Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4142 | New York, N. Y., Thursday, January 14, 1943 | Price 60 Cents a Copy

OUR REPORTER'S REPORT

The Canadian Government financing scheduled to reach market today, via public offering, had all the earmarks of an "out-the-window" operation judging by last-minute comments heard among bankers and dealers who are interested.

Involving three distinct issues, for an aggregate of $90,000,000 face value, the new bonds, carrying coupons in keeping with their respective maturities, carried strong appeal, not only for institutions but for individual investors as well.

As a matter of fact some dealers reported preliminary inquiry from the latter, for the longer terms 3s, due in fifteen years, indicated very strongly that many potential buyers for that issue would have to be turned away with the opening of the books.

The short-term 2½s, priced at 100 and similarly the ten-year 3s priced at 100½ naturally appealed chiefly to institutional buyers such as banks, insurance companies and trust funds.

The longer 3s, however, offered at a price of 98½ and offering quite a liberal yield in current circumstances, had strong appeal for individuals and there was a decided rush on the part of those who have not had similar opportunity in considerable time.

Replacing as they do $100,000,000 of 5s the new bonds mean a decided saving in interest for the

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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 tenth and final installment, 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 X

The instinct to destroy that which is not understood, or which contradicts preconceptions, or which refutes the things we desire to believe, is deeply rooted in human nature. It is an intractable force that outlives cultures and defies definition, except that it is the effort of error for self-preservation; the residue of the human spirit after it has been filtered through cowardice and fear.

The bigotry which destroyed the glory that was Greece and the grandeur that was Rome, which martyred Hypatia and burned the libraries of ancient wisdom at Alexandria, has not perished from the earth. It is the most malignant force alive in the world today, although the extent of its evilness and its litany of hate is obscured in protestations regarding the purity of its objectives, which are camouflaged in fine phrases and described with more unction than accuracy.

That depressions and misery seem to be concomitants of capitalism justifies to self-appointed moral vigilantes, in their esoteric wisdom, the destruction of the system. That such a destruction would produce a condition in which depressions would be endemic instead of epidemic; in which

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Our Reporter On "Governments"

Strength in the Government bond market recently has been surpassing the expectations of the most optimistic. . . . Daily advances, increasing buying, orders coming in from all over the country, premiums of more than ⅝ on the long 2½s, of ⅜ on the short 1¾s—everything looks wonderful. . . . It's almost too good to be true, especially when a $109 billion budget message doesn't even "ripple" the market. . . . January is historically a good month but considering the size of the December borrowing and the obvious outlook for financing totals, these rises are beginning to appear exaggerated. . . . Not that this observer wants to cast a pall on the beautiful picture but whenever a market seems to be running away, it's time to sit back, judge carefully and hesitate to move with the majority. . . .

There are signs that the advance is topping out, as a matter of fact. . . January is well along now and the big buying of the first week is over. . . . Not that there is any reason to anticipate a decline of any proportion but it may be wise to hold off for some sort of reaction—technical at least—before rounding out positions. . . . And if you have all the bonds you need, wait for a while. . . . And take all action with the understanding that you're buying today because you want open market securities and can't wait until April. . . .

One of the major factors behind the rise recently, of course, has been the realization that we won't have a giant financing until April. . . . That probability was mentioned here weeks ago, along with the first forecasts of a better-than-expected subscription total. . . . Now that the market recognizes the length of the breathing spell investors are going to have, it is reacting according to Hoyle. . . . It may seem odd to mention "scarcity value" in a market of $100 billions of securities and shortly after a $13 billion deal has been completed, but there, in truth, is a prime factor in the strength! . . .

Chances are we'll have some interim borrowing. . . . There should be a financing in February, perhaps in a few weeks when the $1,588,000,000 of certificates of indebtedness due Feb. 1 come up for rolling over. . . . There may be another comparatively small bank deal and certainly the discount bills will be up every week.

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Warren Brothers Company

A most remarkable and successful reorganization of the Warren Brothers Company of Boston, Mass., has recently been completed, upon their emergence from bankruptcy on Dec. 1, 1942.

The reorganization was based on a $13,151,607.19 appraisal of the Company's assets by Judge Brewster of the First District Court, Massachusetts. This valuation made it possible to include all classes of security holders in the reorganized Company. At first glance the structure of the reorganized Company may seem a little complicated with its two classes of bonds and three classes of stock, but in fact is very simple, and very little different from the former structure of the Company.

The Company held in its treasury $8,702,900 of Cuba Government bonds maturing equally in 1955 and 1977. The debt of the reorganized Company called for $4,150,000 of 4½% bonds due in 1956 and $4,150,000 of 5% bonds due in 1977. These bond issues are secured in part by an equal amount of Cuban Government bonds and the balance of $402,900 the Company was authorized to sell to defray reorganization expenses. Each holder of a $1,000 bond of the old Company was given $1,400 of new Warren Brothers Company bonds, equally divided between the two issues, or, if one preferred, he could take $1,400 of the Cuban Government bonds. The holders of the new Warren bonds have the privilege of converting their new Warren bonds into a like amount of Cuban Government bonds with certain annual restrictions. The results of these privileges, plus the buying for the sinking fund which operated in December with an initial amount of $262,000, have reduced the debt outstanding over 50%. There are now outstanding $2,282,000 of 4½s of 1956 and $1,751,000 of 5s income of 1977. Thus, in six weeks the debt of the new Company has been reduced from $8,300,000 to $4,033,000. The unique part of this plan is that each time a Warren bond is purchased, it releases a Cuban Government 4½% bond to be sold and the proceeds are used to purchase additional Warren Brothers Company bonds and this when supplemented by 25% of the earnings of the Company, which are applied to the Sinking Fund establishes an almost perpetual retirement operation, and it is not at all unlikely that the debt of this company may be completely retired in about two years.

The company is engaged in the business of building roads and handles large construction work, and it is understood they have considerable Government orders on hand. At the close of the year, it had a large carry-over on its books. The company's current position is very good, current assets amounting to $6,215,987, and current liabilities, $3,128,000.

The capital stock of the company has been divided into three classes—Class A, Class B and Class C, all of which are unlisted, as is the case with the bonds.

Class A in the amount of 21,112 is entitled to $1.35 per share before dividends on the Class B and Class C stock can be paid and to $27 per share in case of dissolution or liquidation of the company.

Class B stock in the amount of 40,907 shares is entitled to $2.50 per share before any dividends on the Class C shall be paid and to $50 per share in case of dissolution or liquidation of the company.

Class C stock is outstanding in the amount of 236,862 shares.

The company earned for the

(Continued on page 192)

Canadian Industrial Activity Unchanged

The level of manufacturing, as measured by the index of industrial activity prepared by The Canadian Bank of Commerce, Toronto, was unchanged from Mid-November to Mid-December, the index remaining at 186 (1937=100) and the percentage of factory capacity utilized at 122. The food group moved to a new high with the output of flour and cereals in the lead, and with a slight increase in meat-packing. This rise was offset, the Bank stated, mainly by a decline in the automotive and the heavy section of the other iron and steel trades owing in part to re-tooling of certain units. The clothing group declined only slightly, while a rise in pulp and paper was counterbalanced by a fall in other wood products. Increased activity was indicated in the processing of non-ferrous metals.

The wage payroll index of the Canadian Bank of Commerce fell from 223 (revised) in October to 214 in November (1937=100). Manufacturing, mining and construction wages were lower, but in the case of many manufacturing concerns this was due to fewer pay days in the month. Logging, transportation and trade payrolls were higher.

The Canadian Bank of Commerce Index of Wholesale Prices in Canada
(1923=100)

Nov. 1942	Dec. 1942	Dec. 1941
92.87	92.63	89.27

Russell Zimmer With First Cleveland Corp.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Russell L. Zimmer has become associated with The First Cleveland Corporation, National City Bank Building. Mr. Zimmer was recently with M. A. Cayne & Co. and prior was in charge of bonds in the sales department of Borton & Borton, Inc. In the past Mr. Zimmer was with P. E. Kline, Inc. and in the investment department of Jackson & Curtis.

Cabble In U. S. Army

Joseph C. Cabble, Manager of the Bond Department of Abraham & Co., 120 Broadway, New York City, has left for active duty with the United States Army. He was recently tendered a dinner by the partners and employees of the firm.

Kalb, Voorhis Now A. Lewisohn Partners

Adolph Lewisohn & Sons, 61 Broadway, New York City, Members New York Stock Exchange, announce that John Kalb, manager of their investment research department, has been admitted as a general partner. Peter A. H. Voorhis, manager of the institutional department which operates in conjunction with the research department, has also become a general partner of the firm.

Mr. Kalb was formerly a partner of D. M. Minton & Co., where he served as economist and securities analyst. Previously, for many years he was with Clark, Childs & Co., and Clark, Childs & Keech in the same capacity.

Mr. Voorhis was formerly associated with D. M. Minton & Co. Before that time he was syndicate manager for Lehman Bros. Prior to these two connections, he was with the Guaranty Trust Company and J. P. Morgan & Co.

Admission of Mr. Kalb and Mr. Voorhis to partnership in Adolph Lewisohn was previously reported in the "Financial Chronicle" of Dec. 24, 1942.

Mueller & Currier Is Formed In Newark; Adams At J. S. Rippel

NEWARK, N. J.—Effective Jan. 15, the partnership of Adams & Mueller is being dissolved. Joseph R. Mueller in partnership with Cyrus R. Currier is on that date forming Mueller & Currier, 24 Commerce Street, to deal in investment securities. Mr. Currier was trading manager for Adams & Mueller.

Russell V. Adams, partner in the dissolved firm, will become a vice-president of J. S. Rippel & Co., 18 Clinton Street, specialists in New Jersey issues.

Mr. Currier is president of the Bond Club of New Jersey. Messrs. Adams, Mueller and Currier were associated with Mr. Rippel several years ago.

Mergenthaler Attractive

The no par common stock of Mergenthaler Linotype Company offers particularly attractive possibilities, not only as a so-called "war stock," but as a "peace stock" as well, according to a memorandum issued by Baker, Hughes & Treat, 40 Wall Street, New York City. Copies of this interesting memorandum may be obtained from the firm upon request.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, January 14, 1943
Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]
Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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

N. Y. Finance Institute Offers Spring Courses

Registration for the Spring term of the New York Institute of Finance is now open and applications for enrollment are being received at the school at 20 Broad Street. The school, which is the successor to New York Stock Exchange Institute, offers courses open to the public, especially designed for beginners in the business world, mature students of investment and finance and potential candidates for military service. This term the institute is offering specialized courses, which, it is claimed, are not available in any other school in the country. These include general business, investment analysis, brokerage procedure and military and civilian defense training courses. The class hours for most of the courses are from 5:30 to 7:15 and the tuition fees vary from $5 to $35. Full particulars and a detailed description of any course may be obtained by inquiring at the Institute.

Oak Park Federal Declares Dividend

Oak Park Federal Savings and Loan Association, 104 N. Marion St., Oak Park, Ill., declared their one and one-half per cent (1½%) dividend as of Dec. 31, 1942, thus making a 3% annual dividend paid by this institution.

Insur. Outlook Favorable

The current market letter of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, discusses the favorable position of insurance stocks with regard to both quality and performance. Also contained in the letter are lists of stocks and bonds which Goodbody & Co. considers offer interesting possibilities. Copies of the market letter may be had from the firm upon request.

DEALER BRIEFS

Cincinnati, O.

We find that many investors believe that another effort will be made this year to tax State and Municipal Bonds, directly or indirectly.

If this threat was removed by an early declaration of the new Congress we believe that there would be an improved demand for Municipal Bonds.—*Irvin F. Westheimer, Westheimer & Company.*

Philadelphia, Pa.

Good low priced high yield bonds are still PREFERRED by our clientele. Properly diversified they offer a reasonable degree of safety plus appreciation possibilities and yields ranging up to 10% or higher.

New York Real Estate Bonds offer some excellent chances for high yield and profit. In our opinion dealers in the West and Middle West would do well to pay a little more attention to this field in view of the growing scarcity of Industrials, Utilities and Rails.—*Lilley & Co.*

He would be a bold man who would attempt to do much predicting at the beginning of this Year of Grace, 1943, but we in Philadelphia have the feeling, based possibly on wishful thinking, that the country's securities markets may take on a semblance of life. The numerous special offerings of blocks of stocks of the great industries have distributed these shares more widely than ever before and, automatically with this distribution, there must come an increased interest, not only in these special situations, but in the market generally.

The first job, of course, is to win the war, and the inevitable tax burden which that entails will certainly exert a retarding influence, but we believe that there is a great day of reconstruction coming, and the Broker and Dealer Fraternity may well trim sails and look hopefully for that dawn.—*A. C. Wood, Jr., A. C. Wood, Jr. & Co.*

NY Security Dealers To Hold Annual Dinner

The New York Security Dealers Association will hold its annual dinner on Thursday, Feb. 4 in the Grand Ballroom of the Waldorf-Astoria, it is announced by Frank Dunne, president of the Association.

Purolator Interesting

The current situation in Purolator Products, Inc., offers interesting possibilities according to a recent memorandum of Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of the memorandum may be had from Reynolds & Co. upon request.

Stock Market Comment

The Presidential message delivered to Congress on Monday afternoon indicated the need of the Government's raising in the fiscal year starting July 1, 1943, an additional $16,000,000,000 of revenue. And although there had been some advance indications of the extent of the tax problem, the announcement that the Government would spend $100,000,000,000 dollars in the next fiscal year and would attempt to raise half of this total through taxes and forced saving still came as somewhat of a shock because of the staggering totals involved.

Investors generally will prefer to see a large share of the war costs met in this manner rather than by resorting unreasonably to loans which might, as time went on, damage the Government's credit and lead to disastrous inflation. However, the main question that concerns investors generally is one of impact; Just where will the impact of the new taxes fall? Will the increased tax load be carried primarily by individuals of all income groups, or is a far larger share to come out of corporate earnings?

It is important of course to realize that a sales tax can take up part of the slack, and the relation between outright taxes and forced savings is also significant. But by and large the tax philosophy is the thing to watch, for it is this philosophy that will determine whether the additional impact is to fall on individual incomes or corporate earnings. Developments on this score must be carefully followed, with particular reference to the hearings before the appropriate Congressional committees.

When a Stock Goes Up

Times without number one hears the comment that this stock or that is "going up." And we often wonder when the statement or the prediction is made whether or not it is fully understood what happens when a stock goes up and what is behind the advance.

When an individual buys an equity because he thinks it will "go up," it seems to us that he is merely saying to himself that he recognizes the worth of that common stock before it is generally recognized by others. For in buying an equity, hoping later to sell at a profit, an investor or a trader is proceeding on the assumption that someone else **will take his purchase off his hands** at a later date and at a higher price. And obviously if someone else is to buy later at a higher price the implication is clear that the investor feels that he is recognizing worth and merit before the other fellow.

(Many individuals of course are interested primarily in income. They will buy an equity because they feel its dividend is safe and secure and dependable. But apart from those who are buying income in this manner the purchase of an equity for profit implies the discovery of merit or growth before the crowd discovers it.)

Let us take a recent example: A few months ago shares of companies manufacturing oil drilling equipment were down pretty much at the year's lows. Then gradually there developed the

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Fort Pitt Bridge Works

The Fort Pitt Bridge Works has been in business since 1896, and the company has a very modest capital structure consisting of $725,000 worth of first mortgage bonds (less $42,000 held in the Treasury which they have recently purchased in the open market, taking care of the 1943 sinking fund requirements and also part of the 1944 sinking fund) and 70,000 shares of $10 par common stock.

Fort Pitt is in a unique position because its plants are equally suited to war and peacetime operations. The change over from peacetime activities to a war basis took place almost overnight, and it is indicated that when peace comes, the Fort Pitt plants can be swung over to peacetime operations within 24 hours.

The Government's primary concern will be to create employment, and a large number of jobs can be provided by construction of new roads, bridges, the elimination of grade crossings, and the completion of construction programs which had been deferred by war.

Large profits have accrued from its participation in the war program, which has consisted of such activities as the fabrication and erection of the new Consolidated Aircraft Corporation Parts Plant at San Diego, California, also the new Glenn L. Martin Plant at Middle River near Baltimore, Md. and various steel mill extension jobs for Allegheny Ludlum Steel

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REAL ESTATE SECURITIES

Original First Mortgage of $6,500,000 on Two Park Avenue Building Now Reduced to $5,160,000 Present Assessed Valuation $6,800,000

The 28-story Two Park Avenue Building was completed in February, 1928, being erected on a plot of ground having an area of 40,487 square feet and fronting 197 feet on Park Avenue, covering the entire block front between 32nd and 33rd Streets, with a depth of about 205 feet. The appraisal on which the $6,500,000 mortgage was made totaled $9,000,000 for the land and building.

Like many other properties, the changing conditions in the early 1930's made it difficult to pay 6% interest on the bonds and take care of serial maturities. Accordingly reorganization was consummated under jurisdiction of the State Courts as of Sept. 1, 1934, at which time the original mortgage had been reduced $624,500, so that under the plan only $5,875,500 new first mortgage bonds were issued.

The new mortgage indenture made provision for the distribution of earnings in the following order:

1. 4% Fixed Interest on First Mortgage.
2. Creation of a $100,000 Fixed Interest Reserve Fund at the rate of $25,000 a year.
3. Retirement of 2% of the First Mortgage.
4. 2% Income Interest on Second Mortgage Bonds.
5. 1% Additional Interest on First Mortgage Bonds.
6. 1% Additional Interest on Second Mortgage Bonds.
7. Any remaining surplus to be divided as follows:
   - ½ to revert to owners of property;
   - ⅓ of other half as a sinking fund for Second Mortgage, and
   - ⅔ of other half to retire first mortgage bonds at par by lot.

Provision was also made for use of earnings for capital improvements if in the judgment of the Trustee such improvements were for the best interests of bondholders.

Digest Of Record Since Reorganization

(a) 4% Fixed Interest paid each year, plus an additional 1% for years 1937 through 1940 and an additional .095% in 1942.

(b) $687,600 First Mortgage bonds retired by operation of Sinking Fund and $27,900 redeemed at par, a total of $715,500 retired since reorganization reducing issue to $5,160,000.

(c) Provided $100,000 cash for Fixed Interest Reserve Fund which is held by Trustee.

(d) Capital Improvements, amounting to about $400,000, including installation of a steam plant and an electric power and light generating plant have been made.

(e) A total of 14% interest during the period has been paid on 2nd mortgage bonds.

Occupancy of the property is currently about 95%. Two Government Agencies, the Federal Housing Administration and the Home Owners Loan Corporation absorbed most of the available vacant space in 1941, the leases running from Oct. 1st with annual renewal privileges but containing the usual 30 day cancellation clauses.

By application of the current market price, in the low 50s, to the outstanding $5,160,000 bonds, the resulting figure of approximately $2,580,000 seems low in comparison to the assessed value of $6,800,000, and the present day real value. Present rent rolls indicate 5% annual interest payments and at current market levels the bonds give a current yield of close to 10%.

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)

AKRON, OHIO — **Emil A. Schweitzer**, previously with Merrill, Lynch, Pierce, Fenner & Beane, has joined the staff of **Paine, Webber, Jackson & Curtis**, Ohio Building.

(Special to The Financial Chronicle)

BOSTON, MASS.—**William F. Dean** has been added to the staff of **William H. Coburn & Company**, 68 Devonshire Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Sven V. Platin** is now connected with **Joseph F. Dixon & Co.**, 105 South La Salle Street. Mr. Platin was previously with Thompson Ross Securities Co. and Dempsey-Detmer & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—**John A. Carrick** has become associated with **Langill & Co.**, 134 South La Salle Street. Mr. Carrick was formerly with Selected Investments, Inc. and Baker, Walsh & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**John C. Fanger** is now with **Merrill Lynch, Pierce, Fenner & Beane**, Union Trust Company Building. Mr. Fanger was recently with Westheimer & Co. and prior thereto was with H. B. Cohle & Co. and Hill & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Harry William Heinrich**, previously with Borton & Borton, Inc., has joined the staff of **Goodbody & Co.**, National City Bank Building.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Edward Hughes** has become affiliated with **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Ave., North East. Mr. Hughes was formerly with C. F. Childs & Co. and Otis & Co.

(Special to The Financial Chronicle)

HINGHAM, MASS. — **Herbert E. Bancroft** has become associated with **Massachusetts Distributors, Inc.**, 111 Devonshire St., Boston, Mass. Mr. Bancroft was formerly in business as an individual dealer in Hingham and was President of Bancroft, Inc., Boston investment counsel firm.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—**Alan A. Reed**, formerly with C. W. Brew, has been added to the staff of **The Marshall Company**, 762 North Water Street.

(Special to The Financial Chronicle)

NEW ORLEANS, LA. — **F. J. Deimel, Jr.**, has been added to the staff of **Weil & Arnold**, Canal Building.

(Special to The Financial Chronicle)

PORTLAND, MAINE—**Rex W. Dodge**, previously with Frederick M. Swan & Co., in now with **F. L. Putnam & Co., Inc.**, 97 Exchange Street.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **Charles C. McKinney** is now connected with **Ford R. Weber & Co.**, Spitzer Building. Mr. McKinney was formerly with Bliss Bowman & Co.

(Special to The Financial Chronicle)

WILMINGTON, N. C.—**Walter A. Wells** is with **Allen C. Ewing & Co.**, Murchison Building. In the past Mr. Wells was local manager for E. A. Pierce & Co.

Baltimore Traders Elect Quarles Pres.

BALTIMORE, MD.—At the annual meeting of the Baltimore Security Traders Association, G. Hudson Quarles of Stein Bros. & Boyce was elected president;

Hudson Quarles

Harry M. Sheely of Harry M. Sheely & Co. was elected vice-president; John G. Chenoweth of Baker, Watts & Co. was elected secretary, and Harry J. Niemeyer of Robert Garrett & Sons was elected treasurer.

John T. Baldwin of Alex. Brown & Sons and Edward B. Freeman of Lockwood, Peck & Co. were elected governors for a three year term, Louis P. Gundlach of Brooke, Stokes & Co. was elected a governor for a two-year term and E. Clinton Bamberger of Baumgartner & Co., Inc. for a one-year term.

The new president has been connected with Stein Bros. & Boyce for 17 years. He is a charter member of the association and has served in the past as treasurer, vice-president and member of the board of governors.

The Baltimore Security Traders Association is affiliated with the National Security Traders Association.

E. G. Longwell Now With Boettcher & Co.

DENVER, COLO. — Boettcher and Company, 828 Seventeenth Street, announce that Elmer G. Longwell has become associated with them. Mr. Longwell was formerly an officer and assistant manager of the municipal department of Brown, Schlessman, Owen & Co., with which he had been connected for nine and one-half years. Mr. Longwell who has been identified with both municipal and corporate trading, is widely known in trading circles.

Lang Named Bank Officer

Fred P. Lang, President of F. P. Lang Co., 40 Wall Street, New York City, dealers in municipal bonds, was elected Vice-President of The Maplewood Bank and Trust Co., Maplewood, N. J., at the annual meeting.

Mr. Lang has been President of F. P. Lang Co. since January, 1930. Prior to that he was a partner of Lewis and Co. of Hartford, Conn. He is also a trustee of Middlebury College, Middlebury, Vt.

Newburger, Loeb Branch

Newburger, Loeb & Co. announce the opening of a new branch office at 2091 Broadway, between 72nd and 73rd Streets, and the closing of their branch office at the Hotel Ansonia.

Security Analysts to Meet

At a meeting of the New York Society of Security Analysts, to be held on Friday, Jan. 15, at 12:30, the speaker will be Mr. W. F. Place, Vice-President of the New York Central Railroad. Mr. Place will discuss the financial problems of the New York Central.

The meeting will be held at Schwartz Restaurant, 56 Broad St. (4th floor), New York.

The Chairman of the meeting will be Pierre R. Bretey, of Goodbody & Co.

E. W. Hammell Rejoins Caswell Co. As V.-P.

CHICAGO, ILL.—Caswell & Co., 120 South La Salle Street, announce that Elmer W. Hammell, formerly with the trading department of their firm and more recently with Fred E. Busbey Co. in the trading department, has become reassociated with their organization as Vice-President. Mr. Hammell has long been identified with the trading of Chicago real estate securities, having also been in charge of the Trading Department and Statistical Department of Geo. M. Forman & Co.

James R. Buck Joins Daniel F. Rice Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — James R. Buck has become associated with Daniel F. Rice & Co., 141 West Jackson Boulevard, members of the New York Stock Exchange. Mr. Buck was formerly in charge of the Buying Department of the local office of Otis & Co. Prior thereto he was with Fred W. Fairman & Co. and was president of James R. Buck & Co. and its predecessor, Folds, Buck & Co.

Tomorrow's Markets Walter Whyte Says—

Market action of past few years reviewed and lessons applied to current market. Public definition of news and its willingness to back its judgment a basic factor.

By WALTER WHYTE

Now that the customary year-end hoopla and the opening New Year hurley burley with its usual imposing array of annual forecasts has appeared, we can give more attention to the market as expressed by its own action rather than by what some people read into it.

* * *

Market discussions, however, must be based on past performances. Not that the past is any yardstick for the future, but only by comparing market action in the face of offerings and support levels can one decide what to expect if at a later date these previous levels are broken in either direction.

* * *

Into this breaking or holding of previous levels is packed all the news known or unknown. The only thing it does not express is human emotions. It is one of the real reasons why the application of the Dow Theory, or any other market theory, so frequently falls short of success.

* * *

First of all the market and its behavior is not ruled by any scientific formulas. Even economics — which incidentally I don't consider a science —is garbled and twisted in the market by the fears and hopes of the millions who make up its action. If anybody could explain for example why a major piece of news has a stimulating effect on the price movement at one time and is totally disregarded at another time, I think a closer definition of what makes good or bad markets would be obtained. But to get back to past performances.

* * *

In the last week I have been asked what I think of the market in the light of what it has done before. Leaving news entirely out of it here is what happened.

* * *

In the first few months of 1937 the Dow industrials made a high of about 200, the rails, about 65. By midsummer of 1937 both averages had declined, the industrials to about 175, the rails 55. A few months later the industrials rallied to about 190 but the rails only managed to add about 5 points. Then came a sharp break. The industrials declined to about 110, the rails, to under 30. For the rest of 1937 the market dragged and dragged.

* * *

Nothing new occurred until the spring of 1938 when another drive sent both averages down to new lows. The industrials declined to under 100 and the rails to under 20. Rest of the year was comparatively uneventful. The industrials managed to crawl back to across 150, the rails to about 35.

* * *

In 1939 the industrials fluctuated between a high of about 150 and a low of about 120; the rails between 25 and about 35.

* * *

Next year, 1940, was another bad one. From 150, the industrials broke down in midsummer to 110 or so; the rails went from 32 to about 25. Slowly both averages came back, the first to about 140, the second to about 30.

* * *

In 1941 the market was if anything less active than in 1940. The only thing of note was the advance in the industrials to about 140 from a midsummer 1941 low of about 115. The rails did practically nothing. By the end of the year both averages were again going down. The industrials down to 110; the rails to about 25. The next year, 1942, opened with the nation at war. The industrials showed no life to speak of but the rails shot up to just under 30 from a previous year's low of 25. Then both averages started again to decline. This time the industrials broke the much heralded danger point, 100, and the rails sagged down to just under 25. Bearishness was complete. It was then this column began recommending stocks again.

* * *

Well, you know what happened. 1942 saw the industrials advance to about 120 and the rails to about 30 again. As the present year, 1943, began the industrials were still at 120 but the rails had declined to about 28.

* * *

Now if you will go back to 1937 and follow the market trend up to the present you will see that as the market rallied each rally top was

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RAILROAD SECURITIES

The bonds of Lehigh Valley Railroad have been attracting considerable interest recently at progressively higher prices, and many rail bond men have been expressing the opinion that some of the senior liens, specifically the Lehigh Valley Rail Way 1st 4½s, 1950, appear substantially underpriced in relation to the junior bonds where much of the speculative interest has been concentrated. In fact, it is being noted that this particular lien is considerably out of line with strong senior liens of other weak marginal roads, such as Baltimore & Ohio and Lackawanna, whose fundamental position is considered poorer than than of Lehigh Valley.

Studies of the Lehigh Valley situation indicate earning power of the mileage securing the 4½s, 1950 as well above annual interest requirements on the bonds even in depression years, and justify a high degree of confidence in undisturbed treatment, except perhaps for extension of principal, even if the lessee company does have to go through reorganization at some later date. In fact, inasmuch as the Lehigh Valley Rail Way is a leased line, and considering the history of strong leased lines in the present crop of reorganizations, it is generally taken for granted that the 4½s. 1950 would not even be faced with temporary postponement of interest during any reorganization proceedings.

The bonds are secured by direct first lien on the main double-tracked lines of the system from the Pennsylvania-New York State Line to Buffalo. Freight density is heavy, and anthracite coal tonnage is less of a factor than for other sections of the system. This latter is considered a further element of relative strength for the mortgage as the loss of anthracite coal is basically one of the most unfavorable aspects of the Lehigh Valley system. Possible further post-war erosion of this traffic is one of the system's major uncertainties. Finally, the 4½s, 1950 are secured by a first lien on the major portion of the Tifft Terminal property in Buffalo and thus control a large volume of the road's important and profitable interchange business in that area. This interchange would be an important consideration in determining the status of the lien, and the value of the lease, in any reorganization.

Aside from the independent strength of the specific lien, it is felt that the market should give greater recognition to the possibility for strengthening of the entire credit position of the road under the stimulus of the war effort. At the time of the company's Chandler Act readjustment a few years ago bank loans were outstanding in the amount of $8,375,000 and there was $1,889,000 due to the RFC. Both obligations were put on a serial basis with final payments due in 1943 under the readjustment plan. The entire RFC debt has been retired and it is indicated that the bank loan had been reduced to $2,324,500 by the end of last year.

The terms of the Chandler Act readjustment call for a further serial reduction in the bank loans to $1,503,500 prior to maturity in November, 1943, but actually it is expected that the entire amount will be paid off this year. There is one other obligation stemming from the Chandler Act readjustment and that is the $4,675,387 of postponed interest on the General Consolidated Mortgage bonds, representing 75% of four semi-annual coupons. This postponed interest does not actually start to fall due until May 1, 1944 but the sinking fund provides for prepayment of the obligation when earnings are available therefore. The sinking fund amounts to 75% of net income but 40% of the fund may be expended on capital improvements. The balance is first applied to reduction of the bank loan and then to prepayment of the postponed interest.

It is estimated that the earnings for 1942 will necessitate payment of half of the postponed interest on the General Consolidated bonds this year. While cash in the treasury would be sufficient to meet the full obligation, it is believed that the distribution will be held to the minimum actually required as the postponed coupons do not bear interest. It would be more profitable for the company to use what excess cash there may be for the retirement of outstanding mortgage debt with the consequent saving in interest. If this is the policy actually followed by the management, it is expected that the company should be in a position some time later this year to follow the lead of Baltimore & Ohio and invite tenders of bonds. This would presumably have a doubly salutary influence marketwise on the 4½s, 1950, which are underpriced on the basis of mortgage value alone and even without any prospect of company purchases.

To Form Rand & Garfield

The New York Stock Exchange firm of Rand & Garfield, with offices at 61 Broadway, New York City will be formed as of Jan. 21. Partners will be William Rand, Exchange member, and Richard A. Garfield. Mr. Rand has recently been active as an individual floor broker and prior thereto was a partner in Burr, Gannett & Co.

Brady-Garvin Admit Baird

Earl S. Baird, member of the New York Curb Exchange, has been admitted to partnership in Brady & Garvin, 115 Broadway, New York City, Curb member firm. Mr. Baird has been active as an individual Curb floor broker.

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; Jan. 13 price—42¾.

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

January has always been an active and important month in the banking field. This year will be no exception. The year-end statements of condition have already been released and the annual stockholder meetings are under way. In this year of somewhat uncertain grace, the atmosphere of these meetings will be serious and generally sympathetic. There will be little occasion, or excuse, for criticism or recriminations such as sometimes characterized the bank meetings in prior years.

The contrast between the situation today and that of ten years ago (1933) is worth calling to mind. During the interregnum period from November, 1932 to March, 1933, the banking structure of the country tottered and fell. Depositors and stockholders alike were gripped by panic. Bank officers and directors were "on the spot." The annual meetings at that time were stormy and tempestuous. There was conflict and hostility between management and stockholders.

Today, those scars are healed. There is a common bond between those who receive the dividends and those who produce them. Both realize that they are in the same boat and must sink or swim together. The problems now are different from the problems of a decade ago—but their solution is just as difficult and just as urgent. The strain on the banking system is of a different sort but must be met with equal fortitude.

The battle now, as far as the home front is concerned, is not against Deflation but Inflation. The current bank statements are beginning to reflect the concentrated spending occasioned by the war effort. Deposits are growing by leaps and bounds. Holdings of Government Securities have risen to unprecedented levels but the "unprecedented" levels of today may pale into insignificance before the final accounting is rendered.

Meanwhile, the current statements indicate a very satisfactory level of earnings, both actual and potential. Many dividends, regarded as insecure only a few months back, are now being covered by a higher margin than ever before. The Revenue Act of 1942, although imposing the heaviest tax burden in history upon corporations and individuals, scarcely caused a ripple in the comparative bank earnings of the past two years. In fact, many banks actually reported higher earnings in 1942 than for the past several years.

Thus, 1942 was a long deep valley of uncertainty and apprehension between two peaks of relative calm. Bank stocks saw their best prices in January and December. Closing prices were near the best levels of the year, some 30% above the lows registered during the spring slump. It is easy to infer, at this time, that pessimism was overdone in the early part of the year.

On the other hand, it is recognized that the imposition of a 31% surtax on corporations (as originally proposed by the Treasury) would have cut deeply into bank earnings. Had this been enacted into law, many more dividends would indeed have been jeopardized. The rate of 16% ultimately established was, needless to say, a "life-saver" for the banks. This they have been able to absorb without difficulty and, in addition, allocate substantial amounts to reserve account.

The banks also benefited from a special provision in the new tax law which permits them to charge losses on bonds, not only Government but all types, against ordinary income. Other corporations, of course, do not enjoy this privilege.

During 1942, reserve requirements were lowered and rediscount rates were also reduced in respect to certain classifications. A move is now on foot to ease the situation even further. Reports from Washington suggest that Congress may be asked to consider two important changes in the banking laws as follows:

1. Exemption of all war loan deposits of the Government from the ½ of 1% F. D. I. C. assessment.

2. Exemption of all war loan deposits from the reserve requirements which range from 14% in the case of country banks to 20% for central reserve city banks.

With war expenditures expected to reach a level of 100 billion dollars this year, it is estimated that the banking industry may be obliged to lend the Government at least half of that amount. Of course V-loans will rise considerably and taxes will bring in large revenues so that it is not likely that the banks need take on $50 billion in additional securities. Some authorities place the figure at $25 to $30 billions.

In any event, both the supervisory officials and the bankers themselves are working closely and harmoniously together in this gigantic undertaking. Results from the public bond drive in December were extremely gratifying.

Ordinary commercial loans and private indebtedness generally are being rapidly reduced. When the war is over, there will not be a top-heavy accumulation of real estate loans, inventories and installment obligations to worry about. Most banks will be "clean as a whistle" in these respects. Therefore, bankers are showing much less concern over the present situation than they otherwise might. There will simply be one major problem, how to work off or dispose of our collective burden of debt, rather than thousands of individual items.

Thus, the banking industry enters a new year in good condition and without fear of the future. Like all the rest of us, the banks will perform their allotted job energetically, confidently and patriotically.

Fort Pitt Bridge Works

(Continued from page 179)

Corporation, Youngstown Sheet and Tube Company, Republic Steel Corporation, Jones and Laughlin Steel Corporation, etc. The company has also furnished gantry cranes for domestic and foreign war use, as well as a number of airplane hangars for various locations, including several for Pan-American Airways.

In 1941, the company earned, after all charges and taxes, $6.00 per share, and in 1942, even though sales were greater than 1941, due to increased taxes, the company is expected to show between $4.00 and $5.00 per share.

At the end of 1942, the company's backlog of orders was approximately 24,000 tons or almost twice as much as at the end of 1941.

In November, 1942, a dividend of $1.00 per share was paid, and recently the company declared a dividend of 25¢ payable to stockholders of record Feb. 1st.

Because of its ability to shift quickly into peacetime production, Fort Pitt Bridge Works is considered to have a promising outlook for profits after the war.

Stock Market Comment

(Continued from page 179)

feeling on the part of a few investors that oil exploration, both during the war and after the war, was bound to come into its own. And oil exploration means business, and we presume profitable business, for manufacturers of oil drilling equipment. So affirmative buying of equities in that group made a start. And as each week went by additional investors began to think along the same line—with the result that there was broadened buying and equities in this group appreciated 50% and more. Therefore an investor who purchased at the 50% advanced level, while realizing that he was not too prompt in making up his mind, nevertheless consciously or unconsciously must have concluded that a great many other individuals would be thinking along the same lines at a later date, which would allow him to dispose of his commitment at a profit, if he so desired.

We presume, as a matter of fact, that this same type of conscious or unconscious reasoning applies to the market as a whole. On any given day owners of equities may determine that the war outlook and the taxation prospects are discouraging, and they decide to liquidate. But at the same time there are many others who do not find the outlook too ominous, or who are firm believers in the likelihood of inflation, or who have confidence as to both war and post-war prospects for industry and are prepared to purchase equities. If the former group at any given time is substantially in the majority, the pressure to sell will push the market to lower levels. Conversely, if there is only nominal lack of confidence, and substantial assurance and faith, stocks move up to better levels.

Some of this, or all of this, may be more or less elementary. But perhaps it is fitting on occasion to remind an investor that when he buys a stock because he thinks it is "going up," he is saying to himself that someone else will take that purchase off his hands at a later date at a higher price because that "someone else" proves to be tardier in recognizing worth and merit or intriguing earnings and growth prospects.

RALPH E. SAMUEL & CO.

Stock Transfer By Fed. Agency Tax Exempt

Louis Schade, Acting Director of the Department of Floor Procedure of the New York Stock Exchange, sent to members of the Exchange on Jan. 8 the following communication received from Mortimer M. Kassell, Deputy Commissioner and Counsel of the New York State Department of Taxation and Finance:

"In response to your letter of Dec. 17 please be advised that under Article 12 of the Tax Law no tax is imposed on a transfer of stock by the United States or by one of its instrumentalities such as the Federal Deposit Insurance Corporation, Home Owners Loan Corporation and Reconstruction Finance Corporation. The reason is that the New York stock transfer tax is laid on the transferor and a state may not tax the United States or its instrumentalities.

There is no statutory requirement that such a tax exempt transfer be accompanied by a certificate setting forth the facts. Obviously, such a certificate would not be needed where the transfer is directly from the United States or one of its instrumentalities. However, where stock belonging to the United States or one of its instrumentalities is given to a broker for sale and registered in the name of the broker, a certificate may be useful and the use of a certificate is recommended by the Tax Commission. It is necessary only that the certificate set forth the facts. The following form is acceptable:

'We hereby certify that the sale of the within shares was made for the account of the United States of America or an instrumentality thereof and, hence, no New York stock transfer tax stamps are affixed.

Broker.'

An exemption certificate may be used even though the broker in completing a sale delivers stock certificates which he has on hand and thereafter has those certificates replaced by certificates belonging to the United States or one of its instrumentalities. This procedure may be desirable when there is delay in having stock certificates belonging to a federal instrumentality transferred to the name of the broker and the broker is in a position to make an immediate delivery of other certificates. The important thing is that if an exemption certificate is used, the transfer must be for the account of the federal instrumentality.

In connection with the foregoing, I call your attention to the fact that no longer can an exemption from the New York stock transfer tax be based on the fact that the stock is transferred to the United States or to one of its instrumentalities. Formerly such an exemption was recognized. However, since the Supreme Court has overruled Panhandle Oil Co. v. Mississippi, 277 U. S. 218 (see Alabama v. King & Boozer, 314 U. S. 1) the reason for the exemption has disappeared and with it the exemption."

Correction

In the "Financial Chronicle" of Jan. 7 in reporting the association of Clifford Drake with Blair & Co., Inc., 44 Wall Street, New York City, it was indicated in the headline that Mr. Drake had become manager of the municipal department.

Mr. Drake has become associated with the municipal bond department of Blair & Co., Inc., which is under the management of George J. Gillies, vice-president of the firm.

The Securities Salesman's Corner

Butler-Huff & Co. Predicts Increased Use of Direct Mail During 1943. Issue Very Helpful Bulletin For Investment Dealers

Gas rationing, insufficient transportation facilities, smaller sales organizations will present additional problems during 1943, for both the salesman and the securities dealer. If you've been thinking about **direct mail campaigns** to get more business, Butler Huff & Co., 210 West 7th St., Los Angeles, have just issued one of the most informative, concise and helpful bulletins on this almost virgin field for security exploitation, that this column has ever been privileged to read.

It's a short course in the subject of **"How to do it"**! Concise, complete and packed with sound suggestions, which should give any alert dealer who wants to get at the job of selling by mail the right **"know how"** of this angle of security merchandising in one easy lesson.

Here are a few of the high lights:

The objectives of direct mail: (a) The development of inquiry which may be turned into orders, (b) reaching all clients regularly with ideas, information and offerings, (c) keeping the firm name constantly before clients and prospects, (d) getting clients and prospects into the office, (e) giving support to salesmen, (f) counteracting adverse news and markets, (g) opening up new territory.

Planning objectives in direct mail. They give you five good ones.

Creation of a mailing list. Some good suggestions as to how and where to get them and set them up.

The importance of regularity and consistency. Some interesting results of experience are given which tell you how long you must keep at it before you can begin to make it pay you. How to budget yourself so that you can know where you are going and the results you may expect.

The best types of securities that should be offered by mail. Some issues lend themselves naturally to mail presentation and others do not. (This is backed up by some pretty convincing illustrations.) What types of securities are best in the order of their importance, for direct mail exploitation.

Why a covering letter should accompany a prospectus or a prepared report.

When to use "Blind Offerings," and why. An idea that resulted in the sale of many thousands of shares of a certain security.

Use of the Special Bulletin.

The proper use of a "weekly news Bulletin" and a monthly bulletin. Costs are quoted. Their value, and their purpose is defined.

Costs are analyzed for different types of mailings. Suggestions and tested short cuts in mailing, printing and preparing are also covered. All in all, we say again, if you haven't received a copy and you are interested in "more business", we endorse the idea that you communicate with Butler Huff and tell them to send you a copy.

We are in a business that depends upon the same psychological factors for its success, as any other type of business. Merchandising is the answer—the business is there if we go after it in the "right way".

SEC Accounting Opinion On Disclosure Of Reserves

The Securities and Exchange Commission on Jan. 8 made public an opinion in its Accounting Series indicating the disclosure to be made in financial statements with respect to reserves established to provide for possible losses and other contingencies arising out of existing war conditions. The opinion, prepared by William W. Werntz, Chief Accountant, follows:

"In view of the material effects which war conditions may have on the results of operations and the financial condition of corporations, careful consideration must be given to the need for establishing appropriate reserves intended to provide for final settlement of war production contracts, for post-war readjustments, and for other possible losses or adjustments resulting from present conditions. Where such reserves are established, a full and accurate disclosure of the reserves established and the purposes thereof is required by Regulation S-X in financial statements filed with the Commission.*

"Since reserves such as those mentioned will differ in character, depending on the purpose underlying their establishment, the provisions of Regulation S-X that will be applicable depend to some extent upon the nature of the particular reserves. Reserves in the nature of valuation or qualifying reserves are required to be deducted from the assets to which they apply in conformity to Rule 3-11 of Regulation S-X. Others not relating to specific assets should properly be shown under Caption 32 of Rule 5-02—Reserves, not elsewhere shown. In still other cases the contingency or condition against which the reserve is provided may be so indefinite and problematical that the reserve is in effect no more than earmarked earned surplus and can best be shown as a subdivision thereof. Finally, in certain cases the reserve may reflect the estimated amount of an actual liability and should be shown as such. In any case the caption of each reserve or major class of reserves should be clearly descriptive of the purpose for which the reserve has been established. It should further be noted that Rule 12-13, which asks for supporting data as to all reserves not included in specific schedules, requires that the reserves be grouped and listed according to major classes under properly descriptive titles. While the instructions permit the grouping of special contingency reserves it would be improper, in my opinion, so to group reserves of the character under discussion or to combine them with other reserves as to fail to disclose clearly the various types of war contingencies and conditions for which reserves have been established.

"Classification and description of the charges made in establishing such reserves should likewise be given careful attention. In this connection it should be noted that Rule 3-19 (c) requires disclosure of the policy followed as to providing for depreciation, depletion, obsolescence, and amortization. Where establishment of a reserve of the type under discussion involves a modification of any of such policies, a clear statement is called for by the rule. Where the offsetting charges are not made to the profit and loss or income statement it will be noted that the schedules required in support of reserves call for a clear description of the circumstances. Where the offsetting charges are made to the income statement, it will be noted that Rule 5-03 requires the amounts, if significant, to be stated separately and clearly described, unless properly includible under the caption 'Cost of Sales,' which caption the rule does not require to be subdivided.

"Particular attention is also directed to the fact that the requirements of Regulation S-X are to be considered to be minimum requirements and that Rule 3-06 specifically requires that there 'shall be added such further material information as is necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.' However, care should be taken that no disclosure of information is made which would contravene the Code of Wartime Practices.

"Reserves of the character under discussion may in some cases indicate a future need of cash, as for example in the case of reserves for separation allowances. While the provision of funds to meet necessary expenditures is not a matter of accounting policy, it may be appropriate to point out that the mere establishment of a reserve will not of itself ensure the accumulation and availability of such liquid funds as may be required. Where such future cash requirements exist, independent consideration should be given, as a matter of financial policy, to the desirability of taking additional steps toward providing such funds, as by 'funding' the reserve through accumulation and possibly segregation of cash or liquid assets equivalent to the reserves established."

*Cf. American Institute of Accountants, Accounting Research Bulletin No. 13, "Accounting for Special Reserves Arising Out of the War," dated January, 1942.

Magid On Business Trip

Samuel E. Magid, Vice-President and Manager of the wholesale department of Hill, Thompson & Co., Inc., 120 Broadway, New York City, will leave shortly for his periodic trip through New York State, Pennsylvania, Ohio and the Middle West where he will inspect companies in the securities of which Hill, Thompson & Co. are interested for dealer distribution. He will also call on dealers throughout the territory.

J. E. A. McMeen Opens

(Special to The Financial Chronicle)

FT. WAYNE, IND.—J. E. Allen McMeen has opened offices in the Old First Bank Building to engage in a general securities business. Mr. McMeen was formerly secretary of G. Ward Beers & Co. and in the past was with Lincoln Securities Company.

Ft. Pitt Bridge Works Situation Interesting

Interesting statistical data on Fort Pitt Bridge Works Co. common and 6s of 1950 have been prepared by M. S. Wien & Co., 25 Broad Street, New York City. Copies may be had from the firm upon request.

Fed. Water-Gas Attractive

The situation in common stock of Federal Water and Gas Corporation offers attractive possibilities according to a memorandum issued by Doyle, O'Connor & Co., 135 South La Salle Street, Chicago, Ill. Copies of the memorandum describing the situation in detail may be had from Doyle, O'Connor & Co. upon request.

Investment Trusts

NEWS NOTES

In a recent letter to this column, Walter L. Morgan, president of Wellington Fund and of the general distributor company bearing his name, makes the following comment with regard to the field:

"It seems a very interesting thing to me that the public is recognizing to an increasing degree the usefulness to which funds of this kind can be put and that this is definitely reflected by the gain in sales of all of the representative companies. I know that in our case . . . (it) is resulting in larger sales than we have had for many, many months.

"A further interesting feature in regard to our fund is that I do not believe there has ever been a period in our entire history from 1929 to date where we have shown a decrease in shares outstanding from month to month. In other words, while there always may be liquidations from time to time, in our case new participants coming into the fund have always offset any liquidations. This steady, constant growth, I believe, is unique and certainly a rare situation among mutual funds."

* * *

(Lack of space in last week's issue prevented us from completely "catching up on the news." The following items have been gleaned from the accumulated material on the editor's desk.)

On entering the year 1943, MIT's "Brevits" takes an optimistic look ahead. And as incidental comment, the performance of Boston Fund is compared with that of the 26 most popular stocks selected by the 801 leading contestants in Barron's Investing For A Widow Contest. The comparison covers the three-year period from Aug. 24, 1939 and includes dividends paid. The net change for Boston Fund was plus 9.4% as against minus 1.3% for the 26 most popular stocks.

Another excellent example of the kind of cooperation which investment companies are giving our Government in measures taken to finance the war is the letter, "Dollars For Victory," sent out by Massachusetts Distributors. This letter wholeheartedly promotes the purchase of Government bonds by investors and encloses a Cash Subscription form for the U. S. Treasury 2½s of 1963-68.

* * *

Total assets of the ten Keystone Funds increased by about $13,600,000 during 1942. Combined asset value of all the Funds is now approximately $42,000,000 compared with $28,379,000 at the close of 1941.

Net assets of the Series S2 Fund on Nov. 30, 1942 were $2,103,411, equal to $10.19 per share on the 206,324 shares outstanding. This represents an advance of 12.2% in net asset value per share since May 31, 1942, when net assets were $924,918 and there were 101,845 shares outstanding, giving a net asset value per share of $9.08.

"Keynotes" Investment Forecast for 1943 is unique in that the Investment Forecast for 1942, made at the end of 1941, is reprinted together with the current forecast. Thus the reader may evaluate the prognostications for the year ahead in the light of the accuracy of last year's forecast.

The Keystone Corporation has made attractive "capital" out of a financial column by Charles F. Speare in which Keystone Custodian Funds are described as "an exception" to the general experience of common stock funds during the period of declining security prices. The column is reprinted, together with supplemental material in a pocket-size folder.

"Last Call For Tax Saving," illustrated by an hour glass with the sand of 1942 running out, culminated the series of bulletins which "Keynotes" had devoted to tax discussions in the closing weeks of 1942. In short, punchy sentences the lessons of the previous bulletins were summarized.

"The Major Problem For 1943" is the topic of a later "Keynotes." Expenses up, income down—that is the problem. The solution offered is (1) to determine the market value of present investments, (2) consider the total as **new cash,** (3) select the classes of securities into which you would put this new cash under present conditions, and (4) check the current rates of return on these classes of securities against what you are getting on the present investment. Says "Keynotes": "This simple experiment may reveal a sound opportunity to increase investment income—to reduce or offset the shrinkage that will otherwise be suffered in 1943."

* * *

"About Dividends" is also the discussion of Calvin Bullock's "Bulletin." After recalling the dismay with which investors viewed future dividends prospects

(Continued on page 188)

Municipal News & Notes

Declines in State gasoline tax revenues for September, October and November in the 17 eastern States where gas rationing was first introduced indicate that nation-wide collections from this revenue source will be stabilized by the mileage rationing program at 30 to 40% below revenues of the 1942 fiscal year.

Gas tax collections for the three months in 13 of the 17 States were 39, 34 and 32% under collections for the same months of 1941, the Federation of Tax Administrators reports. These declines reflect also the amount of non-essential driving eliminated in these States—in August, normally a month of heavy vacation travel, and in September and October, when non-essential driving normally drops.

The fact that gasoline rationing and other factors in the mileage rationing program brought about elimination of a high percentage of non-essential driving in the States rationed originally indicates the amount of non-essential driving that can be eliminated by motorists of the remaining States, which went under rationing Dec. 1.

This is indicated further by a comparison of gas tax collections of rationed areas to those of unrationed areas where "voluntary" mileage rationing was counted on to conserve rubber and automobiles. Gas tax collections for 29 unrationed States in September and 27 unrationed States in October and November were 17, 15 and 11% under 1941 collections for the same months, compared to collection drops of 39, 34 and 32% for the rationed States.

Estimates that gas tax collections of the 48 States for the 1943 fiscal year will stabilize at 30 to 40% below collections for the 1942 fiscal year are based, again, on collection experiences of the 17 originally-rationed States. Further collection declines in the newly-rationed States are not expected to dip quite so low as in the 17 eastern States, however, since motorists in newly-rationed States may now obtain one more gallon of gas a week—four instead of three—than eastern motorists. Should the gasoline shortage in the eastern States become acute enough to force rationing of only two gallons, however, a further State revenue drop might stabilize collections in these States to 40 to 50% below normal.

Niagara Bridge Unit Defaults Bond Interest

Interest due Jan. 1, 1943, on $4,000,000 Niagara Falls Bridge Commission $4\frac{1}{4}$% revenue bonds of 1970 has not been paid, marking the second bridge revenue issue to become delinquent since the impact of wartime traffic restrictions over Canadian border crossings. The original case was that of the Thousand Islands Bridge Authority, operating three structures crossing the St. Lawrence River. The Niagara Falls Commission built and operates the Rainbow Bridge which spans the Niagara Gorge and was opened in November, 1941. In a letter to bondholders dated Dec. 30, 1942, the commission reported total cash on hand of $62,821 to meet all charges, as against Jan. 1 bond interest requirements of $85,000. Operating costs for 1943 have been cut about 35% and the letter explains in detail the impact of the war on bridge operations. Accompanying the letter is a statement of the bankers who underwrote the bond issue, the text of which follows:

"It is our considered opinion that the difficulties of the Niagara Falls Bridge Commission are due solely to limited vehicular traffic resulting from causes inherent in the war effort of Canada and the United States. We believe that with the end of the war we may anticipate a resumption of our normal economy in which vehicular traffic is an essential factor. At that time the Rainbow Bridge should be an outstanding commercial success. We recommend that all bondholders patiently await the cessation of hostilities, confident that the Bridge Commission, during such time, will continue an economical and conservative administration.

Stranahan, Harris & Company, Inc."

Nassau County, N. Y., Extends Refunding Contract

The bond refunding contract between the county and Lehman Bros. and the Chase National Bank, New York, refunding agents, was extended to and including April 15, 1943, by unanimous vote of the Board of Supervisors at a meeting on Jan. 11.

The refunding agents report that of $5,660,000 bonds originally eligible for exchange and maturing in the years 1943-1947 both inclusive, $4,738,000, or approximately 84% have been exchanged. The remaining bonds eligible for exchange mature in the years 1946 and 1947.

Lehman Syndicate Offers N. Y. City Housing Bonds

A group headed by Lehman Brothers, Blyth & Co., Inc., Phelps, Fenn & Co., R. W. Pressprich & Co., Goldman, Sachs & Co., Harriman Ripley & Co., Inc., the First Boston Corporation and Smith, Barney & Co., all of New York, made public offering on Jan. 13, of $37,013,000 New York City Housing Authority refunding bonds, 1943, First and Second Issues, Series A, maturing from March 15, 1944 to 1981, from a

.70% yield on the 4½% bonds of 1944 maturity to a dollar price of 96½ for 2% bonds maturing from 1977-1981.

The bonds are non-callable for five years and then become callable at 105 on or after March 15, 1948 and at decreasing call prices thereafter. In the opinion of counsel interest on the bonds is exempt from Federal Income Taxes by provision of U. S. Housing Act of 1937 and from New York State Income taxes by the provisions of the Public Housing Law of New York.

Other members of the offering group are: F. S. Moseley & Co.; Blair & Co., Inc.; Lazard Freres & Co.; Shields & Company; Union Securities Corp.; Stone & Webster and Blodget, Inc.; Paine, Webber, Jackson & Curtis; Reynolds & Co.; B. J. Van Ingen & Co., Inc.; Equitable Securities Corporation; Estabrook & Co.; Bacon, Stevenson & Co.; Harvey Fisk & Sons, Inc.; Graham, Parsons & Co.; Hemphill, Noyes & Co.; L. F. Rothschild & Co.; E. H. Rollins & Sons, Incorporated; Eastman, Dillon & Co.; Roosevelt & Weigold, Inc.; Schoellkopf, Hutton & Pomeroy, Inc.; McDonald-Coolidge & Co., Cleveland, and Darby & Co.

N. Y. Municipal Lawyers Resumes Former Name

The New York municipal law firm of Reed, Hoyt, Washburn & Clay, resumed as of Jan. 1, 1943, the former firm name of Reed, Hoyt & Washburn.

Cincinnati Sets Charges For Bond Conversion

We are advised by Arnold E. Majoewsky, Secretary of the Board of Sinking Fund Trustees, that in accordance with appropriate action taken at meetings on Jan. 6 of the city sinking fund trustees and the Board of Commissioners for the city school district, the Secretary is authorized, at the request of holders of registered bonds, to exchange them for coupon bonds. In making the exchange, the registered holder is required to pay the entire printing costs, plus a service charge of $10 per issue, together with any other and all mailing, insurance and other incidental charges, with a minimum charge of $45 for any one issue.

The Secretary was also authorized and directed to make a charge for the issuing of registered bonds at $1.00 for the first bond and $.50 for each additional bond. This charge shall apply not only for the conversion of coupon bonds into registered bonds, but also for the transfer of registered bonds into new registered bonds.

Superior, Wis., Effects Debt Levelling Program

Successful completion of a level debt service plan for the city has equalized its debt calendar to eliminate the necessity for additional refunding and permit a regular and orderly reduction of indebtedness, according to N. J. Sindelar, Director of Finances. Pursuant to the program, which terminated Oct. 15 last, $714.500, or 94% of the $760,000 eligible bonds were exchanged. The exchange proposal was conducted by a syndicate headed by the First National Bank & Trust Co., Minneapolis.

New Jersey And Local Units Improve Fiscal Standings

Continuing reduction of bonded indebtedness by the State of New Jersey and its local subdivisions, coupled with excellent current and delinquent tax collections, "is rapidly placing the credit of New Jersey municipalities on a par with the finest municipal credits in the United States." This view was expressed by Julius A. Rippel, President of Julius A. Rippel, Inc., Newark, in an article contained in the annual financial and business review section of the "Newark Sunday Call."

Referring to the municipal market in general throughout the recent year, Mr. Rippel said it "gave an exceptionally good account of itself during the first complete war year," despite the adverse effect of the persistent efforts of the Treasury to subject municipals, including outstanding issues, to Federal taxation. In rejecting these proposals, Mr. Rippel added, "the Congress recognized the deep, fundamental issues of the traditional relation between our National and State governments which are involved" in the Treasury moves.

44 Legislatures To Convene During Present Year

Forty-four State legislatures meet in regular sessions during 1943 and all will be confronted with a number of perplexing problems stemming from the war, according to a statement by the Council of State Governments. Of the total, 26 will convene during the month of January. Of interest, the Council said, is the fact that this year marks the second time—the other was in 1917—so many State legislatures have met with the nation actually at war. Most regular sessions were well under way, and many adjourned, when the United States entered the World War in April, 1917.

The States having legislative sessions in January are: California, Idaho, Montana, Ohio, Tennessee, Delaware, Minnesota, Nebraska, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Colorado, Connecticut, Illinois, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New York, North Carolina, Vermont and Indiana.

Also Arizona, Arkansas, Georgia, Iowa, Oregon, Utah, Washington, Kansas, New Jersey, New Mexico, South Carolina, Texas, Wyoming, West Virginia, Wisconsin and Nevada.

Florida's legislature convenes April 6 and Alabama's May 4.

Major Sales Scheduled

Below we give a record of the major offerings included in the calendar of forthcoming sales. Our tabulation is restricted to issues of $500,000 or over and does not include note issues as these, generally speaking, are of no interest to the trade. In connection with the record, it should be noted that the City of St. Louis is expected to make an offering in the near future of $600,000 airport bonds. Moreover, the recent O. P. A. ban on pleasure driving in the Eastern States lends emphasis to the previous impression that reduced gasoline tax revenues may lead to refunding of highway bonds by some of the States. The State of Maine is a distinct possibility in light of Governor Sewall's suggestion that, due to decline in highway department revenue, the legislators "might well consider refunding certain highway bond issues maturing during war years in order to conserve funds for snow clearance."

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 19

$500,000 Nashville, Tenn.
Previous award to Lazard Freres & Co. and associates, with Harriman Ripley account making the second high bid.

$988,075 Pasadena, Calif.
Holdings being offered by the City of Pasadena, Calif., consisting of $674,575 bonds of the city, the city high school district and the city school district, and $313,500 State of California bonds.

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.

February 9

$1,600,000 Baltimore Co., Md., Metropolitan District Bonds.
Last offering of similar bonds was purchased by Alex. Brown & Sons, Baltimore, and Associates, the second high bidder being the Mercantile Trust Co., Baltimore, syndicate.

Dime Savings Bank Of Brooklyn Issues Bank Statement In New Form

This year the Dime Savings Bank of Brooklyn has deviated from its former method of reporting its statement of condition to depositors and its statement as of Dec. 31, 1942 has been broken down in an entirely new manner which it is felt will make it easy for depositors to understand the meaning of the figures given.

The Bank's statement appears below together with other comments which have been made on the back of the statement pertaining to the Bank's activities which it is felt would be of interest to depositors.

To Our Depositors—The Dime Savings Bank of Brooklyn is a Mutual savings bank. It has no stockholders and is operated entirely for the benefit of its depositors. As a depositor, and one of the joint owners of the "Dime", we present to you the following report of activities for the year ending Dec. 31, 1942:

War Bonds—Beginning May 1, 1941, United States Defense Bonds (now called War Bonds) went on sale throughout the country. Since that date we have sold over $15,000,000 in War Bonds and Stamps as a patriotic service, without cost to the purchaser or the government; a task which has steadily increased in volume, especially since Pearl Harbor. Buy Bonds regularly out of current income; save regularly too in your savings account for taxes and emergencies.

Deposits—The general increase in employment and wages, due to the war effort, has been reflected, to some extent, in our deposits. During the past year there was deposited with the Bank over $30,000,000. During that year also, we had the pleasure of welcoming over 29,000 new depositors. These deposits for the most part have been invested in United States Government securities to help finance the war. At the present time better than 26% of our total deposits are invested in United States Government bonds. In addition to the safeguards of long experience and careful management, all deposits in this bank are further protected by our surplus (which now exceeds 34 million dollars) and by deposit insurance. Every dollar of every deposit is insured through the Mutual Savings Bank Fund created in accordance with the Banking Law of the State of New York and operative since 1934.

Mortgage Investments—Although shortages of building materials, priorities, and other government restrictions have practically stopped the building of new homes, thereby curtailing much of our usual mortgage activity, we made over 1,100 new mortgage loans during the year 1942. Of these loans more than 800 were F. H. A. insured, and many were in areas designated for defense housing. This housing of our war workers is a paramount adjunct to the success of our government's program.

Savings Bank Life Insurance—On Nov. 14, 1941 we rounded out our thrift service with Savings Bank Life Insurance. To date over 950 persons have availed themselves of this protection by subscribing to more than $800,000 of insurance. Savings Bank Life Insurance is one sound way to provide protection for yourself and your entire family. All standard forms of policies are available and the costs are surprisingly low. Ask for our booklet.

Safe Deposit—The problem of safeguarding valuable possessions took on new significance during the past year. The war has brought into being such new items of value as War Bonds and Stamps, selective service data, commissions, warrants, discharge papers, and other military records. New hazards have also arisen, such as the possibility of bombings and the increased danger of theft and fire during blackouts. During 1942 we rented over 3,400 safe deposit boxes to new renters. A safe deposit box is a sensible place for valuables. We cordially invite your inspection of our modern vaults.

Christmas Club—Our Christmas Club has always been one of our most popular services. Every year more and more depositors take advantage of this easy way to accumulate money for Christmas and other year-end expenditures. Last year more than 30,000 members enrolled. To these members we distributed on Dec. 1st Christmas Club checks totaling over $1,565,000. Why not join our Christmas Club and see how easy it is to get into the habit of saving regularly? Classes from 25 cents to $10 weekly.

Dividends—Our earnings for the year were satisfactory and sufficient to enable us to declare our 202nd consecutive interest dividend to depositors. This dividend, declared for the six months ending Dec. 31, 1942, was at the rate of 2% per annum. Deposits made on or before the third business days of January, April, July and October draw interest from the first day of such months and money on deposit on the first business day of all other months will draw interest from the first day of all such other months providing, however, that all of such deposits remain until the end of the interest period. Dividends are now being credited semi-annually on the first day of January and July.

We hope that this report will prove interesting as well as enlightening to you. Should any questions arise regarding it, we shall be very glad to answer them.

Philip A. Benson is President of the Dime Savings Bank of Brooklyn.

The Dime Savings Bank of Brooklyn
Statement January 1, 1943

RESOURCES

Cash on hand and in banks and trust companies		$14,121,666.16
Bonds:		
United States Government	$66,975,286.79	
Guaranteed by the United States Government	6,800,000.00	
States	290,422.60	
Municipalities	8,958,688.56	
Railroads	5,751,149.00	
Public Utilities	5,762,595.37	
		94,538,142.32
Investment in Savings Banks Trust Company and Institutional Securities Corporation		1,247,850.00
F. H. A. Insured Mortgage Loans on Real Estate		25,809,874.01
Mortgage Loans on Real Estate (Less Reserves)		101,855,345.37
Banking Houses		3,796,482.62
Other Real Estate		2,645,685.93
Interest Due and Accrued		1,438,119.62
Prepaid Taxes		61,826.73
Other Assets		63,585.49
		$245,578,578.25

LIABILITIES

Due 204,597 Depositors	$210,059,111.65	
Due 19,032 Christmas Club Depositors	145,843.75	
Mortgagors' Accounts—Interest, Taxes, Etc.	567,007.74	
Taxes and Expenses Accrued	342,000.00	
Other Liabilities	234,764.30	
		$211,348,727.44
Surplus at Investment Value		$34,229,850.81

Aldrich Of Chase Bank Says Tax Legislation Should Promote, Not Repress Initiative

The need for a new tax payment plan was pointed out in the annual report of Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank of New York to the stock holders on Jan. 12. "It is commonly expected," said Mr. Aldrich, "that a new tax bill will be considered by the new Congress."

"With Federal expenditures necessarily increasing," he noted, "it is inevitable that the Federal Government will have to resort to higher and higher taxation. One of the main functions of wartime taxation is to draw off at the source funds which might otherwise pass into the stream of consumer expenditure and compete with the Government for goods already in great demand for the prosecution of the war. It is obviously impossible for the Government to obtain through taxes all it needs to balance the war budget; but the more it derives in that way, the less is the hazard of inflation. For these reasons the heavy and rising income tax payments are amply justified."

With respect to forthcoming taxation Mr. Aldrich stated:

"One of the most pressing needs is to eliminate the lag in income tax payments. When the Constitutional amendment authorizing the levying of taxes on incomes was adopted, the rates fixed in the successive statutes were relatively light. Though the lag in the payment of taxes was three months to nearly a year after incomes had been received and probably spent, the amounts involved were small enough so that they could be covered out of the next year's income without causing too many defaults. The case now is entirely different. Individual income tax liabilities have grown immensely, and unless the taxpayer has used exceptional self-restraint and foresight and has set aside funds in advance, he is almost certain to run into difficulties when the tax payment dates come around. Indeed, he can scarcely help it, unless he enjoys a higher income in each subsequent year or at least a reasonable continuity of income plus accumulated savings. With our great body of new taxpayers who received incomes in 1942 beyond their previous experience and who will find themselves confronted next March with tax bills equal at least to the earnings of several weeks, the Treasury runs the imminent danger of meeting a tremendous number of defaults."

Mr. Aldrich observed that in order to cure the "inequities due to the historical error of providing that this year's income taxes be assessed against last year's income, there are proposals from many quarters designed to put the American taxpayer on a pay-as-you-go basis." He went to say:

"Such proposals have the merit, from the fiscal point of view, of not affecting in any important way the tax receipts of the Treasury either upward or downward, and do not change the rates of taxation fixed by Congress. Windfall benefits due to changing the tax calendar can be eliminated, and the proposals aim to do this. The over-all advantage of these suggestions is that they adapt the timing of income taxes to reality, not only to the reality of the war years, but also to the reality of the future. The principle of these proposals should be adopted, and income taxes placed immediately on a pay-as-you-go basis. Congress has already recognized the principle of these proposals in the Victory Tax as part of the Revenue Act of 1942."

Mr. Aldrich likewise stated that "there is still another principle incorporated in the Victory Tax which can now be broadened with benefit to the whole country. This has to do with those sections which provide that some part of the taxes withheld in 1943 may be considered a credit against tax liabilities. The idea underlying these provisions might well be utilized in order to create a backlog of savings available for future use." He contends that "it should be entirely possible to devise a tax measure which would at once produce revenues even higher than under present schedules and give the taxpayers additional purchasing power to meet future needs." Such a tax measure he said "could be so framed that some part of income tax payments would be refunded or otherwise made available to the taxpayers in the post-war period."

As to the objectives of tax legislation, Mr. Aldrich had the following to say:

"The tendency of tax legislation, if the American system of individual enterprise is to be preserved, should be toward promoting initiative and not toward repressing it. An outstanding contribution to the successful prosecution of the war has been made by American industry. Ours is an industry formed and developed under the system of private enterprise, which gives free play to initiative and ingenuity. It has produced results that no totalitarian system can approach. For the war years heavy and perhaps increasing taxation is to be accepted. But the objective of the Government should be not only to raise revenue but to give incentive to both management and labor for continuously greater production on the part of industry, and to avoid any measure which may have a contrary effect.

"Even in wartime no arbitrary limitation should be imposed on the net income retainable by any taxpayer. The amount of income available after taxes should be governed by tax laws having equal application to all persons in the same income group, and not by executive decree. It should always be remembered that the contribution of management to industrial production is vital."

In discussing the activities of the Chase National during the past year Mr. Aldrich stated that "the net earnings of the bank for the year 1942 amounted to $15,040,000 or $2.03 per share, compared with $14,518,000 or $1.96 per share in 1941. The net earnings for 1942" he said, "represent a return of slightly over 3% on the capital, surplus and undivided profits. After providing for the payment of semi-annual dividends of 70 cents per share each on Feb. 1 and Aug. 1, there was an increase of $4,680,000 in the undivided profits account during 1942."

The attention of the shareholders was directed by Mr. Aldrich to the condensed report of earnings which is presented as follows in the report, "substantially in the form recommended for the use of commercial banks by committees of the American Bankers Association and the New York State Bankers Association."

Current operating earnings:		
Interest on loans		$16,475,000
Interest and dividends on securities		20,299,000
Fiduciary fees, commisions, etc.		6,600,000
Total		$43,374,000
Current operating expenses:		
Salaries		$14,178,000
Other current operating expenses		15,831,000
Total		$30,009,000
Net current operating earnings		$13,365,000

Reconcilement of Surplus and Undivided Profits

Surplus and undivided profits Dec. 31, 1941		$140,640,000
Add:		
Net current operating earnings (as above)	$13,365,000	
Net profits on securities	1,675,000	
Net earnings for year 1942		15,040,000
		$155,680,000
Less: dividends declared		10,360,000
Surplus and undividend profits Dec. 31, 1942		$145,320,000

Mr. Aldrich cited as among the more important changes that which occurred in total deposit liabilities; he said, "on Dec. 31. 1942, the deposits of the Chase National Bank amounted to $4,291,467,000, a figure which is $756,500,000 over that of a year ago. This extraordinary increase in deposits is accounted for largely by a rise of $645,328,000 in the United States War Loan Deposit Account."

From the report of Mr. Aldrich we also quote:

"The average interest rate earned on all loans and investments of the bank during 1942 was 1.34%, the same as in the preceding year, but the average volume of earning assets employed during the year was 16% larger than for 1941. The average rate of interest earned on the bank's portfolio of United States Government securities in 1942 was .76%, compared with .59% in 1941.

"The expenses of the bank for the year 1942 showed an increase of 5.6% over the preceding year. About one-third of the increase represents a larger reserve set aside for payment of income taxes. The remainder represents the higher cost of supplies and services and the continuation throughout 1942 of the supplemental compensation payments to employees in the lower salary range on the basis initiated in the final quarter of 1941. Payments to the Federal Deposit Insurance Corporation amounted to $2,695,000 in 1942. The total assessments paid by the bank to that corporation since its inception, as required by law, have amounted to $14,345,000."

In its account of the meeting the New York "Times" of Jan. 13 indicated that Mr. Aldrich, interrupted the meeting to answer a list of questions sent by mail by an Army private now stationed in Camp Barkeley, Texas. The "Times" further reported:

"The communication was from Lewis D. Gilbert, "PFC," which Mr Aldrich explained to the stockholders meant Private First Class. But the stockholders did not have to be told that Private Gilbert, a stockholder of the bank, is one of the "Gilbert Brothers" who, for many years, have enlivened bank and corporation meetings of stockholders by asking reserves. Mr. Aldrich remarked that one of Gilbert's suggestions made at the annual meeting last year had now been put into effect. This was that special items be voted on separately by the stockholders. Yesterday, separate votes were taken on the acceptance of the chairman's report, on the election of directors, and a resolution to indemnify directors, officers and others of the bank for expenses in defending suits brought against them in connection with their official duties with the bank, where no negligence or wrong-doing is involved. The latter resolution is similar to that adopted in recent years by many banks and corporations. The vote on this resolution was 4,490,000 shares for, and 26,802 against."

Firm Changes Name To A. W. Smith & Co., Inc.

BOSTON, MASS.—A. W. Smith, president of General Investors Corporation, 111 Devonshire Street, announces that the firm's name has been changed to A. W. Smith & Co., Inc., in order to overcome some confusion caused by identification of the old name with General Investors Trust.

There is no change in officers and directors, or in the business of the corporation, which continues to distribute New England Fund and General Investors Trust.

ABA Capital Office Moves

The Washington office of the American Bankers Association, which has been in the Washington Building for the past five years, has moved across to the opposite side of the street to the National Savings and Trust Co. building, it is announced. The new address will be 719 15th Street, N. W.

Rentschler Of Nat'l City Sees Changing Times Continuing; Bank's Holdings Of Govts. Up

In his annual report to shareholders of the National City Bank of New York, on Jan. 12, Gordon S. Rentschler, Chairman of the Board, noted that the year was one "of great change," with conditions vastly different at the conclusion of the year from those at its beginning, and he stated that "it is clear that the war will bite deeper into the operations of this bank along with the country's whole economy." He added that it is the bank's purpose "to greet this as one more opportunity to demonstrate the essential character of the service of the banks to the country, in war and in peace, an opportunity for our bank and other banks to show their competence and their public spirit in carrying through effectively their part of the job that has to be done."

As an example of changing conditions, Mr. Rentschler cited the fact that at the end of the year the bank's income from its bond account "is much larger than at the beginning of the year, while the income from other sources is reduced and operating expenditures are higher." He further said "it seems inevitable that in the coming year our Government security holdings will again be largely increased," pointing out that in 1942 the bank's holdings increased 70%.

Chairman Rentschler declared that "to a steadily increasing extent the activities of this bank have centered around the nation's war effort" and asserted that "new loans have been largely for war purposes and other loans are substantially reduced as civilian output and purchases shrink before the expanding demands of war."

He reported that the combined net current operating earnings of the National City Bank and of the City Farmers Trust Co., its trust affiliate, for the year after provision for taxes and depreciation were $13,546,526 compared with $12,785,642 in 1941 (adjusted to the same basis). This, he said, represents $2.18 per share for 1942 and $2.06 per share for 1941 on the 6,200,000 shares outstanding.

The National City Bank's net current operating earnings for the year, after provision for taxes and depreciation, were $13,130,745, compared with $11,972,765 in 1941 (adjusted to the same basis). The operating earnings consisted of $13,102,685 interest on loans, $21,513,248 interest and dividends on securities, and $6,686,775 of other current operating earnings, while expenses included $955,349 interest paid, $12,595,776 salaries and wages, and $14,320,837 other operating expenses.

In a reconcilement of surplus and undivided profits, Chairman Rentschler noted that the bank had surplus and undivided profits of $95,391,094 at the beginning of the year and that adding net operating earnings of $13,130,746 and miscellaneous additions of $144,969 brought this figure to $108,666,809. With dividends declared during the year totaling $6,200,000 and transfers to reserves of certain items of income of $1,173,358 subtracted from the above figure, surplus and undivided profits at the end of the year stood at $101,293,450. The report further stated:

"Profits on sales of securities and recoveries, which are not included above, have been trans-

(Continued on page 189)

UP-TOWN AFTER 3

NEW MOVIES

"Shadow of a Doubt" (Universal) with Teresa Wright, Joseph Cotton, Henry Travers, Hume Croyn, Patricia Collinge, MacDonald Carey and others. . . . The entire cast under the direction of that ace spellbinder, Alfred Hitchcock, does a fine job in a picture full of tension as the ominous stillness of the air before a hurricane strikes. That the threatened storm holds off until almost the last reel doesn't detract from the quivering tension which underlies each incident of the story. This is a yarn about a manhunt, seen through the eyes of the hunted. A likeable young man (Joseph Cotton) escapes from a Philadelphia rooming house and two mysterious shadowers, and heads west to visit his married sister (Patricia Collinge) and her family in Santa Rosa, California. Her husband (Henry Travers), their eldest daughter, Charlie (Teresa Wright), named after her favorite uncle, and a precocious younger daughter and a small son, are overjoyed at the visit. Young Charlie feels the visiting relative will pull the family out of the stodginess she imagines it has sunk into. His sister is glad because he is her favorite brother. Her husband is happy because of the prestige a rich visiting relative would confer on him. But the manhunt soon involves the family. Mysterious poll samplers choose the group as a "typical American family." It is obvious their interest is not in the family alone. The first member to suspect the truth is young Charlie, a condition which almost ends in her death. The building up of the plot in slow, careful steps, serves to heighten the suspense, particularly with the audience kept in ignorance almost to the end, of who the mysterious callers are, and what and who is Uncle Charlie. Result is an accumulation of tense scenes which become almost unbearable in their throat-choking intensity. But if the undertones are sinister and handled skillfully, the lighter overtones dealing with the life and interests of the small town family are equally as good. In fact some of the scenes are first-rate comedy.

"Commandos Strike At Dawn" (Columbia) stars Paul Muni in a story rich with possibilities. Unfortunately they never develop. The plot, based on a magazine story by C. S. Forrester, tells of a Norwegian village before and after the Nazi new order. It tries to show how the oppressed villagers under the leadership of Paul Muni, a widower with a small daughter, form a fifth column to sabotage and harry the Nazis. After killing a Nazi official, Muni and a group of villagers escape to England and bring back British Commandos to destroy a hidden airfield. At this point fact departs and fancy takes over. For while the battle scenes seem realistic the raid itself is pure Hollywood. The raiding party stealthily sails into an unwatched fjiord under the command of no less than an Admiral. Arriving undetected, the Commandos announce themselves by the beating of drums and the wailing of bagpipes. The stupid Nazis, deaf as well as blind, fall a comparatively easy prey to the Commandos. But, having succeeded in their raid, the Commandos, as if to show their contempt, turn from their now destroyed objective to the village, for the expressed purpose of rescuing Muni's small daughter, held there as hostage. Paul Muni, Sir Cedric Hardwicke, Anna Lee and even Lillian Gish, star of the old silents, contribute their talents. But they add little to an average melodrama which suffers from bad writing and careless direction.

"Tennessee Johnson" (MGM) with Van Heflin, Lionel Barrymore, Ruth Hussey and others, in a picture which will probably turn out to be one of the surprises of the year. Without fanfare or the usual publicity, Metro comes up with a movie that deals with the life of Andrew Johnson and his times, in thoroughly adult fashion. As a biographical sketch it has not taken liberties with the truth. In simple fashion it describes the boy Andy Johnson, who escapes from a life as tailor's apprentice and sets up in business for himself in a small Tennessee village. An illiterate, he is taken in hand by the village librarian, Ruth Hussey, who teaches him the ABC's. Marrying her, she helps him in politics. He becomes a sheriff, Governor, Senator and finally the Vice-President of the United States. As a story of politics during Lincoln's day, it is a gripping recital. As a motion picture it is thoroughly enjoyable. As a dramatization of the politics which almost wrecked the Lincoln administration, it will hold your interest all the way.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 181)

lower than the preceding one. Only the rails, in mid 1939, broke through previous highs. As 1940 and 1941 came and went it was apparent that the industrial averages were meeting trouble on each rally in the neighborhood of 120 to 130 while the rails were finding 30-33 tough obstacle to overcome.

* * *

But if the upper obstacles were becoming clearly defined the support zones were also beginning to become clear. In the industrials they were, and are, 110-115; in the rails, about 25.

* * *

It would be simple to close with the statement that as the averages approach either the support or the supply areas stocks should be bought or sold. But the main obstacle—timing—still remains unanswered. And timing itself, depends a great deal on the human emotions mentioned at the beginning of this column. And human emotions depend in turn on the news factor.

* * *

If, for example, the success of United Nation Armies captures the public fancy, for one reason or another, and the industrials start picking up in volume across 120 you have every reason to assume that a 10 point move is in the making. If the news is not bad and the public continues lackadaisacal you can forget the market. It won't do anything. If the news turns bad—and here the home front comes into play—and the market starts flirting with 110 then you can expect a 10 point decline to about 100. To guard against the latter all stops in stocks recommended here must therefore still apply. And to prevent missing the first all commitments should be retained.

* * *

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.]

Our Reporter's Report

(Continued from first page)

Canadian Government, and the loss of a handsome investment for holders of the latter.

Rail Liens Still Favored

After a momentary setback, coincident with the action of the Office of Price Administration and other government agencies in requesting the Interstate Commerce Commission to cancel freight and passenger rate increases granted the roads last spring, railroad bonds have come back rapidly into favor marketwise.

This section of the market is again affording both traders and investors their best opportunity for day to day trades and positions.

Such obligations received an added fillip from that part of the Interstate Commerce Commission's annual report in which it was suggested that the federal body might recommend that railroads segregate that part of their earnings arising from wartime rate increases for application toward reduction of funded debt and for betterments.

Southern Cuts Debt

As time wears on the financial world is getting an insight into what the easing of the Revenue Act as it applies to railroad debt actually means to the carriers.

And at the same time it makes clear the extent to which such issuers have been active in the market in picking up their outstanding obligations wherever possible at discounts.

The latest conjecture going the rounds indicates that Southern Railway, for example, will be shown to have retired some $10,000,000 or more of its debt up to Dec. 31 last, chiefly in the form of its 6s and 6½s.

Puget Sound Power & Light

Current indications are that there will be at least two groups bidding for the $52,000,000 of thirty-year first mortgage bonds and $8,000,000 of nine-year debentures when those securities are put up under competitive bidding.

It now looks as though the sale will be consummated early next month, unless something unforeseen develops to occasion delay. One banking group which has looked over the situation for some months, will be headed by Halsey, Stuart & Co. and Lehman Brothers, while a second group will be headed by Stone & Webster and Blodget.

There is said also to be a possibility that a third aggregation may be in the market at least for a part of the undertaking.

Revenue Bonds Vs. OPA

Revenue bonds, such as those backed by the facilities operated by the Port of New York Authority, and they are numerous throughout the eastern section of the country, are viewed as facing a long lean stretch from a standpoint of revenues produced.

A saving feature in the situation is found in the fact that heavy travel over recent years has permitted the building up of sizeable reserves by sponsors of such undertakings.

As a sample of the way in which revenues of many such projects have been cut, it develops that receipts of the Triborough Bridge Authority in December were virtually halved by comparison with the same month in 1941. And that was before the virtual ban on all "A" card vehicles put into effect a little more than a week ago.

Investment Trusts

(Continued from page 183)

in December, 1941, the bulletin points out that dividend cuts have been much less widespread than was anticipated. Dividend Shares, for example, was able to pay its stockholders the same per share dividends in 1942 as in 1941. Of the ten largest holdings in the portfolio on Oct. 31, 1942, seven paid the same rate of dividends in 1942 as in 1941. The bulletin concludes:

"Some investors are now no less inclined than a year ago to view the dividend prospects for the coming year with misgivings. The foregoing figures may therefore be worthy of consideration. For, on the basis of 1942 experience, investors who select securities carefully, diversify broadly and supervise constantly may expect to enjoy a satisfactory dividend return in 1943. This is another reason why, with admitted uncertainties ahead, shares of a well diversified and carefully supervised investment fund have attraction at this time."

The December issue of "Perspective" is replete with interesting charts comparing the course of various indices during the present war with their action in the first World War. The chart showing the greatest discrepancy in trends is that of the Dow-Jones Industrial Stock Average for the two periods.

* * *

"Prospects for 1943" is the title of the latest issue of Lord, Abbett's "Abstracts." The excellent Cleveland Trust Company bulletin of Dec. 15 is quoted at length.

* * *

Bull, Wheaton contributed a bulletin to the group advising on tax moves in the closing days of 1942 and added that "Republic has just put into practice what we are preaching here. As a result, profits of over a dollar per outstanding share may be taken during the next five years without subjecting the company to federal income taxes on them."

* * *

In a little booklet that "sparkles by virtue of its simplicity," National Securities & Research Corp. discusses selected discount bonds for income. The advantages of National Bond Series and National Low-Priced Bond Series are set forth briefly.

* * *

"Selections" closed the year with a bulletin in which the type matter was set in the shape of a Christmas tree. The comment was general and closed on this optimistic note: "This year's tree is heavily laden with many worthwhile gifts, among which is the growing recognition of the importance of this country's great industries, and of the essential nature of the contribution of those thrifty citizens whose savings have made those industries possible."

* * *

Distributors Group has recently issued sales folders on the Aviation Shares and the Petroleum Shares of Group Securities. The former is a revision of the popular and graphic story headed, "Is There a 'General Motors' of the Aviation Industry?" and bearing the picture of a 1909 "jallopy" on the cover. The latter is a well prepared outline of "What the Petroleum Industry Offers the Investor Today."

Dividends

Manhattan Bond Fund—Ordinary distribution No. 18 amounting to $0.10 per share and an extra-ordinary distribution amounting to $0.03 per share payable Jan. 15 to stockholders of record as of Jan. 5, 1943.

Our Reporter On "Governments"

(Continued from first page)

. . . But as far as the big operation is concerned, April seems to be the logical month for that. . . .

And April is far enough way to justify the buying that is now going on in the Government mart. . . .

INSIDE THE MARKET

Dealers beginning to fret about advance fear it can't last and don't want to see any serious setback. . . . Trading volume is going along at a fine pace. . . . Some speculation in 1¾s reported. . . .

"When you can get 11/32 on a five-year bond carrying 1¾% interest in a couple of weeks, you're in a booming market," remarked one professional. . . . And that sentence is worth studying, for therein lies the story of what has been happening recently. . . .

Some worry about tax-exempt comment of the President in his budget message but general feeling is this Congress will be even less disposed than the last to eliminate tax exemption features on municipals. . . . If anything is done, it will apply to future, not present issues, it is said. . . . As for Governments, the message held no unexpected items. . . .

Much credit for successful market reaction attributed to fact that premiums appeared immediately and have been added to steadily. . . . It's a long time since we've had premiums on new issues—premiums worth talking about, anyway. . . .

Contrast between price moves now and price moves following the October deal is dramatic, indicative of just how closely Secretary Morgenthau came to a really bad failure last fall. . . . "Cutting corners" may save us a million or so in interest over a period of years, but it's a penny-wise-pound-foolish philosophy as far as Government financing goes. . . . And the Treasury finally seems to have adapted itself to that idea. . . .

Popularity of the certificates of indebtedness suggests Morgenthau would be wise if he built up the new issue due to refund the February ⅝s. . . . Possibility that issue may be increased by $1,000,000,000. . . . Could be done easily. . . .

Yield on maturing ⅝s is 31%. . . . All c.is are at premiums. . . . Issues maturing in February and May are smallest on list, $1,588,000,000 total of ⅝ comparing with $3,795,000,000 of ⅞s of December outstanding. . . .

Story from informed sources is decision has been reached on continuing Victory Fund Committee salesmen on a non-payment basis. . . .

Even Victory Fund Committee managers and salesmen themselves admit difficulties of determining payment basis are terrific and impression on buyers would be unfavorable. . . . One fear expressed by high officials is that payment of salesmen "would bring back the undesirable 10% fringe and spoil a lot of good-will we have built up." . . . Also payment would kill voluntary efforts, would involve delicate job of distributing customers. . . . Canada's record considered of little value because of great differences in setup there. . . .

THE NEXT LOAN

Beyond question, the Victory Fund Committee setup has been proved a success and will be continued. . . . Beyond doubt, the success of the December drive must be attributed in large part to the masterful way in which the distribution was handled. . . . The Treasury knows that fact and so do the men who carried on the operation. . . . But there will be changes when the next one comes along. . . . Already, the experts are discussing revisions to be made, working on the spring deal. . . . The Victory Fund Committee structure is going to be permanent and so the committees may go ahead with plans in confidence. . . .

One bad feature of the last deal was the repetition of solicitations. . . . Some of the big buyers were deluged by salesmen. . . . Calls poured in again and again. . . . The competition between groups was fine but the duplication of sales efforts must be eliminated if subscribers are to be kept in good humor, say the salesmen. . . . So the chances are this time the competition will be arranged on a more orderly basis. . . . Lists will be worked out long before April, will be distributed long before the day for the announcement. . . . And this time there will be no crossing of wires—if the managers can achieve that goal. . . .

Another angle to be considered is that from now on, the salesmen will have to dig down to lower levels. . . . In December, the big buyers came out eagerly because they had the cash stored up. . . . The Treasury didn't have to convince the insurance companies and banks of the East that the 2½s and 1¾s and the certificates were good buys. . . . Those investors knew as much about the offering as the committee members and were all set. . . . Similarly, solicitations of the big corporations were easy because the "cream was being skimmed off." . . .

But in April, much of this money won't be available for the simple reason that it is in Government bonds now. . . . That means selling will have to be more professional. . . . It means the committees will have to work down to the "middle groups." . . . It means that the institutions of the mid-West and West will have to come through in larger numbers and on a greater scale. . . .

Some talk of separating the bank financing part of the deal from the rest in order to simplify the setup and permit greater concentration on individual and corporate subscribers. . . .

Also considerable discussion of the advisability of combing the Victory Fund and War Savings structures so that the unnecessary and often bitter competition between these two groups may be eliminated. . . .

As for advertising, that's another ticklish one. . . . The way the advertising situation was handled in December may be all right for one campaign but chances are it won't be continued. . . . The Treasury may have to contribute more next time if it's to get all-out cooperation. . . .

Seaboard Outlook Good

The current situation in Seaboard Air Line Railway Company offers interesting potentialities with a favorable outlook, according to a circular just issued by L. H. Rothchild & Co., 11 Wall Street, New York City. Copies of the circular containing details on Seaboard Air-Line and the recapitalization plan offered by the Receivers may be had from the firm upon request.

Rentschler Says War Changes Will Continue

(Continued from page 187)

ferred directly to reserves. Profits on sales of securities in 1942 were $2,592,421 as compared with $6,406,663 in 1941, reflecting largely the change in the condition of the Government security market.

"After all transfers to reserves there remained $12,102,356 or $1.95 per share. From this dividends of $6,200,000, at the annual rate of $1 a share, were paid, and $5,902,356 was carried to Undivided Profits.

"At the year-end, capital stood at $77,500,000, surplus at $77,500,000 and undivided profits at $23,793,450."

The principal change in the employment of funds, Mr. Rentschler noted, is the increase in holdings of U. S. Government securities, which at Dec. 31, 1941 stood at $1,183,000,000 and on Dec. 31, 1942 amounted to $2,029,000,000, a rise of $846,000,000. He added that of the holdings of obligations of U. S. Government and Government agencies 73% mature within five years and 94% within ten years.

As to the bank's domestic branches Mr. Rentschler said:

"The Bank is now operating 66 branches in Greater New York. Deposits at these branches showed a substantial increase in the course of the year. The branches have many more depositors than Head Office, with accounts of smaller average size. They are neighborhood institutions designed to meet the varied needs of local businesses and individuals, with the added advantage of their call upon the resources and services of Head Office and the foreign branches. This year especially they have proved effective agencies for the sale of U. S. War Bonds." Mr. Rentschler also reported that "at the opening of the year 1942, our one remaining branch in Japan, four in China, and the one in the Philippines were in the hands of the Japanese."

He further said:

"Our two branches in London operating under war-time conditions continued to be important stations in our foreign branch system.

"Latin-American business has been active and has expanded in volume as the relationships between this country and South America have grown closer. The number of our branches in operation in Latin America is unchanged from a year ago at 35, and this comprehensive branch organization places us in a position to perform a useful service to our business customers in this country, to United States Government agencies, and to local business."

American Savs.-Loan Inst. Heads To Meet

Officers of the seventy-five chapters of the American Savings and Loan Institute in as many cities have been invited to attend a meeting in Chicago, February 22, according to Edward J. Webb, Kansas City, Mo., President. This gathering to discuss the education of savings and loan personnel in wartime is expected to include some of the instructors in the Institute chapters who teach Real Estate Law, Appraisal, Accounting, Savings and Loan Principles, Business Law and other pertinent subjects as well as the savings and loan people who direct the various branches of the school.

The meeting will be the wartime substitute for the annual mid-winter conference of the Institute usually attended by four or five hundred senior and junior executives of savings and loan institutions.

New Patterns In Business & Finance

"New Patterns in Business and Finance" is the title of a new 12-weeks' course announced by the New School for Social Research beginning Friday evening, Jan. 15, under the chairmanship of Rudolph L. Weissmann, member of the staff of the Securities and Exchange Commission. Dr. Alvin Johnson, Director of the New School, will lead off the series with a talk on "Forecasting Post War Economics and Business." He will be followed by Leo Cherne, Research Institute of America, who will speak on the "Tax Policy and the War."

Other speakers and their topics include the following:

Robert H. O'Brien, Commissioner, Securities and Exchange Commission, will speak on "The Role of Finance in the War and Post War World."

Max Winkler, Bernard Winkler & Company, and Associate Professor of Economics, College of the City of New York, will speak on "The Next Chapter in International Finance."

Maurice P. Davidson, Trustee, Power Authority of New York, will speak on "Yardsticks of Public Ownership."

Milton H. Cohen, Assistant Director, Public Utilities Division, Securities and Exchange Commission, will speak on "Investors, Consumers, and the Public Utility Holding Company Act."

William W. Werntz, Chief Accountant, Securities and Exchange Division, will speak on "The War and Its Impact on Accounting Practices."

Karl R. Bopp, Research Director, Federal Reserve Bank of Philadelphia, will speak on "What Can Monetary Statesmanship Contribute?"

Harry Heller, Assistant Director, Corporation Finance Division, Securities and Exchange Commission, will speak on "The Future of the Investment Company."

Willard L. Thorp, Co-Trustee, Associated Gas and Electric Corporation, will speak on "The Pattern of American Industry and the Post War Economy."

Benjamin Graham, co-author, "Security Analysis," will speak on "The Stockholders' Revolution."

A. Wilfred May, Director, Division of Research and Statistics, Treasury War Savings, Staff, N. Y., will speak on "Implications of the War Bond Program," also Rudolph L. Weissmann will speak on "Inflation—Again?"

Law Firm Admits Rawson & Withrow

The law firm of Donovan, Leisure, Newton & Lumbard, with offices at 2 Wall Street, New York City, and Bowen Building, Washington, D. C., have announced that David R. Rawson and James R. Withrow, Jr., have become partners of the firm as of Jan. 1, 1943.

William J. Donovan is counsel to the firm, the other partners of which are:

George S. Leisure, Carl Eldridge Newton, J. Edward Lumbard, Jr., Ralston R. Irvine, Thomas J. McFadden, O. C. Doering, Jr., David Teitelbaum, Francis A. Brick, Jr., Granville Whittlesey, Jr., and Carbery O'Shea.

Joins WAVES

Miss Anne B. Gould, Assistant Secretary of the Mutual Management Company and of the Mutual Investment Fund, Inc., will leave for training as an Officer-Candidate in the WAVES on Jan. 16, 1943. She will go into training at the Women's Naval Reserve, Smith College, Northampton, Mass.

Brig.-Gen. Barber Dies; Was Inv. Co. Head

Brigadier General Charles William Barber, U. S. A., retired, died at the Charlotte, N. C., home of his son Russell G. Barber, after an illness of five months.

General Barber until about six months ago was head of Charles W. Barber & Son, Inc., New York investment firm, and was until his death a Vice-President of Schluter & Company, Inc., investment dealers in New York.

General Barber served in the Spanish-American War, saw service in the Philippines, with the Isthmian Canal Commission and on the Mexican border; he retired on Sept. 1, 1913 with the rank of major. He became brigadier-general and adjutant general of New Jersey in 1916 and was in charge of organizating Jersey troops and the registration and selection of drafted men. He was named a brigadier general in the National Army on July 25, 1917, commanded the Twenty-ninth Division in July and August, 1917, and then was placed in charge of the Fifty-seventh Infantry Brigade, serving overseas. He was chief of staff of Base Section 2 at Bordeaux, France, and returned to the status of retired officer in August, 1919, and became brigadier general, retired, on June 21, 1930.

Hinsdale Federal Distributes Earnings

HINSDALE, ILL.—The 18th consecutive six months earnings distribution was declared by directors of the Hinsdale Federal Savings and Loan Association on all savings share accounts. The Dec. 31 distribution amounts to over $36,000 and goes to approximately 2,000 individual, corporate and trustee account holders in 25 States, mostly in the Chicago west suburban area.

The flow of savings is the greatest and that of withdrawals the least in the history of the association, according to the directors' report.

J. K. Blackman, Jr., Vice-President of the three and a quarter million dollar local association, commented on this trend: "Patriotism and rationing combine to encourage saving. Accounts here help to channel funds to the Treasury and to preserve the national economy. Payroll savings, bond purchases, and savings, will prevent ruinous inflation and will stand owners in good stead when the war ends."

SEC Adopts Rule On Registration Withdrawal Of Investment Advisers

The Securities and Exchange Commission announced on Jan. 5 the adoption of a rule under the Investment Advisers Act of 1940 designed to clarify and to make more specific the procedure for withdrawal from registration by an investment adviser. The Commission's announcement states:

"The new rule, designated as Rule R-203-3, provides that a notice of withdrawal from registration as an investment adviser under Section 203 (g) of the Investment Advisers Act shall ordinarily take effect on the 30th day after its filing with the Commission. Prior to the effective date of withdrawal, however, the Commission may institute a revocation or suspension proceeding against the investment adviser who filed such a notice, or a proceeding to impose terms and conditions upon withdrawal, in which event the notice to withdraw shall become effective only if the Commission so determines and upon such date and upon such terms and conditions as the Commission finds necessary in the public interest."

Calendar of New Security Flotations

OFFERINGS

GOVERNMENT OF THE DOMINION OF CANADA

Government of the Dominion of Canada has filed a registration statement with the SEC for $90,000,000 of bonds, consisting of $30,000,000 5-year 2½% bonds, due Jan. 15, 1948; $30,000,000 10-year 3% bonds, due Jan. 15, 1953, and $30,000,000 15-year 3¼% bonds, due Jan. 15, 1958. All bonds are dated Jan. 15, 1943.

Offering—The offering price to the public will be supplied by amendment. The underwriters propose to offer the $90,000,000 face amount of bonds in part directly to the public at the public offering prices and accrued interest and the balance to dealers at the public offering price and accrued interest less a concession the amount of which will be supplied by amendment.

Proceeds—The proceeds to be received by the Government from the sale of the bonds, together with funds from the Treasury, are to be applied to the redemption of $100,000,000 face amount of the Dominion's 30-year 5% bonds dated May 1, 1922, due May 1, 1952. These bonds will be called for redemption on or about March 15, 1943, at the principal amount thereof together with accrued interest to date of redemption. Such accrued interest will be paid from funds held by the Treasury of the Dominion.

In the prospectus all amounts are expressed in Canadian dollars unless otherwise specified, conversion of pounds sterling into Canadian dollars being made at the rate of one pound equals $4.86⅔ and of U. S. dollars into Canadian dollars at $1 U. S. equals $1 Canadian. The bonds are to be direct obligations of the Government of the Dominion of Canada, and are to be issued under "The Loan Act, 1942." Principal and interest will be payable at the agency of the Bank of Montreal in New York, in such coin or currency of the United States as at the time of payment is legal tender for public and private debts. The principal of and interest on these bonds will be free from deduction for all present and future taxes imposed by the Government, except when the bonds or coupons, as the case may be, are beneficially owned by any person residing in or ordinarily a resident of the Dominion of Canada.

The bonds are not to be secured and no sinking fund is to be provided for the amortization or retirement thereof. Dominion will make application to list bonds on the New York Stock Exchange.

Underwriters—The names of the underwriters, with the principal amount underwritten, the amount being the same for each of the three issues, are as follows:

Morgan, Stanley & Co., $1,675,000; A. C. Allyn & Co., Inc., $150,000; Almstedt Brothers, $35,000; A. E. Ames & Co., Inc., $900,000; F. B. Ashplant & Co., $250,000; Auchincloss, Parker & Redpath, $50,000; Bacon, Whipple & Co., $125,000; Baker, Watts & Co., $75,000; Baker, Weeks & Harden, $50,000; Bear, Stearns & Co., $50,000; A. G. Becker & Co., Inc., $150,000; Biddle, Whelen & Co., $35,000; Blair & Co., Inc., $200,000; Blair, Bonner & Co., $125,000; Blyth & Co., Inc., $900,000; Bodell & Co., Inc., $50,000; Boettcher & Co., $35,000; Bosworth, Chanute, Loughridge & Co., $35,000; Alex. Brown & Sons, $150,000; Burns, Potter & Co., $35,000; Butcher & Sherrerd, $35,000; Central Republic Co. (Inc.), $150,000; E. W. Clark & Co., $125,000; Clark, Dodge & Co., $300,000; Coffin & Burr, Inc., $125,000; Curtiss, House & Co., $35,000; J. M. Dain & Co., $35,000; Paul H. Davis & Co., $35,000; R. L. Day & Co., $75,000; Dick-Merle-Smith, $125,000.

Dillon, Read & Co., $1,400,000; Dominick & Dominick, $300,000; Dominion Securities Corp., $900,000; Drexel & Co., $500,000; Francis I. du Pont & Co., $50,000; Eastman, Dillon & Co., $300,000; Elkins, Morris & Co., $50,000; Equitable Securities Corp., $100,000; Estabrook & Co., $250,000; Fahey, Clark & Co., $35,000; Farwell, Chapman & Co., $35,000; Ferris & Hardgrove, $35,000; Field, Richards & Co., $35,000.

First Boston Corp., $1,400,000; First of Michigan Corp., $100,000; Folger, Nolan & Co., $50,000; Robert Garrett & Sons, $35,000; Glore, Forgan & Co., $300,000; Goldman, Sachs & Co., $500,000; Graham, Parsons & Co., $125,000; Green, Ellis & Anderson, $50,000; Hallgarten & Co., $175,000.

Harriman Ripley & Co., Inc., $1,200,000; Harris, Hall & Co. (Inc.), $250,000; Hawley, Shepard & Co., $50,000; Hayden, Miller & Co., $125,000; Hayden, Stone & Co., $200,000; Hemphill, Noyes & Co., $300,000; J. J. B. Hilliard & Son, $50,000; Hornblower & Weeks, $300,000; W. E. Hutton & Co., $300,000; Illinois Co. of Chicago, $125,000; Janney & Co., $35,000; Kalman & Co., Inc., $50,000; Kean, Taylor & Co., $75,000; Kebbon, McCormick & Co., $75,000; A. M. Kidder & Co., $50,000; Kidder, Peabody & Co., $800,000; Kirkpatrick-Pettis Co., $35,000.

Kuhn, Loeb & Co., $1,400,000; Laird, Bissell & Meeds, $50,000; W. C. Langley & Co., $125,000; Lazard Freres & Co., $500,000; Lee Higginson Corp., $500,000; Carl M. Loeb, Rhoades & Co., $75,000; Mackubin, Legg & Co., $35,000; Laurence M. Marks & Co., $150,000; Mason-Hagan, Inc., $35,000; A. E. Masten & Co., $50,000; McDonald-Coolidge & Co., $100,000; McLeod, Young, Weir, Inc., $400,000; McMaster, Hutchinson & Co., $35,000.

Mellon Securities Corp., $800,000; Merrill Lynch, Pierce, Fenner & Beane, $250,000; Merrill, Turben & Co., $50,000; Milwaukee Co., $50,000; Moore, Leonard & Lynch, $75,000; F. S. Moseley & Co., $300,000; Maynard H. Murch & Co., $35,000; W. H. Newbold's Son & Co., $75,000; Newton, Abbe & Co., $50,000; Ohio Co., $50,000; Paine, Webber, Jackson & Curtis, $300,000; Parrish & Co., $35,000; Arthur Perry & Co., Inc., $75,000; Phelps, Fenn & Co., $100,000; Piper, Jaffray & Hopwood, $35,000.

R. W. Pressprich & Co., $175,000; Putnam & Co., $50,000; Reynolds & Co., $75,000; Riter & Co., $125,000; E. H. Rollins & Sons, Inc., $300,000; L. F. Rothschild & Co., $150,000; Salomon Bros. & Hutzler, $300,000; Gordon Saunder Co., $100,000; Schoellkopf, Hutton & Pomeroy, Inc., $100,000; Schwabacher & Co., $50,000; Scott & Stringfellow, $50,000; Chas. W. Scranton & Co., $50,000; Shields & Co., $250,000; Singer, Deane & Scribner, $75,000.

Smith, Barney & Co., $1,200,000; Starkweather & Co., $100,000; Stein Bros & Boyce, $50,000; Stern Bros. & Co., $75,000; Stillman, Maynard & Co., $75,000; Stone & Webster and Blodget, Inc., $300,000; Stroud & Co., Inc., $50,000; Swiss American Corp., $75,000; Spencer Trask & Co., $200,000; Tucker, Anthony & Co., $250,000.

Union Securities Corp., $500,000; G. H. Walker & Co., $100,000; Watling, Lerchen & Co., $35,000; Weeden & Co., $35,000; Wells-Dickey Co., $100,000; Wertheim & Co., $100,000; White, Weld & Co., $500,000; Whiting, Weeks & Stubbs, Inc., $125,000; Wisconsin Co., $300,000; Dean Witter & Co., $200,000; Wood, Gundy & Co., Inc., $900,000; Wood, Struthers & Co., $250,000; Yarnall & Co., $35,000.

Registration Statement No. 2-5081. Form schedule B. (1-4-43)

Offered Jan. 14, 1943.

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.

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 ¼%) 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).

SUNDAY, JAN. 17

DEERFIELD PACKING CORP.

Deerfield Packing Corp. has filed a registration statement with the SEC for $1,250,000 5% sinking fund debentures due Dec. 1, 1954, and 47,215 shares of common stock, without par value. Of the stock registered, 35,715 shares will be reserved for issuance upon exercise of conversion rights with respect to the debentures, and the remaining 11,500 shares will be offered for sale. Company states that it is possible that due to future adjustments in the conversion price, not now anticipated, more than 35,715 shares will be required for issuance upon exercise of conversion rights, and it is intended that present statement shall cover such additional shares, of any, as may be required for issuance upon exercise of the conversion rights.

Address—Bridgeton, N. J.

Business—Company is engaged primarily in the manufacture of quick-frozen vegetables. The major portion of its frozen products is quick-frozen by the Birdseye process, but the company has developed and uses other processes for quick-freezing for customers who require large packages of frozen vegetables or loose frozen commodities.

Offering—Offering price to the public of the debentures and shares of common stock will be furnished by amendment.

Underwriting—E. H. Rollins & Sons, Inc., is principal underwriter for the debentures with others to be named by amendment. E. H. Rollins & Sons, Inc., is named underwriter for the common stock.

Proceeds—About $487,000 of the net proceeds from the sale of the debentures and common stock are to be used to discharge the balance of $480,000 due on a bank loan in the amount of $600,000, together with accrued interest and premium thereon. Balance are to be added to the company's general funds.

Registration Statement No. 2-5078. Form A-2. (12-29-42)

NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for $382,500 5½% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5½% debenture in the face amount of $100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

PINEHURST, INC.

Pinehurst, Inc., has filed a registration statement with the SEC for $250,000 first mortgage 5% bonds, due May 1, 1953.

Address—Pinehurst, N. C.

Business—Operation of a winter resort.

Offering—Pinehurst, Inc., is offering to the holders of its 6% first mortgage gold bonds due May 1, 1943, the opportunity to exchange their bonds, plus accrued interest, for first mortgage 5% bonds now registered. Exchange basis is for a like principal amount of the bonds to be offered, with adjustment in cash for accrued interest. The plan will become operative when and if, prior to May 1, 1943, holders of substantially all of the bonds of the company due May 1, 1943, shall have filed agreements, but the company reserves the right in its discretion to declare the plan operative prior to May 1, 1943, upon receipt of agreements which it may deem acceptable to it. Company reserves the right to offer for sale for cash at not less than 100% of face amount, plus accrued interest, such portion of the bonds to be offered under registration statement as may not be accepted by the holders of the old bonds. At May 31, 1942, there were $236,000 of old bonds outstanding.

Underwriting—Company has not entered into any agreement providing a first commitment for the purchase of the first mortgage 5% bonds. It will, however, enter into an agreement with Mackubin, Legg & Co., Baltimore, who may be underwriters whereby the underwriters who have aided in preparing the exchange offer and plan will use their best efforts in obtaining agreements of exchange, including the obtaining of services of other dealers, for which they will be compensated.

Proceeds—To redeem old 6% first mortgage bonds and for general funds.

Registration Statement No. 2-5079. Form A-2. (12-29-42)

WEDNESDAY, JAN. 27

METALES DE LA VICTORIA S. A.

Metales de la Victoria S. A. has filed a registration statement with SEC for 1,350,000 shares of common stock and $675,000 production notes, the latter being lawful money of the United States.

Address—Pan-American Ave. and Fourth St., Agua Prieta, Sonora, Mexico.

Business—Company was organized under the laws of the Republic of Mexico on Oct. 23, 1942, for the purpose of engaging in the business of acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Offering—Offering price is $10 per unit, lawful money of the United States. A unit consists of a production note in the face amount of $10 lawful money of the United States and 20 shares of common stock. The common stock has a par value of one centavo (Mexican money) per share.

Underwriters—The offering will be made direct to the public by the company, and to brokers and dealers for their own accounts, or through the latter as selling agents of the company. Assuming that the entire issue is sold the proceeds to the company will be $506,250, or $7.50 per unit, the difference representing selling costs and underwriting discounts and commissions. Statement says Ogden C. Chase, Francis Platt and Edward G. Frawley are believed to be the principal underwriters under the Securities Act of 1933, as defined in the regulations of the Commission. The three are officers, directors and promoters of the company.

Proceeds—Net proceeds will be utilized for acquisition of properties and installation of mill and other expenses incident to operation of the mine property.

Registration Statement No. 2-5082. Form S-3. (1-8-43)

New York Stock Exchange Weekly Firm Changes

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

The proposed transfer of the Exchange membership of the late W. Gillette Bird to Emmanuel M. Cohan will be considered on Jan. 21. It is understood that Mr. Cohan will act as an individual floor broker.

Transfer of the Exchange membership of the late Arthur H. Spero to Harry Lenart will be considered on Jan. 21. Mr. Lenart will act as an individual floor broker, it is understood.

Barclay K. Douglas, Exchange member, and general partner in Winslow, Douglas & McEvoy, New York City, became a special partner effective Jan. 1.

Richard H. Gordon and Benjamin F. McGuckin, both Exchange members, and general partners in DeCoppet & Doremus, New York City, became special partners on Jan. 1. E. Vail Stebbins, member of the Exchange and a special partner in the firm, retired from partnership on Dec. 31.

Bache McE. Whitlock, general partner in Farr & Co., New York City, became a special partner effective Jan. 1.

Robert E. Cleary, general partner in Holsapple & Co., New York City, became a special partner on Jan. 1.

Charles E. Merrill, member of the Exchange, a general partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, became both a general and limited partner as of Dec. 31.

James V. Igoe, member of the Exchange, general partner in Nugent & Igoe, East Orange, N. J., became a limited partner effective Jan. 1.

Herbert R. Johnson limited partner in Orvis Brothers & Co., New York City, became a general partner in the firm effective Dec. 31 on which date Sully C. Pecot retired from the firm.

Laurance B. Beckwith withdrew from partnership in Bell & Beckwith, Toledo, Ohio, on Dec. 31, 1942.

Richard P. Combs, member of the Exchange, and Harry van de Rovaart retired from partnership in Combs, Maxwell & Potter on Jan. 1, on which date privilege of Mr. van de Rovaart to act as alternate on the floor of the Exchange for Mr. Combs was withdrawn. Combs, Maxwell & Potter continues as a New York Stock Exchange member firm.

Richard B. W. Hall retired from partnership in M. D. Doyle & Co., New York City on Dec. 31, 1942.

Harry E. Reis withdrew as a partner in A. M. Kidder & Co., New York City effective Dec. 31, 1942.

The interest of the Estate of Jay F. Carlisle, limited partner, in Carlisle & Jacquelin, New York City, ceased on December 31.

Herbert G. Fautz withdrew from partnership in J. Robinson-Duff & Co., New York City, effective Dec. 31.

Ernst Englander retired from partnership in Hirsch, Lilienthal & Co., New York City on Dec. 31, on which date ceased the interest of Edna A. Lilienthal, Leo Arnstein, Charles Riegelman and Guaranty Trust Co. of N. Y. as Trustees under the last will and testament of Joseph L. Lilienthal.

Marshall K. Smith retired as a partner in David A. Noyes & Co., Chicago, as of Dec. 31.

Interest of the late William H. Clark in Reynolds & Co., New York City, ceased as of Dec. 18.

J. Patrick Smith retired from partnership in James F. Shea & Co., New York City, on Jan. 1.

Walter Maynard retired from partnership in Shearson, Hammill & Co., New York City, on Dec. 31.

Harcourt Amory withdrew as a partner in Smith, Barney & Co., New York City, as of Dec. 31. Mr. Amory made his headquarters in Boston.

Interest of the late Willard D. Litt, limited partner, in W. R. K. Taylor & Co., New York City, ceased on Dec. 26.

Innes Getty withdrew from partnership in A. O. Van Suetendael & Co., Yonkers, N. Y., on Dec. 31.

Interest of the late Franklin A. Batcheller in Blair S. Williams & Co., New York City, ceased on Dec. 31.

Privilege of Henry D. Talbot to act as alternate on the floor of the Exchange for Alan H. Kempner of Byfield & Co., New York City, was withdrawn on Dec. 31.

Sweetser & Co., New York City, was dissolved as of Dec. 31, 1942.

Long & Co., New York City, was dissolved as of Dec. 31.

Betsey C. Gwathmey, limited partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, died on Dec. 20.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Jan. 11 that tenders for $600,000,000, or thereabouts, of 91-day Treasury bills, to be dated Jan. 13 and to mature on April 14, 1943, which were offered on Jan. 8, were opened at the Federal Reserve banks on Jan. 11.

Details of the issue follow:

Total applied for, $1,228,004,000.

Total accepted, $601,142,000.

Range of accepted bids:

High, 99.930; equivalent rate of discount approximately 0.277% per annum.

Low, 99.908; equivalent rate of discount approximately 0.368% per annum.

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

(39% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 13 in amount of $400,438,000.

With respect to the previous week's offering of 91-day bills, dated Jan. 6 and maturing April 7, Secretary Morgenthau disclosed these results on Jan. 4:

Total applied for—$1,242,588,000.

Total accepted—$600,104,000.

Range of accepted bids (excepting one tender of $4,000):

High—99.925; equivalent rate of discount approx. 0.297% per annum.

Low—99.907%; equivalent rate of discount approx. 0.368% per annum.

Average price—99.910; equivalent rate of discount approx. 0.357% per annum.

(13% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 6 in amount of $400,572,000.

HOW DID WE GET THIS WAY?

(Continued from first page)

all men and not just one-third of them would be ill-clad, ill-nourished and ill-housed; is laughed off with the supreme confidence that marks the valor of ignorance.

Depression is no more fundamental to capitalism than persecution is to a religion which teaches brotherly love. In both the aberrations result from the ferment of human impulses, which are not eliminated by a dominant government, although the theory is a favorite with carbon-copy mentalities who coquette and intrigue with collectivism and become infatuated with abjectival systems which they imagine are constructed with meticulous and mathematical precision.

That a system of undue governmental interference in the lives of men is certain to be a system of favoritism and injustice; a system of charity to some at the expense of others; a system rooted in ignorance and incompetency with its beneficiaries becoming parasites upon the body politic, a true case of parasitism, is resolutely ignored in spite of the record which is relegated to the limbo of the forgotten because it is impossible to argue with facts which are obdurate things, not altered by the alchemy of time or speech or the technique of the microphone. The future, in its main outlines, is visible in the past, like an experience renewed when it is viewed in retrospect. It is a far better method of divination than astrology, an ancient mode said to be currently popular in some official quarters.

As a device for improving society, government is no stronger than the composite intelligence of its agents, which grows less as bureaus multiply until they exhaust the alphabet, and does not improve as it approaches the apex of power. The belief in its infallibility is nurtured by quibbling rhetoricians and accepted by the mentally underprivileged.

When the corporative State finally becomes, directly or indirectly, the main employer, the bureaucracy becomes a force to be propitiated with obligatory genuflections due to the insolent **petits fonctionnaries**, the arrogant dignitaries and the effete elite of a parvenu aristocracy. Subservience becomes the first law of survival; compliance a necessity and sycophancy a fine art. Government is saturated with cant and corruption and degenerates into a patriciate of office-holders engaged in a constant struggle for petty advantage while the energies of the citizenry are corroded into futility. The common phenomena of the tendency of the minority to rule are accentuated even when society is organized on an equalitarian basis and when democracy is supposed to be the fulcrum which moves it. In a regimented society the members stand toward each other in successive grades of subordination and a juridical system is impossible.

Planned economy under political supervision is an euphemism for stratified chaos—for standardized error—as there is no possibility of a coherent plan when it can be changed by official caprice. These plans are always conveniently evasive, replete with elisions, contradictory and as full of incongruities as a surrealist picture. The label always fails to describe the package. There is no case of any of them ever arriving at its advertised destination. Failure is always their alter ego as they invariably substitute the greater for the lesser evil.

Absolutism has its frontiers beyond which lie efficiency, impossible to obsequious nonentities for which it has a unique penchant, and who can demonstrate only the vacuum of their pretentions. Its production is a plethora of rules and regulations, which are the co-efficients of its inefficiency. The extension of bureaucratic control to the production and distribution of goods is always fatal. The greater the number of people supported by a government, the more powerful becomes the force of inertia and ingrained habits of thought. The belief in the infallibility of government is as pernicious as any other doctrine of infallibility.

The greatest achievement of capitalism, besides supporting a greatly increased and increasingly ungrateful population—a condition which is seldom given adequate recognition—is that it has made individualism possible and personal autonomy something more than an intangible. Other systems are not new; they are reversions, atavisms, relics which are found everywhere in the debris of time. They are neither unique nor original; simply new deals with the same old dirty decks. They belong to the primitive and appeal exclusively to those stagnant minded people who cannot stand the strain of a high degree of civilization; the barbarians within who are affected by a poignant, nostalgic yearning for primeval squalor; to those who cannot endure the rigors of realism and to the mentally impoverished.

The decay of a previous civilization and a great nation has been described as follows:

"Taxation was crushing; the tyranny of a swollen bureaucracy unendurable; the middle classes, overloaded with unpaid social services, were disintegrating; the upper classes had seen their fortunes go to a State whose demands were no longer satisfied by ordinary taxation; the farms were breaking up; the laborers were flocking to the cities; the standards of art and morals were declining. Side by side with this picture of a society in its death throes was a vulgar display by officialdom, vast public doles and huge building enterprises which became bigger and more pointless as the State became poorer."

Now, as then, we are so familiar with the names of our duties and obligations that we neglect their performance while we insist upon our rights. We agree with truths we daily violate; live a conventional lie; preach and promise economy and practice extravagance; create autocracy to preserve freedom; pile up debt to provide for the future; practice greed under the guise of sacrifice and reward falsehood while we penalize candor.

The really dangerous man is not the one who believes in violence as the means to an end. Violence invites and can be overcome by violence. He is the doctrinaire who encourages men to lay the blame for their mistakes upon the shoulders of others. Nations devastated by wars and strangled by tyrants can regain their freedom. Nations conquered by false doctrines and political blandishments disappear forever. Conquest by force is preferable to conquest by fraud for the dictatorship of force can be overcome much easier than can the dictatorship of illusion. The human mind being what it is, the persuasive is more powerful than the coercive.

Nations, civilizations and races do not advance to their doom but retrograde to it; they do not die natural deaths but design their own cenotaphs and write their own epitaphs. Their decadence follows the acceptance of beliefs which result in a dictatorship of the mediocre under the theory that political might makes economic right. There is no antidote sufficiently potent to destroy the deleterious effect of power upon character when there is no way to apply the corrective of responsibility.

***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.**

SEC Rules Re-Designated

The Securities and Exchange Commission issued on Dec. 29 the following:

Correction — Securities Act of 1933, Release No. 2887; Securities Exchange Act of 1934, Release No. 3347; Holding Company Act, Release No. 3988; Investment Company Act of 1940, Release No. 417.

The release under the above mentioned Acts dated Dec. 18, 1942, announced the adoption of and contained the text of Rules X-13A-8 and X-15D-5. Rule X-13A-8 should be designated X-13A-10 and Rule X-15D-5 should be designated Rule X-15D-6.

Ferguson Heads FTC

Garland S. Ferguson Jr. of North Carolina assumed on Jan. 1 the chairmanship of the Federal Trade Commission for the fourth time. Mr. Ferguson, who has been a member of the FTC since 1927, is one of the three Democrats on the five-man Commission. He has been a member of the agency longer than any other member since its creation under President Wilson in 1915. The chairmanship of the FTC rotates annually.

NY Savs. Loan Ass'ns Exceed War Bond Aim

Purchases of government bonds for their own investment portfolios by savings and loan associations in New York State for the period July 1 to Nov. 30, 1942, reached the total of $12,679,450, exceeding by more than 50% the State quota of $8,000,000 in the national campaign for $100,000,000 for the last half of 1942, the State League of Savings and Loan Associations reports. Thus, with purchases for the month of December still to be reported, it is expected that government bonds purchased for the six months period will reach $15,000,000. The announcement issued Jan. 4 added:

"Savings and loan associations in this State have also been exceptionally active in the sale to their members and the general public of war bonds and other government securities. Reports received from 143 associations indicated total sales of nearly $30,000,000, predominantly of the Series "E" type. The facilities of the associations are being employed by 129 firms with 68,278 employees to handle payroll deduction programs for the purchase of war bonds. The amount of bonds sold through these arrangements since May 1, 1941, is $8,572,149."

NYSE Extends Voting Time On Proposed Amendments

In view of the fact that less than 688 members of the New York Stock Exchange, or below the required two-thirds, had participated in the recent balloting on amendments to the Exchange's Constitution in the two-week voting period, which ended Dec. 31, the Stock Exchange on Jan. 4 extended the balloting period an additional two weeks, expiring today (Jan. 14). The proposed amendments relate to Section 13 of Article IX of the Constitution relating to the continuance of a partnership for a limited period of time with the status of a member firm after the death of the sole Exchange member partner, and a proposed amendment to sub-paragraph (1) of Section 5, Article XI, the purpose of which is to describe more accurately the status of the estate of a deceased partner which continues to have an interest in a partnership.

Approval by the Exchange's Board of Governors was reported in these columns Dec. 24, page 2241.

Santa Claus Visits Denver Bond Club

Snapshots taken at the Christmas Party of the Bond Club of Denver

Morgan Stanley Group Offers Canada Issue

A syndicate headed by Morgan Stanley & Co., New York, is offering today an issue of $90,000,000 Dominion of Canada refunding bonds, dated Jan. 15, 1943, and including $30,000,000 2½s, due Jan. 15, 1948, and $60,000,000 3s, of which $30,000,000 mature in 1953 and a similar amount in 1958. The 2½s are priced at par and accrued interest, the 10-year 3s at 100.50 and interest, and the 15-year 3s at 98.50 and interest. The 2½s are callable at the Dominion's option, in whole but not in part, at par and accrued interest on 30 days' notice or or after Jan. 15, 1947; the 10-year 3s, only in their entirety, on 45 days' notice, at 104, on or prior to Jan. 15, 1946, thereafter to and including 1949 at 103, and to and including 1951, at 102, and thence to maturity at par, all with accrued interest.

The 15-year 3s are redeemable as a whole, or in part, by lot at any time on 45 days' notice at 104 until 1946, thereafter to Jan. 15, 1949 at 103; then until Jan. 15, 1952 at 102; until Jan. 15, 1955, at 101, and thereafter to maturity at par, also with accrued interest in all instances.

Proceeds of the issue, together with $10,000,000 of available Treasury cash, will be used by the Dominion government in the redemption of $100,000,000 outstanding Dominion 5s of 1952 which, it is expected, will be called for payment on or about March 15, next, at par and accrued interest.

The underwriting group, in addition to Morgan Stanley & Co., also includes, among others, The First Boston Corporation; Smith, Barney & Co.; Harriman Ripley & Co., Inc.; Wood, Gundy & Co., Inc.; Dominion Securities Corp., and A. E. Ames & Co., Inc. A complete list of the underwriters is given in the "Calendar of New Security Flotations" which appears on another page.

The Business Man's Bookshelf

As We Saw It!—Scheuer & Co., 72 Leonard Street, New York, N. Y.—Excerpts from market letters issued by the firm from 1939 through May, 1942—Paper.

Collapse or Boom at the End of the War?—Harold G. Moulton and Karl Schlotterbeck — The Brookings Institution, Washington, D. C.—Paper—25¢.

Commentary on Labor, Industry, Farmers, A—Louis Ruthenburg—Indiana State Chamber of Commerce, Board of Trade Building, Indianapolis, Ind.—Paper.

Impact of Federal Taxes, The—Roswell Magill—Columbia University Press, Morningside Heights, New York City—Cloth—$3.00.

Medical Services in Industry (A Selected, Annotated Bibliograph With Particular Reference to Health Programs in War Industries) — Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—10¢.

New England Community Statistical Abstracts (Statistical, Economic and Social Data for 175 New England Cities and Towns)—Bureau of Business Research, Boston University College of Business Administration, 685 Commonwealth Avenue, Boston, Mass.—Heavy paper—$6.50.

Public Library Service to Business (A comparative study of its development in cities over 70,000)—Newark, N. J. Public Library, Business Branch, 34 Commerce Street, Newark, N. J.—Cloth—$3.50.

J. S. Whedbee Is Now With Baker, Watts Co.

BALTIMORE, MD.—James S. Whedbee, member of the Baltimore Stock Exchange, and formerly a partner in the dissolved firm of Jenkins, Whedbee & Poe, has become associated with Baker, Watts & Co., Calvert and Redwood Streets, members of the New York and Baltimore Stock Exchanges.

Grainger Made V.-P. Of Chemical Bank & Trust

The Chemical Bank & Trust Co., New York City, announced on Jan. 12 the appointment of Isaac B. Grainger as Vice-President. For the past nine years Mr. Grainger has been President of the Montclair Trust Co., Montclair, N. J., and is Treasurer of the Essex County Bankers' Association. He has a wide acquaintance in banking circles as he has been active in the affairs of the American Bankers Association. He started his banking career in the old Murchison National Bank of Wilmington, N. C., of which his father, the late J. Victor Grainger, was President for many years, and later served as Executive Vice-President of the North Carolina Bank & Trust Co. in Greensboro, N. C.

At the outbreak of World War No. 1, Mr. Grainger left Princeton University and joined the Army, becoming a Captain of Infantry. Mr. Grainger is a member of the New York State Chamber of Commerce, New Jersey State Chamber of Commerce, Economic Club of New York and of other organizations.

Ins. Stock Looks Good

The outlook for American Fidelity & Casualty Company is extremely favorable at the present time, according to an interesting circular issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City. Copies of this circular with an analysis of the situation in the Company for 1942 may be had from Huff, Geyer & Hecht upon request.

Hollis Alden In Worcester

WORCESTER, MASS. — Hollis E. Alden is engaging in a general securities business from offices at 340 Main Street. In the past Mr. Alden was associated with Paine, Webber & Co.

Warren Brothers Company

(Continued from page 178)

first eight months of 1942 $584,520. As the September, October and November months are good earning months it is likely that the earnings will amount to one million dollars in the full year after bond interest, taxes and depreciation.

Thus the dividends on the Class A and Class B stock will be earned about eight times and with indicated earnings of about $3.50 per share for the Class C stock.

As the reorganization of the company was dated Aug. 1, 1941, dividends accrue from that date on the Class A and Class B stock. The directors declared a dividend of $1.35 per share on the Class A stock, and an additional 62½ cents will be accrued to the stock on Feb. 1, 1943. The Class B stock will have accrued to it on Feb. 1, 1943, $3.75, and it is likely that all or a good part of these dividends will be paid shortly as both the earnings and the cash position of the company would indicate that this can be done.

In conclusion, it would seem that the Class B stock selling at about 25 with over $3.00 of accrued dividends and the Class C stock with its large earnings should have good speculative possibilities.

Legal Oddities

THE UNGRATEFUL FRIEND

John Doe had "inside information" that Easycum Corporation was in line for a lucrative future and passed the tip on to his friend, Richard Roe, who bought Easycum stock on the strength of this recommendation. The crash of '29 turned the financial artery of New York City into a wailing wall and the Corporation went into bankruptcy in good company.

Five years and six months after the purchase of the stock Roe sued Doe in the New York Courts (280 N.Y.S. 512) for fraudulent misrepresentation, etc.

The Court decided that Roe had no case.

"While the concern was struggling to advance its product Roe did not complain. It does not savor well, after the general market deflation caused the best of stocks to tumble, and engulfed this embryonic corporation in the process, for this friend to seek redress from a friend who has been placed in the position of defendant by his naked desire to see a friend make what he had been led to believe was a good investment. If this action were to be successful, no person would ever dare make any suggestion or give any opinion upon any given proposition, because it would be dangerous for him to do so. Much less is this suit appropriate five and a half years after the purchase, four years after the insolvency, and two years after Roe made his last payment which brought the total to $300," the Court said, and added by way of good measure:

"Regardless of Roe's conception of friendship, yet shall the qualities of friendship forever temper the conduct of mankind, for that is one of the most valuable attributes of life itself. Had the stock gone skyrocketing the courts would never have heard of these gentlemen whose scientific training holds them in contact, de diem in diem, with the mysteries of life. Virtue kindles strength, and many virtues there are, equally possessed by the human brotherhood, among which is the one, virtus in arduis—courage in difficulties—only too often ignored in the struggle for the omnipotent l'argent. Virtuous and noble, indeed, is he who can be steadfast and not ready to impugn a well-meant deed ex post facto, in case the fates rule adversely to his expectations."

O. Elder, W. Wheeler In Naval Training

O. L. Garrison Elder and W. A. S. Wheeler, senior partners of Elder & Co., New York Stock Exchange firm of New York and Chattanooga, have reported for active duty at the Naval Training Station at Quonset Point, R. I., and the partnership will remain inactive for the duration.

NSTA Announces 1943 Municipal Bond Comm.

William Perry Brown of Newman Brown & Company, New Orleans, President of the National Security Traders Association, has

Robert A. Warren

announced the appointment of the Municipal Bond Committee of the association for the 1943 year. The chairman and members of the committee are:

Russel M. Dotts of Bioren & Co., Philadelphia, Chairman; Robert A. Warren of Baker, Watts & Co., Baltimore, Vice-Chairman; John M. Faust of Blair &

Russell M. Dotts

Co., Inc., Chicago; F. Thomas Kemp of Thomas, Kemp & Co., Los Angeles; and J. Wallace Kingsbury of Kingsbury & Alvis, New Orleans.

Jaffray At Army School

C. Palmer Jaffray, partner in Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis, Minn., is at Fort Leavenworth, Kansas, where he is taking a month's civilian orientation course in army organization and procedure at the general staff school.