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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Steadily mounting taxes are increasing the willingness of investors to admit mistakes made over a period of years in purchases of wildcat securities. Ordinarily, although probate of the wills of some of our richest men has disclosed a percentage of poor guesses or judgment, the tendency is to cover up in this respect and bear with the loss.

But these days, with war taxes what they are, it has become, evidently, too costly to just "laugh the matter off," so to speak. Now the growing disposition, according to those who can see the trend, is to take the "ribbing," and, also, register the "loss" for deduction in making out income tax returns.

Many firms in the Street are busier than usual just now with orders of that nature. And they report that clients are digging deep into the boxes to drag out skeletons of securities which have become worthless or obsolete since the early thirties.

This is the season for normal tax selling, but judging by comments heard around, the boys are going beyond what might be termed normal bounds in their search for tax surcease.

One salesman, as an example, had a client produce 400 shares of a certain stock—he wouldn't give up the name—for which the holder would gladly have accepted $1, notwithstanding that on the sale of the block, transfer taxes, Federal and State, would have cost him $22 to $25.

Central Maine 3½s Sold

Except for a few small lots still moving around in dealers' hands, it was indicated that the public offering of $12,500,000 of Central Maine Power Company's thirty-

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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 fifth, 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 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 toil measured against hours of current toil. To be honest—and in the long run trades are honest—an exchange considers not only current toil but the hours of past toil which qualified the individual for his specialty.

Anything which labor adds to raw material increases its value and consequently produces wealth. Although strict economists might 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 prosperity of a country 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 sententious and ambiguous perorations of its politicos in which they find the symbolic expression and vicarious satisfaction of their frustrations.

(Continued on page 2062)

Insurance Companies Likened To Chain Stores as Public Benefactors

What we need in this country today, more than a good 5-cent cigar, is a definition of "monopoly." Furthermore, this is a rather urgent need if the general public is not to be reduced to complete and unadulterated confusion.

On the one hand, we have seen examples of price-fixing, restrictions on output, arbitrary wage scales, etc. (all under Government sponsorship) which, to the layman or "man in the street," have all the earmarks of monopoly. On the other hand, certain organizations (such as chain stores) have recently been cited for monopolistic practices which, to the "unenlightened," are by no means self-evident.

What puzzles Mr. Consumer is the fact that he has no compulsion to buy from any such organizations, that across the street and around the corner are innumerable rough-and-ready competitors, that they obtain his patronage only when they offer superior service and the best value for his money. To him their very existence in his community acts as a spur to raise standards and lower costs and, therefore, constitutes a very practical and tangible working of the free enterprise system.

American shoppers, on the whole, are pretty hard to fool and are not easily satisfied. They want little here below but courteous and instantaneous service, highest quality merchandise, privilege of exchange or refund, prompt delivery (war or no war), the lowest price in town — and 90 days credit. They usually go where they can come closest to getting all these things (plus coupons) and, whether it is a chain store or not, Mr. and Mrs. Shopper just don't give an ersatz nickel. Neither is this to be regarded as a brief for chain stores—they are used simply as an illustration.

Another example of witch-hunting, which it is difficult for the public to grasp, is the recent indictment of the fire insurance industry for violations of the Sherman Anti-Trust Act. Aside from the fact that said act and said practices have been in effect for several decades, insurance buyers have apparently been well satisfied with the treatment and value they have received. Technically, perhaps, most of us belong in jail and, in common with all other institutions created by man, the insurance industry is far from perfect. However, few industries have been regulated so carefully or for so long a period. Furthermore, few industries enjoy anything like the public esteem which has been accorded the insurance business.

It is neither appropriate nor incumbent upon us to argue the case for the insurance industry here. All we wish to do is to point out some of the reasons why the methods in effect have been accepted and approved by the insurance-buying public.

Ignoring the presumption that the main issue is probably one of States' Rights versus Centralized Control, what are the specific charges? The test case, in Atlanta,

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Eastern Royalty Ass'n Protests Against SEC Changes In Sale Rules

At a meeting of royalty dealers held under the auspices of the Eastern Oil Royalty Dealers Association, Inc., at the Hotel Biltmore, 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 anywhere from $200 to $2,000 each and that small royalty offerings could not stand such a charge, which must inevitably be passed on to the investing public.

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

It was the opinion of all that 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 Weil & Arnold

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Walter J. Rooney has become associated with Weil & Arnold, Canal Building. Mr. Rooney was recently associated with Steiner, Rouse & Co., and prior thereto was vice-president of Levy & Rooney for many years.

STANY Elects 1943 Officers

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


James F. Musson


William Porter


Louis A. Gibbs

President: B. Winthrop Pizzini, B. W. Pizzini & 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 Leone, Frank C. Masterson & Co.

New directors elected were Joseph S. Nye of Freeman & Co., Thomas Moore of H. Hentz & Co., and Louis A. Gibbs of Laird, Bissell & Meeds.

Also elected were:

National Committee: Wellington Hunter, Hunter & Co.; Thomas A. Larkin, Goodbody & Co.; Cyril M. Murphy, Mackubin, Legg & Co.; Wm. Henry Pflugfelder, Pflugfelder, Bampton & Rust.

National Committee Alternates: Charles King, Charles King & Co.; George Kranz, Amott, Baker & Co.; Harold B. Smith, Sweetser & Co.

Gratuity Fund Directors: Charles H. Jann, Lazard Freres & Co.; Walter Kennedy, A. M. Kidder & Co.


B. Winthrop Pizzini

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.

Minetree With War Dept.

Joseph P. Minetree, 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. Minetree's duties will be almost entirely at sea.

Large Increases In Corp. Stockholders

Stockholders of record, reported by 16 of the largest American manufacturing corporations (excluding oil and copper companies) for which figures are available, totaled 1,611,200 in 1941, against 983,100 in 1929, a gain of 64%, according to the National Industrial Conference Board, which, in its release Dec. 2, also, said:

"The four largest corporations in the group, U. S. Steel, General Motors, du Pont and Bethlehem Steel, together, reported a gain of some 325,000 stockholders over the 12-year-period. The most spectacular increase, however, was shown by General Electric with 218,500 in 1941, against 60,400 in 1929. General Motors moved up from 189,600 in 1929 to 413,300 in 1941, U. S. Steel from 182,600 to 232,800, and du Pont from 36,200 to 86,300.

"Other large increases include Union Carbide from 28,800 to 67,300, American Tobacco from 30,500 to 71,000, National Dairy Products from 31,100 to 68,800, Swift from 47,000 to 59,000, Chrysler from 36,000 to 52,700, and Eastman Kodak from 32,800 to 42,200.

"Summary of Facts" On Victory Loan Securities

Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, have issued a "Summary of Facts" regarding the various Victory Loan securities as investments with emphasis on the fact that people who buy them are not making a sacrifice but on the contrary are making a profitable commitment. The summary is a printed eight-page affair with a letter from Charles E. Merrill, senior partner of the firm, addressed to customers and other friends. About 100,000 copies are being mailed out.

Security Quotations

Loewi & Co., 225 East Mason Street, Milwaukee, Wis., have prepared a list of quotations of bonds, preferred stocks and common stocks which are widely held in Wisconsin. These quotations are as of Nov. 30th and should be helpful in connection with year-end adjustments in securities portfolios. Also included in the list of quotations are real estate securities. Copies of this bulletin may be had from Loewi & Co. upon request.

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James Canavan With Smith, Moore & Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—James M. Canavan has rejoined the staff of Smith, Moore & Company, 509 Olive Street, members of the St. Louis Stock Exchange. Mr. Canavan was formerly a partner in Gatch & Company and Crago, Smith & Canavan. In the past he was associated with Smith, Moore & Company.

DEALER BRIEFS

Dallas, Texas

We have found there are plenty of funds for investment in Municipal Bonds issued by Texas Counties, Cities and School Districts. Also, there has been a good demand for local securities, such as Banks, Insurance, etc., stocks. The latter has been very noticeable with us since last July. — *E. Kelly Brown, E. Kelly Brown Investment Company.*

Selected Casualty Surety insurance stocks continue to occupy the first place in volume among our clients. They tolerate the 4½% current average dividend yield, but they enthusiastically approve of the current average ("tax free"—automatically reinvested-compounded) "plow-back" of around 10%. They consider the three great imponderables: (1) taxes, (2) inflation, (3) post-war dislocation, fairly well covered through ownership of this type of investment. —*Carothers & Company, Inc.*

Minneapolis, Minn.

In spite of low yields, we are finding a good demand for the general obligation and revenue bonds of municipalities located in the section we serve, namely, Minnesota, South Dakota, North Dakota and Montana. We are also very much interested in longer term municipal and revenue bonds of other sections of the country for our institutional accounts.—*K. B. Sorum, Allison-Williams Company.*

St. Louis, Mo.

The possibility of early peace seems to have lessened investors' confidence in their ability to select individual securities that will fare well and there is consequently greater interest in the shares of investment companies and fire insurance companies. Attractive local issues of stocks and bonds are scarce. There is a demand for real estate bonds, but offerings are small and infrequent.—*Albert Theis and Sons, Inc.*

Rails & The Tax Rate

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 railroad earnings, whether or not the high tax rates can hold, and the "tax swapping" among the Lackawanna leased line stocks. Copies of this bulletin may be had from B. W. Pizzini & Co. upon request.

Some Observations Regarding "Profit Margins"

There appears to be a great deal of misunderstanding among those in the securities business, as well as those outside the 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—whether it be large or small. There are others who hold the opinion that the smaller their 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 investment dealer operates profitably his customers are better off, because a solvent and prosperous firm can give more time and attention to servicing its clients' accounts, than a firm that is spending most of its time worrying about the overhead involved in running its business.

Here is where we come to the main difficulty of clarifying this whole "profit margin" mixup that long has raged within and with-

(Continued on page 2055)

Market Comment

Although the market remained firm during the past week and showed some slight rallying power, no indication can be said to have been given that the correction has been completed and the advance is to be resumed. In fact, we are of the opinion that it is as yet by no means certain that recent reactionary tendencies will not break out once more.

The present cross-current action in which switching from "war" to "peace" issues depresses certain stocks while raising others, has served meanwhile to keep the averages static at a level close to the low of the reaction but it would require only a small recession on the part of the Dow-Jones industrial average to change the market's present selective character to one of general reaction. As long as this average can hold above its support level of 112.71 (corresponding to "Tribune" 100-stock average, which support was broken week before last) the possibility remains that the correction has been completed. Should this level be violated, however, a further general reaction would be indicated.

In view of this confused situation we have in recent weeks advocated disposal of all stocks that have been unable to make new highs. We continue of this opinion.

The purchase (or retention) of certain stocks which show definite uptrend in contrast to the uncertain position of the average, has meanwhile been suggested. These stocks — together with a few others, which would seem to require special comment—are reviewed briefly below.

Pepsi-Cola, Pan-American Airways, Montgomery Ward, Goodrich—all show uptrend and are not likely to be much affected by recession elsewhere.

Paramount — definite uptrend, but slow. International Harvester —stop longs 52¾; rally to about 59 indicated. Sears Roebuck—raise stop to 58⅝; crossing 62½ indicates 68-69. Barnsdall—keep stop at 10⅝; crossing 12 indicates higher and additional purchases would be warranted.

The following look in position for a rally, and purchase is indicated with stops as given: Southern Pacific, stop 13⅞; Standard Oil of N. J., stop 42½; Yellow Truck, stop 12.

American Tobacco Common and B—in weak position and look still lower.—*Lober Brothers & Co.*

NAM Issues Booklet To Inspire Home Front

America marks the anniversary of Pearl Harbor by the highest rate of armament production in the history of the world, William P. Witherow, President of the National Association of Manufacturers, declared on Dec. 6 as the Association published "One Year After Pearl Harbor—America's War Production Record." The N. A. M. report is a 64-page booklet illustrated with charts and photographs, dedicated to all Americans, "to inspire them to greater achievement on the home front, by recounting the encouraging record already made."

Now Major Blizzard

Herbert H. Blizzard, Post Exchange Office at Shaw Field, Sumter, S. C., was promoted to the rank of Major on Friday, Dec. 4th.

Denham Now Lt. In USNR

Joe E. Denham, assistant vice-president of the First National Bank, of Memphis, Tenn., and manager of the Bond Department, has been commissioned a Lieutenant in the United States Naval Reserve, and will report for active duty at Quonset Point, Rhode Island the latter part of December.

Nordberg Now Naval Lieut.

H. Gerald Nordberg will report for duty as a Lieutenant (sr. grade) at Quonset Point, R. I., on Dec. 22. Mr. Nordberg was formerly in charge of the Minneapolis office of E. H. Rollins & Sons, Inc.

Kay, Richards To Admit

PITTSBURGH, PA.—Harry Sheldon Parker will become a partner in Kay, Richards & Co., Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, on January 1, 1943.

Food—A "Must"

Food is a "must" in war and peace and "food" securities offer interesting possibilities either as "war stocks" or "peace stocks," according to the latest bulletin issued by Strauss Bros., 32 Broadway, New York City. Copies of the bulletin, together with suggestions in "food" securities, may be had from the firm upon request.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, have prepared the current issue of their "Over-the-Counter Review," copies of which may be had from the firm upon request.

Chicago Mercantile Exchange Gets Slate

The Chicago Mercantile Exchange Nominating Committee presented on Dec. 4 its slate of 12 candidates for six two-year term posts on the Board of Governors of the produce futures mart and ten nominees for the 1943 Nominating Committee. To fill vacancies which will occur in the membership of the governing body by expiration of the regular two-year terms the committee selected the following:

V. O. Appel, Fulton Market Cold Storage; A. B. Cavett, Fairmount Creamery Co.; Frank P. Collyer, Merrill Lynch, Pierce Fenner & Beane; Victor C. Dauber Dauber Bros.; Nick Fennema, S. S. Borden Co.; Michael E. Fox, The Peter Fox Sons Co.; A. C. Hovey, H. C. Christians Co.; Edwin Kirschbraun, L. D. Schreiber & Co., Inc.; Harry H. Redfearn, of the firm bearing his name; Larry Ryan, of Larry Ryan & Co., Inc.; Joseph Sieger, Faroll Bros., and Saul Stone, Becker, Stone & Co.

Messrs. Collyer and Fox are renominations.

Named candidates for the 1943 Nominating Committee were Howard Edson, R. L. Elster, A. E. Ericson, Harold Fox, E. J. LeFebvre, C. E. Nellis, Robert E. Scholes, Frank Sherman, Mark Stewart and C. C. Tatham, Sr.

The Exchange's annual election will be held Jan. 6.

Black With Alcoa

CHICAGO, Ill.—William F. Black has resigned as treasurer of the Chicago Stock Exchange to accept a position in the production field of Aluminum Co. of America. Mr. Black had been with the Chicago Exchange since 1933, serving in various departments. Since 1936 he had been associated with the treasurer's office, being appointed assistant treasurer in June, 1941, and treasurer in June of this year.

St. Petersburg Tax Memo

Cohu & Torrey, 1 Wall Street, New York City, have prepared a memorandum showing the tax collections of the City of St. Petersburg, Fla., together with a statement showing the present bond indebtedness of the city as of December 1, 1942. Copies of this memorandum are available from Cohu & Torrey upon request.

REAL ESTATE SECURITIES

Construction Activity, 1942 and 1943

New construction activity in the continental United States is expected to decline to approximately $7,300,000,000 in 1943 as compared with a preliminary estimate of $14,000,000,000 in 1942, Secretary of Labor Frances Perkins reported last Saturday. "Private construction is expected to drop from an estimated $3,400,000,000 in 1942 to about $1,400,000,000 in 1943," she said. "Construction financed from public funds, although not expected to decline so sharply, is forecast at $5,900,000,000 in 1943 as compared with $10,600,000,000 in 1942.

"The necessity for conserving critical materials and a shortage of man-power in 1943 will probably hold private construction down to the barest essentials. Non-farm residential construction, which will be restricted to low-cost units in war industrial areas, will probably not exceed $680,000,000. Private non-residential construction will consist largely of war industrial plants and the total will not be much over $100,000,000. Total farm construction is expected to amount to about $370,000,000 in 1943. It is anticipated that public utility construction will feel the pinch in critical materials and will be limited to plants absolutely necessary to the maintenance of essential civilian services.

"Direct military and naval construction and war-industrial facilities will account for about 70% of all public construction expenditures in 1943. The industrial facilities program, which should be almost completed by the end of 1943, will total approximately $1,300,000,000 as against $3,500,000,000 in 1942. Military and naval construction expenditures are not expected to exceed $2,900,000,000 in 1943, a decline of 47% from 1942.

"Scheduled construction on the war public housing program indicates that the value of work to be put in place in 1943 will total about $600,000,000. This exceeds the 1942 figure by $72,000,000. Public non-residential construction, which includes the schools, hospitals and recreation centers financed from war public works funds, is expected to increase from $134,000,000 in 1942 to approximately $150,000,000 in 1943. Construction of access roads, strategic highways, and flight strips, will hold highway construction up to about $500,000,000 as compared with $659,000,000 in 1942. Other public construction, including river, harbor, and flood control works, TVA projects, and public service enterprises such as water and sewage, rapid transit, electric light and power, and pipe lines will probably not exceed $450,000,000."

ESTIMATED NEW CONSTRUCTION EXPENDITURES IN THE UNITED STATES, 1942 AND 1943*
(Millions of dollars)

	1943	1942
Total new construction	7,290	14,042
Private construction	1,360	3,425
Residential (non-farm)	680	1,491
Non-residential (includes privately financed war plants)	110	529
Farm—		
Residential	125	251
Service buildings	245	406
Public utility	200	748
Public construction	5,930	10,617
Residential (includes war housing)	600	523
Non-residential (excludes industrial facilities)	150	134
Industrial facilities	1,340	3,521
Military and naval	2,890	5,223
Highway	500	659
Other public—		
†Federal	200	402
‡State and local	250	150

*Preliminary, subject to revision. The estimates include expenditures for new construction in the continental United States. They do not include work relief construction expenditures or maintenance expenditures. The estimates do include expenditures for major additions and alterations.

†Includes conservation and development, TVA, and public pipe line construction expenditures.

‡Includes water supply, sewage disposal, and miscellaneous public service enterprises.

Beyond Victory

Anyone engaged in the supervision of investments these days is heavily aware of the difficulties of the problem of world economic and political transition.

As a matter of fact, apart from this clear-cut realization, there is very little else in the investment situation that is clear. The arguments pro and con that one hears on inflation are endless. Post-war corporate tax trends are uncertain; they may decline, as they did after the last war, or they may remain fixed at current high levels for a decade. And the extent of continuing government control of prices and wages no one can foretell. All that one can say about the future of the world's economy is that the only certain factor is the uncertainty.

The period ahead, by the same token, for various types of industries, particularly in the production field, is equally obscure. Writing in a current periodical, Arthur Kudner, prominent advertising executive, hints of the momentous future developments. 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 prosperity and expansion so widespread and dazzling as to make anything in our earlier experience seem puny potatoes indeed. . . . The new industries that are incubating now are almost uncountable and unimaginable in their eventual effect. I think it entirely possible that in five years a rubber tree will be as foolish economically as a wild strawberry. . . . More (synthetic) rubber can be produced with 350 men in a factory than with 10,000 men in a plantation, more from 40 acres of factory space than from 50,000 acres of plantation. . . . We are just about to enter the plastics and light metals age, this shift to light metals may be as consequential as the shift from the bronze age to the iron age. . . . Already steel's day is passing the meridian, around the corner is coming a new and fabulous time in the potentials of light metals and plastics. . . . You know what is happening in fuels, the 100 octane gasoline means a world of smaller motor-cars, of higher power and lower costs. . . . Consider the possibility of centrifugal casting, powdered metallurgy, heat-toughened and flexible glass, the new and shaping developments in black light, electronics, radio and television, the interesting advances being made in demountable and pre-fabricated dwellings, in dehydrated foods, and in the whole science of nutrition. . . . In medicine the advance is reflected in an able surgeon's remark that 'in the light of our present knowledge, every wound we treated in the last war was mistreated.' . . . Now the big thing in making this rich promise which lies at the war's end come true, is, at bottom, a psychological thing—the people, all the people, have to believe in it. They have to see the vision."

We have quoted from Mr. Kudner's article at this length to make the point that many companies will maintain their competitive position through expansion; many on the other hand will slip back and perhaps fall by the wayside.

Obviously in a world that will be more dynamic than ever, investments can no longer remain static.—*Ralph E. Samuel & Co.*

NYSE Borrowings Lower

The New York Stock Exchange announced on Dec. 3 that the total of money borrowed, as reported by Stock Exchange member firms as of the close of business Nov. 30 was $341,873,208, a decrease of $15,470,721 from the Oct. 31 total of $357,343,929.

The following is the Stock Exchange's announcement:

"The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Nov. 30, 1942, aggregated $341,873,208.

"The total of money borrowed, compiled on the same basis, as of the close of business Oct. 31, 1942, was $357,343,929."

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)

BELLEVILLE, ILL. — **William C. Juen** has become associated with **Fusz-Schmelzle & Company**, Boatmen's Bank Building, St. Louis, Mo. Mr. Juen was formerly Belleville Manager for O. H. Wibbing & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harold William Johannes, Jr.**, previously with Alexander & Company, is now connected with **Shillinglaw, Crowder & Co., Inc.**, 120 South La Salle Street.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**James R. Coolidge** has been added to the staff of **Prescott, Wright, Snider Company**, 916 Baltimore Avenue.

Halsey Stuart Co. Is Cgo. Exchange Member

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

In announcing the action, Arthur M. Betts, Chairman, said, "We are exceedingly gratified that after months of negotiation between our staff and the officers of Halsey, Stuart & Co. this application has been completed. The company is one of the largest investment banking units in the country."

Mr. Betts continued by saying, "Halsey, Stuart & Co. have been unusually progressive in advancing the interests of Chicago as a financial center and we are delighted to have this firm actively identified with the Exchange."

The corporation was formed in September, 1911, under the name of N. W. Halsey & Co. to succeed a partnership organized in 1903 of the same name. The name was changed to Halsey, Stuart & Co. in July, 1916. At present the firm has 10 sales offices in the same number of cities with Chicago as the main office.

Harold L. Stuart, President, has been an individual member of the Exchange since March 15, 1905.

Ecuadorian President Visits Stock Exchange

The New York Stock Exchange was host on Dec. 2 to Dr. Carlos A. Arroyo Del Rio, President of Ecuador, and his official party of 16. Dr. Arroyo was greeted at the 11 Wall Street entrance of the Exchange by Emil Schram, President; Robert L. Scott, Chairman of the Board; John S. Coleman, Vice-Chairman, and Robert DeF. Boomer, Chairman of the Inter-American Hospitality Committee of the Exchange. The Ecuadorian presidential party was officially welcomed in the Board Room of the Exchange by Mr. Schram and the Board of Governors, after which, accompanied by Messrs. Schram, Stott and Boomer, they visited the gallery of the Exchange overlooking the trading floor.

Says 14-Year-Old Boys May Be Registered

Extension of Selective Service registration to include youths down to 14 years of age is being considered, Maj. Luther K. Brice, of the State Selective Service office, told a high school assembly at Columbia, S. C., according to Associated Press advices appearing in the New York "Journal-American" of Dec. 4. It was added that Major Brice said the object of the suggested registration would be to provide elementary military training.

Large Tax Bases Viewed As Vital Elements In Profit Possibilities On Low Price Issues

Formerly, large losses showing in the histories of corporations certainly neither added to their prestige nor did such past deficiencies make the corporations particularly eligible for future profits.

Such reversal, however, is now in evidence in the case of numerous former "grief situations."

Well-managed and financially strong companies have attractive offers of profitable business made to them by those controlling such business who would lose most of the profit incidental thereto because of their susceptibility to excess profits, whereas such profits could be to a great extent retained by the company with the favorable tax base.

Believing that the Foundation Industrial Engineering Co. has a tremendous tax base and will profit materially by this new trend, Ward & Company, 120 Broadway, New York City, have prepared memorandum No. 255 on this company which will shortly be ready for distribution.

Foundation Industrial Engineering is a company sponsored and managed by such experienced and well connected principals as George H. Houston of the engineering firm of Houston & Jolles, and for many years President of the Baldwin Locomotive Works; David M. Milton, brother-in-law of Nelson Rockefeller, and a leading spirit of the Equity Group, and A. C. Doty, President of the Foundation Company of New York.

All these men know how to handle engineering projects and seem to be well situated when it comes to selecting good ones.

Foundation Industrial Engineering has a small $1.50 cumulative preferred stock issue quoted nominally 15 bid, 20 asked, and quite inactive.

The common stock, however, within the last few months moved with a range of $2.50 per share high, $1.50 low, with a broadening interest indicated.

New York Stock Exchange Weekly Firm Changes

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

H. Lee Mason, Jr., has retired as a special partner in A. E. Masten & Co., Pittsburgh, Pa., as of Oct. 16.

Reynale S. Pickering withdrew from partnership in Nash & Co., New York City as of Nov. 30.

Tomorrow's Markets Walter Whyte Says—

"End of war" psychology of last two weeks now changing. Market however, again in critical position. Bad news may start off decline.

By WALTER WHYTE

Ever since Pearl Harbor I have tried to limit this column to market interpretations. Time and again I have written that whatever happens in any part of the world, if important enough, will be reflected in market action. Yet these are times when limiting observations to market action, while ignoring conditions which play such im-

(Continued on page 2058)

Home Purchase Loans Volume High In Sept.

A volume of home purchase loans surpassed by only one previous month of the past 12 years was made in September by the savings, building and loan associations, the United States Savings and Loan League, Chicago, reported on Dec. 5. Morton Bodfish, Executive Vice-President of the League, said that it evidences an interest in buying residential property on the part of the average citizen considerably more marked than three years ago when war clouds were just beginning to darken the world horizon. The advices from the League further state:

Morton Bodfish

"The $58,060,000 which these thrift and home financing institutions loaned to help people buy houses was a few thousand dollars more than the loan volume for this purpose in Sept., 1941, and was surpassed in post-depression lending figures only by October of last year.

The largest proportion of the associations' lending volume to go for home purchase loans since the figures began to be compiled, this September's disbursement represented 61.73% of total savings and loan lending 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 $1,500,000 to a total of $94,055,000 for September. The effects of the war economy are seen, however, in the fact that this volume of loans for all purposes was 27% under the Sept., 1941, total.

"War housing, representing newly constructed permanent units in war industry areas, used $12,500,000 savings and loan funds in September as it had in August," Mr. Bodfish continued. "It brought the total of war housing financed by these associations for the third quarter of the year to $42,726,000.

"For the entire third quarter, the savings and loan disbursement to assist in home purchase was $165,551,000, sufficient to finance some 55,000 transfers on basis of the average $3,000 loan per property," said Mr. Bodfish. "This was more money than they loaned to purchasers in the previous three-month period and second only to the third quarter of 1941. It was one and three-quarters times the volume of home purchase loans three years ago."

Analysis of September loans and purposes for which they were granted and percentage for each purpose are indicated by the League as follows:

Purpose	Estimated Loans Made By All Associations In United States	Per Cent of Total
Construction	$12,449,000	13.24
Repair and modernization	3,804,000	4.05
Home Purchase	58,060,000	61.73
Refinancing	14,063,000	14.95
Other Purposes	5,679,000	6.03
Total	$94,055,000	100.00

RAILROAD SECURITIES

One of the more conservative of the rail equities that has failed to attract any large following this year, and which appears definitely under priced in relation to the more speculative sections of the list, is the Louisville & Nashville capital stock. At the present writing the shares are little more than two points above the 1942 low and more than eighteen points below the year's high, despite current high earning power, the favorable long term dividend record, and the far better-than-average post-war prospects of the property.

In contrast, some of the more speculative stocks, with, at best, erratic dividend records and facing major uncertainties after the war boom has passed, are selling from 50% to 100% above their 1942 lows and afford an even smaller income return on their temporary dividends than is obtainable on the Louisville & Nashville stock. In particular, many rail men have been pointing to the advisability of exchanging commitments in Atlantic Coast Line common into the shares of Louisville & Nashville, its subsidiary. No further dividend is expected on the Coast Line stock until the 1943 year-end, while Louisville & Nashville normally pays interim dividends throughout the year. Total 1942 disbursements amounted to $2.00 and $7.00, respectively.

Coast Line will presumably have to continue on a conservative dividend basis in order to concentrate on debt retirement. The Louisville & Nashville is faced with no such necessity. Coast Line will feel the full impact of higher taxes next year, and will presumably show far less favorable year-to-year earnings comparisons. The 1942 results were aided by large tax credit carry-overs which will not be available next year. Louisville & Nashville has already been under the full tax burden, and will not face such a wide year-to-year increase in accruals next year.

As a final consideration, it is being pointed out that Coast Line itself is largely dependent on dividend income from Louisville & Nashville to support its own debt in normal years. Under conditions which would necessitate a disruption of dividends by Louisville & Nashville for any considerable period it is believed that the Coast Line stock would have little, if any, value.

Except for the single year 1933, Louisville & Nashville has an unbroken dividend record running back to before the beginning of the century, and the dividend disbursements have with few exceptions run at $5.00, or more, a year. This dividend record is further bolstered by the success of the management in realizing a material reduction in fixed charges in recent years, through repayment of some debt and lower coupon refunding of other bonds. Obligatory requirements are now in the neighborhood of $9,100,000 a year compared with $10,700,000 ten years ago. The reduction has been equivalent to approximately $1.37 a share on the outstanding stock.

On the basis of the present fixed charges the company would have operated profitably in every year of the depression decade, with the exception of 1932, and even in that year the deficit would have been held to around half a million dollars. In the next poorest year, 1933, earnings would have been equivalent to more than $2.80 a share. In contrast, on the basis of its present charges, and even with the aid of dividend income from its holdings of Louisville & Nashville stock in practically all years, Coast Line would have sustained net deficits in four of the past ten years.

Louisville & Nashville is primarily a heavy freight road, with bituminous coal the most important single item, accounting for more than a third of annual gross freight revenue. This freight is not vulnerable to highway diversion so that the road is relatively invulnerable to resumption of truck competition after the war. Moreover, Louisville & Nashville has been a far greater beneficiary than the parent company of the secular industrialization of the South. Acceleration of this development under the stimulus of the war program will open up additional new traffic sources to bolster long term operations. Not only are the new plants productive of new manufactured freight, but, also, they open up new markets for coal originating in Louisville & Nashville's territory. With this background Louisville & Nashville may be considered as close as practically any other carrier to being an assured permanent dividend payer.

Chicago Ass'n Of Stock Exchange Firms Elects

CHICAGO, Ill.—At the annual meeting of the Chicago Association of Stock Exchange Firms and the meeting of the Board of Governors of the Association, the following officers and governors were elected:

Chairman: Thomas E. Murchison, Paul H. Davis & Co.

Vice-Chairman: Reuben Thorson, Paine, Webber, Jackson & Curtis.

Treasurer: W. Edwin Stanley, Mitchell, Hutchins & Co.

Secretary and Assistant Treasurer: Whitney M. Sewart.

Governors to serve three years: Charles Perrigo, Hornblower & Weeks; J. C. Sturtevant, Hemphill, Noyes & Co.; Reuben Thorson, Paine, Webber, Jackson & Curtis; Farwell Winston, Shearson, Hammill & Co.

Governors to serve two years: W. C. Karlson, Lamson Bros. & Co.; Herbert M. Weil, H. Hentz & Co.

Members of the Nominating Committee to serve one year: Sampson Rogers, Jr., McMaster, Hutchinson & Co.; Philip W. Brockhaus, David A Noyes & Co.; Louis C. Henke, Swift, Henke & Co.; Thomas E. Hosty, Sincere & Co.; James M. Howe, Farwell, Chapman & Co.

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; Dec. 9 price—40¼.

Bank and Insurance Stocks

This Week — Insurance Stocks

(Continued from first page)

involving 198 capital stock fire insurance companies and the Southeastern Underwriters Association, has resulted in an indictment on certain counts. Specifically, according to an Associated Press dispatch of Nov. 20, 1942, "the indictment charged that a conspiracy was carried out by concerted action to charge non-competitive rates by paying uniform commissions to agents, adopting uniform reclassifications for all types of fire insurance and standard clauses relating to coverage; denying re-insurance facilities to non-association companies; withdrawing from agencies representing non-association companies; threatening to boycott concerns which did business with non-association companies; disparaging services offered by non-association companies; and maintaining inspection and rating bureaus and local groups and groups of agents to police the industry."

Now, all of these practices are not to be defended but the overall result to the insurance-buying public has had definite advantages. For example, the standardization of costs and coverage 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 consumers, we generally prefer to buy "standard" products and we are apt to be suspicious of articles which are not standard. Imagine the difficulty of trying to distinguish between 198 different policies costing 198 different prices.

When we buy a trade-marked can of soup, which we can do in any one of fifty stores, we know what we are getting and patronize either the shop which we like best or is most convenient to reach. Similarly, when we buy insurance, we like to take for granted the matter of coverage and rates so that we can concentrate on selecting the company or agency which we regard as most reliable.

Incidentally, as any insurance policyholder can testify, worlds of difference exist between the type of service which accompanies a given policy. Therefore, although rates and commissions may be identical, there is actually a wide range of value which he may receive for his insurance dollar. That is where the competition becomes very real — and very rugged indeed. Anyone who has ever been besieged by a succession of persistent and persuasive insurance agents will be amazed no end to learn that there is no competition involved.

As a matter of fact, the option available to insurance buyers goes much further. They are free, of course, to buy from a conference company, a non-conference company, a mutual company or from any other licensed underwriter. They have found from experience that they usually get about what they pay for and their acceptance of this principle is perhaps the highest tribute that they could render to any industry. In general, the public has apparently come to feel that, so long as they avoid fly-by-night companies and those that promise too much, they will receive a square deal and the protection which they need.

In 25 States, insurance commissioners have complete supervision of fire insurance rates for the dual purpose of maintaining a level which will prevent discrimination and, at the same time, enable the companies to fulfill their obligations. In six other States, there is partial supervision of rates. All in all, the State Insurance Departments, working jointly and severally, have compiled a supervisory record which stands second to none among Government agencies.

Fire insurance rates have shown a steady downward trend for several decades. In the past twenty years the rate per thousand has dropped from $1.05 to 65¢ over this period, according to an estimate by Alfred M. Best & Co., the average underwriting profit has been about 3% of fire insurance premiums written. In view of the industry's record for economical and efficient operation, there would not appear to be much evidence of monopolistic profits.

As a matter of fact, the centralization of certain functions (such as rating, inspection, etc.) has gone far toward eliminating wasteful duplication of facilities. It has not only made for economy and scientific rate-making but has provided the public with vastly better service than could otherwise be accomplished. It is to be hoped that, whatever the courts may ultimately decide, the many advantages and benefits provided by the present system may be retained. Such abuses as do exist should not be hard to correct. The important thing, in the eyes of impartial observers, is not to have anything happen which will disrupt the orderly, efficient processes that have been evolved over a long period of years nor which will tend to discredit the standing of an industry which, on the whole, has built up an enviable record for reliability and fair dealing.

Savings Earn With Safety In Insured Investment

Quaker City Federal Savings and Loan Association, 1427 Walnut St., Philadelphia, Pa., will send upon request to investors, trustees and other fiduciaries a copy of their informative booklet explaining the desirability of investing funds in insured Federal Savings and Loan investments.

Baruch On Arbitration Bd.

Dr. Herman B. Baruch, partner in H. Hentz & Co., 60 Beaver Street, New York City, has joined the Board of Directors of the American Arbitration Association, Lucius R. Eastman, Chairman of the Board, announced.

Legal Oddities

When The Traffic Plays Out

The Pine Tree Railway Company was earning its running expenses and an annual return of 25% on the invested capital.

"That's the highest form of highway robbery—8%'s a liberal return," the "demijohn demagogue" shouted.

"But our freight return is derived from lumber shipments alone, and our passenger traffic is entirely due to the lumber business," the president of the "Pine Tree Road" protested.

"Well, ain't their money as good's anybody's, as Jiggs said about the kangaroos?" the "friend of the people" contended.

"Yes—but the lumber will all be cut in 10 years."

"Well, you don't expect it to last forever, do you?"

"And the land's no good for anything else, so in less than 10 years our revenue will be gone."

"Well, what if it is?"

"And our road will be entirely worthless."

"Glad to hear it."

"So we're entitled to rates that not only give us a fair return on the money invested, but will also give us back the cost price of the line by the time the road's useless," the president argued.

"Yes—the poor downtrodden public has to pay for everything," the demagogue shouted, "and the capitalists have it all their own way."

"No—all we want is our own money back," the president retorted.

This point was dealt with by the Oregon Supreme Court in the case of the Hammond Lumber Company, reported in 189 Pacific Reporter, 630, where the evidence showed that the railway in question was depending entirely on lumber freight that would be exhausted in time, "when the plant would have only a scrap value. In other words, aside from the junk value of the plant, it would perish in the using," as the Court expressed the situation.

"We're entitled to a rate that'll give us a fair return on our investment, and also provide for depreciation right up to the vanishing point," the Company contended.

"No. You're only entitled to depreciation as a going business—you can't ask us to buy your road," the public argued.

In ruling in favor of the Company the Supreme Court of Oregon used the following significant language:

"A fully equipped railroad, built on a circle with a radius of a hundred miles from the North Pole, would be, at the present day, utterly valueless. There would be no traffic for it, and nothing to use it for. Differing only in degree would be a railroad running into a logged-off barren, where there was nothing for it to haul and no use to which it could be put. There was testimony from which the Commission could arrive at the conclusion that this would be the fate of the railroad here involved, in the near future. It was within the scope of the Commission's authority to establish such a rate as would amortize this depreciation, as well as to yield to the carrier a fair return for its services. To hold otherwise would be to say that when an individual or corporation devotes property to public uses, it amounts to a voluntary sacrifice or thank offering on the public altar. Under our Constitution no such gratuity is contemplated. In proper cases, under the law of eminent domain, the public may condemn and take the property of a private concern, of course accompanied by an award of just compensation. The individual may voluntarily devote his property to the public service, without awaiting condemnation, granting to the public the option of taking it and using it, but only on the condition that such remuneration shall be afforded as will enable the individual to come out even."

DIVIDEND NOTICES

Allied Chemical & Dye Corporation
61 Broadway, New York

December 4, 1942

Allied Chemical & Dye Corporation has declared a special dividend of One Dollar ($1.00) per share on the Common Stock of the Company, payable December 28, 1942, to common stockholders of record at the close of business December 14, 1942.

W. C. KING, *Secretary*

J. I. Case Company
Incorporated
Racine, Wis., November 30, 1942.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable January 1st, 1943, and a dividend of $4.00 per share upon the outstanding Common Stock of this Company has been declared payable December 24, 1942, to holders of record at the close of business December 12, 1942.

THEO. JOHNSON, Secretary.

EATON & HOWARD
BALANCED FUND

The Trustees have declared a dividend of 20 cents per share and an extra of 5 cents per share payable December 24, 1942 to shareholders of record at the close of business December 15, 1942.

December 4, 1942. 24 Federal St., Boston

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"
December 4th, 1942

THE Board of Directors on December 2nd, 1942 declared a dividend at the rate of 50c. and $1.50 extra per share on the outstanding Common Stock of this Company, payable on December 31st, 1942 to stockholders of record at the close of business on December 18th, 1942. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on January 15, 1943 to stockholders of record at the close of business December 23, 1942.

GEORGE MIXTER,
December 4, 1942 *Treasurer.*

DIVIDEND NOTICES

American Manufacturing Company
NOBLE AND WEST STREETS
BROOKLYN, NEW YORK

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on December 19th, 1942 until January 2nd, 1943. Directors' meeting will be held on Friday, December 18th, 1942.

ROBERT B. BROWN, *Treasurer.*

OFFICE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware) at a meeting held on December 4, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending November 30, 1942, payable by check December 23, 1942, to stockholders of record as of the close of business December 15, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending November 30, 1942, payable by check January 27, 1943, to stockholders of record as of the close of business December 15, 1942.

G. W. KNOUREK, Treasurer.

New York & Honduras Rosario Mining Company
120 Broadway, New York, N. Y.
December 9th, 1942.

DIVIDEND NO. 361

The Board of Directors of this Company, at a meeting held this day, declared a dividend of One Dollar ($1.00) per share on the outstanding capital stock, payable on December 28th, 1942, to stockholders of record at the close of business on December 16th, 1942. This distribution represents the final dividend in respect of earnings for the year 1942.

WILLIAM C. LANGLEY, Treasurer.

THE TEXAS COMPANY

161st Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on January 2, 1943, to stockholders of record as shown by the books of the company at the close of business on December 4, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
November 19, 1942 *Treasurer*

FINANCIAL NOTICE

To the Holders of

The Lehigh Valley Coal Company

First and Refunding Mortgage Sinking Fund Bonds
Due February 1, 1944

NOTICE IS HEREBY GIVEN That The Lehigh Valley Coal Company has made provision for the retirement of all of its outstanding First and Refunding Mortgage Sinking Fund Bonds, 5% Series of 1924, due February 1, 1944 (both stamped and unstamped), by paying into the Sinking Fund with respect to such series an amount sufficient to redeem and pay off all of said Bonds due February 1, 1944, on February 1, 1943. Said moneys are held by Fidelity-Philadelphia Trust Company, as Trustee under the Indenture dated February 1, 1924, securing said Bonds, to be applied in accordance with the applicable Sinking Fund provisions thereof to the purchase of said Bonds due February 1, 1944, and to the redemption on August 1, 1943 of any of said Bonds not previously purchased. Interest will cease on such redemption date August 1, 1943.

On or prior to February 1, 1943, said Trustee may acquire such Bonds for the Sinking Fund at prices not in excess of 100¼% of the principal amount thereof, plus the full amount of the interest coupon due February 1, 1943, and after February 1, 1943 and until August 1, 1943, at prices not in excess of 100% of such principal amount, plus accrued interest to date of presentation.

To facilitate the operation of the Sinking Fund, The Lehigh Valley Coal Company will itself purchase for tender by it to the Sinking Fund, any of said Bonds due February 1, 1944, which the holders thereof may tender to it on or before February 1, 1943, at not in excess of 100¼% of the principal amount, plus accrued interest to February 1, 1943, at the office of The First National Bank of the City of New York, 2 Wall Street, New York, N. Y., or at the office of Drexel & Co., 15th and Walnut Streets, Philadelphia, Pennsylvania. All Bonds so tendered must bear all interest coupons maturing on and after February 1, 1943.

THE LEHIGH VALLEY COAL COMPANY
Dated December 1, 1942. *By* L. R. CLOSE, *President*

The Securities Salesman's Corner

(Continued from page 2051)

out the industry. There seems to be a misunderstanding of the functions an investment dealer performs when he sells securities to his client. Once we get this point cleared up there should be a much better understanding all around for the justification of ample profit margins in the securities business.

The securities dealer is both a merchant of investments and at the same time he is an advisor on financial matters. Possibly a true analogy of a successful and competent dealer's function could be likened to a druggist who carries a widely diversified stock of all kinds of drugs. But, unlike the druggist who only fills prescriptions which have been made out by the doctor (after the doctor has made the diagnosis of the patient's needs), the securities dealer makes the diagnosis and writes and fills the prescription.

A securities dealer who sells the wrong securities to his clients, so that their financial health will be impaired, most certainly would be committing an economic injury. Whereas a securities dealer who made a correct diagnosis of his client's investment problems and who has saved money for his client, has increased his income and safeguarded his principal, is doing an economic good. From a practical standpoint the customer who has been well taken care of should not care a tinker's hoot how much profit his dealer made if he has reason to feel satisfied with the investment job that has been done for him. On the other hand, the fellow who has called up his broker and filled his bank box with a collection of cats and dogs 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 inferior merchandise, poor service, or pay too much for something not suited to their requirements, that they begin to complain. Good merchandising policy in any line of business insists upon treating the customer fairly so that he will come back again. In this respect, the securities business is no different from any other kind of business.

Next week we will present an idea dealing with the sales aspect of the problem of how to sell your clients on the idea that you're entitled to a good healthy profit. This thought can be sold to your clients and once the point is made clear, it is possible to eliminate many of the headaches that come about through the activities of those securities buyers who attempt to be price chiselers.

Real Estate Situation Offers Possibilities

The 5½% income leasehold mortgage bonds of the Morrison Hotel offer unusual possibilities, according to a circular prepared by Kneeland & Co., Inc., Board of Trade Building, Chicago, Ill., which states that present net earnings are about "four times" requirements; gross earnings before maintenance, repairs and depreciation in excess of "seven times" requirements; prior years' losses result in income tax advantage; permanent tax benefits accrue through allowances for repairs, maintenance and depreciation charges; leverage possibilities — stock attached to bonds; ratio of gross and net earnings to funded debt; physical condition of property; low market price vs. replacement value; after war possibilities — result of closing of competitive hotels, and estimated current position as of Dec. 31st.

Copies of this interesting circular may be had from Kneeland & Co. upon request.

Snowplows Sent To Rescue "Doc" Williams

George "Doc" Williams of Kennedy & Co., Land Title Building, Philadelphia, Pa., has been on his annual hunting trip in Coudersport, Pa., where he has been snowed in in his cabin. Snow plows have been sent out to rescue him.

Investment Trusts

"DECEMBER OPPORTUNITY"

"Most experienced analysts and observers regard the current dip as a minor readjustment in a market which has every reason 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 we do feel that the current recession should be regarded as an opportunity for the accumulation of sound equity securities."—From the current issue of Hugh W. Long & Co.'s "New York Letter."

* * *

"Price Appreciation Gains New Importance," says Lord, Abbett in the latest issue of "Abstracts." The new tax law makes the objective of capital gain more desirable than high income, particularly for individuals in the upper and upper middle income brackets. And since the new rates start at 19%, long-term profits are now relatively more attractive even for the "little fellow."

"Abstracts" goes on to point out that Affiliated Fund is basically an investment medium for attainment of capital gain by reason of the leverage in the common stock. The present effective leverage (number of dollars invested for each dollar of common stock asset value) is 191%. In 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 Timing" contains an excellent discussion of the future of Latin-American securities by that organization's consulting economist, Dr. Max Winkler. Of particular significance are the figures on per capital debt and wealth for all North and South American countries. Startling comparisons are made between the ratio of wealth to per capita debt in the United States (2.62) and such countries as Argentina (12.34), Venezuela (32.50) and Colombia (41.00).

With regard to the intermediate trend of stock prices, the service states: "Market indications continue to point to lower prices before any sustained upward movement occurs."

* * *

Investment companies, by and large, have co-operated wholeheartedly in our Government's drive to raise funds for the war effort through sale of bonds. Considerable space is given regularly in their literature to promotion of this cause. However, the current issue of Keystone Corp.'s "Keynotes" is the first investment company publication (so far as this column is aware), which has been devoted entirely to the sale of Government bonds.

"... And Pass the Ammunition" is the title of this bulletin. It contains brief descriptions of the various special Government issues available, and refers those interested to their investment dealers or brokers, who "will supply additional information, and will be glad to execute your orders."

* * *

Hare's, Ltd., has sent a letter to affiliated dealers suggesting the desirability of presenting Aviation Group Shares, Bank Group Shares and Insurance Group Shares as a combined investment. A revised folder showing the results of the three groups individually and together as compared with the Dow-Jones Composite Averages accompanies the letter. The comparison covers the period from July 19, 1939, to October 10, 1942, and shows an average gain for the three groups amounting to 4.8% as against a loss of 8.4% for the averages.

* * *

In the first 11 months of 1942 the dollar value of Dividend Shares purchased was 52% greater than in the corresponding period of 1941. Reporting this fact, Calvin Bullock's "Bulletin" for December 3 lays particular emphasis on stocks as one of the most desirable types of holdings under present conditions.

* * *

Distributors Group is out with an interesting issue of "Railroad News" in support of the Railroad Shares of Group Securities. The following quotation from "Railway Age" is cited as a demonstration of the increased efficiency of the railroads:

"In August, 1942—latest month for which statistics are available—each freight locomotive, on the average, traveled 106 miles daily as compared with less than 67 in August, 1929; each train had 53.5 cars, as compared with 50; each freight car traveled 49 miles daily, as compared with 36; and each loaded freight car carried 36.2 tons, as compared with 27.5. In consequence in August, 1942, each train rendered 52% more freight service hourly, and each car 70% more service daily, than in August, 1929."

* * *

The sponsors of Selected American Shares have done some detailed figuring on the advantages to large investors of receiving income in the form of tax exempt dividends from an investment company in position to pay such dividends this year. The results are published in a three-page

(Continued on page 2062)

Municipal News & Notes

Prior to yesterday there was every reason to believe that the current month would likely prove to be one of the dullest of any period in the municipal field during the present year. Although the activity in recent months—and for the entire year for that matter—was not exactly of hectic proportions, the outlook, at least as of Tuesday, was singularly unimpressive. The situation since then has improved, due to the announcements on Wednesday of two proposed new borrowings of important size. Only one of these sales is scheduled to take place in the present month, however, this being the $3,140,000 Richmond, Va., offering, for which bids will be considered on Dec. 16.

The other deal consists of an offering, on Feb. 1, 1943, of $4,100,000 State of Arizona refunding bonds for account of Maricopa County. Proceeds of this sale will be applied to the redemption of outstanding 5½% and 6% county road bonds, maturing serially to 1951, which a decision of the Arizona Supreme Court held were subject to prior redemption, despite the fact that they had been issued without a call provision and accordingly had always been considered non-optional.

The court, however, upheld the county's contention that the statute under which the bonds were issued provided that the bonds were subject to advance redemption. The immediate effect of the ruling was to require the State, through its Loan Commissioners, to proceed with the refunding of the Maricopa County issues on the county's behalf.

The Supreme Court decision, moreover, as previously noted in this space last week, is so broad in implication as to apply with equal force in the case of any bonds issued since 1913 by all of the State's counties, municipalities and school districts.

In connection with the Phoenix, Ariz., $339,000 refunding bonds being offered for sale on Dec. 22, the attorneys who will furnish the legal opinion, Messrs. Gust, Rosenfeld, Divelbess, Robinette & Coolidge of Phoenix, have stated that "the existing opinion of the (Arizona) Supreme Court (in the Maricopa County case) is so broad in its implication that our opinion on the (Phoenix) refunding bonds as well as other municipal and school district bonds that may be issued prior to a further declaration by the Supreme Court on the question must necessarily refer to said decision and the possibility that said bonds will be subject to call at any time."

Except for the Richmond, Va., offering, incidentally, the calendar of prospective financing for the balance of the present month is extremely anaemic. At this writing, for example, there is less than a handful of new issues of general market interest in the hopper and the largest sale scheduled consists of $600,000 by Allentown, Pa.

Moreover, all signs point to a tapering off of the rather extensive liquidation of municipals that was responsible for much of the market activity in past weeks. This may not be an entirely depressing development, incidentally, as it will afford the market a needed "breathing spell." That some relief is necessary is reflected in the fact that recent new offerings of "grade A plus" character have not been too rapidly absorbed.

In any event, there is no question but that the technical position of the market calls for improvement. It is necessary to observe, also, that the current huge Treasury financing operation will act as a brake on general activity. Naturally, the municipal fraternity, in company with all other branches of the investment banking field, enlisted in the campaign to bring the Government operation to a speedy and successful conclusion.

Looking ahead to possible future developments of concern to the municipal field, one factor of prime importance appears on the horizon. This deals with the matter of tax-exemption on municipal securities. There would appear to be good reason to expect a re-opening of the subject by the Federal administration.

It has long been obvious, of course, that despite emphatic rejection by Congress of the demands of the Administration for elimination of the tax exemption feature, the forces behind this move have not, by any means, been content to abandon the fight. They may be expected to resume the attack, using a different approach, possibly through the medium of the recent agitation that a $25,000 ceiling be imposed on incomes, from both earned and unearned sources.

While it is still difficult to believe that any such move would be approved by the Congress, particularly with respect to the incoming law-makers, it is a possibility that cannot be dismissed without consideration.

Memphis, Tenn., Utility Projects Show Gains

Total operating revenues of the city's municipally-owned electric light, gas and water systems for the 12-month period ending in October were $12,578,803, while operating expenses reached $7,067,667, leaving a net operating revenue for the period of $5,511,135. After deductions for bond interest, sinking fund appropriations, renewal and replacement charges, the combined facilities had an unencumbered profit for the 12 months of $2,803,812, according to the financial statement recently issued by City Commissioner Fredericks.

The electric light department, alone, showed an increase of nearly $400,000 in operating revenue over the previous year, although additional sinking fund appropriations reduced the net profit by about $100,000.

Maj. Thomas H. Allen, president of the Light, Gas & Water Commission, said the increases in the revenues did not justify any further reduction in rates, other than the elimination of the 15 per cent surcharge on residential electric rates next April. He said sinking fund appropriations in the Electric Department for 1941-42 total $380,171, while the same appropriation was only $157,999 in 1940-41.

The gas and water business, also, showed substantial increases in operating revenues, the income in the Gas Department showing an increase of $691,552, and the yield in the Water Department being up $132,984.

In the Gas Department, Major Allen said "we are running all right, spending less than we are making." Net profit as of Oct. 31, 1942, is $1,433,230 compared with $919,458 at the same date last year.

In connection with the Water Division, the profit of which is $366,440.11 as of Oct. 31, 1942, compared with $259,205.37 at the same date in 1941, Major Allen said "current construction must be paid for out of profits."

Even with the operating expenses of the Electric Department up $278,792 for the 12-month period, the department still showed a $115,941 increase in net revenue from operations over the same months of 1940-41.

In the Gas Department the operating expenses increased $263,271, leaving a net revenue from operations of $428,280.

Operating expenses in the Water Division were up $37,251, showing a net revenue from operation of $95,727.

WPA Liquidation May Increase Local Relief Costs

Liquidation of the Work Projects Administration was ordered by President Roosevelt on Dec. 4, in a letter addressed to Major General Philip B. Fleming, Federal Works Administrator. The latter was instructed to close out all project operations in "many" States by Feb. 1, 1943, and in other States "as soon thereafter as feasible." Subsequent to the President's order, the War Production Board revoked priorities and directed immediate cessation of work on 20 school projects being constructed with WPA assistance. Federal appropriations for the agency during the past seven years aggregated $10,468,276,000. The President noted that a "large amount" of the appropriation for this fiscal year could be conserved and that there would be no need to provide WPA funds in the next fiscal year budget.

Federal Works Agency officials stated that an exact time table for State-by-State liquidation of the WPA would be prepared and observed that New York State WPA still has 32,753 persons on its rolls, the largest number of any State, with the New York City total at 25,776, the largest of any city. Officials of both the State and the City indicated that ending of the WPA would mean added home relief costs for both levels of government, also other localities. David C. Adie, Commissioner of New York State Department of Social Welfare, declared that not all of the released workers would be able to find jobs in private industry, "because of age, health and other handicaps."

N. Y. City Reports Funded Debt Decrease

The city effected a reduction of $33,088,148 in its funded debt during the fiscal year 1941-1942, according to the consolidated annual report for the period which was issued Dec. 7 by City Comptroller Joseph P. McGoldrick. The net funded debt on June 30, 1942, was $2,477,013,798 as against $2,510,101,946 on July 1, 1941. The cash basis, on a voucher basis, amounted to $76,145,569 at the fiscal year end.

The temporary debt of the city on June 30, 1942, amounted to $82,260,000, of which $32,000,000 represented borrowings on revenue bills against the tax levy of 1941-1942. The total funded indebtedness of the city outstanding on June 30, 1942, amounted to $3,033,346,155 against which have been accumulated sinking fund assets of $556,332,356, making the net funded debt of the city $2,477,013,798. The greater portion of this debt represents investments in revnue producing public enterprises.

The Comptroller warned that he had during the past year emphasized that the city is facing a serious situation with respect to the expense budget because for a number of years there has been a steady decline in assessed valuations. The Comptroller intimated that it is likely that there would be further decrease in assessed valuations of real estate, although the position of many classes of real estate has improved with the wartime boom. The assessments in 1932 amounted to $19,616,934,929, and for the year 1941-1942 the total was $16,223,134,726.

Mr. McGoldrick stated in his report that the debt incurring power of the city is limited by the State Constitution to 10% of a five year average of the total assessed valuation of taxable real estate. The margin of debt incurring power at June 30, 1942, after making necessary reservations of capital projects authorized, amounted to $153,050,538, as compared to $111,960,890 at June 30, 1941. This improvement is due mainly to the established policy of the city in curtailing its capital projects during the war.

Only a small fraction of the normal program is being undertaken, and it is limited to the completion of certain projects. The present margin represents a considerable improvement over the figure at January 1, 1940, at which time the unreserved margin was only $29,907,566.

Scores Federal Policy In Local Labor Disputes

The National Institute of Municipal Law Officers, in a resolution adopted at the final session of its three-day war conference in New York City on Dec. 4, denounced the National War Labor Board "for its unwarranted assertion of jurisdiction over disputes between municipalities and municipal employees." The majority of a mediation panel recommended on Nov. 12 that the board take jurisdiction of the dispute between the Newark, N. J., Department of Public Works, and the State, County and Municipal Workers of America, a CIO affiliate. The dispute precipitated a 6-day strike of 400 city employees in October.

A vigorous dissent to the majority panel report was filed by George K. Batt, representing employers, whose minority report stated that the WLB "should not attempt to interfere with wages, hours or working conditions for public employees where, as a matter of law, these conditions are fixed by the (State) Legislature, the Civil Service Commission or the proper municipal governing body."

Continuing, Mr. Batt declared that "government is the will and instrument of the people" and "even a great emergency such as the present war cannot change this principle." The Newark case, he added, "involves a basic principle of whether or not Government employees have the right to strike" and maintained that "to admit that a union of public employees has the right to strike and picket a public enterprise . . . . would be to pass control over Government from the voters and their elected representatives into the hands of union officials."

The resolution of the Municipal Law Officers observed that "such an assertion" of jurisdiction by the WLB contains the first official implication in the history of the United States that municipal employees are free to strike against their employers, the people, "and maintained that it is a violation of the Constitution" and "an attempt to destroy the independence of local government in the United States." The law officers, although thus criticizing the WLB, unanimously voted confidence in the "wisdom and wartime leadership" of President Roosevelt and pledged its fullest co-operation.

Chattanooga Ends Fiscal Year With Surplus

The above city, which is now in the process of completing a program of equalizing or levelling off its entire debt, closed the fiscal year ending June 30, 1942, with an operating surplus and no current indebtedness, it was revealed recently by Wainwright, Ramsey & Lancaster of New York City, financial consultants acting for the city in the execution of the plan.

"As part of the program, the city adopted a strict cash-basis method of budget making and incorporated it as a provision in the new bond contract, thereby making the provision mandatory," the firm's announcement said. "Just prior to the close of the 1940-41 fiscal year the city funded a current account deficit of $250,000, which it had been carrying with little variation since 1935. This enabled the city to start the 1941-42 fiscal year under the new method of budget operations with its current account in balance.

"Results to date are particularly satisfactory since the Debt Equalization Program calls for a speed-up in the rate of debt retirement of $100,000 a year. The over-all 1942-43 budget provides for the full amount of principal and interest payments called for under the plan and is balanced at the level of actual cash collections in the previous fiscal year. Assessed valuations on which the current budget is based reflect an increase of approximately $2,200,000, showing a continuation of the upward trend which started in 1937."

Local Tax Collection Prospects Favorable

Prospects for municipal tax collections are at least "good" this year despite added Federal taxes and other drains on taxpayers' purses, the Municipal Finance Officers Association said recently after reviewing factors affecting local revenues.

Making heavy demands on taxpayer income and tending to delay payment of local taxes, are war bond purchases and community chest increases, added Federal income and excise taxes, higher living costs, and increased cost of domestic help. Also affecting local collections are the curtailment and closing of certain businesses.

Lessening the demand on private incomes, on the other hand, are such factors as rationing of automobiles, gasoline, household appliances and radios, and stoppage of new building and extensive repairs on old.

Changing incomes—higher for some groups and lower for others—probably will be reflected in local tax collections also, the Association said. The wage earner in war industries may see his income rise as much as 70%, along with the rising incomes of large business and industry engaged in war work. In the salaried group increased compensation comes slowly and in small amounts; among professionals, physicians' and engineers' incomes are up, lawyers' are down.

Local transportation companies will show greater revenues this year, and can be expected to pay property and utility taxes more promptly. Water, electric and gas companies likewise will show larger incomes, especially in defense areas, as will publicly owned utilities in such areas.

If local finance officers inform taxpayers that local taxes paid are deductible from Fed-

eral income tax returns, and if collections are pushed they should be better in 1942-43 than they have been for some time, according to the Association. After 1943, however, collections may be expected to decline somewhat.

Though men in the armed forces legally may delay paying local taxes until after the war, many of them will prefer to pay now, the Association said, and cities should see they are billed properly. Every means should be used, also, to collect taxes due from businesses about to close.

Newspaper publicity and advertising will aid in tax collections and cities which bill and collect taxes on a monthly or quarterly basis may find the method particularly effective these days when paychecks are larger.

Sees Local Taxes Affected By Increased Federal Burdens

Local tax collections will suffer in 1943 and 1944 because of increasing Federal burdens, Henry F. Long, Massachusetts State Tax Commissioner, declared recently in an address at the 53rd annual Massachusetts Conference on Problems on Local Taxation.

Many who would pay the high Federal taxes had not yet accustomed themselves to such assessments, he said. The result would probably be that the Federal taxes would be paid first, with payment of local taxes lagging.

Real estate owners might not be in a position to pay their local taxes, both 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 personal property. The State's receipts on liquor taxes would disappear when the present warehouse stocks were exhausted, and the cigarette tax would depend on the ability of tobacco growers and manufacturers to secure employes.

Voters Defeat Old Age Pension Increases

Old age pension increases failed, tax measures got mixed reception, and legislators' pay was raised as a result of Nov. 3 balloting on more than 120 constitutional amendments, referred and initiated measures in 32 States, according to a survey by the Council of State Governments. Approximately one-half the proposals submitted received voters' approval.

Old age pensions of a $40 a month minimum for all needy aged were defeated in Washington and Idaho; in Missouri a similar measure was crossed off the ballot before election. The Washington measure was combined with a proposal to extend free medical and dental care to residents on relief. Idaho electors favored the $40 pensions almost 2 to 1, but the affirmative vote did not represent a majority of the votes cast for Governor, necessary for initiative approval.

In two other States measures which received majority approval failed because of the same legal requirements. These were the Illinois proposal to remove the 2-cent sales tax on food, and the Oklahoma amendment to permit women to hold high State offices.

New tax proposals in Oregon, Washington and Utah were rejected. Oregon defeated a cigarette levy, Washington an income 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 exemption of religious and charitable institutions failed, along with the California proposal to repeal the State income tax.

Tax exemptions succeeding were those in Nevada, where exemption of stocks, bonds and similar investments was approved, along with prohibition of an inheritance tax levy; and in Louisiana, where voters authorized the Legislature to extend the $2,000 homestead exemption provision to local taxes, and to grant tax exemption for 25 years on power lines of electric cooperatives.

California voters declined to substitute annual legislative sessions — and annual budgets — for the present biennial system, and New Mexico voters defeated a proposal to split regular legislative sessions into two terms divided by a 30-day recess.

Of the other legislative measures, New Hampshire's amendment 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, requiring official canvass. New Mexico turned down reapportionment of its Legislature, while Louisiana approved such a measure. Missouri voters approved the calling of a convention to revise its constitution, while Michigan voters defeated a similar proposal.

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.

December 15

$600,00 Allentown, Pa.
At previous sale, several years ago, successful bidder was account of Smith, Barney & Co. and Lazard Freres & Co. Second high offer made by First Boston Corp. and Associates.

December 16

$3,140,000 Richmond, Va.
In June, 1941, large issue was awarded to group headed by Shields & Co., New York, and next best bid was made by Bankers Trust Co. of New York, and Associates.

Feb. 1, 1943

$4,100,000 Maricopa Co., Ariz.
Bids for these bonds will be received by the State Treasurer in behalf of the county. Comment on this financing is made in the forepart of today's "News and Views."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2053)

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 as it did before is mass opinion. That is to say the peculiar quality the public has of being wrong more often than right still obtains. Here is an example:

Public sentiment a few weeks ago was widespread in the belief that the end of the war was in sight. Most of this feeling was undoubtedly based on our successful invasion of the French African 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 war stocks were sold and the peace stocks were bought.

* * *

But if there is one thing the market does not pay off on it's wishful thinking. If anybody took the trouble to analyze the realities as they existed at the time of the North African invasion they would have realized that to even think that the end of the war was in sight was wishful thinking in the n'th degree.

* * *

The Japs still hold Indo-China, large areas of China proper, the Philippines, Malaya, the Dutch East Indies, Burma, hundred of islands in the Southwest Pacific and a foothold in the Aleutians. And only a miracle kept the Hawaiians out of their hands.

* * *

On the European continent the Axis still has all of France, Holland, Poland, Belgium, the Balkans, most of European Russia and an important part of African Mediterranean Coast.

* * *

Since Dec. 7, we've slowly and painfully managed to wrest Guadalcanal, most of New Guinea and a few islands back from the Japs. On the European front our side has managed to drive the Nazis back from Stalingrad; from Cairo, and we have obtained a base in North Africa.

* * *

But already we see in our papers that instead of the French African invasion being the beginning of the end, we are hard put to hold what we have gained. The Axis seems to have air superiority, and despite our hitting at their lines of communications they are able to land daily upwards of 1,000 men around Tunis.

* * *

Back on the home front we now read that production, which we were told would give our side all the aces, is not holding up. Where to place the blame is not so important as the fact that the results we were promised have not arrived.

* * *

In Congress we see a membership, theoretically in session, running around the country, or at least being any place but where it's supposed to be doing its sworn job. Filibusters are the order of the day. The latest one is Sen. Pat McCarran's, who seems determined to keep silver at $1.29. The Government needs silver for war weapons, but McCarran opposes its use for non-monetary purposes unless it pays the artificial price.

* * *

The farm bloc has also begun maneuvering to get its interpretation of parity applied to agricultural products. The fact that agricultural products may take some $3,000,000,000 more out of the nation's pocketbook is lightly ignored.

* * *

This picture of a war-Congress at work is no laughing matter. The market doesn't find it amusing, and neither will you if some of the present schemes become laws and take their bite out of your long suffering pocketbook.

* * *

Still, in spite of existing conditions the market, up to last Monday night, didn't act disturbed. But if Monday's market didn't ring any bells of celebration, Tuesday's market began giving off little tinkles of alarm.

* * *

For a month now the market has been between a high of 117 (with the exception of a one day's figure of 118) 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 show signs of wanting to go up. Acting on market action, I recommended two stocks.

* * *

But as this is being written the market is in a position where it must hold not only each previous day's gains 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 comfortable to sit through. In the light of the above, the critical levels in the stocks you hold become more important. The stocks and the prices under which they should not be carried are:

* * *

Air reduction bought at 30, stop at 35. Goodyear bought (last week) at 22½, stop at 21. International Harvester bought at 43, raise stop to 53. Superheater bought (last week) at 13½, raise stop from 11 to 12.

* * *

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.]

UP-TOWN AFTER 3

PLAYS

"R. U. R.," a revival of Karl Capek's play. Presented by Silberman and Blank at the Barrymore Theatre, N. Y. With Hugo Haas, Edith Atwater, Horace Braham, Gordon Oliver, Hunter Gardner, Louis Hector, Reginald Mason, Katherine Balfour and others. Directed by Lee Strasburg; sets by Boris Aronson. (Reviewed Friday, Dec. 4, 1942).

For years I have heard of the excellence of "R. U. R." People who had seen it years ago told me it was way ahead of its time; 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 of it; but today, with other and bigger problems facing the world, the problems posed by "R. U. R." seem strange and unreal. Taking it as a play, the idea of man-made robots coming to life and wiping out mankind, then they in turn dying out because of inability to recreate, is 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 diatribe against the machine. He pointed a moral wherein he said man's constant search for machines had in it the seeds of man'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 is seldom well drawn and constantly 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. But with the French African invasion news increasing present boxoffice potential, the date was set back. The movie, a fast-moving melodrama, has, however, little to do with the news headlines. It deals with frightened refugees huddled in Casablanca, who try frantically to obtain exit visas. A couple of oily scoundrels, operators in the black market, sell these precious bits of paper to the highest bidders. One of these connivers leaves some exit visas with Humphrey Bogart. Ingrid Bergman and her husband, Paul Henreid, head of the Czech underground, call for them but run against a snag. Seems that Miss Bergman is the girl Bogart met and lost in Paris before the invasion, and feeling bitter, refuses to give them up. How the whole thing comes out is an exciting yarn. . . . **"White Cargo"** (MGM) is the latest Hedy Lamarr opus with the gorgeous Hedy as the slinking mixed-breed, Tondelayo, who keeps things in the jungle ahopping. Wearing something called a lurong, which is what a sarong is to Dorothy Lamour, Miss Lamarr carries her desire to make "tiffin" for the downy-cheeked young Englishmen to the point where she not only marries one, but dies from it. Movie has three things to recommend it. Miss Lamarr's epidermal display; Walter Pidgeon's performance, and Frank Morgan's characterization of the drunken doctor.

AROUND THE TOWN

New York may not be a boom town but if you go around to night clubs on weekends you'd never know it. Trying to find room to stand in at a night club these weekends is as difficult as doing a full stretch in a phone booth preempted by a large man with a bass drum. One of the few places which hasn't permitted the rush of business to go to its head is the **Penthouse Club,** fifteen stories above Central Park. Primarily, a restaurant of the better sort, it has accommodations for just so many. After that the rope goes up. Result is a comfortable table not only for dinner but also for supper when the entertainment begins. Entertainment here is of the unobtrusive sort. You can not only talk with your companion; you can even whisper. You don't have to shout to make yourself heard. . . . **The Versailles** (151 E. 50th) announces its new musical revue scheduled to open Dec. 17th, will have the portly Elsa Maxwell in the front line. Management doesn't say what Miss Maxwell will do; ride a horse, dance or sing. Can't be a strip. Place doesn't stay open all night. . . . From the chi-chi East Side to the roaring West Side may be quite a change but if you like to see the jitterbugs cutting a rug drop in at a new place which calls itself the **Rialto Ballroom** on Broadway and 42nd Street. No fancy color schemes, no "name" celebrities but a lot of kids in Uncle Sam's uniforms (G. I.) stepping to three bands. And such fun!! . . . William A. Spanier, President of A. A. Bennett & Co., Chicago, writes his brother, **Muggsy Spanier,** and his orchestra (Muggsy's) is playing at **Jack Dempsey's Cafe** each night. So if you can't see the President of A. A. Bennett & Co., try to talk to Muggsy. He might fix it for you.

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

Ernest Oberhumer, associated with Winslow, Douglas & McEvoy, 120 Broadway, New York City, members of the New York Stock Exchange, has just published a most interesting study of the market outlook, entitled "The Way from Today to Tomorrow—An Investment Analysis."

Mr. Oberhumer, in his brochure, discusses the protection of capital substance, the economic effects of the war, and the possibility of inflation. The American economy of 1900-1940 is summarized and the American war economy, and the coming economy are compared. The future price area of securities is discussed together with the make-up of the future securities portfolio.

"The current outlook," Mr. Oberhumer declares, "justifies the expectation that the long-term trend in American security prices will continue the general uptrend of the last fifty years."

Copies of the brochure may be obtained from the author. Price, $2.00 per copy.

Now At Stage Where Restriction Means Extinction, Fuller Of NAM 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 a trend "that promises to have disastrous consequences for many innocent business firms during the war and will have equally destructive consequences after the war." In a radio address over the Columbia Broadcasting System on "Rationing War Resources," Mr. Fuller said that "one of the most important manifestations of this trend is the projected program of industry concentration." He went on to say: "Just what does concentration mean? What does concentration try to achieve? How far have we already gone toward concentrating industry, and how far are we likely to go?

"First of all, and quite fortunately, industry concentration is still largely in the discussion stage. Only a few industries have been affected so far. There's still time to thresh the problem out in good old-fashioned American public debate.

"If concentration of industry is necessary for victory, you and I will certainly not oppose it. But we want to be certain that it is necessary. For concentration, with all that it entails for industry, for labor, for our whole economy, can be achieved only at a heavy price.

"Let's look for a moment at concentration of industry in England, keeping in mind that British problems are different from ours, and solutions to problems must necessarily differ.

"Now in England, concentration of industry was born in the great production drive that followed Dunkirk. Men and women worked at their war jobs with a patriotic frenzy which has never been equalled before or since. They worked 70 hours a week and more. But this wasn't enough. More workers were needed for war production. More factory space was needed. England was desperate.

"The British Government ripped into the civilian industries. It developed the concentration plan with the idea of crowding civilian production into the smallest number of plants and to release men, machinery, materials, and badly needed factory space for the war. The British Government especially tried to arrange matters so that the shutdown plants could be maintained for postwar production. However, many plants that have shut down may never reopen again.

"These drastic British concentration measures freed some 250,000 workers from civilian industry. They also made available some 50,000,000 square feet of factory space. And it is anybody's guess as to what this has done to Britain's future. . . .

"Right here let me repeat that I am not opposing concentration if it is necessary. Instead I am counseling great caution, the exercising of American ingenuity and inventiveness, to meet the problem in an American way. . . . We, in America, must keep the road to the future open with plenty of direct pointers to get us back on the broad highway of opportunity when the war is over."

"Concentration," said Mr. Fuller, "might be a sort of mercy death for wartime business casualties—but death nevertheless."

In part, he added:

"I think I have sketched enough of the concentration picture both here and in England to indicate its complexities. But more than complexities are involved. The very lives of many hundreds of small business concerns are at stake, with all that this means to their employees and to the communities where these businesses are located.

"And there's another thing at stake, too, something that is second only to victory. And that is the American system of free enterprise. Scramble the economic eggs once in any thorough-going concentration under government direction, and not even government can unscramble them again. We shall have an end of voluntary enterprise—a totalitarian economy."

In conclusion Mr. Fuller said:

"During the last war we were wise enough to keep our business structure intact and our markets ready and waiting. The change over from war to peace-time production was speedy and efficient. There was no depression in the wake of war.

"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 goods to the American consumer. If we do, there will be jobs for war workers and for our soldiers and sailors. Their victory will be complete. We will have the means of regaining our standard of living and rising to new heights of opportunity and prosperity. That is what we are fighting this war for, to make the American way secure for ourselves and our children."

Denied Registration By SEC As Involved In Municipal Fraud

The application of Foelber-Patterson, Inc., Lincoln Bank Tower, Fort Wayne, Ind., for dealer-broker registration has been denied by the Securities and Exchange Commission on grounds that Eugene F. Foelber and Sidney B. Patterson, directors and incorporators of the firm, had wilfully violated the Securities Exchange Act of 1934 and it was therefore in the public interest to deny registration.

Messrs. Foelber and Patterson were officers and stockholders of Central Securities Corporation, the registration of which was revoked because of a conspiracy involving fraud in transactions in certain public bonds, and the issue in dispute was whether Messrs. Foelber and Patterson knowingly participated in the conspiracy.

The Commission stated that several cities in Lake County, Indiana, issued improvement bonds sometimes known as "Barrett Law" bonds. Payment upon these bonds depended upon the collection of assessments from the 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 the practice to pay bondholders from available funds in the order of maturity of their holdings.

Louis F. Conter became treasurer of Lake County in January, 1936. By virtue of an illegal arrangement with Edward Reil (a deputy treasurer) and Central Securities Corporation, Conter undertook to, and did, give special notification to Central Securities of the availability of funds for payment and of the numbers of the bonds for which assessments had been collected. It was the practice of Central Securities, when it was informed that money was available for full payment on a bond which it did not already own, to represent falsely to bondholders that it could dispose of their bonds to assessment obligors at a discount—so that the bond could be set off against the tax assessments. Upon these representations Central Securities secured many bonds at prices ranging from 40% to 60% of face value, and had them redeemed at par, profiting on the difference.

It was contended that neither Foelber nor Patterson was involved in the conspiracy. However, since both were stockholders in the Corporation, and Foelber was Vice President and a director from 1933 to early in 1942, as well as sales manager directing the activity of Central Securities Corporation's salesmen, while Patterson was an officer and director during the same period and for eleven months in which the conspiracy was in operation had charge of the corporation's books, the Commission contended that both were fully cognizant of the conspiracy. Registration was therefore denied.

The Commission acted under the provisions of the Securities Exchange Act of 1934, Section 15(b) of which provides in part: "The Commission shall, after appropriate notice and opportunity for hearing, by order deny registration to . . . any broker or dealer if it finds that such denial . . . is in the public interest and that (1) such broker or dealer whether prior or subsequent to becoming such, or (2) any partner, officer, director, or branch manager of such broker or dealer . . . or any person directly or indirectly controlling or controlled by such broker or dealer, whether prior or subsequent to becoming such . . . (D) has wilfully violated any provision of . . . this title, or of any rule or regulation thereunder."

Section 15 (c)(1) of the same act provides that "No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security . . . otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The commission shall, for the purposes of this subsection, by rules and regulations, define such devices or contrivances as are manipulative, deceptive or otherwise fraudulent."

Imp. Bank Of Canada Reports Greater Assets

The 68th annual statement of the Imperial Bank of Canada, Toronto, covering the fiscal year ended Oct. 31, 1942, shows substantial increases in deposits, holdings of Dominion Government securities and in total assets. Net profits for the year, after providing for Dominion Government taxes of $552,389 (of which $5,214 is refundable under the provisions of the Excess Profits Tax Act), after contributions to staff pension and guarantee funds of $106,650, and after making appropriations to contingent accounts, out of which accounts full provision for bad and doubtful debts has been made, amounted to $836,149. Out of this amount, $665,000 was allocated to pay dividends at the rate of 10% per annum for nine months, and 8% per annum for three months, $150,000 was written off bank premises, leaving a balance of $21,149 to be carried forward, and when added to the Oct. 31, 1941, balance of $698,842, makes a profit and loss balance of $719,991 for Oct. 31, 1942.

Total assets are substantially increased, standing at $243,562,471, compared with $206,587,280 a year ago. The increase in total assets is in the highly liquid assets, currency or its equivalent, and in holdings of Dominion and provincial securities maturing in less than two years. Current loans at $75,468,640 are lower than last year by $4,140,653, a condition ascribed to the lateness of Western harvests and consequent retarded demand for grain loans.

The largest increase in assets is in government securities maturing in less than two years, this item now standing at $68,679,342, compared with $28,819,396 a year ago. Similar securities maturing in more than two years, at $38,283,298, are lower than last year by $3,045,838. Total deposits have grown to $217,352,616, compared with $179,929,435 a year ago. Total liabilities other than to shareholders are now $224,160,021, compared with $187,430,362 formerly.

November Business Failures Again Decline

November business failures continue to follow the trend shown for some months and are lower than in October as well as being below November, 1941, both as to the number and amount involved. Business insolvencies in November, according to Dun & Bradstreet, Inc., totaled 585 and involved $5,245,000 liabilities as compared with 673 involving $7,181,000 in October, and 842 involving $9,197,000 in November, 1941.

The falling 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 liabilities took place. When the amount of the liabilities is taken into consideration all divisions recorded a decrease from a month ago.

Manufacturing failures last month numbered 98, involving $1,823,000 liabilities, compared with 102 in October with $2,374,000 liabilities. Wholesale failures decreased to 45 with $429,000 liabilities from 65, with $866,000 liabilities in October. In the retail trade section insolvencies declined to 352 from 405 in October and liabilities to $2,009,000 from $2,660,000 a month ago. Construction insolvencies numbered 63 with $717,000 liabilities, which compares with 61 with $756,000 liabilities in October. Commercial service failures numbered 27 with $267,000 liabilities, as against 40 with $525,000 liabilities in October, 1942.

When the country is divided into Federal Reserve districts it is seen that ten districts had fewer insolvencies in November than in October, while the St. Louis Reserve district had the same and the Kansas City Reserve district had more. When the amount of liabilities is considered ten districts had smaller liabilities while the St. Louis and Minneapolis Reserve districts had a greater amount of liabilities involved in November than in October.

National City Bank Cites Difficulty In Comparing U. S. And British Tax Rates

The National City Bank of New York, in its December "Monthly Bank Letter," calls attention to the "extreme difficulty of weighing the relative severity" of the American and British tax systems and says that unless the many differing factors entering into the question of the comparative tax burden are given consideration, tax comparisons will be misleading. The bank says:

"Perhaps the most widely recognized qualification to the use of income tax rates as measurement of tax burden is the failure to take account of the heavy State and local taxes (including State income taxes) here. In the United States, 34 States and the District of Columbia levy individual income taxes, with rates ranging from 1 to 15%. Thirty-three States levy corporation income taxes with rates ranging from 1 to 8%.

"In Great Britain," the bank points out, "the local taxes are relatively small." In its discussion of the subject, the bank also notes, 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 corporations and of corporate dividends."

Finally, the bank points out that "certain broad generalizations seem warranted:

"1. That when all types of taxes are taken into account the overall tax burden in this country at the new Federal rates does not appear to be as much less than the burden in Great Britain as a comparison of income tax rates alone would imply. Certainly a review of the many factors would seem to dispose of any idea that this country is lightly taxed.

"2. That the difference in income tax rates decreases rapidly in the upper brackets, and in some cases, such as dividends and capital gains, the rates here may be higher even than in Britain.

"3. That the British tax system is more broadly based than ours, in that it reaches down further into the lower brackets and relies more upon indirect taxes, including sales taxes. The latter, with exemptions for food, utility clothing and medicine, range from 16% up to 66%.

"And, finally, it might be pointed out, just because Great Britain or Canada do certain things does not necessarily prove that these are the wisest things to do. For example, the high British and Canadian excess profits taxes (100% with 20% post-war rebate) have been criticized in both countries as discouraging to efficiency and economical production. In Great Britain, the provision for mandatory joint returns has been asserted to be a serious deterrent to entry of women into full-time employment and hence a retarding influence upon maximum war production. While it is desirable that the tax laws of other countries be studied for ideas and suggestions and with a view to our profiting by the experience of others, the final determination of taxes must be made not on the basis of what some other country does, but upon the known conditions here and the need for adapting our tax system to the American environment and the effective prosecution of the war effort."

Standard Report Form Given To N. Y. Banks

In keeping with the trend of commercial banks to give shareholders and others more complete information concerning their operations, a standard form for annual earnings reports to stockholders was distributed to New York State's 718 commercial and industrial banks on Dec. 5 by the New York State Bankers Association. The latter's announcement states that the report recommended to the banks provides for data on the principal sources of earnings such as interest on loans and interest and dividends on securities, together with other earnings from other current operations. On the expense side it provides for data on interest paid, salaries and wages, and other current operating expenses. The expenses, deducted from the earnings, give the net current operating earnings for the year. This statement of net current operating earnings is followed by a reconcilement of surplus and undivided profits for the year.

The new form is the result of studies carried forward by banking groups during the past several weeks and was adopted in cooperation with the Bank Management Commission of the American Bankers Association and representatives of the Federal and State bank supervisory agencies.

The New York Association's subcommittee on the report is headed by C. George Niebank, President of the Bank of Jamestown, and the Chairman of the Bank Management and Research Committee is Robert C. Tait, Vice-President of the Genesee Valley Trust Co., Rochester. In presenting the Committee's findings to the commercial banks, the report says:

"The task of this committee was initially to determine the basic items which should be furnished the stockholder. Its use will prove that there is no desire to relax from the principle that our banks will always act in the public interest."

The Association in its announcement also states: "The Committee's intention was not to provide a form to be used without variation by all banks which accept it in principle. The form is rather to establish a minimum standard. Many banks, it is pointed out, already publish more data on earnings and expenses than the form calls for, but the others do not furnish as much.

"The Association feels that while the interests of stockholders are adequately represented in the supervision of governmental agencies, these interests will be furthered by furnishing this additional information on bank operations. Also, it is believed that the voluntary adoption of a thoroughgoing report form will obviate the need for enactment of statutory requirements along this line.

Auditors Announce New Accounting Manual

The National Association of Bank Auditors and Comptrollers announce the publication of a "Nabac Manual on Bank Accounting, Auditing, and Operations." The announcement states that after three years of research and study, and in line with the Association's policy of giving ever-increasing benefits to banking in general and particularly to its membership, the manual is in final process of publication. It is indicated that the manual will provide an authoritative treatise on the subject and will serve as a guide to more effective and efficient bank accounting, auditing and operations. The procedures as outlined in the manual are said to have been tried and proven—will save time in bank operation, and the manual is regarded as particularly essential for the use of bank comptrollers, auditors, operations officers or accountants. The announcement states that no previous publication covers the subject so thoroughly, or so completely and that public accountants, college commercial schools and public libraries will likewise find it invaluable.

It will be a substantially bound book of approximately 350 pages. The manual is priced at $2.50 per copy, postpaid. It is expected that printing will be completed and shipments made early in January. Reservation orders are being accepted and should be mailed to the National Association of Bank Auditors and Comptrollers, 512 Caxton Building, Cleveland, Ohio.

NYSE Adopts Uniform Financial Report Form

Under date of Dec. 1 the New York Stock Exchange sent to members and member firms a copy of Rule X-17A-5 promulgated by the Securities and Exchange Commission and effective Jan. 1, 1943, which requires certain members and member firms to submit to the Commission a financial report once in each calendar year. The adoption of the new ruling by the Commission was referred to in our issue of Dec. 3, page 1969. Edward C. Gray, Director of the Department of Member Firms of the Exchange, in his address to the members, says:

"The report is to be in accordance with a uniform financial report form which the Commission has adopted. In order to obviate the necessity of members and member firms submitting financial reports in that form to the Commission and submitting to the Exchange a financial report in the form of an answer to the Exchange's financial questionnaire, the Exchange will adopt the uniform financial report form.

"It is our understanding that a broker or dealer who is having a statement of financial condition prepared or having an audit made of his affairs by independent public accountants between the middle of November and the end of 1942, may file a financial report as of such date with the Commission subsequent to Jan. 1, 1943, but not more than 45 days after the date of the report, which report will be considered by the Commission as covering the calendar year 1943.

"If any member or member firm feels that any part of the financial report submitted by it to the Commission should be held confidential, such member or member firm may make written objection to the public disclosure of any information contained therein by following the procedure outlined in the Commission's Rule X-24B-2.

"Individual members and firms who are not registered as dealers under the provisions of Section 15 of the Securities Exchange Act of 1934, as amended, and who act only as Floor brokers or specialists on the Floor of the Exchange are not required to file a financial report with the Commission. Member firms who carry margin accounts for customers or who hold cash or securities of customers except in connection with incompleted cash transactions are required to have the report certified by an independent public accountant. On the other hand, all other members and member firms are not required by Rule X-17A-5 to have such financial report certified by independent public accountants unless the Exchange requires them to have an audit made of their affairs."

It is expected that other regulatory bodies requiring financial reports from brokers and dealers and members of securities exchanges will also use the new report form.

New Orleans Bond Club To Hold Xmas Party

NEW ORLEANS, La.—The annual Christmas party of the Bond Club of New Orleans will be held on Tuesday, December 22 in one of the restaurants in the Vieux Carre, according to announcement by Mr. Shelby Friedrichs, President of the organization. Activities will open with cocktails in the late afternoon to be followed by dinner with special features provided for the relaxation of the attendants.

A general invitation is issued to all bond men who might be in New Orleans at the time to join in the festivities. Reservations and further information may be obtained from Errol E. Buckner, Bond Department, National Bank of Commerce, New Orleans.

Revised Arbitration Booklet Issued

The American Arbitration Association recently announced a revised edition of its Voluntary Labor Arbitration Rules of Procedure to meet war regulations and conditions. The Rules are accompanied by a Manual for Using the Rules, covering such important subjects as: Panels of Arbitrators; Summary of Procedure with Respect to Parties, Arbitrators and the Association; Institution of Proceedings; Appointment of Arbitrators; Hearings and Awards. A special section on the arbitration of wage disputes is included, which contains procedure for the reference of wage decisions to the National War Labor Board for review and directions for expediting proceedings under its Rules, in relation to policies set forth by the War Labor Board. The rules have been formulated by the joint effort of management and labor, and have the benefit of the experience of the Association in more than a thousand labor arbitrations. The Rules and Manual are available upon request to the American Arbitration Association, 9 Rockefeller Plaza, New York City.

N. Y. Security Analysts To Discuss Bank Earnings; Cap. Gains Tax On Dec. 15

Maurice Schapiro, of M. Schapiro & Co., will address the luncheon meeting of the New York Society of Security Analysts, Inc., to be held Friday, Dec. 11, at 12:30 p. m., at 56 Broad Street, New York City. Mr. Schapiro's subject will be "Outlook for Bank Earnings," and he will discuss the influence of special provisions in the 1942 Revenue Act in relation to bank earnings.

The December general meeting of the Society will be held on Tuesday, Dec. 15, at the Block Hall Lunch Club, 23 South William Street, New York City. Members planning to attend are urged to make reservations early. Walter A. Cooper, partner of Peat, Marwick, Mitchell & Co., Certified Public Accountants, will speak on the Capital Gains Tax as affecting investors and corporations. Mr. Cooper is a noted authority on tax matters, serving now or having served as Chairman of the Tax Committee of the American Institute of Accountants and as Chairman of the Tax Committee of the New York State Society of Certified Public Accountants.

The Board of Directors of the Society announces that the membership of members in the service for the duration will be held open, whether or not they have paid their dues. Members of the Society who are in the armed forces, should notify Lancaster M. Greene, Treasurer, c/o Lancaster & Norvin Greene, Inc., 30 Broad Street, New York City.

Financial Advertisers Elect Advisory Council

Members of the Senior Advisory Council for the coming year have just been elected by the Board of Directors of the Financial Advertisers Association, which, for several weeks past, has been conducting a convention-by-mail. Three members were added to the Senior Advisory Council and 24 were re-elected. Added to the Council for the coming year are Harry E. Gail, Assistant Treasurer of the Toledo Trust Co., Toledo; Robert J. Izant, Vice-President of the Central National Bank, Cleveland, and Harry B. Winsor, Vice-President of the Second Federal Savings & Loan Association of Cleveland.

These members were re-elected to the Senior Advisory Council: O. G. Alexander, Bank of the Manhattan Co., New York City; C. Delano Ames, Maryland Trust Co., Baltimore; E. R. Brown, Huntington National Bank, Columbus; Guy W. Cooke, First National Bank of Chicago; Arthur M. DeBebian, the Chase National Bank, New York; Ralph M. Eastman, State Street Trust Co., Boston; J. M. Easton, the Northern Trust Co., Chicago; Fred W. Ellsworth, Hibernia National Bank, New Orleans; Stephen H. Fifield, Barnett National Bank, Jacksonville, Fla.; Robert L. Flather, American Security & Trust Co., Washington, D. C.; Marvin E. Holderness, First National Bank, St. Louis; Thomas J. Kiphart, Fifth Third Union Trust Co., Cincinnati; Jacob Kushner, United States Trust Co., Paterson, N. J.; J. Blake Lowe, Equitable Trust Co., Baltimore; Alva G. Maxwell, Citizens & Southern National Bank, Atlanta; Gaylord S. Morse, Terminal National Bank, Chicago; William H. Neal, Wachovia Bank & Trust Co., Winston-Salem, N. C.; Robert P. Purse, Jr., The Purse Co., Chattanooga, Tenn.; Robert W. Sparks, Bowery Savings Bank, New York City; I. I. Sperling, Cleveland Trust Co., Cleveland; Fred M. Staker, Commerce Trust Co., Kansas City, Mo.; Eliot H. Thomson, Washington Loan & Trust Co., Washington, D. C.; C. H. Wetterau, American National Bank, Nashville, Tenn.; E. B. Wilson, Edwin Bird Wilson, Inc., New York City.

The FAA "convention-by-mail" was referred to in these columns of Nov. 19, page 1797.

Curb Amendment Brings In More Members

The New York Curb Exchange adopted an amendment last June designed to make the acquisition of a regular membership in the Exchange more attractive. One feature of this amendment is the reduction of the regular initiation fee from $2,500 to $1,000; the other is the elimination of initiation fee for associate members who desire to become regular members if they paid a fee of $1,000 or more originally. In the case of an associate who paid less than $1,000, the difference between what he paid and the present $1,000 fee is required.

This amendment has proved to be a wise move since these advantages seem to be having the desired effect—eleven of the twenty-two seats transferred during the past six months were acquired by associate members exercising the so-called conversion privilege, the Exchange announces, adding that many "trends in Wall Street have moved at such a slow pace as to go almost unnoticed. And while the number of transfers mentioned above might be taken as illustrative of this thought, we are nevertheless inclined to view it as a trend that soon will be more readily apparent."

Twenty-Five Largest Mfg. Corporations Add $2,000,000,000 In Assets, Conference Bd. Says

The 25 largest manufacturing corporations (excluding oil and copper companies) reported assets of $12,700,000,000 in 1941, or about $2,000,000,000 more than in 1937, according to the National Industrial Conference Board. These corporations (except Ford Motor Co., for which figures are not available) earned slightly more than $2,000,000,000 in 1941, of which more than $1,100,000,000, or 56%, was set aside for the Federal income-tax collectors, according to the Board.

The Board's announcement, made available Dec. 5, further said:

"There remained $912,000,000 of net income after all taxes, fully two-thirds of which went to stockholders in the form of dividend payments. They thus had available for internal expansion, and for reserves for future contingencies, about $277,000,000 of the $2,044,000,000 earned in 1941. Income and excess-profits taxes amounted to fully four times the net income retained by the originating corporations, while stockholders received almost two and a half dollars for every dollar kept for addition to surplus.

"Almost a third of the assets of the 25 leading corporations was held by the six iron and steel corporations included in the list, while a similar proportion was jointly reported by motor vehicle and chemical corporations (21% and 12%, respectively). The four largest corporations holding about 46.5% of the combined assets of the group (excluding Ford), paid 52.3% of all federal income and excess-profits taxes reported by the combined group, distributed 53.7% of all dividends, and accounted for 48.6% of the aggregate net income after taxes.

"Payroll disbursements to the 855,000 employees of the four largest manufacturing corporations averaged about $2,000 per employee, while dividend payments to the 807,000 stockholders of record, averaged nearly $425 per stockholder. Taxes paid were equivalent to $693 per employee and $734 per stockholder. Similar comparisons are available for a total of 11 companies with aggregate employment of 1,200,000, and payrolls of about $2,500,000,000. Their average payroll disbursement was $2,075; taxes per employee, $678; taxes per stockholder, $664; and dividends per stockholder, $360."

Usurpation Of Power Through Lend Lease Charged By Sen. Taft

The Administration is using the lend-lease program to establish a socialistic post-war order of economic internationalism, with America as the Santa Claus, Sen. Taft (R.-Ohio) alleged on Dec. 5. Advices to this effect were contained in an account to the New York "Journal-American," from David Camelon, at its Washington Bureau.

As to Sen. Taft's remarks, the account had the following to say:

The Senator declared that the lend-lease agreements now being drawn are the most flagrant examples of administrative grabs of power, far in excess of that granted it by the Congress, "of the extension of powers granted by statute to a use never intended by the statute."

He said:

"The manner in which lend-lease is being used is apparently another attempt by the Administration to dominate the Congress, to tie the hands of the Congress.

"The present lend-lease agreements depart entirely from the original purpose of the lend-lease acts—to help win the war.

"The Administration is attempting to create a post-war system of economic internationalism with as great an appearance of legislative sanction as possible.

"The form of lend-lease agreements seems to indicate a deliberate intention on the part of the Government to commit this country to a world-wide economic policy, intimately affecting our own domestic economic structure, without any action by, or authority from, the Congress.

"This economic structure may be good or may be bad, but it is one which, under our form of government, requires the consent of Congress.

"I deeply regret the apparent attempt to base it on legislation which was not intended to have any relation to it, and does not support it."

The lend-lease act, Senator Taft emphasized, was originally adopted to provide war materials and other assistance to those nations fighting the Axis powers, "and that was its sole purpose; it had no reference to post-war economic relationships."

Sen. Taft said he was ready to recognize that most of the nations assisted could not return the aid after the war. But he said it would be better simply to forgive the debts than to establish a new order of internationalism.

WLB Jurisdiction To Cover Wage Disputes In Non-War Industries

The National War Labor Board on Nov. 17 decided unanimously that its jurisdiction extended to all labor disputes in non-war industries in which wage adjustments are involved. The Board's announcement stated:

"The Board made this decision in connection with a dispute between four New York title and guaranty companies and the United Office and Professional Workers of America, CIO. The companies — Security Title and Guaranty Co., Lawyers Title Corp., Title Guaranty and Trust Co., and Kings County Capital Corp.—had questioned the jurisdiction of the Board over their wage and union security dispute with the union, which involved 1,345 employees of the companies.

"In an opinion on the case William H. Davis, Chairman of the Board, quoted from Title III, Section 1 of the Executive Order of Oct. 3, which extends the functions of the Board 'to cover all industries and all employees.' Mr. Davis' opinion concluded as follows:

"The Board interprets that section to mean, at least in all labor disputes in which wage adjustments (or salary adjustments within the limitation of the Director's Order of Oct. 27, 1942) are involved, that the Board's jurisdiction of such disputes has been extended to cover all industries and all employees. Under that interpretation it is clear that the Board has jurisdiction of these disputes, whatever the relation of the companies' business to the prosecution of the war may be. We are aware that the administrative burden of the Board is increased by its assumption of jurisdiction over such cases as these, but we cannot for that reason avoid the clear mandate of Title III, Section 1. We are also aware that these cases involved white collar workers, but the compensation of that large group of workers is not excluded from the stabilization provisions of the Act of Congress or of Executive Order No. 9250, and the workers in these cases are bound by the obligation to put aside the right to strike for the duration of the war on the condition that all disputes will be finally determined by the procedures of Executive Order No. 9017."

The Board appointed Mr. Max Meyer, a member of the New York State Mediation Board, as its referee on the question of wages. It returned all the other issues to the parties for negotiation. The parties were directed to refer all unsettled issues to the New York State Mediation Board, and, if any issue remains undetermined after mediation, it is to be referred to the War Labor Board for final decision.

Land Taxation Ceiling Needed, Says Manning

"A ceiling on land taxation is important if we are to halt a trend that if uninterrupted would amount to abolition of private ownership of land," H. E. Manning, President of the Ontario (Canada) Property Owners Association, emphasized on Nov. 16 in an address before the annual meeting of the National Council of Real Estate Taxpayers in St. Louis. According to Mr. Manning "existing tax laws put upon the ownership of land a liability so great as seriously to discourage its useful economic development. As to the universality of the problem throughout the United States and Canada," he said "there are many evidences. Sooner or later we shall be driven to one of two things. Either we shall find that by making ownership of land and its sound development under private ownership too precarious we have in effect abolished that kind of use and development; or we shall see that the illusion of punishing profit-making by some fictions about unearned increment is one which we can no longer afford to retain."

Striking at what he called "grudge taxation" which taxes land on its potentialities rather than its actual value, Mr. Manning offered six steps to "clip the wings of those ardent tax gatherers who would like to retain inflated assessment rolls." He would prescribe that:

1. Value means that price at which the property in question can be sold;

2. Undeveloped potentialties shall not be permitted to increase the estimate of that price;

3. No valuation shall be made on the theory that it could be justified by any alternative use of the property;

4. Land upon which buildings or other structures are erected shall not be assessed at less than the price at which it could, at the time of assessment, be sold, if there were no buildings or structures erected upon it;

5. The cost of buildings shall never be permitted to magnify the value of property beyond the capitalized amount of the actual or clearly obtainable net revenue, after proper deductions for operating expenses, taxes and depreciation;

6. Opinion evidence and evidence of the assessment of adjacent properties shall never be permitted to contradict the actual experience of price of the property in question; and opinions shall only be receivable if related to facts of recent occurrence, say not more than five years old.

Mr. Manning is the author of two Canadian law text books: "Canadian Law Fixtures" which came out in 1927, and "Assessment and Rating," 1928, with a supplement in 1941.

The National Council of Real Estate Taxpayers is an alliance of organizations representing real estate ownership, united on a definite program for property tax realjustment. The organizations constituting the Council are: The National Association of Real Estate Boards, the National Association of Building Owners and Managers, the National Apartment Owners Association, the National Grange, and the Mortgage Bankers Association of America.

N. Y. Savs. & Loan Men At State Conference

The New York State League of Savings and Loan Associations will hold its savings and home war conference today and tomorrow (Dec. 10-11) at the Waldorf-Astoria, New York City. It is expected that about 500 delegates from the league's 225 member associations located in all parts of the State will attend. In conformity with the spirit of the times and the necessity for a complete review of wartime problems the usual banquet has been eliminated and the program of the conference will be concentrated in three business sessions, according to Zebulon V. Woodard, Executive Vice-President of the League. The conference will feature the forum type of meeting. Today's sessions include discussions on various subjects in the morning and a panel in the afternoon on wartime legal problems. Tomorrow morning there will be an open forum discussion of wartime management problems.

Clarence J. Roberts, President of the Carthage Savings and Loan Association and of the New York State League, will preside at all sessions, and will give the welcoming address and introduction of speakers at the opening session.

Pres. Urges Support Of Xmas Seal Drive

In indorsing the 36th annual Christmas seal campaign of the National Tuberculosis Association, President Roosevelt on Nov. 24 warned that tuberculosis is increasing alarmingly in warring countries abroad and said the cooperation of all peoples in the fight against the disease is imperative.

The President's message follows:

"The unholy alliance between war and disease is particularly powerful in the case of tuberculosis. Tuberculosis has increased in every past war. The disease is increasing alarmingly in many warring European and Asiatic countries.

"In the United States tuberculosis is now at the lowest rate in our history. But to hold the disease in check during war time will demand the greatest effort possible on the part of the people, the medical profession, the tuberculosis associations and the official health departments. Co-operation of all people in the fight against tuberculosis is imperative.

"The tuberculosis associations are well under way in their intensified and expanded war-time campaign. I have full confidence that the American people will generously add the purchase of Christmas seals, the main support of the National Tuberculosis Association and its 1,700 affiliated associations, to their many wartime activities."

Pay Off FHLB Debentures

Series J debentures of the 12 Federal Home Loan Banks, amounting to $18,000,000 and issued last April 15, were paid off Dec. 1 at maturity. James Twohy, Governor of the Federal Home Loan Bank System, announced that action, taken as a result of their strong cash position, reduces outstanding debentures of the regional home loan banks to $69,500,000. Since the Federal Home Loan Bank System first went into the public money market in 1937, the 12 banks have issued a total of $314,700,000 in 12 series of debentures, all of which were heavily over-subscribed at favorable rates.

"In recent months, large repayments of advances on the part of the member thrift and home-financing institutions of the System have substantially reinforced the cash position of the regional banks," said Mr. Twohy. He added:

"In turn, the 3,800 member institutions — largely savings and loan associations—are receiving a steady flow of savings and investments from the public, while their loan outlets have contracted because of the stoppage of new home building except for housing workers in war industries. Consequently, the banks are able to retire outstanding debentures—always a healthy operation—and bulwark themselves even more firmly for the important post-war service as a credit reserve which lies ahead."

Pay on Porto Alegre 8s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 8% sinking fund gold bonds, external loan of 1921, that funds have been deposited with them, sufficient to make a payment, in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due June 1, 1940, amounting to $5.59 for each $40 coupon and $2.79½ for each $20 coupon. Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Dec. 1, 1931, to Dec. 1, 1933, inclusive, but they should be retained for future adjustment.

HOW DID WE GET THIS WAY?

(Continued from first page)

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

Any equitable trade recognizes the value of scarcity, but not the type of scarcity which our experimenters endeavored to produce a few years ago when they "ploughed under every third pig," excepting those in office. That was a sacrifice to the Gods of Ignorance, of whom we have become the chosen people.

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 inventive genius, their managerial skill and their ability to accumulate capital, have been more valuable to our civilization than the men who turn the screws on the production lines in their plants or the politicians who out-cajole and out-promise each other in competition for their votes. That their rewards should be greater is only elementary justice.

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

Differentials in economic rewards are morally justified and socially necessary. Without their energizing influence the world would be a flacid chain of predetermined events—life in monotones. They are 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 primordial instincts and which take no cognizance of abstractions. Anyone who produces value will exchange it only for value. This is automatic and subconscious. A country in which it is ignored can only produce a sterile civilization, one without the vitality 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 easily indoctrinated.

The essence of progress is competition; its method is evolution—not merely quantitive but qualitive—its enemy is envy, ignorance and political opportunism. The denial of the validity of these laws is the negation of history, of psychology and biology and the apotheosis 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 thes acrifices of those who, out of their great labor, stored a portion of their production while other men consumed all of the fruits of their meager industry.

They came as the result of the profit motive, the most important essential of the logistics of life, the real nature and function of which is continually misrepresented by people who, ignorantly or intentionally, treat its excrescence as its essence. Since the physical and psychic organisms alter slowly, if at all, and since behaviour corresponds to the laws that have regulated it in the past, these are the ways they must come in the future. Any other conclusion is divorced from perception 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 broader sense are tools or implements, just as knowledge is wealth in its broader sense. Most men have ideas, but they, like their possessors, are unequal in value. Good ones do not come haphazard to crowds of men but only to men of ability. 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 underlie all progress, are not common to all men, then it is obvious that men are unequal in value and equal compensation is impossible. Until the quantity and quality of ideas can be equalized—and none of our social theorists, who all seem to lack the quality of abstract thought, has as yet advanced a method whereby this can be done—the rewards for their possession will remain unequal. Otherwise, the superior would be placed in servitude to the inferior in some form of communal slavery, which would destroy individual autonomy and the sovereignity of the personality and result in a debacle — spiritual as well as material. Theory and fact must coalesce. When the first outruns the latter it becomes barren.

Investment Trusts

(Continued from page 2055)

memorandum entitled "Tax Thoughts for Large Investors." Among the thoughts—"Assume that the man's income is $50,000 or better. He pays 72% income taxes in his upper bracket. . . . This 19c (Selected) non-taxable dividend is equal to a 68c taxable dividend."

* * *

The latest issue of "Economic Pre-View," by Ray Vance, trustee of New England Fund and General Investors Trust, analyzes the news of the past month. Significant comment:

"I would not minimize the importance of the 1944 election, but, **if ever there was, or is to come, a time when Americans are justified in the assumption that the best way to avoid the ills or to secure the blessings of the future is to concentrate on the present, that time is now. The next few years will probably be more important in their effect on the long future of this nation than any we have seen since the 1860's, and the next two years will be the most critical of all."**

* * *

The Hamilton Trust Fund reports that between October 5 and November 10, 1942, the value of the fund rose from $3,745,229 to $4,141,425. This is the first time that the fund has exceeded the $4,000,000 mark.

* * *

From Investment Company Reports

Boston Fund, Inc.—During the three months ended October 31, shares outstanding increased from 550,671 as of July 31, to a new high record of 583,235 at the end of the quarter. Net assets of $7,412,037, or $12.71 a share, compared with net assets of $6,420,168, or $11.66 a share, on July 31.

* * *

Dividend Shares, Inc.—Total net assets as of the end of the fiscal year on October 31, 1942, were $35,979,717, of which $33,065,913 represented stocks of 100 corporations.

* * *

Eaton & Howard Balanced Fund—Net asset value was $15.96 per share on December 1, 1942 compared with $15.55 per share on September 30 and $15.57 on December 31, 1941. Diversification as of December 1, 1942, was as follows: Bonds, 32.90%; Preferred Stocks, 30.23%; Common Stocks, 31.90%; Cash, 4.97%.

* * *

First Mutual Trust Fund—Net assets as of October 31, 1942, totalled $2,092,255, equal to $4.91 per share on the 426,417 shares outstanding. Asset value per share as of December 31, 1941 was $4.93.

* * *

Investment Company of America—Total net assets as of September 30, 1942, were $3,026,212, equivalent to $16.48 per share of the 183,625 shares outstanding.

* * *

National Securities Series—Total net assets of the six Series as of October 31, 1942, were $3,669,463 compared with $2,599,555 as of April 30, 1942.

* * *

Keystone Custodian Funds, Inc., Series "B2"—Total net assets on October 31, 1942, were $6,996,189, equivalent to $22.52 per share on the 310,720 outstanding shares, compared with $5,816,848 on April 30, 1942, equal to $21.45 per share on the 271,187 shares then outstanding. Total assets of the ten Keystone Funds are now approximately $41,000,000, which compares with $28,379,000 at the close of 1941.

* * *

Republic Investors Fund, Inc.—Net assets applicable to the common stock as of September 30, 1942, were $793,898, or $2.66 per share of the 298,204 shares outstanding. (Republic is a "leverage" fund, with bonds and preferred stock outstanding.)

Sovereign Investors, Inc.—As of September 30, 1942, net assets amounted to $462,159, or $6.06 per share of the 76,333 common shares outstanding.

* * *

DIVIDENDS

	Stock Of Record	Date Payable	Amount
Eaton & Howard Balanced Fund	12-15	12-24	*$0.25
George Putnam Fund	12-15	12-21	0.20
Massachusetts Investors 2nd	12-10	12-23	0.11
Union Trusteed Funds—			
UBA	†	12-21	0.53
UBB	†	12-21	0.55
UBC	†	12-21	0.20
UPS	†	12-21	0.35
UCSA	†	12-21	0.25
UCSB	†	12-21	0.18

*20 cents regular and 5 cents extra. †Not reported.

Correction

Recently this column referred to Investment Company Distributors, Inc., as the sponsor of Investment Company of America. We regret that, strictly speaking, the reference was incorrect, inasmuch as the distributing organization is an independent corporation whose association with the investment company is solely on the basis of its distribution contract.

Our Reporter's Report

(Continued from first page)

year 3½s proved fully as successful as had been anticipated.

Members of the sponsoring syndicate are reported completely sold out, and, judging by the behavior of the bonds, dealers still holding nominal amounts were not pressing them, nor should the occasion arise for them to do so when the investment status of the bonds is considered.

With that issue out of the way the corporate slate is clean of immediate prospects, but with the Victory Loan Drive scoring splendid progress, it is possible that things may pick up, once the turn of the year is passed.

A Buying Opportunity

It's an ill-wind that blows no good, or so the saying goes. And in the case of railroad bonds, it held plenty of water early this week.

Railway bonds had a few shaky moments in the wake of the request made by the Office of Price Administration to the Interstate Commerce Commission for cancellation of all carrier rate increases granted last Spring.

But the reaction was short-lived for two good reasons. First it was recalled that the increases were granted to help the railroads defray, in part, the cost of wage increases, agreed upon at the time.

And second, and equally as important from a market point of view, the railroads, relieved of tax liability on debt retirements under the new Revenue Act, were quick to accept the opportunity to pick up bonds as they were offered.

A Good Omen

General MacArthur vowed when leaving Bataan that he would return and drive the invaders out. That investors are disposed to anticipate such action ultimately, is apparent from the behavior of Philippine Government bonds.

Notwithstanding that the Japs have been in possession of the Islands for some months now, these bonds are among the strongest in the government grouping.

Earlier this year, when the invaders were driving their way in the islands, the bonds slipped down to a discount of seven points from par. But today they are ruling at, or near, the best levels ever attained at a premium of some 14 points on the bid side.

Philippine funds here are sufficient to take care of all the bonds outstanding, and, in addition, it is considered certain that the United States would recognize its moral responsibility in the case, should such action be considered necessary.

Bank Of Montreal Resources At New High

The Bank of Montreal reports total resources of $1,175,319,231, the highest in the 125 years of the bank's operation, in its statement of Oct. 31, 1942, the end of the bank's fiscal year. This figure compares with $1,046,551,479 a year ago, an increase of $128,767,752. According to the statement, made public Nov. 27, deposits of the bank on Oct. 31 exceeded, for the first time, the billion dollar mark, totaling $1,064,645,439, an increase over last year of $136,257,551. Of this amount $930,996,417 were in Canada and $133,649,022 elsewhere. The co-operation of the bank in financing the Canadian Government's war effort is reflected in increase in government and other bonds and debentures to $683,835,390, compared with $498,740,536 a year ago. There was some falling off in commercial loans, these amounting at the end of the fiscal year to $221,354,236, compared with $275,698,972 in 1941, the decrease being attributed partly to the further restrictions placed on non-war production. Of these commercial loans $205,232,367 were in Canada and $16,121,869 elsewhere. Quickly available assets of the bank totaled $896,935,228, an increase of $191,273,218 over last year, and representing 81.65% of all liabilities to the public. Cash in the bank's vaults and money on deposit with the Bank of Canada totaled $112,710,000, compared with $92,755,000 in 1941. Profits of the bank showed some reduction compared with those of a year ago, owing to an increase in Dominion Government taxes, which this year amounted to $2,539,874, compared with $2,242,905 a year ago. The profit, after payment of taxes, amounted to $3,283,018, compared with $3,437,026 in 1941.

Outsize Realty Taxes Confiscate Investment

"Taxes upon industry must be so imposed that it will not only be able to survive these uncertain days but to expand in the critical days which lie ahead," declared L. A. Rossman, publisher of the Grand Rapids (Minn.) "Herald-Review," speaking before the annual meeting of the National Council of Real Estate Taxpayers at St. Louis on Nov. 16. "There must be confidence," he continued, "to invent, to invest, to create new prdoucts, to build new plants, to employ more people and to spread the wages and earnings of industry so broadly throughout the land that the solvency of the Government will be assured by the solvency of its citizens."

Speaking on the subject, "Real Estate Taxes, Today and Tomorrow," Mr. Rossman gave a brief history of the property tax, pointing out that property cannot pay more to the support of the Government and that to exact more will be but to confiscate more.

"The task today and tomorrow," he said, "is to keep the governmental impositions on property within the realm of taxation. Taxes that are too large confiscate investment. When taxes proceed beyond certain limits, they are no longer taxes in a fair meaning of the word, but a seizure of capital investment. When taxation depresses value and discourages ownership, when taxation not only burdens and distresses but confiscates, then America is on its way to circumstances where economic opportunity is gone and government itself is in jeopardy."

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.

MONDAY, DEC. 14

TRIUMPH EXPLOSIVES, INC.

Triumph Explosives, Inc., has filed a registration statement with the SEC for voting trust certificates for 499,722 shares of common stock, par value $2 per share

Address—Fourth Avenue at Wood Street, Pittsburgh, Pa. Plant located at Elkton, Maryland

Business—Manufacturer of fireworks, flares, etc.

Underwriting—No underwriters.

Offering—Date of proposed offering or delivery of voting trust certificates Dec. 18, 1942. Peoples-Pittsburgh Trust Co., Pittsburgh, trustee. The voting trust is for the duration of the war, but not exceeding ten years from Oct. 1, 1942, the date of the voting trust agreement. The agreement may be terminated earlier by the voting trustees with the written consent of the holders of v.t.c. representing a majority in par value amount of the stock deposited thereunder

Registration Statement No. 2-5063. Form F-1 (11-25-42)

THURSDAY, DEC. 17

870 SEVENTH AVENUE CORPORATION

870 Seventh Avenue Corp. has filed a registration statement with the SEC for $4,055,200 4½% general mortgage (income) bonds.

Address—870 Seventh Avenue, New York, N. Y.

Business—Owns and operates a hotel at 870 Seventh Avenue, New York, known as the Park Central Hotel.

Offering—It is proposed by agreement to modify the terms of the registrant's 4½% general mortgage (income) bonds as follows: The holders of such bonds became entitled to fixed interest thereon at the rate of 4½% per annum on Jan. 1, 1940, and interest at that rate has duly been paid on the bonds for the years 1940 and 1941. It is proposed in lieu of fixed interest that commencing with the calendar year 1942 cumulative income interest at the rate of 4½% per annum shall be paid on assented bonds. The plan is a voluntary one and does not extend to or affect the rights of holders who do not accept the plan in the manner specified. Statement says that under the plan of modification mentioned the holders of $2,422,200 principal amount of these bonds had consented to the modification of the terms thereof as in said plan provided at the close of business on Nov. 24, 1942.

Underwriting—No underwriter.

Registration Statement No. 2-5065. Form E-1. (11-28-42)

SATURDAY, DEC. 19

PHILLIPS PETROLEUM CO.

Phillips Petroleum Co. has filed a registration statement with the SEC for 43,928 shares of common stock, without par value.

Address—80 Broadway, New York

Business—The company and its subsidiaries compromise an integrated unit in the petroleum industry, owning reserves of crude production in a number of fields in the Mid-Continent and Gulf Coast areas, natural gasoline plants and crude oil refineries, oil pipe lines, gasoline pipe lines and marketing outlets throughout Central United States and extending into adjacent areas

Underwriting—There are no underwriters in connection with this issue

Offering—Executive committee on Nov. 24, 1942, approved an issue of 43,928 shares of its common capital stock, without par value, for issuance if the company exercises an option received under date of Nov. 12, 1942, to acquire capital stock of Alma Oil Co. The latter, a Delaware corporation, has issued and outstanding 25,000 shares of common stock, par $100 per share. In consideration of $1,000 cash, the owners of 21,500 shares of stock granted to Phillips and Sunray Oil Co., an Oklahoma corporation (in the proportion of 79% to Phillips and 21% to Sunray), the option to purchase the 21,500 shares and such additional shares of the remaining 3,500 shares as said stockholders shall be able to deliver. In the event that Phillips and Sunray shall exercise such option, the consideration to be paid will be 43,928 shares of Phillips common stock, and the sum of $615,024, provided, that if the said stockholders shall be unable to deliver all of the shares of said common stock of Alma, the cash payment shall be reduced $98.40 for each share not so delivered. Stating the basis of exchange in terms of the consideration to be paid only by Phillips, the company will receive in exchange for the 43,928 shares of its common stock 18,749 and a fraction of common stock of Alma, which will be recorded on the company's books at $1,844,976

Proceeds—For exchange of stock

Registration Statement No. 2-5064. Form A-2 (11-30-42)

SUNDAY, DEC. 20

POTASH CO. OF AMERICA

Potash Co. of America has filed a registration statement with the SEC for 65,000 shares of capital stock, par value $5 per share. The shares are already issued and outstanding

Address—First National Bank Building, Denver

Business—It is engaged, and intends to continue to engage, in the business of prospecting for, mining, refining and distributing potassium salts, known as sylvite or manure salts, and potassium chloride, known as muriate

Offering—The 65,000 shares will be offered to the public at a price to be filed by amendment

Underwriting — Maximum number of shares to be purchased by the underwriters are 42,064 of the 73,360 shares now owned by Lehman Corp., and 22,936 of the 40,000 shares owned by General American Investors Co., Inc. The underwriters are Boettcher & Co., Denver, which will purchase 21,032 shares from Lehman and 11,468 shares from General American Investors, and Laurence M. Marks & Co., New York, 21,032 shares from Lehman, and 11,468 shares from General American Investors

Proceeds—Proceeds will be received by the selling stockholders

Registration Statement No. 2-5066. Form A-2 (12-1-42)

TUESDAY, DEC. 22

NATIONAL RESERVE ASSOCIATION, INC.

National Reserve Association, Inc., has filed a registration statement with SEC for 350,000 shares of common stock, par value $1 per share.

Address — Michigan Trust Building, Grand Rapids, Mich.

Business—New investment company, incorporated Nov. 11, 1942.

Offering—Sold prior to registration to officers 1,000 shares at $1 per share. To be publicly offered at $1 per share 349,000 shares.

Underwriting—No underwriter named.

Proceeds — To provide capital requirements of face amount certificate of company and for working capital.

Registration Statement No. 2-5067. Form A-1. (12-3-42)

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.

AMPAL-AMERICAN PALESTINE TRADING CORP.

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

Address—1440 Broadway, New York City

Business—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

Underwriting—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

Offering—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

Proceeds—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

Registration Statement No. 2-5061. Form A-1. (11-19-42)

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)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Nov. 30, 1942, to defer effective date

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)

Hearing on suspension of registration set for Dec. 9, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

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 44,584 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 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)

Registration statement effective 4:30 p.m. (EWT) on Dec. 1, 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. 28, 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

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 position 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

LOCKHEED AIRCRAFT CORP.

Lockheed Aircraft Corp. has filed a registration statement with the SEC covering participations in employees' retirement income plan. Statement says number of certificates for which registration statement is filed is uncertain. All participations during the first year after effective date of the plan. Aggregate offering price is given as $174,000, being estimated amount of employee contributions during first year of plan

Address—1705 Victory Place, Burbank, California

Business—Participations in the retirement income plan of Lockheed Aircraft Corp. and subsidiaries

Underwriting—No underwriters

Offering—The effective date of the plan will be Dec. 31, 1942. The plan is to be administered by a retirement plan committee, to be appointed by the boards of directors of the company and its subsidiaries. It is expected that this committee will be initially composed of five individuals, of whom a majority will be employees of the corporations. Participation in the plan is optional with each eligible employee. It is estimated that approximately 2,250 employees of the company and its subsidiaries, including 12 officers and 10 directors, will be eligible as of Dec. 31, 1942, to join the plan.

Proceeds—Indenture provides that funds received by the trustees may be applied toward the purchase of or payment of premiums upon annuity contracts, etc. Pending such application, funds may be held in cash or invested in securities of the United States Government, in other securities, but not securities issued by Lockheed or any of its subsidiaries

Registration Statement No 2-5062. Form C1. (11-20-42)

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

NU-ENAMEL CORPORATION

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

Address—8 South Michigan Ave., Chicago

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

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

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

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

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

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

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

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

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

Amendment filed Nov. 2, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Dec. 2, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

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

Acquires Curb Membership

The Board of Governors of the New York Curb Exchange approved a transfer of regular membership from Frederick W. Ludwig to Chester G. Breining, of Breining & Co., 17 Battery Place, New York City. Mr. Breining had been an associate member of the Exchange since 1921.

The Business Man's Bookshelf

Decentralization of Securities Exchanges, The—By Jacob O. Kamm—The Meador Publishing Company, Boston, Mass.—$2.00.

Peace Plans and American Choices—The Pros and Cons of World Order—By Arthur C. Millspaugh—The Brookings Institution, Washington, D. C.—$1.00.

Way from Today to Tomorrow, The—An Investment Analysis—By Ernest Oberhumer—Winslow, Douglas & McEvoy, 120 Broadway, New York City.—$2.00.

Inflation And The Investor—Axe-Houghton Economic Studies, Series C, No. 4—Tarrytown Press, P. O. Box 147, Tarrytown, N. Y.—50¢; free to public libraries and non-profit institutions.

Wages As Cost And As Market (Chapter IX of the forthcoming book "Price-Making in a Democracy")—by Edwin G. Nourse—The Brookings Institution, Washington, D. C.—25¢.

War Without Inflation — The Psychological Approach to Problems of War Economy—by George Katona — Columbia University Press—$2.50.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Dec. 7 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills, to be dated Dec. 9 and to mature on March 10, 1943, which were offered on Dec. 4, were opened at the Federal Reserve Banks on Dec. 7.

The details of this issue are as follows:

Total applied for $1,222,832,000.
Total accepted, $504,821,000.
Range of accepted bids:
High, 99.925; equivalent rate of discount approximately 0.297% per annum.
Low, 99.907; equivalent rate of discount approximately 0.368% per annum.
Average price, 99.907 plus; equivalent rate of discount approximately 0.367% per annum.
(80% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 9 in amount of $350,874,000.

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 the campaign is going. . . . But from what we have at hand, it is obvious that the sale is proceeding magnificently. . . . The response by buyers, 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, that was possible and hoped for. . . . Now it seems assured—although all this still belongs in the guessing category, of course. . . .

Latest reports are that close to $6,500,000,000 of securities of all types have been sold to date. . . . More than $5,586,000,000 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 books are closed on the entire deal. . . . Non-bank buyers of the "on sale" 2½s came in on a much larger scale than had been expected. . . . In short, the sale is going well, the Treasury is going 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 sidelights 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 2½s of 1968/63. . . . Report is two large insurance companies in the New York district were fairly heavy sellers of tax-exempts last week. . . . It's rumored that the savings banks also have been liquidating the high-coupon, high-premium tax-exempts in order to place themselves in position to buy the new bonds. . . .

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

The logic behind it? Simple. . . . Insurance companies and savings banks don't need the partial tax-exemption afforded by these bonds and can afford to sell them in order to buy new taxables. . . .

The immediate impulse? Also simple. . . . The rate set on long-term Governments is 2½%. . . . There's no reason why a tax-protected institution should hold bonds yielding less than 2½%. . . . Particularly high-premium Governments or municipals. . . .

The result? The banks and insurance companies involved are able to make a good showing on subscriptions to the new 2½s and other available issues. . . . Are able to realign their portfolios in a more profitable fashion. . . . Are able to show their patriotism to visiting salesmen and Treasury experts at the "proper moment." . . .

And there's one angle that has its significant side. . . . Incidentally, the bonds being sold are being absorbed both by the regular market and by the Federal Reserve Banks. . . . Market is under perfect control. . . . And municipal market withstood pressure of sales from insurance companies well too. . . .

NO PUBLICITY

Now here's another point—this one not so significant and not so complimentary to the Treasury. . . . And that is the disturbing 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 or the Victory Fund Committee (this is New York). . . . The salesmen had no more idea of the results of their efforts than independent observers and traders in the market. . . .

That's not good. . . . It's not good merchandising and it's not good psychology for salesmen or buyers. . . . Explanation of Treasury was that figures weren't complete and story on the inside was that authorities feared to publicize results because they were so good and might cause let-down in effort. . . . Neither story has much to it or merit. . . . Canada's sales of victory bonds have been aided all along by day-to-day publicity and spirit of competition was kept alive in that country by letting each district know how the other was doing. . . . As for fearing a let-down in efforts just because the first results were 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 the authorities to remember at all times the rule of radio speakers, "never underestimate the intelligence of the American people and never overestimate the education." . . . Intelligent people can take good as well as bad news in stride. . . .

So this is another angle—slightly on the "carping" side but justified. . . . It is to be hoped that the Treasury will amend its course on this account and start publicizing the results either daily or every other day. . . .

TAX-EXEMPTS

Weakness in tax-exempt list has been dominant in regular market during past few days—another sidelight. . . . Cause explained above has been selling by tax-protected institutions. . . . Additional angle, though, is that buyers haven't been too plentiful and considering the awareness among investors of the tax outlook, this is an intriguing point. . . .

Possible explanation is that many institutions and individuals fear tax-exemption feature of these outstanding Governments isn't too safe or sound. . . . So much has been said and written about tax exemption and its end—near-term or eventual—that few investors still have faith in the indefinite continuation of the privilege. . . . Right or wrong, that's a psychology apparent among informed sources. . . . And it explains the comparative dogginess of the tax-exempts at a time when the natural inclination of most investors would be to put as much money as they could into this class of obligations. . . .

INSIDE THE MARKET

Repeated awards of weekly discount bills at the ⅜ of 1% rate confirm indications that market today is under excellent control. . . . Rate for 90-day stuff is definitely set for an indefinite period at ⅜%. . . . Similarly, rate for one-year stuff seems to be definitely set for indefinite period at ⅞%. . . . Most that could be expected on long-term stuff is 2.9% rate, available on the Series E bonds, 2½% rate available on the "taps." . . .

One dealer says he can't see any more than 1% for one-year stuff for a long time. . . . So present ⅞% rate on c.is seems attractive. . . .

If you're buying Governments with cash on hand, you can afford to spread out and buy 2½s. . . . If you're borrowing to buy Governments—as many institutions and individuals are—the wiser course is to confine your purchases to the short-term bonds or the ⅞% c.is, according to experts. . . .

Don't extend yourself too far, if you're on margin in the Government market, in other words. . . . No matter how strong the control appears today. . . . Some day matters may change and that's when the over-extended investor will get caught short. . . .

Public debt has crossed the $100,000,000,000 mark—and no one seems to notice it. . . . Another lifting of the maximum on debt allowable will be coming this spring. . . .

New York district has bought $3,000,000,000 of the "December basket" to date. . . .

Fact that war bond sales didn't reach quota in November is shocking and indicative of the wasteful methods followed so far in selling the Series E bonds—so far the most attractive Governments available (if you are eligible to buy them). . . . Sales totaled $734,500,000, against a quota of $800,000,000. . . . Quota for December must be reached and quotas must be expanded if these bonds are to reach the people who are getting the biggest salary increases now. . . .

Fred Reichard Joins E. H. Rollins Dept.

E. H. Rollins & Sons, Incorporated, 44 Wall Street, New York City, announce that Fred W. Reichard has become associated with their Municipal Department. Mr. Reichard formerly conducted his own securities business in New York City, and, in the past, was a principal of Sherwood & Reichard and was in charge of the municipal department for Dick & Merle-Smith.