once it is exercised, there is an advantage in not so exercising the option this year and thus retaining the right to exercise it at some future time."

* * *

Distributors Group's new folder on the Railroad Shares of Group Securities makes excellent point of the fact that discount rail bonds comprise the portfolio.

"For the fourth time this year,

(Continued on page 1799)

FINANCIAL NOTICE

Notice to the Holders of:

Kingdom of Denmark

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

City of Copenhagen

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

Danish Consolidated Municipal Loan

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

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

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

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

For the purpose of paying December 1, 1942 coupons of City of Copenhagen Twenty-Five Year 5% Gold Bonds, due June 1, 1952, and December 1, 1942 coupons of Mortgage Bank of the Kingdom of Denmark (Kongeriget Danmarks Hypotekbank) Forty-five Year 5% Sinking Fund External Gold Bonds Series IX, of 1927, due December 1, 1972, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these two issues.

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

In conformity with my announcement of October 7, 1942, I purpose to make subsequent announcements with a view to keeping bondholders informed of further developments relating to the above-described loans.

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

Washington, D. C., November 18, 1942.

DIVIDEND NOTICE

KENNECOTT COPPER CORPORATION
120 Broadway, New York City

November 17, 1942.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of one dollar ($1.00) a share have today been declared by Kennecott Copper Corporation, payable on December 24, 1942 to stockholders of record at the close of business on November 27, 1942.

A. S. CHEROUNY, *Secretary.*

Municipal News & Notes

A nationwide group comprising 39 leading investment banks and firms, headed by Drexel & Co., Philadelphia, and Lehman Bros., New York, acting as agents for the City of Philadelphia, formally placed into effect on Nov. 16 the offer being made by the city to exchange, for new refunding bonds, certain presently outstanding obligations totaling $162,296,000. Of this amount, $140,582,000 eligible for such exchange are in the hands of the public.

The new bonds, where redeemable, have extended callable dates but bear the same rates of interest to the original callable dates as the outstanding bonds to be exchanged. Thereafter all refunding bonds bear interest at 3¼%. The outstanding bonds to which the exchange offer applies are issues optionally callable by the city between 1944 and 1953 inclusive.

The exchange offer, which represents the largest municipal refinancing operation of its kind on record, is provided for under the city's Refunding Plan of 1942 just adopted, and is similar to the exchange offer made through the same bankers under the Refunding Plan of 1941 as a result of which exchanges totaling over $83,000,000 of the city's bonds were effected.

The maturities of the new refunding bonds of 1942 range from 1958 to 1975 and the bonds, where redeemable, become optionally callable by the city on various dates beginning in 1949. For the holders of about 90% of the bonds eligible for exchange two choices of maturities are provided — one series due in 1965 and the other in 1975.

Members of the group of investment firms and banks assisting Drexel & Co. and Lehman Brothers in effecting exchange of the bonds as agents of the City of Philadelphia, and the cities in which their principal offices are located, are as follows: Bankers Trust Company, New York; Moncure Biddle & Co., Philadelphia; Biddle, Whelen & Co., Philadelphia; Blyth & Co., Inc., New York and San Francisco; Alex. Brown & Sons, Philadelphia.

The Chase National Bank of the City of New York, New York; Chemical Bank & Trust Co., New York; Charles Clark & Co., New York; C. C. Collings & Co., Philadelphia; Elkins, Morris & Co., Philadelphia; Equitable Securities Corporation, Nashville.

The First Boston Corporation, Boston and New York; First of Michigan Corporation, Detroit; First National Bank & Trust Co., Minneapolis; E. W. Clark & Co., Philadelphia.

Graham, Parsons & Co., Philadelphia; Hannahs, Ballin & Lee, New York; Harriman Ripley & Co., Inc., New York; Harris, Hall & Co., Inc., Chicago; Hemphill, Noyes & Co., New York; W. E. Hutton & Co., Cincinnati; Kidder, Peabody & Co., New York, Boston and Philadelphia; Lazard Freres & Co., New York.

State and Local Financing Lowest Since 1918

Total permanent financing by our States and municipalities has fallen to the lowest level since the earlier war year of 1918, according to the quarterly investment survey of Shields & Co., New York City, released Nov. 16.

"It appears that the fiscal affairs of our States and municipalities are in the most flourishing condition since the 1920s," says the survey. "Aside from gasoline and other highway receipts, revenues of the States are at record levels. The effect of widespread public spending is reflected in heavy receipts from sales and beverage taxes. Income levies have reached record proportions. Realizing that windfalls may prove transitory, officials display a disposition to restrain expenditures and set up reserves. Virginia has invested in Federal securities a sum sufficient to pay off its entire debt at maturity. Connecticut's surplus, equivalent to about half of the State's outstanding indebtedness, is earmarked for sinking fund purposes. Other commonwealths are taking steps to strengthen themselves against future stresses.

"Returns of local governments from property taxes are, in the main, reported as excellent. In boom communities rapid growth has created local problems. Seattle, Wash., is said to be meeting difficulty in maintaining budgetary equilibrium. Fortunately, that city has reduced its tax-secured debt to conservative levels. Norfolk, Va., is likewise encountering heavy demands for increased municipal services. These, city officials inform us, are being resisted to the greatest extent possible. These examples are typical of the attitude of municipal officials generally."

The survey notes that gasoline and highway facility tolls have declined further, latest reports indicating a drop in rationed Eastern territory of ⅓ or more in September gasoline tax receipts, compared with those a year ago.

With regard to New York City bonds, it is pointed out that they have recently undergone constant liquidation from institutions that deem it advisable to transfer investments to U. S. Treasury securities. As an offset, however, public funds have taken large amounts of bonds from the market.

Florida's Rd. & Bridge Bonds Under Gas Tax Amendment

Sullivan, Nelson & Goss, Inc., of West Palm Beach, Fla., have just issued a memorandum bearing on the State gasoline tax constitutional amendment approved by the voters at the Nov. 3 election in relation to its effect on the status of the county highway and special tax road and bridge district bonds at July 1, 1931, and any subsequent refunding bonds or certificates issued in lieu thereof. Under the terms of the amendment, two cents of the State gasoline tax shall be irrevocably pledged for payment of the aforementioned obligations for a period of 50 years from Jan. 1, 1943. It is the opinion of the bond house that "all of the county highway and road and bridge district bonds under the jurisdiction of the State Board of Administration are now effectively quasi-State obligations."

This debt, including both principal and interest, aggregated $171,995,054 on July 31, 1942, as compared with $295,868,423 on Feb. 15, 1930, a reduction in the 12-year period of $123,875,369. The estimated income from the 2 cent portion of the State gas tax for the 50-year period is $573,122,517. In addition, assets in the form of cash and investments on July 31, 1942, totaled about $14,033,963. Accordingly, the bond house observes, the estimated income and existing assets amounted to $415,161,426 more than the total of bond principal and interest charges due on July 31. Furthermore, the completion of certain refunding operations now in progress and other adjustments is expected to materially lower the indebtedness figure of $171,995,054.

Sullivan, Nelson & Goss, Inc., summarize the new standing of the road and bridge debts affected by the gas tax amendment, as follows:

"While the outstanding county highway and road and bridge bonds administered by the State Board of Administration have the fundamental security of being general obligations of the respective counties and districts, and still carry the pledge of unlimited ad valorem taxes, the Constitutional Amendment requires the State to assume the payment of these local road bond debts to the extent of the counties' participation in the 2¢ State gasoline tax, over a 50-year period, and for the first time provides the State Board with sufficient funds and mandatory authority to fully service the total road and bridge debt structure of Florida. This permanent policy as afforded by the Amendment is a contractual commitment beyond the reach of the Legislature to impair.

Local Housing Bonds Increasingly Attractive

Private investors have financed more than 25% of development costs of all non-war public housing projects since Municipal Housing Authority bonds first appeared on the market in February, 1940. Since then, according to the National Association of Housing Officials, popularity of local housing bonds has increased steadily until recently as high as 85% of development costs of some local housing projects have been financed by bonds sold directly to private investors.

At first, few local housing agencies were able to dispose—as required by law—of more than 10% of their issues of Series A bonds, sold to private investors only, the Association said. Reluctance of investors disappeared gradually, however, as they became more familiar with this type of security.

Accompanying increased sales of local housing project bonds has been a decrease in interest rates from a range of 2.48 to 2.7% to the present range of 1.66 to 2.04%. Present low rates have enabled cities to make substantial interest savings they could not make by selling their housing bonds to the Federal Public Housing Authority. This is because interest charged by FPHA is pegged by law at rates higher than local housing agencies now can obtain from private investors. FPHA obtains funds to buy local housing bonds through sale of its own Federally-secured obligations.

Pittsburgh's housing authority last month sold $16,400,000 of bonds—total development cost of two housing projects—to private investors, with a local securities firm buying 55% of the issue at an average rate of 1.99%.

Omaha, Quincy, Ill., and Fresno, Cal., have secured interest rates among the lowest for local housing bonds, Omaha selling more than $3,000,000 worth maturing serially from 1943 to 1976 at a net interest cost of 1.79%; Quincy selling at 1.76%, and Fresno at 1.66%.

By the end of last month, 141 local housing agencies had sold 150 separate issues of Series A bonds for a total of $107,605,000, which represents approximately 27.5% of the development cost of all the projects. The balance was paid through sale of $282,842,000 of Series B bonds to the FPHA and from capital donations, or outright subsidy, of $1,510,650.

Why Buy Buffalo's Bonds? Comptroller Supplies Answer

The "remarkable progress" Buffalo has made financially during the last four years is described in the "Buffalo Newsletter" which Comptroller Frank M. Davis sent out Nov. 11 addressed especially to trust company officers.

Pointing out that Buffalo's bonds once were "universally regarded as an extra-preferred investment," but that "then came an unfortunate period in our municipal record," Mr. Davis gives six reasons why Buffalo bonds should now be considered a good investment. They follow:

"1—Buffalo has never defaulted or even been in remote danger of defaulting.

"2—Buffalo now has a borrowing margin of $18,000,000, having risen from a low mark of less than $50,000 in 1938.

"3—Buffalo is prudently conserving its borrowing margin. No new borrowing is contemplated.

"4—Refunding in the last four years has been done wisely. Every single year we have paid off a great deal more than we refunded.

"5—The fiscal year 1944-45 will mark the end of our high maturities; after that the burden will be exceptionally light.

"6—It is true that our 2% limit for operation and maintenance has shrunk, but that ought not to disturb any investor. There is no constitutional or statutory limitation on the amount which Buffalo may raise annually for debt service. The only effect of the 2% limitation will be prudent economy in operating the city. This should encourage, not discourage, investors. We can cut our suit according to the cloth, and we shall do so."

The Newsletter is distributed monthly to financial interests throughout the country.

North Carolina Counties Reducing Bonded Debts

The advalorem tax rate of North Carolina counties is down an average of 25 cents per hundred since 1928, and debt reduction is proceeding rapidly, according to a county tax map of the State prepared by the Department of Conservation and Development. The map is used to answer queries from persons and enterprises planning to locate in North Carolina.

Since 1928, 76 counties have reduced their local tax rate, 21 have increased it, and the rates of three are substantially unchanged. The weighted average county tax rate in 1928 was $1.25 per hundred, in 1941 it was 99.8 cents. Lowest tax rate in the state is Forsyth's 55 cents; Avery and Pamlico have the highest—$2.20. In terms of reduction, however, Brunswick leads with a cut of 90 cents since 1928.

Per capita county indebtedness (excluding special district bond issues) is highest in Buncombe, with a per capita debt of $143. Halifax owes only $7 per capita, lowest in the State.

Study of Local Government Commission figures shows county tax rates decreased more sharply during the depression years of 1930 to 1934. A tendency to increase them is noted since 1935, but some additional decreases have occurred in the past two years.

Local counties are shown to be reducing their bonded indebtedness by around $7,000,000 per year.

State Gas Tax Revenues Hit New Low In September

State gasoline tax collections hit a new low in September despite a slight upturn in August, continuing the steady decline in State revenues from this source beginning in March as a result of gasoline and rubber rationing.

August and September collections on a national basis were 14 and 26% under August and September, 1941 receipts, according to a Federation of Tax Administrators report on receipts for more than 40 States, including 16 rationed States.

For the 15 rationed States, August and September collections were 24 and 39% under collections for the same months last year. These figures, the Federation said, provide other States a preview of the effect rationing will have on their revenue systems after Nov. 22, when nationwide gasoline rationing becomes effective. The figures also provide motorists with an indication of how much their driving will be curtailed.

Since the September collections were based on sales made during August, the first full month of the coupon rationing system on the Atlantic coast, they not only indicate more accurately than previous months the extent of restriction imposed on automobile use by gas rationing, but they show the increased effectiveness of the coupon rationing system over the temporary card rationing system.

Following figures show monthly decreases in gas tax collections in comparison to collections for the same months of 1941:

	March	April	May
43 States	2	4	9
17 rationed	5	3	15
		June	July
40 States		13	13
13 rationed		22	26
		Aug.	Sept.
45 States		14	26
16 rationed		24	39

The Federation said 1941 is not a year for making just comparisons, however, since it was an inflationary year. "The real nature of the difference between rationed and unrationed States, for example, is better shown by a comparison of 1942 figures with those of 1940, a more normal year."

On this basis, collections for the rationed States decreased by 33% between September, 1940, and September, 1942, while receipts in unrationed States fell off only 4%.

State Debts Cut $202 Million During 1942 Fiscal Year

The Bureau of the Census recently reported that, continuing the downward swing which began in the preceding year, the indebtedness of the States decreased 6% during the 1942 fiscal year. Total indebtedness of the 48 States, including obligations of State institutions and agencies, amounted to $3,211,000,000 as of June 30, 1942. This figure is $202,000,000 lower than the corresponding total for 1941, and represents a decrease of nearly double the amount of the reduction effected in the 1941 fiscal year.

State debt behavior during the past two years, the Bureau pointed out, presents a sharp contrast with the steadily mounting debt of the pre-defense period and provides striking evidence of the general improvement in State finances which has resulted from expansion of the national economy during the period of transition to all-out war.

Additional evidence that the States have improved their financial conditions in order to meet the demands of war and post-war adjustments may be cited. State tax collections increased approximately 13% during the past year and a considerable number of States closed their fiscal years ended in 1942 with substantial surpluses.

Other factors which have contributed to contraction of State debt may be found on the expenditure side of State accounts. Increasing restriction on new construction has sharply reduced capital outlays, resulting both in deferment of issuance of new bonds and in transfer of revenues formerly allocated to construction to debt service. A number of States recently have reported that because of prior-

ity regulations, and scarcity and higher cost of labor and materials, substantial revenues and imponded funds which normally would be expended for highway construction and maintenance will be used to retire outstanding debt.

Finally, it may be noted that a considerable proportion of State obligations issued in recent years was incurred to meet relief needs. Expansion of employment has virtually terminated expenditures for relief of employables, and is reducing the need for assistance to unemployables in a number of States.

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.)

November 23

$2,500,000 Chicago Sanitary District, Ill.

In November, 1941, award was made to Northern Trust Co. of Chicago, and associates. A group formed by Jonn Nuveen & Co., Chicago, was second high bidder.

Are Tax-Exempts Or Tax Bonds Best For You?

Halsey, Stuart & Co., Inc., 201 South La Salle Street, Chicago, Ill., is beginning distribution of a ready-reckoning chart based on the new Federal income tax rates established by the Revenue Act of 1942. This chart quickly shows any investor whether tax-exempt municipal bonds or taxable bonds will be most profitable at his level of taxable income.

The chart, which presents comparisons for taxable incomes of all sizes, furnishes the investor the means of making the comparisons between the yields of tax-exempt and taxable bonds by the simple device of slipping an inner table of figures to position in a designated opening.

An investor with a taxable income of $20,000 a year thus immediately sees that because of the new income tax rates a taxable bond would have to yield 5% a year to equal the yield of a 2.25% tax-exempt bond.

Copies of this interesting chart may be had from Halsey, Stuart & Co. upon request.

Our Reporter's Report

(Continued from first page)

shy away from bonds with callable features.

Until relatively recently prospective buyers such as banks, trust accounts and the like were strongly inclined away from bonds where there was an indicated possibility that the issuer would exercise his right to call the bonds.

But currently, it is observed such apprehension appears to be on the wane and there is little or no evident hesitation in seeking out sound issues on which the yield runs from 2.9% to around 3% or a little better.

Central Maine Sets Rate

Filing an amendment to its registration statement on file with the Securities and Exchange Commission covering the proposed issue of first and general mortgage bonds, the Central Maine Power Co. has fixed the interest rate on the projected bonds at 3½%.

Due to the difficulty which arises in attempting to secure certain necessary materials, needed in expansion plans, the company decided at the same time to reduce the size of the issue from $14,500,000 to $12,500,000.

The registration also covers 261,910 shares of common stock, and the company proposes upon completion of its projected absorption of Cumberland County Power & Light Co. to sell $5,000,000 face amount of 10-year serial notes.

Since the latter would be sold privately they are not covered in the registration.

Through the Clouds

With the encouraging successes of Allied arms in the last fortnight, there has been considerable revamping of the picture in the dollar bonds of Australia, New Zealand, and those of countries which have been under the heel of the Axis invaders.

Scandinavian dollar issues were in demand as a group and marked up extensive advances, including those of Norway and Denmark. Meantime Polish loans have come forward sharply.

City of Brisbane, Australia, and Australian government dollar bonds likewise, responded with considerable vigor to the news of severe Japanese reverses in the Solomons and in New Zealand.

Largest Ever

This week-end should bring from Secretary of the Treasury Morgenthau, the complete details of the country's largest single war financing.

The December war program of the Treasury, it appears, is destined to dwarf even the Liberty Bond Drives of the last war, and it looks as though the schedule will be set up so as to be attractive to all sources having funds available.

Evidently to enable it to better gauge the current market situation, the Treasury has added several prominent bankers, including W. Randolph Burgess, now Vice-President of the National City Bank and formerly head of the Federal Reserve Bank of New York, to its advisory council.

Merrill Lynch Financial Statement

As a matter of news, we give below the current financial statement of Merrill Lynch, Pierce, Fenner & Beane with comparable figures for the year ending Dec. 31, 1941.

MERRILL LYNCH, PIERCE, FENNER & BEANE

CONDENSED STATEMENT OF FINANCIAL CONDITION

ASSETS

	Sept. 25,'42	Dec. 31,'41
Current Assets:		
Cash in banks and on hand	$4,192,488	$5,646,471
Segregated under the Commodity Exchange Act	*5,545,909	7,982,719
Clearing funds and similar deposits	†1,993,658	2,430,359
Deposits on account of securities borrowed	373,310	85,150
Receivable from other brokers or dealers:		
Securities sold but not delivered	1,459,208	2,909,365
Equities in "future" commodity accounts	181,755	144,056
Receivable from customers:		
‡Debit balances in margin accounts	49,582,789	56,747,772
Due from commercial and broker customers on account of commodity accounts	202,706	138,842
§Securities carried for joint account	46,613	------
¶Securities owned by firm:		
Municipal securities	62,204	
Other securities	420,034	860,226
**Miscellaneous current assets	322,741	398,698
Total current assets	$64,383,416	$77,343,658
Other Assets:		
Memberships in exchanges—at market value	182,906	222,426
††Furniture, fixtures, and office equipment	309,241	282,865
Prepaid expenses	120,965	47,069
Sundry unsecured receivables deemed collectible	21,143	12,570
Total	$65,017,671	$77,908,587

LIABILITIES

	Sept. 25,'42	Dec. 31,'41
Current Liabilities:		
Money borrowed on securities	$28,316,100	$31,301,500
Deposits on account of securities loaned	5,388,079	4,572,999
Payable to other brokers or dealers:		
Securities bought but not received	1,052,824	2,157,882
"Future" commodity accounts	280	15,623
Payable to customers:		
Free credit balances	14,747,859	22,774,073
‡Credit balances in "margin" accounts	2,484,094	825,014
Equities in "future" commodity accounts	5,826,989	7,932,115
‡‡Securities sold but not yet purchased	397,391	49,481
Dividends and coupons payable and unclaimed	72,352	79,228
§§Miscellaneous current liabilities	384,955	700,231
¶¶Due present and retired partners	133,385	72,260
Due partners retiring or withdrawing	------	606,780
Due general partners—free credit balances	51,572	396,401
Total current liabilities	$58,855,881	$71,483,587
Reserve—For contingencies	161,790	325,000
Net Worth	6,000,000	6,100,000
Total	$65,017,671	$77,908,587

*Includes cash on deposit, $3,905,909, and $1,640,000 U. S. Government obligations at face value. †Includes $1,120,000 of U. S. Government obligations at face value. ‡In which the margin, in each case, is equal to or greater than New York Stock Exchange requirements, and in cash accounts since cleared. §In which the firm has a 50% interest—at approximate market value. ¶At quoted market value. **Such as commissions and interest receivable, revenue stamps, etc. ††At depreciated value. ‡‡At quoted market value. §§Including drafts, commissions, taxes and expenses. ¶¶Old firm accounts in liquidation.

NOTE—Contingent liabilities of the firm at Sept. 25, 1942 consist of items such as open trades not yet recorded because of terms of delivery and when-issued contracts, all of reasonably definite nature, which would make no material change in the above statement on the basis of quoted market values at Sept. 25, 1942.

Rails & 1942 Revenue Act

B. W. Pizzini & Co., 52 Broadway, New York City, are distributing the current issue of their "Railroad Securities Quotations." In addition to extensive comparative quotation tables of guaranteed stocks of rails throughout the country, underlying mortgage railroad bond quotations, reorganization railroad bond quotations, minority stock quotations, and guaranteed telegraph stock quotations, the release discusses "tax selling" expected under the Revenue Act of 1942, the greater incentive now offered to try for future capital gains, and the fact that the railroads are permitted to buy in their own bonds at prices below face value without paying corporate income taxes on the discount profit thus realized. Copies of this bulletin may be had from B. W. Pizzini & Co. upon request.

Kentucky Industries

Thomas Graham, executive Vice President of the Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., is the author of an extensive article on industries of Kentucky which appears in the Autumn edition of "In Kentucky," the official publication of the Commonwealth of Kentucky.

The Bankers Bond Co. in its current issue of "Local Notes," is also distributing an interesting summary of Kentucky industry prepared by Mr. Graham. Copies of this issue of "Local Notes" may be had from The Bankers Bond Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Market refusal to rally on successful African invasion and Guadalcanal naval victory news leaves optimists puzzled. Speculator who watches market and doesn't pretend to have knowledge of world events in better position.

By WALTER WHYTE

In all my years in Wall Street, and they're more than I care to boast about, I've never seen so much confusion as there is today. Of course the primary concern (besides the war) of traders and investors is the stock market. Is the trend up or down? You can get as many answers to this question as your patience can handle. You can even interpret the answers to soothe your vanity.

* * *

If you speak to a market technician you'll get a reply built around the mumbo jumbo of mysterious somethings called double tops, double bottoms, line cuts and other terms so dear to chart readers. If you ask a statistician the answer will be couched in grander, if equally obtuse, terms. This will take in profit ratios, capital gains taxes, income statements and profit and loss thingamabobs. If you show impatience and press for a definite reply you'll end up with a pontifical statement framed in whereases and wherefores, terminating in an opinion that the market will go up if—. And from there on, dear reader, you are on your own.

* * *

It's all bad enough for the out and out speculator who doesn't pretend any interest in fundamentals and plays the market on market action alone and gets out when the action signals a turnabout. But it's a lot worse for the dyed in the wool investor who has been brought up in the belief that safety and income are paramount principles. For if there is anything certain

(Continued on page 1798)

UP-TOWN AFTER 3

MOVIES

One of the exciting pictures to come out of this war is the Alexander Korda production, **"One of Our Aircraft Is Missing,"** the English movie released in this country by United Artists. It is the story of a six-man crew on a bombing mission over Germany whose plane develops engine trouble over Holland forcing them to bail out. It is not a tale of posed heroisms or feats of muscular daring. The crew is made up of ordinary men with ordinary fears. They have two objectives—to avoid capture; to reach the North Sea. Their experiences with the sturdy Dutch folk who pass them along the underground are not made up of the fantastic stuff which too often are figments of a screen writer's fertile imagination. The experiences they go through seem real and have the ring of authenticity. They never take on any Nazi divisions and lick hell out of them. In fact they avoid meeting the Nazis whenever they can. Yet in spite of the absence of hoarse yells implying heroism, a quality which American screen writers seem to feel is a native to our side alone, the picture is so full of underlying tension that to sit through it and breathe properly at the same time seems, at times, almost impossible. From the very first scene when the bomber takes off for Germany, to the last one when the crew finds itself in a German rescue buoy in the North Sea, constant tenseness is present. At times it seems impossible that any picture can maintain such a pace any longer. But just as one exciting scene is built up, another, and a still more exciting one, develops. Put **"One of Our Aircraft Is Missing"** down on your "must" list.

The latest Abbott and Costello opus is one called **"Who Done It?"** (Universal). Assisting the pair and providing the romantic angle is Louise Allbritton and Patric Knowles. The story is about the radio business and how soap operas get themselves written. Plot involves a straight-laced college professor who finally gets his chance to write radio script but indignantly refuses the long awaited opportunity because he suspects his lady love—assistant to the radio Big Chief—had something to do with it. He changes his mind eventually, but that is at the end. Meanwhile the program director is murdered and who do you think comes barging in to solve the dastardly deed? That's right, Abbott and Costello. The pair are soda jerkers who have a radio script nobody wants to listen to. So when they hear of the murder they leave their sandwiches and sodas behind and dash up to the broadcasting studio, pose as gumshoes and in their usual manner jam things up completely. If you've seen the other Abbott and Costello pictures you won't find this one any different. You'll hear the same gags and see the same situations. Only the surroundings are different.

ABOUT THE TOWN

If you haven't been recently to the Rockefeller layout—the **Rainbow Room,** 65 stories above Radio City, and plan to go, you'd better hurry. For, according to rumor, the place is due to close Jan. 1. Certainly lack of business can't be the reason for it. For when I was there, a week night, every table was taken. In any case its current show, which opened sometime last month, but I didn't get around to seeing until now, consists of young Leonard Elliott whose comic antics, describing among other things, the "Times of Good Queen Bess," kept the crowd in stitches. Incidentally, Elliott was once assistant to the "Wall Street Journal's" K. C. Hogate. Don't know if K. C. has ever seen Elliott in action but he would get quite a turn watching the Elliott antics on the floor of the Rainbow Room. Victoria Cordova, a gorgeous brunette with one of those locks of white hair which makes her stand out, sings Spanish songs. I still don't know what they mean. I doubt if there were many people around me who did either, yet her voice is so compelling, Miss Cordova was forced to give four encores. Then there is Helen Tamaris, accompanied by Ida Soyer and Milton Feher, in a series of folk dances, which are something to see and hear. Against a background of music and songs of the 19th Century-Lousiana plantation songs and Negro spirituals—you see dances which rightfully belong to the concert stage. Dance music is by Leo Reisman and his orchestra and the rhumba rythms are pounded out by Dacita and her band. . . . The **Monte Carlo's Teddy Rodriguez** has evolved a new concoction made up of rum and pineapple juice. One glass and the Monte Carlo mirrors start spinning. Two glasses and you get a view of the undersides of the Monte Carlo tables. . . . If you're a homebody and want something to read, suggest **"The Army Life,"** by **E. J. Kahn, Jr.** (Simon & Schuster, $1.75). It will tell you a lot more about what to expect if the man with the whiskers calls you up than all the questions you can ask from friends who are already in. . . . Walking along the hotcha 50's you'd think there were already enough night clubs, not only for New York, but for the entire country as well. But with week-end business on a Happy New Year basis, more places have either just opened or will open in the immediate future. Last week a swishy drinking and eating establishment yclept **"Cafe Life"** opened its doors wide for what it hoped was a panting public. Haven't seen it yet but understand its decorations feature a totem pole and satin walls. This week the **Mon Paree Cafe** (142 E. 53d) will reopen (at least two other clubs have tried here in the past). And now comes still another new joint calling itself the **Riobamba** (149 E. 57th) scheduled to open sometime in December. In case you don't know what the word Riobamba means the press agent sends along a breathless message that "it's the name of a tiny, colorful town in Ecuador." Okay, brother. Take it away!!

CGO Tractions Look Good

Cruttenden & Co., 209 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges, are distributing a memorandum on the current situation in Chicago Traction bonds. Copies of this memorandum may be had from the firm upon request.

Legal Oddities

THE STOCK SUBSCRIPTION AND THE PART PAYMENT

"I'll sign up for 100 shares of that stock you're selling at par, and here's my check for $900, part payment," the investor declares.

A few weeks later the corporation demands the balance of the subscription.

"Not going to pay it," the new stockholder announces, and the corporation threatens to sue.

"Sue away. The State law says that each subscriber shall pay at least 10% of his subscription when he signs up. I paid only 9%—that makes the subscription unlawful and you can't collect a cent," the stockholder retorts.

This situation can arise any day of the year, and both parties can find law to support them, but the rule which has been approved by a majority of the State courts is that the failure to comply with the law does not invalidate the subscription, and that the subscriber may, under certain circumstances, be liable to the burdens of a stockholder, although the required payment has not been made.

Another interesting point arises where the law requires a cash payment of, say, 10%, and the subscriber makes the required payment, not in cash, but in the form of a check or negotiable instrument.

On this point the law is very uncertain, and there are decisions both ways, but the better opinion is that such a payment does not validate the subscription, and there are decisions in California, New York and Pennsylvania upholding this view.

On the other hand, it may be pointed out, the New Hampshire and North Carolina courts have ruled that even if the payment is invalid, that does not prevent the corporation from collecting on the note or check.

Now, take the case where a subscriber pays 8% at the time of subscribing, 3% later on, and then refuses to pay any more.

"It's true that I paid over 10%, but the law says 10% at the time of subscribing, and I didn't pay the balance until later, that makes the subscription invalid," the subscriber contends.

On this point, as well, there are decisions both ways. In Alabama, Mississippi and New York the courts have ruled that the latter payment validates the subscription.

In the New York case (220 N. Y. 77) the evidence showed that the alleged stockholder subscribed for 102 shares of stock in a corporation amounting to $10,200, paid the small and trifling sum of $200, received certificate for 102 shares, was elected a director, received dividends during the prosperous days of the corporation, and sold his stock for real money. The corporation later went into bankruptcy, and the receiver sued the $200 stockholder for the balance of $10,000 on his subscription.

"Yes, but I didn't comply with the law by paying 10%, so I'm under no liability," he argued.

"It would clash with our own established ideas of equity if one in prosperity thus dealt with by the corporation should, in bankruptcy be able to escape liability on the ground that a statutory provision, useful, if for any purpose, to provide a fund for creditors and to prevent fictitious subscriptions, had not been complied with," said the New York court.

Alexander On Com. For Russian Relief Dinner

Henry C. Alexander, Vice-President of J. P. Morgan & Co. Inc., will serve on a committee in charge of arranging an "Industries Dinner" for Russian War Relief, it was announced on Nov. 17 by Lewis H. Brown, President of Johns-Manville Corp., and General Chairman of the relief agency's Industries Division. The dinner will be held at 6:30 p.m., Thursday, Dec. 10, in the Waldorf-Astoria Hotel, New York City, and will be industry's salute to Russia during observance of the month between Thanksgiving and Christmas as a "Thanks to Russia Month." Mr. Brown said:

"Industrial leaders have been very much impressed by the magnificent fight of the Russian people against our common enemy, and feel that it is their duty now to get all possible aid to these people through Russian War Relief, Inc."

Sponsors of the dinner include Henry Bruere, President of the Bowery Savings Bank, and John W. Hanes. Among the other committee members who will assist Brown with the dinner are:

John A. Brown, President of Socony Vacuum Oil Co.; M. W. Clement, President of the Pennsylvania Railroad Co.; Stanley Resor, President of J. Walter Thompson Advertising Corp.; Thomas A. Morgan, President of Sperry Corp.; Emmet J. McCormack, Director of the Moore-McCormack Lines, Inc.; Thomas J. Watson, President of International Business Machines, Inc., and Arthur D. Whiteside, President of Dun & Bradstreet.

Offer For Mfrs. Casualty

Mackubin, Legg & Co., 22 Light Street, Baltimore, and 76 Beaver Street, New York City, have available copies of a letter which they mailed to stockholders of Manufacturers Casualty recommending acceptance of Commercial Credit's purchase offer. Copies of this letter may be had from Mackubin, Legg & Co. upon request.

THE FINANCIAL SITUATION

(Continued from first page)

and those standing to the accounts of individuals, but there can scarcely be anyone who doubted that a very large part, probably much the larger part, of the additional deposits had reached the accounts of individuals. With all this information so readily available, the SEC hardly needed to take the trouble to tell us that individuals throughout the nation have this year enormously increased the supply of currency in their hands and of demand funds on deposit at the bank to their credit.

Unproductive, But—

But, we are told, these funds, or at all events a large part of them, lie idle and unproductive—and here lies the danger of the now well publicized report. It is altogether too convenient for ready use in support of proposals for compulsory loans to the Government under one guise or another. Of course, the funds are not "productive" in any real sense of the word. They could not well now be, since opportunities to put them to work producing economic goods or services simply do not exist. They need not be idle, perhaps, but to put them to work in the way that the SEC and the others apparently contemplate need not have the effect usually supposed. What the authorities appear to desire is that all these allegedly idle funds be used in the purchase of war bonds. They appear to believe that such a consummation would take them definitely and permanently out of the market and thus relieve pressure tending to raise the prices of goods generally which the Government is, we think, rather over-anxious to prevent.

Without in any way passing judgment upon the wisdom of pressing the sale of war bonds of the type now being offered and by many of the methods now being employed, assuming no change in these instruments and no alteration in technique is possible at this time, it is quite legitimate and indeed quite desirable to raise a number of questions as to what appears to be the official belief as to the broad economic and financial consequences of such sale in amounts sufficient to absorb all the "idle, unproductive" funds in the country. Let it be observed, in the first place, that while, if these funds were to flow promptly back to the Treasury in return for its promises to pay, the total volume of funds outstanding in the hands of the public would not go on increasing as rapidly as they otherwise would, there is no reason to suppose that there would in consequence be any very substantial reduction in the funds so outstanding. The funds would no longer be idle—they would be moving from the hands of individuals to the Treasury and back from the Treasury to the individuals.

For The Present

The investing process would, therefore, obviously have to be a continuing one, the individuals receiving funds week by week turning them over to the Treasury, or else they would again very soon back up in large aggregate amounts in currency or bank deposits. If, however, this process of continuous investment were given effect, the need of the Treasury to go to the banks for newly created funds would by so much be reduced—and that, obviously, would be a help. But when we say the Treasury would be partly relieved in this way, we refer, of course, to the immediate present. Let it not be forgotten that these small war bonds being placed under pressure all over the country will very nearly in toto be demand obligations upon the Treasury when the war is over. Should they be sold in the amounts apparently desired by the authorities, the Government would without question find itself at the close of the war beset by millions of individuals demanding cash for their bonds. The aggregate of these demands probably would run into many, many billions of dollars precisely at the time that the Treasury will have drawn upon the market for funds in amounts far beyond anything ever dreamed of in the past. How will it meet these demands? Can it do so without calling upon the banks to do precisely what had been avoided (for the time being) by tapping these "investment funds" in the hands of small owners? We certainly hope so, but there is a limit to our optimism.

But Later?

It is thus apparent that to proceed as now desired, and as the SEC report may well have been designed to support, we may accomplish little more than to defer the day of reckoning. And let those who have a mortal fear of any price rise now be reminded that after hostilities cease the task of controlling prices, not easy even in wartime, will become infinitely more difficult, if not utterly impossible. The task by which the Government and the country are faced in their need to finance this "total," global war is, of course, a most difficult one. There is no royal road to success. It may be said quite frankly that even with the best of management, disturbing influences will inevitably creep in. There is no way of conducting such a war without monstrous maladjustments. It would, however, appear to be the part of wisdom to avoid those pitfalls which ordinary commonsense seems to make quite obvious.

The trouble at bottom appears to be an unwillingness to have the war cost the less well-to-do groups in the community anything—if that is possible—and as little as may be if that is not possible. Closely related is the stubbornly held belief that economic forces can be controlled at will by rules and regulations. What the SEC report shows, if it shows anything not already well known, is the futility of such notions, not that they should be pushed still further to our possible economic destruction.

HOW DID WE GET THIS WAY?

(Continued from first page)

to him free of duty and responsibility, nor can it be equally divided. Each man's participation in the common heritage—material and ideological—is determined by his capacity to appreciate its value; his knowledge of the methods by which it was created and his willingness and ability to pass on more than he received.

Man is the archetype of society. Each one of us is a microcosm; a world in ourselves. The ontogeny of the personality is the life history of the race. The only reality is the individual whose development is the model of social progress. He is both the analysis and the synthesis of humanity. The creation of character in him, not the pampering of his weakness, is the method of progress.

All of the steps in the growth of a civilization are the work of talented people. They came from the brains of men endowed with more than common power of thought and will. Any other conclusion is not deduced from human experience but introduced into it. These developments were, of course, impossible without a socially inherited tradition, but the tradition itself was made by men of ability. They accumulated the knowledge which became the common property of subsequent generations and which is the only patrimony worth while. It is the imperative of a free man.

Organically our society has changed from one of social classes to one of occupational classes; the only valid criteria are technique and lack of technique. Social origin is no longer the measure of personal value except among snobbish communists where it is embellished with superlatives, given an odor of sanctity, and used in the glorification of the proletariat which, with the rest of their word imagery, cannot stand the strain of lucid honesty and is not measured by the yardstick of sense. Not even democracy can destroy classes. They are dynamic realities. It can only see that they are permeable and not artificially based.

The only true aristocracy is one of talent. Contradictory as it may seem, such an aristocracy is the only real democracy where each man is as good as the next and sometimes a great deal better. In it every man is esteemed and rewarded for exactly what he is.

The hierarchy of such an aristocracy is based upon ability; its unit of measurement is the capacity to satisfy the totality of human wants; its essence is serving all by serving self; a truism which proves its own veracity.

Essentially selfish in the narrow and superficial meaning of the term, self-interest is basically social in character for it is inconceivable apart from the relationship of the individual to society. One might wish that achievement could be attained by some other impulse but there is none. The passion for possession which actuates mankind is not predatory but constructive. It is a fundamental instinct, as basic as the desire for self-expression; as indestructible as man's anatomical form.

There is no ecstacy comparable to the ecstacy of even modest accomplishment; no other way of fully realizing the joy of living. It is the evanescent breath of life; the element that gives it piquance. Without it a man does not live but vegetates; driftwood on the tides of time.

When society is blamed for individual misery, it is simply asking those who have successfully carried their burdens to carry an added load for someone else. It is a device for those who prefer to try to change the world rather than make internal alterations. It means retrogression by overloading the efficient to relieve the inefficient. This is a law upon which liberals "break their teeth." It is a datum which is self-evident. Any social order which violates it will be destroyed by the brutality of events and condemn man to travel on an economic Via Dolorosa. This is a prophecy which does not require prescience.

Bank & Insurance Stocks

(Continued from page 1790)

Treasury and the banks are desirous of accomplishing and it is reported that the financing in September and October followed a similar course.

The following figures, taken from the Treasury study, show the percentage of various maturities held by the banks on Aug. 31, 1942, as compared with Jan. 31, 1942:

	Jan. 31	Aug. 31
One year or less	66.9%	62.0%
1 to 5 years	53.6	54.4
5 to 10 years	55.8	60.4
10 to 15 years	41.2	40.0
15 to 20 years	26.3	18.8
Over 20 years	40.3	37.9

The percentage distribution of different maturities, broken down for three major catgories of holders on Aug. 31, 1942, was as follows:

	Banks	Insurance Companies	Other Investors
One year or less	62.0%	3.6%	22.7%
1 to 5 year	54.4	10.8	25.0
5 to 10 years	60.4	13.9	16.6
10 to 15 years	40.0	21.8	25.9
15 to 20 years	18.8	52.9	19.9
Over 20 years	37.9	23.6	26.2
Total	52.9	15.3	21.7

According to Treasury figures, the 6,256 banks used as a basis for the above figures held $32½ billions in Government securities as of Aug. 31. Judging from the condition reports of Sept. 30, 1942, most banks now have 75% or more of their deposits at work in loans or investments. Even with reserve requirements at 20%, as now prevails, the banks haven't much elbow room unless they borrow from the Reserve. With this situation in mind, the rediscount rate was lowered recently in New York and most of the other Reserve Centers from 1% to ½% on government securities maturing within a year and from 2% to 1½% on other eligible paper. Thus the evidence continues to accumulate that the Treasury and the Reserve System are doing everything in their power to finance the war along orthodox lines and to enable the banks to perform their customary role with a minimum of stress and strain—and a minimum of risk.

Babcock Commissioned

Charles H. Babcock, partner in Reynolds & Co., 120 Broadway, received his commission as second lieutenant at the graduation exercises of the Chemical Warfare Service Officer Candidate School at Edgewood Arsenal, Md., after completing thirteen weeks of rigorous basic training. After the passage of the Selective Service Act, Babcock, a corporal during World War I, had waived his status as a married man with dependents and his local draft board called him for induction in the U. S. Army.

Mr. Babcock is married to the former Miss Mary Reynolds of Winston-Salem, N. C., daughter of the late R. J. Reynolds, tobacco manufacturer.

Now T. J. Feibleman & Co.

NEW ORLEANS, LA.—It is announced that effective Nov. 7, the firm name of T. J. Feibleman has been changed to T. J. Feibleman & Company. There is no change in the status of the firm, which continues as a sole proprietorship. Offices of T. J. Feibleman & Company, members of the New Orleans Stock Exchange, are located in the Carondelet Building, New Orleans, and at 41 Broad Street, New York City.

Maj. Scholfield Killed

Major George P. Scholfield, second in command of the Royal Regiment of Canada, died on Sept. 3 in a Nazi prison camp as a result of wounds received in the Dieppe raid. Major Scholfield was formerly a partner in the investment firm of Traviss, Scholfield & Co. of Toronto.

Financial Advertisers Elect Officers At Unique "Convention-By-Mail"

The Financial Advertisers Association recently distributed the proceedings of its unique "Convention-by-Mail." The Association's 27th annual convention had been scheduled to be held in Chicago, Oct. 26-28, but was cancelled in view of the request of the Office of Defense Transportation that such meetings not directly associated with the war program be called off for the duration.

Dale Brown

Balloting by mail, for the first time in its 27 year history, members of the Financial Advertisers Association "attending" a convention-by-mail, elected officers for the coming year as follows:

President, L. E. Townsend, Ass't. Vice President, Bank of America, San Francisco.

1st Vice President, Lewis F. Gordon. Ass't. Vice President, Citizens and Southern National Bank, Atlanta, Ga.

2nd Vice President, J. Lewell Lafferty, Vice President, Fort Worth National Bank, Fort Worth, Texas.

It is the custom of the association to move its Vice Presidents up each year. The office to be filled by a newcomer to the official family is 3rd Vice President. Dale Brown, Ass't. Vice President, National City Bank, Cleveland, Ohio, was elected to that office. Fred W. Mathison Ass't. Vice President, National Security Bank of Chicago, was re-elected Treasurer.

In the same election, members were chosen for the Board of Directors. The new Board includes: Merrill Anderson, Merrill Anderson Co., New York, N. Y.; Philip K. Barker, Granite Trust Co., Quincy, Mass.; Leland C. Barry, Union Trust Co., Pittsburgh, Pa., Victor Cullin, Mississippi Valley Trust Co., St. Louis, Mo.; John deLaittre, Farmers & Mechanics Savings Bank, Minneapolis, Minn.; Swayne P. Goodenough, Lincoln-Alliance Bank & Trust Co., Rochester, N. Y.; Robert Lindquist, American National Bank & Trust Co., Chicago, Ill.; Thoburn Mills, The National City Bank, Cleveland, Ohio; Dudley L. Parsons, The New York Trust Co., New York, N. Y.; E. A. Pierce, Merrill Lynch, Pierce, Fenner & Beane, New York, N. Y.; Julius J. Spindler, Farmers & Merchants Bank, Highland, Ill.; G. Lorne Spry, The Canada Trust Co., London, Ont., Canada; E. P. Taliaferro, First National Bank, Tampa Fla.; George Wilshire, First National Bank & Trust Co., New Haven, Conn.; K. Winslow, Jr., Seattle Trust & Savings Bank, Seattle, Wash.; Miss M. M. Woltjen, Mutual Bank & Trust Co., St. Louis, Mo.

Preston E. Reed, who presides at the association office at 231 South La Salle Street, Chicago, Ill., was re-elected Executive Vice President. Senior Advisory Council of the association will be named by the Board of Directors from a slate submitted by the nominating committee.

Booklets have been issued by the Association which are practically equivalent to the program which would have been heard had the convention been held. Included in the booklet are a message from Joseph B. Eastman, Director of the ODT, thanking the FAA for its action and giving a further picture for the need for voluntary travel "rationing"; an article by A. L. M. Wiggins, First Vice President of the American Bankers Association, entitled "The Public Writes the Bankers' Ticket"; an article by Charles W. Williams, professor of Economics and Commerce, of the University of Louisville, on "War Can't Kill Advertising"; also an article headed "Selling War Savings Bonds" by Eugene W. Sloan, Director of the War Savings Staff of the Treasury Department; an article on "Banks and the War Effort" by Mr. Lafferty; an article on "Advertising Factor in Present and Future Customer Relations" by Mr. Gordon; an article on "New Patterns for Advertising in Our War Economy" by Holger J. Johnson, President of the Institute of Life Insurance, and an article on "Market Research for Banks" by Robert W. Pratt, Market Research, and discussions of corporate trust service, cooperation with attorneys, service charges, Christmas clubs, trust advertising appropriations and banking hours.

Plans for the "Convention-by-Mail" were reported in our issue of July 16, page 178.

Latest On Assoc. G. & E.

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have just issued a circular containing a report on the most recent developments in the Associated Gas & Electric Corporation "recap" compromise which the trustees have just filed with the Federal Court. Copies of this interesting circular may be had upon request.

Canadian Mfg. For Oct. At Previous Levels

Canadian manufacturing in October continued at the same level as the previous month, according to the index of industrial activity prepared by the Canadian Bank of Commerce, Toronto. A. E. Arscott, general manager of the bank, declared that "the index of industrial activity remained at 182 (1937 = 100) and the percentage of factory capacity utilized at 121. Foodstuffs declined owing to a recession in flour milling and canning, the latter now having passed its seasonal peak, but meat-packing was slightly more active. The clothing group as a whole was unchanged for the fourth consecutive month, but there is evidence that the proportion of output in this class for government order is increasing, especially footwear and woolen goods. Women's clothing and cotton declined, but men's clothing and furnishings, knitted goods and woolens reached a higher level. Almost all branches of the pulp and paper industry declined except those manufacturing construction materials. Sawmills and furniture were less active, lowering the index for the wood products group.

"The automotive industry registered considerable gains, as did the heavy section of the iron and steel trades; the medium section gained slightly, while the light section lost, owing mainly to seasonal influences and further restrictions on output for civilian uses.

"Our wage payroll index for September was 210 (1937 = 100) as compared with 202 for August and 174 for September, 1941. Manufacturing, construction and trade payrolls continued to increase, the last-named mainly owing to quarterly adjustments and extra work in connection with merchandising programmes. Mining and logging payrolls declined, the former continuing its recent trend and the latter being partly influenced by seasonal factors.

"Our yearly analysis of business conditions is undertaken this time in the midst of profound changes in Canadian economy. The third year of hostilities required war expenditures by Canada (including those for aid to Britain) of $2,595,580,000, two and a half times those of the twelve months ending September, 1941. This great increase is representative not only of the rising tempo of Canada's war effort but, also, of the heavier demands made upon the country's productivity, including managerial ability, workmanship and financial skill as well as machinery, land and transportation facilities. The wonder is not only that full use could be made of such a vast sum for war purposes but, also, that civilian industry and trade could operate until recent months at all-time peak levels in response to a record public demand for goods."

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 War Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, DEC. 3

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

SATURDAY, DEC. 5

MUTUAL INCOME FOUNDATION, INC.

Mutual Income Foundation, Inc., has filed a registration statement with the SEC for 200 fully paid certificates of ownership at $500 each, 150 periodic payment certificates of ownership at $1,000 each, total 350 certificates; 150,803 shares of beneficial interests to be issued under periodic payment certificates of ownership now outstanding; 36,938 shares to be issued under the certificates of ownership to be sold, total 187,741 shares. Aggregate offering price, $1,218,158

Address—1308 Penobscot Building, Detroit, Mich.

Business—Investment trust.

Offering—Continuous public offering is proposed from and after the effective date of registration statement

Proceeds—For investment

Registration Statement No. 2-5060. Form C-1. (11-16-42)

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.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

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

CENTRAL MAINE POWER CO.

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

Address—9 Green Street, Augusta, Maine

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

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

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

Central Maine Power Co. filed an amendment to its registration statement on Nov. 12 which made the amount of the proposed offering of first and general mortgage bonds $12,500,000 and fixed the interest rate at 3½%. The amended application also covered 261,910 shares of $10 par common stock, same as original statement. Offering price of bonds to the public and list of underwriters will be supplied by post-effective amendment. Redemption provisions of the new bonds also will be supplied by amendment. Company also proposes to issue and sell privately $5,000,000 face amount of its 10-year serial notes maturing serially $500,000 each year from 1943 to 1952. Interest rate on notes has not yet been announced

Declarations to Become Effective—The SEC on Nov. 5, 1942, issued an order granting the applications and permitting to become effective declarations filed by Central Maine Power Co., Cumberland County Power & Light Co., New England Industries, Inc., and New England Public Service Co. pursuant to sections 6, 7, 10 and 12 of the Public Utility Holding Company Act of 1935 regarding transactions, summarized as follows:

Central Maine and Cumberland (both subsidiaries of Nepsco) propose to enter into an agreement of merger by which Central Maine will acquire all the assets and assume all of the liabilities of Cumberland and by which Central Maine will continue as the surviving corporation. Cumberland will dispose of all of its assets to Central Maine and will be merged into Central Maine.

It is proposed that Central Maine: (1) change and increase its authorized common stock from 150,000 shares (no par) into 1,500,000 shares of common stock ($10 par) of which 642,500 shares will be outstanding in the hands of the holders of the presently outstanding 140,000 shares of common stock, and change the voting power of the common stock so that each share of such common stock ($10 par) will have one-fifth of a vote; (2) issue and sell for cash $12,500,000 first and general mortgage bonds of a new series, to be designated Series M; (3) issue and sell for cash $5,000,000 in principal amount of 10-year serial notes; (4) issue a presently undeterminable amount of $50 preferred stock, 5% dividend series, of which series 20,000 shares are presently outstanding

It is further proposed that Central Maine: (1) assume the liability upon $9,275,000 first mortgage bonds, 3½% due 1966 and $1,494,000 of first mortgage bonds, 4% due 1960 of Cumberland, and redeem and retire said bonds at 105¼% and 105%, respectively; (2) redeem and retire all outstanding shares of preferred stock of Cumberland at their respective redemption prices, subject, however, to an offer of exchange to be made to the holders thereof under which such holders may elect to receive two shares of $50 preferred stock, 5% dividend series, plus two shares of common stock ($10 par) of Central Maine for each share of 6% preferred stock of Cumberland, or two shares of $50 preferred stock, 5% dividend series, plus one share of common stock ($10 par) of Central Maine for each share of 5½% preferred stock of Cumberland. It is further proposed that Central Maine redeem or otherwise retire its presently outstanding 7% preferred stock in direct ratio to the par value of its $50 preferred stock, 5% dividend series, issued in such exchange of Cumberland preferred stock

It is further proposed: (1) that Central Maine issue and sell for cash 261,910 shares of common stock ($10 par) at $10 per share, and that Nepsco purchase such shares (less any shares taken by holders of common stock and 6% Preferred stock of Central Maine upon the exercise of their respective preemptive rights); (2) that Nepsco tender for conversion its present holdings of 54,699 shares of common stock of Cumberland and 638 shares of 6% preferred stock of Central Maine and receive therefor 404,575 shares and 6,380 shares (total 410,955 shares) respectively of common stock ($10 par) of Central Maine

It is further proposed that Central Maine's bank loans be paid off and necessary funds provided for the purchase and construction of property with cash derived from the transactions described above

Amendment filed Nov. 3, 1942, to defer effective date

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

Amendment to defer effective date filed Nov. 14, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment.

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Nov. 13, 1942, to defer effective date

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 100.50 and interest to 104.08 and 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)

Registration effective 5.30 p. m. ESWT on Nov. 9, 1942

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)

Registration effective 5:30 p. m. ESWT on Oct. 28, 1942

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 Nov. 9, 1942, to defer effective date

NEIMAN-MARCUS CO.

Neiman-Marcus Co., Dallas, Texas, has filed an amended prospectus with the SEC in connection with the public offering of $700,000 5% cumulative preferred stock, par value $100 per share. According to amended prospectus the public offering price has been reduced from $100 to $92.50 per share, effective Nov. 15, 1942. Statement says that principal underwriters will grant concessions to dealers constituting the selling group of $6 per share. The principal underwriters have also discontinued stabilizing the price of such shares

The registration statement was originally filed Nov. 19, 1942, No. 2-4581, Form A-2. Offering price to public at that time was given as $100.50, with underwriting discounts or commissions of $5.50 per share. Amended prospectus dated May 1, 1942, stated that 1,566 shares of the 7,000 shares covered remained unsold in the hands of the principal underwriters and selling group and price to public was lowered to $100 per share. Amended prospectus does not indicate number of shares still remaining in hands of selling group

Principal underwriters were Moss, Moore & Cecil, Inc., and Dallas Rupe & Son, Dallas, Texas

Company owns and operates retail specialty shop located in Dallas, Texas

(This list is incomplete this week)

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1794)

today it is that there is nothing certain.

Even in peace times, with everything running along smoothly the investor has his task cut out for him. But in times like these, with the air and newspapers full of war communiques and "expert" opinions, the job of understanding it all and trying to buy securities on the basis of such knowledge leads too often to just another loss. Here is a couple of recent examples:

Last week we were electrified by the news of our successful invasion of North Africa. The market ran up on the news. But just when things began to look like the old days, stocks began turning down. So what started out to be a wholehearted rally ended up in just another fizzle.

* * *

The strangest thing about this rally was the almost unanimous opinion that the war was about over. War stocks went down and peace stocks went up. Conservative investors began giving their holdings a going over, looking for war stocks to sell and peace stocks to buy. The end result was just about a two point rally followed by a two point decline. If there was anyone who made money out of this swing it was not the investor, it was the speculator.

* * *

The other night we learned that our Navy had just licked the pants off the Jap invasion fleet in and around the Guadalcanal area. Again you'd think the market would celebrate the victory. But again it did nothing of the sort. Tuesday's Dow averages ranged between a high of 116.24 (after opening at 116.02—a gain of 32 cents from the previous night's close) and a low of 114.42, closing at 114.53, the lowest close since the beginning of the month. The rails did a lot worse. They are back to about the September figures.

Why a naval victory and a successful invasion of a foreign coast should make people feel the war is over is beyond me. People who reason that way are looking back to World War I and have no understanding of the objectives of this war.

* * *

The fact is that our present market is not concerned with yesterday or today. It's concern is tomorrow. Peace objectives of the world of tomorrow are a vital concern to the structure which security markets represent.

The investor would, for example, get a lot more out of reading Vice-President Wallace's speech and the objectives set forth than all the statistics he can find.

The fact remains that whether you approve of Wallace or the New Deal is besides the point. When information is given, no matter its source, one would be short-sighted to ignore it. The speculator has no such problems to cope with. He follows the market action and lets that guide him. Perhaps that isn't the ideal procedure, but it's a lot closer to profits than trying to interpret military maneuvers or inspired speeches.

* * *

To get back to the present market and what to expect: As this is being written the averages are about 114.75, or up about 25 cents from Tuesday's close. The selling appears at times to be of better quality than the buying. This doesn't mean that prices will not rally to say about 115-116 again. It does mean, however, that the burden of proof is still with the bulls. My opinion continues that the market, in terms of the Dow averages, will decline to about 110 before any real base for an up move will be laid. I might emphasize that this opinion is not based on studies of statistics; it is based entirely on market action.

When the market gets within throwing distance of this figure I shall again recommend new purchases. Until then my advice continues the same—no buying yet.

* * *

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.]

Dealers Applaud Editorial Protesting Attempt Of SEC To Ignore Lawful Property Rights

(Continued from page 1787)

DEALER NO. 2

I wish to again congratulate you on your article in yesterday's issue on bureaucratic edicts and controls. I think that it is timely and to the point.

Furthermore, I think that this applies to the NASD as well as the SEC. The NASD, in my opinion, is spending a lot of time and money in needless, and too detailed, investigations and hearings of its members. The NASD also takes the stand that members' profits, not to their liking, constitutes a fraud. A volume could be written as to what, or what not, is a fair, or unfair profit, in the sale of securities.

I certainly agree with you that, as long as there has been no falsification or misrepresentation, there is no basis for fraud, and as long as the purchaser gets full value for his money there is no basis for unfair profis. If a securities dealer makes a bargain purchase, he is entitled to make a longer profit, the same as applies to other lines of business, but the NASD doesn't seem to think so.

You will find enclosed our check for a year's subscription to your timely, and worthwhile, publication. Keep up the good work.—*From a South Bend, Ind., Dealer.*

DEALER NO. 3

You have written many articles and I have always liked the construction, generally speaking. Permit me to compliment you on what I consider a masterpiece in last Thursday's "Chronicle" which I think dealers should read and reread. The article was "Shall Personal Property Rights Be Abrogated by Bureaucratic Edict?" . . . Some dealers may take too big a profit, that is not the point. The point is—and I repeat it for we all know it—we dealers who believe we are fair are subject to constant fear of arbitrary rulings. If the authorities pick our type of business out as an ideal for the rest of the United States, at least they should provide a definite gauge for dealers to use as a guide in determining what does or does not constitute a fair profit. In this way the dealers would have their minds set at ease and know what they are up against and, from that point on, could either fight it out on an open front or go along knowing that they are complying with rules, etc., and that no arbitrary fellow men can make life miserable for him.—From a New York City Dealer.

Chicago Tractions Afford Investment Opportunity

(Continued from page 1786)

payment of, but on the basis of the splendid record of interest payments by these companies it is reasonable to assume that the Court will give authorization sooner or later as it has done in the past.

Since June 3rd, 1942 the various securities of the Chicago Surface Lines and the elevated system have shown substantial price declines, whereas traction securities generally have registered sharp gains.

The interesting tables shown below give their markets as of June 3, 1942, and Nov. 4, 1942, and are a very good comparison of how much out of line Chicago Traction Securities seem to be selling compared with other traction securities.

GROUP "A" CHICAGO TRACTIONS

Name of Issue—	Description	Market June 3, 1942	Market Nov. 4, 1942	Percentage Change
*Calumet & South Chicago	5-1927	60½-61	54½-57½	—10%
*Chicago City Railway	5-1927	59¼-59¾	52 -54	—12
Chicago City Connecting Ry.	5-1927	7 - 7⅜	5¼- 5¾	—25
*Chicago Railway Co.	5-1927	59¼-59⅜	52 -54	—12
Chicago Railway Co. "A"	5-1927	11 -11½	9¾-10½	—11
Chicago Railway Co. "B"	5-1927	1¾- 2	1¾- 2	—
Chicago Railway Co. Pur. Mon.	5-1927	6½- 6⅞	5 - 5½	—23
Chicago Rapid Transit	6-1953	7¾- 8⅛	6⅛- 6½	—21
Metropolitan West Side El.	4-1938	10 -10⅜	7¾- 8¼	—22
Northwestern Elev. R. R.	5-1941	13¼-13¾	9½-10¼	—28
Union Elevated Railroad	5-1945	13¼-13¾	9½-10¼	—28

*These three issues have paid interest continually at 5% per annum since issuance although in a few instances payment has been delayed. At the present time they are carrying the Aug. 15, 1942, interest at 2½%, payment of which has not yet been authorized by the Federal Court. On the basis of the interest payment record of these bonds since maturity, the 8-cent fare now in effect, increased traffic and the need for maintaining the credit record of the companies involved, it is our opinion that the court will sooner or later authorize these payments.

GROUP "B" OTHER TRACTIONS

Name of Issue—	Description	Market June 3, 1942	Market Nov. 4, 1942	Percentage Change
Baltimore Transit	4-1975	54½- 55½	53 - 54	— 3%
Baltimore Transit	5% Pfd.	4⅝- 5⅛	9¼- 9½	+100
Chicago & West Towns Ry.	5-1947	35 - 37	53 - 54	+ 52
Conestoga Traction	4-1958	51½- 53½	55½- 56½	+ 7½
Dallas Ry. & Terminal	5-1951	93½- 94½	99¾-100¾	+ 7
Dallas Ry. & Terminal	7% Pfd.	86 - 90	85 - 90	*+ 70
Des Moines Ry. Co.	5-1955	48½- 49¼	49½- 50¼	+ 2
Kansas City Pub. Service	4-1957	57 - 58	76½- 78	+ 34½
Kansas City Pub. Service	5% Pfd.	4 - 4¼	15½- 16	+287
Louisville Railway	5-1950	97½-100½	98¾	+ 1
Louisville Railway	5% Pfd.	21 bid	24 bid	+ 14
Memphis Street Ry. "B"	5-1945	53½	74 bid	+ 40
Scranton Transit	3-1959	19 - 19¾	25 - 26	+ 31
Scranton Transit	4-1959	62½- 63½	71 bid	+ 12
Twin City Rapid Transit	5½-1952	77 - 77½	83⅜- 87⅞	+ 8½
Twin City Rapid Transit	7% Pfd.	32 - 34½	70 - 71¾	+119
St. Louis Public Service	5-1959	88¼- 89	94	+ 6½
St. Louis Public Service	4-1964	44 - 45½	59¼- 60¼	+ 43

*Ex-$61.20 div. on arrears.

Investment Trusts

(Continued from page 1791)

Standard & Poor's Corporation have revised upward their estimates of railroad earnings for 1942.

"On Nov. 5, they estimated 1942 net income for Class I Railroads as a whole at $810,000,000, an increase of more than $310,000,000 or 60% above the already very satisfactory results reported for 1941."

Among the "meaty" portfolio facts included are the following:

Every bond in the Portfolio of Railroad Shares pays its interest and has paid regularly since its original offering date—for periods up to 51 years.

The railroad systems represented in the Portfolio of Railroad Shares earned their fixed charges about 1.92 times in 1941 against 1.83 times for all Class I Roads. The estimate for 1942 is 2.30 times against 2.17 times for all Class I Roads.

These systems operate 71,101 miles of road, equal to 30.7% of the nation's entire railroad mileage.

These selected systems have total assets of $9,599,571,000, or 34.5% of the total assets of the nation's railroads.

The current average price of the bonds in the Portfolio is about 52.65.

The average price of these bonds at 1936-37 highs was 99.94. This means that if these average levels are again attained, the resulting appreciation would be over 89%.

* * *

American Business Shares' "News Letter," issue of Nov. 13, published by sponsor Lord, Abbett, contains some thought-provoking comments on the increased wages for war workers. The following table, taken from a survey by Crossley, Inc., is included.

How the War Worker Families are Spending Their Increased Income

	% of Families
War Bonds and Stamps	94.5%
Paying Off Back Bills	33.1
Furniture	19.5
Insurance	17.9
Savings	12.4
Home Improvements	11.6
Higher Cost of Living	8.1
Family Expenses	6.9
Mortgages	5.7
Automobiles	3.3
Other	2.2

Comments the "News Letter":

"It is significant that a majority of the war working families are properly using their increased earnings to invest in war bonds. At the same time they are building up a vast potential buying power and credit for the post-war period. This is an encouraging fact for American business in that period. The accumulated savings will create a demand for peace-time products which, in turn, will increase the importance of the skilled worker in turning out these products.

"It seems that eventually the war worker will be an important prospect for security dealers."

* * *

The current issue of "Brevits" presents in graph form the annual net earnings of 707 industrial corporations (Standard & Poor's Index) for the period 1927 through 1941 and includes an estimated figure for 1942. The graph is accompanied by the following illuminating comment:

"The extent of the earnings decline from 1941 to 1942 is variously estimated at from 10 to 20% on the average. Assuming the worst for the sake of argument, 1942 earnings should not be less than $2,140,000,000 for the 707 industrial corporations represented in the Standard & Poor's index as shown in the graph. By comparison, the average level of earnings for the 15-year period 1927 to 1942 is $1,874,000,000. Thus, even the lowest estimates place 1942 earnings at more than 14% above the 15-year average.

"In sharp contrast to this situation is the fact that stock prices are substantially **under** the average level of the past 15 years. As measured by the Dow-Jones Average of 30 Industrial Stocks, the average stock price level for the 15-year period from 1927 to 1942 is 154. This compares with the current level of about 114. If the stock price level were to correspond with the earnings level in relation to average levels for the past 15 years, the Dow-Jones index would have to advance to about 175, or some 50% higher than at present."

Dividends

American Business Shares — A dividend of 5 cents per share payable Dec. 1 to shareholders of record Nov. 16, 1942.

Taxation Of Municipals

By THOMAS GRAHAM*

"The Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States, and without regard to any census or enumeration." (Sixteenth Amendment to the Constitution of the Unied States.)

In the system of government under which the United States has operated successfully where there is (1) the government of the United States, and (2) the government of 48 states of the United States, it has been argued that the literal interpretation of the above Sixteenth Constitutional Amendment gave the Federal Government the right to tax outstanding municipals and also future municipals. In reading carefully the original debate on this subject in the House and Senate, it is very clear that this was never the interpretation of the original proposers of this amendment. If it were so, and this paragraph is taken literally, the Federal Government can just as readily tax the income of states, cities and counties and, also, the income of municipally-owned public utilities.

The people of the country may change the Constitution by an amendment adopted by two-thirds vote of Congress, ratified by three-fourths of the States. If the people think that this exemption of municipals is not in the public interest, the question should be put to the people in a constitutional manner. The constitutional method would give the people a chance to vote on this issue. The time element would not be a great factor, as the Twenty-first Amendment was ratified by the States in 9½ months and even the Treasury Department admits that as a practical matter very little money would be collected for a number of years by taxing future issues.

So far as the practical side of the question is concerned, it was admitted in the Senate debate that even if present issues were taxed, the cost of financing States and their political subdivisions would be increased considerably more than the increased income accruing to the Treasury of the United States. The financing function of local government is the most important one that they have. Without it, it would be impossible for them to survive. The effort to tax future issues and present issues by Congressional Act and not by Constitutional Amendment is an effort to bring a fundamental change in the basic government of the United States. Constitutionalism, which runs through our whole fabric of Government, is involved. It is impossible to maintain the Federal System of the United States if the central government is permitted to impinge upon this fundamental function, which is necessary for the survival of the 48 States and their political subdivisions. I quote Senator Austin of Vermont:

"If it is admitted for a moment that the taxation of the interest on the bonds of municipaliies and of the several States is an added burden on the taxes of the States, then the whole case is admitted. If we undertake to say that the Government can do that by the exertion of supreme power, then the Government has, in principle —or lack of principle—exactly the same power to reach in and take the revenues, all sources of life, of the several States.

"What was it that Lenin said? He should be a good guide. He knew how to make a Soviet. Lenin said:

" 'Give me the power to control credit, and I will control government.'

"Lenin proved it. That is what we confront, consciously or not. I do not accuse any member of this body of wanting to change our form of government into a Soviet, but I do say that one of the evil aspects of this proposal is that it takes the most important step toward wiping out the line of separation between governments which exist within the same geographical boundaries and upon whose existence freedom depends."

The most important question facing the people today, outside of winning the war, is the building up of the tremendous central bureaucracy in Washington. The people have gladly given up many rights deemed necessary in Democracy and are willing to give up many more to successfully carry out the war to victorious conclusion; but the Congress and Senate and the governments of all the 48 States should be very careful that any powers given up can be returned to the people after peace is declared. Otherwise, in winning the war, we will have destroyed the democratic system of government as we knew it and the control would be in the hands of the bureaucrats, which has led to the destruction of every great nation in the world, with the exception of the British and American nations. Through history, the British and American people have carefully guarded the privileges they have given up in wartime, with the purpose of seeing that these rights are returned in peace-time, with the result that these countries (United States and Great Britain) are the only two which at the end of a great war have not reverted to dictatorship.

There is enough evidence in other countries that the encroachments on the rights of the people under guise of national emergencies, without the consent of the people, has led to the Nazi and Fascist type of governments against which we are now fighting, not only for our way of life, but for our very lives.

Taxing future issues of municipal bonds would cost our Kentucky counties approximately $10,000,000, as the refunding operations of our various counties, which now near completion, would be stopped. No consideration or estimate can be made of what this proposal would cost the State, counties, schools, cities and towns in future financing and refunding operations.

Every citizen should see that our representatives in the Congress, under war conditions, carefully safeguard our Constitutional privileges so that they may be returned after the war and that no legislation designed and executed under wartime pressure be allowed to usurp and destroy the Constitutional rights of the people of the United States.

*Editor's Note—Mr. Graham is Manager of the Investment Department of the Bankers Bond Co., Kentucky Home Life Bldg., Louisville, Ky.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of Wilbur F. Smith to Herman N. Scheer will be considered on Nov. 24.

Transfer of the membership of the late John J. Barrett to W. E. Pritchard will be considered on Nov. 24.

Francis F. Rosenbaum, Exchange member, and formerly a general partner in Jones & Co., New York City, became a limited partner in the firm effective Nov. 14.

Ass'n Of S. E. Firms Elect New Governors

The Association of Stock Exchange Firms, at its annual election on Nov. 16, elected 15 Governors and a new Nominating Committee, as follows:

Board of Governors

To Serve for Three Years: Frank E. Baker, Baker, Weeks & Harden, Philadelphia; Eugene Barry, Shields & Co., New York; Herbert F. Boynton, F. S. Moseley & Co., New York; Richard P. Dunn, Auchincloss, Parker & Redpath, Washington; William J. Fleming, A. E. Masten & Co., Pittsburgh; William B. Haffner, Wilcox & Co., New York; Ranald H. Macdonald, Dominick & Dominick, New York; Winthrop H. Smith, Merrill Lynch, Pierce, Fenner & Beane, New York.

To Serve for Two Years: Gilbert U. Burdett, Laidlaw & Co., New York.

To Serve for One Year: Sidney J. Adams, Paul Brown & Co., St. Louis; Albert P. Everts, Paine, Webber, Jackson & Curtis, Boston; George T. Purves, Graham, Parsons & Co., New York; Archie M. Reid, Carlisle & Jacquelin, New York.

To Fill Two Vacancies to Serve for Three Years: John W. Watling, Watling, Lerchen & Co., Detroit; John Witter, Dean Witter & Co., San Francisco.

Nominating Committee

Charles W. Baker, Jr., Laird, Bissell & Meeds, Wilmington; Paul H. Davis, Paul H. Davis & Co., Chicago; Albert H. Gordon, Kidder, Peabody & Co., New York; Laurence M. Marks, Laurence M. Marks & Co., New York; Frank C. Trubee, Jr., Trubee, Collins & Co., Buffalo.

Following the election, the Board of Governors re-elected John L. Clark, President; J. C. Bradford, First Vice-President; George E. Barnes, Second Vice-President; Wm. B. Haffner, Treasurer; William W. Peake, Secretary, and George Storer Baldwin, Assistant Secretary.

Conrad W. Rapp Will Represent Blyth Co.

Blyth & Co., Inc., 14 Wall Street, New York City, announce that Conrad W. Rapp has become associated with it as sales representative in New Jersey territory. Mr. Rapp has been identified for more than 25 years with the investment security business in the State of New Jersey and for the past six years has been a partner of Hand, Rapp & Co. of Newark.

Our Reporter On "Governments"

By S. F. PORTER

We've got it now. . . . We know the pattern from beginning to end and it's a wonderful design. . . . We have been informed in time, been told that moves are under way to meet all objections of minor character, been reassured as to Secretary Morgenthau's awareness of the danger of springing surprises on a heavily pressed market. . . . To put it bluntly—and for a change, to join with the Treasury in singing praises—the fiscal chief's message of last week was a masterfully arranged job. . . . Good for the Treasury. . . . At last, the days of disturbing uncertainty, of shilly-shallying, of "24-hour-a-day" financing are over. . . .

To a certain extent, the news of last week makes the job of this writer so simple that you may at times wonder if there's a justification for a column on Governments during war-time. . . . Maybe there won't be soon, if the program goes over as it should and if no bad mistakes are made by the various groups concerned. . . . Assuming the Treasury pushes through on its announced plan of providing securities for every type of investor and assuming full cooperation is shown by all, the financing effort should move along smoothly for the next few months and maybe for the next year or so. . . . The assumptions, of course, are still assumptions at this moment. . . . But as of today, we have the most encouraging news so far on this side of the war effort. . . .

At this writing, the "on sale" or "tap" bonds as they once were called, aren't out yet . . . They should be on the market during the next 10 days however, and news on terms of all issues is due any day now. . . . If you are eligible to buy these, buy them. . . . The 2½% rate is tops for institutions and is mighty attractive in comparison with the bank interest rate and in comparison with outstanding obligations. . . . They're well worked out, are beautifully distributed, held by permanent investors, have a better-than-average future because of the lifting of the registration-bank limitation clauses in 10 years. . . .

It's difficult to predict the total to be bought on this reopening, but chances are the sale will be the best to date. . . . Maybe $1,500,000,000 of them will go into portfolios of non-banking investors, experts forecast. . . . Certainly, the sale should cross the $1,000,000,000 mark. . . .

And the more sold of these, the smaller will be the total of the bank sale later this month. . . .

HERE IT IS

For individuals: the war bonds, Series E, F and G; the tax-anticipation notes; the "on sale" registered 2½s; any Government bonds on the market now. . . .

For banks: the 2% bonds to be sold again and again as the months roll by; certificates of indebtedness; notes due in one to five years; discount bills; naturally, outstanding issues except for the "on sale" bonds. . . .

For insurance companies: the "on sales"; outstanding bonds, especially long-terms. . . .

For corporations: same as insurance companies with much more emphasis on the tax-anticipation notes. . . .

The whole nation is covered and to be covered by an organization out to place the maximum of bonds in every home and business corporation in the United States. . . .

The services of every organization important in selling have been enlisted. . . .

The real selling program on the Fs and Gs is about to start and these should take a big jump forward. . . .

Sales advisors, advertising advisors, banking advisors. . . . Victory Fund Committees, commercial banking groups, stock exchange associations, security dealer representatives—all of them are in. . . .

For the first time, Morgenthau has consulted with as many responsible financiers as he could find and apparently he not only has listened to them but he has won their friendship. . . . (Not that assistance could be withheld but better honey than vinegar on a program of this kind). . . .

It all sounds good, as we mentioned many sentences ago. . . . It's refreshing to be able to write pleasant things about the Treasury's policy after all the critical analyses of recent weeks. . . .

INSIDE THE MARKET

Big criticism of the October financing, it will be recalled, was the "surprise" feature—the fact that Morgenthau thrust a $4,000,000,000 deal on the market in the form of bonds few had anticipated. . . . Chagrin, surprise, resentment—all played a part. . . . But the criticism was not so much against the coupon of 2% (the war can be financed on any basis the Treasury wishes when you come down to fundamentals) as against the way the deal was handled. . . .

Way in which the December financing is to be handled, on the other hand, deserves only applause. . . . No surprises. . . . Plenty of notice. . . . Carefully-phrased announcement on plans to come. . . .

So the bankers are behind the 2s now to a man. . . . As of course, they must be and have every reason to be. . . . At 2% along with service charges and other interest-returning investments, they can get along fine. . . .

Fact that financing is to go on an every-other-month basis also widely hailed as excellent. . . . Proposal was pushed in this column time and again, has been one of this writer's major suggestions for working out a workable program. . . .

Dealers admit "secondary market" for Governments is disappearing. . . . All interest is in new issues these days and will continue that way. . . .

Market can't go down much, if at all. . . . Can't go up much either, on average. . . . Fluctuations to come, which will be narrow in comparison with previous moves, will be in tax-exempts, experts believe. . . .

Lowering of reserve requirements may come next month. . . . To help banks buy the mammoth issues to go on sale Nov. 30, probably to be delivered in December. . . .

Some talk of a three-way issue for banks in late November, divided into notes, certificates of indebtedness and 10-year 2s. . . . If bonds and others are delivered in December and books are kept open for several days, this may be the December financing. . . .

Which would mean a $5,000,000,000 issue or so. . . .

When issues go on every-other-month basis, look for huge financings running from five to seven billions for banks alone. . . . And reopening of books on the "on sale" 2½s every quarter, as has been the case to date. . . .

Record in sale of tax-anticipation notes is increasingly favorable. . . . October sales were close to $1,000,000,000, as were September sales. . . . But in August, total was only $418,000,000. . . . In July, $388,000,000. . . . In June, $406,000,000. . . . In May, $399,000,000. . . . In April, $254,000,000. . . . In March, $234,000,000. . . . In February, $126,000,000. . . . In January, $237,000,000. . . .

Credit goes 100% to efforts of Victory Fund Committees and their investment banking aides. . . . November figures may be even more impressive than last month's. . . .

And there's still plenty of room for improvement. . . .

S. G. Rosenberg With NY Sav. Loan League

Sidney G. Rosenberg, for the past eleven years associated with the New York State Banking Department, has joined the New York State League of Savings and Loan Associations as Assistant to Zebulon V. Woodard, Executive Vice-President of the League. Mr. Rosenberg's experience in the Banking Department has covered the supervision of savings and loan asociations as well as commercial and savings banks and other types of financial institutions. He is well known among managing officers and directors of savings and loan associations throughout the State. His experience in this field will serve to broaden the scope of the service which the New York State League, which is the trade organization for the 256 savings and loan associations of the State, can render its members.

John S. Bauman, V.-P. Of Argus Research

John S. Bauman, formerly of John S. Bauman & Co., investment advisory and brokerage firm, Minneapolis, has been elected a Vice-President of the Argus Research Corp., 61 Broadway, New York City. He has moved from Minneapolis to make his offices with the firm in New York.

Mr. Bauman has been widely known in financial circles in the Middle West since 1919, and in 1921 he was one of the founders and the first President of the Twin City Bond Club. For the last six years he has conducted his own firm in Minneapolis and prior to that he was with Wells-Dickey Company in the same city for 14 years, and for more than three years was Manager of the Minneapolis office of Lee Higginson & Co.

During the last war Mr. Bauman was a Lieutenant in the U. S. Navy convoy service.

S. F. Bond Traders Elect 1943 Officers

SAN FRANCISCO, CALIF.—The San Francisco Bond Traders Association has elected the following roster of officers for 1943:

President: T. W. Price, E. H. Rollins & Sons, Inc.

Vice President: F. A. Baker, Dean Witter & Co.

Secretary - Treasurer: Earl Thomas, Wells-Fargo Bank.

Directors: Earl Parker, Blyth & Co., Inc.; Charles Davis, F. M. Brown & Co.; Peter Finnegan, Hannaford & Talbot; and Jack Sullivan, Bankamerica Co.

Growth Of Air Traffic

Edgar A. Van Deusen, Vice-President of Hare's Research & Management, Ltd., 19 Rector Street, New York City, writing in "Aviation Magazine," has made a most interesting quantitative estimate of the future expansion of the passenger traffic of domestic airlines. Included in the study are comparative charts of trends. Reprints of this interesting study may be had upon request from Hare's Research & Management.

Joseph Hesse Is Now With Sullivan Invest.

(Special to The Financial Chronicle)

WICHITA, KANS.—Joseph B. Hesse has become associated with Sullivan Investment Co., Union National Bank Building. Mr. Hesse was formerly Vice-President of Brooks-Milburn, Inc., and prior thereto was with Sullivan, Brooks Co. and was an officer of the Vernon H. Branch Co.

D. Hungerford Joins Robt. C. Buell Staff

(Special to The Financial Chronicle)

HARTFORD, CONN.—Donald E. Hungerford has joined the staff of Robert C. Buell & Co., 36 Pearl St. Mr. Hungerford was previously manager of the trading department of the Hartford office of Paine, Webber, Jackson & Curtis.

Deep Rock Oil Attractive

The current situation in Deep Rock Oil Corporation, earnings of which in the third quarter of 1942 were the best since reorganization, offers attractive speculative possibilities, according to a circular issued by Doyle, O'Connor & Co., 135 South La Salle Street, Chicago, Ill. Copies of this circular may be had from Doyle, O'Connor & Co. upon request.

Robt. L. Baird Dead

Robert L. Baird, Manager of the commodity department of H. Hentz & Co., 60 Beaver Street, New York City, died at his home of a heart attack. Before joining H. Hentz & Co. 10 years ago, Mr. Baird was an officer of the Baird Rubber and Trading Co. founded by his father.

Geo. B. Marx Now With Mitchum, Tully & Co.

(Special to The Financial Chron'cle)

LONG BEACH, CALIF.—George B. Marx has become associated with Mitchum, Tully & Co., Heartwell Building. Mr. Marx for a number of years has been Vice-President of Halbert, Hargrove & Co. and its predecessor firm.

Attractive Situations

Chicago, Milwaukee & Gary 5s of 1948 and Struthers Wells Corp. offer attractive possibilities at the present time, according to memorandums just issued by J. F. Reilly & Co., 71 Broadway, New York City. Copies of these interesting releases may be obtained from the firm upon request.