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OUR REPORTER'S REPORT

An operation which escaped almost unnoticed, although apparently not so intended since the company sought tenders of certain of its outstanding bonds, revealed this week how widespread is the current trend by corporations toward use of surplus cash to reduce outstanding indebtedness.

The Public Service Electric & Gas Company, subsidiary of the Public Service Corporation of New Jersey, advertised on Saturday, asking tenders of certain of the outstanding obligations of some of the underlying properties.

Holders desiring to take advantage of the opportunity to cash in on their holdings were instructed that such tenders must be in by the close of business on Tuesday. Moreover, it was decided that holders of bonds involved in tenders selected by the company must be delivered by today at the latest.

The undertaking is not one of major proportions since the company is calling for only sufficient bonds to exhaust $1,000,000 principal amount. But it may run to around $1,200,000 allowing for premiums commanded by the bonds.

The issues involved are top-graded and largely held by institutions. Saturday, being sandwiched in between Christmas and Sunday, was a rather bad day to publicize the program, or so it seems, since many of the portfolio men for institutions did not see the ad until it was called to their attention.

But there seemed little question, however, that the company would get its quota of the issues, even though they will be

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HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX
of John B. Knox & Company

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

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

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the eighth, 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 VIII

As commerce and industry grew, a medium of exchange was required and the thing we call money evolved, just as did weights and measures from which it does not greatly differ. Through it all products are reduced to a common denominator and this gives meaning to the element called price.

It soon became obvious that metallic money was not fully adequate and the ingenuity of thinking men developed bills-of-exchange, bank notes and eventually a banking system, the management of which required another division of labor. The advocates of a managed currency somehow fail to understand, maybe because they do not want to, that money always has been and always will be managed but that when the management is assumed by politicians, the result is mismanagement. The mind is often the weakest point of strong-minded people. The intelligent comprehension of the significance of any series of facts is a slow process.

Monetary theory has a peculiar fascination for most men regardless of their knowledge of the subject. It is

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Special Editorial Material Featuring Savings and Loan Associations Starts on Page 2322.

Our Reporter On "Governments"

Well, the deal is over—done in 23 days and done on a scale beating even the enthusiastic, optimistic forecasts of the managers of the campaign, surpassing the wildest hopes of Treasury officials. . . . You know the results, and the $12,000,000,000-plus figure tells the story as no extravagant language could . . . You know how you and your fellow investors reacted to the "basket" and that tells the tale as no comment from this writer could. . . .

In more technical detail, the record-shattering success of the greatest borrowing operation in the history of the world means that:

(1) We may look forward to a breathing spell extending into April of next year, for March is a poor month for another $9,000,000,000 to $12,000,000,000 financing and the funds received this December will permit the postponement. . . .

(2) Whatever financings we do get will be comparatively minor and probably will be geared to bank portfolios entirely. . . .

(3) Premiums have appeared and are expected to remain on the new 1¾s and 2½s. . . .

(4) The entire Government bond market is in for a good period and a gradual rally may set in and last through the month of January. . . .

(5) Some excellent trading opportunities for investors who may like to rearrange their portfolios over the coming 60 days are likely to develop. . . .

(6) Plans for "forced savings" have received a serious setback due to the demonstration of the effectiveness of the voluntary method of financing—when it is tried on a "blitz" basis. . . .

(7) Relationships between the Treasury and the financial community—banks and investment bankers and brokers— are better today than at any time since the Roosevelt Administration took office. . . .

(8) Continued use of the "blitz method" of selling Governments and even wider use of the Victory Fund Committee setup in future deals may be taken for granted. . . .

(9) The next deal will concentrate more on buyers in small, out-of-the-way districts because these showed the least satisfactory response. . . .

(10) "Basket" deals are in for the duration with the plan being to devise special securities for every type of buyer. . . .

PREMIUMS

One interesting angle of the moment is the extent of the premium to develop on the new issues. . . . As this is being written, the 2½s are selling at a premium of 5/32 and the 1¾s are at a premium of 3/32, but both of these are "tentative." . . . And as one dealer put it, "we're holding our breath, and just waiting for them to break through." . . . It is expected that the 1¾s will become an ex-

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Loeb Rhoades To Admit F. Gernon As Partner

Carl M. Loeb, Rhoades & Co., 61 Broadway, New York City, members New York Stock Exchange, announce that Frank E. Gernon has been admitted as a general partner in the firm.

Mr. Gernon started in Wall Street 30 years ago with Hollingshead & Campbell, a commercial paper firm. Following this he became associated with Hathaway, Smith, Folds & Co. He received his early bond training with Hallgarten & Co. He was vice president of Royal Securities Corporation of New York and in 1923 joined Hayden, Stone & Co., as manager of the bond department. He became a partner on Jan. 1, 1929, and retired from the firm on Oct. 31, 1942.

He is a Governor of the Bond Club of New York and Chairman of the Executive Committtee of the New York Group, Investment Bankers Association of America.

John Nuveen Branch Opened In Boston

BOSTON, MASS.—John Nuveen & Co., municipal specialists since 1898, have opened an office at 10 Post Office Square. The firm's main office is located at 135 South La Salle Street, Chicago, and branches are maintained in leading cities throughout the country.

New Crummer Company To Be Formed in Cgo.

We have been advised that R. E. Crummer & Co. will be dissolved as of Dec. 31, 1942.

An entirely new company to be known as The Crummer Company will be formed.

Childs of Stein Bros. & Boyce Calls Ceilings, Saving Best Weapons Against War Inflation

William T. Childs, partner in Stein Bros. & Boyce, prominent Baltimore investment firm, speaking at Western High School in Baltimore, declared that "one of the vicious by-products of this war, of World War I, of all wars for all times, is inflation. Mr. Childs quoted Dr. Edwin Walter Kemmerer, economist of Princeton University, as saying: "With the possible exception of France in the Napoleonic wars, every great war in history has brought inflation to the belligerents. This was true of our American Revolution, the American Civil War and the

William T. Childs

Franco-Prussian wars. The widespread inflation of the period of the first World War and the years immediately following, is still a tragic memory for many millions of people in Europe."

"After the Civil War," Mr. Childs declared, "Confederate money wasn't worth the paper it was printed on. At one time inflated Russian currency was redeemed at 50,000,000,000 of paper rubles to one gold ruble. In our own Revolutionary War, Continental currency was redeemed at the rate of $100 to $1. Then it became worthless and the expression arose 'not worth a Continental.'"

"Italy is now having trouble outside of Italy with her currency. In normal times the Italian lira and the Swiss franc were worth about 20 cents of American money. A few weeks ago the Italian lira sold at 16 to 1 for the Swiss franc. Now it is 24 to 1.

"This means the Italian must give $4.80 worth of his liras for a 20-cent Swiss franc. That is why Italy's financial situation is darker today than ever. Some are expecting the bubble to burst.

"Some one has said 'there is only one way to escape the evils of inflation, and that is to prevent inflation.' That is saying a lot, but how? Is it possible to

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SEC To Permit Data To Be Confidential

The Securities and Exchange Commission has amended the recent rule requiring brokers and dealers to file annual financial statements with the Commission to limit the extent to which public disclosure would be made of certain supplementary schedules filed under the regulation.

The rule, as amended, now states that security schedules, if bound separately from the rest of the report filed, will be held confidential, except that they shall be available for official use by an official or employee of the United States or any State, by national securities exchanges and national securities associations of which the person filing the report is a member.

The rule was amended, it is understood, at the request of brokers and dealers, who declared that full public disclosure would benefit only their competitors.

W. J. Banigan & Co. Succeeds C. H. Jones

W. J. Banigan & Co. will succeed the firm of Chas. H. Jones & Co., 50 Broadway, New York City, one of the oldest firms in the over-the-counter securities business, as of Jan. 2, 1943. Partners in the new firm will be William J. Banigan, John B. Fowler, Jr., John S. Hutchinson and Philip L. Morrison (limited).

Messrs. Banigan and Morrison have been associated with the Jones organization since 1914. Mr. Fowler will be resident partner in the Carlisle, Pa., office and has been associated with the Jones Co. since 1935. Mr. Hutchinson has been with the old firm since 1934.

Attractive Outlook

The earnings outlook for the 40 Wall Street Building, Incorporated, is particularly attractive at the present time, according to an analysis issued by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City. Copies may be had from Seligman, Lubetkin & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Firmness after two day decline on volume not as good as first signs indicate. New buying not recommended yet.

By WALTER WHYTE

I have just finished going over a number of market, business, and even war predictions and am awe stricken at the complacency with which certain people predict the future. I have all I can do in just trying to figure what the market can do from week to week without delving into a dim beyond no one knows much about. And to forecast the state of business and the war—well, I'd rather speak than write about them. Putting such things down in black on white is so irrevocable that I'm scared away.

* * *

Only where the market is concerned am I on firmer ground. I don't mean that I can tell what the market will do next year, next month, or even next week. But through long practical experience I have come to recognize certain signs as indicative of certain developments and can guide myself accordingly. Whether these interpretations will prove correct only the market can say. I flatter myself that during 1942 this column has kept a good average.

As this year draws to a close we find the market attempting to reflect not only actual but psychological facts. That it is up against an entirely new set of conditions is obvious. So far as actual facts—the war—is concerned, we have official war news to keep us informed. If the market doesn't readily reflect such good or bad news is due in large part to two reasons. The first is the gnawing doubt as to the authenticity of good news. The second is due in large part to the fact that isolated battles, no matter how spectacular, give little clue to the major tide of the war.

* * *

On the home front psychological factors hit the market and us the hardest. To many of us the war is still something far away and the various rationing systems are schemes devised by incompetent bureaucrats. It may be argued that a discussion of rationing systems has little to do with stock markets. Yet, if you consider some of our leading industries and how rationing has affected them you must see that the market

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George Miller Now Doremus Vice-Pres.

George Laflin Miller has been elected Vice President of Doremus & Company, 120 Broadway, New York City, national advertising agency, according to an announcement made by William H. Long, Jr., President of the agency.

Mr. Miller joined Doremus & Company in July, 1940, to take over the direction of the General Advertising Accounts of the New York office. Since graduating from Yale University in 1919, Mr. Miller has been continuously associated with the advertising agency business. Before joining Doremus, Mr. Miller was for five years a principal of Wildrick & Miller, Inc. Prior connections include J. Walter Thompson as copy writer, Lord & Thomas as New York copy chief, and United States Advertising Corp. as national copy chief. Under the pen name of Aesop Glim, Mr. Miller is the author of more than a hundred articles on merchandising and advertising.

Announcement was also made of the addition of three new members to the Doremus & Company staff.

Charles F. Schroeder, formerly associated with Spot Film Productions and International Business Machines, has joined the organization as a copy writer in the General Accounts Division.

Edward H. Pearson, formerly with Lord & Thomas, J. F. Arndt & Co. and Horton-Noyes, has become associated with the agency as a copy writer and account executive on general business.

Reginald W. Tickner, formerly engaged in the investment banking business and from 1940 to 1942 assistant to the President of the Investment Bankers Association directing the field work of the Association's public information campaign, has joined the agency's general staff. Mr. Tickner, following his graduation from Princeton, served in the first World War and upon his release from service in 1919 entered the investment banking business. He was for a number of years with the old firm of Harris, Forbes & Co. In 1937 he formed his own firm to act as advisors to institutions and investors, largely on Canadian securities. Recently Mr. Tickner has been active in a public relations capacity for the New York Ordnance District. His home is at Maplewood, N. J.

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Cosgrove, Snyder To Be Yarnall Partners

PHILADELPHIA, PA.—William P. Cosgrove and Harry B. Snyder will be admitted to partnership in Yarnall & Co., 1528 Walnut Street, members of the New York and Philadelphia Stock Exchanges, on Jan. 7. Both have been associated with the firm for some time, Mr. Snyder in the public utility and railroad department and Mr. Cosgrove in charge of the statistical department.

Foster, Brown & Co. Formed In New York

Following the dissolution of Foster, Marvin & Co., today, the New York Stock Exchange firm of Foster, Brown & Co., 120 Broadway, New York City, will be formed effective Jan. 1, 1943. Partners of Foster, Brown & Co. will be H. Elbert Foster, Jr., Donald M. Lovejoy, both Exchange members, and Irving Brown. All were partners in the dissolved firm of Foster, Marvin & Co.

DEALER BRIEFS

Kansas City, Mo.

Government financing, of course, overshadows everything, and has lessened the institutional demand for other forms of investments. However, the individual investor of moderate means is still seeking investment, though in a very discriminating way, and with considerable stress upon the effect of taxation. Good local securities with generous yields are favored.—*John A. Prescott, Pres., Prescott, Wright, Snider Company.*

Our clients are largely interested in seasoned income securities, both stocks and bonds. They are selecting higher yield issues cautiously. Most are hesitant on common stocks at this time, and are paying a great deal of attention to post-war securities. Although we are giving considerable of our time to War Bond sales, our business has improved the past six months. We find more people seeking investment advice than before the war, therefore we are called upon to make more solicitations and render more service than formerly. The business is there as usual for those who go after it.—*Leonard A. White, Pres., Wahler, White & Company.*

Oklahoma City, Okla.

Business is very quiet. Dealers and Investors alike are concentrating on the Victory Fund Drive. We do not expect interest in municipals to develop until after the first of the year, when pressure by the Government for funds will be off for the time being.—*J. H. Edwards, R. J. Edwards, Inc.*

Seligsberg Partners Join Hirsch Lilienthal

Following the dissolution of Seligsberg & Co. today, Clifford Hollander, Alphonse A. Shelare, Jr., member of the New York Stock Exchange, and Robert F. Shelare, also a member of the Exchange, will become general partners in Hirsch, Lilienthal & Co., 25 Broad Street, New York City, effective Jan. 1, 1943. Alphonse A. Shelare and Albert J. Seligsberg will become limited partners in the firm as of the same date.

All were partners in Seligsberg & Co. Merging of the investment business of Seligsberg & Co., and Hirsch, Lilienthal & Co., was previously reported in the "Financial Chronicle" of Dec. 24. Hirsch, Lilienthal & Co., established in 1911, are members of the New York Stock and Curb Exchanges and other leading national exchanges.

As We End 1942

Reviews of the year just closing, and predictions regarding 1943, will be mighty plentiful during the next few days. Special newspaper sections and all types of periodicals will feature the flow of comment and conjecture, review and prediction, that has come to be the norm in America as a new year is born. Accordingly, in this year-end we want to err on the side of brevity.

The all-important factor, of course, governing our lives and our economy will be the course and duration of the war, and on this subject the world and his brother are completely in the realm of guess-work. However, it does seem to us that thinking on the question of duration has changed substantially since a year ago. At that time predictions were frequent that we were in for a five-year, an eight-year, or a ten-year war. Today, due to the magnificent stand of the Russians, our assumption of the initiative in the Pacific, the improved position in North Africa, and our amazing progress in building up our Armed Forces and turning out munitions, few individuals are pessimistic enough to believe that five to ten years will be required to overcome the fascist powers.

(Perhaps the war will end in 1943, perhaps in 1944 or 1945. If we were compelled to guess we would prefer to hazard the opinion that the end will come sooner than anticipated rather than later. Certainly our progress since Pearl Harbor has been great, and the question now is not if we will win, but how soon we will win.)

On the home front the changed complexion of Congress is the all-important factor. Where this will lead us it is too early to determine. Perhaps we are at the start of one of those intermittent swings to the right, the type of changed national thinking that led to Harding's "normalcy" after the last war. But as a generality we would feel that the pattern of the war and the nation's thinking on the subject of peace will largely determine our political and economic policies here at home.

Paradoxically it may be that the Republicans and the Southern Democrats, our conservative, orthodox groups, may bring about unorthodox inflation. For if incoming Congressmen feel that they have a mandate to fight off increased taxes and to weaken price regulation and price control, we may then be face to face with this surprising paradox. Certainly it has only been by resorting to high taxes and by adopting vigorous price controls and ceilings that inflation has been

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NY Curb Members Now With Armed Services

The following members of the New York Curb Exchange are serving in the armed forces:

Thomas B. Berentsen, Ingalls & Snyder; Richard J. Bernhard, Wertheim & Co.; William R. Bolton; Charles K. Dickson, Auchincloss, Parker & Redpath; William P. S. Earle, Jr., Winthrop, Whitehouse & Co.; Martin Fenton, Laird & Co.; Henry W. Ford, Laird, Bissell & Meeds; Andrew J. Fox, Jr., Fox & Monteith; Edward P. Frost; Ezra R. Frost; G. Donald Gallagher; Charles H. Hoffman; William E. Hutton, W. E. Hutton & Co.; Edward H. Jewett, Jr.; Morton D. Joyce; Robert R. Lansburgh, Bear, Stearns & Co.; William E. B. Lyon; Joseph G. McManus; Darwood G. Meyers; G. M. Minton, Jr.; Thomas Morris, Jr.; Sterling J. Nordhouse; Lee S. Oppenheimer; Henry W. Parish, 2nd; Sebastian Patane; Charles H. Phelps, Jr.; Donald C. Portser, Jr.; John D. Rissetto; Albert F. Rosenbaum; Wm. M. Rosenbaum & Co.; William I. Rosenfeld, Jr.; Gerald Sexton, Sexton & Smith; Alfred V. Smith; Louis Tavormina; Charles I. Westheimer, Westheimer & Co.; William R. Wister.

N. Y. Security Analysts Schedule Forum Meetings

At the first luncheon meeting of the New York Society of Security Analysts after the new year, scheduled for January 4th, the subject of discussion will be "Actual and Potential Market Supports for U. S. Government Obligations." Stephen Foster, Economic Advisor for the New York Life Insurance Co., will lead the discussion.

On January 6th, Robert R. Guthrie, independent capitalist, formerly with the War Production Board will speak on "Problems of the Food Industries."

On January 8th, Dr. Otto Jeidels of Lazard Freres & Co., will address the meeting on "The Risks of Post-War Inflation."

All luncheon meetings will be held at 12:30 p. m. at 56 Broad Street, New York City.

"Profits & Prophecy" For Investors & Trustees

The Mutual Building and Loan Association of Pasadena, 38 South Los Robles Ave., Pasadena, Cal., will be glad to send investors, trustees and other fiduciaries a copy of their free booklet, "Profits and Prophecy," describing the advantages of investing in insured Federal Savings and Loan investments and outlining the history, structure and operation of the Mutual Building and Loan Association with emphasis on dividend record, earnings, growth and progress of the Association.

New Gruntal Co. Dept. With John Small, Mgr.

Announcement is being made today that Gruntal & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, will open a Municipal Bond Department on Jan. 1 under the management of John Small. Mr. Small has been a partner of Newburger & Hano for the past year and prior to that was Manager of the Municipal Bond Department of Jackson & Curtis for nine years.

It is with deep regret that we announce the death of our President, Arthur Sedley.

December 17, 1942

THE BANKERS BOND CO.
Incorporated
Kentucky Home Life Bldg., Louisville

Carl Blomberg In Army

Carl X. Blomberg, who was inducted for army service at Camp Grant, Illinois, on Dec. 3, is now undergoing his basic training at Fort Benjamin Harrison, Indiana, after which he will begin nine weeks of schooling in the Finance School.

Private Blomberg was identified with trading on La Salle Street for the past 20 years, his most recent association being with E. W. Thomas and Co., Inc. He is a director of the Bond Traders Club of Chicago and served in the heavy artillery of the Army in the last war. He is 43 years of age and his friends may write him by addressing him at Co. A—1st Fin. Tr. Bu.—Group 11—Platoon 4, Fort Benjamin Harrison, Ind.

Freeman In New Location

Freeman & Company announce the removal of their offices to 61 Broadway, New York City. The firm's telephone number, Whitehall 4-3340, remains unchanged.

REAL ESTATE SECURITIES

1942 RETROSPECT

One of the highlights of real estate securities during 1942 was the Hotel Bonds.

In March, the entire issue of the Hotel Syracuse was called at 104. . . . The bonds of the Beacon Hotel made their first interest payment in eight years in April of this year. . . . The Pierrepont Hotel paid interest at the rate of 4% compared with 3½% in 1941 and 3% in previous years. . . . The Drake Hotel paid 4% interest compared with 3% in 1941. . . . The Dorset Hotel made interest distribution in excess of fixed interest requirement. . . . After being in default since 1931 the Greystone Hotel was sold and the bonds settled at 24% . . . they sold as low as 13 this year. . . . The stockholders of the Victoria Hotel received $12 per share in dividends compared with $9 a share last year. Governor Clinton Hotel reported an 850% increase in net earnings after all interest charges.

A report issued by a prominent firm of Hotel Auditors showed that occupancy, room rates, food and beverage sales of the representative transient hotels in the City of New York were at their peak for the past ten years.

All of these figures are now considerably higher than those of the World's Fair era . . . yet the rise in prices of Hotel securities during 1942 finds these prices far below the prices of the bonds during the Worlds Fair. Comparing November, 1938, prices of several hotel bonds with current market quotations, we find that the Governor Clinton Hotel and the Lexington Hotel bonds are now selling 8½ points lower. The Park Central Hotel bonds 21 points lower, the St. George Hotel bonds 8 points lower and the bonds of the Waldorf Astoria Hotel 20¾ points lower!

During 1942, the cumulative interest arrears were cleaned up on the debentures of the Hotel Lexington. They also operated their initial sinking fund of the first mortgage and debenture bond issues this year.

Another hotel to clean up arrears on their debenture bonds was the Hotel St. George. . . . They also operated their initial sinking fund on their first mortgage bonds and retired $371,000 face amount of bonds. Interest is being earned on these first mortgage bonds 1¾ times and the bonds can still be purchased to yield over 8%. One factor, we believe, that is keeping the price of these bonds down is the totally unconfirmed rumor that the hotel might some day be taken over for Government use and occupancy.

How wrong this trend of thought can be, is illustrated by the experience of the bondholders of the Stevens Hotel in Chicago. . . . When the Government first took that property for military use in July of this year the news was considered bearish and the bid for the bonds dropped from 56 to 51. On December 12, this year, the purchase of the hotel by the Government was announced. Settlement of the bonds (with the stock they carry) is estimated at 106%, if the bondholders approve the sale. Bonds are currently quoted 95-96½!

Survey Shows Large Numbers Of Newspaper Readers Are Interested In Financial Pages

Challenging an oft-repeated fallacy that only 4 or 5% of a general newspaper's readers ever look inside the financial pages, a test made last month in Lancaster, Pa., revealed quite a different situation, according to an article appearing in the December issue of "The Exchange," monthly publication of the New York Stock Exchange. It is stated therein that "instead of the off-hand figure, as mentioned, personal, painstaking interviews with individual newspaper readers of upper-grade or middle-grade incomes in that manufacturing and residential city showed that—

"Forty-nine per cent read local financial pages; one-third read them daily, the other two-thirds from three to four times a week to several times a month.

"Thirty-three per cent desired and regularly read prices of securities listed on the New York Stock Exchange."

The publication goes on to say: "Furthermore, 75% of those who professed no personal interest in securities prices held that daily prices were desirable for Lancaster newspaper readers.

"Lancaster was selected for the test by The Psychological Corporation, 522 Fifth Avenue, New York, as a representative city, containing a variety of industries and centering in a prosperous agricultural territory. It is served by two daily newspapers—'The New Era,' an evening publication, and 'The Intelligencer Journal,' issued in the morning. The city's population, according to the last Census, was 61,345 (it is somewhat larger now), and local newspapers serve an area containing well over 100,000 people."

Excerpts of The Psychological Corporation's report present additional details, as follows:

"The interviewing of 292 residents of Lancaster was conducted by 15 advanced students of Prof. Paul L. Whitely, of Franklin and Marshall College (the institution is located at Lancaster). Each interviewer was assigned to work in a section of the city, so that all sections were covered except the very poorest. No more than three interviews were conducted in any one city block in order to obtain a representative coverage of the city.

". . . In all probability, the large proportion of financial page readers reflects a widespread interest in current business and industrial trends. The financial pages and the Exchange quotations, both, receive considerable more attention from men and from those individuals in the upper middle-class, than from women and members of the lower middle-class.

"In an analysis of the degree of satisfaction with the informational content of security lists manifested by 95 regular readers of these quotations, it was found that 51% were satisfied, 40% dissatisfied, while 9% had no opinion on the subject. Further analysis of the 38 dissatisfied readers indicates that a third of them supplemented the available price lists with additional information from other sources, viz., out-of-city newspapers, radio, etc.

"Individuals in Lancaster are aware that the stock market anticipates fluctuations in business, industrial, and banking conditions. The regular readers of the stock market quotations, representing 33% of the persons interviewed, gave the following reasons for readership of market prices; securities ownership or a desire to keep track of stock fluctuations, and the determination of business trends.

"Reasons given for regular readership of market prices reflects, in general, a desire on the part of those individuals to watch price fluctuations closely."

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

BOSTON, MASS.—**David C. Carpenter** has been added to the staff of **Tucker, Anthony & Company**, 74 State Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Thomas J. Pillion** has become associated with **Webber-Simpson & Co.**, 208 South La Salle Street. Mr. Pillion was for many years with Ryan-Nichols & Co. and its predecessors and prior thereto was with Jansen & Co. and Fischer, Schmick & Watts.

(Special to The Financial Chronicle)

MIAMI BEACH, FLA.—**William H. Bryan** is now with **Blair F. Claybaugh & Co.**, 420 Lincoln Road.

(Special to The Financial Chronicle)

TOPEKA, KANS.—**William F. Oderman** is now affiliated with **Seltsam & Company, Inc.**, 204 West Sixth Street. Mr. Oderman was formerly with Elmore-Heath & Co. and its predecessor, Elmore, Hurt & Co.

C. G. Troup & Co., Chgo. & NY Exch. Firm

CHICAGO, ILL.—Effective Jan. 2, Clarence G. Troup & Co., members of the New York and Chicago Stock Exchanges, will be formed with offices at 231 South La Salle Street, Chicago and 11 Wall Street, New York City.

Partners in the new firm will be Clarence G. Troup, member of the Chicago Exchange, and John F. Brennan, New York Stock Exchange member. Mr. Troup was formerly a partner in Lamborn, Troup & Co., which was dissolved as of Dec. 31. Mr. Brennan was active as an individual floor broker and recently was a partner in Richard J. Buck & Co.

SEC Accounting Opinion On Financial Statements

The Securities and Exchange Commission issued on Dec. 22 an opinion in its Accounting Series dealing with certain accounting aspects of the recent amendments to Forms 10-K and N-30A-1, the principal annual reporting forms under Section 13 of the Securities Exchange Act. In its advices the Commission said:

"These amendments, which were adopted in connection with recent revisions of the rules governing proxy solicitations, permit companies to file copies of their regular annual reports to stockholders in place of certain of the financial statements required to be filed by such forms, if the financial statements included in the annual report to stockholders substantially conform to the requirements of Regulation S-X, the underlying accounting regulation of the Commission. The opinion, prepared by William W. Werntz, Chief Accountant, indicates that while the financial statements included in reports to stockholders are frequently somewhat more condensed than those filed in accordance with the requirements of those forms and Regulation S-X, such condensation, if limited to the grouping of items that are not substantial in amount or otherwise material because of their particular origin or nature, would not prevent the filing of such financial statements in place of those required by the instructions."

President Has Signed Mexican Claims Bill

President Roosevelt signed on Dec. 19 the legislation establishing a commission to settle claims of American nationals against Mexico.

The claims will come out of a $40,000,000 fund which the Mexican government is paying in installments under an agreement concluded in November, 1941. The claims of Americans involve so-called general and agrarian claims but do not cover those arising from Mexico's expropriation of petroleum properties in 1938. Under the measure a three-man commission will be appointed by the President, subject to Senate confirmation, to adjudicate claims.

Mexico has already paid $8,500,000 to the $40,000,000 fund, with the balance to be liquidated over a period of years at an annual rate of $2,500,000.

The legislation passed the Senate on Oct. 1 and the House, in amended form, on Nov. 24. Differences in the two bills were worked out by a conference committee and their report was adopted on Dec. 8 by the Senate and House, thus completing Congressional action.

Passage of the bill by the House was referred to in these columns Dec. 17, page 2168.

Delaware & Hudson

Corporations confronted by important maturities while the resources of the country are so completely absorbed in financing the most costly of all wars must necessarily deal with their problems of financing upon a thoroughly realistic basis. Fortunately, the adoption by Congress of the McLaughlin Act has opened the door to such treatment, where fundamental solvency is beyond question, and for the rest there must be reliance upon the common sense and, as we might well add, the decent intentions of American investors. The Delaware and Hudson Company, on account of the May 1, 1943, maturity of the whole outstanding portion of the issue under its first and refunding mortgage, amounting in the aggregate to $47,769,000, happened to be in that situation. Inevitably, there has been a lively curiosity as to the proposals which would be forthcoming. They were announced last week, immediately after the meeting of the Board of Managers held on Tuesday, and as promptly as practicable after the necessary Federal legislation had made definite action warrantable.

No scaling of the obligation, either as to the amount of the principal or of interest to be paid, and no postponement of any date for any payment of interest is sought. All that is proposed is that, in consideration of payment upon consummation of the agreement of one-tenth of the principal and other concessions materially augmenting the security, the payment of the remaining nine-tenths of principal be delayed until May 1, 1963, interest on the balance meanwhile to be regularly paid at the full four per cent rate provided in the mortgage, which has never been in default. Chief among the concessions favorable to the security is provision for a supplementary sinking fund, additional to and not in substitution for the present sinking fund, to which will be dedicated two-thirds of all net income from the system's railroads and additional sums equivalent to any dividends which may be paid, although in any case such dividends may not exceed one-sixth of such railroad net. Funds in this supplementary sinking fund are to be regularly applied to the purchase of the bonds in the market, or to the redemption of bonds called by lot, until the outstanding issue has been reduced to $25,000,000, after which the annual payments to this special fund may be reduced to $500,000. Before May 1, 1948, the Company agrees also to sell for cash investments having a current market value of $5,324,000, paying half the proceeds into the same supplementary sinking fund. In addition, other corporate assets, including owned and hereafter acquired shares of the capital stock of the important railroads held under perpetual leases, are to be subjected to the mortgage debt. There are other provisions very favorable to the security but those cited are the most significant and suffice to show that the plan is liberal in all its essentials, going as far as practicable towards recognition of the extreme letter of the obligation, which a great war following close upon an unparalleled depression has made presently impossible of precise enforcement.

Delaware and Hudson's railroad revenues are running at an encouraging level and its operating ratio is among the lowest shown anywhere in the country. From Jan. 1, 1939, to Sept. 30, 1942, the aggregate revenues from railroad operations amounted to $120,231,294 with corresponding operating expenses of $81,281,416, showing a ratio for operations of 67.60% cent. The ratio for 1941 was 66.6% and for the first nine months of 1942 it was 65.0%. Had the adjustment plan now proposed been in operation during this period of three years and nine months the required payments out of income to the new additional and supplementary sinking fund would have amounted to at least $8,082,906. Not less than this sum would, therefore, have been devoted to the purchase, cancellation or retirement of the secured indebtedness. If the bonds had been purchased at 60, which is higher than any quotation of recent months, this would have meant reduction of the secured debt, after the cash payment of one-tenth of the now outstanding total, by as much as $13,471,510, that is to no more than $29,520,590, or within considerably less than $5,000,000 of the proposed maximum of $25,000,000. Obviously, with continuance of investment conditions not less favorable than those now existing, the operation would result in substantial enhancement of the market price of the issue directly affected. Thus under the plan proposed, no bondholder would surrender anything really substantial out of the principal of his present investment, or in his contractual income therefrom, or in the market value of his holdings, while the position of the corporation would be materially and permanently strengthened by its successful consummation.

The action of the holders of these bonds, to the extent that formal acquiescence is required as a pre-requisite to its success, will be awaited with confidence and profound interest. Failure, in the present condition of public and private finance throughout the United States, would be a calamity, by no means confined to the corporate and private interests directly concerned. Fortunately, no such unfavorable result is to be anticipated.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Dec. 28 that tenders for $600,000,000 of 91-day Treasury bills to be dated Dec. 30, 1942, and to mature March 31, 1943, which were offered on Dec. 24, were opened at the Federal Reserve banks on Dec. 28.

Details of the issue follow:

Total applied for, $930,278,000.

Total accepted, $602,950,000.

Range of accepted bids (excepting two tenders totaling $157,000,000):

High, 99.931; equivalent rate of discount approximately 0.273% per annum.

Low, 99.905; equivalent rate of discount approximately 0.376% per annum.

Average price, 99.908; equivalent rate of discount approximately 0.365% per annum.

(12% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 30 in amount of $401,288,000.

S. J. Straus Dies

Samuel J. Tilden Straus died at his home in Chicago after a heart attack. Mr. Straus for many years was senior vice-president of S. W. Straus & Co., a former banking firm with offices in many cities.

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. 30 price—40.

RAILROAD SECURITIES

Great Northern preferred, which has been one of the poorest acting of the better grade rail equities for over two years (ever since the disappointment over the 1940 year-end dividend, has begun to show signs of life in recent trading sessions. It is still hovering close to the 1942 low, but there has been some expansion in buying interest. Many rail men are of the opinion that the market may finally be going to give recognition to the admittedly strong long term traffic position of the property and the vast improvement in its debt structure in recent years. It is hardly conceivable that investors will permanently ignore the favorable implications of these developments.

At current levels the stock is selling only about two times indicated 1942 earnings to afford a return of nearly 10% on the basis of the dividend rate maintained during the past two years. While it is generally expected that the management will hesitate to increase the rate of distribution in the face of the still substantial 1946 maturity problem, there is certainly ample cause for confidence that the recent $1.00 semi-annual rate can be continued over the visible future at least.

There are two highly important aspects of the Great Northern picture. In the first place, it is one of the few major railroads in the northwestern region that has escaped necessitous reorganization, and the only one to maintain a good credit. Secondly, the Great Northern management was one of the first in the industry to recognize the absolute necessity of reducing fixed interest charges if solvency were to be maintained. Except for those properties that have undergone reorganization Great Northern has realized the sharpest reduction in fixed charges among the major carriers. From 1934 to the end of 1941 charges had been reduced from $19,572,165 to $13,800,000.

The road benefitted substantially from the ability to accomplish major lower coupon refunding (particularly replacing the General 7s with Convertible 4s in 1936), and also followed a practice of meeting as large a proportion of maturing bonds as was possible from treasury cash. Full details of the 1942 debt retirement have not been released but approximately $14,000,000 of General 4s, 1946, were accepted on tenders this month and altogether it seems likely that at least $20,000,000 to $22,000,000 face value of bonds have been retired. On this basis it may be assumed that annual charges are now $12,900,000, or less, representing a cut of approximately 35% from the 1934 level. The saving is equivalent to more than $2.60 a share on the stock.

The one uncertainty in the Great Northern picture has been the large 1946 maturity of the Series "G" and Series "H" Convertible 4s which were outstanding in the amount of $97,402,000 as of the end of 1941. The company is concentrating its debt retirement on this problem, which has probably been reduced to around $75,000,000 in 1942. Continuation of the high rate of earnings, which appears assured through 1943 at least, should allow reduction of this liability to about $50,000,000. This would presumably not be an impossible refunding operation if the worst came, particularly as total fixed charges would by then be around the $11,500,000 level.

It is also pertinent that the systematic reduction of charges, and easing of the 1946 maturity problem, enhances the position of the stock and improves the ultimate possibility of meeting a substantial share of the 1946 problem through conversion of at least the Series "G" bonds. The Series "G" bonds are convertible into the stock at $40 a share.

Great Northern's present charges would have been covered in full in every year of the depression decade except for 1932, even if adjustment is made to eliminate dividends paid in excess of earnings by the jointly owned Burlington in some years. Moreover, earnings on the stock would have been in excess of $1.00 a share in every year but 1932. In six of the ten years earnings would have topped $4.00 a share, with a high of $7.12 indicated for 1941.

The better-than-average performance of the road in practically all years may be traced to the unusual diversity of interests for a northwestern carrier, and the relatively invulnerability of important traffic items to competitive inroads. Wheat, forest products and iron ore are the most important items, averaging more than 40% of all freight revenues. Iron ore alone consistently runs about 18% to 20% of the total. Thus the road has an important stake in the heavy industries as a compensating factor against changing year-to-year agricultural conditions. Also, tributary territory has been expanded through connection with Western Pacific in northern California. Finally, the Government's power developments in the Pacific Northwest have opened up new traffic sources through industrial development and irrigation of potentially important new farm lands.

In large measure the new traffic sources have compensated for what diversion to competing transportation agencies there has been in the miscellaneous categories of the company's freight. There are permanent considerations and support confidence that the road will continue to display better-than-average trends in the post-war years. Also important from the point of view of the stockholders is that Great Northern's labor costs in relation to gross are lower than for practically any other major carrier with the exception of the large bituminous coal roads. Thus, agitation for increased wages is relatively a minor factor.

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

For the banking institutions of the nation, as for the rest of us, 1942 was indeed an eventful year. It was a year of readjustment and preparation for the struggle that lies ahead. It was a year in which the various elements of our loosely-knit society began to grasp, for the first time, their complete inter-dependence and the necessity for "team-work" such as we have never before employed. Gradually each of these elements is being assigned to its post of duty and schooled in the role which it is expected to perform.

In general things are tougher, but a lot clearer, than they were a year ago. At that time, just subsequent to Pearl Harbor, confusion and disorganization were the order of the day. We have not yet, by any means, built a smooth-running war machine but we have come a long way since Pearl Harbor. A year ago we were only ankle-deep in the war, in fact, our feet were scarcely wet. We are now, perhaps, in it up to our respective waists. Sometime in 1943 we should be well up to our necks—and then we are going to start swimming, or else.

Although the shipbuilders, airplane manufacturers and tank makers get most of the headlines (and deserve all they get), the Banking Industry has done an equally remarkable job. As a matter of fact, in some ways its task has been more difficult because it has not enjoyed the immunity to personal losses which the others have had. Not being rated an "essential" industry, key officers have been commandeered by the dozen and staff employees by the hundred, have been drafted for military or other war service. In many cases, 20% or more of the regular operating personnel has "gone to war," and anyone who is familiar with the intricate and highly specialized nature of a bank's mechanism knows what this means.

Under such conditions, little wonder that the employment manager of a bank is now regarded as its most important officer. It has been necessary to select, and train, hundreds of women and girls and young boys to fill the jobs previously handled by men. This in itself has been a major command of mobilization and organization because, for the most part, those who have gone were experienced and highly capable cogs in the machine. Furthermore, the banking business is more active than at any time in the past decade. Not only do depositors have more money than ever before but they turn it over more rapidly and, in addition, the banks are obliged to handle or participate in more "extra-curricular" activities than is the case in more normal times.

Thus "banker's hours" no longer mean what they once did. Any conscientious banker today would regard a 40-hour week as sheer loafing. Most of them, both literally and figuratively, have their coats off and are handling routine work in their own organizations which they have not had to do personally since they were clerks or junior officers. All this may be good for the bankers and good for the banks, because, in some cases at least, high officers had become so long and so far removed from the counting-rooms that they had forgotten how to oil the machinery and make repairs.

The history of banking, in wartime, has been a glorious record of useful service and patriotism beyond the call of duty. This war will be no exception. Bankers, more than most other citizens, realize what war means and what sacrifices are needed to conduct one successfully. Furthermore, they have a keen appreciation of what it would mean to lose. The banking industry, therefore, is already in the "front-line trenches" and is prepared to stay there for the duration.

In converting to a war economy the banks recognize that their primary job is to raise the money. In this instance, it means money on a scale such as no economist or banker has heretofore dreamed of. The banks know that they cannot do it alone and that they must enlist the support of the entire population. This they are endeavoring to do—with considerable success. The banks and the Treasury Department, working together diligently and harmoniously, have thus far performed miracles along the line of public participation in the war financing.

Meanwhile, the banks themselves are taking on an unprecedented volume of Government Bonds. Their V-loans and other types of war credit are also rising rapidly. Ordinary commercial loans, of course, have declined and may ultimately reach the vanishing point. However, the net result has been a steep advance in "earning assets" and a corresponding increase in gross income. Net income, despite higher expense and taxes, is also running at a higher level than for several years.

The banking industry was hit far less hard by the new Tax Bill than appeared likely last spring. This was due to the fact that corporation surtax rates were raised only to 16% instead of to 31% as originally proposed. Most banks are relatively sheltered in respect to the Normal Tax and the Excess Profits Tax but not so in respect to the Surtax. One specific tax advantage incorporated in the 1942 Revenue Act, applying only to banks, is the option to deduct bond losses (i.e., capital losses) from ordinary income. This provision will permit of substantial tax savings on the part of the banks.

The banking business has thus far demonstrated that it can be regarded as one of the so-called "Transition Industries," of which we now hear a great deal. Apparently, a transition industry is one which is not purely a "War Baby" nor, on the other hand, largely a "War Orphan" and which can convert from peace to war and back again with a minimum of lost motion and expense. The Banking Industry would appear to qualify as one of the most flexible and protected in making these transitions and, all things considered, occupies a particularly essential place in the present scheme of things. Bank Stocks, therefore, would seem to constitute very suitable "middle-of-the-road" investments for those who do not wish to commit themselves in regard to the war vs. peace argument.

As We End 1942

(Continued from page 2315)
controlled up to now. And if the effectiveness of these two policies is to be in part cancelled out or diluted, inflation conditions may develop almost before we know it. This, in our opinion, is one of the key domestic factors to keep under constant scrutiny.

Finally, if we may look ahead to the war's end, we would like to make the point that so many of us are prone to forget, namely, that sweeping, world-wide wars bring about profound world-wide changes. The individual who believes that at the war's end we are going to return to the days of the 1930s is likely to be fantastically wrong. Many Americans, for example, felt that the New Deal was a temporary and highly personalized political development, and that when it ended we would return to the conditions of the 1920s. Few believe that today. For there is no going back. And the war's end inevitably will mean far more than the restoration of peace. It may well usher in substantial changes in the familiar economic pattern to which many of us have become accustomed and attached. It is a world of transition that we are living in, and he who most thoroughly realzies this will be best qualified to make adjustments and least likely to be tortured by the agonies of change.

For change will not end with the coming of peace. We heard a well-known newspaper commentator the other night use the phrase, "The war will last beyond the duration." This is an apt way of indicating that our dynamic world is not suddenly going to become static when the Fascists are conquered.

An Investment Policy For the Current Period

Up to a few months ago we were advising investors that they maintain a "fifty-fifty" ratio; half of their capital in cash, Governments and high-grade corporate bonds and the balance in carefully selected equities. Recently, however, we have suggested a nominal modification; namely, that 60% of an investor's capital can perhaps wisely be concentrated in selected equities and the balance in cash, Governments and high-grades. Beyond this we would not go at this time. For it seems to us that 40% of an investor's capital in sheltered categories provides the type of bulwark that one surely needs in a rapidly changing world.

It is of the utmost importance, moreover, that the equity portion of an investor's list shall be selected with great care. For it must attempt to provide planned protection in case inflation does lie ahead, and it must place due emphasis on growth industries and growth companies.

Generally speaking, it is important to realize that despite the rise in equity prices from the lows of 1942 the market is ending the year at compartively sub-normal levels. And on this score a look at the Dow Jones industrial averages is illuminating.

In 1935 the Dow Jones industrial averages ended the year at 144, in 1936 at 180, in 1937, 121; 1938, 154; 1939, 150, and 1940, 131. A year ago, at the end of 1941, this index was at 111; it is closing this year at about 118-120. Accordingly it will be seen that while stocks are up about 9% from a year ago, they are nevertheless finishing the year at levels well below the previous year-end closing figures of the entire 1935-1940 six-year period. (We make this point because so frequently investors show hesitancy on the score of purchasing equities because in their mind's eye is the contrast of today's level with the lows of last spring).

As to what equities should and should not be in an investor's list every adviser has preferences and prejudices. In our view we would place the greatest emphasis on oils, chemicals, rubber, motors and airlines, for leading and standard companies in these groups in the altogether should provide inflation protection and participation in growth industries. Moreover, well-selected equities in these groups should present no insuperable problems at the war's end, for no leading companies in these fields should experience too much difficulty in making the future transition to peace. (The foregoing list is given preference, but we are not attempting to say that other groups are not worthy of consideration. On the contrary, the shares of oil drilling companies, carefully selected receivership rail bonds, rail equipment equities, building stocks, and so on, in many instances possess substantial merit).

Many other phases surrounding the investment problem remain to be discussed. . . . All an investor can hope to do, it seems to us, is to have his list properly proportioned and well designed.

DIVIDEND NOTICES

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 108

A cash dividend declared by the Board of Directors on December 16, 1942, for the quarter ending December 31, 1942, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on January 15, 1943, to shareholders of record at the close of business on December 31, 1942. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer*

San Francisco, California.

Electric Bond and Share Company

$6 and $5 Preferred Stock Dividends

The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment February 1, 1943, to the stockholders of record at the close of business January 6, 1943.

L. B. WIEGERS, *Treasurer.*

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On December 29th, 1942 a quarterly dividend of seventy-five cents per share was declared on the Common Stock of this Company, payable February 15th, 1943, to Stockholders of record at the close of business January 21, 1943. Transfer books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

For the year ahead will probably provide just as many surprises as have occurred in 1942, and an investment list must be of a nature to minimize the unfavorable effects of bad news and to permit participation in the benefits of good news.—*Ralph E. Samuel & Co.*

Seaboard All-Florida No Black Sheep

In a study of the Seaboard All-Florida Railroad, just issued by L. H. Rothchild & Co., 11 Wall Street, New York City, it is stated that the All-Florida line has a very definite place in the scheme of Southern railroads and has proved that it is invaluable to the public. Traffic factors affecting the road are favorable and its physical condition is excellent. Copies of the analysis containing many interesting details may be had upon request from L. H. Rothchild & Co.

Notice to the Holders of:

Kingdom of Denmark

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

City of Copenhagen

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

Danish Consolidated Municipal Loan

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

Mortgage Bank of the Kingdom of Denmark

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

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

Arrangements have been made whereby, until further notice, interest for the six-months' period ended December 31, 1942, on bonds of the above-named Kingdom of Denmark 6% Loan will be paid to holders, other than residents of Denmark, at the rate of 6% per annum on the principal amount. In the absence of coupons covering this payment, bonds should be transmitted at the owner's risk and expense direct (or through a local bank) to the Fiscal Agent, The National City Bank of New York, Coupon-Paying Department, 20 Exchange Place, New York, N. Y. Each of the bonds will be stamped with the notation that the holder thereof acknowledges receipt in full of all moneys due or payable on account of interest on the principal amount for the six-months' period ended December 31, 1942. Thereupon the bonds will be returned, by Registered Mail insured, at the owner's risk and expense, together with remittance for interest (less shipping-expenses).

Bonds presented to the Fiscal Agent for this payment must be accompanied by an appropriate Letter of Transmittal, a supply of which may be obtained at the office of the Fiscal Agent.

The interest payment referred to will be subject to such licences as may be granted to the Fiscal Agent by the United States Treasury.

In conformity with my announcement of November 18, 1942, I purpose to make subsequent announcements with a view to keeping bondholders informed of further developments relating to the above-described loans.

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

Washington, D. C., December 30, 1942.

The Securities Salesman's Corner

A BARKING DOG NEVER BITES!

It's been quite a while since we've carried a little piece dealing with "sales psychology" or a "sales problem" regarding the always present "human element," in this column. Selling securities consists of so much more than just "knowing securities" and seeing people. Knowing "people" is also an important part of securities salesmanship—that is if you ever are to get the maximum rewards from this job.

So here goes. . . . Several weeks ago one of our salesman friends was given a lead by his office. The prospect lived in an adjacent suburb of New York City. The trip to see him meant both train and bus had to be used, and a trip of several hours was necessary to make this call. The prospect had called the office on the 'phone in reply to a mailing and he was the owner of several bonds he said he wished to sell. The lead looked worthwhile, although the salesman did not know anything more regarding his prospect than that he held a few bonds—no pre-call information was available in this instance.

The salesman arrived at the residence of this prospect about four in the afternoon. It so happened he was not at home. The day was cold and wintry and in addition the prospect's wife, who had a bad cold, wouldn't open the door, but talked through the storm door on the porch. Our salesman, realizing he had made a long trip, told the wife he would call back about 6:30, and she said this would be agreeable. He spent the next two hours waiting and filling in time reading, and having his supper.

At the appointed time our salesman appeared again at this prospect's front door. No one answered his ring, the house was dark. Undaunted, and by this time determined to play the string out to the bitter end, the salesman went to the back of the house. There he saw a light in the kitchen and his prospect was busily tossing his supper in and out of a frying pan. The salesman rapped on the back door. He was greeted, apron and all, by the disgruntled cook. By this time, you no doubt get the picture—sick wife upstairs, husband frying his own eggs, cold night, and bad temper.

"Why in hell didn't you telephone for an appointment, instead of barging in like this?" said our irate prospect. The salesman, by this time, was plenty sore himself. Two-hour trip, two and-a-half-hour wait, the day all shot to pieces; but he took the right road. Sizing up the situation, he replied: "You're right, I am sorry as hell, I guess I am all wrong. But how about it, I want to see you if only for a few minutes." The ire on the other side went down just a trifle. "Well, O.K., come in around the front, but make it snappy," said Mr. Frying Pan.

Once inside the house, the salesman told the prospect briefly that he would pay him a certain price for his bonds. "Not enough," was the answer. "Now you'll have to excuse me, but you've said your say, and since I've got to go out tonight, we'll have to call this to an end for this time." The salesman took one more shot in the dark and it worked. "You know," he said to the impatient cook, "if you don't mind a suggestion, I think you ought to hold on to those bonds and not sell them." This time he got a reaction. "Why not?" said the prospect. "Well, Mr. Smith, I strongly believe they are eventually going to be worth more money than even the figure you are asking for them. You see, we've made a real study of this situation and frankly we wouldn't be so pleased to buy these bonds if we didn't like them ourselves. Of course we are dealers in bonds, and if any one wants to sell that's our business, but, after all, we are more interested in making friends than just buying a couple of bonds."

This broke the ice. In a few minutes our salesman was in the kitchen and he even had a sample of our prospect's coffee. Other issues this prospect held he discussed with eagerness. He even apologized for his rude behavior and gave the salesman several issues to check up and report back upon. Here knowledge of security values on the part of the salesman made a strongly favorable impression.

The result of the interview was that eventually several weeks later the bonds this client held were exchanged into another issue of the same company, which on a statistical basis made a definite improvement in his holding. Two other issues were sold and another put in their place. Customer, commissions, friendship and confidence. Plus a cup of coffee! That's something nowadays, too.

NYSE Weekly Firm Changes

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

Buchanan Houston, general partner in H. T. Carey, Joost & Patrick, New York City, will become a limited partner on Jan. 1, 1943.

Edward H. Kent will retire from partnership in Green, Ellis & Anderson, New York City, as of today. Mr. Kent made his headquarters in the firm's Wilkes-Barre, Pa., office.

Reginald G. Baxter will retire from partnership in Frazier Jelke & Co., New York City, as of today. Mr. Baxter made his headquarters in the firm's London, England, office.

James O'Donnell, Harold W. Frank, general partners, and George Douglass Debevoise, limited partner, will retire from Struthers & Dean, New York City, as of today.

J. Chester Hutchinson retires from partnership in Whitney & Elwell, Boston, Mass., as of today.

Henry D. Talbot retires from partnership in Byfield & Co., New York City, as of today.

Interest of the late Kenneth S. Beall in Cruttenden & Co., Chicago, Ill., ceased as of Nov. 12.

Approval of Louis J. Werner to act as alternate on the floor of the Exchange for David S. Cooper of Asiel & Co. was withdrawn on Dec. 18.

SEC Revises Regulations On Report Requirements

The Securities and Exchange Commission announced on Dec. 22 the adoption of amendments to Rules 3-01, 3-02, 5-02, 5-04, 12-06, 12-08 and 12-14 of Regulation S-X. The changes made are part of a comprehensive revision of the reporting requirements designed to facilitate the furnishing of information with a minimum burden and expense. The Commission's announcement said:

"The amendment to Rule 3-01 permits the statement in thousands of dollars of all amounts appearing in financial statements, thereby substantially reducing the size of the statements and the time required for their preparation in final form. The amendment to Rule 5-02 provides that no classification of inventories in contravention of the Code of Wartime Practices shall be required in the financial statements of companies engaged in the war effort. The amendments to Rules 3-02, 5-04, 12-06, 12-08 and 12-14 are designed to simplify and shorten the reports required to be filed by registrants by permitting under designated conditions the omission or partial omission of certain schedules."

Insured Investment For Investors And Trustees

The St. Paul Federal Savings and Loan Association, 4 East Fourth Street, St. Paul, Minn., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings and Loan investments full particulars. Current dividend rate 3% annum.

"A Safer & Better Plan" For Investors & Trustees

The Atlanta Federal Savings & Loan Association, 22 Marietta Street, Atlanta, Ga., will be glad to send investors, trustees and other fiduciaries a copy of their free booklet, "A Safer and Better Plan," describing the advantages of investing in insured Federal Savings & Loan investments.

Investment Trusts

THE INDEX IS STILL UP!

Readers of this column may recall the discussion which appeared here last May 28 entitled, "A Turn In The Tide." At that time it was suggested that the long-awaited turn in the ebb tide of security prices had been reached. Although a number of respected "indicators" supporting this viewpoint were then cited, the most important single factor in this forecast was not divulged until later.

It was not until the issue of July 9 that this factor was mentioned. At that time, under the heading "Confirmation Of A Trend," we discussed the missing "indicator" in some detail and established the following points:

1. It consists of a series of mathematical formulas from which are derived a short-term and a longer term index of stock price trends.
2. The longer term price index had turned up on April 28, 1942, for the first time in nearly a year.
3. Confirmation of the longer term upward trend had been given in the week of July 6, 1942.

Looking backward, this column can take a measure of satisfaction from having gotten these forecasts into print on the dates mentioned. However, we cannot take, nor do we claim, any credit for the surprising accuracy of the combined indexes which, for want of a better name, we shall call the Stock Price Trend Indicator. In fact, the financial gentleman who contrives this indicator clearly has no intention of revealing its nature or of making it generally available and we are greatly indebted to him for advising us of the changes when and as they occur.

As we prepare to enter the New Year, one hears so many conflicting opinions regarding the probable course of security prices in the immediate future that we thought our readers might be interested in learning the present position of the Stock Price Trend Indicator. Accordingly, we approached the aforesaid gentleman and received the following information:

1. The longer term index has remained in an upward trend since the turn on April 28, 1942. There is no present indication of it reversing itself in the immediate future.
2. The short-term index turned down in November and then reversed itself in the fore part of December (exact dates were not given). At present this index is also in an upward trend.

These indications are not in agreement with a large body of market opinion which anticipates a rather substantial decline in stock prices after the first of the year. When we pointed out this conflict to our friend, he replied that obviously every move had to come to an end some time and that each day his indicator pointed upward brought it just one day closer to the ultimate reversal.

But, he added, the indicator had given no sign of a reversal yet—and until it did he would remain long of selected stocks in spite of any and all "bodies of opinion."

In view of his record in the past, we consider this a rather cheerful note on which to enter 1943. Should an early reversal of the longer term indicator occur, readers of this column will be so advised.

* * *

We take this opportunity to extend to our readers in particular and to the investment company field in general Best Wishes for **a Victorious and Prosperous New Year!**

Insured Investment With Liberal Return

The Danielson Federal Savings and Loan Association, 84 Main Street, Danielson, Conn., will be glad to send a booklet and full particulars on insured Federal Savings & Loan investments, which offer, the association declares, unusual opportunities for safety and liberal return on investment. Current dividend rate of 3% per annum.

Municipal News & Notes

The Bureau of the Census, Department of Commerce, in an analysis of State and local government indebtedness issued Dec. 28, reported that such indebtedness had declined $540,000,000, or 2.7%, in the fiscal year ended June 30, 1942. The amount outstanding on that date was estimated at $19,643,000,000. The Bureau calculated that the States and their subdivisions had reduced their aggregate debt by $42,000,000 in the preceding fiscal period and observed that the combined redemption effected in the past two years marked a substantial cancellation of the accumulative increase of $663,000,000 created between 1932 and 1940.

In connection with the Bureau's compilations it is to be noted that the volume of long-term borrowing completed by the States and their subdivisions during 1942 will be greatly below the output in the earlier year. Figures compiled by the "Chronicle" show that sales to and including the month of November amounted to only $505,431,074 as compared with $891,357,631 in the 11 months of 1941. Our totals, incidentally, do not include issues sold to the Reconstruction Finance Corporation or any other Federal agencies.

The 1942 total, it should be noted, includes $172,225,497 for refunding purposes, the volume of strictly new indebtedness being $333,205,577. The 11 months' grand aggregate in 1941 consisted of $475,282,249 new capital issues and $416,075,382 for refunding.

When allowance is made for the large amount of old issues retired each year (other than from the proceeds of refunding sales), it would appear that the reduction effected in the outstanding total of State and local debt for the entire year of 1942 may be greater than the $540,000,000 figure estimated by the census bureau for the fiscal year ending June 30, 1942. Estimates of yearly debt redemption, compiled for publication in the "State and Municipal Compendium," disclose that retirements have approximated $1,000,000,000 annually during the past several years.

California May Operate Golden Gate Bridge

Operation of the Golden Gate bridge by the State was advocated by Frank W. Clark, State Public Works Director, in a letter sent under date of Dec. 16 to Senator John F. Shelley, Chairman of a State Senate interim committee studying the project's financial status. Mr. Clark declared that Governor Olson favored the State-control proposal and stated that introduction of empowering legislation at the next session of the State legislature was contemplated. Press reports from San Francisco newspapers discussed the situation further as follows:

"Mr. Clark said the primary objective was to make the $35,000,000 span toll free as soon as possible. He also said the State should not be expected to contribute public funds for the benefit of those who have only a promotional financial interest in the deal.

"His letter expressed the belief that the State Highway Division could supervise, operate and maintain the bridge on a considerably lower toll pending the time when financial arrangements could be made to take care of outstanding bonds and the structure operated for public use free of tolls.

"The gloomy outlook on the bridge's finances, with a property assessment to liquidate revenue losses predicted unless some other form of relief was forthcoming, was given the Senate committee in the State building by Hugo D. Newhouse, President of the bridge district directorate.

"Loss of revenue has brought the crisis, Newhouse testified. And the greatest single factor in this loss is the United States Government—not the military, but 90-odd civilian agencies whose employes are riding too free at a cost of $450,000 in revenue per year.

"Newhouse and James E. Ricketts, bridge manager, made no effort to conceal their annoyance at the cut Federal agencies are taking out of revenue, even going to the point of charging—and describing 'chiseling' practices.

"Other revenue losses were attributed in a report filed with the committee to gasoline rationing and the resumption of ferry service to Marin County shipyards.

"What all the elements of revenue loss mean to the bridge was summed up by Newhouse in testimony that $34,800,000 still has to be paid on bridge indebtedness, and that $2,100,000 has to be set aside annually for interest, bond amortization and pay roll. Interest, alone, he said, amounts to $1,560,000 annually. Payments of $200,000 a year will be made on principal until 1946, when the amount will have to be increased to $400,000.

"The witness summed up:

"'We are looking for help, need it and we don't care where we get it.'"

Canada To Refund $100,000,000 Bonds

Morgan Stanley & Co., New York, will head a syndicate now being formed for a contemplated underwriting of an issue of $100,000,000 Dominion of Canada refunding bonds. Proceeds of the financing would be used in the redemption of a similar amount of 5s issued in 1922 and maturing May 1, 1952. The bonds became callable, as a whole but not in part, on May 1, 1942, on 60 days' notice at par and accrued interest. The outstanding issue bears the highest rate on any Dominion loan and was marketed in the United States in April, 1922, by a syndicate headed by J. P. Morgan & Co., New York, at an offering price of par. No date has been set for the offering of the refunding issue and it is understood that many details must still be completed.

Conn. Destroys $3,372,000 Of Matured, Retired Bonds

The State of Connecticut partially solved the problem of providing adequate heat for the Capitol Building recently and at the same time effected a further substantial cut in its outstanding funded debt. This development occurred on Dec. 21 when various State officials, including Governor Hurley and Deputy State Treasurer Thomas H. Judd, officiated at the burning in the Capitol furnace of $3,372,000 matured and retired State bonds. The burning of the bonds is required by law and the total included $2,100,000 which were purchased in the open market during 1942 by Deputy Treasurer Judd at an interest saving of $209,661 after payment of premiums. These purchases were made out of surplus funds transferred to the bond retirement fund. A large amount of money is still available for the same purpose. Mr. Judd said that as a result of retirements since 1939, only $16,035,000 of the original $25,000,000 building bonds remain outstanding.

Jersey City Pays Bonds Ahead of Due Date

Raymond M. Greer, City Comptroller, announced on Tuesday of this week that the city had purchased and cancelled $355,000 bonds which ordinarily would mature in 1943. The advance retirement was made possible by the indicated balance of more than $750,000 in unexpended appropriations which will exist after payment of all of the city's 1942 obligations in full. In addition to immediately reducing the outstanding debt by $355,000, the step also enabled the city to cancel the issuance of $579,000 3½% refunding bonds in 1943 as originally contemplated by the 1940 debt equalization program. By not issuing these bonds, which would have matured from 1955 to 1959 incl., the city avoided the payment of $254,905 in future interest charges. Despite the appropriation of free cash for the advance debt redemption, Comptroller Greer reported that the city will still have remaining an accumulated free cash surplus in excess of $6,500,000 at the end of 1942.

California Deregistration Law Held Unworkable

Leland M. Kaiser of Kaiser & Co., San Francisco, in his capacity as Vice-Chairman of the California Group, Investment Bankers Association, recently stated in a letter addressed to banks and bond houses in California that only confusion and misunderstanding can result from the act of the last State Legislature providing for deregistration of California State and municipal securities. Efforts will be made to have the measure repealed and a substitute practical method of procedure devised. In this connection, the letter asks for ideas or suggestions on the subject which would contribute toward presenting a workable measure for consideration of the Legislature.

Milwaukee Soon Free Of Debt Service Levy

The City of Milwaukee's recently adopted 1942 tax levy probably will be the last one making provision for payment of the principal on the municipality's bonded indebtedness, according to William H. Wendt, City Comptroller.

"It is expected that next year the public debt amortization fund will be able to assume the remaining $10,362,000 bonded debt," Mr. Wendt said. "It may be necessary to include in the 1943 levy an amount sufficient to pay the interest due in 1944. Thereafter Milwaukee taxpayers will be relieved of their bonded indebtedness."

In a year-end summary of the city's finances, Mr. Wendt pointed out that a permanent improvement fund was established several years ago for the purpose of keeping the city debt free after provision was made for existing bonded debt. Public improvement projects under this plan will be financed on a cash basis, instead of through bond issues. Mr. Wendt said few permanent public improvements could or would be undertaken during the war.

"Nevertheless," he added, "city officials again urged and had included an item in the tax levy to build up reserve funds which will be available when work can proceed. Meantime, a committee is working on a long-term program so that when the time comes the improvements may be made in the order of their necessity and importance and consistent with good planning. Such projects may be helpful in relieving post-war conditions."

Mr. Wendt reported that the installment plan of paying real estate taxes, inaugurated in 1942, proved successful. Approximately 17,000 taxpayers took advantage of this method of paying their taxes. Of a total of $3,100,000 installment accounts, only $100,000 became delinquent. The City Comptroller said it was proposed to have legislation enacted extending the installment payment privilege to personal property taxes.

The 1942 assessed valuation of all taxable property totaled 842 million dollars and continued the upward trend resumed in 1941. This figure, however, is 74 million dollars below the peak valuation of 1,016 million reached in 1930. Mr. Wendt said a large portion of the increase in the 1942 assessed valuation was on personal property. He added that, if the city should be prohibited in placing on the assessment rolls the value of materials and equipment used in war production, the effect on its finances might be serious.

New Jersey May Adopt New Constitution

Opportunity to scrap their 50-year-old State constitution for a completely new one making drastic changes in executive and judicial branches of state government will be given New Jersey legislators in 1943. The new constitution, completed last spring by a special constitutional committee, provides also that administrative agencies conform to uniform, established procedures and practices, sets up a legislative council to study needed legislation, and changes meetings of the legislature from annual to biennial. Much of the power considered the sole right of the legislature is given the governor under the proposed constitution, which specifically prohibits the legislature from making executive, administrative or judicial appointments.

While the proposed constitution bars the governor from serving more than one term, it increases the present three-year term to four years. A mandatory state-wide merit system, to replace the present optional one, and a mandatory state-wide parole system are required. If approved by the State Legislature, the constitution still must be approved by voters of the state. If the constitution is adopted, New Jersey will become the eighth State to revise its constitution completely since 1900, though attempts have been made by many other states, according to the Council of State Governments.

Executive changes giving the governor more authority also would charge him with initiating structural simplification of executive and administrative agencies if necessary. In addition, the 90-odd departments, boards and agencies now in the executive branch would be reduced to nine departments and an office of the comptroller and treasurer.

The new judicial system would simplify what is considered one of the most complicated court systems of any State, modifying organization of state and county courts to include a full-time supreme court; a single state-wide trial court of general civil and criminal jurisdiction to sit in each county; and a single intermediate appellate court to sift appeals from the trial court.

Chicago San. Dist. Tax Budget Reform Urged

The Civic Federation has reasserted its recommendation that legislation be enacted to modernize the budget law of the Sanitary District of Chicago, which federation officials assert is "antiquated." The organization feels that the budget law should be changed so that the district can draw up a budget appropriating 70% of its tax levy that it can convert into cash through the sale of tax anticipation warrants rather than appropriating 90% of its tax levy.

In making this suggestion the federation pointed out that the district's tentative 1943 appropriation for the corporate fund of $8,448,286 was $70,000 lower than the appropriation for 1942, but also was $844,000 greater than the estimated actual 1942 expenditure.

"This indicates that substantial salvage occurred in 1942 appropriations and once more points to the necessity for legislation which will make possible the construction of a budget based upon the amount of actual cash to be received in a given year," the federation said.

"Under existing budget laws, the district is forced to make up the difference between 90% of the current year's tax levy (which is 'available for appropriation') and the 70% to 75%, which may actually be available through the sale of tax warrants—either by underestimating miscellaneous revenue or by 'padding' the budget."

The views of the federation were expressed by Douglas Sutherland, its executive secretary, at the district's public budget hearing. He recalled that the district and the federation had joined forces previously to obtain enactment of a bill to bring about the suggested change. A bill was passed by the legislature for this purpose, but it was vetoed by the Governor.

Wartime Fiscal Problems Harass Local Officials

Financial problems brought on by the war are causing municipal officials their greatest worry today. This is shown in an analysis, by the American Municipal Association, of municipal programs for 1943 adopted by city officials of 24 states at their annual municipal league meetings this fall.

Concern of city officials over municipal fiscal problems, and their efforts to solve them, are reflected in the resolutions and 1943 legislative programs, which in general:

Ask for larger shares of state-collected tax revenues.

Oppose federal taxation of income from outstanding and future issues of municipal bonds (municipal leagues of almost all the states took this stand).

Oppose, or ask for a modification of, statutes granting tax exemptions for property owned by religious, charitable and educational institutions and used for commercial purposes.

Ask that the federal government assume liability for injuries sustained by local auxiliary civilian defense workers in line of duty.

Call for development of post-war planning programs by cities.

Favor amendment of the social security act to give municipalities the option of including their employes and officers under old age insurance provisions of the act.

Need for additional funds and fiscal planning is created in part by demands for additional municipal services, especially in war industry areas, and a shrinkage in local property tax revenues accompanied by inequitable distribution of state-collected revenues, according to the analysis.

Municipal leagues of 15 states asked in resolutions, or plan to seek through 1943 legislative programs, increased shares of state-collected revenues from gasoline taxes, automobile license fees, state liquor store profits and other sources. Iowa, for example, wants surpluses of these various funds returned to cities on a per capita basis.

California and Illinois cities want additional revenues to finance their growing civilian defense costs. California called for a study of financial requirements of cities to meet additional war costs, and plans to seek from the 1943 legislature funds to help meet wartime fiscal requirements of cities and towns.

Cities of several states, including Colorado and Illinois, want to be allowed to spend their share of funds for street and highway construction at their own discretion. In Colorado these funds are limited to improvements to state highways through cities. Along this line, Montana cities want 50 per cent of the money received from auto license plates for cars within their limits.

Municipal leagues of several states, including Iowa, Kentucky and New Jersey, took a stand that property, used for commercial purposes, of religious, charitable and educational institutions should be on the tax rolls. Illinois cities opposed tax exemptions for defense and war plants, while Louisiana city officials opposed granting of tax exemptions to war industry contractors.

Major Sales Scheduled

As indicated in the appended calendar of forthcoming offerings, a number of issues of general market interest are already scheduled to reach the market in January of the new year. Furthermore, there is a possibility of an early resumption of institutional selling, which would no doubt be very welcome to the municipal fraternity. As to the outlook for investment demand, the prospects in this regard should be very favorable. Increasing recognition of the impact of Federal taxes on incomes should serve to stimulate the demand for tax-exempts. The table of coming sales of $500,000 or more follows:

January 4

$1,020,000 Kenosha Co., Wis.
Previous award made to Paine, Webber & Co., Chicago, and next high bidder was Daniel F. Rice & Co., Chicago.

January 5

$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.

January 16

$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.

January 26

$7,900,000 Seattle, Wash.
John Nuveen & Co., account awarded previous loan, with Blair & Co., Inc., syndicate making next best bid.

February 1

$4,100,000 Maricopa Co., Ariz.
Bids for these bonds will be received by the State Treasurer in behalf of the county.

Thurston In Armed Forces; Pettingill Branch Manager

PORTLAND, ME.—Theodore K. Thurston, formerly local manager for Coffin & Burr, Inc., 120 Exchange Street, is now serving in the armed forces.

The Portland office of Coffin & Burr will be under the management of Charles S. Pettingill, formerly the firm's representative in Augusta, and Charles A. Ross, Jr.

U. S. Savings & Loan League Pledges Complete Support To War Financing Program

In a resolution adopted at the recent War Conference on Housing and Savings of the United States Savings and Loan League, all savings and loan associations wholeheartedly pledged complete support to the war financing program and pledged that the member institutions would purchase at least $250,000,000 in government bonds during the coming year, which will more than double their present holdings of government securities.

The text of the resolution follows:

Savings and loan institutions are approaching the attainment of their goal, the investment of $100,000,000 in government bonds, including Series F and G War Bonds, during the last half of 1942. In the several states, those association managers who had the responsibility of chairmen for the campaign have given of their time and talents unstintingly for the attainment of this unprecedented program for a direct contribution on the part of these associations to the Victory of our country.

In the year 1943, the need of the United States of America for funds to finance the war from sources other than commercial banks will be greater than it has been in the current year. Inflation is a foe which must be fought on the home front. The battle calls for the enlistment of the dollars which represent savings and investment and are thus non-inflationary when invested in government bonds. A continuation next year of the program for investing savings and loan funds in a balanced portfolio of government bonds will not only serve the country meritoriously but will also increase the strength of these institutions. It will contribute to the establishment of our character as semi-liquid institutions. Any limitations on government bond investments which may exist in the state codes governing our institutions should be removed so that full support of the nation's war-financing program will be the unquestioned right of our thrift and home-financing institutions.

The United States Savings and Loan League through the representatives of member institutions assembled in this War Conference on Housing and Savings pledges that $300,000,000 of government bonds will be purchased by this system of institutions during 1943. We commend the noteworthy leadership given to the campaign in 1942 by Femor S. Cannon, President of the League, by Ralph H. Cake and John F. Scott, vice-presidents, by Morton Bodfish, executive vice-president, by Franklin Hardinge, Jr., member of the League staff, and by the chairmen in the several states. We hold up their performance as an example to those who shall assume a like responsibility next year. We express our appreciation to the Treasury Department War Savings Staff, particularly to Mr. Ted R. Gamble and Mr. Robert Coyne, for their cooperation with this program.

* * *

I hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the United States Savings and Loan League at its 50th Annual Meeting held in Chicago, Illinois, on the 18th day of November, 1942.

(Signed) H. F. CELLARIUS,
Secretary-Treasurer

Federal Reserve Board Reports Industrial Activity Maintained At High Level In November

Aggregate industrial production in November was maintained close to the October level, reflecting a continued growth of output in war industries and a seasonal decline in production of civilian goods, the Board of Governors of the Federal Reserve System announced on Dec. 22 in its summary of general business and financial conditions. Distribution of commodities to consumers rose further in November and the first half of December, reducing somewhat the large volume of stocks on hand. Retail food prices continued to advance.

The Board's summary further said:

Production

"Maintenance of industrial production in November when the seasonal tendency is downward was reflected in a rise of the Board's seasonally adjusted index from 189 to 191% of the 1935-1939 average. This rise was largely accounted for by a further advance in output of durable manufactures. Nondurable manufactures declined seasonally, while output of minerals showed less than the usual seasonal decrease. In all groups of products the proportion of output for war purposes was considerably larger than a year ago.

"The increase reported for durable manufactures from October to November was in finished munitions and industrial equipment for new plants which will be completed in large number over the next few months. Steel production, at 98% of capacity in November and the first three weeks of December, was down slightly from the October peak, but the reduction appeared temporary as the scrap supply situation had been relieved and as further progress was being made on construction of additional iron and steel capacity. Supplies of iron ore on hand are regarded as sufficient for operations at capacity until movement of ore down the lakes is resumed in the spring. Shipments from Upper Lake ports this year totaled 92,000,000 tons, and were 15% above the record established in 1941.

"At cotton textile mills activity was maintained at a high level in November and at shoe factories production declined less than is usual at this season. Output of manufactured foodstuffs showed a seasonal decline.

"Construction contract awards in November were 10% below the level of the three preceding months, according to data of the F. W. Dodge Corp., but were still about 40% higher than in November of last year. As in other recent months, publicly-financed work accounted for over 90% of all awards.

Distribution

"Distribution of commodities to consumers increased further in November and December with active Christmas buying. At department stores, variety stores, and mail-order houses serving rural areas, sales in November expanded more than seasonally. In the first half of December department store sales continued to rise sharply and were considerably larger than a year ago.

"Freight-car loadings in November declined about 7% from their peak levels in September and October but on a seasonally adjusted basis rose slightly over the October level. Coal loadings rose somewhat although a decline is usual in November. Shipments of other commodities declined seasonally.

Commodity Prices

"Grain prices advanced from the middle of November to the middle of December, while most other wholesale commodity prices showed little change.

"Retail food prices increased further by 1% in the five weeks ending Nov. 17 to a level 16% higher than in November, 1941. Prices of such fresh foods as are uncontrolled—fruits, vegetables, and fish—showed the largest advances from October to November, but price increases in controlled items contributed about two-fifths of the total rise.

Bank Credit

"During the period of large-scale Treasury financing in December, total excess reserves of member banks were generally above $2,500,000,000. Substantial purchases of Government securities for the Federal Reserve System offset the effect of drains on reserves by the continued heavy currency outflow and further increases in required reserves resulting from a rapid growth in bank deposits.

"Reserve Bank holdings of Government securities showed an increase of $850,000,000 in the four weeks and reached a total of $5,500,000,000 on Dec. 16.

"At reporting member banks in 101 leading cities holdings of United States Government securities increased by $800,000,000 in the four weeks ending Dec. 9. Treasury bills accounted for practically the entire increase, with almost two-thirds of the amount going to New York City banks. In the week ending Dec. 16, bond holdings rose sharply as banks received their allotments of the new 1¾% bonds subscribed on Nov. 30-Dec. 2; allotments of this issue to all banks totaled $2,000,000,000, representing 85% of subscriptions.

"Total loans showed little change over the four weeks ending Dec. 9. Commercial loans declined by $200,000,000, with about half the decline at New York City banks, while loans to brokers and dealers increased over the period, reflecting largely advances made to security dealers in New York in connection with the Victory Fund drive.

"Payments by bank depositors for New Government security issues resulted in a decline of adjusted demand deposits and a rise of U. S. Government deposits to $5,800,000,000 in mid-December the largest total on record.

United States Government Security Prices

"Prices of United States Government securities have been steady in the past three weeks following an adjustment in the latter part of November when the Treasury announced the drive to sell $9,000,000,000 of securities in December. Long-term taxable bonds are selling on a 2.36% yield basis on the average and long partially tax-exempt bonds on a 2.09% basis."

Amend Revenue Act On Powers of Appointment

Congress recently amended the Revenue Act of 1942 by extending the time relating to the release of appointments under the gift and estate tax provision from Jan. 1, 1943, to July 1, 1943.

The amendment, which had the approval of the Treasury Department and the staff of the Joint Committee on Internal Revenue Taxation, passed the House on Dec. 7 and the Senate on Dec. 11.

In the Senate Finance Committee's report on the legislation, this explanation was given:

"Under the 1942 Revenue Act the Congress provided that holders of general powers of appointment, created on or before the date of enactment of the amendments, may release such powers prior to Jan. 1, 1943, without incurring estate or gift tax liability. The purpose of this amendment is to afford holders of such powers additional time to readjust their affairs in the light of the new provisions, changing the date for the release of such general powers from Jan. 1, 1943, to July 1, 1943."—(Cong. Rec. Dec. 11, p. 9812.)

Goodman To Be Partner In Kaufmann, Alsberg

Bertram E. Goodman will be admitted to partnership in Richard K. Kaufmann, Alsberg & Co., 120 Broadway, New York City, members of the New York Stock and Curb Exchanges, effective Jan. 1. Mr. Goodman in the past was a partner in Newburger, Loeb & Co.

Investing For Profits

"Investing for Profits" is the interesting subject of a brochure just issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, discussing the attractive possibilities offered by insurance stocks as compared with other types of securities. Included in the brochure is a comparative table showing rate of returns from leading insurance stocks. Copies of this interesting brochure may be obtained from Huff, Geyer & Hecht, Inc., upon request.

In Armed Forces

Fred H. Beard, partner in A. H. Vogel & Co., Detroit, and a member of the Detroit Stock Exchange, is now serving in the armed forces.

Large and Small Investors Fare Well By Disbursements Of Savings and Loan Associations

By CARL DISTELHORST,

Assistant Vice-President United States Savings and Loan League

The 112th consecutive New Year's Day which has found American purses and credit balances the richer by the disbursement of dividends to investors in savings, building and loan associations and cooperative banks was celebrated this week when these institutions distributed some $78,800,000 as earnings for the last half of 1942 on their investments in home mortgage loans and

Carl Distelhorst

Government securities. This dividend brought more than $2,000,000,000 the cumulative amount of money loaned by savers and investors in this type of institution in the past 10 years. This is an impressive figure, even in a day when billions trip as easily from tongue or pen as millions used to.

Roughly about half of this amount has been paid out as cash dividends to lump-sum investors in cooperative banks and savings and loan associations. The rest of it has been credited on systematic savings accounts in these institutions and thus made available for re-investment in the home financing and now the war financing field. In number there are always many more small savers getting dividends than institutional and lump-sum investors, but the volume of the latter's holdings is such that they net about half of the distribution. At least that has been the general picture in the past decade, and in the past few years the proportion of such holdings has been increasing.

On June 30, this year these institutions distributed some $81,600,000. Their total dividend payments for the year were $160,400,000. Reserves were increased by about $50,000,000 while this amount was being paid out to investors and savers.

The splendid earning position which the associations maintained for the most part in 1942 was largely due to the increase in the proportion of their mortgage loan portfolios to total assets with which they started the current year. At the close of last year, mortgage investments of all associations were 79.20% of their total assets, as compared with 76.13% at the beginning of 1941. Mortgage loans are the big earning assets of the associations and have been added to by another $1,000,000,000 in 1942, although some of this substantial addition to mortgage loan portfolios has been offset by heavy repayments on loans ahead of monthly repayment schedules.

It is noteworthy that by the beginning of 1942 real estate on the books of the associations was down to 5.7% of assets and that remainder was probably earning a better net return to the associations while it stayed on the books in 1942 than has been characteristic in other recent years. The real estate item of assets has been cut almost in half during 1942, and by the end of the year it will constitute only about 3% of assets, the smallest percentage in the consolidated balance sheets of associations since 1930.

Increased costs of equipment and supplies added to the expenses of associations this year as did also their handling of war bonds as agents of the Treasury. Many of them added one or two or several extra staff employees to handle the sales of war bonds to the public and have participated at their own expense in special plans to push the bond sales in their communities. As a result they have sold $300,000,000 of bonds for the Treasury. In November a single association sold $1,000,000 worth of bonds, the first time this figure has been reached in a single month by one of these associations. Twenty-five associations have sold more than $1,000,000 each during the entire period that they have been acting as agents. These cases obviously represent unusual promotional expenditures by these associations.

For the past 12 or 13 years savings and loan institutions have been placing greater emphasis on their reserve position so that present distributions of dividends are universally at lower rates than in the 1920's.

Diversity in rates paid savers and investors, however, still characterizes the field since conditions vary according to mortgage interest rates in the locality, according to the reserves which they have already accumulated, and according to many other possibly unique features of an institution's situation. The rate situation is nevertheless closer to uniformity today in savings and loan than in any of the past 112 years in the business.

In the first days of this type of institution, when all the investors were would-be home owners, there was little knowledge of just what the dividend rate was. All earnings were allotted quarterly to the members of the association and served to build up their credits with the association and bring them a step nearer debt-free ownership of a home. From this extreme disregard of the rate of return to the extreme emphasis on it in the 1920's, the associations have emerged to the present era when the rate of return is generally lower than it was 15 years ago and the various institutions are closer together in dividend policy.

Participating in the 112th annual dividend from the savings and loan associations and cooperative banks of the country will be some 7,000,000 individuals and institutions whose funds are invested with them. It is interesting to compare the number with that at the first year of savings and loan operations in America, year 1831. Then only the original association, the Oxford Provident Building Association, was in existence and 37 members were allotted the return from the investment of their savings in a home loan to ones of their fellow members.

Savings & Loan Ass'ns Advancing More Funds

CHICAGO, Ill. — The savings, building and loan associations were advancing more money this past October, $91,672,000, than in the first months of the year before the home building restrictions took effect, according to Ralph H.

Ralph H. Cake

Cake, Portland, Oregon, President of the United States Savings and Loan League. He said that this performance was in line with the seasonal trend in lending activities of the associations in other years but that the purposes for which loans were granted made some notable shifts between January and October.

Loans for war housing, privately built and financed, accounted for some 11.54% of all the associations' October disbursements, and this meant that construction loan volume in October was about half of where it was last January when people could still build housing in any area if they could get the materials.

On the other hand home purchase loans were 65% greater in volume in October than in January.

"Ever since April we have been lending $50,000,000 or more a month to enable people to buy a one-family house or a two-or-three flat building," said the League officer. "Obviously scores of thousands who might have built or bought brand new homes, had the war economy not intervened, stayed sold on the idea of owning their homes and have kept up the market for existing properties since building was restricted."

The largest volume of home purchase loans was made in Ohio, Pennsylvania and California in that order. Ohio associations led in war housing construction loans, followed closely by those in California, and these two States, with New York and New Jersey account for nearly half of all the construction loans which associations made in October, it was pointed out.

Analysis of October loans and purposes for which they were granted and percentage for each purpose follows:

Purpose	Estimated Loans Made By All Associations in the United States	Per Cent Of Total
Construction	$10,572,000	11.54
Repair and Modernization	3,498,000	3.81
Home Purchase	58,060,000	61.67
Refinancing	14,694,000	16.02
Other Purposes	6,380,000	6.96
Total	$91,672,000	100.00

First Federal Of Detroit In New Location

First Federal Savings and Loan Association of Detroit is now located in a new building at Griswold corner of Lafayette in the center of Detroit's financial district. The building was bought by the Association from Guardian Depositors Corporation of Detroit.

Increased facilities are provided in the new location for the handling of War Bonds, home mortgage loans and insured savings accounts. Larger quarters were required because of continued growth of the Association, which has become the largest Federal savings and loan association in Michigan, and because of increasing activity in War Bond sales.

Ill.-Wisc. Home Loan Units Up Bond Sales

Illinois and Wisconsin savings, building and loan associations outdid themselves in their November war bond sales, the Federal Home Loan Bank of Chicago reported, issuing $4,890,507 in the one month and bringing their cumulative total of assistance to the Treasury to $37,220,106.

Spectacular performance of two institutions, one in Chicago and one in Milwaukee, featured the November sales, according to A. R. Gardner, President of the regional bank for the two States. While the First Federal Savings and Loan Association of Chicago was chalking up the first $1,000,000 war bond month ever achieved by an institution of this type, the Acme Savings and Loan Association of Milwaukee was selling bonds in one month practically equivalent in volume to its entire assets. The First Federal Savings and Loan Association of Chicago totalled $1,028,284 war bond sales for November, while the Acme sold $612,900, just 6% under its total assets. The advices Dec. 14 from the Federal Home Loan Bank of Chicago, also state that figures on war bond sales by these associations are compiled by their district Federal Home Loan Banks and to date the Illinois-Wisconsin district is second only to the Ohio-Kentucky-Tennessee district in total volume of bonds issued.

Bond Buying Day

By FERMOR S. CANNON, Chairman
United States Savings and Loan League Committee on 1943 Investment in Government Securities

On Jan. 16, several hundred savings and loan institutions are going to celebrate the birthday of Benjamin Franklin by buying their 1943 limit of F and G United States Savings Bonds for their own portfolios. Estimates are that the total purchases for the day will be more than $50,000,000 or one-sixth of the way to the goal which has been set by the United States Savings and Loan League for the savings, building and loan associations and cooperative banks to invest in Governments for the entire year.

Fermor S. Cannon

The tie-in with Benjamin Franklin's birthday is most appropriate to the wartime emphasis on saving and thrift, since Franklin was long ago adopted as patron saint by thrift organizations all over the country, and his birthday has long been recognized as the starting date for a full week's emphasis on thrift in this country. Many of our outstanding savings and loan institutions from New York City to Portland, Oregon, are named for Franklin. The actual birthday, January 17, falls this year on a Sunday, so the preceding Saturday has been picked as the actual day for bond purchase.

This first of the year challenge will give an early start to State chairmen for the coming year's bond drive among the institutions. The goal they have set for this year is three times that which they have already succeeded in reaching during the last half of 1942. Thus the effort in 1943 may be said to be 50 per cent more of a challenge than that of the year just closing. Our managers feel that the associations will add $300,000,000 of Government securities to their portfolios this year without any question. Most of their concentration these days is rather on what kind of securities are most suitable for savings and loan operation since they have not previously in their history had anything like the bond-buying urge or program with which they have to live this coming year.

Something like nine per cent of savings and loan assets will be invested in Government securities by the end of 1943, assuming that the $300,000,000 is purchased this year and added to present holdings of some $240,000,000, and that total assets of the savings and loan system increase during the year by no more than their gain of the past two or three. This will be the most conspicuous position which loans to the United States Government have ever held in portfolios of these institutions.

This development will bring about a new high in the liquidity position of the associations. A few of them have always invested in Government securities as a secondary line of liquidity but the practice has never become general. Now, under the impetus of the campaign to invest in Governments, this policy is becoming generally accepted. Together with the five to ten per cent cash in associations today and their lines of credit with their reserve system, the Federal Home Loan Banks, the newly stepped-up bond holdings are helping the associations achieve the kind of liquidity which leaders in the business have advocated so strongly throughout the post-depression period. It is interesting that the most spectacular satisfaction of their dream should have come about by indirection, by the aim to provide funds to the Treasury to help fight a war.

A decline in association borrowings from the Federal Home Loan Bank system the past few months has meant, of course, that unused lines of credit with the reserve system have been bolstered. On June 30, 1942, the advances outstanding to savings and loan institutions from the Home Loan Banks were $192,645,000. By the end of the next quarter, Sept. 30, 1942, they were $144,752,000, a decline of about 25 per cent. This net fall-off comes about from the repayment of loans to the banks and thus the strengthening of the repaying institution's credit line. Probably there will be an even greater fall-off before the end of the year, thereby strengthening still further the emergency funds available to the member associations when and if they need them.

It should be noted also that Government securities owned by the Federal Home Loan Banks themselves increased in volume the third quarter of the year, from $69,368,000 at the end of June to $89,179,000 at the end of September. Cash in the Home Loan Banks rose from $49,068,000 to $68,283,000 during that quarter. Thus not only in the associations themselves but also in their reserve system the liquidity factor is receiving major attention.

Bond-buying day to celebrate the 237th anniversary of Benjamin Franklin's birth will contribute to this highly desirable state of affairs in the home-financing system of the nation.

Home Borrowings Up In Chicago Loan Dist.

Illinois and Wisconsin people borrowed more money to buy, build or fix up their homes in September than in any except one of the first nine months of the year, the Federal Home Loan Bank of Chicago reported on the basis of mortgages recorded by all types of lenders. The $32,059,000 which was borrowed in these two States was 2% more than in August and second only to April. A. R. Gardner, President of the Chicago Bank, said that the proportion of the borrowing taking place in metropolitan areas was the largest since May—56.8%. The advices from the bank added:

"Dollar volume of borrowing in Cook County was largest since April, but in Milwaukee County fell below the May, June and July figures, which were exceptionally large there. More borrowing for homes took place in Milwaukee County than in September, 1941, however, while the Cook County activity like that for the two states as a whole was under that for the same period of last year.

"Dependence on savings, building and loan associations for 31.69% of all home borrowings was reflected in the September analysis of sources of funds. These institutions thus hold their four-year lead among types of lenders by dollar volume. Their dominance is even more conspicuous by number of loans made, Mr. Gardner pointed out, since 3,429 out of the total of 9,599 separate loans, or 35%, were made by the savings, building and loan associations.

"The average home loan being made this September was $3,340, some $200 larger than the average in September two years ago and $70 larger than in September last year. According to Mr. Gardner, this situation reflects a larger proportion of home purchases in the higher price range."

Milnor In Air Force

J. Kirk Milnor, Manager of the trading department of the New York office of Van Deventer Brothers, Inc., is now serving in the U. S. Army Air Force.

Our Reporter's Report

(Continued from first page)

hard to replace since they carry 4 and 5% coupons, and will therefore be yielded grudgingly.

Books Are Closed

Dealers and others who are going through the motions of doing their regular routine this week are finding it a rather difficult procedure, that is so far as insurance companies are concerned.

Following precedent the latter have pretty much closed their books on investment until after the turn of the year, and while they may pick up odd pieces on a "deferred delivery" basis, they are not going much beyond that.

Portfolio managers, according to some of those who have tried, just come back with the explanation that books are closed, and if the potential seller is persistent they advise him that "the vaults also are closed until next year."

Paring It Down

Atchison, Topeka & Santa Fe Railroad stands well up in the ranks of carriers which have been taking advantage of their war-born prosperity to reduce outstanding obligations.

This road, it is indicated, has since the beginning of December last year, liquidated approximately $35,897,500 of its indebtedness, exclusive of $5,110,000 of equipment trust certificates which mature annually.

The foregoing total is also exclusive of bonds purchased for retirement in the open market. The largest single piece retired was made up of $28,070,500 of 4½s.

Corporate Revival Expected

Feeling around underwriting circles is that the turn of the year will bring to light indications of an early revival of corporate new financing.

Though the necessity for war financing probably will keep the total of such new private ventures within relatively reasonable bounds, the securities distributing industry is confident that considerable such new business will develop.

Two such possibilities came over the horizon with the past week when the Public Service Co. of New Hampshire filed for $22,500,000 of bonds and $5,000,000 of serial notes the latter to be placed privately.

Now the Puget Sound Power & Light Company, subsidiary of Engineers Public Service Company has gone into registration on a refunding which overs some $60,000,000, including $52,000,000 of mortgage bonds and the balance debentures.

The latter undertaking is being launched as a part of a plan for recapitalization of the company before the Securities and Exchange Commission.

Wm. Richards Now With Staff Of Homer & Co., Inc.

Homer & Co., Inc., 40 Exchange Place, New York City, dealers in investment securities, announce that William M. Richards, formerly of Gilbert Eliott & Co., and more recently connected with Laird, Bissell & Meeds, has become associated with the firm.

Charles Plohn Acquires 18th Exchange Membership

Charles Plohn, a member of the firm of Newborg & Co., 30 Broad Street, New York City, has purchased a seat on the New York Stock Exchange for $28,000. This purchase makes Mr. Plohn a member of 18 different exchanges throughout the country.

HOW DID WE GET THIS WAY?

(Continued from first page)

one of the many things on which everyone claims a right to an opinion, neglecting the obligation to know something about it. This is probably so because money is assumed to be wealth, rather than its symbol, and because the regulation of its value is believed to be a political rather than an economic function.

The adolescent mind which is obsessed with the thought that all human ills can be cured by legislation, is firmly convinced that money can be created without effort. The belief amounts to an obsession. That all such experiments in making money have only succeeded in making it worthless, means less than nothing to those who are never perturbed by conclusions which prove their faith to be misplaced. Primitive people had the same confidence in magic and the same resentments of any efforts to puncture their delusions.

Men who will admit that they know nothing of medicine, of engineering, of astronomy; that these subjects are sciences and require years of study; will advance monetary absurdities with profound confidence in their profundity. There is something almost ludicrous in the unconscious arrogance with which they ignore the science of money; a true science as it requires a knowledge of the casual connection of financial phenomena.

Indicative of the genius of some men, and evidence of the truth of the principle that by serving self man serves all, was the development of a method of protection against contingencies. Although it is fully accepted today, it is but little understood. That is why ludicrous pension plans and ham and egg schemes—caricatures of insurance, based on self-pity and second-hand day dreams—have so much political appeal and frequently elevate their handshaking advocates, oozing with buttery trivialities, to offices they are not qualified to fill.

That precautions could not entirely prevent loss was soon discovered. Devices gradually evolved whereby accident, disastrous to one, could be shared by many. But this protection was based upon a charge adequate to cover the expense and fair to all.

The institution of insurance arose from its necessity, as do all major economic institutions, and the final machinery represents a rational form of co-operative in which each element is rewarded in proportion to its utility, importance and value, a condition beyond the comprehension of twitterpated uplifters who do not realize that there are many kinds of relativity besides the cosmic.

Insurance based upon getting something for nothing; upon having someone else pay a portion of the fee; upon inadequate experience tables; is not insurance at all but a corruption of the electorate. When the annual revenues from the fees are treated as tax levies, it is embezzlement, and no amount of lip-service to the ideal of democracy will alter the facts.

Social security, like social gains, collective bargaining and the rights of the common man, has become one of the most hackneyed platitudes in the lexicon of the priggish planners of the more abundant life—those incipient dictators who are experts in logomachy; specialists in denigration; professionals in demagogy; cum laude graduates in the strategy of slander and phony social cartographers.

The desire for security, and the impossibility of its attainment, are the dynamics of accomplishment. Were it fully attainable, progress would stop, just as mental progress stops for those who, craving security for their beliefs, refrain from doing anything which might disturb them and thus perpetuate the superstitions which mark mental senility.

Security is as impossible as a planned economy, the luminous model of which is a mirage; a figment of the imagination. Both would produce only economic catalepsy and would require an absolute, perpetual and infallible despotism with the penalties and rewards disposed of at the whim of functionaries, or would require the surrender of power to pressure groups—militant minorities—and eventually result in administrative democracy, which is autocracy by another name and in which stupidities are piled on procrastinations and lack of coordination to produce the inefficiency characteristic of a monolithic society in which individual initiative has been jettisoned.

The arguments for both make no recognition of the underlying motives of human actions; of the ramifications that interpenetrate life; of the revulsions and attractions that influence men. They do not parse in the light of experience. Human nature has many facets. It is like a polygon which has lines of movement and faces of rest. Repose is not the destiny of man. Nothing is permanent except change. Life is of necessity fluid, precarious and replete with vicissitudes.

The theory of security in a planned economy contains allegations, inaccuracies, contradictions, inequities, subjective interpolations and more than the usual retinue of irrelevants. It ignores the fact that there is a finality in economic laws, which are mandatory and not simply permissive, and against which it is disaster to rebel; laws which cannot be nullified by executive "musts" enacted by rubber stamps, in which form we still have an oversupply of the strategic material.

Even when honestly held, it is directed by feelings, prejudices, sympathies and antipathies mistaken for humanities. When not honestly held, its fatuities are concealed by a prodigality of ologeaneous words which convince by pleasing but deceptive analogy and deaden by the narcotic of the hope of getting something for nothing. Invented social schemes are mainly grandiose theatrics, staged on an unreal diorama with the usual political eclat.

Planners who impertinently arrogate to themselves what should or should not be done, close their minds to everything which contradicts their assumptions and presume to make arbitrary selections among the countless causes of which the effects are still operative. Wise men are never as sure of any one thing as they are of everything. They depend upon the accuracy of coincidence and neglect to calculate the recalcitrance of economic forces to act, like marionettes on a string, as they are directed. These forces do not respond to directives or fragile promises and are not influenced by the lyricism of the manipulators, which is the insigne of their power. They do not respond to the edicts of academicians and reformers, even when their faith is as monumental as their conceit and who, like the fly on the wagon wheel, brag about the great dust they make.

Regimentation can be planned but its effects cannot be controlled. Plans can never be perfect enough to solve the whole complex of intricate social relationships, particularly when the chartularies of the abilities of the insouciant planners contain more false than genuine entries, and who draw inferences to suit their convenience. They are always vague and amorphous as to methods although definite and specific as to results. They never state the program by which they propose to accomplish their objectives; they never tell how they are going to manage without absolute power to control individual efforts. They cannot do this without exposing the fallacy of their schemes which involve a centralized bureaucratic control which must treat people as automatons. To suppose that a self-reliant economy can be constructed out of individuals reduced to that state is preposterous.

There is no way of determining exactly what will happen when one economic operation is slowed down and another speeded up; there is no way of determining definitely the effect of assumed security upon the character of any one man; there is no such thing as economic eschatology based upon the observation of isolated phenomena.

There is, however, such a thing as a rational explanation of events; of describing the laws that regulate them and thus clarifying the present and forecasting the future. It proceeds from the assumption that events are governed by laws which are universals and which admit of no metaphysical vagueness; that there is a meaning in the lives of men. This is the purpose of the science of political economy, upon which a planned society is a travesty, and which explains the line of continuity between a long series of causually connected developments which can be traced back to before the dawn of history. It increases in importance as society becomes more complex but invests no one with apostolic authority. Correct concepts are the result of knowledge which is relative in the measure in which it depends on empirical conclusions and absolute in the measure in which it rests on rational ideas.

The only real security is security in the knowledge that one has taken advantage of opportunity to equip himself to meet the always existent dangers of life; that he can make a good struggle against any menace. Doers do not whimper for security like a beggar for baksheesh. They undertake ventures as did Columbus, Magellan, Drake and Cook and produce results like Curie, Lavoisier, Pasteur, Rembrandt, Beethoven, Epictetus, Emerson, Edison, Burbank and a host of others whose biographies are an inspiration and a gift beyond price. Men can build a career upon the ashes of their discontent. They fulfill their destiny when they do the difficult. John Stuart Mill read Aristotle's logical treatises in the original when he was only twelve. Comte said: "The history of society is dominated by the history of the human spirit," which is reflected in the mosaic of philosophies, religions, customs, conventions, inventions and material accomplishments of mankind, which are the real artifacts of culture.

The security of social security is illusory and belongs in the anthology of fable. It lacks authenticity. It belongs to the infancy of the race, when the imagination was not subdued by the intellect, and when men believed in the power of shamans to control nature with the efficacy of their incantations. Faith and fear are frequent allies. The theory impresses only the uncritical; those who have an almost organic indifference to whatever lies outside the range of their immediate sense perceptions and apprehensions and who are susceptible to the hypnotic influence of the spoken word.

Like other panaceas, it may work for a short time but it cannot work indefinitely if for no other reason than because there is no guarantee of the integrity of the tokens in which the promised benefits are payable, any more than there is a guarantee of the ability of the planners, about which they maintain a discreet silence.

There is a great need of an efficient liaison between romance and reality. The only thing which can give partial security to all without taking from any is knowledge, as measured by the law of increasing probability.

The only certain thing about social security is the tax. In the rest there is little that is probable and much that is impossible. The most feasible way of attaining a degree of security is by preventing the destruction of our proven system by crackpots, cranks and suave politicians with warped mentalities, whose promises are a gratuitous insult to the intelligence, and by seeing that our republic does not become an autocracy of mobocracy.

Anyone who wants to believe that they, their children, or their children's children will be secure in the promised land of star-gazers who nonchalantly and frivolously assume responsibilities, is incredibly optimistic. They are in grave danger of trading their birthright as free men for a mess of pottage. Competitive industry will produce better results than a security economy and it can offer irrefutable proofs.

EDITOR'S NOTE—We are giving consideration to putting all installments of this article under one cover in pamphlet form for distribution to our subscribers in quantity lots at a nominal price. We would like to hear from any of our readers who would be interested in obtaining copies together with some idea of the quantity they would want so that we may decide as to the feasibility of making these reprints available and the price it will be necessary to charge.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2314)

in acting as it does reflects a condition within such industries. And if the stocks representing such industries refuse to act according to known news the answer isn't so hard to find.

I am well aware of having written here that the market is the beginning and the end-all of everything that can, may, or will affect it. And that no one need delve too far into causes if he has market savvy, for it is this so-called market savvy which will answer all questions in terms of dollars and cents. But the plain truth is that ability to read markets in terms of the future is not a static thing. What was true of last year, last month, or even last week no longer is true today. A world in a state of revolution doesn't permit of the application of outmoded yardsticks.

Do you want to know what the world of tomorrow will be? Well, read Wallace's latest speech. If you agree with his plan—and it's probably the Administration plan—how can you apply your knowledge of markets to this new world? I can't do it. You read of a Beveridge Plan. You also hear that some such plan will shortly be recommended here. How will it affect the market? Frankly I don't know. It's not enough to say that an anti-New Deal Congress will put a stop to further social planning. For one reason the world does not stand still. For another, and a bit more realistic one, no security trader can be oblivious to unpleasant possibilities. It's better to count on them rather than to shrug them off. If they don't materialize, well and good. If they do he won't be caught unprepared.

* * *

Meanwhile what about the immediate market past and its future? Well, Monday saw a volume decline—Dow averages went off about a point and a half and volume of more than a million shares. Tuesday saw more decline with volume still above a million. Yesterday saw firmness, with a volume decline. But steels, which up to now have done little, began to perk up. Ordinarily this would be a bullish indication. occurs. Another and severer But belated group or individual strength after an extensive rally is often not only short lived but frequently marks the beginning of an important decline. Even firmness at this stage of the market cycle is not a good sign. With the Russian offensive, the new Congress and our improved war prospects, the market should rally. So firmness on good news is not enough. It creates an air pocket which bad news can drive the market into.

* * *

My considered advice therefore is to postpone new buying until one of two things occurs. Another and severer decline or a successful attempt to penetrate recent highs. If the latter occurs you may have to pay more for stocks but I think they'll be cheaper at higher prices than they are now. Meanwhile all commitments should be retained, keeping in mind the prices which this column regards as critical.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

UP-TOWN AFTER 3

STAGE

"Flare Path," by Terrence Ratigan. Presented by Gilbert Miller at the Henry Miller Theater, New York, with Arthur Margetson, Nancy Kelly, Alec Guinness, Alexander Ivo, Doris Patston and others. Staged by Margaret Webster. Sets by Raymond Sovey. (Reviewed Thursday, Dec. 24, 1942.)

This is a story with its heart in the right place, but, having said that, there is little left to say. Basically, it's the old triangle in which a pretty young lady is forced to choose between two men. The first man is her husband, a member of the R.A.F., who needs her to cling to whenever he returns from bombing forays over enemy territory. The other man in her life is an old movie actor who once was Hollywood's reigning idol. But with the years overtaking him he finds parts harder and harder to find. He wants the lady because of the uplift she gives him. The whole thing is set in a village close to an airfield where Patricia moves to be closer to her husband, Teddy. Passing through comes Peter Kyle, late of Hollywood. He resumes his friendship with Pat, who used to be his big moment before a disagreement separated them. Ever since Peter's return to her life Pat's problem is to decide which man she will go to. What her decision is and how she arrives at it, is told, at times, in touching terms. But the whole thing never seems to matter very much, a condition even the cast seems aware of. Some efforts are made to emotionalize the conflict, but the effect never seems to quite come off. The life of the Polish Count, who speaks a broken English, and his cockney wife, seems to be more touching.

SCREEN

What is frequently funny on the radio has again proved unfunny on the screen. No doubt there are millions of people who have laughed at the air antics of Red Skelton's irrepressible kid, whose "If I dood it I get a licking. I doo it!" But the illusion of an amusing brat coming over the radio comes to nothing when the same lines are uttered by a grown man on the screen. In MGM's **"Whitling In Dixie,"** Red Skelton is again the Fox—the famed radio sleuth. In this case he gets mixed up with a couple of Southern highbinders who are after hidden treasure. How the Fox solves the mystery is the burden of the story. The gags are heavy handed. The Southern drawls are put on with a thick trowel. Red even goes into the "I-dood-it" routine, but the whole thing amounts to little. The supporting cast of Ann Rutherford, "Rags" Ragland, Guy Kibbee and George Bancroft try hard, but it's all a waste of time. . . . Walt Disney's latest animated cartoon, **"Saludos, Amigos,"** is one of the most delightful things to come to the screen in many a long month. It's a travelogue of South American countries, with the old Disney favorites, Donald Duck and Goofy, as typical tourists. The color photography is radiantly beautiful, while the antics of the Disney characters are uproariously funny. Donald has his first experience on a llama in Bolivia. Then we see Goofy as a gaucho on the Argentina pampas. This one will make your sides ache. There's a delightful little skit about the planes that fly across the Andes. Set in Santiago, Chile, Disney conjures up a family of mail planes—the big papa plane, the medium-sized mama plane and their little offspring, Pedro, the baby plane. Pedro's big dream is of being able to carry the mail across the mountains like his father does. The final scene takes place in Rio De Janeiro, Brazil, where the American tourist, Donald Duck, meets his South American counterpart, a parrot named Jose Carioca. The pair join hands, do the town and Donald learns the samba. Put **"Saludos, Amigos"** (Greetings, Friends) down on your must list.

SCENES ABOUT THE TOWN

Song writer and the "New York Mirror's" radio columnist, **Nick Kenny**, at the **Monte Carlo** with **Gene** (Colony) **Cavellero**, **Tony** (Theodore's-Ruban Bleu) **Mele** and your reporter in an animated discussion involving imaginary, romantic experiences (though no one admits they're imaginary), when Nick turns to your scribe and says, "I just thought of the words of a new song; anyway, the first few lines. Wanna hear it?" And without further ado begins: "Some day I'll go back to sunny Italy, when the world has dried its tears. And I'll do the things I've longed to do, for years and years and years." I said, "go on." He said, "that's all I have, so far. But its going to be the next song hit. Anyway," he added, "you've just sat in at the birth of the next Number One on the Hit Parade." Well, I've been a number of things in my varied career, but this was the first time I was attending obstetrician at the birth of a new song. . . . A tall, well dressed man, wearing a top hat, walking along Central Park South, holding a huge turkey drumstick in a gloved hand and blithely munching it—the drumstick, not the hand. . . . Dimmed out Fifth Avenue is an awe inspiring sight these nights. Outlines of skyscrapers against the murky skies seems like the stuff nightmares are made of. Crossing Fifth Avenue the dim headlights of autos bearing down on you look unreal. Sometimes wonder how drivers can see the pedestrians. . . . Night clubs all girding themselves in preparation for big New Year doings. Most of them will give out noise makers, and those funny hats you wouldn't be caught dead in on other nights. So, until 1943—A Happy New Year . . . and try an aspirin BEFORE you celebrate. It will save you headaches the morning after.

New Uptown Branch For J. R. Williston & Co.

J. R. Williston & Co. will open a new branch office at 1 East 57th Street, New York City. The main office of the firm, which is a member of the New York Stock Exchange, is located at 115 Broadway, New York.

Westfall In Armed Forces

Ercell G. Westfall, a partner in W. K. Archer & Co., Kansas City, Mo., is now serving in the armed forces and is stationed at Camp Chaffee, Arkansas. Mr. Westfall will remain an inactive partner in W. K. Archer & Co. during his absence.

Calendar of New Security Flotations

OFFERINGS

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.

Offered Dec. 21, 1942, at 99¾ and int.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, JAN. 7

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).

SATURDAY, JAN. 9

GROUP SECURITIES, INC.

Group Securities, Inc., has filed a registration statement with SEC for 3,000,000 shares of capital stock of the par value of 1 cent per share. For registration purposes the aggregate amount of the proposed offering is placed at $21,900,000

Address—No. 1 Exchange Place, Jersey City, N. J.

Business—Investment trust.

Underwriting—Distributors Group, Inc., is named principal underwriter.

Offering—It is proposed to offer the 3,000,000 shares at prices based on fluctuating market prices and shares will be issued in the class or classes as selected by investors, such classes covering a number of different types of industry.

Proceeds—For investment.

Registration Statement No. 2-5075. Form A-1. (12-21-42)

TUESDAY, JAN. 12

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

Public Service Co. of New Hampshire has filed a registration statement with the SEC for $22,000,000 first and general mortgage bonds, series A 3¼% to be dated Jan. 1, 1943, maturing Jan. 1, 1973.

Address—1087 Elm St., Manchester, N. H.

Business—Company is engaged principally in the generation of electric energy and its transmission, distribution and sale to about 78,300 domestic, commercial, industrial, agricultural and municipal customers in New Hampshire and Vermont. It also manufactures and distributes gas.

Underwriting—To be supplied by post-effective amendment.

Offering—Company proposes to sell the bonds at competitive bidding pursuant to the rules of the Commission. Contemporaneously with the issuance of the bonds, company will issue and sell 3,284 shares of its common stock, no par value, to New England Public Service Co., parent of the company, at a price of $60 per share flat or $197,040, and will issue and sell $2,500,000 face amount of its unsecured notes at private sale to financial institutions.

Proceeds—The aggregate net proceeds of said bonds, notes and common stock will be used to pay principal, premium and 30 days' interest in the redemption of all of the company's first mortgage bonds aggregating $18,929,000 face amount, to pay off bank loans totaling $1,000,000, to purchase from Twin State Gas & Electric Co. the utility properties and other assets of its New Hampshire division $4,281,897, to purchase certain assets from New England Public Service Co. $197,080 and other corporate purposes. All companies are subsidiaries of NEPSCO and transactions are the second step in the proposed simplification of NEPSCO. First step was the recently consummated merger of Cumberland County Power & Light Co. with Central Maine Power Co. Third step contemplates the acquisition by Central Vermont Public Service Co., also a subsidiary of NEPSCO, of the remainder of the assets of Twin State located in Vermont by merger.

Registration Statement No. 2-5076. Form A-2. (12-24-42)

SATURDAY, JAN. 16

PUGET SOUND POWER & LIGHT CO.

Puget Sound Power & Light Co. has filed a registration statement with the SEC for $52,000,000 first mortgage bonds series due Dec. 1, 1972, and $8,000,000 debentures due Dec. 1, 1951. The interest rates will be supplied by amendment.

Address—860 Stuart Building, Seattle, Wash.

Business—Applicant's properties consist, generally speaking, of electric, gas, steam heat and telephone utility properties located in the central and western portions of the State of Washington. It is engaged principally in the business of generating, transmitting, distributing and selling electric energy in all or parts of 19 counties in the western and central portions of the State of Washington, comprising approximately 4,500 square miles.

Underwriting—Names of underwriters will be supplied by post-effective amendment. The company proposes to sell both the bonds and debentures at competitive bidding. The invitation for bids will provide that each bid covering the bonds shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company for the bonds; and each bid covering the debentures shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company.

Offering—The offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds from the sale of the new bonds and the new debentures, together with general funds of the company, are to be used for: Redemption of the old bonds, series A, in the face amount of $36,039,500 at 101½%, or $36,580,093; redemption of the old bonds, series C, in face amount of $8,850,000 at 102%, or $9,027,000, and redemption of old bonds, series D, in face amount of $13,995,000 at 102%, or $14,274,900, or grand total of $59,881,993. There is pending before the SEC an application under Section 11 (e) of the Public Utility Holding Company Act of 1935, by Engineers Public Service Co.—parent company—to which Puget joined as a party, for the approval of a plan for recapitalization of Puget. This plan, if approved, would reduce the percentage of voting power of Puget owned by Engineers from 77.4% to 1.8%. Engineers has been ordered by the Commission to dispose of its entire interest in the company. Engineers has advised Puget that it intends to comply with this order as soon as it can do so.

Registration Statement No. 2-5077. Form A-2. (12-28-42).

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, co-operative 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. 24, 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 common of Occidental Insurance Co. on basis one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

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

Registration statement effective 4:30 p.m. (EWT) on Dec. 1, 1942.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registeres 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 positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Registration Statement effective 11 a.m. (EWT) on Dec. 22, 1942, as of 5:30 p.m. (EWT) on Dec. 8, 1942.

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)

Registration Statement withdrawn Dec. 22, 1942.

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

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)

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 voting trust certificates for one share of capital stock 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)

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

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

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

UNION LIGHT, HEAT AND POWER COMPANY

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

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

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

Amendment filed Dec. 21, 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

Half Of US Dailies Forced To Up Prices

Rising costs have caused more than half the daily newspapers in the United States to raise at least some portion of their circulation rate structure since the start of the war in 1939, Cranston Williams, General Manager of the American Newspaper Publishers Association, said on Dec. 16, according to the Associated Press. The ANPA is conducting a survey of daily newspapers on circulation rate changes in 1942, and while still far from complete, returns thus far show 648 papers have announced advances.

The Associated Press further reported:

"Earlier this year—before many of the increases were made—a survey to which 1,777 newspapers replied showed the largest number, 806, were receiving five cents per single copy at retail. A year earlier 794 out of 1,821 replies were receiving five cents. The next largest group was the three-cent bracket, at 735, against 751 a year previously. Only 185 reported two cents, against 231 the previous year.

"These increases, replies explained, reflected rising costs in wartime. At the same time, the survey showed that while immediate response to price increases was in most cases reduced circulation for a short time, such losses were soon recouped, and that circulation generally was now at record levels.

"The trend toward higher circulation rates has embraced publications widely. Early this year, in the magazine field, both the 'Saturday Evening Post' and 'Collier's' increased their retail prices to 10 cents a copy from five, and many other magazines have taken similar steps.

"The Federal wartime price ceilings specifically exempt publications. In Canada, the price ceilings effective a year ago at first included publications, but they were later exempted.

"One newspaper, explaining its increased price to its readers, said:

"'The cost of producing a newspaper is much more than the subscriber is asked to pay. The difference is made up by advertising. But, with a decline in advertising, due to Government restrictions on many commodities, and with increased productions costs, we were faced with the choice of lowering the quality of our paper or increasing the price. We have chosen the latter, which we believe will meet with the reasoned approval of our subscribers.'

"Among the higher cost items noted by publishers was that of motor route delivery, with rationing of gasoline and tires adding to the problem. Increased delivery costs were common during the year.

"In larger cities, where single copy sales are a major part of circulations, higher wholesale prices to newsstands and other dealers were found fairly general.

"The revision of rates ranged from minor fractions of a cent on wholesale lots to a cent or two on retail sales, some papers boosting every charge in their circulation rate structure.

Childs of Stein Bros. & Boyce Calls Ceilings, Saving Best Weapons Against War Inflation

(Continued from page 2314)

curb, prevent, or control inflation?

"Economically speaking, the answer is yes, but it is not so easy, politically speaking. By that I mean there are so many folk who always look out for Number One that it is not always possible to get the necessary laws through Congress."

Canada, according to Mr. Childs, is a country which has won the battle against inflation.

"Canada's over-all price ceiling, which went into effect Dec. 1, 1941, has proved effective in checking an inflationary rise in the cost of living in the Dominion; and now, a year later, the Canadian authorities announce a reduction in the retail prices of milk, tea, coffee and oranges through tax remissions and subsidies at an estimated cost of $40,000,000 to the Government.

"This is good work, but you can see that it is not perfect, because of the cost to the Canadian Government, which means the Canadian taxpayers will pay the bill. This, then, is how the Dominion of Canada is at least curbing if not preventing inflation."

The situation in the United States is well in hand, Mr. Childs declared, thanks to stringent regulations concerning price ceilings and wage stabilizations as well as "a saving spree, contrasted with the spending spree of the last war."

"The individual," he continued, "is also preventing inflation by reducing and liquidating his loans and debts of all kinds. The best evidence that this is being done is the news the other day that loans on life insurance policies were being reduced at the rate of $18,000,000 a month.

"I did not come here to talk about war bonds and stamps, but you just cannot say much about how to prevent the inflation that threatens us without stating that one of the most effective ways, is to buy war bonds and stamps and less non-essentials.

"There is an easy way, but it is an inflationary way, to oversubscribe the $9,000,000,000 Victory Loan, and that is through the commercial banks.

"As an example, a commercial bank buys, say, $1,000,000 of bonds, pays the Government for them, receives the bonds, and the Government, having no bank of its own, turns around and deposits the $1,000,000 in the bank. So the bank's deposits are increased $1,000,000 and it also has the use of the $1,000,000 deposited by the Government, until the Government withdraws it and pays for war goods; and in the meantime can borrow money on the $1,000,000 of bonds if it so desires. That's a vicious spiral which could get beyond control."

Further Restrictions On Travel, Shipments Foreseen By Nelson Of War Production Bd.

The nation faces still more drastic restrictions on travel and shipment of goods, Donald M. Nelson, Chairman of the War Production Board, warned on Dec. 20, suggesting that it might be advisable to store food, fuel, clothing, and health supplies adjacent to large consuming centers as one safeguard against distribution breakdowns. In a letter to Senator Murray (Dem., Mont.), Chairman of the Senate Small Business Committee, Mr. Nelson gave a preview of the war days ahead on the home front, the civilian economy greatly reduced and bringing a train of problems on which he asked the advice of the Committee.

With the nation becoming increasingly converted to the war effort, Mr. Nelson said his activities were being directed toward seeing that the "minimum" civilian needs are supplied.

In seeking the Senators' suggestions on the problems fast developing, Chairman Nelson asked them to give special consideration to these five points, according to the Washington "Post" of Dec. 21:

1. "The needs of the essential war supplies, whether for the armed services or for the supporting civilian population, require a maximum utilization of all our productive resources including manpower, womanpower, rail, water and highway transportation, light, heat, power, communications, scarce materials and building and storage space.

"There can be no fat in our distribution system any more than in any other part of our economy. It, too, must be as efficient as it can be made to be to accomplish the purpose of getting essential goods into the hands of civilian consumers. It follows that the number of outlets may have to be reduced; cross-hauling eliminated; delivery, distances and frequency of purchase minimized, and services and frills curtailed.

2. "The quantity and variety of goods available to consumers have already been greatly curtailed and the full effect of this will be felt rigorously in the near future as stocks now in our warehouses and shelves are used up.

"In connection with our distribution system we must squarely face the fact that the entire lines of some distributors will be eliminated and major parts of the lines of others will no longer be available.

"These facts suggest that the amount of merchandise to be distributed cannot possibly support a distribution system as large or as varied as that which we now have.

"This means the elimination of many stores and poses grave problems as to whether such elimination should take place through the natural operations of the competitive system or whether varying degrees of Governmental guidance should be undertaken in connection with the preservation of units necessary to place products into consumers' hands.

3. "The mobility of consumer will be greatly restricted, both of necessity and by way of consumer choice. Travel by automobile is due for restriction much more drastic than that obtaining today. Travel by common carrier will be increasingly inconvenient and in many instances not permissible.

"Reduced variety of goods, rationing, price control, value of time to the individual and the general level of consumer incomes are among the factors which will reduce consumers' desire to 'shop around,' or to buy at a distance from home.

"It is conceivable that military factors may even necessitate the restriction of travel and of freight movement in certain areas. These factors suggest that goods must be available to consumers close to their homes and that such locally available merchandise should cover the whole range of essential needs.

4. "The centers of population have already changed considerably and further change will occur. The primary aspect of this problem is the migration of workers to centers of war production and military establishments.

"Many industrial centers have multiplied their populations; many other communities have grown from nothing around new plants and military establishments, other centers have shrunk correspondingly. Thus, the geography of distribution has changed and will change further.

5. "The possibility is before us that whatever the system which emerges, it may be subject to breakdown for shorter or longer periods and in smaller or larger areas. There may be occasions, hours, days or weeks in duration, when civilian goods cannot be moved in adequate quantities to or from certain areas.

"It may well be advisable, therefore, to have considerable inventories of food, fuel, clothing and health supplies stored adjacent to consumers at all times against such an eventuality."

Morgenthau Still For Killing Silver Laws

Secretary of the Treasury Morgenthau said on Dec. 14 that he is still of the opinion that Congress should strike all of the silver legislation from the statute books and that he favors removing restrictions which prevent use of silver in war and industrial production.

The Secretary called for repeal of all silver laws last February in an appearance before the House Appropriations Committee (referred to in these columns Feb. 19, page 765).

Under the silver laws the Treasury cannot sell any of its silver for consumption, although it has loaned silver for industrial purposes which however must be returned. Strong signs developed in the House on Dec. 10, according to the United Press, that a new and intensified effort will be made in the next Congress to throw out the Administration's entire sliver purchase program.

Review of the "whole question" of the Treasury's silver policy was promised by Representative Andrew L. Somers, Dem., N. Y., Chairman of the House Coinage Committee, who said he would call a committee meeting for that purpose early in the next session.

The program has been under steady fire since the Silver Purchase Act was adopted in 1934, but the anti-silver bloc in Congress has redoubled its assault under the spur of critical shortages of industrial silver.

Mr. Morgenthau was said to have expressed himself in favor of the enactment of the Green bill, action on which, it may be noted, was blocked in the Senate before the close of the recent session of Congress.

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on Dec. 19 that during the month of November, 1942, the liquidation of three insolvent national banks was completed and the affairs of such receiverships finally closed. The announcement added:

"Total disbursements, including offsets allowed, to depositors and other creditors of these three receiverships, amounted to $3,059,286, while dividends paid to unsecured creditors amounted to an average of 46.43% of their claims. Total costs of liquidation of these receiverships averaged 10.58% of total collections from all sources, including offsets allowed.

"Dividend distributions to all creditors of all active receiverships during the month of November, amounted to $935,630."

Bell Named NY Bank Supt.

The appointment of Elliott V. Bell, a member of the editorial board of the New York "Times," as New York State Superintendent of Banks was announced Dec. 21 by Governor-elect Thomas E. Dewey. Mr. Bell, who will take office on Jan. 1, will succeed Jackson S. Hutto, former counsel to the Banking Department, who has been Superintendent of Banks since Oct. 30, when he took the office left vacant by the resignation of William R. White.

Mr. Hutto has resigned, effective Dec. 31, from the Banking Department to become associated with the law firm of Chadbourne, Wallace, Parke & Whiteside. His connection with the Department dates back to 1934, when he was principal attorney.

Governor-elect Dewey said he considered the State "extremely fortunate" in Mr. Bell's acceptance of the post of Superintendent of Banks. Mr. Dewey also said that Mr. Bell had been reluctant to leave his post on the "Times" but finally agreed that "in times such as these if he could render service to the stability of the banking system of the State, which is by all odds the most important State banking system in the country, it was his duty to do so."

A native of New York City, Mr. Bell attended public school here, De Witt Clinton High School and Columbia University, from which he graduated in 1925. After several years of travel, study and free-lance writing, Mr. Bell, in 1929, joined the Wall Street staff of the New York "Herald-Tribune" as a specialist in banking and money. Later that same year he transferred to the New York "Times," covering banking and money developments for the next 10 years and becoming assistant financial news editor. From the "Times" we also quote:

"In 1939 Mr. Bell became economic consultant to Mr. Dewey and participated in the latter's pre-Presidential campaign. In 1940 he was a member of the advisory staff of Wendell L. Willkie, Republican Presidential candidate, and in 1941 became a member of the "Times" editorial board.

"He is also consulting economist on the Committee on Employment in New York City, recently appointed by Mr. Dewey to study and report on declining business and employment opportunities here."

Lend-Lease For Ethiopia

President Roosevelt on Dec. 10 ordered that Ethiopia be included in the list of countries eligible to receive lend-lease assistance from the United States. This action follows the recent decision of that country to ally itself with the one of the United Nations. The adherance of Ethiopia, the first nation to regain its territory after temporary occupation by an Axis aggressor, to the Declaration by United Nations, was reported in our issue of Oct. 22, page 1451. The action of President Roosevelt was made known through a letter to E. R. Stettinius Jr., Lend-Lease Administrator, made public as follows by the White House:

"For purposes of implementing the authority conferred upon you as Lend-Lease Administrator by Executive Order No. 8926, dated Oct. 28, 1941, and in order to enable you to arrange for lend-lease aid to the Government of Ethiopia, I hereby find that the defense of Ethiopia is vital to the defense of the United States."

The Business Man's Bookshelf

Facts About Social Insurance—Insurance Economics Society of America, 176 West Adams Street, Chicago, Ill.—paper pamphlet.

How Can We Pay for the War by Maxwell S. Stewart—National Bureau of Economic Research, 1819 Broadway, New York City—paper—10c.

Renegotiation of War Contracts by Sim C. Binder—Reprint from New York Law Journal—Sim C. Binder, 521 Fifth Avenue, New York City.

Who Does Pay the Taxes? by Helen Tarasov, introduction by Jacob Marschak—New School for Social Research, 66 West 12th Street, New York City—paper cover—25c.

Bond Club Of Denver Members Serving U. S.

DENVER, COLO.—The following members of the Bond Club of Denver are now serving in the armed forces or are devoting their time to defense work:

In the Armed Forces

Corp. John H. Alf, Battery K, 202 CA (AA), 1st Artillery Antiaircraft, Seattle, Wash.

Lt. Norman C. Barwise, USNR, VGS 28, Fleet Postmaster, Norfolk, Va.

Lt. Charles Boettcher II, Arrowhead Springs Hotel, Arrowhead, Calif.

Lt. Col. Alfred G. Brown, 906 Main Avenue, Brownwood, Texas.

Capt. Donald F. Brown, 6th Air Base Squadron, Salt Lake City Air Base, Salt Lake City, Utah.

Ensign Glen B. Clark, Naval Training School, Tucson, Ariz.

Lt. Lester D. Fedderman, Lincoln Air Base, Lincoln, Neb.

Air Cadet William D. Fitzsimons, San Antonio Aviation Cadet Center, San Antonio, Tex.

Ensign John W. Fuller, Jr., Naval Aviation Cadet, Selection Board, 796 Peachtree Street, Atlanta, Ga.

Pvt. George Godfrey, 6th POTC, Aberdeen Proving Grounds, Md.

Capt. Gray B. Gray, Napier Field, Dothan, Ala.

Lt. Com. Norman F. Godbe, Office of Naval Officer Procurement, Central Tower Bldg., 705 Market Street, San Francisco, Calif.

Ensign John L. Gray, U. S. Naval Hospital, Corona, Calif.

Pvt. Richard Green, Austraila.

Capt. Paul H. Hadley, Replacement Wing, Salt Lake City, Utah.

Prather Hagerman, Miami Beach, Fla.

Melvin Horn, Treasure Island, Calif.

Lt. Jackson F. King, Fort Logan, Colo.

Lt. Channing F. Lilly, Jr., San Francisco Port of Embarkation, Vancouver Staging Area, Vancouver, Wash.

Louis Lyons, Honolulu.

Chief Petty Officer Leon Macart, Navy Recruiting Station, Pueblo, Colo.

Ensign J. Kenneth Malo, at sea.

Major Raymond W. Maxwell, 2627 Van Dorn Street, Lincoln, Neb.

William D. Morrison, OCS, Co. H, 2nd Regiment, Quartermaster School, Camp Lee, Va.

Jack N. Mowbray, SK 2-C, U. S. Coast Guard, San Diego, Calif.

Tech. Sgt. John Mullin, Jr., Supply Depot, Air Base, Casper, Wyo.

Lt. Col. W. F. Nicholson, Army Air Force in Transit, Depot No. 5, Port of Newark, Newark, N. J.

Major Canton O'Donnell, Camp Kearns. 576 E. South Temple, Salt Lake City, Utah.

Pvt. Frederick N. Pabst, Post Hospital, Medical Detachment, Fort Des Moines, Ia.

Corp. Robert Parker. No address.

Staff Sgt. Don L. Patterson, 6th Group Advanced GTD, Stuttgart Air Base, Arkansas.

Lt. (J. G.) Ray E. Sargeant, USNR, 1009 37th Avenue North, Seattle, Wash.

George Seeman, Lowry Field, Denver, Colo.

Seaman 1st Class Wesley Whitnah. No address.

Lt. George S. Writer, 1734 West Magnolia Street, San Antonio, Texas.

Lt. W. T. Tutt, AC, Wright Field, Dayton, Ohio.

Ensign Arthur F. Bosworth, c/o Naval Aviation Selection Board, Ferry Building, San Francisco, Calif.

Defense Work

Frederick A. Adams, OPA, Kittridge Building, Denver, Colo.

Waller C. Brinker, State Hdqrs. Selective Service, 300 Logan St., Denver, Colo.

Charles W. Doolittle, 411 Locust Street, Huntsville, Ala.

Charles B. Engle, District Mgr. Victory Committee, Federal Reserve Bank, Denver, Colo.

Paul Gorham, Denver Ordnance Plant, Denver, Colo.

Sam Hutchison, RFC, Boston Building, Denver, Colo.

Robert P. Lake, Rent Control Board, Box 197, Memphis, Tenn.

Gerald Plettner, Federal Reserve Bank, Denver, Colo.

Joe L. Raichle, State Department, Foreign Service, Washington, D. C.

Burdick Simons, Assistant Exec. Mgr., VFC, Federal Reserve District, Kansas City, Mo.

Fred Struby, OPA, Kittridge Building, Denver, Colo.

Finds War Conditions Peril Small Business

The House Small Business Committee, in a preliminary report to Congress on Dec. 18, listed these three critical situations existing in the war effort which require immediate attention: (1) failure of the program of the Smaller War Plants Corporation; (2) policies of the Office of Price Administration threatening to destroy distribution in the United States, and (3) unnecessary reports and complexities and multiplicity of regulations.

In its report the Committee said it was shocked to find that the Smaller War Plants Corporation has had results in the South and Southwest which were "practically negligible," many localities having unused facilities which could be put into operation and many small manufacturers being unable to obtain any help through the Federal agency.

"It is the considered opinion of the House Committee," the report added, "that the failure of the program of the Smaller War Plants Corporation, as evidenced in our hearings, can be attributed to the management of the corporation."

As to the second section of the report, the House group said that the nation's existing system of consumer goods distribution "has been seriously undermined and weakened as a result of" OPA policies "and a collapse which might gravely imperil the entire war effort appears inevitable unless these policies are speedily corrected."

The two factors, which are "primarily responsible for this threatened breakdown on the home front" and which the OPA and the War Production Board could and should adjust, were listed by the Committee as "price squeezes" and "inequitable distribution of merchandise."

With regard to "price squeezes," the Committee's report said:

"In so many instances as, in the aggregate, to constitute an insuperable obstacle to thousands of distributors remaining in business, the operating margins between replacement costs and ceiling prices are too thin to permit of continued operations except at a loss. In some instances, the current replacement costs are actually higher than the current ceiling prices.

In other cases, the retail price ceiling has been so low as to induce a decline in the production of commodities vitally necessary to the health of the nation. The outlook for an adequate supply of dairy products, for instance, is dark indeed, unless the OPA will revise its retail price ceilings so as to stop an impending wholesale slaughter of milk cows. Many dairy farmers are finding it more profitable to sell their cows for meat rather than try to make a profit on their milk.

"The situations to which we refer are situations of long standing. The committee listened to complaint after complaint of urgent appeals to the OPA in Washington for relief from such situations, which were completely ignored, or which were handled with so many complications of red tape and bureaucratic buckpassing as to leave the complainants bewildered. The general inflexibility of price ceilings on the retail front is apparently widespread and is causing many retailers either to close their doors or to contemplate going out of business. The failure of OPA in this matter has seriously crippled and indeed threatens to destroy distribution in the United States. The obvious practical remedy for this is, of course, to pass on cost increases permitted by the government at any level to all other levels, plus each reasonable operating mark-up as will protect the retailer or other distributor against actual loss and the consumer from unwarranted gougings."

In addition "to the burden of price squeezes," the report continued, distributors face acute problems of obtaining a fair share of available consumer goods, the conclusion being "inescapable that some method for an equitable distribution of consumer goods is necessary if many distributors are to survive."

As to the third complaint of the Committee—"unnecessary reports and complexity and multiplicity of regulations"—the report said that while "certain administrative regulations are a necessary evil," the present situation "is one of bureaucracy run riot" and unless corrective measures are speedily taken, this factor alone will close the doors of thousands of businesses which might otherwise remain open." "And what is said here about unnecessary governmental red tape in the field of distribution, of course, applies equally to manufacturing," the report added.

Unless the conditions complained of are corrected, the Committee said, it will recommend at the next session of Congress legislation to "compel their correction in order to avert the destruction of independent small business and, with it, the middle class of this country."

Firm Is Alcock Hill Co.

In the Financial Chronicle of Dec. 24 it was reported that Kenneth Hill was engaging in a securities business as an individual, with offices at Hingham, Mass. Mr. Hill informs us that his correct business address is Alcock, Hill & Co., 80 Federal Street, Boston, Mass., of which he is sole proprietor; the firm prior to Nov. 30 was a partnership.

Our Reporter On "Governments"

(Continued from first page)

cellent trading bond because of their availability to all types of buyers and the fact that many buyers of these bonds are reported to be in the trading mood and habit. . . .

The new "on sale" 2½s also may come in for more activity than normally would be looked for in a security of this type. . . . The fact that many buyers of these have the unregistered variety will encourage some in-and-out trading, it is said. . . .

Anyway, the very fact that we're seeing these premiums indicates the success of the deal. . . .

INSIDE THE MARKET

New York's contribution to the success of the December deal was so great and overpowering that even the Treasury officials haven't recovered from the pleasant shock as yet. . . . Subscriptions placed in New York reached close to 50 per cent of the entire deal, counting in the tax notes bought the first day of the drive (November 30) and the subscriptions placed in New York but allotted to other districts. . . .

Similarly, non-bank buying of the securities was better than anything seen to date. . . . Restriction on bank subscriptions, therefore, has worked out well. . . . It will be continued. . . . And effort will be made during the next "blitz" to get the "town and country" cash that was withheld this time. . . .

Little borrowing appeared among buyers of the bonds, according to reports, despite Secretary Morgenthau's approval of this method of buying Governments and the bank announcement that loans were available. . . . Privilege just isn't being taken advantage of as yet. . . . And commercial banks aren't borrowing from the Federal Reserve to buy Governments to any extent so far either. . . .

The borrowing angle, therefore, hasn't developed and maybe the decision will be to play it down as long as possible. . . . Borrowing-to-buy didn't work out well during the first World War. . . . While conditions are different now, there still is enough idle cash around to obviate the necessity of emphasizing this for a long while. . . .

Forced savings proponents discouraged by showing of December. . . . Billions this month were loaned voluntarily without maximums or minimums being specified. . . . So the minimums didn't become maximums as they tend to do under any forced savings program. . . . And the momentum of the campaign was quickened beyond all expectations as competition between Victory Fund Committees and between buyers entered the picture. . . .

Feeling is forced loan laws will be delayed—perhaps indefinitely—as a result of this demonstration. . . .

Spreads on municipals widening as result of large-scale sales of high-coupon municipals in recent weeks. . . . Sales inspired by decision of insurance companies, particularly, to switch out of high-priced municipals into "on sale" 2½s. . . . And market spreads are widening between high-coupon and low-coupon municipals and between high-coupon and Governments. . . .

Rate on discount bills last week was down to 0.363 per cent, indicating strength of market again. . . . Buying rate at Federal is ⅜s per cent. . . .