DEC 29 1942

Final Edition

THURSDAY

In 2 Sections — Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 156 Number 4136 | New York, N. Y., Thursday, December 24, 1942 | Price 60 Cents a Copy

OUR REPORTER'S REPORT

Because of the fact that the bulk of its efforts, during the period of hostilities, must be directed toward assisting the Government in financing the war, the Investment Bankers Association, some time ago, decided to discontinue, for the duration, its public information program.

This venture was launched in 1940 and was financed by contributions, or perhaps better said, assessments on the membership of the organization. It accomplished considerable in the way of educating the public to the aims and purposes of investment banking as an industry.

But since the bulk of public funds available for investment is more or less earmarked for war loans issued by the Government, the Association evidently sees little further need for attempting to carry on its educational activities until conditions change.

Accordingly the Association, following out the action of the Board of Directors some weeks ago, has decided to return to the membership 23½% of the second instalment of $116,190 which they paid in to support the program, or approximately $27,300.

That the membership of the Association took seriously the intent and purpose of the educational program appears amply supported by their willingness to help finance the undertaking.

It develops now that from the inception of the plan in the spring of 1940, to the date of the last instalment paid, the Association had collected something like $631,000 to be applied to carrying through on the campaign.

(Continued on page 2244)

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 seventh, 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 VII

The immorality of robbing a man of the benefits of his accumulated labor—and artificially low interest rates are a form of robbery—usury in reverse—is equal to the immorality of robbing him of the rewards of his current labor or of his life. The degree of the immorality is not lessened by the difference in the methods employed. There is no boundary line in honesty. The robbery of a merchant by a burglar, of an investor by a stock-jobber, of a capitalist by a collectivist, of a nation by tax-eaters, of an employer by a loafing employee, are all fractions of the same unit.

Fraud, violence or cunningly devised laws by which one man, or class of men, obtain the benefit of the work of another, are equally instruments of extortion. The legal method, however, of which inflation and confiscatory taxes are examples, is generally approved because the social body has not as yet developed a conscience upon which the more delicate nuances of thievery can register nor an understanding of the processes by which it lives. Slow as intellectual progress is, moral progress is even slower even if it is not stationary as Buckle contended.

The institution of government, the source of protection, is not a direct producer but it is indispensable to production. Social cohesion is impossible without some degree of coercion. Its cost is a direct burden upon the standard of living, which itself is a result and not an instrumentality.

(Continued on page 2244)

This Broker Business

By John B. Alcorn

In the article given below, which appeared in the August edition of the "Commercial Telegraphers' Journal," official publication of the Commercial Telegraphers' Union (A. F. of L.), Mr. Alcorn deplores the over-regulation of the securities business, but expresses the conviction that if negative salesmanship and defeatism are banished the volume of business being done could be materially increased despite the way the industry is shackled. Mr. Alcorn is a member of the International Executive Board of the Commercial Telegraphers' Union, and is associated with the Detroit office of Goodbody & Co.

"We, the survivors in the securities and commodities business, have had 12 long years in which to ponder our predicament. To my knowledge, although much has been said, and some effort has been made to improve it, the general attitude remains pretty much that of Mark Twain's toward the weather. The predicament is still here—and we are still in it.

"Why we are in the shape we are in, and why we elect to continue that way, has many answers, but those answers are a dime a dozen unless we can utilize them to evolve a constructive approach to our dismal situation.

"As long as we have the capitalistic system—and we are being daily assured that there is no desire to eliminate it—no well-advised person is advocating the death sentence for the broker business. On the contrary, most economists, and even a majority of the politicos, admit that our system of free securities and commodities markets is absolutely essential to our economic structure.

"The past 12 years may well be divided into phases. The first began when our beautiful bubble went the way of all bubbles. At about that time the nation's honeymoon with "back to normalcy" ended in a soup line down the street—and a most elusive "prosperity just around the corner." The only thing we can brag about during those trying days is our stoicism. We tenaciously held to an abiding faith in a prompt return of good times. Even during the darkest hours we solemnly proclaimed that "Big Steel" would never break 100. Sweetly we dreamed on.

"Then came the rude awakening. We entered the second phase. It was being charged now that somewhere in the past some of the financial gentry were suspected of dealing from the bottom of the deck. New ground rules had to be imposed. We practically had to learn the game all over again. A scapegoat had to be produced for all the ills that had beset the country.

Regulation Imposed

"We resented the newly imposed stringent regulations. We were particularly resentful of the implication that ours was a shady business. And rightfully so. We took some legal steps, but to no avail. When regulation hit us it inflicted a pronounced mixed reaction. A great number of partners of brokerage concerns took the "It can't happen here" attitude; many sulked—and are still sulking—in their tents; others relied on the conviction that no one could whip Wall Street. Some hied themselves to their estates to live on their incomes; a few took the philosophical attitude and some died with their boots on.

"As time went on the "new guard" in Wall Street concluded

(Continued on page 2241)

INDEX

Laidlaw Co. Observes 100th Anniversary

Completion of 100 years of continuous operation is being observed by the private banking firm of Laidlaw & Co., one of the oldest organizations of its kind in the country. In keeping with present wartime restrictions the occasion is being marked with brief ceremony, the principal features being the distribution of an historical brochure and the holding of an anniversary and Christmas party at the firm's main office at 26 Broadway. At the latter event Mr. Edward Roesler, the senior partner, presided, and a toast was drunk to the many members of the organization who are serving in the military forces and another to the personnel at the branch offices who, because of wartime conditions, could not be present.

Members of the Laidlaw family have been continuously identified with the firm since 1854 when Henry Bell Laidlaw joined the organization, to be followed two years later by Charles E. Laidlaw, a brother. Originally known as Heran & Lees and changed in 1849 to Lees & Waller, the firm adopted its present name in 1873.

First office of the firm was at 51 Broad Street. Since 1910 they have occupied their present quarters at 26 Broadway. Branch offices are maintained at Washington, D. C., Boston, Mass., Oil City, Pa., and Bloomfield, N. J.

On July 1 of this year the New York Stock Exchange firm of Mackay & Co., sharing the heritage and ideals of the Laidlaw organization through an origin which traces back to 1830, consolidated with and became a part of Laidlaw & Co.

Present partners of Laidlaw & Co. are: Edward Roesler, Gilbert U. Burdett, Elliot C. R. Laidlaw, Louis Wilmer Noel, Edward Roesler, Jr., Lorraine F. Pitman, Daniel E. MacLean, William F. Van Deventer, Henry McSweeney, Mrs. Isabella Wood Laidlaw and Malcolm S. Mackay.

Seligsberg to Merge With Hirsch, Lilienthal

On Jan. 1, the investment business of Seligsberg & Co., members of the New York Stock Exchange, will be merged with that of Hirsch, Lilienthal & Co., 25 Broad Street, New York City, also Exchange members.

Seligsberg & Co. was established in 1886. That of Hirsch, Lilienthal & Co., in 1911.

Westmoreland Coal Company

The tremendous increase in the production of coal has centered a great deal of attention upon securities representing coal producing companies.

One coal stock regarded with considerable favor by many dealers is that of the Westmoreland Coal Company and to a somewhat smaller degree the Westmoreland, Inc. Common.

The Westmoreland Coal Company operates coal producing properties in Western Pennsylvania, its production going mostly to steel and other heavy industries, railroads and public utilities centered in and around the Pittsburgh area. Quite naturally since this area is showing such a tremendous rate of production and operations under War conditions, the coal mined and revenues reported by Westmoreland Coal Company have reached unprecedented levels.

The history of Westmoreland Coal goes back to 1854 when the original company was incorporated. Following certain consolidations the present company was incorporated in Pennsylvania in 1917 and in 1929 it conveyed its coal properties to Westmoreland, Inc. and at the same time leased the Pennsylvania properties from Westmoreland, Inc. and now operates them under that lease.

While actual figures for 1942 have not been released by the company, both tonnage and revenues should very substantially exceed 1941 when the company produced 2,346,719 tons and showed sales of $5,010,507.

The Westmoreland Coal Company Common in 1942 has paid total dividends of $6 per share of which it is reported $4 was paid out of ordinary net income from operations and $2 distributed from the sale of coal cars. During 1941 the stock paid $3.75 per share on earnings of $4.04 per share.

Reflecting the current operations and dividend payments and the outlook for the maintenance of substantial earnings and dividends, the Westmoreland Coal Co. stock, listed on the Philadelphia Stock Exchange and traded on the New York Curb, has sold as high as 24⅜ this year and is currently available at around 20.

The strong financial position of the Westmoreland Coal Co. and the asset protection for its Common stock is reflected in the December 31, 1941, balance sheet when cash alone equalled $10.03 per Common share while cash and marketable securities at market value together equalled $18.76 per share.

Total current assets including moderate inventory and receivable items equalled $24.64 per share. The current liabilities totaled only $3.99, so the company's net working capital equalled $20.65 per share and the total book value amounted to $33.48 per share.

It is reported that as of September 30, 1942, the net working capital per share has improved to approximately $22, while the book value as of September 30, 1942, is reported to approximate $33.40 per share.

Westmoreland Inc., which leases the Pennsylvania coal properties to the Westmoreland Coal Co. receives rental and royalty payments from the coal company at a minimum of $189,600 per annum. Other sources of revenue consist of dividends and interest on in-

(Continued on page 2248)

Lehman Bros. Will Admit F. L. Schuster

Lehman Brothers, 1 William Street, New York City, member of the New York Stock Exchange, announce that Frederick L. Schuster will be admitted to partner-

Frederick L. Schuster

ship in their firm on Jan. 1, 1943. Final arrangements are subject to formal approval of the New York Stock Exchange.

Mr. Schuster has been associated with the firm of Lehman Brothers for the past five years as director of economic research. He is also a Vice-President and Director of The Lehman Corporation.

Kalb & Voorhis To Be A. Lewisohn Partners

John Kalb and Peter A. H. Voorhis will be admitted to partnership in Adolph Lewisohn & Sons, 61 Broadway, New York City, members of the New York Stock Exchange. Mr. Kalb has been associated with the firm for some time as manager of the investment research department, with which Mr. Voorhis was also connected. Prior thereto they were with D. M. Minton & Co., of which Mr. Kalb was a partner.

To Form McLaughlin, Baird & Reuss in NY

McLaughlin, Baird & Reuss, a New York Stock Exchange firm, will be formed as of Jan. 2, 1943, to engage in a securities business from offices at 1 Wall Street, New York City. Partners of the new firm will be John F. McLaughlin Harold S. Baird, the firm's Exchange member; Gordon H. Ullrich, W. Wendell Reuss, Frank J. Brady and Alvin J. Delaire.

Mr. Baird was formerly a partner in Townsend, Graff & Co. Mr. Delaire was a partner in W. S. Sagar & Co.

Reynolds To Admit Brewer

Hugh C. Brewer will become a partner in Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Mr. Brewer was formerly associated with Shields & Co.

Smallwood & Co. Is Formed In Ft. Worth

FORT WORTH, Tex.—The formation of Smallwood and Company to succeed to the business in Government, Municipal and Government securities conducted since Sept., 1930, by The State Investment Company has been announced by Wm. P. Smallwood, investment dealer, with offices in the First National Bank Building. Mr. Smallwood, who will head the new firm which bears his name, is a member of the Victory Fund Committee, Eleventh Federal Reserve District and co-chairman of the Victory Fund Committee for the Fort Worth region. Since 1939 he has been active in the work of the National Association of Securities Dealers, Inc., having been vice-chairman for the 1939-1940 term, and being the present Chairman of District Number 6 (Texas) for the 1941-1943 term. He has just been elected a member of the National Board of Governors of the Association for the term to expire in Jan., 1946. He has just retired as a member of the Board of Governors of the Texas Group, Investment Bankers Association of America.

The new firm will continue to operate in suite 716-17, First National Bank Building, Fort Worth, Texas.

A. V. McCall Resigns NY Securities Post

Assistant Attorney General Ambrose V. McCall has announced his resignation preparatory to resuming his law practice with his former firm, Hannon & Evans, 20 Exchange Place, New York City. Mr. McCall has served with the New York State Department of Law as chief of the State Bureau of Securities for the past 12 years, during which time he became known for his investigation and prosecution of hundreds of fraud cases and brought about the recovery of hundreds of thousands of dollars for victims of stock swindlers.

Arthur Lamborn To Be DeCoppet Partner

Arthur H. Lamborn, member of the New York Stock Exchange, will be admitted to partnership in DeCoppet & Doremus, Exchange firm, 52 Broadway, New York City. Mr. Lamborn was formerly a partner in Lamborn, Troup & Co.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, December 24, 1942
Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]
Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.
Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Purcell, Heller to Join Nugent & Igoe

James G. Purcell, member of the New York Stock Exchange, and Gustav P. Heller will be admitted to partnership in Nugent & Igoe, New York Exchange firm, 19 North Harrison Street, East Orange, N. J. Mr. Purcell has recently been active as an individual floor broker, and, prior thereto for many years, was a partner in Babcock, Rushton & Co.

Scheer & Eis, NYSE Firm, To Open In NY

Herman N. Scheer, member of the New York Stock Exchange, and Leon L. Eis will form Scheer & Eis, Exchange firm, with offices at 120 Broadway, New York City, as of Jan. 1, 1943. Mr. Scheer was formerly a partner in Richard K. Kaufmann, Alsberg & Co.

Name Gross, Van Court Co.

LOS ANGELES, CALIF. — The firm name of Gross, Martin & Co., 639 South Spring Street, members of the Los Angeles Stock Exchange, has been changed to Gross, Van Court & Co. Albert E. Van Court, who recently became associated with the firm, is the new vice-president.

DEALER BRIEFS

Cincinnati, O.

Although the $9,000,000,000 Government bond drive naturally absorbs vast sums of investment funds, municipalities are still getting peak prices. We wonder what difficulties municipalities would be meeting with had new issues been made taxable—especially in the case of limited tax issues.—*John E. Roth, Weil, Roth & Irving Company.*

Bank deposits will continue to rise materially for the duration of the war, and funds for investment should be plentiful with most institutions. Of course, most of these funds will go into governments, but some institutions will need municipals. As has been demonstrated amply in the past two months, some institutions do not need municipals. There will be business in putting municipals where they fit best.—*J. Austin White, J. A. White and Company.*

Dallas, Texas

There is an excellent demand for local stocks, both preferred and common. Bank stocks have advanced in price and there seems to be excellent buying interest.—*W. O. Skillman, First National Bank in Dallas.*

St. Louis, Mo.

We feel that present unsettled economic conditions present an investment opportunity. No one knows how long the war will last but it will end some day.

All wars are essentially destructive and inflationary and provide the seeds for at least temporary business recovery, and we think the present war will prove no exception. Large deferred demands are being built up and large bank balances in the hands of consumers able to make purchases when the war is over to satisfy deferred demands.

We find that our clients are interested in securities of companies today doing war work which are selling on a fair income and dividend basis—if the problem of reconversion to peace activities is relatively simple—and we believe there is little risk to the investor in purchasing securities of this type.—*Paul E. Peltason, Peltason, Tenenbaum, Inc.*

Mo.-Pacific Interesting

Recent developments affecting the First and Refunding Mortgage 5% Bonds 1965/81 of the Missouri Pacific Railroad Company are discussed in a bulletin issued by E. W. Clucas & Co., 70 Pine Street, New York City. Copies of the interesting bulletin, containing a summary of the reorganization plan, may be had from E. W. Clucas & Co. upon request.

Trend Towards Humanizing Taxation Favors Insurance Companies

The long-awaited and much-debated Revenue Act of 1942, in the form in which finally enacted, is generally regarded as a very workable and workmanlike piece of legislation. In fact, despite the unprecedented tax burden which it imposes upon the American pepole, this bill has actually been the recipient of quite a few expressions of approbation. Technically, at least, it constituted a long step forward in simplifying and clarifying many provisions of the Revenue Code. Furthermore, an apparently sincere effort was made to incorporate a greater measure of continuity and equity into the revenue laws. In this connection, it should be noted that the so-called "Stabilization of Salaries" regulation came into being via Executive Order and not as a part of the tax bill itself.

One feature of the new law that has been particularly noticeable is the increased attention given to the subject of insurance and insurance companies. To an extent never before seen in our revenue laws, recognition is given to the specialized nature of the insurance business and to the "Social Security" attributes which it possesses. Unfortunately, for estate purposes, the share-the-wealth philosophy continues to predominate and the $40,000 exemption applicable to life insurance legacies was eliminated. However, in the case of the average citizen, insurance appears to be accorded—for the first time—some recognition as a desirable outlet for savings and, in certain cases, as a legitimate item of personal expense.

These are significant departures from tax procedure of the past and, now that a start has been made in this direction, it is not unlikely that the principles thus instituted will become a more fundamental part of tax theory. Insurance payments, in connection with the operation of a trade or business or enterprise in general, have long been accepted as a necessary and legitimate operating expense. Similarly, depreciation and maintenance are classed as operating expenses in the case of property, machinery, equipment, etc. Perhaps the time will come, in respect to income taxes, that some effect will be given to depreciation and maintenance (not to mention obsolescence) in the case of human beings.

Some such concept, modest though it be, seems to have entered the minds of those responsible for the current tax bill. Extraordinary medical expenses (i e., in excess of 5 per cent of net income and not in excess of $2,500 for a married couple) may now be deducted from gross income. Such expenses include any medical care by doctor, dentist, etc., as well as hospitalization and also "amounts paid for accident and health insurance." This may be only a very small straw in a very big wind but, as suggested previously, it is at least a beginning.

It so happens that the insurance business in this country has never

(Continued on page 2238)

Denver Group Of IBA Held Luncheon Meeting

DENVER, COLO.—The Denver group of the Investment Bankers Association at a recent luncheon meeting was addressed by Milton Bernet, Vice-President of the Mountain States Telephone Company, on the operation and business of his company. Amos Sudler, of Amos Sudler & Co., Denver investment house, spoke on the financial status of Mountain States Telephone.

Brown Bros. Harriman Appoints Asst. Mgrs.

Brown Brothers Harriman & Co., 59 Wall Street, New York, members of the New York Stock Exchange, announce the appointment of the following as Assistant Managers: David G. Ackerman, Thomas J. McElrath, Herbert Muhlert and Gale Willard.

Buschman Newborg Partner

Newborg & Co., 30 Broad Street, New York City, members of the New York Stock Exchange and other leading Exchanges, will admit Herbert Buschman to partnership in the firm on Jan. 1.

Legal Oddities

THE VERBAL PARTNERSHIP

"I'll sell my house and lot for $10,000 to the first buyer that comes along," Doe avers.

"I'm that buyer, and here's your money," Roe tells him.

"No; I've changed by mind."

"You made a square offer, and I accepted it, and I'll sue you for damages for breach of contract."

"Sue away. A sale of real estate without part performance must be in writing to make it binding."

And Doe is right.

A different (and more puzzling) situation arises, however, when Doe, Roe and Poe agree to go into partnership for the purpose of buying and selling land and dividing the profits, but the agreement is not reduced to writing.

Is the agreement binding?

"Our agreement had to do with land," says one.

"Yes; but the main thing was the money we made from the land," says another.

On this point the weight of authority is that the verbal agreement is good.

"The great weight of authority, however, seems to be that such agreements of copartnership can be proven by parol, and are not in violation of the statute of frauds, and such authorities base their reasoning on the ground that such contracts do not contemplate any transfer of land from one partner to the other or the creation of any interest or estate therein, and do not as between the parties in any way affect the title to realty so bought for copartnership purposes," says one State court in a case on the point.

Cgo. Exch. Appoints Committee Members

CHICAGO, Ill.—At a meeting of the Board of Governors of the Chicago Stock Exchange Joseph E. Dempsey of Dempsey-Detmer & Co., Richard W. Phillips, and Sampson Rogers, Jr., of McMaster, Hutchinson & Co., were elected to fill vacancies on the Governing Committee caused by the resignations of T. Clifford Rodman, Hugh H. Wilson and John E. Wheeler, who left for service with the armed forces.

At the same time Kenneth L. Smith, President of the Exchange, announced confirmation of the following staff appointments: Treasurer, Walter R. Hawes; Secretary, Carl E. Ogren; Assistant Treasurer, Loretta Kemp. Miss Kemp is the first woman to serve in an executive capacity on the Exchange.

Shields To Admit Sykes

Macrae Sykes, who has been been with the firm for a number of years, will become a partner in Shields & Co., 44 Wall Street, New York City, on Jan. 1.

REAL ESTATE SECURITIES

Two Interesting Situations:

1—A bond issue on a hotel showing an 850% increase in earnings.
2—A good dividend paying real estate stock.

* * *

Current report of the Governor Clinton Hotel showed fixed interest requirements on its bond issue earned over 2½ times after interest charges on a prior lien.

Actual profit for the fiscal year, before depreciation, but after all interest charges was $155,424, compared to a profit of $18,142 the previous year. **This is an increase of 850% in net earnings!** This remarkable increase is directly beneficial to the bondholders inasmuch as they are the actual owners of the property. The bonds pay 2% interest and yield approximately 8% at current market price. In addition to this fixed interest an additional 2% cumulative interest will be payable as soon as the prior lien mortgage ahead of the bonds is paid off. This mortgage has already been reduced from $750,000 to $680,000 and the corporation has set aside $118,905 in cash for further reduction.

Bonds outstanding amount to $5,000,000. Each bond carries with it common stock in voting trust form representing an equal share of the ownership of the property. Subject to the prior lien mentioned above, the bonds are secured by a mortgage on a 31-story hotel containing 1,098 rooms, the usual lobbies, dining and grill rooms, etc., and nine stores on the street level. All the furnishings and equipment of the hotel are additional security for the bonds. It is built on land owned in fee approximately 19,000 square feet in area. The location of the hotel at the southeast corner of Seventh Ave. and 31st St., New York City, with its close proximity to the Pennsylvania Railroad Terminal is very beneficial to its transient type business.

* * *

Ownership of real estate in addition to its other advantages is considered one of the best hedges in time of inflation. There are quite a few stock issues representing this type of ownership. An interesting real estate stock issue is the one known as 49 West 37th Street Corporation. This capital stock is in voting trust form of no par value and represents the ownership of the property located in the heart of the millinery section of the City of New York at 49 to 57 West 37th St. It has a frontage of 103 feet and a depth of 98 feet and is improved with a 17-story store and loft building. The stock was issued to the former first mortgage bondholders of the property on the basis of one share of stock for each $100 bond previously held.

Dividend payments per share of stock have been made regularly (semi-annually) and annual payments made were as follows: 1933, $3; 1934 and 1935, $2; 1936, $1.50, and 1937 through 1942, $2.50.

At the current price of the stock, namely, $18 per share, these dividends offer a large return. The current market also places a value on the entire issue of 9,603 shares of $172,854. Adding this figure to the only outstanding funded debt of the corporation, a first mortgage of $165,000 makes the total capitalization of the corporation $337,854, or only slightly more than 25% of the original first mortgage bond issue of $1,125,000 that was on the property previous to reorganization. It is also only about one-third the assessed value of the property (approximately $850,000).

Rates obtainable for the space in the building are low. Occupancy of the building for the past five years has been between 96% to 100%. The property is in very good physical condition. This condition and the service offered in the building are superior to facilities of comparable nature in the neighborhood, which accounts for the high percentage of occupancy which has been maintained.

The financial condition of the corporation, as revealed by the latest balance sheet shows an excess of current assets over current liabilities of more than $36,000.

Pigott, Mason V-Ps Of Central Republic

CHICAGO, ILL.—James M. Pigott and Robert Mason have been elected Vice-Presidents of Central Republic Company, Chicago. Mr. Pigott for several years has been manager of the Sales Department, and Mr. Mason manager of the Corporation Buying Department. Both men have been with Central Republic Company since its formation.

To Continue Vigo Firm

CHICAGO, ILL. — The investment business of Sidney G. Vigo Company will be continued under the corporate name of Sidney G. Vigo & Company, Inc. with offices at 231 South La Salle Street. Officers will be John R. Lewis, President; Margaret King Moriarty, Vice-President; and Anne I. Ferry, Secretary and Treasurer. Mr. Lewis was formerly with McGrath and Swanson Construction Co. Miss Moriarty was with Sidney G. Vigo & Company; and Miss Ferry was an officer of A. J. Boldt & Co. of Davenport, Iowa.

PERSONNEL ITEMS

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

NEW YORK, N. Y.—**Walter F. A. Brown,** formerly with Harriman Ripley & Co., Inc., has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** 70 Pine Street, New York City.

(Special to The Financial Chronicle)

CLEARWATER, FLA. — **William C. Harty** is now with **Merrill Lynch, Pierce, Fenner & Beane.**

(Special to The Financial Chronicle)

DETROIT, MICH. — **George D. Blumenthal** has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** Buhl Building. Mr. Blumenthal was previously with A. M. Kidder & Co., and Weed, Hall, Berndt & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Colyar Reese** has joined the staff of **Sutro & Co.,** Van Nuys Building. Mr. Reese was formerly with Pedley, Martin & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Chapman DeWolfe,** previously with Strassburger & Co., has been added to the staff of **E. F. Hutton & Co.,** 160 Montgomery Street.

Christmas Party--1942 Style

By BRUCE WILLIAMS

The setting was the same as on the 12 previous yuletide occasions when the group had met before. It was at the Princeton Club on New York's East 39th Street. The group—mainly Wall Street men—had come to celebrate the 13th anniversary of the investment banking firm of Lord, Abbett.

In past years there would hardly be anything noteworthy to report about a gathering of this kind. It would be just another Christmas party where men get together in the spirit of good fellowship to relax and have a good time. But this party was different—of course, there were cocktails, some robust humor and plenty of good food—but the spirit was different. To one who has been a part of Wall Street throughout the long, lean years of penitence and the SEC, it was a grim spirit, but determined, confident.

This spirit was sounded by one of the guests, A. Vere Shaw, when he read from a letter written by his son on board a naval vessel in the South Pacific.

"Dad," wrote the boy, "if the people back in the States who are squawking about gas rationing, if the munitions workers who are bellyaching for higher wages, if the farmers who are lobbying for higher prices could hear what the boys on Guadalcanal have to say about such things, they would damn soon change their tune! And if the people at home had a true picture of what these boys out here are going through in Hearing this, the examiners try, they wouldn't need the whiplash of the Government to make them settle down and really go to work."

Julian Beaty, President of Granby Consolidated Mining, sounded the spirit again when he spoke of the tenacity embodied in an investment company which was able to celebrate its **13th** anniversary this year. "That means, gentlemen," he said, "that you began at the peak of the 1929 boom. To even be around today should, in such circumstances, be considered something of a feat."

Mr. Beaty went on to pay personal tribute to Mr. Lord for his unflinching perseverance in the development of the organization. In this, Mr. Beaty was reminded of the inmate of an asylum who was up before the examining board for parole. The man passed all the reflex tests brilliantly and it was decided to release him.

"What will you do when you get out?" asked one of the examiners.

"I'll get a slingshot and bust every damn window in this building," answered the man.

Hearing this, the examiners concludetd that perhaps the man wasn't quite ready for release yet and remanded him to the institution for another six months. At the end of that time they examined him again. As before, he passed the reflex tests without a fault. Then came the question: "What will you do when you get out?" Without a moment's hesitation the man answered, "I'll get a slingshot and bust every damn window in this building." The examiners decided that he needed still more "seasoning" and remanded him for another six months.

At the end of the second term the man was again examined and his reflexes again found to be excellent.

"And now," asked the examiners, "what is the first thing you will do when you get out?"

"I'll go to Times Square," he answered after some hesitation.

"Yes?"

"And I'll walk up to the first pretty girl I see there."

"Aha," chorused the examiners, "that is much better—and then?"

"I'll take her to a hotel room."

"Yes—and then?"

"I'll completely disrobe her."

"Then what?" breathed the examiners.

"I'll take the rubber out of her girdle and I'll make a slingshot and I'll come back here and I'll bust every damn window in this building," answered the man triumphantly.

Mr. Beaty brought his audience back to the grim side of things with the story of his son, now on Christmas leave after two years of combating Nazis. First with the RAF, then with the Eagle Squadron and now with the U. S. Army Air Force in England, young Beaty has seen two years of constant fighting from the cockpit of a Spitfire. Twice he was forced down, the first time into the Channel and the second time a few hundred yards in from shore where, out of gas, he glided to a crash landing in an effort to save the plane. It was a brave thing to do, but nearly cost him his life, and he will always carry the memory of it—a deep gash on his forehead—for everyone to see. There was a note of pride but no quaver in the voice of Julian Beaty as he told us the story of his son.

The last speaker of the evening was Mr. Lord. "I feel old tonight," he began, "and I feel very tired. Those of you who are acquainted with the volume of paper work, legal reports, auditor's reports, etc., which are required of us by the SEC and the

(Continued on page 2247)

Tomorrow's Markets Walter Whyte Says—

Last week's advance to new highs brings sweep of optimism. Market however shows new top signs. Reaction from present highs not unlikely.

By WALTER WHYTE

The ink in last week's column was hardly dry when the market broke out of its dull trading range and managed to advance to the tune of more than a million shares. In doing this it even set a few 1942 records. The market, for example, catapulted out of about a ten week 4 point trading range. The popular averages made a new high for the year. And last, but by no means least, it brought the public in, anxious to climb on what, to all intents and purposes, looked like a bull band wagon.

* * *

What the causes were that brought these about is a moot question. The most popular excuse for the break-out was the resignation of Leon Henderson, on the somewhat naive theory that with Henderson out, inflation controls would be removed and stock markets would again zoom upwards. That, however, is neither here or there. The dull markets of the past few years have nothing to do with OPA. The causes are much deeper.

* * *

As last week's column was written the averages (Dow) were at approximately 116.50, though the highs of last Wednesday were at 117.38. That volume came in to carry prices through was nice and cosy. Yet anybody who even bothers to look at charts knew that if the market was to get anywhere the ranges between 117 and 118 represented volume which would have to be taken if strength were to materialize. It is equally true that the same figures could have marked off an obstacle the market would balk at. Yet the fact it didn't, isn't at first flush as bullish as it would indicate.

* * *

The market had already begun to show signs of a turn-up. The public which had stayed out of the market in anticipation of further declines based on tax selling were getting impatient. Talk of seasonal rallies were quite common. It is just a step from talk to action and the market gave the cue for the action to start. In support of this theory at least one of the biggest houses in the Street admits it has opened more new accounts in the last 30 days than it did in the entire past six months. Any Wall Street novice knows new accounts are not opened because of any prestige that may attach to them. It is opened for only one reason—to buy securities. Well, the market did go up. And volume did increase.

* * *

Now if there is one thing the board room habitue cannot tolerate is sitting quietly by while the market goes up on volume. What may have a half formed opinion up to then becomes a firm conviction and as strength increases leads to an overpowering impulse to do something. It follows then that this urgency is translated into buy orders. As one order is executed and appears on the tape, others seeing the increased tempo of the tape are also overwhelmed by the same desire. And before you know it you have not only an advancing market but everything around it takes on a rose-colored hue. This was the picture of the last half of last week. Of course the optimism of a new Congress and the Henderson resignation helped matters along, not to mention the news of the new Russian offensive.

* * *

So the market went to a new high. But while the Dow figures went up the leaders which are part and parcel of bull markets — the steels—did nothing. It's an odd thing about Wall Street, let the Dow figures make new highs and the wave of optimism that sweeps the financial district becomes something to behold. Right away talk of new and sensational changes, all bullish, begin to be whispered about. Its psychological impact cannot be minimized. Your old time operator frequently took advantage of these periods to help things along while he unloaded. But if the operators of the old days are no longer around the knowledge they have acquired is still used—unloading on a gullible public.

* * *

Last week this column stated that a new advance which would carry the averages to new highs was possible. Well, it came. But the advance manged to just carry stocks about 2 points above last Wednesday's figures. At the same time I warned that as this new high was made bullish optimism would increase, and would in turn mark off the top of the current advance. Well, the optimism did increase and the market does not seem to possess the guts necessary to go further. I therefore think we are now slated for a decline which may well carry prices (and even the Dow averages) below the recent

(Continued on page 2243)

RAILROAD SECURITIES

The performance of the second-grade rail bond market during the past week has been highly gratifying, particularly when contrasted with the performance a year ago this month when it seemed almost impossible to develop bids at practically any prices. The recent action of the market was considerable of a surprise to speculators and investors who, over a period of years, have come to consider the December tax selling decline as practically as certain as death and taxes. The market was called upon to absorb a fairly heavy volume of tax selling in the opening weeks of December and was also laboring under the handicap of a mild peace psychology. Furthermore, the news was hardly calculated to inspire speculative enthusiasm, carrying the threat of cancellation of the freight rate and passenger fare increases and another boost in rail wages.

The ease with which the tax selling was absorbed in the face of the other adverse factors gave evidence of the underlying strength of the market. When it seemed apparent that no wide decline was in prospect the buying wave set in. It seems that speculators and investors are becoming more willing to give recognition to the sustained high level of earnings and the concomitant improvement in finances and debt structures. Moreover, over the visible future there is nothing in prospect that would result in an interruption of the upward trend of traffic (volume will presumably be limited only by the ability of the carriers to perform the service), and the wage and rate threats are not considered likely to be effective at least for the opening months of 1943.

Recent public statements have tended to moderate some of the fears that had been circulating as to the weak competitive position of the rails in the post-war years, particularly with respect to the air transport industry. Responsible leaders in the air transport field have put the damper on earlier pictures of mammoth planes and strings of gliders destined to be the backbone of freight transportation in the future. Also, and this has probably been one of the most important factors, the progress being made by the railroads in their debt retirement programs has been highlighted in recent weeks. Such debt reduction, if carried far enough, is obviously the one answer to fears of bankruptcy for the marginal carriers in the post-war period of normal business cycles.

Some of the recognition being given to the accelerated debt retirement programs has been inspired by official announcements, some is based on surmise, and some is rumor. In any event, the policy of calls for tenders rather than open market purchases is coming in for greater discussion. In some instances the railroads have found it difficult to acquire sufficient bonds through purchase and have turned to the expedient of requesting tenders as more expeditious and efficient. The trend will probably be more and more in this direction.

Among the more important developments in recent weeks was the news that Missouri-Kansas-Texas had bought in some $6,000,000 of its Prior Lien bonds. It was a very short time ago that bond holders were waiting apprehensively each half year for an announcement as to whether or not there was enough cash in the till to meet the interest coupons. Another surprise was that the Illinois Central had paid off $10,000,000 on the principal of its RFC loan, marking a departure from its former policy of buying in discount bonds and depositing them as additional collateral behind the loan.

Great Northern, after buying bonds in the open market throughout most of the year, finally asked for tenders of Series "G" and Series "H" bonds and accepted all tenders up to, and including, par. While the extent of the tenders has not been announced it is believed to have been substantial as both series have consistently sold below par throughout the year. Finally, early this week Baltimore & Ohio issued a call for tenders of all its mortgage and collateral bonds to satisfy the sinking fund available from 1942 earnings. The amount to be applied was not announced but should be between $19,000,000 and $21,000,000.

These specific instances of substantial progress are merely the highlights, giving validity to the assumption that other of the marginal carriers are doing at least as well. Particular interest centers around what may have been accomplished by Southern Pacific during the past year. Southern Pacific has been one of the most fully cognizant of the carriers of the necessity to reduce its debt and make large inroads into the very heavy near and intermediate term maturities, and has been favored with a really phenomenal war earnings expansion. In many quarters it is expected that the road may have provided for as much as $50,000,000 of debt this year.

New York Stock Exchange Weekly Firm Changes

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

Robert Seely, Jr., and Lawrence L. Tweedy will retire from partnership in Baker, Weeks & Harden, New York City, as of Dec. 31 1942.

Orville H. Bullitt, limited partner in W. H. Newbold's Son & Co., Philadelphia, will retire from the firm as of Dec. 31.

Russell D. Irvine will retire from partnership in Parrish & Co., New York City on Dec. 31. Mr. Irvine made his headquarters at the firm's Wheeling, W. Va. office.

William H. Clark, general partner in Reynolds & Co., New York City, died on Dec. 18, 1942.

Transfer of the Exchange membership of the late Robert MacDonald, Jr. to Wolcott Blair will be considered on Dec. 30. It is understood that Mr. Blair will act as an individual floor broker.

Transfer of the Exchange membership of George E. Stevens to Ezra G. Leavitt, who will act as an individual floor broker, will be be considered on Dec. 30.

Transfer of the Stock Exchange membership of Paul V. Mravlag to W. Wallace Lanahan will be considered on Dec. 30. Both are partners in Alex. Brown & Sons, Baltimore.

Otto Gruner Dies

Otto Harry Gruner, a member of the New York Stock Exchange, died at Post Graduate Hospital in New York after a brief illness. Mr. Gruner during the last war served in the Naval intelligence division.

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. 23 price—40¾.

Bank and Insurance Stocks

This Week—Insurance Stocks

By H. A. LEGGETT

(Continued from page 2235)

needed much help, or encouragement, on the part of Government or tax authorities. So solid has been its record, so attractive its benefits and so completely "sold" have our people been on the idea of insurance that the growth of this industry has been one of the outstanding by-products of our free enterprise system. However, with more and more of our earnings being drawn into the tax mill, it may ultimately be important to have some "priority" or preferential treatment established in behalf of insurance premiums.

Temporarily, it is safe to say, insurance commitments are to be regarded as a logical and desirable avenue for the "excess purchasing power" which is causing so much worry in high places. Insurance is one of the few things that can still be bought with a clear conscience—and without a ration card. As a matter of fact, money spent on insurance is virtually tantamount to money spent on government bonds because, in the majority of cases, new insurance premiums are immediately invested in Government securities. Some companies have adopted a fixed rule to that effet "for the duration" while many others, without any set rule of procedure, have tacitly been following this general course for some time.

Insurance premium payments, incidentally, are also being placed in the same "virtuous" category as debt reduction and Government bond purchases for the purpose of accomplishing a decrease in next year's Victory Tax liability. Specifically, taxpayers will be allowed to take credit against the Victory Tax (up to the amount of the post-war refund) for premium payments on life insurance policies in force on Sept. 1, 1942. This applies not only to the policies of the taxpayer himself but also includes those of the wife and other dependents, i.e., all life insurance premiums paid out for the immediate family.

Drafters of the current tax bill also devoted considerable time and space to the peculiar accounting problems of the insurance industry as they relate to reporting for income tax purposes. One much-needed clarification is the decision to treat unearned premium reserves, for stock fire and casualty companies, as borrowed capital in computing the liability for Excess Profits taxes under the invested capital option. Thus 50 per cent of the mean unearned premiums for a taxable year may be added to capital and surplus funds for the purpose of determining the Invested Capital base. This is regarded as a very favorable ruling because it was feared that premium reserves would be completely disallowed in arriving at the invested capital figure.

The invested capital option presumably will not be used in most cases by the fire companies because earnings were generally high during the base period. Consequently, they will tend to use the Average Earnings option. However, many casualty companies will be benefited due to the fact that earnings during the base period were either spotty or downright poor and, furthermore, premium reserves have increased tremendously during the past year or two. Therefore, the current large earnings of the casualty companies should be less vulnerable to the Excess Profits levy than originally appeared likely. Some of them may also be helped by the more liberal treatment accorded to "abnormal or hardship" cases under the new law.

SEC Amends Repurch. Rules For Inv. Cos.

The SEC has announced a revision of Rule N-23C-1 of the General Rules and Regulations under the Investment Company Act of 1940 relating to the repurchase of their own outstanding securities by closed-end investment companies registered under the Act. This rule relates solely to Section 23 (c) (3) of the Act and does not apply to repurchases made pursuant to Section 23 (c) (1) and (2) of the Act. The purpose of the revision is to broaden the scope of Rule N-23C-1 and to permit repurchases in situations not previously permitted by the rule. However, the provisions of the old rule for safeguarding investors are retained in the revised rule and additional safeguards have been added.

The principal changes effected by the revised rule are as follows:

(1) It permits the repurchase of listed securities other than on a securities exchange.

(2) It does not permit the repurchase of stock bearing cumulative dividends, if such dividends are in arrears.

(3) If the security to be repurchased is a stock not entitled to cumulative dividends, at least 90% of the net income of the issuer for the past full fiscal year must have been distributed to the issuer's security holders.

(4) It permits the repurchase of junior securities provided the senior securities have a prescribed asset coverage immediately after such purchase. The asset coverage requirements of the rule are the same as those prescribed by Section 18 of the Act with respect to the issuance of securities and the term asset coverage as used with respect to this condition has the same meaning as defined by Section 18 (h) of the Act.

(5) It does not limit the amount of securities which may be repurchased during any calendar month.

(6) It permits the payment of brokerage commissions in connection with repurchases but provides that no such commissions can be paid to any affiliated person of the issuer.

(7) It adds a new paragraph, paragraph (c), which makes it clear that the rule is not intended to cover all situations and that the Commission will entertain applications for the repurchase of securities in situations not covered by the rule.

Result Of Treasury Bill Offering

Secretary of Treasury Morgenthau announced on Dec. 21 that the tenders for $600,000,000 of 91-day Treasury bills to be dated Dec. 23, 1942, and to mature March 24, 1943, which were offered on Dec. 18, were opened at the Federal Reserve banks on Dec. 21.

Details of this issue are as follows:

Total applied for, $1,220,406,000.

Total accepted, $600,709,000.

Range of accepted bids:

High, 99,926; equivalent rate of discount approximately 0.293% per annum.

Low, 99.908; equivalent rate of discount approximately 0.364% per annum.

Average price, 99.908+; equivalent rate of discount approximately 0.363% per annum.

(92% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 23 in amount of $400,037,000.

Walston Hoffman Admit

SAN FRANCISCO, CALIF.—Endicott J. King will become a partner in Walston, Hoffman & Goodwin, 205 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. King was formerly associated with Merrill Lynch, Pierce, Fenner & Beane.

US-Portugal Agreement

An economic understanding between the United States and Portugal with respect to the exchange of certain commodities has been reached, it was recently announced by Secretary of State Hull. While not disclosing details, Mr. Hull said that while not exactly a trade agreement, it also applied to shipping.

The Securities Salesman's Corner

SPECULATIVE INVESTMENT PROGRAM AIDED BY NEW TAX LAW ON CAPITAL GAINS & LOSSES

By J. K. WILLIAMS

The new changes in the 1942 tax law allow for maximum deductions from **Net Income** for capital losses to the extent of $1,000 per annum, plus a carryover of $1,000 per year for the next four years. Therefore total capital losses of $5,000 can be deducted from net income on the foregoing basis.

This is a fact which should encourage the investment of "venture capital" once the advantages to the taxpayer become more apparent. The law also provides that capital losses can be carried over into future years against which capital gains can be credited. Holding periods of 18 and 24 months have been eliminated and a short six-month holding period has been substituted in the new law.

Following is a table of the allowed deductions for realized capital losses that can be credited by the tax payer against his total **Net Income** for the current year and the percentage of income tax that will be saved the taxpayer is shown in the adjoining columns.

When Net Taxable Income Is	Annual Saving On Income Tax For Each $1,000 Loss	Total Saving On $5,000 Loss
$4,000	$220	$1,100
6,000	260	1,300
8,000	300	1,500
10,000	340	1,700
12,000	380	1,900
14,000	420	2,100
16,000	460	2,300
18,000	490	2,450
20,000	250	2,600
22,000	550	2,750
26,000	580	2,900
32,000	610	3,050
38,000	640	3,200
44,000	670	3,350

One glance at the foregoing tabulation shows clearly that the brakes upon risk taking and "venture capital" have been drastically reduced. For instance, an investor in the $44,000 income bracket could purchase a highly speculative security and in the event the entire venture proved a total loss he would lose the $5,000 **(less the amount of his tax savings** which would amount to $3,350), or a net loss of only $1,650. Meanwhile if the speculation turned out to be profitable he would only be subjected to a **Tax of 25% on the Profit.** For instance, a profit of $5,000 would only be subjected to a tax penalty of $1,250, leaving this taxpayer a net profit **after taxes** of $3,750. In many cases of highly speculative ventures a profit of 100% is possible and of course, so is a 100% loss. The foregoing example however, clearly shows that for the first time in over ten years **The Odds Are No Longer Stacked Against Those Who Would Take A Risk And Venture Their Capital.**

Salesmen can now show their clients in the higher income groups especially that now it pays to **Take A Chance—Even To Lose Money In Certain Cases (That Is If You Have Capital Gains Against Which To Charge These Losses).**

Average Experience Shows 10% Yield Possible

Commercial & Financial Chronicle,
New York, N. Y.

To the Editor:

Your list of 10% yields reminds us especially of two issues we recommended in 1932 and 1933.

(1) Robert Gair 6/72 at 30 and later at 50-60-70-80 up to 95. They sold at 102 bid in 1936-7 but fell on evil days for 1938, the only year for which they showed a deficit and did not pay in full. We are now recommending them at 68.

(2) Gair Realty 1st 5s due '33 to '48. We started to recommend these at 37 and continued to recommend them until they were called at 100 to 101¼ in 1939.

We have been active in many other bonds and stocks which would support the thesis that 10% can be obtained safely by hard searching and the use of judgment and a measure of luck.

The above two issues are the first to come to mind. Current yield, however, is a consideration of lesser consequence in picking sound investments and many of the best bargains pay nothing, but have better futures. In this category we have specialized in rail and traction reorganizations for the past two years with excellent results for our clients and ourselves.

Yours very truly,
LANCASTER M. GREENE,
LANCASTER & NORVIN GREENE.

E. H. H. Roth Will Be Merrill Partner

E. Howard H. Roth will become a partner in Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange and other leading national exchanges, as of January 1. Mr. Roth, who will make his headquarters at the firm's Buffalo office, Liberty Bank Building, was formerly a partner in Doolittle, Roth & Schoellkopf and its predecessors for many years.

Charles N. Monsted, a limited partner in the firm, and Ryburn G. Clay, a general partner, are retiring from partnership effective Dec. 31, on which date Charles E. Merrill, a general partner, will become both a general and limited partner.

Salomon Bros. & Hutzler Will Admit Three To Firm

Henry F. Ludeman, Girard L. Spencer, and Theodore A. Von Glahn will be admitted to partnership in Salomon Bros. & Hutzler, 60 Wall Street, New York City, members of the New York Stock Exchange.

J. Gentry Daggy With H. M. Byllesby & Co.

PHILADELPHIA, PA.—J. Gentry Daggy, for the last five years associated with the trading department of Buckley Brothers, has joined Alfred J. Willis in the trading department of the Phila-

J. Gentry Daggy

delphia office of H. M. Byllesby & Co., Inc., Stock Exchange Building. Mr. Daggy will continue to trade in unlisted securities and to suggest and analyze special situations for dealers.

In the past Mr. Daggy for many years headed his own investment firm in Philadelphia.

Investment Trusts

Seasonal Tendencies

Much research has been spent in attempts to determine seasonal tendencies in stock price movements. National Securities & Research Corp. in a recent issue of "Investment Timing" analyzes the December-January seasonal tendency over the past 45 years. Says the bulletin:

"It is first perceived that the entire period breaks naturally into three divisions, 1897-1913, 1914-1928 and 1929-1941.

"Before 1914, the December low close showed no tendency to come late in the month. In the period 1897-1913 (17 years), the December low came nine times before the 13th of the month, and only three times after the 18th of the month.

"In the period 1914-1928 (15 years), the December low came eight times before the 13th of the month, and seven times after the 18th.

"However, in the period 1929-1941 (13 years), the December low came only three times before the 13th (in fact, there were only three lows before the 17th), and eight times after the 18th.

"Thus there has been a tendency for the December low to come later in the month. Since the most recent period can be presumed to be more indicative of current probabilities, and to represent a set of influences that are of present significance, it is worthy of more detailed examination than the others.

"In the 1929-1941 period, the close immediately before Christmas was lower than the November close (last day of the month) in nine instances, and higher in four instances. The high before Christmas has never, in this period, occurred later than the 15th of December, and only three times on the 15th. Then, once on the 13th, and once on the 11th. Eight times out of 13 it occurred earlier than the 10th of the month. After reaching the high before Christmas, in nine of the 13 cases the decline to the low lasted 14 days or more.

"No later December low occurred on the 31st, and only three on the 30th in the entire 45 years.

"Based on the preceding data, we might summarize the 'seasonal tendencies' in stock prices as follows, giving also an indication of the relative probability.

"(1) Rise in early December (probable, but least so).

"(2) Decline thereafter often lasting until just before Christmas (more probable).

"(3) Sharp rise into early January, beginning just before Christmas (most probable).

"(4) Tendency to decline in early months of new year (probable, but less so).

"Also, in years when the December fall (see '2' just mentioned) does not occur, there seems to be a greater than usual tendency to decline in the new year."

Conclusion

"An understanding of the year-end seasonal in stock prices is, of course, no aid to selection of securities, nor should it be allowed to determine judgment on prevailing market trends. But for those who take action in the December-January period, it is a definite though temporary factor to consider, and one that the investor or speculator should be able to use to some advantage."

* * *

In its December report to shareholders on investment holdings, Manhattan Bond Fund makes the following frank statement with respect to an investment which did not turn out so well:

"The Fund has eliminated from its portfolio the 5% debentures of Childs Company. These bonds were sold at a loss to the Fund.

"The Childs Company is engaged in an endeavor to meet the maturity of this issue on Apr. 1, 1943, through exchange for a new issue of longer maturity. In writing to bondholders on Nov. 23, 1942, Childs Company said, in part: 'We must call your attention again to the fact that the Company has no funds to meet the maturity of the remaining $2,239,000 principal amount unexchanged debentures.' Your management has kept in close contact with the progress of the exchange plan and is not prepared to say that it will not be successfully consummated. It believes, however, that the Fund should not incur the risk involved.

"Even though the bonds were sold at a substantial reduction from cost price, the value of the broad diversification employed by the Fund is demonstrated by the fact that this loss amounts to only about 3 cents per currently outstanding share of the Fund. Of course, the price of the shares of the Fund is adjusted daily to current market values so that the actual sale of the bonds caused no change in the share price.

"In the past we have advised shareholders of the sale of a considerable number of issues held from time to time and, in almost all such instances, have been able to report that a profit was realized. This transaction is an example of the fact that losses as well as profits are incident to portfolio management and that

(Continued on page 2244)

Municipal News & Notes

The War Labor Board unanimously ruled on Dec. 15 that it had no power to intervene in labor disputes involving State and municipal agencies and their employees. The board ruling followed a public hearing on the question of its jurisdiction in three specific cases, involving the City of New York, Newark, N. J., and Omaha, Neb. In all cases, the city governments argued that the board had no authority to intervene.

The board stated its position in the following resolution:

"After careful consideration of all the matters presented to the National War Labor Board at and in connection with the public hearing on Dec. 9, 1942, the board finds that it has no power under executive order No. 9017 to issue any directive order or regulation in these disputes governing the conduct of the state or municipal agency involved."

Wayne Morse, one of the four public members of the board, added a reservation and explanation, saying that the board should explicitly offer its good offices for the purpose of giving advisory opinions and recommendations in disputes, involving state and municipal workers, when requested to do so by both sides.

"Labor controversies between local governments and their employes can be as disruptive to the war effort as disputes in private industry," Mr. Morse said. "Therefore, in the interests of a more successful prosecution of the war, I think mutual co-operation and a reciprocal use of a state and federal labor relations machinery should characterize the relationships between the federal and local governments in labor matters for the duration of the war."

H. L. Derby, an industry member of the board, who also voted for the resolution, issued a statement saying that he believed that the board not only did not have jurisdiction under executive order No. 9017, but there was nothing in the national labor relations act, the wage and hour act, the U. S. constitution, or any federal or state law which would give the board authority to take jurisdiction.

The New York case involved the City Board of Transportation and the C.I.O. Transport Union. In Newark, the C.I.O. state, county, and municipal workers were involved, and a strike which tied up garbage collection for several days had occurred. The metropolitan utilities district of Omaha and the A.F.L. American Federation of State, County and Municipal Employees were the parties in the third dispute.

Detroit Debt Below Legal Limit After 10 Years

For the first time since 1932, the city was under its legal debt limit on June 30, 1942, Auditor General George Engel is reported to have recently told the City Council. On that date, the close of the 1942 fiscal year, the city was below the limit by $184,325, the Auditor advised in making known the results of the annual audit of the city's books. He further disclosed that revenues in the last fiscal year exceeded expenditures by $3,611,936, according to report.

Edwin C. Coughlin, Deputy City Controller, made known the fact that the city had reduced its net bonded debt by $7,559,163 in the period from July 1 to Sept. 30, the first quarter of the current fiscal year. The net figure was $313,030,163 on Sept. 30, as compared with $320,589,327 on June 30.

Mr. Engel reported that debt service for general tax-supported bonds in the next five years will amount to approximately $17,000,000, or 20% of the city's tax bill. Ten years ago it was 47%.

The Auditor General reported a general fund deficit on June 30 of $4,686,462, but predicted that "barring unforeseen developments" the complete deficit would be eliminated by the end of the current fiscal year.

North Carolina's Fiscal Policy—A Summary

In a report under the above caption, the North Carolina Department of Conservation and Development includes the following statements:

North Carolina's revenue and budget systems are recognized as among the soundest in the nation. A unique feature of the government is the fact that the state has taken over operation of a standard eight-months public school system, the entire highway system, and the prison system for prisoners sentenced to serve more than 30 days.

As a consequence, three of the most expensive and perplexing phases of local government have been removed from the fiscal affairs of hundreds of subdivisions, and consolidated for efficient, economical and standardized administration under the state. The saving in taxation has been substantial, and the move has put many subdivisions in position to reduce indebtedness and lower the tax rate.

To raise the money for operation, the state does not impose an ad valorem tax. A 3% sales tax —with certain articles exempted —and a state income tax, with graduated rates, are prominent features of the tax structure. The highway operation and debt retirement fund is collected separately from a 6-cent tax on gasoline. The Agriculture Fund is collected separately from inspection fees and similar sources.

County and city revenues are raised largely from ad valorem taxes, licenses and operation of utilities. In administering its affairs, North Carolina operates under an Executive Budget Act with final authority over expenditure out of appropriations. The Governor, as Director of the Budget, is directed and required by law to reduce authorized expenditures in case revenues fail to meet estimates.

Both the state and its subdivisions are forbidden by the constitution to borrow more than two-thirds of the amount of money paid on obligations during the preceding fiscal period, except by direct vote of the people.

North Carolina now operates under a permanent revenue bill, which stabilizes, to a great extent, the recurrent problem of revenue raising. Consequently, North Carolina, its towns and counties, face a sound financial future with a rapidly declining debt rate.

Through the Local Government Commission, a state agency, valuable advisory and supervisory services are rendered local officials. This Commission approves and markets bonds and notes for counties and towns, and otherwise aids in economical and efficient functioning of local treasuries. Between 50 and 75% of local tax revenue is being used to pay obligations, and about 20% of state revenue goes for this purpose. (Chart omitted showing current and future annual payments on the State's bonded debt.)

Minnesota May Invest Road Funds In U. S. Bonds

Investment of $10,000,000 in State highway department funds, now set aside for post-war construction, in United States short-term securities will be recommended to the next session of the State Legislature by M. J. Hoffman, Highway Commissioner. Mr. Hoffman announced his proposal in an address before the national convention of American Association of State Highway Officials in St. Louis, Mo.

The money, available in trunk highway and sinking funds, could be earning between $4,000 and $5,000 a month, he said. He emphasized that it may be necessary to dip into the funds earmarked for postwar construction before the war is over if revenues decrease, and for that reason recommends only short-term and convertible securities for investment.

Minnesota's bonded debt charges will approximate $4,500,000 a year, which must be paid regardless how sharp the drop in receipts from taxes on vehicles and gasoline, he pointed out.

Hartford, Conn., Continues Pay-As-You-Go Policy

In his annual message to the Board of Aldermen on Dec. 14, Mayor Spellacy stated that if the city can adhere to its present pay-as-you-go-policy, "we will, in the very near future, be able to lower radically our tax rate." Of the $13,625,000 of bonds issued since 1935, when Mr. Spellacy took office, $5,150,000 were for refunding purposes. Such refinancing, the Mayor pointed out, was "done to keep down the tax rate at a time when little, if any prosperity, existed in our city." The city, he added, has abolished the policy of debt refunding, and "in this fiscal year, as well as in the past fiscal year, we have paid our bonds in full, and that will be the policy in the coming fiscal year."

"At the end of this fiscal year, we will have paid off bonds of $12,272,327, leaving a greater debt of the City of Hartford on March 31, 1943, of $1,352,673 than existed on Dec. 5, 1935, this notwithstanding the nearly $5,000,000 appropriated for flood protection.

"In the budget to be prepared in January, an appropriation of $1,765,000 will be made for the payment of all serial bond maturities due during the next fiscal year, and this, plus maturities of $244,000 that will be paid from the sinking fund, will leave a less bonded indebtedness of $412,327 at the end of the next fiscal year. This will be true if no bonds are issued during the coming fiscal year, and the necessity for such issuance cannot, at the present time, be foreseen. It may possibly be that additional money will be necessary to complete the flood protective works. If so, the amount will be comparatively small, and probably can be met from the capital improvement fund without resort to the issuance of bonds.

"If we can adhere to the pay-as-you-go policy, we will, in the very near future, be able to lower radically our tax rate. The servicing and the payment of bonds require more than six mills on the tax rate. When this expenditure is no longer necessary, its elimination should be reflected in reduced taxes. There is no other way of reduction and still maintain the services we now have."

Indiana Cities May Require Emergency Loans

The Indiana Municipal League, composed of municipal officials of the various cities and towns throughout the State, has announced its intention to fight any possible attempt of the State Legislature to change the gasoline tax distribution law to a percentage basis instead of continuing the present flat rate distribution. This was one of the proposals which was considered during the league's recent 43rd annual convention.

Under the present law, the Legislature fixed the flat sum of $3,000,000 of gas tax revenues for distribution to the cities on a population basis. Fred Parker, Mayor of Michigan City and President of the league, declared that "we are going to insist that this flat date be maintained because our share under a percentage basis probably wouldn't amount to that much." He predicted that many city budgets would be wrecked if gasoline tax revenues drop below 1942 levels, and declared that any decline would make it necessary for two or three hundred cities in the State to resort to emergency bond issues.

The league reversed the stand taken when the matter was before the State Legislature two years ago. At that time the Mayors figured that the local share of revenues, on a percentage basis, would be greater as gasoline tax receipts were then moving higher. However, gasoline rationing is expected to sharply reduce tax revenues in 1943.

Aside from the gasoline tax distribution matter, the league also intends to press its campaign for an increase in the local share of State-collected excise taxes. It will also renew its fight to protect municipally-owned utilities from State taxation.

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.

Jan. 4, 1943

$1,020,000 Kenosha Co., Wis.

Previous award made to Paine, Webber & Co., Chicago, and next high bidder was Daniel F. Rice & Co., Chicago.

Jan. 5, 1943

$2,300,000 Minneapolis, Minn.

Halsey, Stuart & Co., Inc., New York, successful bidder at previous sale, with Phelps, Fenn & Co., Inc., being the next best bidder.

Jan. 16, 1943

$983,000 Orleans Levee District, La.

Proposed sale in December, 1941, was canceled because of poor market conditions. Previously, an award was made to R. W. Pressprich & Co., New York.

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.

Senate Blocks Bill For Sale of Free Silver

Hope for passage of the Green bill, for the sale of "free" Treasury silver to war industries, was virtually abandoned at the recent session of Congress, when on Dec. 11 the measure failed to gain consideration on the Senate's consent calendar. The House had likewise failed to take action on the bill. Congress adjourned on Dec. 16.

Senator McCarran (Dem., Nev.), leader of the silver bloc, had been filibustering to prevent action on the legislation on Dec. 8 and Dec. 11. The silver measure, sponsored by Senator Green (Dem., R. I.), proposed to authorize the Secretary of the Treasury, upon recommendation of the chairman of the War Production Board, to sell at not less than 50 cents an ounce, or lease on suitable terms, any Treasury silver not pledged as currency backing. It would have to be used, however, "in furtherance of the war effort." The silver bloc, it is said, principally objected to the bill because of its price features, and the fact that it would make Treasury silver available to civilian users.

The Senate Banking and Currency Committee formally approved the Green bill on Dec. 2. Both the Treasury and Navy Departments had recommended enactment of the measure some time ago.

Senator McCarran, on Dec. 7, offered an amendment as a substitute for the Green bill. Under his bill pledged bullion silver would be released for non-consumptive purposes, always remaining the property of the Treasury and returning to it when the war emergency was over.

Unpledged or free Treasury silver could be released to war industry under WPB direction at a price not less than 71.11 cents an ounce, the legal purchase price of domestically mined silver.

Senator McCarran said his amendment would assure the war program of enough silver by providing for a 20,000,000 ounce stockpile for consumptive purposes.

Russell Law Dies—Advertising Executive

Russell Law, of 26 East 63rd Street, New York and Elmsford, New York, Chairman of the Executive Committee of Albert Frank-Guenther Law, Inc., died Monday night, at Roosevelt Hospital, after a short illness. He was born in Cincinnati, Ohio, Jan. 9, 1882, the son of Charles Henry Law and Fannie Burnet Resor.

On his paternal side, Mr. Law was a descendant of Joseph Law, who came from Scotland about 1736 and settled in Liberty County, Georgia. On his maternal side he was a descendant of Dr. William Burnet, Surgeon-General of the American Army in the Revolutionary War.

Russell Law

Mr. Law was educated at Lawrenceville School, Lawrenceville, N. J., and by private tutors. He traveled extensively abroad, and began his business career with the former Merchants National Bank in Cincinnati, in 1898. He entered the employ of the "Wall Street Journal" in 1911 and in 1914 started his own advertising agency under the name of Russell Law, Inc. A merger with Rudolph Guenther in 1919, resulted in the firm of Rudolph Guenther-Russell Law, Inc. The agency merged with Albert Frank & Co. in 1932 to form the present agency, Albert Frank-Guenther Law, Inc.

Mr. Law was a leader in the commercial, financial and travel advertising fields.

He is survived by his wife, Florence Rockhill Gilson, daughter of Homer Nathaniel Gilson and Marion Rockhill, and a sister, Mrs. Lavinia Law Robertson, of Cincinnati.

He was a member of the Bankers Club, New York Athletic Club, Knollwood Country Club, Sons of the American Revolution, Ohio Society of New York and Madison Square Garden Club.

This Broker Business

(Continued from first page)

that a conformist policy was the wise course. The "old guard" went on a sit-down strike and the rank and file of salesmen and other producers just bit their lips and day by day worked up their spleen to the point where they spent more time damning things as they were than in trying to adapt themselves to conditions, however unjust. Business fell off in proportion to the time given to other than business-getting efforts.

"The broker business was, and still is, regulated unmercifully. Ours is the only business that has to wistfully bow its head and fervently pray for redemption when the much-vaunted "freedom of enterprise," "individual initiative," etc., etc., are flung our way. Ours is the only business where the very heart of the capitalistic system—CREDIT—is not in the hands of those who take the risk. In fact, ours is the only business where the clientele is so badgered in the name of the law that I sometimes believe it is only an indomitable will on the part of both proprietor and customer that permits it to continue.

"There was nothing wrong with finding the culprits, or even with "chasing the money changers out of the temple," but there was—AND THERE IS—something wrong with punishing the whole family because of the black sheep.

Defeatism Grows

"All the ills that plague this business, however, are not due to unreasonable and unjust regulation. It is this writer's firm conviction that a stubborn, vengeful unadaptability gradually grew into the worst kind of negative salesmanship and the gloomiest of defeatism. It hasn't been so long ago that I have seen many customers sent away quivering fugitives from "state socialism" before they had an opportunity to make their wants known.

"Nor can you blame any of us in this business for the way we have acted. For over a century brokers have had things pretty much their own way. During that time certain ills, human nature being what it is, are bound to have developed. We could not help being resentfully bitter when suddenly an industry that has in the main always been honest and useful was branded wicked and deserving of constant policing. The melancholia from which we are now suffering has just about become chronic. A few more mergers and it will become acute—even though it might center under one big roof.

"Were I a doctor my diagnosis would be that we are neither incurables nor untouchables. What every one of us, particularly those charged with the little detail of producing business, needs is the serum of IMAGINATION. Imagination to appraise the status of our business and make the best of it; imagination to appraise our economic structure in time of war and to envision post-war values; imagination to PRODUCE business, instead of surprisingly receiving an unexpected order.

"Ours is a legitimate and essential business. There is no reason in the world why we have to exist from day to day under such a precarious sufferance. But, if we do, let us adapt ourselves to it and get ourselves off into a corner and give ourselves a good talking to.

"It has been six years (third phase) since Alf Landon ran the race upon which so many in this industry pinned their hopes for a come-back. Disappointments come to every man. Let us forget that one. It has been two years since Maine and Vermont were accounted for. The vindictive and apathetic disillusion that came over most of those in this business should really be easing a bit by now. Many customers after November, 1940, encountered such a dense smoke of gloom and despair upon entering a broker office (with good intentions) that they forgot what they came in for in their haste to get out for a breath of pure air—and stayed out.

Customer-be-damned Complex

"Many of the 'back-office help' entered into the spirit of things and adopted the customer-be-damned complex. That was only natural. They heard the boss talk; they heard the salesmen predict the end of everything; they had been cut to WPA wages and the rumor was that their firm was to be taken over by a certain large outfit that had heretofore done quite a bit of taking over. What did they care? Morale, so evident in the old days, was now at low ebb.

"Today (the phase we are in) the partners and customers' men (and a skeleton office force) are wondering why business is so lousy. Today customers' men who not so long ago neglected their business to condemn everything not to their liking, including organized labor are (many of them, at least) working nights in factories in order to hang on to their jobs in "the Street" days—and are FORCED to join a labor union. What irony!

"But today the "doctor" can see a most favorable sign that may portend better things. The survivors who are supposed to bring in the business seem to be more reconciled and have mellowed to the point where they would like to have the business if they could only get it. Perhaps they realize that they have kicked a lot of it out the window, or perhaps they suspicion that there's a lot of it lying around in a state of inanimate suspension. I believe they are right.

"This writer firmly believes that much better things are in store for those who would accommodate the person with surplus funds to invest. Not only that, but the changing tax problem (not to mention the many other war problems) challenge at least a little of our imagination in servicing those who have already invested and find that they should make a change.

"It must be evident to every partner, branch manager, sales manager, or similar executive that some of his men are still able to make fairly good showings while others, who perhaps in the past were big producers, are static. There is a good reason for this. Too many of our producers are in the doldrums. They want the business but they are not doing one solitary thing about it. Outside of nagging the branch managers and their other subordinates to cut down expenses, and casting a few doleful and dire remarks about poor business, the partners and other executives are doing very little to whip up their production staffs into an intelligent and constructive business-getting organization. Our industry very recently proved that it could function when—free of charge—it put over a Government war bond issue. That proved that we are not only among the best of the patriotic but that we are capable in our business. Our industry will always be there when patriotic heads are counted. It is not amiss to remark that perhaps the way "special offerings" are grabbed up may offer some kind of clue.

"As a journeyman broker telegrapher with many years of service, and as an international officer of organized broker telegraphers, I am very much interested in protecting the equity we have in this business. I believe I speak for the majority of broker telegraphers (both Morse and teletype) We would like to contribute something constructive to the end that instead of mergers, retrenchments, and plain "folding up" we might have a healthy competitive aggregation. The broker telegrapher, if he is not just a mere mechanic, usually is one of the best-informed persons in any broker office. This is particularly true of so-called "country offices." From his observation post he learns many things. His knowledge is all too often ignored. He might surprise you if you called him in some time when you're having skull practice. He may not be a salesman, but we'll bet he could give the salesmen some valuable tips.

"In conclusion, let me urge upon all of us in this business that there is nothing contrary to ethics to prevent us from using good, clean, aggressive business-getting tactics. Never forget to remind the person with idle money who is doubtful of the war's outcome that if we lose his cherished money will be just so much junk. Encourage him to help financially with the war effort, but avail yourself of all the services your firm offers to intelligently assist that person to properly utilize his surplus funds.

"Let's quit being crybabies; let's quit feeling sorry for ourselves. As bad as our situation is, let's make the best of it. Let me suggest that it isn't altogether imposssible that we might be able to convince Washington that we have served our sentence, or at least that we are eligible for parole. The Commercial Telegraphers' Union (AFL) might be helpful as it has in the past when brokers had problems in Washington, state capitols, and some cities.

"Believe me, gentlemen, there's business to be had. I see it every day when I note what the aggressive salesman with imagination does, as compared with the one who is still living in the past and sits at his desk all day hating and reminiscing about the "good old days." I could easily write a series of articles giving concrete examples of ingenuity, imagination, and good salesmanship I have witnessed. Perhaps I will. Or perhaps the brokers will get together and hire a good sales manager to serve the whole industry. I would be delighted to submit a few ideas for his consideration. Scores of my colleagues would do the same.

"Come on, let's go! In telegraph parlance, GIB!!"

Editor's Note: The "Chronicle" will shortly carry a series of articles by Mr. Alcorn dwelling on the examples of ingenuity, imagination, and good salesmanship to which he refers in this article.

SEC Revisions For Holding Co. Accounting

The SEC has announced the adoption of certain revisions, effective Jan. 1, 1943, to its Uniform System of Accounts for Public Utility Holding Companies. Under the provisions of Rule U-26 the revised system, subject to certain exceptions, is applicable to all registered public utility holding companies and their subsidiary holding companies. The principal exception covers holding companies which are also operating companies. In addition to certain technical changes and other minor changes designed to improve and clarify the system of accounts, revisions of a substantive character were made in the following accounts:

The revised text of Account 100, Investment Securities and Advances, includes a new paragraph relating to investments now carried at unsegregated book amounts. Where it is not possible to determine from the accounts and supporting records the amount applicable to each of such investments, it is provided that they may be stated at one amount but, hereafter, upon sale or disposal of any such investment, the unsegregated amount is required to be allocated to each investment unless the Commission otherwise approves or directs, the method of allocation being subject to the approval or direction of the Commisison.

The revised texts of Account 120, Discount on Capital Stock; Account 121, Commissions and Expense on Capital Stock; Account 130, Reacquired Capital Stock; and Account 150, Capital Stock, now provide that premiums and assessments on one class of capital stock may not generally, without approval of the Commission, be used to absorb discount and repurchase premium on capital stock of a different class.

The text of Account 200, Dividends, in the original system has been substantially changed by notes A and B in the revised system. Note A now prohibits the taking up of stock dividends as income or surplus if the stock received as a dividend is of the same class as the stock on which the dividend in stock is paid. Under the original system stock dividends might be taken into income or surplus under certain conditions if the recipient company chose to do so. A new note B provides that if the dividend received in stock is of a class different from that on which the dividend is paid, the dividends may, with prior approval of the Commission, be treated as income.

Account 240, Taxes, Other than Income Taxes, and Account 270, Income Taxes, in the revised system supersede Account 240, Taxes, in the original system and result in separating income taxes from other taxes. The order of presentation of the accounts also indicates that income taxes should be shown as the last item of deductions in computing net income rather than as an operating expense.

While the revision of the Classification was in process, a suggestion was received that holding company investments be carried at amounts which reflect their equity in the subsidiaries on the basis of the underlying original cost of the subsidiaries' property, less appropriate depreciation and depletion reserves, and that any present excess over that amount be segregated and eventually eliminated. While this proposal was rejected, it was recognized that in balance sheets of public utility companies, it is important to set forth tangible and intangible utility plant so as to show separately the original cost, plant acquisition adjustments, and plant adjustments, and, in consolidated balance sheets of a public utility holding company and its subsidiaries, to show in addition the difference between the parent's investment in and the underlying book equity of subsidiaries as at the respective dates of acquisition. It is therefore proposed to adopt rules to require such segregation in financial statements filed with the Commission where original cost studies have been completed and to require appropriate footnote disclosures where such original cost studies are not completed or required.

What To Buy?

Medium priced bonds and preferred stocks, considered by many investors to be a speculative type of investment media, when carefully selected have proven "conservative" in the true meaning of the word, G. A. Saxton & Co., Inc., 70 Pine Street, New York City, states in the current issue of their "Preferred Stock Guide." Copies of the "Guide," discussing the case for these securities, and containing quotations on public utility stocks arranged in an interesting comparative table, may be had from the firm upon request.

Tenn. S. & L. Group Elects New Officers

At the convention of the Tennessee Savings and Loan Associations, the following were elected officers of the State group:

J. S. Stephenson, President.
Chas. J. Haase, Vice-President—West Tennessee.
Roy Hamilton, Vice-President—Middle Tennessee.
I. N. Barnett, Vice-President—East Tennessee.
Wm. C. Walkup, Secretary-Treasurer.

It was revealed that the Tennessee associations had raised 167% of their quota in the $100,000,000 campaign of Savings and Loan Associations for the purchase of War Bonds for their own portfolios. Tennessee has 38 Federal Savings and Loan Associations with assets in excess of $40,000,000.

NYSE To Extend Time Of Partnership Continuance After Members's Death

The Board of Governors of the New York Stock Exchange at a meeting on Dec. 17, approved a proposed amendment to Section 13 of Article IX of the Constitution, relating to the continuance of a partnership for a limited period of time with the status of a member firm after the death of the sole Exchange member partner. Emil Schram, President of the Exchange, in advising members of the action, added:

"At present the limit of time is fixed by Section 13 of Article IX at 60 days. The proposed amendment would eliminate this limitation and would permit the Board to prescribe whatever limitation it deems necessary after considering the circumstances surrounding each case involving the death of a sole Exchange member partner. However, the Board would not expect to prescribe a limit exceeding 60 days in any case except where the sole Exchange member partner died while in active service with the armed forces, or in public service incident to the national defense.

"The Board also approved a proposed amendment to subparagraph (1) of Section 5, Article XI, the purpose of which is merely to describe more accurately the status of the estate of a deceased partner which continues to have an interest in a partnership.

Profits From Dissolution

The current situation in United Corporation $3 cumulative preferred offers very interesting profit possibilities, according to a memorandum being distributed by Newburger & Hano, 1419 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. The fact that the market price of United Corporation preferred is only 57% of its liquidating value is of greater significance today than in the past because, the bulletin declares, it seems likely that United Corporation will be forced to liquidate in the not too distant future. Copies of this interesting memorandum may be had from Newburger & Hano upon request.

SEC Announces Five New Proxy Revisions

The SEC has adopted several revisions to its proxy rules applicable to all solicitations after Jan. 15, 1943.

At the same time the Commission announced a general simplification of registration and reporting requirements under the various Acts which it administers through a comprehensive revision of its forms and regulations. It is believed that the program will result in considerable saving of paper work and will at the same time preserve for investors any protection afforded by the statutes.

The principal revisions to the proxy regulations are:

1. More extensive information must be given on the compensation and dealings of corporate managers, as well as a brief statement of the principal occupation of all directors and a resume of the business experience of new candidates.

2. Regular annual reports to stockholders must accompany or precede proxy statements.

3. Stockholders making proposals for action which are opposed by management must be given not more than 100 words in the proxy in which to state their position, provided the security holder gives the management reasonable notice of his intention.

4. The exemption heretofore granted corporations making proxy solicitations without use of the mails or interstate commerce is abolished.

5. An exemption is provided from the rules for certain types of solicitations through newspaper advertisements.

The additional information required about management includes a list of all directors and officers, except officers (not directors) receiving less than $20,000 a year, together with a statement of the amounts received in cash as well as under pension or option plans. Information must also be given showing all loans to officers and directors not made in the ordinary course of business, together with a brief description of all material transactions of officers and directors and their associates with the company or its subsidiaries.

Several months ago the Commission authorized its staff to circulate the proposed revisions to its proxy rules for comments and suggestions. The revisions announced today take into consideration the comments received. A number of the suggestions proposed by the staff were not adopted. They are:

1. The requirement that information of the type submitted in an annual report to stockholders including financial statements shall be included in the proxy statement.

2. The suggestion that minority stockholders be given an opportunity to use the management's proxy material in support of their own nominees for directorships.

3. The suggestion that persons soliciting proxies be denied the right to obtain discretionary authority where security holders have not marked ballots. This proposal was not adopted but a requirement of a clearer statement concerning the solicitation of discretionary authority was included in the new rules.

4. Compensation of officers who are not directors and who receive $20,000 or less is not required to be reported.

Consideration of the proposed revisions to its proxy rules led the Commission to an acceleration of the survey which it had earlier begun of the forms and regulations under the various statutes which it administers. This resulted in a general streamlining of a number of the reporting forms, with the adoption of many of the suggestions received from industry and which had been under consideration by the Commission for some time. The principal revisions are:

1. A new general form has been adopted for registration of commercial and industrial companies under the Securities Act of 1933, permitting the filing of the prospectus as a principal part of the registration statement, thus eliminating much duplication between the prospectus and the registration statement proper.

2. A registration statement filed under the Securities Act becomes a basic document under the simplification program so that securities covered by the statement may be listed on a stock exchange by filing copies of the registration statement. If a company is required to file annual reports with the Commission, these reports may consist principally of copies of its registration statement under the Securities Act, its annual report to stockholders, or a 13-months' prospectus. One result is that a company's annual report to stockholders, its proxy statement and its annual report to the Commission may, generally speaking, be the same document.

3. A number of changes have been effected in the requirements for financial statements designed to simplify and shorten such data by permitting under designated conditsions the omission or partial omission of certain schedules, and by permitting all figures appearing in financial statements to be stated in thousands of dollars. Financial statements included in annual reports to stockholders may be incorporated in annual reports to the Commission if they substantially conform to the requirements of Regulation S-X. A supplementary opinion of the Chief Accountant will be released shortly discussing the type of grouping or condensation which may be followed in financial statements without preventing substantial conformity with the requirements of Regulation S-X.

4. The procedure for registration of additional securities on an exchange and for registration on an additional exchange has been simplified by the revision of Forms 8-A and 8-C.

5. The Annual Supplement Form U5S for registered holding companies has been revised to eliminate 23 out of a total of 42 items or sub-items and 6 out of a total of 13 exhibits or subexhibits. In addition, many of the remaining items and instructions thereto have been amended to decrease the quantity of information required.

6. Two skeleton forms have been adopted for the use of public utility holding companies registered under the Holding Company Act in filing annual reports under Sections 13 and 15 (d) of the Securities Exchange Act. These forms permit such companies to file copies of their annual supplements in lieu of furnishing the information required in the forms heretofore used by such corporations. However, such companies must file the financial statements required by Form 10-K and the financial statements must be prepared in accordance with Regulation S-X.

The new program also includes simplified forms for the registration of securities of closed-end and open-end management investmeint companies and unit investment trusts which permit such companies to file a registration statement consisting of little more than a prospectus.

The use of the new forms included in the simplification program is entirely permissive, except that the new Form U5S under the Holding Company Act is intended to supplant the existing form until further notice. Any company may use them or may follow the procedure heretofore in effect. During the next several months the Commission will receive and give careful consideration to any criticisms or suggestions with regard to the use of the new forms. These forms are now in preparation and will be available shortly.

Sees Change in National Economy Which May Have Direct Bearing on Market

A change is now being made in the nation's economy which is nearly as important, if not as revolutionary, as the "100% conversion" of a year ago. According to Lord, Abbett & Co., 63 Wall St., New York City, in its current issue of the firm's "Economic Review," written by W. H. Griffiths, President of Research and Management Council, an affiliate in the Lord-Abbett organization, the country is now entering the third stage—or the "rational effort" phase—of our war economy. The third phase, according to the "Review," may have a direct bearing upon the market, in which the principal investment question will be whether a given company is a primary contractor or a sub-contractor. In describing the broad divisions of our war economy, the "Review" states:

"The first stage might be called 'partial preparation,' and its dates might be fixed as June of 1940 to December of 1941—that is, from the French collapse to Pearl Harbor. In this period our defense activity was half-hearted and tentative, by later standards. The popular catch-word of the day was that the United States, in contrast to other nations, had enough resources to create both guns and butter.

"The second stage might be termed the 'all-out effort' from January of 1942, to December of 1942—roughly speaking, of course. We entered this period in critical need of as much as possible of everything conceivable as soon as possible. The amount of manpower and raw materials devoted to any one bracket was determined simply on the basis of **relative urgency** and not on **quantitative need.**

"Now we seem to be entering the third stage, or the period of 'rational effort.' This status has been made possible by: (1) the tremendous flow of goods and the substantial stock piles now on hand, and (2) the fact that our enemies are rather definitely committed to their war plans, and at the same time the United Nations appear to have satisfied themselves as to the military policies which they wish to pursue.

"This means that we no longer want as much as possible of everything. In contrast, our governments now make calm decisions as to precisely how many units per month of each item is required. More important than this, the required quantities in many categories are equal to, **or below,** our present capacities. Thus, in effect, our governments can pick and choose, increasing or decreasing orders on a rational and calculated basis.

"Evidences of the existence of this third state are already coming to light. For example, it is reported that 'cutbacks' (contract cancellations or reductions) have been ordered with respect to antiaircraft guns, tanks and trucks. Ammunition cutbacks are expected shortly. Materials and manpower thus released are expected to be applied principally to the manufacture of aircraft.

"This change is already having an effect on relations between primary contractors and sub-contractors. When primary contractors begin to experience 'cutbacks,' or hear about 'cutbacks' in other fields, and when they read about the imminence of victory, they naturally begin to look upon war orders as limited and temporary sources of business which they would like to keep to themselves as much as possible. It is conceivable that there will be a period ahead of us when the question of whether a given company is mainly a primary contractor or a sub-contractor will have a bearing upon the market valuation of its stock.

"These recent developments do not imply the return to consumer goods activities. On the contrary, when a shortage of some materials is proclaimed in the future, it will be based upon strict realities and not general principles. For example, the demand for heavy, ordinary, steel may become less urgent, but the need for special steels and alloys may be more acute."

NYSE To Extend Time For Annual Reports

Emil Schram, President of the New York Exchange, announced on Dec. 17, a general policy by which the Exchange will be guided in relieving the difficulties which listed corporations may have in meeting requirements as to the time for publication of their annual reports during 1943. In indicating this the Exchange said that "this policy was formulated after discussions with the Committee on Auditing Procedure of the American Institute of Accountants and after it became evident that many corporations will be unable to release their annual reports for this year as early as has been the practice heretofore. This situation is the result of increased accounting work arising out of war-time conditions and of the shortage of trained accounting personnel among public accounting firms as well as corporations."

The Exchange's announcement further stated:

"In general, listed corporations, under agreements with the Exchange, submit annual reports to stockholders not later than three months after the close of the fiscal year, and at least 15 days in advance of their annual meetings. It will be the policy of the Exchange, upon application by the corporations showing necessity, to extend these time limits for an appropriate period beyond three months after the close of the fiscal year, and to a date fifteen days in advance of a postponed annual meeting or the reconvening of an adjourned meeting. Such extension will be with the understanding that the corporation release for publication, within the time limits fixed by the company's original agreement with the Exchange, an unaudited preliminary statement of operations appropriately qualified as subject to adjustment. Such preliminary statement should show estimated earnings both before and after Federal income taxes and possibly the dollar volume of sales, depending upon circumstances."

NYSE Finds Listed Co. Earnings Down 16.3%

The exigencies of war times find reflection in this Autumn's statistics of operating results among corporations having common stocks listed on the New York Stock Exchange, it was stated in the November issue of "The Exchange" magazine published by the Stock Exchange.

In a tabulation, presenting consolidated returns on 390 listed companies for the first nine months of 1942, the net earnings for the group were reported at $1,521,274,000.

"Even though the net income data for the first nine months of 1942 show a 16.3% decline compared with the same period of 1941, the Exchange points out a sturdiness of earning power is indicated that has gone far toward overcoming top-lofty provisions for excess profits and other taxes. In fact, the magazine adds, current corporate income figures appear to be well above 1940 levels on the basis of the comparative data published last year, when the nine months' figures for 1941 were 28.3% higher than those for 1940."

The Exchange's publication further says:

"Of the 390 listed corporations included, all except 10 had net profits to report for the current nine months. Compared with the showing of the 1941 period over 1940, another item discloses comprehensively how taxes have eaten into corporate gross profits. Only 124 of the 390 companies reporting show this year an improvement in earnings for the first three quarters over those for last year; in the first nine months of 1941 as many as 324 companies out of a total of 400 reporting showed an improvement over the comparable 1940 period.

"Nevertheless, improvement this year did occur, as far as net earnings are concerned, in a rather unexpected quarter. While the net income of the automobile company group, with 36 out of 62 listed concerns reporting, receded 40.7%, no less than 13 of these companies noted an improvement in their net income accounts. In fact, it seems evident from the current data that many listed corporations, in spite of taxes, higher production costs and other dislocations arising out of the war emergency are faring better this year than they did last and by far a large majority of them are well ahead of their returns for the 1940 period."

Pennsylvania Bankers Hold A Unique Forum

At their recent meeting the bankers of Delaware County, Pennsylvania, held a unique forum at which five prominent citizens gave a frank statement of the public's criticism of banks and bankers. Donald L. Helferrich, Executive Vice-President of the Upper Darby National Bank, and President of the Delaware County Bankers' Association, acted as discussion leader. The announcement, regarding the forum, says:

"The bankers were told that they were slow to see merit in anything, the success of installment houses, small loan companies and the Mortgage companies being cited to support the contention. The professional bank officer was accused of keeping from, or misinterpreting to his Board of Directors much of the new business and many of the new ideas that are a part of a changing economy. The banks were presented as avoiding their duties as quasi-public institutions."

The members of the panel were Martin Hatch, a lawyer; Mort Farr, head of an appliance business; William Pickett, a realtor; William Carson, Administrator of the F. H. A. for Easton, Pa., and Dr. Andrew Johnson, a citizen.

Penny Wise and Pound Foolish

The cashier of one of the large firms in the Street tells us the story of how his firm cancelled their subscription to the "Chronicle" as an economy measure. Just the past week the cashier missed a dividend notice, which had appeared in Monday's edition of the "Chronicle," and this cost his firm many times the savings effected—which goes to prove that a workman is only as good as his tools.

Monday's statistical issue and Thursday's final edition contain everything from complete coverage of corporation and municipal news, daily high and low prices of Stock Exchange stocks to general news found so vital to thousands of bankers, brokers and moneyed people, generally.

UP-TOWN AFTER 3

MOVIES

Wars, being what they are, have always been a ripe source for movie plots. The fruits, however, have too often been hodgepodges of romanticism, tales of redemption, or stories of the right-will-prevail variety. As entertainment they may have been excellent, but as factual reporting built around plots which don't strain one's credulity, they have as much to do with the present war as Boy Scout drills have to do with modern blitz tactics. The only countries to show wars as grim, bloody messes, is England, and, in some of the documentary films, Russia. That both have been at war for years, have suffered heavily, may have something to do with it. Or, perhaps, they feel the unvarnished truth will do more for morale than all imaginative plots script writers can dream up. It is true, we have made some efforts towards realism in war pictures. But the number of such Hollywood productions can be counted on the fingers of one hand. The latest, and by far the best war movie to date, comes from England. It is the Noel Coward picture, **"In Which We Serve,"** distributed here by United Artists. In grim, factual fashion, it relates the story of the British destroyer, "Torrin," its captain and its crew. In flashback sequence it shows the launching, commissioning, its first enemy action. Its part in the Dunkirk evacuation to its final sinking in the waters off Crete. Interwoven in this story of a fighting ship are the human stories of the crew enjoying their brief reunions with their families. But where it excells, is in the action scenes. Nothing like it has ever been seen in this country. Possibly "We Are The Marines," and, to some extent, "Wake Island," approach the intensity of "In Which We Serve." But nowhere do either of these American films touch the awe inspiring drama of the men who die on ships so powerfully as in this English picture. Curiously, both the latter and "We Are the Marines," have felt the Hays office shears. In both cases the censors feel that battles for one's life should be fought in atmospheres of verbal purity. If you are lying helpless in an oil-covered sea, cowering as enemy planes dive to machine gun you, your only epithet, according to the Hays office, must be a resounding "Gosh darn it!" It is true, the elimination of some words doesn't detract from the greatness of the Noel Coward film. Still, it is irritating, and serves no real purpose. By all means, see "In Which We Serve." You'll remember it for a long time to come. . . . Going from the war to a fantasy that only Hollywood could concoct, seems like a pretty long step. But, if you like escapism, you'll probably enjoy **"Arabian Nights"** (Universal). It is a colorful, super-super, Hollywood picture, done in grand style. It is a tale right out of the "Arabian Nights," set in colorful Bagdad, and tells of a dancing girl, Scheherazade, who upsets the Caliphs, no end. One brother foments rebellion against the throne, and is ordered to die. He escapes, usurps the throne and becomes Caliph. The deposed monarch in hiding meets Scheherazade, falls in love, and, after many adventures, regains his throne. It's all done in swashbuckling fashion, with the heroes fighting their way to the top. The picture never knows when to take itself seriously, so that, at times, it becomes really funny. Just as a serious mood is introduced, Aladdin starts rubbing lamps (he lost the original). When the serious mood is recaptured, Sinbad begins reminiscing of his life as a sailor; a tale he is never permitted to finish. The result is often first rate comedy. The sets are awe inspiring. Reminds you of D. W. Griffith's "Intolerance," with overtones of modern Hollywood glamor. The photography—all color—is magnificent. The story is full of action—the kids will yell their heads off. The men will go for the eye-filling harem girls, and the ladies will, probably, like the romantic angle. The hero is Jon Hall. The heroine is Maria Montez. The villain is Leif Erikson. The comics are Shemp Howard, John Qualen and Billy Gilbert. Sabu plays a kind of cupid who sees that the right people get together.

AROUND THE TOWN

Here are some more New Year's Eve prices: **Waldorf-Astoria** Wedgewood Room-Xavier Cugat and floor show, $10 each, plus tax. **Cotillion Room** (Hotel Pierre), $12.50 each, plus tax. **Cafe Pierre,** $7.50 each, plus tax. **The Versailles,** $12.50 each, plus tax. **El Morocco,** $15 each, plus tax. **The Stork Club,** $12.50 each, plus tax. **The Monte Carlo,** $15 each in the main room, and $10 each in the Casino, both plus tax. . . . **Scenes**—Men watching "men at work" on 59th Street—Gary Cooper, Spencer Tracy and Jean Gabin. . . . Arthur Treacher at Jimmy Dwyer's Sawdust Trail, trying to juggle trays, and the whole thing comes down with an awful smash. . . . **Stories Going the Rounds**—Red Skelton insists he received this letter several days ago from a relative: "Dear Red: Gue$$ what I can u$e mo$t of all for Chritma? Plea$e $end it along. Be$t Regard$. Your Cou$in $am. P.S. There'$ nothing wrong with the typewriter. $am. . . ." Two drunks swayed on the corner while waiting for a taxi. One of them boasted he'd have no trouble locating his house. "You mean," said his companion, "that there will be a light burning in the window?" "No," was the response, "but my wife will be." . . . From the West Coast comes word that the **Paris Inn,** 210 E. Market St., Los Angeles, is the place for fun. Bert Rovere, owner, and Fred Geromino, headwaiter. Fred doubles in brass, sings with the waiter chorus, might pose a problem and can't tell if to applaud, or to order.

Arthur Sedley Dies—Bankers Bond President

LOUISVILLE, KY.—Arthur S. Sedley, founder and President of the Bankers Bond Co., Inc., Kentucky Home Life Building, died at his home in Pewee Valley.

Mr. Sedley came to Louisville from Chicago in 1923. He was President of the Cumberland Apartments Co., Chairman of the Board of Louproco Realties, and President of the Berkshire Hotel, Kansas City, Mo.

FHLB Directors Named To Member Banks Bds

The Federal Home Loan Bank Administration announced on Dec. 19 the names of directors elected or reelected to the boards of the 12 Federal Home Loan Banks for two-year terms. The Associated Press reports that, among those elected to banks in the following cities were:

Pittsburgh: Fred C. Klussman (re-elected), Pittsburgh; William Reinhardt (re-elected), Philadelphia; James W. Turtle, Philadelphia and C. E. Brown, Moundsville, W. Va.

Winston-Salem: Edward C. Baltz (re-elected), Washington, D. C.; J. F. Stevens (re-elected), Greensboro, N. C.; Frank Muller, Jr., Baltimore and W. Brown Howell, Panama City, Fla.

New York: Dr. Herman L. Reis, New York City; Rey H. Bassett (re-elected), Canton, N. Y.; Joseph A. O'Brien, Camden, N. J., and J. Alston Adams (re-elected), Westfield, N. J.

Cincinnati (all re-elected): William A. McMillen, Cleveland; W. B. Furgerson, Louisville, Ky.; Charles J. Haase, Memphis, Tenn., and R. A. Stevens, Dyersburg, Tenn.

Little Rock, Ark (all re-elected): Grover J. Casselberry, El Paso, Tex.; J. J. Miranne, New Orleans; R. H. McCune, Roswell, N. M., and H. T. Leonard, Kosciusko, Miss.

Boston (all re-elected): Milton A. Barrett, Fitchburg, Mass.; Raymond P. Harold, Worcester, Mass.; George B. Lord, Portsmouth, N. H., and Walter P. Schwabe, Thompsonville, Conn.

United States To Lend Britain And Australia Silver For Coinage

Secretary of the Treasury Morgenthau disclosed on Dec. 14 that the United States had been asked by England and Australia to "lend" silver for coinage purposes, and that an arrangement had been worked out. Mr. Morgenthau said that these two countries had made the request because of the increasing demand for coins necessitated by the presence of a large number of soldiers, including Americans. It is stated that under the plan the silver will be shipped under lend-lease and an equal amount must be returned by the countries making the loan after the war is over. Associated Press accounts from Washington Dec. 14, said:

"Although England and Australia are the only nations which, so far, have indicated a desire to lend-lease silver, the Secretary said, it would be available on the same basis to China, or any other United Nation which desired it."

Indicating that some comment has developed in financial London as a result of the decision of the United States Government to send silver under the lend-lease program to any one of the Allied nations on the agreement that a comparable amount will be returned to the United States after the war, a wireless message from London Dec. 20 to the New York "Times" added:

"It is unlikely that the London silver market, which is very closely controlled, will be affected, but the news seems to have come as a shock to the Bombay market. London bullion circles are of the opinion that the United States decision, which has evidently been taken to relieve Britain's needs for silver to augment currency supplies, indicates that the Indian Government's silver is no longer available to the British Treasury.

"It has been assumed that the silver stocks of Britain and India were very large, but this development seems to indicate that while India still has sufficient silver for her own requirements, she can no longer afford to send even small amounts to Britain owing to her own currency requirements.

"If Britain is now to receive silver from the United States instead of drawing on the Indian supplies, it can be understood that the bullish sentiment in the Indian silver market has received something of a shock."

Two New Directors of Com. & Ind. Ass'n

Victor Emanuel and Fred I. Kent have been elected to the Board of Directors of the Commerce and Industry Association of New York, it was announced Dec. 22 by Neal Dow Becker, President of the Association.

Mr. Emanuel, President and Director of The Aviation Corporation, is also a Director of the Aircraft War Production Council, East Coast, Inc., and a member for industry of the War Manpower Commission of New York State. He is Chairman of Commerce and Industry Association's Committee on Aeronautics.

Mr. Kent, a Director of Bankers Trust Co., and President of the Council, New York University, also heads the Association's newly formed Post-War Planning Committe and is Chairman of its Committee on Education. He is also a member of the Association's Banking and Currency Committee and the Committee on Re-employment of Men and Money.

J. van Ahlers Heads Schwabacher Co. Dept.

SAN FRANCISCO, CALIF.—John van Ahlers has become associated with Schwabacher & Co., 600 Market Street, members of the New York Stock Exchange, as manager of the Statistical Department. Mr. van Ahlers succeeds Philip Small who has resigned to accept a government position.

Mr. van Ahlers was formerly connected with the Analytical Department of the Wells Fargo Bank & Union Trust Co., San Francisco, and prior thereto was a member of the Investment Analysis Department of the City Bank Farmers Trust Company, New York City.

E. H. Rollins Co. Moving N. Y. Office

E. H. Rollins & Sons, Inc., New York City, announce the removal of their New York office to 40 Wall Street on Dec. 28, 1942. Telephone and teletype numbers will remain unchanged.

Hart Smith Co. Gives Employees Xmas Bonus

Hart Smith & Co., 52 William Street, New York City, are giving a Christmas bonus of three weeks' salary to employees who have been with the firm for a year or more. Those serving less than a year are to receive a consideration based on their period of employment.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2237)

support points. When, as and if this is seen, the pendulum will swing to the other extreme. It is at such a point that I will again become interested sufficiently to advise the new purchases of stocks.

* * *

In the interim the stocks you hold have not been unkind to you. For example, Air Reduction bought at 30 made a new high of 41⅜. Stop should now be raised to 37. Goodyear bought two weeks ago at 22½ is now at 25½. Raise stop to 23. International Harvester bought at 43 is now at 58½. Raise stop to 54. The only stock in the list which did not share in the recent rise was Superheater bought at 13. It's now at 12½ and doesn't act well. If it breaks 12 get out of it.

* * *

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.]

HOW DID WE GET THIS WAY?

(Continued from first page)

Schemes to shift the burden of the cost of government entirely upon the shoulders of the greatest producers destroy incentive, encourage extravagance and retard when they do not halt progress. They are economically myopic, socially dysgenesic, intellectually decadent and incubated in stupidity. Political opportunism is their leitmotif although they are given an aura of humanism. Taxation based solely upon the ability to pay destroys the ability as is proven by the accumulated experience of mankind. Historians agree that one of the major reasons for the fall of Rome was the pressure of unscientific taxes upon production, made necessary by the effort to support inefficient producers.

Such schemes, always replete with ambiguities, are justified by liberals by the contention that the greatest producers have the greatest stake in the total economy and should bear the burden of its protection. They have a certain measure of plausibility but not one iota of validity. They are sanctified by what is called public opinion, as though this was the epitome of all wisdom and not largely the result of propaganda which meticulously avoids facts with perverse scientific exactitude.

The theory is another example of perverted reasoning and its acceptance proves that politicians are monotypic and seldom adopt their careers because they are interested in asceticism but rather because of a craving for the accolades of the crowd which they can persuade without proof because people are satisfied with assurances and assertions that are confidently made and frequently repeated. Reiteration is a powerful force. Speeches impress even when they are notable only for what is not said. Those who have opinions control those who have none regardless of the validity of the opinions. There is an established technique for capitalizing on misconceptions.

The fact is that the mass of the population has a greater stake in the greatest producers, and is more dependent upon them, than the producers have in the total economy. They supply the leadership which makes the difference between chaotic savagery and a productive organism.

The inequities in what men get out of life are insignificant when compared with the inequities in what men put into it. Humanity lives by the hard work of its men of talent but they do not live by humanity. We spend without thrift the gold of their genius. It is only through them that we are emancipated from the tyranny of nature. They are the creators of the past, the perservers of the present and the custodians of the future.

The most important relationship of a citizen to the State is that of taxpayer. The State cannot obtain a dollar for any man without first taking it from some other man. The latter must be the one who produced and saved it. This is what Voltaire had in mind when he said—"the art of government consists in taking as much money as possible from one class of citizens in order to give it to the other" who have not earned and do not deserve it but are the most numerous. This method is one of the bribes used by ubiquitous pink and red daffodils to obtain and retain office.

Our present tax absurdities, where the burden is shifted increasingly to the shoulders of legal entities called corporations, which are supposed to be soulless regardless of the fact that they are owned by human beings of the most ordinary kind, indicate only that dreamers who preach co-operation fail utterly to understand the true nature and functions of the most co-operative institutions yet devised, where the owners of accumulated labor—the surplus of past production over past consumption—pool their resources with current labor to provide an abundance of the things men need. These dreamers are masters of the art of explaining by the over-simplification of infinitely complex problems.

Corporate abuses are plentiful but they are not important when compared with political abuses. As a matter of fact, corporate corruption could hardly exist on a large scale except where political corruption is a condition antecedent. Politicians, however, have the advantage of being vocal with the ability to emphasize their virtuosity, in the expression of which they can never be accused of verbal parsimony. Corporations, unfortunately, are largely inarticulate—stutterers in a school where dunces with eloquence rate higher than doers with common sense; where bellowing blunderers are the teacher's pet — Phi Beta Kappas in ineptitude.

Politicians in both labor and government, frequently cohorts in legal rackets, realize that there are two ways of sharing in the fruits of industry—helping to produce them or trying to regulate them. Sallustius, the Roman who retired on the spoils of office to write essays on virtue and morality, was unique only in that he retired. Most politicians can write.

The proponents of such taxation devices are not creative thinkers, as they label themselves, but rather didactic tabulators of spurious formulae which are oriented to political and sociological misconceptions rather than to economic realities. In the long run people must learn by sad experience that government by oratory is a poor substitute for government by brains; that wordy panegyrics cannot replace practical thinking; that verbiage cannot repeal economic laws; that there is no leadership in phrases and no virtue in windy patriotism.

Wise legislation has played an important part in the progress of mankind. The wisest legislation is based upon a knowledge of the fact that every individual must pay a price of some kind for being the sort of a person he is and that, even though conditioned by the culture and milieu in which they are born, men create their own destiny within the limits of their heredity, which is irrevocable.

It is true that poor environment tends to make bad men, but it is basically an effect and not a cause, for it is bad men who live in a poor environment. The triumph of man over his surroundings is the saga of civilization.

As the exchange of products increased, a new division of labor developed by the introduction of a class of men who devoted themselves to the business of exchange. These men we call merchants. Although they are not direct producers, through their efforts and capital a greater volume of production is possible. Their importance is better realized when an effort is made to visualize a system in which they do not exist, or a system in which docile people are forced to stand in queues in a government bureau to be waited on by truculent clerks who owe their position to influence and their promotion to servility to commissars. As the technique of merchants improves, even though the improvement results in some inferior people becoming employees instead of owners, all consumers benefit.

Investment Trusts

(Continued from page 2239)

mistakes will be made at times despite the exercise of best judgment."

* * *

"Economic Characteristics of America in the Post-War Period" is the subject of discussion in the most recent issue of "Investment Survey" by Ray Vance, Trustee of New England Fund and General Investors Trust. It is a timely and stimulating report.

* * *

Distributors Group has published a sales folder covering all 19 Groups of Group Securities in a form suitable for easy reference and convenient use. The folder is entitled "Investment Report," and is addressed by the Investment Research Department to the Board of Directors of Group Securities. A recent list of securities and a dividend and price record for each Group is given.

Distributors Group is also out with another of its attractive folders on individual Shares of Group Securities, this time the Investing Company Shares.

* * *

Union Bond Funds are now buying rail bonds again, according to an announcement in the "Union Dealer" of Dec. 10. It is pointed out that railroad bond prices have been weak over the past two months and that now is believed to be a favorable time to acquire selected bonds in this field.

* * *

American Business Shares' latest "News Letter" takes an optimistic note on post-war outlook for American industry. Henry J. Kaiser's recent address before the National Association of Manufacturers on this subject is quoted in part.

* * *

Lord, Abbett's "Background," December issue, discusses WPB's role in our changing war economy. The article is on the same scholarly, objective plane that readers have come to expect from this publication.

* * *

Calvin Bullock has published a brief description of Dividend Shares in the form of a folder which should be helpful to dealers and prospects alike. Salient points are presented simply and clearly in layman's language.

* * *

National Securities & Research Corp. has prepared a little booklet on its interesting new International Series. Contained therein is an outline of the investment philosophy behind the series and a brief "biography" of each issue in the portfolio.

* * *

"A Favorable Appraisal" is the title Hare's, Ltd., gives to its new folder on bank stocks.

"The months of November and December invariably see a great deal of bank stock selling for tax purposes. The result of this is to depress the market and thus create buying opportunities for alert investors. Market recovery usually occurs in the early weeks of the following year.

"At the current market level the 15 bank stocks, in which Bank Group Shares provides ownership, are selling at an average ratio of only 81% of book value, and at an average yield of 5.2%. During the last 30 years, they have sold at an average of around 150% of book value and at a substantially lower yield.

"To those who desire to invest in the stocks of New York City's great banks, Bank Group Shares furnishes, with convenience, a service under the daily supervision of experienced management."

Our Reporter's Report

(Continued from first page)

A Present for Uncle Sam

The national Treasury cannot but view the splendid performance of the New York Victory Fund Committee in its December war financing drive as anything less than a most welcome Christmas present.

Latest official figures disclose that the area covered by this investment, brokerage, banking group contributed almost half of the total subscriptions received for bonds and Treasury notes to date.

The nationwide total of subscriptions was set early this week at $10,229,000,000, of which the New York area accounted for almost half or $4,600,000,000.

And according to subsequent reports, unofficial of course, it is indicated that a last minute rush of buying has carried subscriptions for this area well above the $5,000,000,000 mark.

First on the 1943 List

It looks now as though the Public Service Company of New Hampshire will be the first corporate borrower of importance after the turn of the year.

The company is reported preparing to file with the Securities and Exchange Commission a registration statement to cover the proposed issuance of $22,000,000 of first mortgage 30-year bonds, carrying a 3¼% coupon.

The registration presumably will disclose also the intention of the company to sell privately an issue of $2,500,000 of unsecured serial notes direct to a group of institutions.

Proceeds will provide for the retirement of its debt now outstanding in the amount of $18,929,000, subject to call at 104, and for the acquisition of certain assets of the Twin States Gas & Electric Co.

Unless there is a change in plans as bankers now see the situation the company may be expected to call for bids for the new bonds to be opened around the end of January.

B. & O. Asks Bond Tenders

That the railroads are determined to avert any chance of encouraging speculation in their efforts to reduce funded indebtedness by purchase of their outstanding bonds gained further support this week.

Baltimore & Ohio Railroad announced invitation of tenders of 18 issues of its secured obligations with the explicit statement that the action was intended to give all holders equal opportunity to share in the temporary wartime earnings if they so desire.

Such tenders will be accepted up to the close of business on Jan. 16 and the road will decide on acceptances by Jan. 25.

Meanwhile the Louisville & Nashville has proposed to the Interstate Commerce Commission that it be permitted to purchase in the open market $2,500,000 of its first and refunding mortgage 3¾% Series E bonds, which would among other things satisfy the Sinking Fund provisions of the mortgage.

Small But Significant

That investors are willing to pay good prices for securities if the quality is what they seek was indicated by a small, but none-the-less significant secondary which went through early this week.

Smith, Barney & Co., offered a block of 1,900 shares of Procter & Gamble $5 preferred stock priced at $120 a share.

And according to dealers the offering was snapped up quickly by investors who found they had a spot for just that type of senior stock in their portfolios.

Revokes Registration

The Securities and Exchange Commission has revoked the broker-dealer registration of J. Morton Steiner, engaged in the investment business in New York City under the name of J. Morton Steiner Company with offices at 42 Broadway.

The Commission charged that Mr. Steiner, knowing there was a demand for preferred and common stock of Metropolitan Personal Loan Corporation induced certain holders of the stock to dispose of their holdings to him at prices substantially below the prevailing market, by means of misrepresentations. He was also accused of inducing those selling the Metropolitan stock to buy other securities "at excessive prices having no reasonable relation to the prevailing market."

No exception or objection to the report of the trial examiner has been filed.

Closes $11 Billion Victory Loan Drive—Largest Financing In History Successful

The Treasury's December Victory Fund Drive, the goal for which was originally set at $9,000,000,000 but was later raised to $11,000,000,000, closed yesterday (Dec. 23) for subscription to the three principal issues which had been on sale since No. 30, namely, Victory 2½% bonds due Dec. 15, 1968, callable Dec. 15, 1963; 1¾% bonds due June 15, 1948, and ⅞% certificates of indebtedness due Dec. 1, 1943.

The Victory Fund Drive was successful not only because of the amount involved but also because of heavy purchases of securities by others than commercial banks, Secretary Morgenthau said.

Up to the close of business Dec. 19, the funds borrowed from all sources, on the different issues, totaled $10,229,000,000. Of this total about $4,588,000,000, or 45% was to commercial banks, and about $5,641,000,000, or 55% was to non-banking investors.

In view of this "superb public response," Secretary Morgenthau announced on Dec. 20 that he was raising the borrowing goal to $11,000,000,000, from the original $9,000,000,000.

This was the largest financing operation ever undertaken by any government in world history. The Secretary pointed out that the largest previous flotation was the Fourth Liberty Loan, which raised $6,964,581,100 in three weeks in 1918. Together with tax and other receipts of about $2,500,000,000, the Treasury expects to receive about $13,500,000,000 in December.

On Dec. 12 Secretary Morgenthau said:

"The funds raised through the drive, together with funds to be raised through the sale after Jan. 1 of Treasury bills, savings bonds, certificates of indebtedness and tax savings notes may enable the Treasury to function until some time in March or April before another major financing campaign."

Funds borrowed to and including Dec. 19 from all sources, on the different issues, are:

Funds from banking sources:

Treasury bills	$500,000,000
1¾% Treas. bonds	2,058,000,000
⅞% certificate	*2,030,000,000
Total	$4,588,000,000

Funds from non-banking sources:

⅞% certificate	1,294,000,000
1¾% Treas. bonds	809,000,000
2½% victory bonds	2,528,000,000
Tax notes	480,000,000
Savings bonds (E, F and G)	530,000,000
Total	$5,641,000,000
Grand Total	$10,229,000,000

*Tentative.

Speaking of the success of the financing drive Secretary Morgenthau said:

"This is the sort of news that Axis leaders dread to hear and that they will not permit their misguided peoples to know. It is the sort of news that inspires our associates of the United Nations. It will reassure all soldiers who are fighting the good fight. The speedy borrowing of the tremendous sums is a reflection of our American determination to win the war and win it quickly."

Mr. Morgenthau also said that "the response by investors has been stimulated in large part by the eager participation in the drive of many thousands of volunteer workers drawn from the banking, securities, insurance and other fields. These workers have well earned the thanks of the nation."

The December campaign was opened by President Roosevelt when he bought the first $1,000 Victory 2½ from Secretary Morgenthau and declared that our dollars must be made 'fighting dollars' by investing them in Government securities."

The start of the drive was referred to in our issue of Dec. 3, page 1970.

Weigh Pay Revision For Customers' Aides

Changes in the present manner of paying customers' brokers of New York Stock Exchange firms, are under consideration, and it is expected that a revised plan will be worked out shortly between the Exchange and the Securities and Exchange Commission. The matter has been under discussion by the Exchange, the SEC, and the United States Treasury ever since the issuance of salary freezing orders by James J. Byrnes, Stabilization Director.

The present Rule 438, of the Board of Governors of the Exchange, requires that "No employee shall be paid other than a fixed salary not varying with the business, without the prior approval of the committee on member firms." However, there has been a gradual drift away from this rule for a number of years—it is an open secret in Wall Street that salaries are based on the amount of business produced.

The customers' brokers and their employers, who fear a loss of trained help should salaries be fixed at present levels, are anxious for a more equitable rule, since the freezing order was issued while business was poor, and the ordinary ebb and flow of income has been checked.

It is understood that the Exchange is in favor of a modification or rescission of Rule 436, but that permission has not yet been received from the SEC.

Attractive Situation In National Refining Co.

Prior Preference $6 cumulative stock of National Refining Company offers a particularly attractive situation, according to an analysis just issued by Gillis-Russell & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. The book value of the stock is $262 per share, the analysis states; underlying cash and Governments alone equal $34; stock earned $9.39 net after taxes in 1941; a payment of four dollars on the prior preferred on Dec. 10 leaves an arrearage of $27.50; would receive 105 plus arrears in liquidation; dividends are now being paid.

Copies of the analysis of National Refining, one of the oldest companies in the petroleum industry, giving full and interesting details, including a condensed balance sheet, may be had from Gillis, Russell & Co. upon request.

Fuel Board Junks Complicated Rule

At least one fuel rationing board in the metropolitan area of New York City has taken the bull by the horns and decided to let its common sense prevail over what the board members regard as regulations that only an astronomer could interpret, stated the New York "Sun" of Dec. 18, further adding:

The board has jurisdiction in the Great Neck-Manhasset area in Long Island, N. Y., and a spokesman said today that the board has no idea what will be the repercussions from the drastic step which was taken after a long and argumentive session that did not break up until 3 o'clock last Tuesday morning. The board, it seems, passed a resolution which called for throwing out the window the regulations issued from Washington for alloting fuel oil.

"The charts and specifications prepared in Washington must have been set up by astronomers or crystal ball gazers," the board's spokesman said. "Certainly only an astronomer could understand them and even when understood, what have you got? Nothing, except a mess of senseless figures that work unfair hardship on a great many people."

The speaker said that so far as he was concerned he would apply common sense in issuing coupons for fuel oil, especially for homes where there are little babies and sick persons.

"In such instances, it's a case of to hell with the regulations," he asserted.

Firm to Be Known as The Crummer Company

CHICAGO, ILL.—As of Jan. 1, 1943, the name of R. E. Crummer & Company, Incorporated, will be changed to The Crummer Company, Inc. The main office of the organization will be changed from Chicago to the First National Bank Building, Orlando, Fla. The firm will continue to maintain an office in Chicago, in the First National Bank Building, which will be under the management of W. J. Noel.

Officers of The Crummer Company will be W. J. Meredith, president; Carl A. Morawitz, Roy F. Preston and Murray T. Crummer, vice-presidents; Myers Gross, secretary-treasurer; Vernon T. McCombs, Ted H. Kiefer, Dean J. Osburn, and William J. Noel, assistant secretaries, and Charles J. Reichert, assistant treasurer.

Branch offices will be maintained in Chicago; in Kansas City, Mo., at 21 West 10th Street, under the direction of Lloyd M. Muir; in Omaha, Neb., Insurance Building, under the management of Murray T. Crummer, and in Wichita, Kan., Schweiter Building, where Messrs. Morawitz, Preston, McCombs and Kiefer will be resident officers.

The Crummer Company will continue the affiliation with Crummer & Company, Inc., of Texas, at Dallas.

Chas. Ebner, Jr., With Hare's Ltd. In L. A.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Charles L. Ebner, Jr., has become associated with Hare's, Ltd., 210 West Seventh Street. Mr. Ebner was previously manager of the trading department of the Los Angeles office of Protected Investors of America, and prior thereto served in a similar capacity with Morrison Bond Co., Ltd.

Alldredge Heads ICC

J. Haden Alldredge, of Alabama, is the new Chairman of the Interstate Commerce Commission for the year 1943, succeeding Clyde B. Aitchison, of Oregon. The ICC Chairmanship is rotated annually, but Commissioner John L. Rogers, who was in line for election, was unable to accept the additional duties in view of the fact that he is also serving as Director of the Division of Motor Transport in the Office of Defense Transportation. Mr. Aitchison, who was appointed to the ICC 25 years ago by President Wilson and was recently renamed to another seven-year term by President Roosevelt, had been serving as Chairman of the Commission since June, but for the first half of the year was Acting Chairman. He replaced Joseph B. Eastman who went on leave of absence to head the ODT.

Claude R. Porter, of Iowa, whose term expires at the end of this year, has also been renamed to a seven-year term by President Roosevelt.

Court Holds McCann Cannot Be Released From Prison on Plea of Error in Waiving Trial

In a 5 to 3 decision, the United States Supreme Court held on Dec. 21 that Gene McCann, the former New York broker, cannot be released from prison on his plea that he was wrong in waiving a jury trial and acting as his own lawyer when convicted of mail frauds in a trial court. The New York "Times" in Washington advices Dec. 21 in indcating the conclusions of the Court stated:

"The ruling, announced by Justice Frankfurter, upset the action of the New York Circuit Court of Appeals sustaining a writ of habeas corpus and directing the release of McCann from custody.

"In the Circuit Court, Judges Learned Hand and Thomas W. Swann had held that in a felony trial the accused, 'at least when not himself a lawyer, may not consent to be tried by a judge' except upon the advice of an attorney.

"Contradicting this view, Mr. Frankfurter said McCann had a perfect right to waive a jury trial and added that 'the Constitution does not force a lawyer upon a defendant.'

"Justice Douglas wrote a dissent, shared by Judges Black and Murphy, the last of whom presented further views of his own."

The "Times" account went on to say:

"The case began on July 7, 1941, when McCann, who had been a financial operator, told Judge Merrill E. Otis in Federal court that he wished to waive trial by jury, wanted to plead his own case, and did not desire to consult a lawyer. The trial went on for two and a half weeks, at the end of which Judge Otis sentenced McCann to serve six years and pay a $600 fine.

"Speaking for the majority, Justice Frankfurter said:

"The short of the matter is that an accused, in the exercise of free and intelligent choice, and with the considered approval of the court, may waive trial by jury and so likewise may he competently and intelligently waive his constitutional right to assistance of counsel. There is nothing in the Constitution to prevent an accused from choosing to have his fate tried before a judge without a jury.

"It is neither obnoxious to humane standards for the administration of justice as these have been written into the Constitution, nor violative of the rights of any accused of a crime who is capable of weighing his own best interest, to permit him to conduct his own defense in a trial before a judge without a jury, subject as such trial is to public scrutiny and amenable as it is to the corrective oversight of an appellate tribunal and ultimately to the Supreme Court of the nation.

"Among the dissenters, Mr. Douglas said he did not think that in the absence of legal advice 'a waiver by a layman of his constitutional rights to a jury trial was intelligent and competent in such a case as this.' For himself alone, Justice Murphy said that should there be such waivers of a jury trial this should come about only under standards to assure that the accused knew what he was doing.

"Government prosecutors assumed that McCann would now try to perfect the appeal he first began from his conviction in the trial court. This was temporarily shelved when the habeas corpus writ proceedings were started."

Reference to the ruling of the U. S. Circuit Court of Appeals in New York was made in our issue of April 2, page 1322.

Nelson Gilbert Asst. Regional V Fund Mgr.

LANSING, MICH.—Nelson R. Gilbert has been granted a leave of absence by his firm, Donovan, Gilbert and Company, American State Savings Bank Building, and is now associated with the United States Treasury Victory Fund Committee as Assistant Regional Manager in Michigan.

ABA Issues Manual On Loan And Investment Laws

A manual of the laws dealing with loans and investments by national banks, has been prepared by the National Bank Division of the American Bankers Association, and is now being sent to all national banks that are members of the A.B.A. The manual, it is announced, contains the full text of the important statutes and their amendments which govern loans and investments by national banks, together with explanatory comments regarding the laws. Included are various regulations issued by the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, and decisions, official rulings, and interpretations of some of the more important laws and regulations. The announcement adds:

"Significant among the contents of the book are the laws and regulations dealing with the various types of loans, and loan guaranties, made in connection with war production lending, with summaries of some of the most frequently used loan forms.

"The material contained in the manual has been divided into five major categories as follows: Loans, investments, acceptances, agency transactions and regulatory enforcements of statutory provisions."

Additional copies of the manual may be obtained from A.B.A. headquarters in New York.

F. Garceau Now With Baker, Weeks, Harden

(Special to The Financial Chronicle)

DETROIT, MICH.—Frank Joseph Garceau has become associated with Baker, Weeks & Harden, Penobscot Building. Mr. Garceau was formerly with Keane & Co. and S. R. Livingstone & Co., and was manager of the trading department of the Detroit office of Schouten, White & Co.

North Africa Minister

Robert D. Murphy, former American diplomat at Vichy, and now President Roosevelt's personal representative in North Africa, has been raised to the rank of Minister, it was announced on Dec. 20 at Allied headquarters in North Africa, by Lieut.-Gen. Dwight D. Eisenhower, Allied Commander-in-Chief. Mr. Murphy, who has received the Distinguished Service Medal for his liaison work in North Africa, will continue, according to Associated Press advices, to serve on General Eisenhower's staff as civil affairs officer "until such time as consultation with the War Department suggests a change," General Eisenhower said.

Kenneth Hill In Hingham

(Special to The Financial Chronicle)

HINGMAN, MASS.—Kenneth B. Hill is engaging in a general securities business from offices at 692 Main Street. Mr. Hill was formerly a partner in Alcock, Hill & Co., of Boston, and prior thereto was with Southgate & Co. and Dillon, Read & Co., and was sales manager for Lyons & Co.

Calendar of New Security Flotations

OFFERINGS

SUPERIOR OIL CO. OF CALIFORNIA

Superior Oil Co. of California has filed a registration statement with SEC for 35,000 shares of capital stock, par value $25 per share. All of the stock is issued and outstanding and is being offered by W. M. Keck, W. M. Keck, Jr., and Howard B. Keck who have informed the company that the amount of stock to be offered and offering price have not been determined, and that the figures have been furnished to the company solely for the purpose of calculation of the registration fee.

Address—930 Edison Building, Los Angeles, Cal.

Business — The company is engaged principally in the acquisition of prospective oil lands; the exploitation and development of such lands; and the production and sale of crude oil and natural gas.

Underwriting—Dillon, Read & Co., New York, is the principal underwriter. A selling group consisting of certain dealers may be formed in connection with the offering of the capital stock registered.

Offering—As soon as practicable after registration statement becomes effective. The number of shares of stock to be purchased by the underwriter from each of the three sellers, the price to be paid and the offering price to the public will be supplied by amendment.

Proceeds—None of the proceeds from the sale will go to the company, but to the selling stockholders, all of whom are officials of the company. W. M. Keck is President, W. M. Keck, Jr., and Howard B. Keck both Vice-Presidents. All three also are Directors.

Registration Statement No. 2-5068. Form A-2. (12-5-42)

Company on Dec. 15 filed an amendment to its registration statement in which it placed the number of shares of stock to be offered to the public at 27,000 in place of the 35,000 shares covered in original statement filed Dec. 5, 1942. Shares are outstanding and owned as follows: W. M. Keck, 21,000; W. M. Keck, Jr., 3,000, and Howard B. Keck, 3,000. The sellers are officials of the company, the first being President and the other two being Vice-Presidents.

Registration effective 4:15 p.m. (EWT) on Dec. 16, 1942.

Offered Dec. 16, 1942, by Dillon, Read & Co. at $48.50 per share.

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.

SUNDAY, DEC. 27

HURON BUILDING COMPANY

Barnet L. Rosset, John F. Rhodes and Charles J. Young, as trustees under a voting trust agreement dated Dec. 27, 1932, have filed a registration statement with SEC covering voting trust certificates in connection with a maximum of 2,851 shares of the common capital stock of the Huron Building Company.

Address—Suite 315, 11 South La Salle St., Chicago.

Business—Office building.

Offering—Certificates are already outstanding in the hands of registered owner and it is only proposed that date of termination of trust agreement will be extended for five years from Dec. 27, 1942, without exchange of new securities.

Underwriting—No underwriter.

Proceeds — Extension of voting trust agreement.

Registration Statement No. 2-5069. Form F-1. (12-8-42)

MONDAY, DEC. 28

STEEP ROCK IRON MINES LIMITED

Steep Rock Iron Mines Limited has filed a registration statement with SEC covering $2,250,000 5½% sinking fund debentures, due Dec. 1, 1957.

Address—25 King St., West, Toronto, Ontario, Canada.

Business—Mining. Company owns property comprising approximately 7,000 acres in the Steep Rock Lake area, near Atikokan, Ontario, Canada, containing large bodies of high-grade iron ore. The property includes all of Steep Rock Lake, under which the known ore bodies lie.

Underwriter—Otis & Co., Cleveland, O., is principal underwriter. In the underwriting agreement Otis & Co. agreed to purchase and the company has agreed to sell the $2,250,000 face amount of debentures covered by the registration statement and 562,500 shares of the company's capital stock. The rate to be paid by the underwriter for each $1,000 face amount of debentures and shares of stock will be supplied by amendment. The capital stock is to be deposited under a voting trust agreement.

Offering—Price to the public per unit consisting of $1,000 face amount of debentures and a number of voting trust certificates for capital stock to be offered with debentures will be furnished by amendment.

Proceeds—For plant, equipment, drilling, development and working capital.

Registration Statement No. 2-5070. Form A-1. (12-9-42)

STEEP ROCK IRON MINES LIMITED

Donald M. Hogarth, Julian G. Gross and Russell D. Bradshaw, voting trustees, have filed a registration statement with SEC for voting trust certificates for 562,500 shares of capital stock without nominal or par value of Steep Rock Iron Mines Limited.

Address—3100 Canadian Bank of Commerce Building, Toronto, Ontario, Canada. Address of corporation, 25 King St., West, Toronto.

Offering—See registration statement of Steep Rock Iron Mines Limited No. 2-5070.

Proceeds—To deposit shares in a voting trust.

Registration Statement No. 2-5071. Form F-1. (12-9-42)

WEDNESDAY, DEC. 30

BEDFORD PULP & PAPER CO., INC.

Bedford Pulp & Paper Co., Inc., has filed a registration statement with the SEC for $700,000 face amount of first closed mortgage 5% sinking fund bonds. The bonds will be dated Dec. 1, 1942, and mature Dec. 1, 1949.

Address—Big Island, Va.

Business—Company is engaged in the manufacture, distribution and sale of Nine Point paperboard. This is a paper material which is used to form the inner corrugated part of corrugated paperboard employed in making containers for packing and shipping merchandise. Plant is located at Big Island, Va., where company also owns water rights and hydraulic works on the James River. A wholly-owned subsidiary, Bedford Timber & Land Corp., owns and leases timber lands from which the company derives a part of its supply of pulpwood.

Underwriting—Coffin & Burr, Inc., Boston, $550,000, and Whiting, Weeks & Stubbs, Inc., Boston, $150,000.

Offering—It is proposed to offer the bonds to the public at 99¾.

Proceeds—The net proceeds to be received by the company from the sale of the first closed mortgage 5% bonds is estimated at $658,910 and they will be used, together with $289,000 of 5% debenture notes which are to be issued concurrently with these bonds, to retire $225,000 face amount of Series A mortgage bonds 4% and $714,000 Series C mortgage bonds 5%, total $939,000. The remainder of the cash proceeds from the sale of the bonds will be added to the working capital of the company.

Registration Statement No. 2-5072. Form A-2. (12-11-42).

Registration effective 1 p.m. (EWT) on Dec. 19, 1942.

MONTROSE HOTEL, INC.

Barnet L. Rosset, Charles J. Young and Abraham Greenspahn, as trustees under a trust agreement dated July 1, 1932, have filed a registration statement with SEC for voting trust certificates representing a maximum of 2,697 shares of the common capital stock of Montrose Hotel, Inc., each having a par value of $50 and deposited under the voting trust agreement.

Address—Of issuer, Suite 315-11 South La Salle St., Chicago. Location of hotel, Fortieth and Main Sts., Kansas City, Mo.

Business—Hotel.

Underwriting—No underwriters.

Offering—Date of proposed offering or delivery of voting trust certificates Dec. 31, 1942. Certificates are already outstanding in the hands of registered holders and it is only proposed to extend trust agreement for five years from June 30, 1942, with privilege of interim withdrawal of certain conditions.

Proceeds—To extend voting trust agreement.

Registration Statement No. 2-5073. Form F-1. (12-11-42)

FRIDAY, JAN. 8

SHERIDAN BELMONT HOTEL CO.

G. W. Rosseter and others as trustees under a voting trust have filed a registration statement with the SEC for voting trust certificates for 6,813 shares of common stock, no par value of Sheridan-Belmont Hotel Co.

Address—Address of trustees, Securities Service Corp., 310 South Michigan Ave., Chicago. Address of hotel, southwest corner of Sheridan Road and Belmont Ave., Chicago.

Business—Owns and operates an apartment hotel building.

Underwriting—No underwriting.

Offering—Registration of 6,813 certificates is on the assumption that all of the present holders of participating certificates will agree to the extension of the present trust agreement. If less than all of the holders of participating certificates consent, the trust agreement will apply only to those who do consent.

Purpose—For extension of voting trust agreement. The securities are presently subject to a trust agreement which expires April 1, 1943. It is proposed to extend the agreement to April 1, 1953.

Registration Statement No. 2-5074. Form F-1 (12-19-42).

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)

Amendment filed Dec. 7, 1942, to defer effective date.

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 Dec. 18, 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. 15, 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 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of 45/100ths share of Fireman's Fund for one share 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 Dec. 17, 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

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)

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

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)

Registration effective 4 p.m. (EWT) on Dec. 17, 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 Amer-

ican 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 Dec. 5, 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, auu 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 Dec. 12, 1942, to defer effective date

Cotton Consumption In November

Under date of Dec. 15, 1942, the Census Bureau at Washington issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of November.

In the month of November, 1942, cotton consumed amounted to 913,038 bales of lint and 113,728 bales of linters, as compared with 972,490 bales of lint and 116,976 bales of linters in October, 1942, and 849,143 bales of lint and 116,976 bales of linters in November, 1941.

For the four months ending with November 30, cotton consumption was 3,776,766 bales of lint and 466,662 bales of linters, against 3,554,806 bales of lint and 510,281 bales of linters in the same four months a year ago.

There were 2,440,684 bales of lint and 470,330 bales of linters on hand in consuming establishments on Nov. 30, 1942, which compares with 2,248,280 bales of lint and 495,371 bales of linters on Nov. 30, 1941.

13,637,120 bales of lint and 79,371 bales of linters were on hand in public storage and at compresses on Nov. 30, 1942, and 13,959,627 bales of lint and 95,936 bales of linters on Nov. 30, 1941.

There were 22,948,248 cotton spindles active during November, 1942, which compares with 23,079,000 active cotton spindles during November, 1941.

Fish Quits Foreign Affairs Committee

Representative Hamilton Fish (Rep., N. Y.) resigned on Dec. 14 as a member of the House Committee on Foreign Affairs in order to devote his full time in the new Congress as a member of the House Rules Committee, "to the restoration of representative and constitutional government in the United States."

Saying he regretted leaving the Foreign Affairs Committee, of which he was ranking minority member, having served for the past 22 years, Representative Fish said he believed that there was "nothing more important for the new Congress to do than to reassert its own authority, legislative prerogatives, and power to stop the march to dictatorship and totalitarianism in our country while our sons are fighting for the four freedoms throughout the world."

Mr. Fish also said the American people "are exasperated at having their daily lives regimented by Executive orders and regulations emanating from bureaucrats and governmental agencies without authority of law and often in defiance of Congress and the Constitution."

Mortgage Clinic To Be Held in New York

A nation-wide series of "Mortgage Clinics," sponsored by the Mortgage Bankers Association of America, will open in New York at the Waldorf-Astoria, Jan. 14 and 15, with a two-day review of current mortgage problems created by the war, Charles A. Mullenix, Association President, announced. This will be followed by a second in Chicago in February with others over the country to be announced soon. John H. Thompson, President of the New Jersey Realty Co., Newark, will act as moderator and conduct the clinic sessions. He will be assisted at the New York clinic in organizing the meeting by W. A. Curtin, of Hartford, MBA Regional Vice President for the Eastern States.

Cooperating with the Association will be the Northern New Jersey Mortgage Bankers Association headed by George B. Underwood, Irvington, N. J.; Philadelphia Mortgage Bankers Association headed by Elmer S. Carll; the Pittsburgh Mortgage Bankers Association headed by John H. Scott; and the Baltimore Mortgage Bankers Association, headed by George H. Schmidt.

Decentralization of meetings is planned to help cut rail travel, Mr. Mullenix said. Subjects at the New York conference will be almost wholly related to wartime activities and include changing appraisal trends, how to encourage stepped up mortgage payments in line with the President's desire, effects of rent control and constructive measures designed to improve it. Rent control will be a principal subject, Mr. Mullenix said, because "administration of this measure has been far from satisfactory."

Reserve Board Authorizes Use of Fed. Reserve Notes

"As a part of the program of the Government to conserve both labor and materials during the war period," said the Board of Governors of the Federal Reserve System on Dec. 12, "after consultation with the Treasury Department, has authorized the Federal Reserve Banks to utilize at this time the existing stock of currency printed in the early Thirties known as 'Federal Reserve Bank notes'." The announcement of the Reserve Governors further stated: "The stock of these notes which is in $5, $10, $20, $50 and $100 denominations, amounts to approximately $660,000,000. By making available for use, as needed, this stock of unissued paper currency, which is identical with Federal Reserve Bank notes now in circulation, it is estimated that more than $300,000 will be saved in the cost of printing new currency. In terms of labor and materials, there would be a saving of 225,000 man hours in printing alone, and of 45 tons of paper in addition to a substantial saving of nylon and ink."

Gilbert Montague Says Business Is Not Rewarded For Unparalleled War Effort

Gilbert H. Montague, New York lawyer, charged on Dec. 15, that business, especially big business, "is today being pushed around and sniped at by the government, with complete disregard of its unparalleled war effort."

Addressing a luncheon meeting of the Rotary Club at St. George, Staten Island, N. Y., Mr. Montague declared that "American business has achieved a stupendous transformation" in the past two years, but he asserted that, while "other elements of the national economy have been richly rewarded for their war effort," no such rewards have accrued to business. He cited the increases since 1929 in the gross national production; he likewise pointed to the increases in farm gross income and manufacturing employees' hourly earnings as examples of business' extraordinary achievement. Mr. Montague further declared:

"Renegotiation of war contracts is recapturing for the government everything over a minimum profit on all war business. Mountainous taxation is taking for the government all but a moderate percentage of total corporate profits. Steep individual tax rates are taking for the government all but a moderate percentage of total individual incomes.

"For business executives, especially in big business, there are these steep individual tax rates applicable to all incomes, whether from earnings or investment, and in addition there is a new, special punitive treatment, applicable to earnings of business executives and employees. By Executive Order and Administrative Regulations, the government is now doing what Congress expressly declined to do, and is limiting all salaries of all business executives and employees to $25,000 net after taxes.

"For two years business executives have borne the chief burden of converting business to a war production basis. For their reward they have been derided as economic royalists, their patriotism has been aspersed, and they have been pilloried before Congressional committees because of agreements highly beneficial to the United States when made years ago with foreign nationals then at peace with us. Beset by labor demands backed by government sympathy and the War Labor Board, and overrun by anti-trust investigators from the Attorney General's office, they have had to steer their course through bewildering regulations of the Office of Price Administration, the Board of Economic Warfare, and innumerable other boards, commissions, and government agencies. In spite of all these difficulties, business executives have turned in a performance of extraordinary magnitude and brilliancy. And now they are singled out as the one group whose families must suffer immediate and painful reductions in living standards, while full war effort is purchased from farmers and manufacturing employees by raising their family living standards to unprecedented heights.

"This is disheartening, but business executives will take it, as they always have, without flinching. They will be too loyal to the all-out war effort to have any part in pressure groups, class jealousies and political rancor. They will cherish the faith that this moment will pass, as such moments in our history always have passed. They will practice self restraint, patience, forbearance and justice, in the confidence that these are the virtues that have made America great, and to these virtues America will return.

President Says Planned 7,500,000 Army Not Big

President Roosevelt took issue on Dec. 15 with recent statements that a 7,500,000-man army would interfere seriously with American domestic economy or that the armed forces would have to be seriously reduced if they were to be properly equipped.

Regarding Mr. Roosevelt's remarks, Washington advices of Dec. 15 to the New York "Herald Tribune," said:

The question was asked at the President's press conference: "Are there any strategic developments in the war that might lead to a reconsideration of the size of the army because it is too big to equip?"

The President replied that he had seen a statement by a distinguished Frenchman who suggested that France had fallen because she had too large an army. That was a very amazing statement of the cause of the fall of France, the President remarked.

He added that it was an equally amazing statement for any one on Capitol Hill to apply to this country, to suggest that if you raised, trained and equipped a large enough army from the military point of view it might discombobulate domestic economy. He added that he thought that people would not put much stock in that in the midst of a very serious war.

The President's reference was to statements made by Pierre Cot, former French Air Minister, in recent testimony before a Senate committee. M. Cot had blamed the fall of France in part on the fact that the French Army had been so big that there had not been enough civilian workers left to equip it adequately.

Reference to plans for an Army of 7,500,000 was made in these columns Nov. 19, page 1805.

Urges Banks To Turn In Excess Nickels & Pennies

Allan Sproul, President of the Federal Reserve Bank of New York, on Dec. 4 sent the following communication to all banking institutions in the Second Federal Reserve District:

"In order to effect a better distribution of nickels and pennies in the present emergency, the Treasury Department requests all banking institutions to ship all such coin in excess of absolute needs to the Federal Reserve Bank of their district. In this connection, the Treasury Department has recently issued statements to the press urging the return of coin savings to circulation to ease the production strain on Mint establishments and to save metals vital to the war by lessening demand for new coins.

"Nickels and one-cent pieces should be sent to us by express collect."

Government Employment At New Record In Sept.

The Federal Government added 98,715 civilian employees to its payroll in September, bringing the total of workers in the executive branch inside and outside Washington to 2,549,474, the Civil Service Commission reported on Dec. 10.

The Associated Press accounts had the following to say:

"The War Department continued to be by far the biggest employer, adding 67,276 workers to its rolls and reaching a peak of 1,076,306 employees in all.

"The Navy gained 18,098 over its August total and at the end of September had 518,663 employees.

"The Washington area had 281,423 workers in the executive branch at the end of September, representing an influx of 6,061 persons for the month.

Haney, Goldwasser To Address Buying Ass'n

Dr. Lewis H. Haney, Professor of Economics at New York University, and I. Edwin Goldwasser, Vice-President of Commercial Factors Corporation, will be the speakers at the annual luncheon meeting of the Association of Buying Offices, Inc., at the Hotel Pennsylvania, New York, on Jan. 11th, it was made known today by A. A. McCarty, president of the buying group.

"Inflation and the Post-War Outlook" is the subject chosen by Dr. Haney, while Mr. Goldwasser will speak on "Civilian Apparel Merchandising in 1943." This annual luncheon meeting is a curtain raiser to the National Retail Dry Goods Association's traditional convention, billed this year as a five-day "Wartime Conference."

Dr. Haney is consultant on economic problems and business conditions for the National Association of Purchasing Agents, and is a member of the Economic Advisory Group of the National Association of Manufacturers. He is the author of several books on economics, the most recent of which is "Value and Distribution."

Mr. Goldwasser's career in the factoring business extends over a period of more than 20 years, during which he has been a close student of both production and distribution of textiles. He was the originator of the plan for a vertical set-up in the cotton field. He has written extensively on various phases of factoring, more from the viewpoint of the merchandise manager rather than that of the banker.

Christmas Party -- 1942 Style

(Continued from page 2236)

Blue Sky Commissions of the various States will understand why I feel the way I do. I pray that we shall some day be permitted to operate under one set of regulations instead of 48."

Then Mr. Lord threw off the depressing attitude of his opening remarks and began to speak of the future. "Wall Street has been steadily on the down-grade since 1937," he said. "The bottom has been reached, the worst is known, we are now on the up-grade—**1943 will be a better year!**"

He spoke of the stirring in the grass roots, of the increasing evidence that our corporations will be let live, of the new inventions coming forth under the stress of a war economy—inventions that will point the way toward a higher standard of living after the war.

He had words of encouragement for the investment company field and for the members of his own organization. "As stewards of other people's money," he concluded, "we have the funds under our management fully invested in good American securities. We have selected those securities with all the care that we could possibly bring to the management of our own funds. With this position we shall go into the New Year—with confidence in the future!"

The Business Man's Bookshelf

Commercial Policy in the Inter-war Period: International Proposals and National Policies—League of Nations Publication 1942 II A. 6—Columbia University Press, International Documents Service, 2960 Broadway, New York City—$1.75.

Federal Power Commission and State Utility Regulation, The—Robert D. Baum—American Council on Public Affairs, 2153 Florida Ave., Washington, D. C.—Cloth, $3.75; Paper, $3.00.

Network of World Trade, The—League of Nations Publication 1942 II A. 3—Columbia University Press, International Documents Service, 2960 Broadway, New York City—Clothbound, $2.75.

Prisons Cost Too Much—Leonard V. Harrison, with the Assistance of William Vargish—Committee on Youth and Justice, Community Service Society of New York, 105 East 22nd St., New York City—Paper, 10c.

Technical Papers of the Seventeenth Annual Michigan Accounting Conference—W. A. Paton, Editor—Michigan Business Papers Series, No. 13, 1942—University of Michigan Press, Ann Arbor, Mich.—$1.00.

Wartime Rationing and Consumption—League of Nations Publication 1942 II A. 2—Columbia University Press, International Documents Service, 2960 Broadway, New York City—$1.00.

Hamerschlag, Borg To Admit Robert Isaac

Robert Isaac will become a partner in Hamerschlag, Borg & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, as of Jan. 2. Mr. Isaac was formerly a partner in Byfield & Co., and prior thereto was for many years a partner in Halle & Stieglitz.

NY Security Analysts

The New York Society of Security Analysts, Inc., has announced that there will be no Forum meetings for the period Dec 21, 1942, through Jan. 2, 1943. The regular forums will be resumed on Monday, Jan. 4, 1943.

Our Reporter On "Governments"

By S. F. PORTER

The various 2% issues of 1951/49 are acting beautifully, indicating the inherent strength of the market today, and the growing sophistication of the holders of these "bank bonds." . . . In recent days, few of these 2s have reached the market. . . . There has been a steady demand for them from institutions evening out their portfolios after purchase of the December basket. . . . Dealers report the bonds hold, rise a bit, hold again—typical movement in an advancing market. . . . In short, the Treasury has scored again. . . . Secretary Morgenthau has put over his idea of a maximum of 2% for bank bonds, has brought recalcitrant investors around to his theory that the 2s are for permanent bank holding through the war and early post-war years. . . . We may see some violent fluctuations in the securities, of course, and we will, if the vigilance of the authorities ever is relaxed, or if the support is withdrawn at the wrong time. . . . But as of today, the 2s look good. . . .

It has been a long time since this column contained serious criticism of the Treasury Department, and its financing policies. . . . Reason, frankly, is that Morgenthau adopted the moves long advocated here, and he and his assistants have done a super-superb job on the December borrowing. . . . There's no other way to describe the way the $9,000,000,000-plus deal has been handled, except to say it has been managed magnificently. . . . The credit goes to the Victory Fund Committees, to the 50,000 professional salesmen who have shown an enthusiasm, and an expertness in selling Governments, which will go down in history to their advantage. . . . But this is unnecessary praise. . . . The figures tell the tale. . . . And so does the fact that the books are being closed before Christmas. . . . And the fact that the total went way above the minimum set—which was, in itself, a world record. . . .

And now, to some sidelights of significance. . . .

PRICE FORECASTS

Check around the Government bond district reveals general feeling that the 1¾s of June 15, 1948, will chalk up the biggest premium first. . . . Buyers of these considered of the "most permanent calibre." . . . Less of these will be outstanding than of the new "on sale" 2½s. . . . Some speculation in them too, which probably will add color to trading in them as the market bounds back from the pressure of the December deal. . . .

As for the 2½s, they'll hold. . . . At par, or maybe at a slight, slight premium. . . . Expectation that books on the "on sales" will be reopened in April or before—depending on the date for the next major operation—a continuing depressing influence. . . . But the 2½s are all right for any institution that can buy them, and that expects to hold them for a while. . . . Interest rate is high in comparison with rate on securities offered banks. . . . Control of market may be taken for granted. . . . Issue of 1968/63 considered more attractive by many, because there is no compulsion for registered form. . . .

Continuing and ever-increasing demand expected for certificates of indebtedness. . . . For some institutions with temporary balances, they know won't be around for more than a year, these are perfect. . . . It really means ⅞% interest on riskless investment. . . . Also a factor not enough people appreciate is that these c.i.s become increasingly attractive as the maturity date approaches, for they become a ⅞% issue for nine months, six months, three months, etc. . . . When they're up to the three-month mark, they're competing directly with the discount bills, and you know the difference there. . . . ⅜% on a 90-day bill, against ⅞% on a c.i. . . .

As for market, extent of support is impressive, but one major reason for open market buying lately, has been effort of Federal Reserve System to offset soaring currency totals. . . . That is not the same as buying to hold the price level, and to know this market, you must know those differences. . . . Market is acting well. . . . Official control is as much psychological as actual. . . . Expectation of constant control is as much a factor as the entrance of buying orders. . . .

Conviction appears to be spreading that, after Christmas, market will show signs of recovering from long pressure of every-month financings, and, certainly after New Year's Day, the January reinvestment demand will become an encouraging influence. . . . January reinvestment demand may not shape up to much this year because of buying done this month, but it will be something. . . . Many institutions just don't get their cash until January, and just won't abandon old policies of waiting for the New Year to act. . . .

It all adds up to a firm-to-better market. . . . And that's the way the dealers and professionals feel about it now. . . .

INSIDE THE MARKET

And now, to some other angles outside of prices. . . . Important report, generally overlooked, was Treasury announcement that less than 2% of purchases of war bonds by people to date have been redeemed for cash. . . . Total redemptions to end of November were $211,000,000 or 1.98% of total outstanding, while November redemptions amounted to only 35/100 of 1% of aggregate out. . . .

This was lower turnover than in days before the war. . . . Baby bond redemptions ran to 3½%. . . . In other countries, redemption figures are much higher. . . .

It means, of course, that people really are holding their war bonds. . . . Tremendous buying power for post-war days is being built up. . . . There'll be a new rich in this country after the war, and the people trying to redeem bonds then will be doing so to buy consumer goods. . . . Think over these points, study them. . . . They suggest fundamental considerations in the prosperity-depression outlook for the post-war period. . . .

Story out of Washington is that Government officials want banks to borrow to buy Governments. . . . Borrow from the Reserve at ½%, buy Governments at ⅞%. . . . Borrow at 1%, buy Governments at 1¾ or 2%. . . . Obviously, borrowing would be profitable. . . . Obviously, it would be safe, for if the Governments bought at margin aren't safe, the Governments held outright aren't either, and the banks, as well as the rest of the nation's investors, might as well give up completely. . . .

Another report around is that Government bond portfolios may be exempted soon from FDIC assessments. . . . This is being pushed by banks, may go through. . . .

As for bank response to borrowing, check around discloses that banks are willing to borrow some funds for buying of Governments, not too much as yet. . . . They'll have to be worked up to it, assured borrowing statements to public won't hurt their reputations as "rocks of strength." . . .

Tremendous numbers of individuals bought 2½s and 1¾s, according to latest reports breaking down subscriptions. . . . For many, it was a first venture into the Government market as such, the first time they had realized there was more to the Government market than the Series E, F and G bonds. . . .

Feeling is this eventually will result in broadening of market with greater profits on turnover to dealers. . . .

Municipal market quiet again after activity inspired by insurance company switching out of gilt-edge municipals into Governments. . . . Insurance companies sold municipals generally with maturities in same range as "on sale" 2½s, a confirmation of their shifting programs. . . . About $100,000,000 municipals sold, funds transferred into 2½s.

Moderate Increase In Canadian Industry

A moderate increase in manufacturing is recorded by the index of industrial activity, prepared by the Canadian Bank of Commerce, Toronto, which rose from 182 at mid-October to 186 at mid-November (1937=100), while the percentage of factory capacity utilized rose from 121 to 122. The processing of foodstuffs increased generally, except in the case of canned goods, thus following the usual seasonal trend. The clothing group remained steady, a rise in men's clothing and furnishings (mainly uniforms) and slightly greater activity in cottons and woolens offsetting a decline in women's clothing, and, to a less degree, in knitted goods and rayon. There was no change in the pulp and paper group, but other wood products declined owing to a continued recession in sawmilling. The activity in the iron trades, especially the heavy section, showed a marked increase, but the gain in the automotive group was only slight.

The Bank's wage payroll index rose from 210 in September to 222 in October (1937=100). The rise in manufacturing payrolls from 233 to 248 was the steepest in a year. Mining and logging payrolls recovered and construction also registered an increase. Trade payrolls fell but were above the general level of earlier months.

Farr To Admit Jonklaas

Farr & Co., 90 Wall Street, New York City, members of the New York Stock Exchange, will admit Ernest M. Jonklaas to partnership in their firm as of Jan. 1. Mr. Jonklaas has been associated with Farr & Co. since 1930.

Reports For Duty

Daniel E. Fitzpatrick, partner of Phelps, Fenn & Co., 39 Broadway, New York City, has been granted leave of absence by his

Daniel E. Fitzgerald

firm. He has been commissioned Lieutenant in the U. S. Naval Reserve and reported to Naval Training School, Naval Air Station, Quonset Point, R. I., on Dec. 22.

Westmoreland Coal Company

(Continued from page 2234)

vestments which totalled $47,281 in 1941. After deduction of moderate administrative expenses and taxes of $48,758, deduction of depletion, depreciation and development expenses of $102,540 and after crediting $32,445 profit on the sale of assets, Westmoreland, Inc. for the year 1941 showed a net income of $119,563, equal to 67 cents per share. Before the depreciation, depletion and development deductions and the credit from the sale of assets Westmoreland, Inc.'s earnings were $189,658 or $1.06 per Common share.

Indications are that with the substantial increase in coal production by the producing company the royalties and rentals received by Westmoreland, Inc. during 1942 should be well in excess of the $189,600 minimum. The indicated higher earnings are reflected by the payment of $1.25 per share on the Westmoreland, Inc. Common this year against $1 per share paid in each of the four preceding years.

The Westmoreland, Inc. Common listed on the Philadelphia Stock Exchange and traded inactively on the New York Curb is currently available at around 13¾.

Both companies have followed the policy of regular purchases of their own stock, the coal company in 1941 having purchased 13,715 shares of its own stock and Westmoreland, Inc. 3,218 shares of its stock. At December 31, 1941, the coal company had outstanding 140,000 shares after deduction of 10,000 shares held in the Treasury while Westmoreland, Inc. had outstanding 178,935 shares after deduction of its 21,065 Treasury shares.

The Common stocks of both the Westmoreland Coal Company and Westmoreland, Inc. are tax free in Pennsylvania and consequently have particular appeal for residents in that State.

The Board of Directors of both companies is identical and includes such prominent persons as John Hampton Barnes, Esq.; Edward B. Leisenring, President; Ralph H. Knode, Vice-President; James D. Winsor, Jr. of Biddle, Whelen & Co.; C. Stevenson Newhall, Chairman of the Board of the Pennsylvania Company; David E. Williams, President of Corn Exchange National Bank & Trust Company of Philadelphia, and James E. Gowen, President of the Girard Trust Company.