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 pour over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they 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 floodlight 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 fifth, which call the reader's attention to certain fundamentals often overlooked in this day and time. It has no intention of contributing to postwar planning.

Part V

Following the division of labor, the next step forward came with the development of the art of exchange; the trading of the product of one man for that of another. These transactions gave meaning to the term, value, which indicates the amount of one product that can be procured in exchange for another.

The elements of an equitable trade are not the hours of current toll measured against hours of current toil. The very fact that the current runs trades are honest— an exchange considers not only current toll but the hours of past toll which qualified the individual for his specialty—its value and consequently produces wealth. Although strict economists disagree as to the accuracy of the expression, anything that a man does to increase his knowledge and skill, to improve his productive capacity, adds to his value and consequently produces a form of wealth. But even as raw materials differ in value, so do men, and no amount of labor can make them equal. The wealth and value which one industry does not depend as much upon its resources as upon the character and diligence of its inhabitants. Its destiny is determined by the kinetic energy of its people and not by the so-called and ambiguous operations of its policies in which they find the symbolic expression and vicarious satisfaction of their frustrations.

(Continued on page 2056)

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MANUFACTURERS AND WAREHOUSEMEN OF...

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H. H. Hentz & Co.
Eastern Royally Ass'n Protests Against SEC Changes In Safe Rules

At a meeting of royalty dealers held under the auspices of the Eastern Oil Royalty Dealers Association, Inc., at the Hotel Blackmore, New York City, it was revealed that the Association had formally protested to the SEC against the changes which it proposes to make in the rules and regulations covering the sale of oil royalty interests in interstate commerce.

T. G. Wylie, President of the Association, stated that it was impossible, from a practical standpoint, to comply with some of the proposed new rules, citing as an instance the proposal to require an engineer's report with every offering.

He pointed out that such reports, when obtainable at all, cost anything from $200 to $2,000 each and that small royalty offers of 100 acres or less could not stand such a charge, which must inevitably be passed on to the investing public.

The meeting was attended by dealers from New York, New Jersey, Massachusetts, Connecticut and Pennsylvania.

It was the opinion of the proposed regulations, if adopted by the Commission, would end trading in oil royalties, to the detriment of the investing public who would thereby be deprived of a market for their holdings.

Walter J. Rooney Now With Well & Arnold

(Walter J. Rooney has become associated with Well & Arnold, Canal Building, LA. Walter J. Rooney has become associated with Well & Arnold, Canal Building.

Associated Electric

4% & 5% Utility Employees Security Co.

G.A. Saxton & Co., Inc.

B. Winthrop Pizzi

STAN Elects the Securities Traders Association of New York, the following officers were elected for the coming year:

President: B. Winthrop Pizzi, B. W. Pizzi & Co.
First Vice-President: James F. Musson, B. J. Van Ingen & Co.
Second Vice-President: William Porter, Hemphill, Noyes & Co.
Secretary: John S. French, A. C. Allyn & Co.
Treasurer: George L. Leone, Frank C. Masterson & Co.

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Correspondence invited.

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Copy of Bulletin, together with suggestions in "Food" securities, sent on request.

STAN ELECTS 1943 OFFICERS

At the annual meeting of the Securities Traders Association of New York, the following officers were elected for the coming year:

President: B. Winthrop Pizzi, B. W. Pizzi & Co.
First Vice-President: James F. Musson, B. J. Van Ingen & Co.
Second Vice-President: William Porter, Hemphill, Noyes & Co.
Secretary: John S. French, A. C. Allyn & Co.
Treasurer: George L. Leone, Frank C. Masterson & Co.

Brunswick Gold

GOODBODY & CO.

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165 Broadway, New York

Carl A. Preim Joins

R. W. Pressprich Co.

Coincident with the announcement of the dissolution of the firm of C. A. Preim & Co., R. W. Pressprich & Co., members of the New York Stock Exchange, announce that Carl A. Preim has become associated with them with headquarters at 744 Broad Street, Newark, N. J.

Minette With War Dept.

Joseph P. Minette, manager of the investment trading department of the New Orleans, La., office of Merrill Lynch, Pierce, Fenner & Beane, has been granted a leave of absence from his firm for the duration, and is reporting for duty in the Army Transport Service. Although the Transport Service is not actually a branch of the Army, the work is under the direct supervision of the War Department, and it is understood that Mr. Minette's duties will be almost entirely at sea.

End ofԱ.”

and Louis A. Gibbs of Laird, Blair & Mett.

Also elected were:

National Committee: California: Dennis A. Chase, Turlock, Calif., and R. D. Smith, Turlock, Calif.

Gratuity Fund Directors:
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Published twice a week (every Thursday and Friday) under seal and with a quorum. Articles which have appeared with a statistical issue on Monday.

Other offices: Chicago—in charge of Fred H. Gray, Western Representative; Pittsburgh—in charge of William E. Davis; Boston—Edward A. Smith, Associate Manager; Denver—Levitt & Company, Associated Managers; San Francisco—J. E. Cargill, Managing Manager. Copyright 1928 by William B. Dennis Company. Reprinted as second-class matter Feb. 27, 1936, under seal of the U.S. Post Office at St. Louis, Mo., under the Act of March 3, 1879. Entered under Act of Congress, January 1, 1891, for Canada. Subscriptions in Canada and Continents will be at the postage rate of 10 cents per copy. In the rate of exchanges, equities for foreign subscriptions and advertisements must be made in New York Funds.

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James Canavan with Smith, Moore & Co.
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ST. LOUIS, MO.—James M. Canavan has rejoined the staff of Smith, Moore & Co., 320 Fourth Avenue, St. Louis, Mo. Mr. Canavan was formerly a partner in Gatch & Company and Crago, Smith & Company, and has been associated with Smith, Moore & Company.

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Some Observations Regarding "Profit Margins"

There appears to be a great deal of misunderstanding among the securities in the securities business, as well as those outside the indus- industry, regarding "profit margins" which should, or should not, be charged the investing public by dealers in securities.

There are some who look upon a "profit margin" as something to be ashamed of—which is rather large or small. There are others who hold the opinion that the smaller the profit on any transaction, the better off everyone will be—themselves included. On the contrary, it is the opinion of this column that when an investing dealer operates profitably his customers are better off, because a solvent and prosperous dealer is in a position to take more care of his clients' accounts, than a firm that is too much of the time worrying about the overhead involved in running a business, and more careful and thoughtful in the main difficulty of clarifying this whole "profit margin" mixup that has long ranged within and without.

Market Comment

Although the market remained firm during the past week and showed some slight rallying power, no indication can be said of such a condition has been correctness and the advances is to be resumed. In fact, we are of the opinion that it is as yet by no means certain that certain of the extreme tendencies will not break out once more.

The present current activity—following the switching from "hope" to "peace" issues depresses certain stocks while rallying others, has served meanwhile to keep the market at a level close to the low of the reaction but it would require an upward change in the latter part of the Dow-Jones industrial average to change its market's present characteristic of a market of a general reaction. As long as this average can hold above its support level of 1127 (corresponding to 7% to "Tribune") 100-stock average, which support was broken last week, the rally needs to be sustained and remains that the correction has not been completed, it can be violated, however, a further general reaction would be indicated.

In view of this continued situation we have to recognize the advocated disposal of all stocks that show any purchases or sales but these will remain at the same level and will continue to increase.

We continue of this opinion that the great buying of purchase (or retention) of certain securities which show defi-

NAM Issues Booklet

To Inspire Home Front

America marks the anniversary of the end of the First World War with a renewed spirit of patriotism. The sale of armament production in the history of the world, W. P. Witherow, President of the National Association of Manufacturers, declared on Dec. 6 an Association publication "One Year After Pearl Harbor-America's War Production Record." The book, "NAM Booklet," is a 64-page booklet illustrating with charts and photographs, dedicated to Mrs. Roosevelt by the W. P. Witherow, President of the United States National Defense, will report for active duty at Quonset Point, Rhode Island the last part of December.

Nordberg Now Naval Lieut.

H. Gerald Nordberg will report for duty as a Lieutenant, (or grade), on Dec. 22. Mr. Nordberg was for- merly in the employ of the Chase National Bank of New York.

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Over-Couter Review

Bruton & Wollet, 115 Broadway, New York, N. Y.

We have prepared the current issue of their "Private Market Review," of which copies may be had from the firm upon re-quest.

Federal Water and Gas Corporation

Common Stock

Bought — Sold — Quoted

Food—a Must

Food is a "Must" in war and "peace" food securities offer interesting opportunities, including both "war stocks" or "peace stocks," according to the latest bulletin of the S. B. Bratton, New- way, Broadway, New York City. Copies of the bulletin, together with pros- pectus in "food" securities, may be had from the firm upon re-

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Howie's Daily Bulletin For Investors

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Republic Insurance
New Mexico Gas Co. and Ptd.
Great Western Natural Gas
SouthwestERN Life Ins. Co.
Dallas R. & T. & 6% 1951
All Texas Preferred Stocks
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REAL ESTATE SECURITIES

Construction Activity, 1942 and 1943

New construction activity in the continental United States is
expected to decline to approximately $7,390,000,000 in 1943 as
compared with a preliminary estimate of $14,900,000,000 in 1942.
Secretary of Labor Frances Perkins has predicted that
private construction activity will drop from the $14,900,000,000
in 1942, she said. "Construction
financed from public funds, al¬
though not expected to decline so sharply, will not exceed
$9,080,000,000 in 1943. The shortage of man-power in 1942 will pro¬
bably hold private construction down to lower levels than
the total will not be much over $10,000,000,000. The total of
non-farm residential construction will consist of a small
population, and the total will not be much over $10,000,000.
Total construction is expected to amount to $77,000,000,000 in 1943. It is estimated that the greatest part of this
utility construction will feel the effects of price controls,
non-essential and social services,
residential construction.
"Direct military and naval construc¬
tion and war-industrial facilities will be
accompanied by a small remission of about 20% of all public construction ex¬
pended in 1943. The industrial facil¬
ite facilities, as well as non-farm residential, should be almost completely
finished before the end of 1943. The total of approximately $1,000,000,000 of
military and naval construction is not expected to exceed $2,500,000,000 in 1944,
and a decline of 47% from 1942.

The outlook for the war on the public housing program indi¬
ates that the value of work to be
put in place in the future of the world’s
about $600,000,000. This exceeds the 1942 figure by $72,000,000. Public non-residential construc¬
tion, which includes the schools, hospitals and recreation centers
financed from public work funds, is expected to cease from $134,000,000 in 1942 to
approximately $100,000,000 in 1943. Construction of access roads, part of the highway
flight strip, will hold highway construc¬
tion up to about $200,000,000, which is compared with $500,000,000 in 1942.

Beyond Victory

Anyone engaged in the investment business this day is
heavily aware of the difficulties of the problem of world economic
conditions. As a matter of fact, apart from very little of the expen¬
ses pro and con that one hears about, trends are uncertain;
they may deteriorate, or even improve
after the last war, or they may remain above the high levels for a decade. And the ex¬
pected continuation of government control of prices and wages no
may tell on the other side, that the only certain factor in the world’s
is the only certainty is the uncertainty.

The period ahead, by the same
manner, for various types of industr¬
ial activity in the production
field, is equally obscure. Writting in a constant periodical, Arthur Kudner, prominent adver¬
sing executive, hints of the mon¬
ditor can make in a period of uncertainty. We would like to quote at random from his comments:

"Under the pressure of war there are developing in this country
the makings of an era of pros¬
ership, a period of reconstruction widespread and dazzling as to make anything in our earlier experi¬
ence seem puny potatoes indeed. The new industries that are comprising themselves into an industrial
ereas that are in the age of the bronze age to the iron age. Already steel's day is being passed the iron era, and we are
now coming at the last few minutes of the iron era, and the iron having been replaced by the steel era, there
is a multitude of small motor-cars, of higher quality, and the construction of central heating, and of heat-touched and flexible glass, the
new developments in black light, electronics, radio and television, the interesting addition of the moun¬
table and pre-fabricated dwellings, in dehydrated foods, and in the whole science of nutrition... This
image of man's health is reflected in an able surgeon's demand for the light of our present knowledge. We
were treated in the last war was manufactured, and we are in making this rich promise which lies at the bottom of the physical
seen, the people, have their belief in it. This is the evolution.
We are quoted from Mr. Kud¬
er's article at this length to make the point, that every company that will maintain their competitive position in the expansion, many of
the other bank will dip back and perhaps fail by the wayside. Obviously a world that will
be more dynamic than ever, inven¬
tion can no longer remain static.—Ralph E. Samuel & Co.

Bought — Sold — Quoted

2052

Thursday, December 10, 1942

PERSONNEL ITEMS

If you contemplate making additional personnel to your personal, please see the Editor of the Financial Chronicle for publication in this column.

with Alexander & Company, is now connected with Shillilaw, Crowder & Co., 120 South LaSalle Street.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—James R. Coolidge has been added to the staff of Prescott, Wright, Slaider & Company, 516 Baltimore Avenue.

Halsey Stuart Co. Is Gg. Exchange Member

CHICAGO, ILL.—Halsey, Stuart & Co., an Illinois corporation which has been registered as a Member Corporation of the Chi¬
cago Stock Exchange by action of the Executive Committee.

In announcing the action, Joseph M. Smith, President of the Exchange, said: "We are exceedingly gratified that after months of negotiation between our staff and the officers of Halsey, Stuart & Co., the registration of this firm has been completed. The company is one of the largest in the country in the field of insurance and real estate."

Halsey, Stuart Co. have been among the leaders in advancing the interests of the financial center and we are de¬

Ecuadorian President Visits Stock Exchange

The New York Stock Exchange was host on Dec. 2 to Dr. Carlos Cuza, Ecuador's President, and his official party of 14.

Dr. Arroyo was greeted at the Exchange by Emil Schram, Pres¬
ident of the New York Stock Exchange and Chairman of the Board; John C. Sullivan, General Manager; Robert Def¬
boomer, Chairman of the American Hospitality Committee of the Exchange; The Ecuadorian presidential party was officially welcomed by Mr. Schram and the Board of Governors, after which, accompanied by Messrs. Schram, Stotz and Boomer, they proceeded to the Exchange for a

Says 14-Year-Old Boys May Be Registered

Extension of Selective Service registration and physical examination down to 14 years of age is being considered, Maj. Luther K. Brice, President of the Selective Service office, told a high school assembly at Columbia, S. C., according to Associated Press advises appear¬
ning the Selective Service System, "American" of Dec. 4. It was added that Major Brice said the purpose of the suggested registration would be to provide

Endorsed by FRASER
Home Purchase Loans
Volume High In Sept.

A volume of three hundred home purchase loans, exceeded only by one previous month of the past 12 years was made in September by the savings, building, and loan associations, the States Savings and Loan Association, reported.

Morton Bobotich, Executive Vice-President of the Association, said that it evidenced a keen interest in buying and investment property on the part of the average citizen considerably more marked than three years ago when war clouds were gathering and the world horizon. The advisement from the League's Central Office, as follows:

"The $35,000,000,000 which these thrift and home financing institutions loaned to help people become house owners was a few hundred dollars more than the Federal government for this purpose in Sept., 1941, and more than three times the lending figures only by October of last year. The largest proportion of the associations' lending volume to go for home purchases. Since the figures began to be compiled, this September's disbursements represented 61.7% of total savings and lendings for all purposes during the month. Largely because of the increase in this type of loan between August and September, the dollar volume for all purposes combined rose from $2,500,000,000 to a total of $94,000,000 for September. The effects of these disbursements are seen, however, in the fact that this volume of loans fell off in the second half of the month, September, 1941.

"For the third continuous year, the savings and loan disbursement to assist in the home purchase reached $165,551,000, sufficient to finance some $3,000,000,000 of the average $2,500,000 loan per property," said Mr. Bobotich. "It brought the total of war housing financed by these associations for the third quarter of the year to $42,726,000. For the third quarter, the savings and loan disbursement to assist in the home purchase was $165,551,000, sufficient to finance some 3,000,000,000 of the average $2,500,000 loan per property," said Mr. Bobotich. "It brought the total of war housing financed by these associations for the third quarter of the year to $42,726,000. For the third quarter, the savings and loan disbursement to assist in the home purchase reached $161,551,000, sufficient to finance some 3,000,000,000 of the average $2,500,000 loan per property," said Mr. Bobotich. "It brought the total of war housing financed by these associations for the third quarter of the year to $42,726,000. For the third quarter, the savings and loan disbursement to assist in the home purchase reached $161,551,000, sufficient to finance some 3,000,000,000 of the average $2,500,000 loan per property," said Mr. Bobotich.
Bank and Insurance Stocks

This Week

(Continued from first page)

Involving 198 capital stock fire insurance companies and the State Commissioner of Underwriters Association, has resulted in an indication that certain rates, specified by an Association of these companies, are not to be defended under the overall result to the insurance-buying public.

For example, the standardization of rates which has been welcomed by the public because it eliminates the necessity of retaining a staff of lawyers to find out what they are getting. As a rule, mutual companies will not fear to buy "standard" products and will be willing to purchase, in entirety, articles which are not standard. Consequently, the market for fire insurances premiums written will be much smaller than that for other insurance premiums written.

When we buy insurance, we may be able to get something for our money which is not standard. We may be able to get something that is not "fair" in the sense that it is not worth the price we pay for it. But it seems to me that this is true of all aspects of life and not just insurance.

Savings Earn With Safety

Quaker City Federal Savings and Loan Association, 1247 Washington Ave., Phila., Pa., will be subject to request of investors, corporate directors and others who are familiar with the business of investing funds in insured Federal Savings and Loan institutions.

Baruch On Arbitration Bd.

Dr. Homer B. Baruch, partner of the Baruch & Co., on Beaver Street, New York City, has been named to the Board of Directors of the American Arbitration Association, Loomis H. S. Raitman, Chairman of the Board, announced.

Bank and Insurance Stocks

Inquiries invited in all States

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Bell Telephone - F 24-2691

L. C. Gillett, Manager Trading Department

Legal Oddities

When The Traffic Plays Out

The Pine Tree Railway Company has recently given its annual

loans to New York City, and upon the completion of its

In this city, the railroad company is

The method of traffic assignment is

This method was used by the railroad company to determine the order of priority

The railroad company will then go on to the next

The railroad company will continue this process until all the cars have been assigned.

This method is a fair and efficient way to assign the cars to the railroad company.

We hope this information is useful to you.

EATON & HOWARD

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LOCATED IN GREAT FALLS, MONT.

The shares of the Eaton & Howard Balanced Fund have increased in value from $1.00 to $1.87 per share in the last 12 months, and are now trading at $1.50 per share.

The fund is managed by a team of experienced investors who have a proven track record of successful investment strategies.

The fund is currently seeking to raise additional capital through the sale of new shares.

Investors interested in learning more about the Eaton & Howard Balanced Fund are encouraged to contact the fund's management team.

The fund's investment objectives are to provide a high level of income and long-term capital growth.

A detailed prospectus is available upon request.

Please consider the fund's investment objectives, risks, and charges carefully before investing.

The Eaton & Howard Balanced Fund is sponsored by Eaton & Howard Financial Services, Inc.

EATON & HOWARD

BALANCED FUND

LOCATED IN GREAT FALLS, MONT.

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Investors interested in learning more about the Eaton & Howard Balanced Fund are encouraged to contact the fund's management team.

The fund's investment objectives are to provide a high level of income and long-term capital growth.

A detailed prospectus is available upon request.

Please consider the fund's investment objectives, risks, and charges carefully before investing.

The Eaton & Howard Balanced Fund is sponsored by Eaton & Howard Financial Services, Inc.

EATON & HOWARD

BALANCED FUND

LOCATED IN GREAT FALLS, MONT.

The shares of the Eaton & Howard Balanced Fund have increased in value from $1.00 to $1.87 per share in the last 12 months, and are now trading at $1.50 per share.

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The Eaton & Howard Balanced Fund is sponsored by Eaton & Howard Financial Services, Inc.
The Securities Salesman's Corner

(Continued from page 2051)

out the industry. There seems to be a misunderstanding of the functions an underwritter performs and the good faith and careful judgment when he enters a transaction. Once we get this point cleared up there should be a much better understanding all around for the justification of ample profit margins.

The securities salesman is both a merchant of investments and at the same time a banker of confidence. His job requires the exercise of a true analogy of a successful and competent dealer's function could be likened to a druggist who carries a varied assortment of all kinds of drugs. But, unlike the druggist who only fills prescriptions which have been made out by the doctor (after the diagnosis of the patient's needs), the securities dealing requires the diagnosis and writes and fills the prescription.

A securities dealer will fill the wrong prescript to his client, so their financial health will be impaired, most certainly would be committing an economic injustice. Whereas a securities dealer makes a correct diagnosis of his client's investment problems and who has saved money for his client, has increased his income and safeguarded his prinicipal, is doing an economic good. From a practical standpoint the customer who has been well taken care of should not care a tenant's boot how much profit his dealer made but if he comes to feel satisfied with the investment job that has been done for him. On the other hand, the fellow who has called up his banker and filled his bank book with a collection of oats and dugs that he bought on hunches or someone's good tips, has no reason at all to feel happy about the small commissions which were charged him for doing nothing more than executing some simple mechanical transactions.

We have never yet run across a satisfied customer in any line of business that kicked because his dealer made too much profit. It is only when people get the inferior merchandise, poor service, or pay too much for something not suited to their requirements, that they begin to complain. The customer in this instance is not so much so the better in judging the quality of the investment, the only point he is entitled to a good healthy profit. This thought can be sold to your clients and once the point is made clear, it is surprising how many of the heads that come abed through the activities of those securities buyers who attempt to be price chislers.

FINANCIAL NOTICE

To the Holders of
The Chesapeake and Ohio Railway Company

Refunding and Improvement Mortgage 6.00% Bonds, Series G-2, due February 1, 1943.

The undersigned bondholders agree to purchase on or before December 30, 1942, for retirement, any and all of the above described bonds at their principal amount, together with interest thereon at the coupon rate to the date of maturity, February 1, 1943.

Said bonds should be presented at the office of J. F. Morgan & Co., Incorporated, 13 Wall Street, New York, N. Y., with coupons due, February 1, 1943, attached, accompanied (unless the owner be a duly authorized agent) by a letter, sworn to, and dated January 1, 1943, in the form prescribed by the said Bondholders, and with respect to the said February 1, 1943, installment of interest. Bonds so presented which are registered in any names other than those of the undersigned bondholders or their authorized agents, or which are unpaid, should be accompanied by proper instruments of assignment and transfer in cases where payment to anyone other than the registered owner is desired.

Since bonds so presented will be surrendered to the Company for exchange, the undersigned agrees to exchange them for interest bonds of equal rank and A.M.E.

The CHESAPEAKE AND OHIO RAILWAY COMPANY

By H. F. LOHMeyer, Secretary.

Cleveland, Ohio, November 25, 1942.

To the Holders of
Chesapeake and Ohio Equipment Trust Certificate of 1937

2\% Equipment Trust Certificates, due March 1, 1943.

The undersigned bondholders agree to purchase on or before December 30, 1942, for retirement, any and all of the 2\% Equipment Trust Certificates, Series G-2, due March 1, 1943, which states that present net earnings are about "four times" requirements; gross earnings before maintenance, repairs and depreciation, and more than "seven times" requirements; prior years' losses result in income tax advantage; permanent tax benefits accruing; freight revenues for repairs, maintenance and depreciation charges; unimpaired earning power; ratio of gross and net earnings to funded debt and sale of property; low market price vs. replacement value; after war possibilities — result of closing of competitive hotels, and estimated combination as of Dec. 31st. Copies of this interesting clipped from the Wall Street Journal. Attached to attachment is a comment on Kroneland & Co. upon request.

Snowplows Sent To

Rescue "Doc" Williams

George "Doc" Williams of Kennedy & Co., Inc., has been on his usual hunting trip in Coppersport, Maine, where he snowed in his cabin. Snow plows have been sent out to rescue him.

The CHESAPEAKE AND OHIO RAILWAY COMPANY

By H. F. LOHMeyer, Secretary.

Cleveland, Ohio, November 25, 1942.

Royal Bank of Scotland

Inserted by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 B留言板ge, E.C. 2
48 Clarington Street, W.1
1 Bank Street, W.1
64 New Bond Street, W.1

TOTAL ASSETS
£58,263,226

Austria and New Zealand

BANK OF NEW SOUTH WALES

ESTABLISHED 1817

Paddington Building, Sydney, N.S.W.
Reserve Fund: £150,000
Reserve Liability of Public: £150,000
Mortgage Loan Cap.: £223,130,000

Aggregate Assets 20th February, 1943

Sir ALFRED DAVIDSON, K.B.E.,
Head Office, George Street, SYDNEY.

The Bank of New South Wales is the oldest bank in Australia. It is a joint stock company, registered in New South Wales, P.L.C. and Home and Colonial Limited, with £1,000,000 authorized capital and £1,000,000 issued capital. It was formed in 1817, and is one of the oldest and most efficient banking service to individuals and business houses in the State.

LONDON OFFICES: 20 Threadneedle Street, E.C. 2
47 Berkeley Square, MARYLEBONE, and Branches throughout the U.K. & E.

NATIONAL BANK of EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL: £10,000,000
RESERVE FUND: £10,000,000

LONDON AGENCY
1, King William Street, E.C. 4
Provisions in all the world.

EGYPT and THE SUDAN

Real Estate Situation

Offers Possibilities

The 5-year maturity mortgage bonds of the Morrison Hotel offer excellent security. According to a circular prepared by Koneeland & Co., Inc., Board of Directors, of the company which states that present net earnings are about "four times" requirements; gross earnings before maintenance, repairs and depreciation, and more than "seven times" requirements; prior years' losses result in income tax advantage; permanent tax benefits accruing; freight revenues for repairs, maintenance and depreciation charges; unimpaired earning power; ratio of gross and net earnings to funded debt and sale of property; low market price vs. replacement value; after war possibilities — result of closing of competitive hotels, and estimated combination as of Dec. 31st. Copies of this interesting clipped from the Wall Street Journal. Attached to attachment is a comment on Kroneland & Co. upon request.

Investment Trusts

DECEMBER OPPORTUNITY

"Most experienced analysts and observers regard the current dip as an unusual readjustment in a market which has been ready to make substantial further progress. We have no idea of the exact date on which the market trend may be expected to reverse itself but feel that the current opportunity should be regarded as an "...any safe, equity security by the present current stock prices. From the current issue of Hugh H. Long & Co.'s "New York Letter."

"Price Appreciation Gain New Importance," says Lord, Albert of the latest issue of "The Banker." The present effective leverage of the Bank Ordinance of 1932 to allow up to 100 per cent. of the dollar's stock as stock value — data for each of dollars invested in the common stock, there is a move toward lower interest rates makes more desirable than high income, particularly for long-term investments in high and relatively more attractive even for the "...Abstracts" goes on to point out that Affiliated Fund is basically an investment medium for attainment of capital gain by reason of the leverage permitted by the Ordinance. The present effective leverage of leverage permits the investment of dollars invested in the common stock of each dollar of common stock as stock value, which is the case with any or other words, for each $1,000 invested in the common stock, there is $1,916 at work."

National Securities & Research Corp.'s current issue of "Investment Today" gives a brief discussion of the future of Latin-American and other foreign market possibilities, and makes suggestions in the case of securities by the Latin-American and other foreign market possibilities, and makes suggestions in the case of securities in which the ratio of wealth to per capita income is high. In the case of and such countries as Argentina (2.341), Venezuela (325) and Colombia (1.106), all large, and have co-operated wholeheartedly in our Government's drive to raise funds for the war effort by the sale of bonds. Considerable space is given regularly in their literature to promotion of this cause. However, the current issue of "Investment Today" contains four "knockout" bonds. The "Reserve Certificate" is the first investment company to publish (as far as we are aware) which has been devoted entirely to the sale of Government of the United States bonds. "...And Pass The Ammunition!" The "Committee for Defending the Home Front" of which the undersigned is a member contains brief descriptions of the special Government issues now available, and refers those interested in their literature to promotion of this cause. However, the current issue of "Investment Today" contains four "knockout" bonds.

The sponsors of Selected American Industries have done some detailed figuring on the advantages to large investors of receiving income in the form of tax exempt dividends from an investment in Selected American Industries, which dividends this year. The results are published in a three-page (Continued on page 2052)
Municipal News & Notes

Prior to yesterday there was every reason to believe that the conclusion of the Federal Reserve Board of governors would be one of the dullest of any period in the municipal field during the year. The activity in recent months— and the pressure of worries—was not exactly of hectic proportions. Today, however, as if to seal off Tuesday's uninteresting dispensation, the Federal Reserve Board, under the chairmanship of Mr. A. C. Crescenti, has imposed an absolute tax on municipal securities, which has been described as a brake on general activity in the field.

The action, in company with other similar actions, is considered as a part of the effort to avoid elimination of the tax-exemption feature, the forces behind this move have not, by any means, been content to abandon the fight. They have met the attack, using a different approach, and the medium of the recent agitation that has resulted from the discussions on taxes from operations over the same period.

In the Gas Department the operating expenses increased $200,000, leaving a net revenue of $129,000. The WPA Liquidation May Increase Local Relief Costs. Liquidation of the WPA in the reports of President Roosevelt on Dec. 4, 1941, is not likely to be the introduction of a new element in municipal operating expenses. It is a possibility that cannot be dismissed without consideration.

Memphis, Tenn., Utility Problems amendment of Oct. 12, ending in the 12-month period ending in October were $17,000,000, with net operating revenue of $15,000,000, and an unencumbered profit of $1,000,000 for the 12 months of $3,000,000, according to a report recently issued by City Commissioner M. J. Thomas. The electric light department, operating expenses of nearly $400,000, net operating revenue over the previous year, 1941, $15,000,000, with an unencumbered profit of $1,000,000. M. J. Thomas, II, the president of the Light, Gas & Water Commission, said the insurance in the decreases did not justify any further reductions in rates, other than the elimination of the 10 per cent on residential electric rates next month. The report also shows that the mortgage refinancing for property under the Electric Department of 1941-42 total $300,000, 1941-42, with proceeds from the property under the Electric Department of $47,500. In the Gas Department, Mayor Allen said "we are running all our electric plants, and the weather is not too bad for making." Net profit as of Oct. 31, 1941, for the year 1941, amounted to $19,458 at the same date last year.

In connection with the Water Division, the profit of which is $19,458, the report for the year 1941 was compared with $25,000, at the same date last year, mayor Allen said that "it has been an accumulated sinking fund assets of the city $7,607,103. The paid-in fund of the year 1941. The report of this debt represents investments in public enterprises.

The Comptroller warned that he had emphasized that the city was facing serious financial conditions, with rate a favorable experience in the recent years, although this criticism the WLB's actions are likely to be of the United States that municipal employees, the people, "we will be glad to have them continue with us, but at no encumbrance.

"As part of the program, the city adopted a strict cash-budgets, and incorporated it as a provision in the new bond contract, thereby making the proposal, the firm's announcement, says. The Municipal Bank of the 1941 fiscal year the city will have the remaining deficit of $25,000, which it had from the previous fiscal year. This is the first improvement in the city's capital over the past five years. Only a small fraction of the normal program is being undertaken, and completion of certain projects. The prospects for a considerable improvement over the figures January 1, 1940, at which time the new fund margin was only $29,000.

Scores Federal Policy in Local Taxation. "The National Institute of Mu- nicipal Law Officers' in a resolution adopted at its three-day war conference in New York City on Dec. 4, denounced the Federal Works Agency Board for its "unwarranted assault of jurisdiction over disputations between municipalities and Federal aids." A measure of a mediation panel recommended on Nov. 12 that the board take judicial control, either by the National Bank, the State, City and Municipal Workers' Union, the City States. This precipitated a strike of 10,000 city employees in New York City.

A vigorous dissent to the mayor's action was made by George K. Burt, representing employers, and the claim by the New York City total 1941-42, amounting to $15,000,000. Officials of both the State and City indicated that ending the study of the fiscal situation and home relief costs for both levels of government, is fixed under the law by the city, as a matter, these laws, which are supplied by the Federal Works Agency Board, the state government, and the Federal Works Agency Board in the proper municipal governmental services.

Continuing, Mr. Burt declared that "government is the will and interest of the people, and that ‘something may be done about this principle.'" The New York case, added, "involves the whole question of whether or not Government employers are entitled to ‘strike' and maintained that "to admit that it is a principle that employees have the right to strike and picket any public enter- tain them in Federal works or services or to control over Government from the voters, that employees, the people, in the hands of the union, are not entitled to have their rights, to the hands of the union, are not entitled to have their rights, to the hands of the union, are not entitled to have their rights, to the hands of the union, are not entitled to have their rights, to the hands of the union, are not entitled to have their rights,

The resolution of the Municipal Law Officers observed that "such an issue as a matter of law, of property, and utility taxes more promptly. Water, electricity and gas rates will have to increase, and the larger, and in many of these there are utilities owned in such areas. The economists in form taxpayers that a local tax wealthy are paid are deducted from Fed-
eral income tax returns, and, of course, they should be better in 1943-45 than they have been for some time, according to the Association. After 1941, however, col-
lections may be expected to decline somewhat.

"The gap in the armed forces legally may delay paying local taxes until after the war, many of them will not be in the cities now, the Association said, and cits are also being billed properly. Every means should be used, the central and local tax boards are doing.

Newspaper publicity and adver-
sising will aid in tax collections
and cities which bill and collect taxes on a monthly or quarterly basis may find the method par-
ticularly effective in those days when paychecks are larger.

Sees Local Taxes Affected

By Increased Federal Burdens

Local tax collections will suffer in 1943 and 1944 because of in-
creasing Federal burdens, Henry P. Long, Massachusetts State Tax
Commissioner, declared recently in an address at the 36th an-
nual Massachusetts Conference on Problems on Local Taxation. Many who would pay the high Federal taxes had not yet ac-
customed themselves to such assess-
ments, he said. The result would probably be that the Federal taxes would be paid in, with payment of local taxes lagging.

Real estate owners might not be in a position to pay their local taxes, he said, because of the high wartime Federal taxes and because of loss of revenue, he said. For that reason, he urged tax assessors to set their rates as low as possible.

There could be no increase in real property valuations, and little could be added to the tax on per-
sonal property. The State's rec-
organization of liquor laws would dis-
appear when the present ware-
house stocks were exhausted, and the cigarette tax would depend on the ability of tobacco growers and manu-
ufacturers to smooth employment.

Voters Defeat Old

Age Pension Increases

Old age pension increases failed, tax receivers' petition to increase, and legislators' pay was raised as a result of Nov. 3 ballotting on measures totaling $4,100,000 in additional measures in 29 States, ac-
cording to a survey by the Coun-
cil of State Governments. About approxi-
ately one-half the proposals submitted received voters' approval.

Old age pensions of $1 21 a month minimum for all need-
aged were defeated in Wash-
ington and Idaho; in Missouri a similar measure was crossed off the ballot before election. The Wash-
ington measure was exam-
bined with a proposal to extend free medical and dental care to residents on relief. Idaho elec-
tors favored the $49 pensions almost 2 to 1, but the affirma-
tive measure did not represent a ma-
Jority of the votes cast for Governor, necessary for initia-
tive approval.

In two other States measures which received majority approval failed because of the same legal requirements. These were the Illi-
nois proposal to remove the 7-
cent sales tax on food, and the Oklah-
oma amendment to permit women to hold high State offices.

New tax proposals in Oregon, Washington, and Utah were ac-
spected. Oregon defeated a cere-
nette levy, Washington an ice cream tax, and Utah a graduated tax on chain stores.

Most of the proposals to remove taxes were defeated, also. Besides the sales tax amendment which lost in Illinois, a Florida proposal to broaden the tax exemp-
tion of religious and chari-
table —institutions failed, along

with the California proposal to
repeal the State income tax.

Tax exemptions succeeding thereby were in New Jersey, where exemp-
tion of stocks, bonds and similar investments was ap-
proved, along with prohibition of an inheritance tax levy; and in Louisiana, where voters au-
thorized the Legislature to ex-
tend the $2,000 homestead ex-
emption provision to local taxes, and to grant tax exemption for 55 years on power lines of elec-
tric cooperatives.

California voters declined to sub-
stitute annual legislative ses-
sions —and annual budgets —for
the present biennial system, and New Mexico voters defeated a proposal to split regular legisla-
tive sessions into two terms di-
bided by a 10-day recess.

Of the other legislative meas-
ures, New Hampshire's amend-
ment cutting the size of the House of Representatives from 443 to 375 or 400 was approved. Colorado's amendment limiting legislative sessions to 100 days and abolishing the practice of introducing bills by title only is in doubt, requir-
ing official canvass. New Mexico turned down reapportionment of its Legislature, while Louisiana approved such a measure. Mis-
ouri voters approved the calling
of a convention to revise its consti-
tution, while Michigan voters
defeated a similar proposal.

Major Sales

Scheduled

We list herewith the more im-
portant municipal offerings
($500,000 or over—short term is-
ues 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.

December 15

$600,00 Allen town, Pa. At previous sale, several years ago, successful bidder was account of Smith, Harney & Co. and Lee & Thorne Co. Second high bid by First Boston Corp. and Associates.

December 16

$2,140,000 Richmond, Va. In June, 1931, large issue was awarded to group headed by Arnold & Co. New York, and next last bid was made by Bussell & Co. of New York, and Associates.

Feb. 1, 1942

$4,100,000 Maricopa Co., Ariz. Bid for these bonds will be priced by
the State Treasurer in behalf of the county. Comments on this financing are made in the
impact of today's "News and Views."
What Every Woman wants to know about a Man... 
...that he chooses flowers for her, and Old Schenley, America's mildest bottled in bond, for his guests!

Tomorrow's Markets Walter Whyte (Continued from page 2063) 

portant parts in the very 
continuance of free markets smacks too much of the ivory 
tower. 

True, the market still reflects the opinions of well-informed sources who know what is happening. But no opinion, no matter how well informed, can anticipate revolutionary changes of a world at war and its economic consequences. The best the market can do is to reflect it. Old barometers calibrated on experiences of the past cannot measure it.

The only yardstick which applies today is what it did before is mass opinion. That is to say the peculiar quality the public has of becoming more often than right still obtains. Here is an example: Public sentiment a few weeks ago was that the Axis would have to lose the war. Adulation of the Axis was ridicule. Now that the war is lost, most of this feeling is based on our successful invasion of the French coast.

The market gave few clues to a proper interpretation. It was one of these markets that not being able to decide what it meant, did nothing. The public, impatient with the market's inactivity, decided to place its own interpretation on the news. As a result, the 

LAMBORN & CO. 99 WALL STREET NEW YORK CITY 
SUGAR Exports—Imports—Futures

UP-TOWN AFTER 3

PLAYS

For years I have heard of the excellence of "R. U. R.", People who had seen it recommended it to me, but I never did. Now that I have seen it, I wish I had. It was "the play of the century." So when its revival was announced I was eager to see it. Well, two decades ago it may have been all its critics said it was, but not today, with all the bigger problems facing the world, the problems posed by "R. U. R. \ seem strange and unreal. Taking the man-made man out of it and wiping out mankind, then they in turn dying out because of inability to reproduce a novel one. The trouble is the presentation itself is lifeless and constantly loses itself in a welter of talk. As I understand it, Capek meant "R. U. R." to be a distirce against the machine. He poured a moral, and he said many critics are searching for machines had In the leads of men's undoing. In the revival an effort is made to draw an analogy between the mystical robot menace of 20 years ago and the Nazi menace of today. But the analogy isn't a solid one, the whole idea of robots bogs down in long-winded conversations. The cast tries hard, but neither the present cast, or any other, can put spirit into lines which are so dull.

"Casablanca." (Warner) was scheduled for release sometime in February, it has proved entirely on the screen. Farmington Financial Co. which has selected the program as a possible Bond-biteaux is being presented off-bond potential, the date was set back. The movie, a fast-moving melodrama, has, however, little to do with the news headlines. It deals with frustrated refugees housed in Casablanca, who try frantically to obtain exit visas. A couple of oil-rich suckers, oper¬ ators in the market, are trying to make the highest bidders. One of these criminals leaves some exit visas with Humphrey Bogart, Paul Henreid, Ingrid Bergman, head of the Czech underground, call for them but run against a snip. Seems that Miss Bergman is the girl Bogart met and lost in Paris in 1939. The film has a gag line: "The day comes. The way the whole thing comes out is an exciting yam." "White Carer."

(MGM). A love story of the 1920's, played by Ingrid Bergman, and played by Deborah Kerr. "White Carer" is about the British navy's efforts to keep the Hilys from the smirking mixed-bred, Tondelays, who keeps in the just above. It is just possible that in the back, the just above. It is just possible that in the just above. It is just possible that in the back.

A nook in the market has been between a high of 117 (with the exception of a one day's figure of 116) and a low of about 114. One day it crawled up, the next it crawled back. It wasn't until last week that it began to go up, giving the trend a leg up. Acting on market action, I recommended two stocks.

And as this is being written the market is in a position where it must hold not only the current level of 114 but must keep itself above its previous day's lows. A violation of any previous day's lows may well start off another decline it won't be com¬ fortable to sit through. In the critical levels in the stocks you hold become more important and the prices under which they should not be carried are:

Air reduction bought at 30, stop at 25. Goodyear bought (last week) at 22 1/8, stop at 17 1/4. Piper Stock bought at 54, stop at 48. Superheater bought at 13 1/4, raise for coupons at 11 to 12.

More next Thursday.

"The Way From Today To Tomorrow"-Inv. Outlook

Ernest Oberhumer, associated with Winson, Douglas & McEvoy, 120 Broadway, New York City, maintains that the major bull market in the Stock Exchange, has just published a most interesting study of the market. One chapter of the book, "The Way From Today to Tomorrow"-An Investment. Mr. Oberhumer, in his bro¬ chure, discusses the political changes that are taking place, and the economic changes that are taking place. The strategic, military, social, political, capital, and education, the economic, aspects of the war, and the possi¬ bility of the American economic of 1900-1940 is summarized and the American economy. And the economic.Among the important questions are: the security of securities is discussed together with the make-up of the future securities portfolio. "The current outlook," Mr. Oberhumer states, "is based on the expectation that the long-term trend in American security prices"
Now At Stage Where Restriction Means Extinction, Fuller Of NM Warns

Declaring that "we have now reached the stage where restriction means extinction," Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers, warned on Dec. 3 against the use of restrictive devices to fight the war and would have equally destructive results. "If we use radio aluminum, we use the master key to the manufactory—totalitarian economic control," he declared.

In conclusion Mr. Fuller said: "We have not been wise enough to keep our business structure intact and our markets open. In 1934 we went over from war to peace-time pro-

duction. There was no depression in the 1934-35 industry.

"This time, too, we must do everything possible to avoid wrecking our business structure and distribution channels. We must be ready when the war ends to swing into the making and selling of the tools of peace and the consumer. If we do, there will be no war production for our soldiers and sailors. Their victory will be complete. We will have made good as a dealer, whether prior or subsequent to becoming such. (D) has without any pro-

vision of any rule or regulation thereunder."

The application of Foeller-Pat- terson, Inc., Lincoln Bank Tower, Fort Wayne, Ind., for dealer brokerage registration, was de-

Nominated Regulation

The application of Foeller-Pat- terson, Inc., Lincoln Bank Tower, Fort Wayne, Ind., for dealer brokerage registration, was de-

regulation.

We, in England, concentration of industry was born in the great production wave following Dunkirk. Men and women worked at the business full time at a tempo which has never been equaled before or since. They worked 70 hours a week. But this wasn't enough. More was needed to ensure the outcome of the war. More factory space was made available. England was desperate.

"The British Government really needed its industries to develop the concentration plan with the idea of crowding civilian production into the smallest number of plants. It took away machinery, materials, and barely needed factory space which was imperative. They also made available from other parts of the country. And it is anybody's guess as to what this has done to Britain's future.

"Right here let me repeat that which many of us have been saying before. If it is not necessary to have concentration, the ex-

cering of American ingenuity and inventiveness. The ex-

crising of American ingenuity and inventiveness. The ex-

cooperation of Dominion Govern-

arrested bonds sometimes known as "Barrett bond" bonds were used. Both these bond holdings were determined upon the collec-

tion of particular property owners for whose benefit particular bonds had been issued. Payment on many of these bonds was in default, and for some time it was impossible to pay bondholders from available funds that existed. It was necessary to obtain funds somewhere, so bondholders could do their bonds to adjust their obligations, which could be met. Upon these rep-

entations Central Securities Se-

cured many funds at prices rang-

ing from 40% to 60% of face

value, and had them redeemed at par, profiting on the difference. Mr. Foeller: "My firm is a contrac-

tor, not a broker. Mr. Foeller was Vice President and a director from 1903 to early in 1942, as well as a director of the American Securities Exchange. (C) was an officer and director of the company from its founding in 1910, and in the past ten years, has been the general organizer, manager, and vice-charge of the corporation's books, the Commission contended that (C) had failed to follow proper bookkeeping and accounting practices and had concealed the nature of the transactions. Registration was rejected.

The Commission acted under the Internal Revenue Code, Section 145 (b) of which provides in part: "The Secretary of the Treasury, in his discretion, may grant a special privilege or opportunity for it is the public interest and that (1) such broker or dealer either needs or desires to obtain same, or (2) any other person, officer, or director of the company, or any such broker or dealer . . ., the sale, purchase, or sale or purchase of any of its securities, or (3) by or on any other person, officer, or director of the company, or any such broker or dealer . . ., the sale, purchase or sale of any of its securities, and that (4) of any rule or regulation thereunder."

The declaration of war has caused the number of failures in November to be much greater than in October. The number of failures in November was 991 for the year, compared with 873 involving $1,917,000 in November, and 842 involving $1,937,000 in November, 1941.

The fall off in the number of failures in November from the number in October took place in all the divisions of trade that the report is divided into with the single exception of the construction group, where two more lia-

ble business failures occurred. The favorable impact of the absence of the amount of the liabilities taken into consideration all divisions

recorded a decrease from a month ago.

Industry failures last month numbered 96, or 8,653,161 in liabilities, as compared with 102 in October with $2,374,-

300 liabilities. Wholesale failures decreased to 65 with $245,000 lia-

bilities in October. In the retail trade section insolencies declined to 322 from 405 in October and liabilities to $2,909,900 from $2,-

660,800 a month ago. Construction service failures numbered 27 with $870,000 liabilities, as against 60 with $750,000 liabilities in Oc-

tober, 1941.

When the country is divided into Federal Reserve districts it is seen that ten districts had fewer insolencies in November than in October, while the St. Louis Reserve district had the same and the Kansas City Re-

serve district had more. When the amount of liabilities is considered ten districts had smaller liabilities while the St. Louis and Minneapolis Reserve districts had large increases of registering insolencies in November than in Oc-

November Business

Failures Again Declined

November business failures con-

November business failures con-

continue to follow the trend shown for some months and are lower than in October as well as being lower than November, 1941, both as to the number and amount involved. Business involvements in November, according to Dun & Brad-

street, increased in number and amount 357 and involved $5,245,000, as compared with $2,727,455,000 in November, 1941.

It may be the "holiday season"—but war needs the wires that you used to use for Christmas calls.

Long Distance lines are loaded with urgent messages. Extra lines can't be added because copper and other materials are needed for the war.

So — this Christmas please don't make any Long Distance calls to war-busy centers unless they're vital.

War Calls Come First

Bell Telephone System
National City Bank Gits Difficulty In Comparing U. S. And British Tax Rates

The National City Bank of New York, in its December "Monthly Letter," states that the "situation of the tax systems of the American and British tax systems and says that the comparison of income taxes between the United States and Great Britain is much more difficult than it seems at first glance."

The report points out that there are "many specific differences in the tax systems of the two countries which make comparison difficult. One of these differences has to do with the treatment of interest and dividends, which differ widely between the two countries."

"In Great Britain," the bank points out, "the position is relatively small." In its discussion of the "exceptionally small" difference between the two, among other things, that "there are many specific differences in the tax systems of the two countries which make comparison difficult. One of these differences has to do with the treatment of interest and dividends, which differ widely between the two countries."

There are, however, points out that while broad generalizations seem warranted:

1. In Great Britain, all types of taxes are taken into account, which is not the case in the United States; and the new Federal rates do not apply to the same extent. The new Federal rates are indexed in Great Britain in a comparison of income tax rates alone, which would mean a review of the factors involved. The result is that this country is highly taxed.

2. "That the difference in income tax rates is primarily in the upper brackets, and so the public is not usually aware of the capital gains, the rates here may be lower."

3. "That the British tax system is more broadly based than ours, in that it applies to both capital gains and mortgage loans, which would mean that the public is not usually aware of the capital gains, the rates here may be lower."

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"The Association in its announcement also states: "That the Committee's intention was to provide a fair statement without variation by all banks which accept deposits and are engaged in banking operations in order to establish a minimum standard. Many banks, it is pointed out, already produce more data on earnings and expenses than the form calls for, but the others do not furnish much."

"The chief conclusion that feels that while the interests of stockholders are served by the supervisory activity of the government agencies, it is clear that the information obtained from banks that are engaged in banking operations in order to establish a minimum standard. Many banks, it is pointed out, already produce more data on earnings and expenses than the form calls for, but the others do not furnish much."

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N.Y. Security Analysts To Discuss Bank Earnings

The National Association of Bank Auditors and Comptrollers announces a new "Nabac Manual on Bank Accounting and Auditing," which will be issued in the near future. The announcement states that affords an opportunity to study and, in line with the Association's objectives of improving accounting procedures and standards in the banking industry, is intended to provide a guide to more effective and efficient bank accounting, auditing and reporting procedures as outlined in the manual. It will cover all aspects of the field proven—will save time in bank examinations and is provided as a guide to the use of bank comptrollers and auditors of banks.

The announcement states that previous publication covers the subject thoroughly, or so completely and that public accountants, college commercial schools and public librarians are available.

The manual will be available for $250 per $1,000 in publications, and upon the payment of the fee, will be dispatched to the subscriber.

In addition, the Association is organizing a new "Nabac Manual on Bank Accounting and Auditing," which will be issued in the near future. The announcement states that affords an opportunity to study and, in line with the Association's objectives of improving accounting procedures and standards in the banking industry, is intended to provide a guide to more effective and efficient bank accounting, auditing and reporting procedures as outlined in the manual. It will cover all aspects of the field proven—will save time in bank examinations and is provided as a guide to the use of bank comptrollers and auditors of banks.

The announcement states that previous publication covers the subject thoroughly, or so completely and that
Twenty-Five Largest Mfg. Corporations Add $2,000,000,000 In Assets, Conference Bd. Says

The 25 largest manufacturing corporations (excluding oil and gas interests) reported a gain of $2,000,000,000 more than $2,000,000,000 more than reported at the time of the Industrial Conference Board, May 28-June 2, 1943. More than $2,000,000,000 in 1941, or in the second half of 1941, to the several federal income-tax collectors, according to the Conference Board.

The Board's announcement made available Dec. 3, further said:

"There remained $822,000,000 of net gains reported for the two-thirds of the 25 largest concerns which had gained between 1940 and 1943, and $152,000,000 for the remaining one-third. They thus had averaged $13,600,000 and $152,000,000 for the reserves for future contingencies, amounting to $277,000,000 of the $2,000,000,000 gain in the one-year period. Income and excess-profits taxes amounted to $247,000,000 on the gain in 1941 and 1942. Income retained by the originating corporations, while stockholders received almost two and a half dollars for every dollar kept in addition to surplus.

"Almost a third of the assets of the reported concerns were held by the 10 steel and coal corporations, which, compared with a similar proportion which was joint in 1940, appear to have increased their dual control in the chemical and chemical industries (33% and 12%, respectively). The four largest chemical concerns account for 66.5% of the combined assets of the 25. The diversified United States Steel Corporation and the combined group, distributed 5.17% of all dividends, and accounted for 18.4% of the net gain in income taxes.

"The 25 largest concerns, representing the 855,000 employees of the four largest concerns, and reported financial positions averaged about $2,000,000 per employee, as compared with $2,700,000 per employee, but in the second half of 1941, to the several federal income-tax collectors, according to the Conference Board.

"It appears to the Board that the Union PacificRR will be left in the hands of the company as a public service, the service of its employees, and as an important aid to the economy of the country.

WB Jurisdiction To Cover Wage Disputes In Non-War Industries

The National War Labor Board has announced its intention to extend its jurisdiction into non-war industries in which wages are involved.

The Board made this decision at its latest meeting between two New York firms and the United States Steel Corporation, and the Board's action was announced by Mr. H. E. Mass, Board chairman.

Two Undeveloped Potentials Shall Not Be Permitted To Increase In Price

"No valuation shall be made on undeveloped resources, which are to be developed by any alternative use of the property;" the Board interprets that section to mean, at least in all labor disputes in which wages are involved (or for salary adjustments within the limitations of the Divestiture Act and Executive Order No. 9066), as involving the Board's jurisdiction, whenever a buyer of the property for which the Union PacificRR will be left in the hands of the company as a public service, the service of its employees, and as an important aid to the economy of the country.

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The ultimate rendezvous which all generations, nations and races have with destiny is not settled by oratory.

An honest trade accords the greatest compensation to those who, because of the rareness of their ability, make the greatest contribution to the general welfare of mankind.

The two Henrys, Ford and Kaiser, because of their invention, industrial skill, and ability to accumulate capital, have been more valuable to our civilization than the men who turn the screws on the production lines. They have been able to out-promote, or out-sell in competition for their votes, that their rewards should be greater than is merely elemental justice.

They have been more valuable than the parlor-punks and pedants who assume to interpret life from their vantage points in a college cloister, where they green themselves in their own esteem, exemplars of the abstruse law of compensation for all inferior virtues.

Differentials in economic rewards are morally justifi
d and socially necessary. Without their energizing influenee, the world would be a flacid, vacuous, unimaginative, post-psychoanalytic society, without the psychological roots of success, the prizes of the challenge of life. Man in his essential activities is motivated by forces that have their origin in the world around him, not in the forebears of abstractions. Anyone who produces value will exchange it only for value. This is automatic and subconscious. A country in which it is ignored exists in a state of fluidity, with the ability to sustain a dynamic mode of life. Man does not survive by a law of least effort, although it is a thought with which we are indoctrinated.

The essence of progress is competition; its method is evolution—not merely qualitative but quantitative—its enemy is envy, ignorance and political opportunism. The denial of these truths in these laws is the negation of history, of psychology and biology and the apocrypha of mysticism and obscurantism.

With the continued growth of civilization, crude implements became tools and tools evolved into machines. They came as the result of work, talent and self-denial; the calculable factors in economic life. They came as the result of the sacrifices of those who, out of their great labor, stand possessed of their production while others consumed all of the fruits of their meager industry. They came as the result of the profit motive, the most important and the most natural of the known principles, and function of which is continually misrepresented by people who, ignorantly or intentionally, treat its excrescence as its essence. Since the physical and psychic organism alike is always striving to become more of what it is, the laws that have regulated it in the past, these are the ways they must come in the future. Any other conclusion is di
erious to creation and observation, rests upon no basis of fact, includes no element of experience and is no more than a subjective invention which cannot stand investigation.

Knowledge, which coupled with practice brings skill, is usually regarded as a function of judgment rather than of ideas, yet there is no real difference between them. Both are the result of the instinct for survival.

Judgment is the use of ideas, and ideas in their broadest sense for through ideas man is the only animal in his broader sense. Most men have ideas, but they, like their possessors, are unequal in value. Good ones do not come handcuffed to crowds but only to men who apply the force by which they are developed is character 
—inborn like the color of the eyes.

If ideas, which are unequal in value and which under
come to mankind, are in service of man, it is ob
evious that men are unequal in value and equal compensa
tion is impossible. Until the quantity and quality of ideas can be equalized—and none of our social theorists, who all speak about equality of opportunity, can do it—there is added to the world's barbarism the fact that some people have been cheated out of their rights. The history of mankind is the history of the expansion of a moral and intellectual way of life, and the force by which it is developed is character—
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## Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are described below, and 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.

### Monday, Dec. 14

- **Teijin Explores, Inc.**
  - Filed its registration statement with the SEC for $37,082,000 of bearer bonds, par value $100 each, due Dec. 13, 1945, interest $5 per annum, payable semiannually, at 17 Battery Place, New York.

### Tuesday, Dec. 15

- **Swift, Condit & Co.**
  - Filed a registration statement with the SEC for $2,300,000 of 53/4% convertible debentures due 1945, interest payable semiannually, at 118 North Fourth Street, Dallas, Texas.

### Wednesday, Dec. 16

- **Ampal-American Palestine Trading Corp.**
  - Filed a registration statement with the SEC for $50,000,000 of bearer stocks, par value $1 each, due June 15, 1945.

### Thursday, Dec. 17

- **Florida Power & Light Co.**
  - Filed a registration statement with the SEC for $25,000,000 of bonds, par value $1,000 each, due Dec. 15, 1945.

### Friday, Dec. 18

- **Randolph Banking Co.**
  - Filed a registration statement with the SEC for $2,000,000 of trust preferred stock, par value $1 each, due Dec. 19, 1945.

### Saturday, Dec. 19

- **Phillips Petroleum Co.**
  - Filed a registration statement with the SEC for $3,000,000 of bearer stocks, par value $100 each, due Dec. 19, 1945.

### Sunday, Dec. 20

- **Potash Co. of America Inc.**
  - Filed a registration statement with the SEC for $2,000,000 of bearer stocks, par value $100 each, due Dec. 20, 1945.

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### Dates of Offerings Undetermined

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**The Commercial & Financial Chronicle**

Volume 136  Number 4132

03051

Acquires Curb Membership

The Board of Governors of the New York Stock Exchange has transferred a regular membership to A. C. Hill, 332 West 42nd Street, New York City, for the institution of a curb membership.

A curb membership is an affiliation of a regular member with a firm or company not a member of the exchange. Memberships are sold by subscription and are subject to the rules of the exchange. The Board of Governors may at any time direct the sale of membership in place of an existing one and may direct the sale of memberships to any person or persons, and the Board of Governors may at any time direct the sale of membership in place of an existing one and may direct the sale of memberships to any person or persons.
Our Reporter On "Governments"

We’re now on the second week of the gigantic December borrowing... Only partial figures have been issued by the various managers of the drive to date, only insufficient indications are available as to the way this campaign is going... But from what we have at hand, it is obvious that the sale is proceeding magnificently. The response by investor groups, especially in the New York Federal Reserve District (which got an early start because of the fact that it includes the "big five" insurance companies and thus has an edge on other districts), has been so good that it is probable now that the $9,000,000,000 goal will be attained with little difficulty by a wide margin. Before now it seemed assured—although all this still belongs in the guessing category, of course.

Latest reports are that close to $5,000,000,000 of securities of all types have been sold to date... More than $5,566,000,000 were sold in the first five days... Savings banks bought more bonds than any authority had anticipated... Insurance company subscriptions, while substantial, are believed to be preliminary and may be increased by the time the banks are closed on the entire deal... Non-bank buyers of the "sale" bond 1%4 came in on a much larger scale than had been expected. In short, the sale is going well, the Treasury is going on to get its minimum and more and the Government is going to be able to sit back and rest until February when the next big drive is scheduled.

And now to some tidbits of the financing which are both significant and interesting.

SALES TO BUY

One point seemed apparent late last week and early this week. And that is that several major institutions have been selling Government and municipal bonds out of their portfolios in order to get the cash to subscribe to the 2% of 1908/62... Report is that large insurance companies in the New York district were fairly heavy sellers of tax-exempts last week... It’s rumoured that the savings banks have also been liquidating the high-coupon, high-premium-tax-exempts in order to place themselves in position to buy bonds for the December drive.

As for sales of municipals out of the portfolios of insurance companies, they have been apparent for several weeks and sharply were intensified after the December borrowing got under way.

The legal behind it? Simple... Insurance companies and savings banks don’t need the bond buying less than 2.5%... Particularly high-premium Governments or municipals are

The result? The banks and insurance companies involved are

Fred Reichard Joins E. H. Rollins Depl.

E. H. Rollins & Sons, Incorporated, of Wall Street, New York City, announce that Fred W. REICHARD was recently appointed as vice-president with their Municipal Department. Mr. Reichard formerly conducted business in his own capacity on behalf of the New York City, and, in the past, was a member of the Municipal Department of the American Bankers Association, and was in charge of the municipal department for Dick & Merle-Smith.

able to make a good showing on subscriptions to the new 2% and other available issues... Are able to realize their portfolios in a more profitable fashion... Are able to get out of their holdings of tax-exempt bonds at the "proper moment"... And there’s one angle that has its significant side... Incidentally, the scheme was sold to a number of investors in Treasury markets and by the Federal Reserve Banks... Market is under perfect control... And municipal market, withholding pressure of sales from insurance companies too well...

NO PUBLICITY

Now here’s another point—this one not so significant and not so hot as it was a few weeks ago. And that is the distortion and unnecessary lack of publicity on the sales figures from day to day... Throughout the first week of the drive we had no definite official releases from the Treasury indicating how the sale was going... All we had was an estimate now and then from a specific sales manager of the Victory Fund Clearing House at the "proper moment"... The salesmen had no more idea of the results of their efforts than independent observers and traders in the market...

This is not good news and it’s not good psychology for salesmen or buyers. Explanation of Treasury officials was that if news was released that there were quotas and that authorities feared to publicize results because they were so good and might cause let-down in effort... Neither story has much to it and it may mean that governments are not doing the job along by day-to-day publicity and spirit of competition was kept alive in the New York market... Few bottling each district saw how the others were doing... As for a letting-down in efforts just because the first results were so good—well, that’s the same reasoning that has kept good news from us at times concerning our foreign affairs... We in America are made of sterner stuff than that... And it would be well for brokers to get to work right now with their foreign customers—sell them on the advantages of owning these bonds, and sell them on the advantages of owning these bonds..."No publicity" means "no profit"...

On this angle—slightly on the "carping" side but justified... He should be hoped that the Treasury will amend its course on this account and start publicizing the results either daily or every other day...

SHARE YOUR CHRISTMAS GIVING WITH THE SALVATION ARMY

WRITE

The Salvation Army Into Your Will

K. Hoe common

Vicana Sugar common

Spokane Int'l R. R.

Warren Bros. "B" and "C"

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