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OUR REPORTER'S REPORT

The sustained dearth in new underwritings is finding reflection in the high grade market in the form of sustained underlying strength.

Dealers report a fair amount of day-to-day business going through with the volume limited only by a lack of willingness on the part of sellers.

Such offerings as come into the market can be put away very easily, it is reported. At the same time, however, buyers are still disinclined to bid up for bonds in order to obtain their needs.

Consequently the market is moving along on a fairly even keel, with buyers willing to absorb best grade bonds provided they are available within a rather well-defined price and yield range.

That institutional investment interests are not concerned over the current situation in the money market goes pretty much without saying, judging by the absence of any apparent nervousness on that score.

A few short years back, the situation which now prevails in excess reserves in the New York area might well have caused considerable uneasiness and perhaps a bit of nervous liquidation.

But currently it is recognized that the precipitate fall in such free reserves in recent months is a consequence of the Government's war financing, and not necessarily

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Proposed Bill Would Ease SEC Rules On Security Issues

A bill will be introduced in the next two weeks by Representative Lyle Boren (Dem., Okla.), a member of the House Interstate Commerce Committee, intended to simplify and clarify Securities and Exchange procedure in the issuance of securities and to speed SEC regulatory machinery.

Mr. Boren will continue the battle for revision of SEC operations led in the last session of Congress by Representative Wadsworth (Rep., N. Y.), and it is anticipated that a special subcommittee of the Interstate Commerce Committee will be appointed to study the matter. Mr. Boren has already introduced a bill to restrain SEC power in municipal bond issues and stated that he planned to reintroduce the Wadsworth bill if Mr. Wadsworth himself did not present it again.

One of the objectives of the bill is to eliminate duplication in the enormous amount of material which the SEC requires to be filed as part of registration statements before granting permission for issuance of securities and to reduce the expense involved in preparing data, and it is specified that:

"The Commission shall promptly revise its forms for registration statements and applicable rules and regulations so as to require in the prospectus only such information as it shall find material and necessary to enable the average investor to form a prudent judgment with respect to the security to which the prospectus relates, and in the supplementary statement only such additional information as is necessary to satisfy the requirements. . . ."

Under the terms of the bill, the seventh day after filing with the SEC rather than the 20th day, as at present, would be the effective date of a registration statement. Also, the time in which the SEC is authorized to refuse to permit a registration statement to become effective by instituting a proceeding would be reduced from 10 to five days. All transactions on a national securities exchange would be exempt from both the registration and prospectus provisions of the Securities Exchange Act. The SEC would also be given power to permit omission of information from particular registration statements.

The SEC has admitted that certain reforms should be made in procedure, but it has taken exception to the particular methods suggested in Congress, according to testimony taken in previous hearings.

Many of the proposed reforms resulted from the long series of conferences between the Commission and representatives of the securities business during 1940 and 1941.

Mr. Boren is also preparing a bill to define the SEC's power with regard to proxies over which there has been considerable controversy recently. He predicted a good chance "for SEC reform legislation of some nature" at the present session of Congress.

Eberstadt Leaves WPB Post; Wilson Named Production Chief

Donald M. Nelson, Chairman of the War Production Board, with a view to placing centralized responsibility for all phases of war production in Charles E. Wilson, requested on Feb. 16 that Ferdinand Eberstadt relinquish his post as Vice-Chairman of the Board. Mr. Wilson becomes Executive Vice-President of the WPB.

In his announcement, Mr. Nelson said that his principal reason for the change was to place a production man in full charge. Mr. Wilson was former President of the General Electric Corporation.

Mr. Nelson further expressed his "conviction that this change will bring harmony to WPB and end the jurisdictional questions which, if permitted to continue, could only hamper the war effort."

Mr. Eberstadt, former New York investment banker, had been in charge of programs and schedules since last September and had developed the Controlled Materials Plan. In a statement concerning his resignation from the WPB, Mr. Eberstadt defended his record of service but said he had "no desire other than to serve the war effort" and was therefore applying for active duty in the Army. He served two years in the Field Artillery during the last World War. Mr. Nelson's statement follows:

"I have made this move in order to solve organizational problems which have come about because carefully-scheduled production is now the most pressing problem before us.

"It is my conviction that this change will bring harmony to WPB and end the jurisdictional questions which, if permitted to continue, could only hamper the war effort.

"Mr. Eberstadt has worked hard and diligently in setting up the Controlled Materials Plan, and I regret the circumstances which make it necessary for me to transfer his functions to another. However, Mr. Wilson is a production man, and our job today is primarily a production job.

"Because our entire effort must now center about the production line, and because this involves the closest control over scheduling, it is essential that two things be true—first, that a production man be in full charge; second, that all related problems be within the jurisdiction of that production man.

"In the early days of this organization and its predecessors, we faced problems of a somewhat different nature. Even a few months ago, the problem of controlling materials flow was of major importance. It does not now lose any of its importance,

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Fabricand To Manage New Sulzbacher Dept.

Sulzbacher, Granger & Co., 111 Broadway, New York City, members of the New York Stock and Curb Exchanges have opened a municipal bond department under the management of I. K. Fabricand.

Mr. Fabricand was formerly manager of the municipal department of Morgan, Kennedy & Co., Inc.

E. S. Sarvene With J. S. Bache, Detroit

(Special to The Financial Chronicle)

DETROIT, MICH.—Edmund S. Sarvene has become associated with J. S. Bache & Co., Penobscot Building. Mr. Sarvene was previously with Goodbody & Co. and prior thereto he was manager of the trading department of Wright, Martin & Co., with which he was connected for a number of years.

RR. Bond Outlook

R. H. Johnson & Co., 64 Wall Street, New York City, have prepared a circular on the "Outlook for Railroad Bonds in 1943." Copies may be had from the firm upon request.

Walter Kidde & Co., Inc.

By BRUCE WILLIAMS

"Romance" and high drama are not uncommon in American industry. Sometimes they are found in combination with striking financial success. Walter Kidde & Co. is on its way to becoming an outstanding example of this combination.

On the dramatic side, this company's products are now protecting our fighting men against one of their deadliest enemies—Fire. Other devices are inflating life rafts, opening bomb bays, lowering landing gear. The three Navy fliers who spent 34 days in a rubber boat and Ensign Gay who saw the Battle of Midway from his "rubber doughnut" owe their lives to some of these devices.

The company's major raw material is the abundant, cheaply produced soda-pop gas, carbon dioxide (CO_2). Anyone can make the gas—we exhale it with every breath — but through ingenious engineering, Walter Kidde & Co. has harnessed it to a multitude of war and fire protection uses. Incidentally, some 300 patents and more than 25 years of "know how" protect the company's dominant position in its field. (See Life Magazine, Dec. 21, 1942, pp. 51 and 53 and The Reader's Digest, February 1943, pp. 83-86).

On the financial side, wartime demand has lifted sales volume to more than ten times the 1937 total. Sales in the first nine months of 1942 totaled $26,340,000 and for the full year are estimated at $38,000,000. Output for 1943 is expected to reach approximately $65,000,000. This compares with sales of $13,564,000 in 1941 and $5,604,000 in 1940. To meet increased working capital requirements, the company is negotiating for a $10,000,000 "V" loan. When these figures are looked at in contrast to the company's net property account of $1,317,449 as of Dec. 31, 1941, one is forced to question, "How?"

The answer is that the company is now operating its original New Jersey plant — plus five others newly built and equipped by the Defense Plant Corp. at a reported cost of over $7,000,000. The company has the right to lease or purchase this new equipment and has already made some progress in that direction. Whatever part of these new facilities may be needed by the company to meet its post-war business demands will likely be acquired on a favorable basis. The new plants are all conveniently located with relation to the company's own properties in Bloomfield, N. J.

Capitalization consists of 4,990 shares of $6 cumulative preferred stock (no par) and 104,900 shares of common stock ($5 par). As of Sept. 30, 1942 current assets totaled $15,325,000, as against $12,235,000 of current liabilities. Largest item on the liability side was $6,475,000 provision for taxes. Notes payable amounted to $2,600,000.

*COMMON STOCK

	Per Share		†Price Range	
Year	Earn.	Div.	High	Low
1942	‡$15.88	$1.50	35	28
1941	13.11	1.50	35	24
1940	6.12	1.00	23½	16½
1939	3.72	0.65	16½	6½
1938	1.91	0.50	--	--
1937	3.11	0.40	--	--

*All figures adjusted to present capitalization. †Approximate over-the-counter bids. ‡Nine months' earnings subject to year-end adjustment, including renegotiation of contracts.

Although a sharp decline in volume is in prospect upon return of peace, the company should enjoy a large and permanent expansion of markets for its fire-prevention and life-saving equipment in the air and marine transport fields. Moreover, at its current price of approximately 34, the common stock is severely discounting the company's prospects in the post-war readjustment period.

For example, the stock is selling at 2.6 times 1941 earnings and 6.1 times five-year average earnings 1937-1941. Before renegotiation of contracts and excluding post-war refund, the stock is selling at only 1.6 times indicated 1942 earnings. On this same basis, book value as of Sept. 30, 1942 was $44 per common share.

Melhado Director Of Manhattan Fund

Allan L. Melhado, well-known financial adviser and member of the New York Stock Exchange, has been elected a director of Manhattan Fund, Incorporated.

Allan L. Melhado

Manhattan Fund, Incorporated, of which Professor E. W. Kemmerer of Princeton University is consulting economist, is an investment research organization which acts as adviser to two prominent investment companies: Manhattan Bond Fund, Incorporated and New York Stocks, Incorporated, possessing approximately $17,000,000 total resources.

Mr. Melhado is regarded as one of the pioneers in the field of investment company management, having for several years served as President of Fundamental Investors, Incorporated. He now serves as a director of Investors Fund C, Incorporated and Fundamental Investors, Incorporated, both of which companies are managed by interests dominated by Roosevelt & Son.

H. S. Gumbel, Jr., Is With Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, members New York Stock Exchange and other leading exchanges, announce that Horace S. Gumbel, Jr., formerly a partner of Faroll Bros., has become associated with them in their office at the Sherry-Netherland.

H. W. Middaugh Joins Staff Of Boettcher & Co.

(Special to The Financial Chronicle)

DENVER, COLO. — Harry Wheelock Middaugh has become associated with Boettcher and Company, 828 17th Street. Mr. Middaugh was formerly in the securities business for himself in Watertown, N. Y. and was with various investment firms in New York City.

Central States IBA Will Hold Meeting

The eighth annual conference of the Central States Group of the Investment Bankers Association of America will be held in Chicago March 11, it was announced by D. Dean McCormick of Kebbon, McCormick & Co., Chairman of the Group. War finance will be the keynote of the program, Mr. McCormick said, and the sessions, usually occupying two days, are being concentrated into one, with forums in the morning and afternoon. There will also be luncheon and dinner meetings. Prominent Chicago business men and bankers, as well as investment bankers, will participate in the meeting.

D. Dean McCormick

In addition to a full attendance of Chicago members, the timing of the meeting immediately ahead of the April Victory Fund Drive is expected to bring investment men from the five middle western States in the group, and representation from eastern houses and other groups. It is usually one of the largest of the group meetings held by the investment bankers.

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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Now Reagan & Co.; Kirk C. Dunbar Joins

(Special to The Financial Chronicle)

PASADENA, CALIF.—The firm name of Reagan, Carr & Gaze, Ltd., 575 East Green Street, has been changed to Reagan & Co., Inc.

Kirk C. Dunbar has become associated with the firm. Mr. Dunbar was formerly with Bankamerica Company as Assistant Manager of the Corporation Trading Department; prior thereto he was in charge of the Corporation Department of Butler-Huff & Co. and was a principal of Kirk C. Dunbar & Co.

Milwaukee Co. Opens Branch In St. Paul

ST. PAUL, MINN.—The Milwaukee Co. of Milwaukee, Wis., has opened a branch office in the Endicott Building. Clarence L. Singer will be Resident Manager of the new office.

Now Stewart, Vose & Co.

The firm name of John G. Stewart & Co., 1 Wall St., N. Y. City, members of the New York Stock Exchange, was changed to Stewart, Vose & Co., effective Feb. 11, when Benjamin O. Jacobsen was admitted to general partnership and Alden H. Vose, Jr., to special partnership in the firm.

'42 Textile Fiber Use Reaches New High

Consumption of cotton, wool and rayon in the United States in 1942, as was to be expected, established a new high peak for all time, aggregating 6,847,000,000 pounds, an increase of 6% above the previous peak consumption level of 1941, which amounted to 6,477,400,000 pounds, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York.

The Bureau's announcement further stated:

"Cotton and rayon consumption were at a rate substantially higher than ever previously reported, but wool consumption, due primarily to restrictions for civilian use, fell short of the previous record year of 1941. Silk consumption in 1942, of course, was nominal.

"The record consumption of cotton in 1942 is placed at 5,616,600,000 pounds, an increase of 8% above the previous record of 5,208,500,000 pounds consumed in 1941. Scoured wool consumption last year is estimated at 610,000,000 pounds, or 7% less than the record level of 652,200,000 pounds used in 1941.

"Consumption of rayon, including staple fiber, registered a gain of 5% over 1941, amounting to 620,600,000 pounds as compared with 591,700,000 pounds in 1941, and was more than double the consumption reported as recently as 1937.

"The larger consumption of rayon is due to its replacing silk and nylon and, to a lesser degree, wool and cotton in certain civilian products; its increased use in war products; and lend-lease requirements, Good Neighbor exports, etc. The 'new' demand, it is estimated, accounted for 25% of the rayon output, the remainder going into regular channels."

The annual fiber consumption in the United States for 1942, 1941 and 1929 follows, the units being in millions of pounds:

	1942	1941	1929
Cotton	5,616.6	5,208.5	3,422.7
Wool	610.0	652.2	368.1
Rayon	620.6	591.7	133.4
Silk	nominal	25.0	81.0
Total	6,847.0	6,477.4	4,005.2

Phillip Robb With OWI

Phillip H. Robb of F. B. Ashplant & Co., 2 Wall Street, New York City, is on leave of absence for the duration with the Office of War Information.

Southern Textile Companies

In the year 1939 roughly 8,400,000,000 linear yards of cotton fabrics were produced in this country—practically all for civilian use. That was a reasonably normal year for the textile industry.

Last year the output of cotton fabrics rose to 12,000,000,000 linear yards, half of which went to our Armed Forces and to our Allies. What remained for civilian use was approximately 2,400,000,000 linear yards short of normal peace-time requirements. Stated another way, the deficiency in civilian output for the year was about 28%.

Domestic textile output this year will not exceed last year's production by any appreciable degree for the simple reason that 1942 volume represented just about the maximum capacity of the industry to produce. Moreover, it is expected that 50% of this year's output will again be taken for military and lease-lend purposes. This all adds up to a substantial deferred demand for textile products in the post-war period—a demand which will become more acute the longer the war lasts.

During the first World War the domestic textile industry—then concentrated largely in the New England States—greatly increased its capacity to meet the wartime demand. Mills were built in the South to take advantage of the cheaper labor, production and transportation costs in that area. The return of peace found the industry too big for its markets. A painful period of retrenchment and unsound competition followed. From the end of 1925 to the end of 1941 a 36% reduction in the number of installed cotton spindles occurred.

Number Cotton Spindles in Place

	(000 omitted) North	South	Percent Active
1941	5,494	17,938	93.5%
1932	11,273	19,094	71.9
1925	18,175	17,747	86.0

Not only has the South assumed undisputed leadership in production of cotton textiles, but the new and vastly promising rayon textile industry is located there. Some 30 plants situated throughout the South and Middle Atlantic States now account for the larger part of domestic rayon production.

In neither of these two major branches of the textile industry has there been the unhealthy expansion of capacity during the present war that occurred at the time of the first World War. In fact, it is now clear that the in-

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Insur. Stock Looks Good

Capital stock of Standard Accident Insurance Co. offers attractive possibilities, according to a memorandum issued by The First Boston Corporation, 100 Broadway, N. Y. City. Copies of the memorandum and a report on the company may be had from First Boston Corporation upon request.

Southern Textile Companies

(Continued from page 651)

dustry will emerge from the present conflict with about the same overall capacity as it had in 1939. When this prospect is viewed in the light of other major considerations now affecting the industry, it is easy to see why selected textile stocks are finding increasing favor among professional investment groups.

High on the list of these other considerations is the application of minimum wage rates. Wages constitute between 25% and 30% of total cost in textile production and the application of minimum rates has eliminated the unhealthy competition of "sweatshop" operators. Another consideration of importance these days is the effect of price controls. In the cotton textile industry present controls hold little threat to the profit margins of the mills because ceilings are based on the price of raw cotton—the present basis being 20.37 cents per pound.

Southern textile companies can look forward to several years of heavy demand after the war. They will be in sound financial condition to meet this demand. They will not be troubled with the excess capacity and harmful competitive practices of the 1920's. Given some relaxation from wartime tax burdens, they should quickly justify the confidence which investors are now evidencing in their securities.

Record Output For Cotton Textiles

How the cotton textile industry worked with the Army, Navy, WPB, and other Government agencies of war procurement and control to raise production levels to a new all-time high was reviewed by W. Ray Bell, President of the Association of Cotton Textile Merchants of New York, in his report delivered to the annual meeting of the association. New directors of the association elected at the meeting included Floyd W. Jefferson, Sr., of Iselin-Jefferson Co., Dennis L. Reardon of Riverside & Dan River Cotton Mills, John K. Whitaker of Hesslein & Co., Inc., Frederic A. Williams of Cannon Mills, Inc. and G. E. Huggins of Catlin Farish Co., Inc.

"Textile expansion and its effective synchronization with war needs is an old story," said Mr. Bell. "Long before Pearl Harbor, in the early days of the defense program, we began to prepare for the job of clothing and equipping our armed forces. By close cooperation with the Quartermaster General's Office, the Navy Supply Corps and other procurement agencies, plus their intelligent foresight, we have provided well-balanced surpluses of all types of cotton woven materials which have cushioned the impact of unprecedented demand due to rapid and successive increases in the number of men under arms."

In a summary of outstanding accomplishments of the cotton textile industry during the year Mr. Bell pointed out that production of combed twills was 10 times greater than in 1939; and cotton duck five times greater, largely from conversion from other fabrics. Sanforized drill purchases of the Army increased from 20,000,000 square yards in 1940 to 190,000,000 in 1942, while herringbone twill purchases rose from 12,000,000 to 195,000,000.

Pointing out that 1943 will demand even more effort and ingenuity, Mr. Bell's report expressed the hope that the industry will maintain its record of doing the impossible in this crucial year.

Citing practical measures of cooperation of the membership of the association with the WPB, Mr. Bell expressed the opinion that "not since processing-tax days had so many executives engaged simultaneously in cooperative effort." Similar cooperation was extended to OPA in providing facilities and services required in its formulation of ceiling price schedules, which Mr. Bell characterized as "with some exceptions, reasonable and fair." The report concluded:

"While our emphasis in this report has been on the full activities and high achievement of the past year, it is clear that 1943 will demand even more effort and ingenuity. Foremost is the need for production and then more production to satisfy the war, lend-lease and civilian needs. A new appeal has just been issued by the WPB to every cotton mill for the maximum of effort to this end. I sincerely hope and believe that in this crucial year the industry will maintain its record of doing the impossible."

REAL ESTATE SECURITIES

Recent Assessed Valuations Placed Upon New York City Real Estate Indicate That Real Estate Bonds Are Still Selling Far Below Their True Intrinsic Values.

The wise investor who has heeded the admonition of not placing all his eggs in one basket, and who wishes to diversify his investments, would do well to consider the addition of Real Estate Bonds to his security portfolio.

The value of a real estate bond may be determined by several factors. First of course the degree of security. Other factors may include yield and the possibility of enhancement of price. Naturally, the earning power of the property securing the mortgage of which the bond is a part is an important consideration.

The writer believes that the assessed valuation placed upon a property for the purpose of taxation is one yardstick that may be used for determining the value of the property. Some theorists may disagree with this statement on the grounds that at a given time the real estate in question could not be sold for the assessed valuation. This fact alone does not establish value. The cost of the land upon which the building is erected, the cost of constructing the building, which includes labor, material, builders' and architects' fees must be considered. Also, due account must be taken of the value of the tenancy, the cost of commissions and advertising to secure such tenancy and the cost of alterations necessary to maintain the tenancy.

Assessments placed by the City of New York, for instance, are not just taken out of a hat. They are determined by trained real estate experts who give due consideration to all of the above facts. In addition, if an owner of real estate is not satisfied with the assessment placed upon his property, he may make an application for a reduction of the assessment. If he cannot secure the satisfaction he believes he is entitled to from the Tax Commission, he has the further right to go into the State Courts under a writ of certiorari to review or correct the final determination of that Commission. We may, therefore, presume that when the eventual assessment has been decided upon, it represents pretty near the actual value of the property.

According to an article published in the 1943 Manual of the Real Estate Board of New York, the State Board of Equalization in passing on the work of the Assessors of the Tax Department say officially that they find the Borough of Manhattan in the City of New York assessed at only 92% of real value. So here we have a State body more than substantiating the assessed valuations placed by the authorities of a city.

Exactly when is real value? The dictionary defines the word real as "having actual existence—not theoretical or imaginary" and the word value as "having financial worth."

We list below the assessed value of several properties in the City of New York on which there are bond issues. Assuming these assessments are only 92% of their real values and comparing the value placed on their first mortgages by the market price of their bonds, it would seem that our contention is correct that real estate bonds are indeed selling far below their true intrinsic values.

Property	Asessed valuation	Value placed on 1st mtge. by market price of bds.
Harriman Bldg.	$5,000,000	$1,781,152
Trinity Bldg.	8,750,000	1,001,835
61 Broadway	8,075,000	1,664,670
165 Brodway	9,000,000	2,880,000
Textile Bldg.	4,860,000	1,263,600
2 Park Ave.	6,775,000	2,945,190
10 East 40th Street	4,500,000	1,598,080
Dorset Hotel	1,825,000	711,869
Drake Hotel	2,600,000	884,000
60 East 65th Street	1,985,000	615,350
Hotel St. George	6,650,000	3,192,000

How To Make Securities Pay Your Income Tax

Filer, Schmidt & Co., 30 Pine Street, New York City, members of Put & Call Brokers & Dealers Association, Inc., have issued a folder entitled "How to Make Your Securities Pay Your Income Tax." Copies of the folder may be had from Filer, Schmidt & Co. upon request.

NY Analysts To Meet

The New York Society of Security Analysts, Inc., will meet on Feb. 19 at 56 Broad St., N. Y. City, at 12:30 p.m. Speaker at the meeting will be Dr. Harry Arthur Hopf, President of the Hopf Institute of Management and senior partner of H. A. Hopf & Co., management engineers, who will discuss "Measuring Insurance Company Management—Practical Administration."

Ernst To Get Chicago Exchange Membership

CHICAGO, ILL. — A membership in the Chicago Stock Exchange has been posted for transfer to Howard M. Ernst, senior partner of Ernst & Co., 120 Broadway, N. Y. City, and 231 South La Salle St., Chicago. Mr. Ernst is now serving as a Lieutenant Commander in the United States Navy.

Tomorrow's Markets Walter Whyte Says—

Bullish indications continue. Despite strength of low priced shares. Signs of immediate setback are lacking. War news only fly in ointment. Stops still in force.

By WALTER WHYTE

Despite the conflicting news the market is not behaving badly. Reactions that normally would affect the entire market, are limited to single issues or, at most, groups. Whenever signs of whole hearted reaction begin cropping out the market goes into a cataleptic state and most activity ceases. What volume there is seems to come out on strength. Little of it carries over into weakness.

* * *

How long such a condition will continue is a problem to which I don't know the solution. I do know that so long as strength continues it is the wise thing to stay with them.

* * *

I have before me a market letter which says in part that the abnormal activity in low priced shares should invite greater caution. It then goes on to say that the long term view remains "promising" because of military and business reasons. Both these arguments, paradoxical as they are, may prove right. But insofar as low priced shares are concerned I have seen too many cases where the dogs of yesterday became the blue chips of today. And contrariwise, the blue chips of yesterday became the homeless mongrels of today.

* * *

If there is anything true of the stock market and the stocks that are part of it, it is the truism that the market is never static. It is constantly in a state of flux. What applied to a world of yesterday need not apply to a world of today or tomorrow. Companies which a few years ago were selling in the market for anything they could bring are today loaded with orders that keep them working three shifts a day. Whether their stocks are worth more today is a question the market is constantly trying to solve.

I firmly believe that a stock which sold at $2 a share a couple of weeks ago, now selling at say $5, is worth $5 and no more. If it goes to $10 it is worth $10. If it goes back to $2, that's all it's worth. Involved statistics to prove certain issues are too cheap or too high are meaningless. Every stock is worth what it is selling for, no more, no less. A public anxious to buy a stock may mark it up. If so that's what it's worth. To look ahead and give empirical reasons for a possibility which no one really knows anything about is not only futile. It's poor market practise.

* * *

The market in its own action determines price, not value. Value is something else. Value is something mysterious based on hope. And when you take to putting good money on hope, brother, you are in for grief.

* * *

When you buy a stock because the company back of it is doing a good business and from what you read, you expect the business to stay good, or even get better, you are applying the law of motion which in effect states that a moving body will continue to move. But the market is no respecter of laws, physics or otherwise. Even the so-called law of supply and demand has little place in market action.

* * *

At best the market is a mirror or a crystal ball that reflects and foresees events that will affect it. Some people are fortunate enough to be able to recognize some of the things the market tries to reflect, or anticipate. Those need no guidance from this column.

* * *

Among the things that have an effect on markets is the world of tomorrow. Right now the majority opinion as expressed in market action seems to feel this world of tomorrow will be essentially the same as the one of yesterday. Perhaps they are right. But let a sudden breakdown occur in the market and all is changed again. For the market-minded, the end all of all philosophies is in market action as the only yardstick to follow. And so long as this action continues good so long should stocks be held, or

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RAILROAD SECURITIES

There has been a notable quickening of interest in the bonds of St. Louis-San Francisco in recent weeks, with most of the issues selling to new 1942-1943 highs. There are presumably three main considerations leading to the increasing speculative. For one thing, the original Interstate Commerce Commission plan was rejected by the District Court last year and it is generally expected that any revised plan will provide for more liberal treatment of the various old liens. Secondly, cash position of the company, and the prospects for a continued high rate of earnings, warrant the expectation of fairly liberal interest treatment in 1943. Finally, it is believed that even with liberal interest payments there should be a sufficient cash balance to allow the company, if it so desires, to ask for tenders of one or more of the outstanding issues. Such action would presumably strengthen the chances of even more liberal allocation of new fixed interest bonds to the remaining old bonds outstanding.

When the District Court rejected the Commission's reorganization plan for the 'Frisco last year it was with admitted reluctance, but on the finding that new first mortgage fixed interest bonds which should equitably have been allocated to holders of the prior lien and consolidated mortgage bonds were assigned to the claims of the RFC and the RCC. The amount involved is slightly more than $7,000,000, and it is expected that the treatment of the prior lien and consolidated mortgage bonds would be improved to this extent in a revised plan. Proportionately, this would make a wide difference as the aggregate of new first mortgage bonds in the original ICC plan allocated to prior lien and consolidated mortgage bondholders amounted to only about $37,500,000. Under that plan the prior lien 4s were given $146 in new first 4s, the prior lien 5s were given $154, the consolidated 4½s, $169, and the consolidated 6s, $185. The balance of claims were met in junior securities. The controversy will probably not be resolved for some time as the case is being appealed to the higher courts by the RFC.

In the meantime, the whole picture is improving, and should continue to improve, by virtue of the use of cash released from the boom earnings. Last year the company, aside from interest payments, paid off the principal of the two Kansas City-Memphis & Birmingham bonds, in the aggregate amount of $6,506,000. In the reorganization plan these liens were to remain undisturbed as to mortgage, and with interest at the rate of 4% as a fixed charge. This retirement should permit more liberal treatment of the Kansas City Fort Scott & Memphis 4s, 1936, which had a second lien on the valuable property, and this would carry through to the consolidated 4½s and 6s which have about 45% of the Fort Scott issue pledged behind them. If the company were to devote as much money to debt retirement, through tenders, this year as it did in retiring the Kansas City Memphis & Birmingham bonds last year, it would be possible to retire more than a third of the publicly held Fort Scott bonds. This would in turn make possible further betterment of the treatment of the remaining bonds of that issue, and perhaps all of the outstanding 'Frisco issues.

Another factor favoring the speculative potentialities of the 'Frisco bonds is that inasmuch as the plan has been rejected the company is in a position to use cash more freely (subject to court approval) than is the case where plans have been approved and interest distributions must generally be limited to accruals on bonds provided in the plan. Last year, payments on the Fort Scott bonds amounted to $129 per $1,000 bond on account of back interest. Accruals as of April 1, 1943, will amount to $191.94 per bond, and it should be possible to liquidate this entire accumulation in 1943. Interest payments on the poorer liens last year were as follows: Prior lien 4s, $34.68; prior lien 5s, $40.54; consolidated 4½s, $39.84, and consolidated 6s, $48.05. It is generally expected that the 1943 distributions will be at least this large, with chances favoring even heavier payments. As a high level of earnings appears assured over the visible future it seems likely that a very substantial portion of the present market prices will work out in cash payments even before reorganization.

San Francisco Clearing House Elects Officers

At the 67th annual meeting of the San Francisco Clearing House Association, held on Feb. 9, the following officers were reelected: President, C. K. McIntosh, Chairman, The Bank of California, N. A.; Vice-President, J. K. Lochead, President, American Trust Co.; Secretary, R. R. Yates, Vice-President, Bank of America N. T. & S. A.

As members of the Clearing House Committee the following were elected: C. K. McIntosh (Ex-officio); J. K. Lochead (Ex-officio); L. M. Giannini, President, Bank of America N. T. & S. A.; G. J. Kern, Vice-President, Crocker First National Bank; R. B. Motherwell, President, Wells Fargo Bank & Union Trust Co.; W. H. Thomson, President, The Anglo California National Bank.

The Manager of the San Francisco Clearing House is Russell W. Schumacher and the Assistant Manager is Howard H. Huxtable.

The total clearings of the San Francisco Clearing House for the year 1942 were $11,336,875,997, an increase of 19.52% over 1941, when clearings amounted to $9,485,190,388. The total balances for 1942 were $5,615,549,493, compared with $3,928,409,609 in 1941, an increase of $1,687,139,884. The average daily clearings for 1942 totaled $37,915,973, against $31,617,301 in 1941, an increase of $6,298,671, while the average daily balances for 1942 were $18,781,102, compared with $13,094,699, an increase of $5,686,403.

RR Bond Letter Available

Leroy A. Strasburger & Co., 1 Wall Street, New York City, have copies of their February Railroad Bond Letter available for dealers, showing the net operating income for all main railroad lines, both for the month of December and also for the year 1942. Copies of the "Letter" are available upon request from Leroy A. Strasburger & Co.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

There are many reasons why the shares of leading fire insurance companies attract the conservative investor. Among them we mention: the fundamental nature of insurance, the wide diversification of risk, the excellent managerial record, the long history of dividend payments, the constructive dividend policy of leading companies, and the maturity of the business.

In a recent issue of Best's Insurance News a list is presented of 24 stock fire insurance companies which operate in the United States and whose origins date back one hundred years or more. The shares of 13 of these companies are widely held, actively traded, and are quoted in leading newspapers. It seems worthwhile to study the history of these as to age, dividend record, and earnings.

Company—	Year of Origin	Age	Unbroken Div. Record to 1943	% of Age
Aetna Insurance	1819	124	70	56.5
Camden Fire	1841	102	69	67.5
Fire Association	1817	126	71	56.5
Franklin Fire	1829	114	112	98.5
Hartford Fire	1810	133	70	52.5
Insurance of North America	1792	151	69	45.5
New Brunswick	1832	111	15	13.5
New York Fire	1832	111	9	8.0
North River	1822	121	105	87.0
Providence Washington	1799	144	36	25.0
Security (New Haven)	1841	102	49	48.0
United States	1824	119	33	27.5
Westchester Fire	1837	106	72	68.0
Average		120	60	50.0%

The oldest company in the group is Insurance Company of North America, now in its 151st year; the youngest are Camden and Security of New Haven, each now in its 102nd year. The average age of the 13 is 120 years, and the average length of uninterrupted dividend payments is sixty years.

It will be noted that the unbroken dividend record is anything but uniform. Franklin leads the list with 112 years, or 98.5% of age; runner up is North River with 105 years, or 87.0% of age. At the foot of the list is New York Fire which paid no dividend in 1932 and 1933, and above it, New Brunswick which paid none in 1926 and 1927.

It is of interest also to consider dividends in relation to earnings. The general policy of most fire insurance companies has been to pay dividends out of net investment income alone, and to retain in the business all underwriting profits and a fraction of investment income. As a result of this policy the companies have been enabled to build up a very strong capital funds position and to broaden their earnings base in a very striking manner. In order to illustrate this, however, it is neither feasible, nor necessary to go back into ancient history; hence, the tabulation presented below covers the period 1925 to 1941, both years inclusive. Figures for 1942 are not yet available.

Company—	Total Divs.	Total Net Inv. Inc.	Total Net Und. Profits	Div. Coverage	Tot. Retain. In Business
		(000 Omitted)			(000)
Aetna Insurance	$22,125	$27,272	$9,720	1.67	$14,867
Camden Fire	6,395	8,411	2,846	1.76	4,862
Fire Association	10,985	14,199	1,504	1.43	4,718
Franklin Fire	11,400	12,815	6,624	1.71	8,039
Hartford Fire	42,860	47,619	26,519	1.73	31,278
Insurance of Nor. Amer.	45,724	53,694	20,916	1.63	28,886
New Brunswick	1,980	2,760	1,261	2.03	2,041
New York Fire	1,766	2,835	—138	1.53	931
North River	11,820	14,914	5,901	1.76	8,995
Providence Washington	7,435	9,959	4,985	2.01	7,509
Security (New Haven)	4,301	6,263	982	1.68	2,944
United States Fire	15,690	20,781	11,750	2.07	16,841
Westchester Fire	8,569	10,802	2,115	1.52	4,408
Totals	$190,990	$232,324	$94,985	1.71	$136,319

An examination of the figures presented discloses some interesting points. In the first place it will be noted that investment income is of far greater importance to the companies than are underwriting profits. In the aggregate it totaled for the period 2.45 times the latter. It is also important to observe that each company in the group covered dividends by investment income alone, without any aid from underwriting profits. (It must not be overlooked, however, that premium income constitutes the major source of investment funds.) For the group, dividends were earned during the 17-year period 1.22 times by net investment income.

Some companies have had a less profitable underwriting experience than others, as one might expect. New York Fire, for instance, shows a net loss over the period, while Fire Association, Security and Westchester show relatively low profits in relation to investment income. On the other hand, Franklin, Hartford and United States Fire experienced underwriting profits in excess of 50% of net investment income, which is considerably better than average.

Coverage of dividends by combined net investment income and net underwriting profits for the group is 1.71, and varies between a high of 2.07 for United States Fire and a low of 1.43 for Fire Association.

It is now of interest to examine the effect of this conservative dividend policy, whereby 42% of net operating profits are ploughed back into the business. The effect on capital funds, i.e., capital and surplus, is quite pronounced. On Dec. 31, 1925 total capital funds of the 13 companies aggregated $125,316,000; on Dec. 31, 1941 they aggregated $277,188,000; the increase is $151,872,000. Of this increase only about $30,000,000 represents paid-in capital and surplus; the balance, amounting to $121,872,000, represents mainly earned surplus ploughed back into the capital funds of the companies. It will be noted how closely this approximates the $136,319,000 of earnings in excess of dividends. Another factor which enters in is the difference in market value of stocks and bonds on the respective dates.

These augmented capital funds have permitted the companies to enlarge their investment portfolios and to write an increasing volume of business. In 1925 the net investment income of the 13 companies aggregated $11,226,000 and in 1941, $15,945,000, an increase of 42%. Premium volume, exclusive of Hartford Fire, aggregated $122,469,000 in 1925 and $139,676,000 in 1941. Hartford Fire, for some obscure reason, shows a decline in premium volume from $61,649,000 in 1925 to $46,587,000 in 1941.

It is significant that the growth in premium volume of approximately 14% for the 12 companies has been achieved in the face of a steady decline in average fire premium rates from 97¢ in 1925 to 65¢ in 1941, a reduction of 33%.

Since leading fire insurance companies are maintaining their conservative dividend policies, and are today still ploughing back all underwriting profits plus a portion of net investment income into earned surplus, the continuation of their sound growth for an indefinite period would appear to be assured.

Bank, Fire & Casualty Stocks Attractive

The basic position of commercial banks in the nation's economic life is reaffirmed by the results for the year 1942, according to an attractive folder just issued by Mackubin, Legg & Co., 22 Light St., Baltimore, Md., members of the New York Stock Exchange, discussing the attractive outlook for these securities. Copies of this interesting folder outlining the situation in detail may be had from Mackubin, Legg & Co. upon request.

Also available from the firm is an interesting circular on fire and casualty companies and the Mackubin, Legg Insurance Stock Index for 1942.

Southwestern Bonds Have Attractive Possibilities

According to a circular just issued by McLaughlin, Baird & Reuss, One Wall St., N. Y. City, members of the New York Stock Exchange, Missouri, Kansas, and Texas bonds offer interesting possibilities at the present time. Copies of the circular may be had upon request from McLaughlin, Baird & Reuss.

Stromberg-Carlson And Federal Screw Interesting

The current situation in Stromberg-Carlson and Federal Screw Works offer attractive possibilities, according to memoranda issued by Herzog & Co., 170 Broadway, New York City, from whom copies may be obtained upon request.

DIVIDEND NOTICES

KENNECOTT COPPER CORPORATION
120 Broadway, New York City
February 16, 1943.
A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on March 31, 1943, to stockholders of record at the close of business on February 26, 1943.
A. S. CHEROUNY, *Secretary.*

Magma Copper Company
Dividend No. 82
On February 17, 1943, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable March 15, 1943, to stockholders of record at the close of business February 26, 1943.
H. E. DODGE, *Treasurer.*

Newmont Mining Corporation
Dividend No. 58
On February 17, 1943, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable March 15, 1943 to stockholders of record at the close of business February 26, 1943.
H. E. DODGE, *Treasurer.*

DIVIDEND NOTICES

DIVIDEND NOTICE
ALLIS-CHALMERS MANUFACTURING COMPANY
Common Dividend No. 75
A dividend of twenty-five cents ($0.25) per share on the common stock, without par value, of this Company has been declared, payable March 31, 1943, to stockholders of record at the close of business March 8, 1943.
Transfer books will not be closed.
Checks will be mailed.
W. E. Hawkinson, *Secretary-Treasurer.*
February 10, 1943.

AMERICAN CYANAMID COMPANY
PREFERENCE DIVIDEND
The Board of Directors of American Cyanamid Company on February 16, 1943, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable April 1, 1943 to the holders of such stock of record at the close of business March 12, 1943.
COMMON DIVIDEND
The Board of Directors of American Cyanamid Company on February 16, 1943, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable April 1, 1943 to the holders of such stock of record at the close of business March 12, 1943.
W. P. STURTEVANT, *Secretary.*

THE BUCKEYE PIPE LINE COMPANY
26 Broadway
New York, February 2, 1943.
A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable March 15, 1943, to stockholders of record at the close of business February 26, 1943.
J. R. FAST, Secretary.

HOLLANDER DYED FURS
A. HOLLANDER & SON, INC.
Common Dividend
A dividend of 25c per share on the Common Stock has been declared payable March 15, 1943, to stockholders of record at the close of business on March 5, 1943. Checks will be mailed.
ALBERT J. FELDMAN, Sec.
Newark, N. J.
February 15, 1943.

TEXAS GULF SULPHUR COMPANY
The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable March 15, 1943, to stockholders of record at the close of business March 1, 1943.
H. F. J. KNOBLOCH, Treasurer.

UGI
The current quarterly dividend of $1.25 per share on $5 Dividend Preferred Stock and a dividend of 10 cents per share on Common Stock have been declared, payable March 31, 1943, to respective holders of record February 26, 1943.
THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
January 26, 1943 Philadelphia, Pa.

To the Holders of
VOTING TRUST CERTIFICATES
for Capital Stock of
United Air Lines Transport Corporation
Notice is hereby given that United Air Lines Transport Corporation has declared a dividend of 50¢ per share on its Capital stock, payable March 1, 1943 to stockholders of record February 19, 1943. Holders of outstanding Voting Trust Certificates for Capital stock of United Air Lines Transport Corporation, issued under Voting Trust Agreement dated July 23, 1934, are strongly urged to promptly surrender their Voting Trust Certificates to City Bank Farmers Trust Company, 22 William Street, New York, N. Y., as Agent for the Voting Trustees, in order to receive their dividend and the shares of Capital stock of United Air Lines Transport Corporation to which they are entitled.
The present holders of record of Voting Trust Certificates are those persons who acquired them either upon surrender of Common stock of United Aircraft & Transport Corporation pursuant to the reorganization of that Corporation effected in 1934, or by purchase and transfer prior to July 22, 1936, on which date the Voting Trust Agreement expired, and who have failed to respond to previous notices to exchange such Voting Trust Certificates for certificates of Capital stock.
A form of letter of transmittal to be used in exchanging Voting Trust Certificates for Capital stock may be obtained from City Bank Farmers Trust Company, upon request.
MARTIN C. ANSORGE
JOSEPH P. RIPLEY
SUMNER SEWALL
As Voting Trustees under Voting Trust Agreement of United Air Lines Transport Corporation dated July 23, 1934.
United Air Lines Transport Corporation by P. M. WILLCOX, Secretary
Chicago, Illinois, February 15, 1943.

The Securities Salesman's Corner

NO DAY'S WORK IS WASTED!

Selling securities is **building** your own business. It is a **process** of construction. The same rules apply to the building of a clientele as to the construction of any other worthwhile and lasting thing that is the outgrowth of creative effort. Build a house—days and weeks of labor go into the foundation, the side-walls, the roof, and all the various pieces and parts that taken together make a home. Each day's work adds a bit more to the uncompleted structure that eventually evolves into a "place where people live."

You may say, what has this to do with selling securities or "building a clientele?" There are days (we all have them) when we go out to see a certain number of investors—some of them we possibly know and some we don't. We make our calls, we complete a few interviews, some are unable to see us or are not in when we called, and at the end of the day we are prone to say to ourselves—just what did we accomplish today? If we were to look at each day's effort standing alone it is true that such days as these show very little in the way of actual return for the expenditure of our energies.

But each day's work does not stand alone. One of the main reasons why constructive effort, diligently applied, day after day, in this business will always bring eventual success, is that **Every Time We Complete A Sale It Is Directly Due to the Past Effort Expended (When We Couldn't See the Immediate Results) That Paved the Way For the Business We Do Today.** We should never lose sight of this fundamental law—it will insure the success of any salesman who applies it to his daily work. **No day's work stands alone**—day after day, do your best, put in your most intelligent and conscientious efforts. Call on your clients and your prospects, meet them half way; find out what **they** are interested in, talking about and the problems they wish to solve. Be friendly, alert and carry your head high—conscientiously strive to do a good investment job for your clients and prospects and by your actions and the things you say, prove to them that you are sincere and the law will assure your success.

This may sound somewhat like a bit of "preaching" or an old-fashioned "pep-talk" that we salesmen used to have to sit and listen to in the olden days when high-pressure sales managers would tell us how to "go out and do it," while they sat behind their desks and collected their over-ride. We certainly don't believe any salesman in this business needs any preaching today to make him a success in his job. It is only because we ourselves are often reminded of how important it is to keep our own eye on the eventual, longer range, view of this business that we concluded that this subject was worthwhile bringing up in this week's column.

One day last week we started out to call on about a dozen people whom we had never met before. We had a darn tough day, to put it mildly. Our names, taken from an office list were not only "cold," but many had moved away. Four o'clock in the afternoon came along and the fellow who writes this week's "corner" was just about fed up enough to call it a day. Then we remembered that there was someone we could call upon that we had **visited several times during the past year.** We did call and he was home. He was glad to see our blue nose and our frosty smile. He had some cash for investment and we offered him something he liked. We went home with a new customer and a good day's pay in our pocket. **But It Was All the Other Days Just Like the One We Had That Day, That Taken All Together, Made That Sale and That New Account A Reality.**

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)

CLEVELAND, OHIO—**Howard C. Linsz** has become associated with **George I. Griffiths & Co.,** Union Commerce Building. Mr. Linsz was formerly with Hornblower & Weeks.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Frank Brown Hesson** has become associated with **Sills, Troxell & Minton, Inc.,** 209 South La Salle St. Mr. Hesson was formerly with A. C. Allyn & Co. and prior thereto with Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Harry H. Jones,** formerly with Cray, McFawn & Co., has become affiliated with **E. H. Rollins & Sons, Incorporated,** Penobscot Building.

(Special to The Financial Chronicle)

EAU CLAIRE, WIS.—**Ralph H. Utegaard,** previously with Paine, Webber & Co., has become affiliated with **Holley, Dayton & Gernon,** S. A. F. Building.

(Special to The Financial Chronicle)

FT. WAYNE, IND.—**Percy G. Olds** is now with **J. E. Allen McMeen,** Old First Bank Building. Mr. Olds was formerly with G. Ward Beers & Co.

(Special to The Financial Chronicle)

FRESNO, CALIF.—**Andrew W. Quinn** is now with **Schwabacher & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.—**Raymond H. Renehan** has joined the staff of **King, Wulf & Co.,** Michigan National Bank Building. Mr. Renehan was formerly with McDonald, Moore & Hayes, Inc., and Harper, Wegusen & Yonkman.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Louise L. McCall** is affiliated with **Barbour, Smith & Co.,** 210 West Seventh Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dorothy Copeland** has been added to the staff of **Crowell, Weedon & Co.,** 650 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Paul N. Hofacker** has joined the staff of **Hopkins, Hughey & Co.,** 609 South Grand Avenue.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dorothy Strasburg** is now with **William R. Staats Co.,** 640 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clyde Marsh** has been added to the staff of **H. R. Baker & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

MARQUETTE, MICH.—**Walter H. Steere,** previously with Allman, Everham & Co. and Cray, McFawn & Petter, has become connected with **Baker, Simonds & Co.,** Buhl Building, Detroit, Mich.

MINNEAPOLIS, MINN.—**John H. Middlemist** is now associated with **Piper, Jaffray & Hopwood,** 115 South Seventh St. Mr. Middlemist was previously with Wells-Dickey Company for many years.

(Special to The Financial Chronicle)

QUINCY, ILL.—**E. J. Carson,** previously with Straus Securities Co. for several years, has become associated with **Slayton & Co.,** Illinois National Bank Building.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**William F. Sullivan** is now with **Southeastern Securities Corp.,** Florida National Bank Building. Mr. Sullivan previously was with Guaranty Underwriters, Inc., and Robson, Link & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **R. E. Holmes** has become affiliated with **Davies & Co.,** Russ Building. Mr. Holmes was formerly with Bankamerica Company and in the past was Oakland manager for Elworthy & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Burton L. Smith** and **Henry I. Sound** have been added to the staff of **H. R. Baker & Co.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **John D. O'Connell** has become associated with **Sutro & Co.,** 407 Montgomery Street. Mr. O'Connell previously was with E. F. Hutton & Co.; in the past he was a partner in Monasch & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **William Herlitz,** formerly with Dean Witter & Co., has joined the staff of **Walston, Hoffman & Goodwin,** 265 Montgomery Street.

(Special to The Financial Chronicle)

SHEBOYGAN, WIS. — **Otto F. Kaufmann, Jr.,** and **Edward R. Mayr** have become associated with **Heronymus, Ballschmider & Co.,** Security National Bank Building. Both were formerly with the local office of Francoeur, Moran & Co. for many years.

Godfrey Simonds To Be G. H. Walker Partner; To Head New Branch

G. H. Walker & Co., members New York Stock Exchange, will enter the investment banking field in New England on March 1 through the establishment of a new organization in Providence, R. I., headed by Godfrey B. Simonds, formerly President of Bodell & Co., Inc. The opening of this New England office will considerably augment the services of the Walker organization which presently maintains offices in New York and St. Louis.

Mr. Simonds, who is Co-Chairman of the U. S. Victory Fund in Rhode Island, will become resident partner and operating executive of the Providence office of G. H. Walker & Co. Associated with Mr. Simonds in his new connection will be the following former Rhode Island officers and representatives of Bodell & Co., Inc.: Robert H. Smith, Charles E. Spooner, Harold H. Young, Howard W. Wilson, Gordon E. Cadwgan, Gilbert M. Mears, Oscar E. Skinner, Jr., Lt. U.S.N.R. (on leave of absence), Edward H. Winsor, W. Rowland Harrall, Richard M. Moulton, Newman T. Sleeper, Charles E. Spooner, Jr., W. Ronald Gill, Peter Van I. Burnett, William J. Toy, R. Gordon Judd, Capt. Clarke Simonds, U. S. Army Air Force (on leave of absence).

Because of war conditions, Bodell & Co., Inc., plans to suspend its business of dealing in securities, and members of the organization in New York, New Haven and Hartford will not be associated with G. H. Walker & Co.

The Walker firm was established in 1900 and is well known in mid-western and New York financial circles. Members of the firm include: G. H. Walker, Capt. G. H. Walker, Jr. (on leave of absence), Lt. James W. Walker, U.S.N.R. (on leave of absence), William H. Bixby, H. Prenatt Green, James H. Wear, John J. Nolan, R. H. Matthews, Capt. James Bush (on leave of absence), James C. Ward (on leave of absence), Thatcher M. Brown, Jr., and Cheston Simmons. Allen T. West and Loulie W. Walker are special partners.

Mr. West is a brother of the late Thomas H. West, former President of the Rhode Island Hospital Trust Co. Mr. Green is a member of the Board of Governors of the New York Stock Exchange.

Investment Trusts

Salesmanship And The SEC

When the sales manager of an investment company is "cold-shouldered" by an important dealer with whom he is trying to establish business relations, what does he do? Does he get mad and give the dealer a piece of his mind? Does he go around telling all his friends what a "So-and-so" that dealer is? Or does he accept the rebuff as a challenge to his ability as a salesman—and then redouble his efforts to "sell" the dealer on the benefits **he** will get from the relationship?

To every successful sales manager in the investment company field—or in any other field—the answer is elementary. You don't sell a product by antagonizing the prospect. And you don't get anywhere by going around knocking people—either your competitors or the prospects you didn't "sell." Instead, you try to get the other fellow's angle. You ask: How is what I have to offer going to benefit **him?**

The other day this writer heard a successful business executive put the blame for bad relations with the Government not on the "Washington bureaucrats" but on business itself. Said he: "I can't understand how American business men who are so intelligent in selling their products to the people can be so dumb in their relationships with the Government." This man had just completed a 17-month stretch in a key war agency post in Washington. There, despite considerable exasperation, he had been able to get the other fellow's angle.

While this column would find it difficult to agree with the thesis that business in general and that investment companies in particular could have made much progress in improving their relations with the Government in the past with the bureaucrats in such an arrogant frame of mind, it does believe that the whole complexion of things is changing now that the bureaucrats realize that their past destructive attitude must change, and change quickly, or Congress, sensing the temper of the people, will oust them altogether and consequently it does believe that at this stage business men could do much to improve those relations. Concerning relations between the investment company field and the SEC, it is believed that not only can such improvement be substantial, but that now is the time for investment company executives to initiate steps toward this goal.

Any moves in this direction, to be successful, must be predicated on the assumption (1) that "there will always be an SEC" (whether it be so or not) and (2) that in the long run it is essential for the SEC to have satisfactory working relationships with the fields of business which come within the scope of its jurisdiction. Without such relationships, that agency must now know that it is likely to become a target of every conservative Congress that comes into office. Reduced appropriations, changes in personnel, administrative difficulties would at least be the inevitable result.

In fact, the temper of the present Congress has already pointed the way toward just such developments. Anyone who has spent much time at the offices of the SEC recently can sense an acute awareness of this trend—and, incidentally, a belated recognition of the agency's own past mistakes. For the first time in its existence the SEC is on the defensive.

How long it will be forced to remain on the defensive is anyone's guess. But for investment company leaders to simply stand up and cheer at the turn of events would be to overlook a great opportunity. For, until a "satisfactory working relationship" is achieved, both the industry and the agency will be the loser while Congress tolerates the existence of the SEC. And in a contest with the Government it is quite clear from the record who at this stage stands to lose the most.

This writer has the highest regard for the ability of investment company managers to sell their merchandise to the public. In spite of many kinds of difficulties they are doing an excellent job. Now they should make the same kind of constructive sales effort in the important task of "selling" their industry to the Government.

Appointed Directors

Charles Plohn, partner in Newborg & Co., N. Y. City, members of the New York Stock Exchange, and David F. Kemp have been named directors of the Vadsco Sales Corporation.

Municipal News & Notes

The statement made in this space last week regarding the prospects that further liquidation on the part of certain institutions would undoubtedly serve to offset in important degree the war-induced decline in new capital municipal borrowings appears to have been highly justified in light of developments on Tuesday of this week. These included the sale by the Prudential Life Insurance Co., Newark, of $13,301,000 Chicago, Ill., waterworks system certificates of indebtedness to a banking group for redistribution and the disposal by the Williamsburg Savings Bank of Brooklyn of $5,000,000 bonds of early maturities, largely to local commercial banks.

The Chicago water certificates, bearing interest rates of 2%, 2¼% and 2½%, were acquired by a syndicate headed by Halsey, Stuart & Co., Inc., and Blyth & Co., Inc. They mature serially from 1949 to 1960 inclusive, and were reoffered by the group at prices to yield from 1.25% to 2.10%. The certificates are valid and legally binding obligations of the city, payable solely from revenues of the waterworks system.

The underwriting group consisted of 35 investment firms, and in addition to the above-mentioned two principals other members of the account included the following: Harriman Ripley & Co., Inc., Smith, Barney & Co., First Boston Corp., Blair & Co., Inc., and Lazard Freres & Co.

The Chicago water certificates, incidentally, have always enjoyed a high credit rating, and this fact, together with the current strength of the municipal market, was clearly reflected in the strong demand which prevailed for the securities upon reoffering.

Arizona Bill To Permit Local Utility Purchases

Enlargement of the scope of the present municipal revenue act to permit municipalities to purchase utility systems besides water projects is provided for in a bill introduced recently in the State Legislature. The new measure also eliminates the existing provision prohibiting the issuance of bonds for waterworks acquisitions after March 1, 1943. Under the new measure, the City of Tucson would be permitted to issue bonds for purchase of the Tucson Gas, Electric Light & Power Co. It would also apply to the City of Phoenix, which is understood to be interested in the purchase of the Central Arizona Light & Power Co.

Utility undertakings is defined in the new bill to mean "Any one or combination of the following: electric light or power, water, sewer, gas, garbage or rubbish plant or system, together with all parts thereof and appurtenances thereto, including, but not limited to, disposal treatment, and reduction plants, buildings, incinerators, dams and reservoirs." These may be within or without the corporate limits and may include construction, improvement, reconstruction, extension, operation, maintenance, and acquisition by gift, purchase or the exercise of the right of eminent domain of any utility undertaking.

Iowa To Redeem Primary Road Bonds On May 1

The Iowa State Highway Commission has issued a call for the redemption on May 1 of $2,750,000 primary road bonds of seven counties. The bonds being called, which actually mature 1948-50, consist of the following: Buena Vista County, $600,000; Calhoun County, $550,000; Cherokee County, $500,000; Humboldt County, $400,000; Ida County, $200,000; Lyon County, $250,000, and Sac County, $250,000. Although the bonds are general obligations of the counties they are actually serviced from funds allocated to them from the State primary road fund.

$7,000,000 Seattle Bonds Feature Week's Offerings

Award of $7,000,000 Seattle, Wash., 2½% municipal light and power revenue bonds to a syndicate headed by Blair & Co., Inc., New York, and including, among others, John Nuveen & Co., Lee Higginson Corp. and B. J. Van Ingen & Co., Inc., was the central feature of last week's market activity. Although purchased from the city via sealed bid route on Feb. 10, the bonds were not formally offered by the successful group until Feb. 15. The obligations, which mature serially from 1954 to 1970, and are callable beginning Jan. 1, 1948, were re-offered from a yield of 2.10% to a dollar price of 98, depending on maturity. A substantial part of the issue had already been disposed of by the underwriters prior to the formal offering.

New York State To Issue $12,000,000 Bonds

In connection with the recent Assembly approval of a bill empowering the issuance of State bonds for less than the present 40-year maturity term, State Comptroller Frank C. Moore, who sponsored the measure, estimated that its enactment would result in a saving of $2,500,000 in interest charges on a forthcoming $12,000,000 bond issue.

N. Y. City Housing Unit To Retire Original Bonds

Edmond B. Butler, Chairman, announced the Authority has called for payment the outstanding bonds which covered the cost of six low-rent public housing projects previously completed and occupied. Holders of the bonds were advised that funds for their redemption had been deposited with the fiscal agent, the Bankers Trust Co., 16 Wall Street, New York City. The bonds being called are to be replaced by a new issue of $37,580,000 series A refunding bonds sold to the public on Jan. 11, 1943, and $6,543,000 of series B bonds sold to the Federal Public Housing Authority:

Mr. Butler stated: "Through the sale of $37,580,000 refunding bonds to the public, the Authority was able to revise, on an extremely favorable basis, the debt structure of the first six of its Federally-aided projects. This operation has enabled the Authority to effect a saving in interest cost of approximately $15,375,000."

The series A refunding bonds were sold to a banking syndicate of about 63 banks, headed by Lehman Bros., Blyth & Co., Inc., Phelps, Fenn & Co., R. W. Pressprich & Co., and Goldman, Sachs & Co., at an average net interest cost of 2.1286% per annum.

Mr. Butler also stated: "This sale of $37,580,000 series A bonds to the banking public is the largest issue of Housing Authority bonds ever sold by a single Housing Authority. It is a culmination of the continuous growth of confidence of the banking community in Housing Authority bonds. Under the U. S. Housing Act of 1937, which provided financial assistance for low-rent public housing projects, it was contemplated that 90% of the loan funds would come from the Federal Government and 10% from private financial resources.

"This refunding indicates that public housing and public housing finance has arrived at a point where this ratio may be practically reversed. In fact, these refunding bonds, plus privately-held bonds already paid, will constitute almost 90% of the total loan originally required to finance the six projects."

Vermont Would Refund Maturing Flood Bonds

Refunding of $425,000 flood bonds of 1927 maturing in the fiscal year ending June 30, 1944, in order to provide additional funds in that amount toward highway maintenance, is proposed in a bill now before the Legislature. The refunding bonds would mature in 1949, the year after the rest of the flood retirement payments are completed.

Florida Supreme Court Ruling In City Limits Case

A decision rendered late in December by the Florida Supreme

Court, in a case involving efforts made at Coral Gables to have a substantial amount of property declared outside of city limits, may have the effect of discouraging litigants residing on the fringe of municipalities who seek to absolve themselves of tax obligations. The ruling, it was reported, reversed a Florida trend, traced back to the late '20s, to declare out-of-bounds boom-time annexations. It blocked efforts made at Coral Gables to sever half the municipality south of Bird Road. Had the move been successful, City Attorney Edward L. (Ted) Semple, declared, the municipality of Coral Gables would have been given a severe revenue blow, one not easily absorbed.

Minnesota's Highway Debt Reduction Continues

M. J. Hoffman, State Highway Commissioner, has announced that the State trunk highway system's bonded debt will be reduced to $25,220,000 by July 15, at which date $3,901,475 due in principal and interest charges on highway and highway refunding bonds will be met from the department's sinking fund. Mr. Hoffman also said that by the end of March, 1944, only $93,000 of the $34,782,436 in county highway reimbursement bonds assumed by the State would remain to be paid.

State Treasurer Julius A. Schmahl reported that $13,500,000 of funds not immediately required for trunk highway purposes had been invested in series "C" Treasury tax notes in accordance with authority contained in a measure enacted at the present session of the Legislature.

He said that while the notes were callable at any time after six months, the State stood to gain more if the funds remained invested. Interest on the funds for the first six-month period will total $60,000, he said, while at the end of one year the interest would amount to $138,000. Should the funds be left for three years, a total of $530,000 in interest will accumulate.

Federal Tax Burden May Impair State Revenues

State income tax revenues may be affected seriously in 1943 and 1944 by the huge Federal income tax collections called for by the Federal Revenue Act of 1942, the Federation of Tax Administrators reported. Chief reason is the provision found in laws of 25 of the 34 States levying this tax which permits a taxpayer to deduct Federal income tax payments in computing income on which State taxes are due.

Hardest hit this year will be the 23 States permitting deduction of Federal taxes paid now on last year's income; in the two other States the taxpayer may deduct taxes paid during 1942 on 1941 income at the lower rate then prevailing. One State—Wisconsin—has sought to protect herself by allowing deduction of Federal income taxes only up to 3% of individual net income and 10% of net income of corporation.

The Federation pointed out that nine of the 34 income tax States do not permit a general deduction of the Federal tax in computing the State tax, though the Federal income tax law permits deduction of State income tax payments in figuring Federal income tax payments. The effect on total State receipts is slight, however, since the amount of the Federal tax is much greater, the Federation said.

Income tax administrators in 13 States have predicted the effect of the Federal tax program on collections of their State taxes for 1943 and 1944, the Federation said. Seven of these administrators—all but one from States allowing deduction of the Federal tax—predicted increases in their collections ranging up to 30%. Four anticipated 1943 collections at about the same levels as 1942, whereas only two expected increased revenues. All said their 1944 income tax receipts would be lower than 1942. Estimate of one tax administrator for his State is as follows:

	Estimated Decrease from 1942 1943	1944
Revenue from corporation incomes	12%	24%
Revenue from personal incomes	6%	24%

The decline would be more serious were it not for the continuing increase in taxable income, the Federation said. In the calendar year 1941 the national income was $94,500,000,000, a 22% increase over 1940 income which, in turn, was 13% higher than the previous peak year of 1929. Estimates place 1942 national income at about $115,000,000,000 a further increase of 21½% over 1941. Based on this "war prosperity" income tax collections of most States rose spectacularly, the largest proportional increase being 146% in Arkansas and the largest absolute increase $25,000,000 in California.

The Federation pointed out that other factors are working to depress State income tax collections, notably renegotiation of war contracts, liquidation of many nonessential small and medium enterprises, investment of income in tax-exempt war saving bonds, and limitations of high incomes.

Major Sales Scheduled

The outlook for future activity in the new issues field was considerably improved as a result of the announcement of the proposed sale on March 2 of a group of local Housing Authority bond issues aggregating $24,914,000. The market for instruments of this character is constantly expanding, as was clearly demonstrated in the strong demand which attended the recent offering by the New York City Housing Authority. In addition to the Housing Authority offerings, the calendar also includes several other offerings of $500,000 or more.

February 23

$1,269,000 Albany County, N. Y.

At the last previous sale award was made to a group headed by Kidder, Peabody & Co., New York, and the second high bidder was a syndicate headed by Halsey, Stuart & Co., Inc.

February 25

$750,000 Nassau County, N. Y.

The Franklin Square National Bank of Franklin Square purchased the last previous issue, the second high bid having been submitted by the Graham, Parsons & Co. account.

March 2

$4,100,000	Alley Dwelling Authority, Washington, D. C.
6,000,000	Baltimore City Housing Authority, Md.
7,800,000	Boston Housing Authority, Mass.
2,375,000	Detroit Housing Authority, Mich.
850,000	Jersey City Housing Authority, N. J.
2,800,000	Louisville Housing Authority, Ky.

Alberta Province Bonds Attractive Speculation

Province of Alberta bonds offer attractive possibilities for current and post-war investment, according to an interesting circular issued by Charles King & Co., 61 Broadway, New York City, which states that this is a provincial bond returning 3% to 4% at half interest rate with good speculative possibilities. Copies of the circular may be had from Charles King & Co. upon request.

Canadian Mfg. Rose In December, January

Canadian manufacturing increased slightly between December and January, according to S. M. Wedd, General Manager of the Canadian Bank of Commerce, Toronto, Canada. Manufacturing increased slightly between December and January, a seasonal decline in the processing of foodstuffs being offset by an increase in the textile and clothing group and by a recovery in wood products, further wood-working factories being engaged on Government orders. There is little net change in the iron and steel trades as a whole, although the heavy section declined considerably as a result of the temporary stoppage of work at primary steel plants. There was, however, increased activity in factories not so far affected by a steel shortage.

"In accordance with our practice of periodically re-weighing the component parts of our index to conform with the trend of production," Mr. Wedd stated, "we have revised our index of industrial activity back to August, 1942, the composite index, month by month, for the remainder of the year, with the unrevised index bracketed, being as follows: 182 (180), 190 (182), 202 (182), 208 (186) and 203 (186). Our January index of industrial activity is 204 (1937 equals 100), as compared with 203 for December, while the percentage of factory capacity utilized has risen from 126 (unrevised 122) to 128.

"Our wage payroll index rose from 216 (revised) in November to 231 in December, all sections of the payroll registering increases."

CANADIAN SECURITIES

This war is revolutionizing Canada in much the same way that the first World War revolutionized the United States. Some people might prefer to describe the changes now taking place as "industrialization"—but there's more to it than that.

In the first place it makes a great deal of difference to a nation whether the capital with which it is industrialized is "foreign" or "domestic" capital. In Canada this great forward step is being financed internally. And on a sound basis, too—but more of that later.

It will be remembered that the United States at the outbreak of the first World War was predominantly an agricultural nation with a substantial part of its national debt owed abroad. That war changed the United States from a debtor to a creditor nation and gave industrialization here the impetus that carried us to world leadership.

Canada, a predominantly agricultural nation with a substantial external debt prior to the outbreak of the present war, has in the past three years traced much the same course followed by the United States during 1914-18. Although on a smaller scale than was the case here, Canada has developed heavy industry. Her aircraft, guns, tanks, and other war materials are being produced from the molten metal to the finished product in her own factories. Her chemical industry has come of age; she has built the largest aluminum plant in the world; a brand new optical glass industry has been developed; synthetic rubber and magnesium are being added to the list. With all this accomplishment, there has also been a considerable repatriation of Canada's external debt.

How big is Canadian industry? Today Canada with a population of 11,725,000, or less than 9% as large as our own, is producing war materials at the rate of $2,500,000,000 annually. Adjusting for the population differential, that would correspond to a $28,000,000,000 annual output of war materials for this country.

A large portion of Canada's
(Continued on page 663)

Moffatt Re-elected Curb Exch. Chairman

Fred C. Moffatt, former President of the New York Curb Exchange, was reelected Chairman of the Board of Governors on Feb. 8; 260 votes were cast, one void, in the annual election which was the thirty-third in the Exchange's history.

John S. McDermott, Chairman of the Public Relations Committee, was elected a Class A Governor for one year. In addition, 12 Governors and two Trustees of the Gratuity Fund were chosen.

Andrew Baird of Josephthal & Co., John A. Ludlow of J. A. Ludlow & Co., H. Lawrence Jones of Eastman, Dillon & Co., Herbert Tully and David U. Page were elected Class A Governors (who are regular members of the Exchange) for a term of three years. Four Class B Governors — partners of member firms doing business with the public — were elected for a three-year term: Casper C. deGersdorff of Harris, Upham & Co., Benjamin B. McAlpin, Jr. of Laird & Co., Albert G. Redpath of Auchincloss, Parker & Redpath, and William S. Wilson of Montgomery, Scott & Co. Three Class B Governors were elected for a two-year term: John F. Wark of Merrill Lynch, Pierce, Fenner & Beane, Paul L. Hughes of Gude, Winmill & Co., and John Whitney of Baker, Weeks & Harden. George Herrel and Clarence L. Eckstein were elected trustees of the Gratuity Fund for three years.

Of the 12 Governors elected, Messrs. Baird, Jones, Ludlow and Wark have not previously served on the Board. Messrs. Tully, Wilson, Hughes and deGersdorff were elected to the Board last November, 1942, to fill the unexpired terms of Charles N. Phelps, Alpheus C. Beane, Jr., Jess W. Sweetser, and Herbert L. Wisner, who resigned at that time because of their increased activity in the war effort.

At the Board's inaugural meeting on Feb. 9 Edwin Posner was reelected Vice-Chairman of the Exchange to serve for one year.

Three Class C Governors, John T. Madden, Benjamin H. Namm and Victor F. Ridder, members of the Board representing the public and not connected with the securities business, were reelected for the third time to serve for the ensuing year.

Chairman Moffatt was designated by the Board as President pro tem, in which capacity he succeeds himself, having held that post since July 1, 1942 when George P. Rea, first non-member paid President, resigned after holding office for three years.

The Board also approved appointments by the Chairman of officers, department heads and committees for the coming year. Charles E. McGowan was named Secretary and Director of the Department of Transactions; Christopher Hengeveld, Jr., was named Treasurer and Director of the Department of Administration; Joseph R. Mayer, Assistant Treasurer; Henry H. Badenberger, Director of Department of Outside Supervision, and Martin J. Keena, Director of the Department of Securities.

The four new Governors received assignments to committees. Andrew Baird will serve on the Admissions Committee, General Committee on Transactions and the Committee on Bond Transactions; H. Lawrence Jones on the General Committee on Securities, the Committee on Listing, the General Committee on Transactions, and the Committee on Stock Transactions; John A. Ludlow on the Admissions Committee, and John F. Wark will serve on the General Committee on Outside Supervision and the Committee on Business Conduct.

Standing Committees for 1943-1944 follow:

Committee On Admissions—Edward J. Shean, Chairman; Andrew Baird, Thomas W. Bartsch, John A. Ludlow, J. S. McDermott, Frederick J. Roth, Herbert G. Tully.

Committee On Arbitration—William B. Steinhardt, Chairman; Chas. D. Halsey, Benjamin B. McAlpin, Jr., J. S. McDermott, William S. Wilson.

Executive Committee—Fred C. Moffatt, Chairman; Chas. D. Halsey, Mortimer Landsberg, Wm. S. Muller, David U. Page, Edwin Posner, Albert G. Redpath, William B. Steinhardt.

General Committee On Securities—Mortimer Landsberg, Chairman; Chas. D. Halsey, Paul L. Hughes, H. Lawrence Jones, Charles Moran, Jr., Allen J. Nix, Herbert G. Tully, William S. Wilson, Wm. S. Muller.

Committee On Listing—Mortimer Landsberg, Chairman; Chas. D. Halsey, H. Lawrence Jones, Wm. S. Muller, Allen J. Nix, Herbert G. Tully.

Committee On Security Rulings—Wm. S. Muller, Chairman; Paul L. Hughes, Charles Moran, Jr., William S. Wilson.

General Committee On Transactions—David U. Page, Chairman; Andrew Baird, Thomas W. Bartsch, Joseph A. Cole, William H. Hassinger, H. Lawrence Jones, Edwin Posner, Frederick J. Roth, Edward J. Shean, William B. Steinhardt.

Committee On Stock Transactions—David U. Page, Chairman; Joseph A. Cole, William H. Hassinger, H. Lawrence Jones, Edwin Posner, Frederick J. Roth, William B. Steinhardt.

Committee On Bond Transactions—Edward J. Shean, Chairman; Andrew Baird, Thomas W. Bartsch.

General Committee On Outside Supervision—Albert G. Redpath, Chairman; Casper C. deGersdorff, Chas. D. Halsey, Paul L. Hughes, Chas. E. Judson, J. S. McDermott, Charles Moran, Jr., Edwin Posner, Edward J. Shean, John F. Wark, John Whitney.

Committee On Member Firms—Albert G. Redpath, Chairman; Casper C. deGersdorff, Charles Moran, Jr., Edwin Posner.

Committee On Business Conduct—Edwin Posner, Chairman; Chas. D. Halsey, Edward J. Shean, John F. Wark.

Committee On Communications And Commissions — Charles E. Judson, Chairman; Paul L. Hughes, J. S. McDermott, John Whitney.

Committee On Finance—Wm. S. Muller, Chairman; Mortimer Landsberg, J. S. McDermott, David U. Page, Frederick J. Roth, Edward J. Shean, William B. Steinhardt.

Committee On Public Relations—J. S. McDermott, Chairman; Chas. D. Halsey, William S. Wilson.

Merrill Lynch Financial Statement

Merrill Lynch, Pierce, Fenner & Beane, brokers in securities and commodities, and underwriters and distributors of stocks and bonds, of 70 Pine Street, New York, N. Y., in their annual report, released on Feb. 10, reported total revenue from all sources in the year 1942 at $9,442,608, an increase of about 10% over the year 1941, and the largest in the history of the firm as presently constituted.

Despite the rise in gross income, the report states, 1942 net profits dropped to $146,608, against $459,259 earned in 1941. The main reason for the decline, according to the firm, was the interruption by the war of the company's program of eliminating duplicate expenses and offices and assimilating personnel, as a result of combining with Fenner & Beane. This program was finally concluded by July 1, 1942. Due to these conditions and the smaller volume of business, the report says, the firm experienced a loss of $400,000 in the first half of last year. In the last half of 1942, however, the company made up the loss with dollars to spare.

The largest single source of the firm's business during the year 1942, according to the report, was from commissions received on listed securities. Last year such commissions amounted to 58% of total gross, against 48% in 1941 and 79% in 1939. The firm executed 8.09% of the round-lot volume on the New York Stock Exchange, against 7.0% in 1941.

During the year 1942, the firm states, it had 27,160 new customers, increasing the number of accounts to over 120,000.

SUMMARY OF INCOME, EXPENSES AND OTHER CHARGES

Years Ended Dec. 31—	1942	1941
Income from operations	$9,442,608	$8,657,479
Less operating expenses (includes partners' salaries)	8,672,819	7,615,374
Non-recurring expenses	236,720	203,736
Interest on capital	386,461	323,892
Write-down of seats	------	55,218
Net income	$146,608	$459,259

CONDENSED STATEMENT OF FINANCIAL CONDITION, DEC. 31

ASSETS

Current Assets:	1942	1941
Cash in banks and on hand	$5,195,240	$5,646,471
Segregated under the Commodity Exchange Act:		
Cash on deposit	5,038,378	7,982,719
Investments in U. S. Government securities	*2,760,000	
Clearing funds and similar deposits	439,751	2,430,359
Deposits on account of securities borrowed	248,940	85,150
Receivable from other brokers or dealers:		
Securities sold but not delivered	2,965,252	2,909,365
Equities in "future" commodity accounts	89,006	144,056
Receivable from customers:		
†Debit balances in margin accounts	54,804,709	56,747,772
Due from commercial and broker customers on account of commodity accounts	189,250	138,842
‡Securities owned by firm:		
U. S. Govt. and municipal securities	759,896	
Other securities	473,647	860,226
§Miscellaneous current assets	474,102	398,698
Total current assets	$73,438,170	$77,343,658
Other Assets:		
Memberships in exchanges—at market value	225,375	222,426
‖Furniture, fixtures, and office equipment	296,305	282,865
Prepaid expenses	109,432	47,069
Sundry unsecured receivables deemed collectible	15,545	12,570
Total	$74,084,827	$77,908,587

LIABILITIES

Current Liabilities:	1942	1941
Money borrowed on securities	$26,019,600	$31,301,500
Deposits on account of securities loaned	6,378,806	4,572,999
Payable to other brokers or dealers:		
Securities bought but not received	3,194,936	2,157,882
"Future" commodity accounts	5,934	15,623
Payable to customers:		
Free credit balances	21,621,075	22,774,073
†Credit balances in "margin" accounts	2,972,640	825,014
Equities in "future" commodity accounts	5,956,243	7,932,115
‡Securities sold but not yet purchased	256,104	49,481
Dividends and coupons payable and unclaimed	116,331	79,228
**Miscellaneous current liabilities	673,815	700,231
Due partners retired or withdrawing	97,824	606,780
††Due present and retired partners	180,605	72,260
Due general partners—free credit balances	212,921	396,401
Total current liabilities	$67,686,833	$71,483,587
Reserve—For contingencies	397,994	325,000
Net worth	6,000,000	6,100,000
Total	$74,084,827	$77,908,587

*At face value—approximate market value ($1,620,000 deposited as margins to contracts). †In which the margin, in each case, is equal to or greater than New York Stock Exchange requirements, and in "cash" accounts since cleared. ‡At quoted market value. §Such as commissions, dividends, and interest receivable, revenue stamps, etc. ‖At depreciated value. **Including commissions, taxes and expenses (and also in 1941, drafts). ††Old firm accounts in liquidation.

NOTE—Contingent liabilities of the firm at Dec. 31, 1942, consist of items such as open trades not yet recorded because of terms of delivery and when-issued contracts, all of reasonably definite nature, which would make no material change in the above statement on the basis of quoted market values at Dec. 31, 1942.

Chicago Northwestern Bonds Look Good

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have just issued a circular on Chicago Northwestern bonds, which the firm considers offer particularly attractive possibilities at current levels. Copies of this interesting circular may be had from Pflugfelder, Bampton & Rust upon request.

SEC Issues Report On Electrical Equip. Mfg.

The Securities and Exchange Commission made public on Feb. 5 the tenth of a new series of industry reports of the Survey of American Listed Coorporations. These reports cover the calendar years of 1940 and 1941 for companies with fiscal years ending in the same calendar year, and extend earlier reports which generally covered the period 1939-1940.

Report No. 10 includes 31 companies engaged primarily in the manufacture of electrical supplies and equipment other than household appliances, all of which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1941.

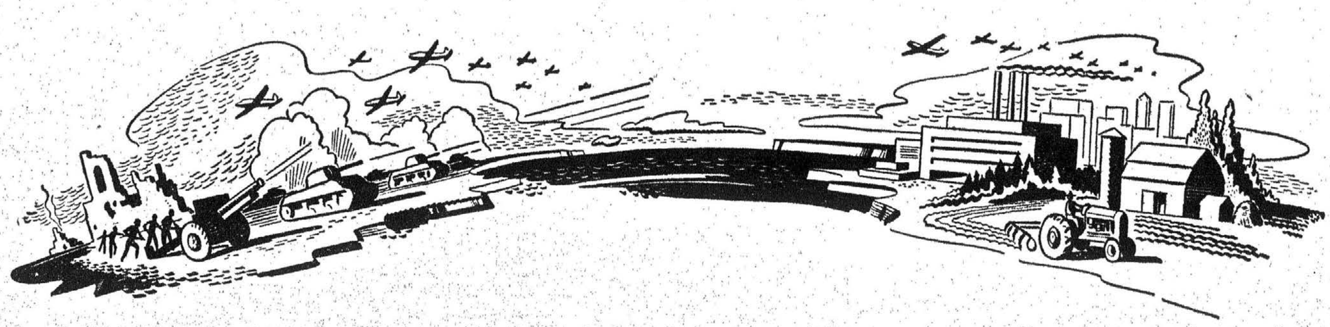
The SEC summarized from the combined totals some of the more important items in the report which only covers 30 corporations because one of them was not a registrant in 1940. The net sale for the 30 corporations amounted to $1,413,000,000 in 1941, compared with $887,000,000 in 1940, while the net profit from operations was $303,000,000 in 1941 and $150,000,000 in 1940. The net profit after all charges totaled $98,000,000 in 1941, as compared with $87,000,000 in 1940, equivalent to 6.9% and 9.8% of sales, respectively. Total dividends paid out by these corporations amounted to $73,000,000 in 1941 and $74,000,000 in the earlier year. The combined assets of the group totaled $1,129,000,000 at the end of 1941, compared with $832,000,000 at the end of 1940, while surplus in the latter year stood at $260,000,000, against $227,000,000 in 1940. The total capital stock of these corporations was $381,000,000 at the close of 1941 against $355,000,000 in 1940.

Conn. Stock Dividends

Putnam & Co., 6 Central Row, Hartford, members New York Stock Exchange, have prepared a list of 41 Connecticut stocks with their record of dividend payments for the last 33 years. Copies may be had from Putnam & Co. upon request.

Bank Stock Interesting

Common stock of The First National Bank of Birmingham offers attractive possibilities, according to a circular issued by Ward, Sterne, Agee & Leach, First National Building, Birmingham, Ala. Copies of the circular may be had upon request.



FIRE INSURANCE IN THE WAR

As the guns of our fighting men blaze on the battle fronts from Africa to the South Seas, fire insurance continues to play a vital role on the home front.

Months before our entrance into the war, the "industry which protects other industries" had quietly and effectively thrown its inspection and engineering facilities into the task of helping to safeguard the industrial plants of the nation from sabotage and carelessness. Losses in manpower and essential materials which would have been equivalent to serious military reverses have thus been prevented; substantial savings to taxpayers likewise effected.

Further, the agents and brokers of the fire insurance industry are bulwarks of strength on the civilian front. Without thought of profit to themselves, agents, brokers and companies alike have shown, in handling millions of dollars of War Damage insurance, how an essential industry can be mobilized effectively to carry on a vital war function in cooperation with the government.

Moreover, insurance in all its phases is being maintained in our national life, thus strengthening civilian morale on a vital home front and permitting greater concentration on the war effort. Insurance dollars are going into U. S. Treasury Victory Loan Bonds and the securities of war industries, thus helping to buy guns, planes, tanks, ships.

Finally, we take deep pride in stating that 35% of the male employees of The Home Insurance Company are now with the armed forces.

☆ ☆ ☆

We submit herewith our annual statement. This year the figures are especially important, for they reflect a year of insurance in war time. Behind the dollars and cents lies a human story of even greater significance.

President

STATEMENT

December 31, 1942

ADMITTED ASSETS

Cash on Hand or in Banks and Trust Companies	$ 20,215,068.12
United States Government Bonds	12,378,338.50
All Other Bonds and Stocks	71,248,522.76
First Mortgage Loans	383,779.32
Real Estate	3,879,315.95
Agents' Balances, less than 90 days due	7,666,305.78
Reinsurance Recoverable on Paid Losses	1,076,289.00
Other Admitted Assets	135,861.61
Total Admitted Assets	$116,983,481.04

LIABILITIES

Reserve for Unearned Premiums		$ 49,707,620.00
Reserve for Losses		11,017,422.00
Reserve for Taxes		4,521,522.00
Reserve for Miscellaneous Accounts		813,505.75
Funds Held under Reinsurance Treaties		59,045.61
Total Liabilities Except Capital		$ 66,119,115.36
Capital	**15,000,000.00**	
Surplus	**35,864,365.68**	
Surplus as Regards Policyholders		**50,864,365.68**
Total		$116,983,481.04

Note: Bonds carried at $3,417,281.00 amortized value and cash $50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. On the basis of actual December 31st market values, total Admitted Assets would be increased to $120,423,617.78 and Surplus to Policyholders would be increased to $51,304,502.42.

DIRECTORS

Lewis L. Clarke, William S. Gray, Charles G. Meyer, William L. DeBost, Wilfred Kurth, Edwin A. Bayles, Gordon S. Rentschler, Robert Goelet, Herbert P. Howell, Frank E. Parkhurst, George McAneny, Guy Cary, Harold V. Smith, Harvey D. Gibson, Frederick B. Adams

☆ THE HOME ☆

Insurance Company

NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

THE HOME, THROUGH ITS AGENTS AND BROKERS, IS AMERICA'S LEADING INSURANCE PROTECTOR OF AMERICAN HOMES AND THE HOMES OF AMERICAN INDUSTRY

Our Reporter's Report

(Continued from first page)

a precursor of firmer money rates.

Excess Funds At 6-Year Low

Dropping to a total of only $85,000,000 as of the close of business on February 10 last, surplus reserves of member banks in the New York area were the lowest since the fall of 1937, while for the system as a whole the total of $1,640,000,000 was at a minimum since the spring of 1938.

But investment men, realizing that the money market must be maintained around current levels to assure low-cost financing by the Treasury, do not view such figures with the awe that might have been the case under more normal circumstances.

They recognize that this situation can be corrected, if necessary, either by action of the Reserve Open Market Committee, or more directly through a lowering of reserve requirements by the Federal Reserve Board.

Puget Sound Revises Plan

Puget Sound Power & Light Company has revised its refinancing program through amendment of its registration as filed originally with the Securities and Exchange Commission some weeks ago.

The major change involves the elimination of the $8,000,000 of nine-year debentures originally included and the substitution of $6,500,000 of 3⅛% five-year bank loans for that portion of the program.

This leaves the $52,000,000 of first mortgage bonds to be marketed, and if the Commission avoids delay in approving the revisions it is believed the company could call for bids on the bonds to be opened in the first week of March.

Public Service of N. H. Changes

Coincident with the foregoing disclosure it was reported that the Public Service Company of New Hampshire's refinancing plans would be subject to change before the undertaking finally reaches market.

This plan originally called for $22,000,000 of first mortgage bonds and $2,500,000 of serial notes, the latter to be placed privately.

Now it looks as though the overall total will be scaled down somewhat, although the scope of such revision was not generally known in market circles at the moment.

Via Private Placement

It now looks as though the large block of stock of the New Jersey Zinc Company which was reported likely to be placed on the block for competitive bids, will pass to new hands through the process of direct negotiation.

The stock, owned by the Palmer estate, is believed to total somewhere around 275,000 shares, and the latest indications are that it is destined to be placed privately, presumably with an investment trust or a group of such companies.

N. Y. Stock Exchange Weekly Firm Changes

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

Transfer of the Stock Exchange membership of the late W. Eldridge Tobias to William H. Mitchell will be considered on Feb. 18. Mr. Mitchell is, and will continue as, a partner in Mitchell, Hutchins & Co.

Transfer of the Exchange membership of Gerald M. Gordon to Samuel J. Kingsley will be considered on Feb. 18. Mr. Kingsley, it is understood, will act as an individual floor broker.

Henry A. Goddard, Howard F. Whitney and George A. Young retired from partnership in R. L. Day & Co. as of Feb. 1. Mr. Goddard made his headquarters in the firm's Boston office; Messrs. Whitney and Young in the firm's New York office.

Henry W. Ford withdrew from partnership in Laird, Bissell & Meeds, New York City, as of Feb. 1.

A. Glen Acheson retired from F. S. Moseley & Co., Boston, Mass., on Feb. 1. Mr. Acheson made his headquarters in the firm's New York office.

The proposal that William H. Gray act as alternate on the floor of the Exchange for Donald C. Appenzellar, Jr., will be considered by the Exchange today. Both are partners in Talcott, Potter & Co., N. Y. City.

Marguerite S. Inman, special partner in Granbery, Marache & Lord, retired from the firm on Dec. 31.

Otto Jeidels withdrew from partnership in Lazard Freres & Co., N. Y. City, on Feb. 15. On Feb. 7 interest of the late John D. Harrison in the firm ceased.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 15 that the tenders for $700,000,000 of 91-day Treasury bills, to be dated Feb. 17 and to mature on May 19, 1943, which were offered on Feb. 12, were opened at the Federal Reserve banks on Feb. 15.

Details of the issue follow:

Total applied for, $1,114,274,000.
Total accepted, $703,107,000.
Range of accepted bids:

High, 99.935; equivalent rate of discount approximately 0.257% per annum.

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

Average price, 99.906; equivalent rate of discount approximately 0.373% per annum. (50% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 17 in amount of $501,422,000.

FBI Arrests Eight In Sale Of Stolen Bonds

The Federal Bureau of Investigation has arrested eight New Yorkers, including two lawyers, two securities brokers and a former night-club owner, on charges of conspiracy to traffic in stolen stocks and bonds. All are charged with violation of the stolen property act; conviction would carry a maximum penalty of ten years' imprisonment and $10,000 fine.

Those arrested were: Russell Safferson and Sigmund Saxe, partners in Biel, Russell & Saxe, New York over-the-counter dealers; George A. Turley and Frank L. Miller, lawyers; Albert J. Contento, alias Al Howard; Matthew Reinhardt, alias Arthur Rehn; Joseph W. Grober, a British promoter who shared offices with Turley, and Daniel Spencer Moran.

It was charged that between June 16th and Dec. 23rd, 1942 Rehn or Reinhardt disposed of $22,000 worth of bonds through Biel, Russell & Saxe, including municipal bonds of Rio de Janeiro, taken in a Miami theft; General Steel Casting bonds taken from the coat of Robert A. Middleton, a broker, in a Utica, N. Y. barber shop, and New York Water Service bonds stolen from a messenger of E. H. Rollins & Sons on April 27 in the New York financial district.

NYSE Short Interest Higher On Jan. 29

The New York Stock Exchange announced on Feb. 11 that the short interest existing as of the close of business on the Jan. 29 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 579,394 shares, compared with 501,833 shares on Dec. 31, 1942, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Jan. 29 settlement date, the total short interest in all odd-lot dealers' accounts was 34,117 shares, compared with 18,323 shares, on Dec. 31, 1942.

The Exchange's announcement further said:

"Of the 1,240 individual stock issues listed on the Exchange on Jan. 29, there were 28 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Jan. 29, 1943, exclusive of odd-lot dealers' short positions, was 492 compared with 457 on Dec. 31, 1942."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
April 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394

*Revised.

Ins. & Bank Evaluator

The current issue of the Insurance and Bank Stock Evaluator, issued by Butler-Huff & Co. of California, 210 West Seventh St., is now being distributed. The Evaluator contains a comparative analysis of 85 insurance companies and 37 banks as well as a brief discussion of bank stocks.

Copies of the Evaluator may be had from Butler-Huff & Co. upon request.

N. Y. Savings Banks Show Continued Gains

The monthly increases reported by New York State savings banks, both in the number of new accounts and in dollar deposits, which began last July, continued in January, according to an announcement made Feb. 15 by the Savings Banks Association. The Association reports that the aggregate gain in dollar deposits plus War Bond sales for January were close to $58,173,000; gain in deposits was $23,319,000, and War Bond purchases amounted to $34,854,000. Net increase in the number of accounts was 17,872 for the month.

Thus, in the last 6 months, it is noted in the announcement, the savings banks in New York State have sold $132,436,000 worth of War Bonds and Stamps and, at the same time, received $182,707,000 of new savings in their banks—a total of $315,143,000 to finance the war effort, to help stop inflation and to build for post-war prosperity.

The Savings Banks Association, in releasing these figures, states that no records are available as to how many individual War Bond purchases went to make up the total of $132,436,000 but, it points out, it must be considerable since the bulk of the sales represent E bonds largely in $25 and $100 denominations. This assumption is further substantiated by the fact that the total number of savings accounts increased from 5,969,703 six months ago to 6,019,686 at the end of January, an increase of nearly 50,000.

"The spurt in War Bonds sales plus the continued increase in both savings accounts and dollar deposits," the report continues, "show that the home front is increasing in strength and that more of the earnings and more people are being used to speed victory over the Axis and should spur all of us at home to even greater accomplishments to back up our fighters on the front line."

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Dec. 31, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $15,410,130,365, as against $14,804,809,871 on Nov. 30, 1942, and $11,160,087,131 on Dec. 31, 1941, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is on June 30, 1914, the total was $3,459,434,174.

Fifty Years With NYSE

Joseph T. McDevitt, Supervisor of the pneumatic tube system on the floor of the New York Stock Exchange, has completed 50 years of continuous service with the Exchange. The Quarter Century Club of the Exchange will celebrate the occasion, and a diamond service pin will be presented to Mr. McDevitt by Emil Schram, President of the Exchange.

Forty-three of the 91 members of the club have been employed by the Exchange from 25 to 30 years and 19 have served from 30 to 35 years. Nineteen are in the 35 to 40 year class and the service records of eight employees range from 40 to 45 years. Runner-up to Mr. McDevitt, who is the seventh employee of the Exchange to be awarded the half-century service pin, is Oscar Lassen, head carpenter, employed May 26, 1895.

Home Insurance Co. of New York Reports On 1942 Operating Results

The company in its 90th annual financial statement made public Feb. 16, reveals net premiums written during the year 1942 of $61,749,316, a decrease of $9,323,748 as compared with the premium volume in 1941—a decrease due entirely to the drop in automobile business. Automobile business declined $20,130,779, while premium income for other lines increased $10,802,031.

Total admitted assets on Dec. 31, 1942, were $116,983,481 compared with $123,976,772 at the end of 1941.

Asset items in the balance sheet are as follows: Cash, $20,215,068; U. S. Government bonds, $12,378,-338; all other bonds and stocks, $71,248,522; first mortgage loans, $383,779; real estate, $3,879,315; agents' balances, less than 90 days' due (premiums uncollected), $7,-666,305; reinsurance recoverable on losses already paid to policyholders, $1,076,289; other admitted assets, $135,861.

Liabilities include reserve for unearned premiums, $49,707,620; reserve for losses, $11,017,422; reserve for taxes, $4,521,522; reserve for miscellaneous accounts, $813,-505; and funds held under reinsurance treaties, $59,045. Total liabilities, except capital, which remains unchanged at $15,000,000, were $66,119,115. Surplus as regards policyholders was $50,-864,365.

Dividends amounting to $4,800,-000 were paid by the company during the year, or $1.60 per share on the $5 par value stock. The company was founded in 1853 and has missed only one year (1872) in paying of dividends. Omission of dividends in that year was the result of the Chicago fire which occurred in the latter part of 1871.

In connection with the report, President Harold V. Smith commented that "fire insurance continues to play a vital role on the home front. Months before our entrance into the war, the 'industry which protects other industries' had quietly and effectively thrown its inspection and engineering facilities into the task of helping to safeguard the industrial plants of the nation from sabotage and carelessness. Losses in manpower and essential materials which would have been equivalent to serious military reverses have thus been prevented; substantial savings to taxpayers likewise effected."

The Market "Perks Up"

To the accompaniment of substantially heavier trading, share prices have during the last few days worked their way up to higher levels. The activity in the main has been confined to lower priced stocks, particularly in the utility group, and this has given rise to comments in many quarters that the "market leadership" is not of a confidence-begetting type.

Why has the volume of share trading increased so impressively in recent days? Many answers are advanced, but as is usual with a reasonably sweeping movement of this type, there is probably no one definite and exclusive answer.

A, B and C may purchase equities because they are convinced that we are in for a spell of inflation of greater or lesser degree. D and E may be investing idle cash resources because they contemplate an earlier-than-expected termination of the war. F and G may have been impressed by the conservative swing of last November's elections and the current independent attitude of Congress. X and Y may feel that some type of Ruml plan will finally be adopted and that the cash they had put aside, earmarked, for payment of 1942 taxes can now safely be put to work in the old American tradition of trying to make money with money. And strangely enough, some individuals were impressed by the story that "broke" on February 7th, indicating that the SEC was in possession of a comprehensive plan looking toward the closing of the New York Stock Exchange if a boom developed, and these individuals, in the manner of many consumers, wanted to stock up with equities before they were "rationed" in any way, shape, form or manner.

All of these, we presume, are good and valid reasons for purchasing equities. But perhaps to them should be added the general and most convincing argument of all; viz. that many of us, thorough-going believers in equities, a year ago feared that a long war might bring drastic changes in our economy and today, with the possibility that the war will terminate in six months to a year, begin to believe that the American economic way of life may not emerge from the cataclysm too much altered.

We have no particular comment to make on the so-called type of leadership; the low priced utilities that have been so active. In itself that does not seem to us too important. But we must confess that with a new tax bill in the offing strength in many types of utility equities may not make too much sense. For if the normal corporate tax rate is to be increased from 40% to 50% or 55%, the impact of the increase will be keenly felt by the utility industry. Many types of companies engaged in war work are already up to the tax ceiling and changes in rates are to them more or less academic. This, however, is not true of operating utilities; so that if the Treasury is going to recommend, and if Congress is to adopt, an increased normal tax rate schedule, we may find that the current up-move of utility equities will be a case of marching up the hill and very promptly marching down again.

* * *

From the President of Dartmouth College

"There is nothing more discouraging than to hear it said that if Hitler could be assassinated, everything would be all right. We've got to do more than that. We've go to assassinate an idea."

Short-Term Market Comment

Assuming a list well proportioned as to Government bonds and corporate equities, we would be inclined to liquidate common stocks in "homeopathic doses" if the market continues week by week to forge ahead into higher ground. Moreover, in mildly diluting the equity portion of a list, we would follow the well established mercantile practice of attempting first to liquidate one's least desirable holdings.—Ralph E. Samuel & Co.

American Business Credit Situation Interesting

Hill, Thompson & Co., Inc., 120 Broadway, New York City, have prepared an interesting memorandum on American Business Credit Corporation, copies of which may be had from the firm upon request.

A memorandum on Quaker City Cold Storage Co. 5s of 1953 is now in preparation by Hill, Thompson & Co., Inc., and will be ready for distribution by them shortly.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 653)

bought. There is only one exception to the rule—the war.

* * *

Wars bring rapid military manoeuvres that no one can foresee. Plans of either side often go awry. The news of major victories or defeats can jolt the market out of any trend with a violence which must be guarded against.

* * *

For the practical market follower there is only one such defense—a stop. But like the Maginot Line it is not infallible. A certain price followed by too many people will almost certainly guarantee not only its breaching, but frequently open the gates to a drop that may run deeper than originally expected. I am fully aware of these possibilities. Still the stop is a good method to follow.

* * *

The professional seldom uses actual stops. He has mental stops. He determines beforehand at what price he will sell and frequently has a good idea whether such price will hold long before it is threatened. His method is impossible for the rank and file. It hasn't the time or the skill to apply it. So readers of this column will have to go along, not with mental, but actual stops. What these stocks to which these stops apply are can be determined in reading last week's column. They are the same. And until they are broken the advice to hold positions continues in effect.

* * *

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.]

International Paper Offers Interesting Situation

International Paper Co. offers attractive possibilities, according to a detailed memorandum issued by Jacques Coe & Co., 39 Broadway, N. Y. City, members of the New York Stock Exchange and other leading Exchanges. Copies of this interesting memorandum may be secured upon request from Jacques Coe & Co.

UP-TOWN AFTER THREE

By BILL SMITH

STAGE

"Ask My Friend Sandy," a farce comedy by Stanley Young. Presented by Alfred de Liagre, Jr., at the Biltmore Theatre, N. Y. Roland Young with Norman Lloyd and Margaret Sargent head the cast. (Reviewed Monday, Feb. 8, 1943). . . . There is probably an excuse for this so-called farce but what it is escapes me. It has been suggested that it is really a satire. But the playwright either doesn't know what satire is or simply isn't articulate enough to present it properly. The story has to do with a well-heeled book publisher with a wife who frequents a USO canteen. One day she invites a lonesome soldier to their home. The soldier, a brash, opinionated young man, is a glib talker who knows everything about why the last war was fought and how economic changes will affect society after this war. His personal mission is to convince people of means to give up their money and go back to what he calls "fundamentals." Needless to add, the publisher does just that. As a result his wife leaves him, he loses his furniture, resigns from his firm, and becomes one of New York's most popular cab drivers because he always forgets to put the flag down on the meter. To give it the added twist the publisher once wrote a book about how to live on less. And wonders upon wonders, this now forgotten book suddenly hits the list of best sellers. So just as our once rich publisher is reduced to a diet of olives, royalties from the book start pouring it, putting him back into the economic royalist class. The kindest thing one can say about the whole thing is that Roland Young plays the addle-brained publisher. But even his brittle nonsense, his unquestioned abilities and his clipped British accent can't pull the thing out of the morass. Sandy is played by Norman Lloyd, an obnoxious visionary, who is obviously stationed at an army camp (he wears an army uniform) but spends all his time in the N. Y. apartment of the publisher. The rest of the cast does as well as can be expected. Yet the whole thing adds up to a play that is one-third irritating and two-thirds soporific.

AROUND NEW YORK TOWN

Rationing and shortage of manpower has already made its dent on the New York hot spots. Food is higher, portions are smaller and service has deteriorated. This is particularly true of places which cater to Scotch-and-soda people. The only places that are maintaining their standards are those high grade restaurants that depend on good food and good service rather than on the elbow-bending set for their popularity. Among them is the **Penthouse** with its woodburning fireplace and panoramic view set high above Central Park where dining is still a rite, not a rote. . . . Hank Ladd tells the silly about the carrier pigeon leisurely flying from the Russian front with a message for Hitler about the latest Russian victory. Suddenly it was jostled by another pigeon who bawled out, "Get a move on. I'm carrying the denial." . . . And Neal O'Hara comes through with the one of the six-foot-five soldier who climbed into a chair and asked for shoe shine. The tiny bootblack took one look at the vast expanse of shoes and yelled, "Hey Joe, lend me a hand, I've got an army contract."

Exemption Extended Under Holding Company Act

The Securities and Exchange Commission announced on Feb. 9 the adoption of an amendment to Rule U-70 (a) (7) under the Holding Company Act extending until March 1, 1944, the exemption provided under such rule.

The Commission's action was explained as follows:

"Section 17 (c) of the Act makes it unlawful for a registered holding company or any of its subsidiaries to have as an officer or director any person who serves in a similar capacity for a bank, trust company, investment banker, or similar financial institution. Rule U-70 sets forth the limited circumstances under which these relationships will be lawful.

"Paragraph (a) (7) of Rule U-70 provides a limited exemption for a person (1) whose only financial connection is with one or more commercial banking institutions having their principal offices within the State in which the registered holding company, or its subsidiary, conducts at least 90% of its public utility operations and in which such person resides, and (2) who is originally elected to his position in such company prior to April 1, 1939, under an order approved by the Public Service Commission of such State. It is the exemption under this paragraph which is extended until March 1, 1944."

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

TUESDAY, FEB. 23

COMMODORE APARTMENT HOTEL, INC.

Barnet L. Rosset, Charles J. Young and Louis J. Borinstein, as trustees under a certain trust agreement dated as of March 15, 1933, have filed a statement with the SEC for voting trust certificates representing a maximum of 4,327 shares of common stock, par value $50 per share, for the Commodore Apartment Hotel, Inc.

Address—Address of trustees Suite 315, 11 South La Salle Street, Chicago. Commodore Apartment Hotel, Inc., located at 3440 Grand Avenue, Des Moines, Iowa.

Business—Apartment hotel.

Offering—On or about Feb. 15, 1943. Certificates are already outstanding in the hands of registered holders, and it is proposed to extend the trust for five years from March 15, 1943, with certain amendments in agreement

Registration Statement No. 2-5090. Form F-1 (2-4-43)

SATURDAY, FEB. 27

CENTRAL STEEL & WIRE CO.

Central Steel & Wire Co. has filed a registration statement with the SEC covering 125,000 shares of common stock, par value $5 per share. The stock is already issued and is being sold for the account of certain stockholders.

Address—3000 West 51st St., Chicago.

Business—The company is in the business of the warehousing, initial processing and distribution of steel and nonferrous metals, and the representation of mills on a commission basis.

Offering—Offering price to the public will be supplied by amendment. It is expected to offer the stock as soon after the effective date of the registration statement as possible. The shares to be offered are at present outstanding and are to be offered for the following accounts: H. R. Curran 108,743 shares and Mandel Lowenstine 16,257 shares. Mr. Curran is at present president and director of the company. He has delivered to the company his resignation as a director and president to be effective upon the sale to the underwriters of the common stock offered hereunder. Statement says that it is anticipated that immediately upon the completion of such sale, Mr. Lowenstine who is at present executive vice-president, treasurer and director, will become president and director of the company.

Underwriting — The underwriters are Paul H. Davis & Co. and Bacon, Whipple & Co., both of Chicago, each with a total of 62,500 shares. Subject to certain terms and conditions the underwriters agree to purchase the common stock at $7 per share from the selling stockholders.

Proceeds—To the selling stockholders.

Registration Statement No. 2-5091. Form A-2 (2-8-43).

SUNDAY, FEB. 28

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., has filed a registration statement with the SEC for 105,176 shares of common stock, par $10 per share, and 893,996 full and fractional share subscription warrants evidencing rights to subscribe for such common stock.

Address—119 Fifth Ave., New York City.

Business—Engaged in the business of manufacturing and selling cigarettes and smoking tobaccos. Company's principal product is the cigarette sold under the brand name Philip Morris (English Blend), net sales of which constituted approximately 92¼% of total net sales for the fiscal year ended March 31, 1942, and 93¼% for the nine months ended Dec. 31, 1942.

Offering—As soon as practicable after the effective date of the registration statement. Present holders of common stock are to be offered right to subscribe to the new common at the rate of one share of new common for each 8½ shares of common held. Subscription price is to be supplied by amendment. Such rights are granted to holders of common stock of record at 3 p. m. on the date of issue of the prospectus.

Statement says the board of directors intends to authorize the sale of an issue of 20-year 3% debentures, due March 1, 1963, in an aggregate face amount of approximately $6,000,000. The company intends to sell such debentures shortly after the expiration of the rights to subscribe to the common stock offered hereby.

Underwriting — Lehman Brothers and Glore, Forgan & Co., of New York, head an underwriting group which has agreed to purchase from the company such shares of stock as shall not be subscribed for by stockholders. Price to be paid by the underwriters for the shares and the offering price to the public will be supplied by amendment.

Proceeds—During the nine months ended Dec. 31, 1942, the company's cash requirements have substantially increased. During the period from March 31, 1942, to Dec. 31, 1942, its inventories rose from $53,080,487 to $66,406,270, its net accounts receivable rose from $6,209,719 to $9,011,058, and its net investments in property, plant and equipment rose from $3,650,663 to $3,815,235. During this period the company financed its needs for cash in part by bank loans which at Dec. 31, 1942, amounted to $8,500,000. Proceeds of these loans were added to the company's cash balances and were used to finance in part the increases referred to. It is expected that the proceeds from the sale of stock will be applied to the reduction of the company's bank loans. If the company sells the debentures referred to, to the extent required, the net proceeds from the sale thereof will be applied to the payment of the unpaid balance of these loans and the remainder of such net proceeds will be added to the general working capital of the company.

Registration Statement No. 2-5092. Form A-2 (2-9-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMPAL-AMERICAN PALESTINE TRADING CORP.

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

Address—1440 Broadway, New York City

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

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

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

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

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

Amendment filed Jan. 28, 1943, states that Abraham Dickenstein may be an underwriter

Amendment filed Jan. 12, 1943, to defer effective date.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

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

Amendment filed Feb. 4, 1943, to defer effective date

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 15, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

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)

Amendment filed Feb. 5, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment.

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendment filed Feb. 8, 1943, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial position of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

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

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

Proceeds will be used for working capital

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

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

DEALER BRIEFS

Chicago, Ill.

Price scales on recent new municipal bond offerings are further indications to us that top-quality names have apparently reached some sort of a price ceiling, while prices of less than top quality bonds continue to move up, narrowing the gap between the two. It appears that buyers are indicating a willingness to forego some quality for a slightly better yield. Low premium, short maturities are becoming difficult to find. — *W. O. Kurtz, Jr., American National Bank and Trust Company of Chicago.*

Our retail department is finding a good demand for sound dividend paying stocks, with somewhat of an inquiry for so-called "inflation hedges." High grade insurance stocks are moving with an ever expanding group of customers. Speculative preferreds have proven salable. A considerable majority percentage of sales are for cash. Our trading department is active in a wide list of over-the-counter issues. We have been particularly successful in placing both retail and wholesale many substantial blocks of listed and unlisted issues. — *Walter W. Cruttenden, Cruttenden & Co.*

Insistent demand which has been in evidence since the first of the year has produced steadily advancing prices and accelerated activity in the high grade State and Municipal bond market. Currently there is encouraging evidence that the strength which first made its appearance in short maturities is spreading into longer bonds.— *Frank McNair, Executive Vice-President, Harris Trust and Savings Bank.*

Nashville, Tenn.

With relief to all for the prompt and successful subscription of the December quota of war bonds, it has been gratifying to us to note on the part of individual customers a more responsive attitude toward offerings of investment securities. This buying interest together with the scarcity of supply of good dividend paying local stocks can, we think, be regarded as a favorable influence on prices.—*Thomas H. Temple, President, Thomas H. Temple Company.*

J. S. Bache Announces New Brokerage Service

A new departure in brokerage service accommodation is being announced by J. S. Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, one of the largest securities and commodities brokerage firms in the country. Effective this week, the offices of the firm in Cleveland, Cincinnati, San Antonio, Binghamton and Schenectady will remain open on certain specified days each week until 9 or 9:30 p.m. in order to take care of the needs of clients whose wartime activities make it difficult for them to look after their investments during normal working hours.

Certain of the offices abovementioned will remain open, to start, one day a week, while in the case of Binghamton the office there is announcing that it will remain open on Tuesday and Thursday evenings. If the plan is a success, the firm will adopt similar night hours for all of its offices in 35 cities.

In announcing this new departure, J. S. Bache & Co., state:

"Due to war work and related activities, many of our clients and other investors are unable to transact business during normal hours, and for their convenience we have decided to keep certain offices open one or two evenings each week. Our staff will be on hand to accept subscriptions for war bonds and to discuss other investment problems with you. If you are not already acquainted with our facilities and the scope of our activities we shall be pleased to have you come in and visit our offices."

According to Sam H. Sampliner, one of the resident managers of J. S. Bache & Co.'s Cleveland office, the experiment has proved to possess definite possibilities, with the extended office hours resulting in some new accounts and several phone calls to discuss investment problems.

More Secondary Offerings Than Special Offerings Shields Study Shows

Secondary, or "off-board" offerings of blocks of securities held first place both in number of distributions and number of shares sold in this manner as compared with special offerings on the floor of the Stock Exchange during the year 1942, according to the latest review of special offerings and secondary market distributions prepared by Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange. The compilation, issued in pamphlet form, is the only compendium of its kind made to encompass the offerings of all forms.

It shows that in 1942, 220 offerings of both types were made, of which 80 were special offerings on the Exchange and 140 were off-board transactions. Total shares distributed by both processes was 3,545,432 compared with a total trading volume of 125,677,963 shares on the Exchange for the year. Special offerings covered 851,093 shares and secondary distributions 2,694,339 shares. In 1941 a total of 235 distributions of both kinds were made, involving 8,861,095 shares, compared with trading volume on the Exchange in the same year of 170,603,671 shares.

The 1942 secondaries and specials accounted for 2.8% of total trading volume. Of this total "specials" accounted for .7% and "secondaries" 2.1%. In 1941, secondaries accounted for 5.2% and in 1940 the percentage was 1.2% of total trading volume.

The Stock Exchange revised its rules early in 1942 to permit its members to make special offerings at a net price to the purchaser on the floor of the Exchange of blocks of listed securities too large to be absorbed in the day-to-day trading.

Walter Kidde Situation Looks Attractive

Wyeth & Co., 40 Wall Street, New York City, members of the Los Angeles Stock Exchange, have an interesting report and literature available on Walter Kidde & Co., Inc., which they will be glad to send upon request. Copies may also be had from the firm's main office at 647 South Spring Street, Los Angeles, Calif.

Railroad Bonds For Institutional Investment

A Letter From A Widely Respected Senior Investment Executive of One of Our Leading Institutions

Since I am firmly convinced that the prices of many underlying railroad bonds are purely temporary and depressed because of the combination of circumstances that are not adequately measured or understood, it is my belief that they will recover in due course of time.

As you understand, I am referring primarily to underlying first mortgage liens which have demonstrated earning power. It is my belief that the railroad industry is the backbone of transportation and must be coordinated with other agencies. It is the most economical method of bulk transportation and will serve this purpose for a considerable time to come. In spite of the record in the 30's the industry had earning power.

I find that there are roads of good credit, roads of medium credit, roads of poor credit that remain solvent, and of course the bankrupts. I find that operating differences were not so great as is the public impression. Some of the borderline roads where good securities are selling at low prices present an interesting picture on analysis. I have come to the conclusion that most of these bigger systems compare reasonably with the few systems that have maintained their credit, except for one factor and that is the drain of funded debt. However, had there been only the underlying bonds of the weaker roads, earnings would have looked very different and would have corresponded closely to the showing of roads with good credit.

I am convinced that there is a future for the railroads. Efficiencies have increased tremendously and I do not believe that the technological development has ended. As to taxes, the roads apparently have some advantage and these of course apply to all other industries. It therefore seems to me that if careful analysis indicates that underlying liens of the kind that I refer to have demonstrated real earning power during the last 12 years, there is every probability that they will continue to have earning power.

As a matter of checking my ideas, I have made various comparisons from all of the investment standards with which I am familiar with bonds of recognized standing. Some of these results were amazing even to myself and I think will startle most people. It is interesting, for example, to see that a first mortgage bond which is selling at approximately par followed by a junior bond selling in the 60's, in the case of a road which has never failed to earn its entire charges and which has had no maturity problems for many years, can be compared with a well known utility bond selling at a 2.75% basis, with every indication that the rail bond is much the superior security. To arrive at this conclusion one must take into account what has been going on in reorganization procedure. While we are waiting for the Supreme Court to clarify the situation, everything to date indicates that priorities are recognized and that a moderate well secured mortgage is either undisturbed or satisfied before junior debt.

If we drop down to bonds selling at substantial discounts, we can find many examples of the same thing. As an investor I think judgment is warped by looking at a discount and saying that one is buying a $1,000 bond. If I pay 60 for a good 4 or 4½% bond, I am investing $600 and my primary interest is to get back my $600 plus interest. Compound interest does strange and wonderful things and, as you know, has taken up most of the slack where any reasonable judgment has been exercised. Should the discount bond pan out at par, some day we would have a handsome "bonus." The higher interest received on the dollars invested will make almost a weird comparison with results obtained in the beaten track. It is interesting to observe that a current return of 7% received for 13 years compounded at only 2½% would give an accumulation of interest which would wipe out the original investment and still leave 2½% interest compounded at that rate in the assets.

I use "X" 4½s which were recently selling at about 50. That is, of course, a 9% current return on a bond which in my opinion never failed to earn its interest charges. It is not the best security of this type but shows the absurd possibilities. Although I believe that this bond should survive reorganization, although with an extended maturity, I then look to see what might happen if I am too ambitious. The pattern of reorganization, which is the worst that I believe is offered by the approximately 30 plans which have gone through the ICC, would give at least a $500 4% bond plus some other paper. Such a new bond would never have failed to earn more than twice its interest charges and on the average would earn a very wide margin. I would therefore have most of my money back and still the additional junior securities for what they might be worth. In the meantime I am sure of getting a few coupons at the 9% rate and this interest collection will be compounded in our assets. The results are worth thinking about. Even should interest be passed for several years on these underlying bonds, actual experience shows very satisfactory results from the interest account.

These investment opportunities, with certain different angles each time, appear every so often. It is easy to refer you to the attitude toward many public utility bonds 10 years ago. A great many of these bonds sold below 60 for one or more years. Excuses were varied. Most institutional trustees or officers were frightened and few, if any, would have thought of touching such securities. During the last three years the same keen judgment has been exercised in buying from 3-3¾% coupons of the same companies at premiums. The fashion had changed. A price of par meant that nobody had to think and we all scrambled to buy. Few of these bonds compare in any investment analysis with some 20 or more rail bonds that have been going begging.

That is my story and I am still trying to find the answer which says my reasoning is all wrong. I have tried to maintain an open mind. I am not using 1942 results as my criterion as I regard this as only an extraordinary period but one which fattens up the kitty.

Yours Sincerely,

(Lack of space made it unfortunately necessary to omit certain portions of this highly constructive letter.)

The above letter appeared in Homer & Co.'s Bond Bulletin of Feb. 1.

Janney In New Connection

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Vernon W. Janney has become associated with Protected Investors of America, 210 West Seventh St. Mr. Janney was recently with Quincy Cass Associates. In the past he was with Hopkins, Hughey & Anderson and was President of Janney-Witherspoon & Co., Inc.

Suspension of SEC Proxy Regulations To Be Studied At Congressional Hearings

Assurances that early consideration would be given by Congress to legislation suspending new SEC proxy rules was given by Chairman Clarence L. Lea (Dem., Calif.) of the House Interstate and Foreign Commerce Committee, on Feb. 15, it is learned from advices to the New York "Journal of Commerce" from its Washington bureau. It was stated in the account that Mr. Lea, who indicated that "interested parties" would be permitted to present their views on the subject to a special subcommittee to be named in a few days, announced that the hearings would be held after Representative Charles A. Wolverton (Rep., N. J.) introduced a second measure calling for suspension of the SEC power to revise its proxy regulations. From the advices to the "Journal of Commerce" we also quote:

"Under Mr. Wolverton's bill introduced today, Congress would retain power to withdraw its suspension of the SEC authority by a concurrent resolution of the legislative body. In the alternative, the suspension of SEC authority would expire Dec. 1, 1944, or six months after the end of the war.

"Mr. Lea also announced, in connection with general revision of the SEC law, that no further hearings are now intended, but that extensive hearings held during the last session of Congress will provide the basis for executive deliberations of the Interstate and Foreign Commerce Subcommittee.

"The subcommittee is to be named to study first, the question of proxy rule suspension and later general revision of the SEC law. Legislative proposals will be drawn up in both instances by the subcommittee for recommendations to the full House Committee.

"An earlier bill introduced by Mr. Wolverton, ranking minority member of the House Interstate Committee, provided simply that SEC should lose its power to revise the proxy regulations until six months after termination of the war. Enactment of the legislation would mean that rules in effect prior to SEC revisions made last December would be effective once more until the legislation expired."

John Hancock Ins. Co. Shows Great Progress

BOSTON, MASS.—Since Pearl Harbor, the John Hancock Mutual Life Insurance Co. has purchased $117,040,000 in War Bonds—total purchases in the year 1942 being $102,540,000, it was announced today by President Guy W. Cox at the 80th annual policyholders' meeting.

Outlining the accomplishments of the John Hancock under war conditions, President Cox observed: "The progress of the company during the year is most impressive. The real test of progress is the increase of insurance in force, and, aided by reason of the apparent determination of policyholders to hold on to their life insurance policies — possibly with a view to post-war needs — insurance in force, which increased $464,746,466 in 1941, increased $540,008,541 in 1942, a new record, and brought the total amount of insurance to $5,618,573,069, the largest amount in the company's history."

Admitted assets at the close of 1942 amounted to $1,288,048,650, representing a gain during the year of $121,550,284, the largest in the company's history. In connection with asset gains it was reported that the market value of the John Hancock's bonds is more than $28,500,000 greater than their amortized value used for asset figures.

Assigned liabilities amount to $1,180,097,157, of which $1,050,423,134 constitutes the legal policy reserve. The general surplus or safety fund is $107,951,493, or 9.14% of the liabilities it protects.

Total gross income was $282,645,332, including premiums of $221,218,118. This total is $10,778,364 more than in the previous year and the gross as well as premium incomes are the highest in the company's history.

Payments to policyholders and beneficiaries in 1942 amounted to $99,673,282.

An interesting feature of the report was the announcement of the increase in group insurance, which in 1942 became a larger part of the business of the John Hancock than in any previous year.

"This growth," said President Cox, "indicates that group insurances have become recognized generally as an essential plan in industrial relations. Today these values are emphasized by the fact that millions of war workers are among those covered; the idea prevails that the protection afforded by group insurance gives the worker a sense of security that helps bring out his best efforts and that group insurance is making a desirable contribution to the war effort."

In conclusion, Mr. Cox stated: "There are about 67,000,000 life insurance policyholders in the United States, and fully one-tenth of this number are members of our company. Life insurance may be regarded as an institution of democracy as it has grown and developed in democratic countries as nowhere else. It is an achievement that represents democracy in action and has come to be essential, not only to the welfare of its members, but also to the communities and to the governments in and under which they live, in times of war as well as in times of peace."

Canadian Securities

(Continued from page 657)

new plant has been financed by the Government. Besides financing her own war needs, Canada has also financed over $2,000,000,000 of British war purchases in the Dominion. How has this vast demand for capital been met? To Canada's lasting credit, over 50% of her expenditures are being paid out of taxation and other current revenue.

CANADA'S FINANCING

Sept. 1, 1939, to Oct. 31, 1942

(Courtesy of Wood, Gundy & Co., Inc.)

Money Obtained:	
Taxation revenue	$3,606,000,000
Other current revenue	293,000,000
	$3,899,000,000
New securities, less domestic domestic maturities	3,651,000,000
	$7,550,000,000
Money Required:	
Canadian direct war expenditure	$3,656,000,000
Other Canadian expenditure	1,622,000,000
Financing British war purchases	2,217,000,000
	$7,495,000,000
Difference (mainly improvement in cash position)	$55,000,000

Another interesting aspect of Canada's wartime financing record is that practically all of her longer term borrowing has been directly from the people. Monetary experts are widely agreed that this is the soundest way to raise funds—and Canada's outstanding record in stabilizing living and production costs is no doubt traceable in part to this feat.

These are some of the reasons—and there are many others which will be presented here in due course—why we believe that Canadian Government obligations are among the most attractive media in the high grade bond field today.

Again Introduce Bill To Revise NY Stock Transfer Tax Rates

Senator Frederic R. Coudert and Assemblyman MacNeill Mitchell have introduced a bill in the New York State Legislature seeking revision of stock transfer tax rates ranging from one-tenth of a cent to 5 cents. The present rate is a tax of 3 cents on each share selling under $20 and 4 cents on each share over $20.

The Coudert-MacNeill bill proposes the following rates:

One-tenth of a cent on shares selling for less than $1, one-quarter of a cent on shares between $1 and $5, 1 cent on shares between $5 and $25, 2 cents on shares between $25 and $50, 3 cents on shares between $50 and $75, 4 cents on shares between $75 and $100, and 5 cents on shares over $100.

"This is the fourth year we have sought an equitable revision of the stock transfer tax so that New York State's exchanges may compete on a more nearly equal basis with exchanges in other States," the two Legislators explained. Last year we did succeed in securing elimination of double taxation of odd-lot stock transfers.

"Removal of that glaring inequity was only a start, however, toward a sound and scientific basis of stock transfer taxation. Our present system can only be defended by those who believe a tax should 'kill the goose that lays the golden egg.'"

Another measure was also introduced by Mr. Coudert and Mr. MacNeill which would permit securities exchanges to collect the tax thus eliminating use of tax stamps.

Preferred Stock Guide

The February issue of "The Preferred Stock Guide" has just been issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. The "Guide," in addition to containing quotations, price range, dividend information and other interesting comparative figures arranged in tabular form, also contains a brief discussion of the situation in Empire District Electric Co. preferred and Mississippi Power & Light Co. preferred. Copies of the "Guide" and an interesting memorandum on Associated Electric Co. debentures may be had upon request from G. A. Saxton & Co.

Eberstadt Leaves WPB; Wilson Named Chief

(Continued from first page)

but the emphasis has shifted; scheduling — both of end items and components—is the overall job of first importance that must be pushed.

"And because the total war program has become more closely integrated, it follows that the man in charge of production cannot discharge his duties adequately unless he also controls the flow of materials into production channels.

"In other words, materials control and production control today are all one integrated job. They cannot be considered separately. They must be directed as one job, not two.

"Under my supervision, Mr. Wilson will have full authority to make the necessary decisions to carry out the WPB production programs for aircraft, escort vessels, rubber, high octane gas, merchant vessels and all other war items. I am confident that he will continue to keep production going up."

Our Reporter On "Governments"

By S. F. PORTER

A few days ago, according to an authoritative report, one of the biggest insurance companies in the nation completed a liquidation order in partially tax-exempt bonds in the amount of $500,000,000. . . . For weeks, this order has been hanging over the market, been supplying bonds to any buyers who came along. . . . And yet, while the selling was going on, the Government bond market—including the tax-exempts—rose as much as 8/32. . . .

Selling has been coming in from savings banks, which also have no need for the tax-exemption feature. . . . Selling has been coming in from the Federal Reserve Banks, which also have been supplying securities during this period of rising prices and experimenting with "control in reverse." . . . The institutions not in need of the tax exemption feature have known for many, many months the advisability of shifting from exempts at a premium into taxables near par. . . .

They've been carrying out the indicated operations. . . . They've been selling tens of millions and are coming near the end of their program. . . .

And yet, the tax-exempts have been as strong or stronger than the rest of the market. . . . The tax-exempts have been as attractive or more attractive than the rest of the market. . . . Why? . . . The obvious and accurate answer is that the demand from sources vitally interested in any tax-exemption privilege they can get has surpassed, is surpassing and will surpass the supply. . . .

And this demand is growing while the supply of bonds not only in the hands of sellers but also in the hands of any investor is diminishing. . . .

Read this analysis carefully. . . . Follow this, for it's important as a guide to what may be a major move in policy on your part if you're acting for a commercial bank, trust fund, estate or individual wealthy investor. . . .

THE SUPPLY

There are $32,000,000,000 of tax-exempt notes and partially tax-exempt bonds outstanding in the hands of investors today. . . .

Of this total, $16,000,000,000 will mature within the next six years. . . .

Banks have been and are large holders of the fully tax-exempt notes. . . . Individuals are large holders of the partially tax-exempt bonds. . . .

The $32,000,000,000 total—which is declining steadily—compares with an over-all funded debt total of $100,000,000,000. . . . Study that comparison too. . . .

Now here's what we're losing. . . . Just in 1943 alone. . . .

$454,000,000 of Treasury 3⅜s due 6/15/47/43, due for call and redemption in June. . . .

$1,401,000,000 of Treasury 3¼s of 10/15/45/43, due for call this October, possibly for refunding into taxables or for redemption at a time when other taxables are being sold and no conversion privilege is included. . . .

$269,000,000 of Treasury 1⅛s, maturing June 15, 1943. . . .
$279,000,000 of Treasury 1s, maturing Sept. 15, 1943. . . .
$421,000,000 of Treasury 1⅛s, maturing Dec. 15, 1943. . . .

Just this year alone! . . .

And next year, in the bond list will go the $1,519,000,000 of 3¼s, due 4/15/46/44 and the $1,037,000,000 of 4s, due 12/15/54/44. . . . In the note list will go the $515,000,000 of 1s, due March 15, 1944, the $416,000,000 of ¾s, due June 15, 1944, the $283,000,000 of 1s, due Sept. 15, 1944 and the various guaranteed loans with maturity dates through the next 24 months. . . .

These figures mean something. . . . They mean that the supply is going fast and the rate of increase in demand will soar exactly when the rate of decrease in supply will fall off. . . .

And now let's get personal about this and consider a program of action. . . .

WHERE TO THEN?

If you represent an insurance company or savings bank, you're not particularly interested in this discussion, except as a clue to your future selling of tax-exempts. . . . But if you're part of the great majority outside of those favored classifications, you face a loss of your tax-exempts at a time when you need the privilege most. . . . So where do you go then? . . .

Chances are you'll replace your holdings, of course. . . . Replace them with taxables bought at the issue dates at par. . . . Or you'll refund yourself and handle your own operations by switching from tax-exempts being called into tax-exempts still available. . . .

But everybody else who holds the 3⅜s or 3¼s or 4s will be thinking along those lines at the same time you're getting the idea. . . . It is logical to expect the tax-exempts to gain in value as scarcity-plus-new-demand become the dominant factors. . . .

Naturally, you're facing a period of rising taxes. . . . Whatever changes take place in the tax laws—without putting ourselves out on a limb with impertinent guesses about the views of Congress—we know will take place on the upside. . . . If anything, the normal tax rate will go up. . . .

So why not refund your tax-exempts now? . . . Why not move out of your maturing or near-maturity tax-exempts into longer term tax-exempts and thereby:

(1) Protect your tax-exempt position as much as possible;

(2) Be in on the ground floor of any extra-special rise in tax-exempts which takes place in the future. . . .

(3) Increase your income in tax-exempts by moving out into a longer maturity range. . . .

Why not? If you need tax-exemption, what's wrong with this argument? . . . As this writer sees it, nothing is wrong with it and therefore, the study of the purchase of longer-term tax-exempts by investors interested in this feature is strongly advised. . . .

There's plenty of play in this section of the market, much more than you might notice on the surface and through a casual glance at the quotations. . . .

It's possible, though, that until the April borrowing is out of the way, the big speculation and activity will take place in the taxables and in the new issues, so you have until then to make up your mind. . . .

But if you're going to go through with this shift, you might as well get set today. . . .

TO BE SPECIFIC

If you represent a bank, then you may be restricted by the stated Administration policy of confining your purchases to the 10-year maturity range. . . . In which case, you might switch out of the 3⅜s or 3¼s of 1943 and the 3¼s and 4s of 1944, selling at prices to yield from 0.12 to 0.61% after taxes. . . . And into the 2¾s of 1951/48, selling at a price to yield 1.06% after taxes or into the 2½s of 1952/50, selling at a a price to yield 1.33% after taxes or into the 2¾s of 1954/51, selling at a price to yield 1.41% after taxes. . . .

Or if you can afford a longer maturity, the most attractive bond on the list today from this point of view seems to be the 2⅞s of 1960/55, selling at 109⅛ to yield 1.66% after taxes. . . .

That may be considered a 1955 maturity, or only a 12-year bond, partially tax-exempt and yielding as much as 1.66%. . . . That's a good one. . . .

A. C. Widmann Forms Own Investment Firm

CINCINNATI, OHIO—The partnership of Widmann & Holzman has been dissolved, it is announced. Albert C. Widmann is forming a new company, to be known as Widmann & Co., with offices in the Carew Tower, to conduct an investment securities business specializing in municipal bonds.

Wallace Holzman has left the investment field to enter the manufacturing business.

Legal Oddities

INCOME OR PRINCIPAL

"You're the trustee under Uncle Henry's will," the nephew declared, "and by the terms of that will he left everything to you in trust to pay the income of the estate to the widow for her life, and then to hand the estate over to me, lock, stock, barrel and sinker."

"That's right," the trustee agreed.

"And part of the estate consisted of 1,000 shares in the Prosperity & Optimism Corporation, and they've just declared a stock dividend of 1000%."

"Yes—I got notice of it day before yesterday, the stock certificate'll be along now any day, and when it does I'm going to hand it over to the widow as part of the income of the trust estate."

"That is, you claim it's income and not principal."

"I do."

And the trustee was right, as the Courts of California, Kentucky, Maryland, Minnesota, New York, New Jersey, Pennsylvania, South Carolina, Tennessee, and Wisconsin, have followed the so-called "Pennsylvania Rule," which holds that stock dividends declared subsequent to the creation of the life estate and paid out of subsequent earnings, are income and go to the life tenant—not to the remainderman.

"It seems to us that the 'Pennsylvania Rule' is the most reasonable, and that its application will be more likely to effectuate the intention of the testator," said the Minnesota Courts in a case on the point.

On the other hand, the so-called "Massachusetts Rule" is that stock dividends, no matter when earned or how declared, are capital and not income, and go to the remainderman, and this rule has been adopted by the Courts of Connecticut, Georgia, Illinois, Massachusetts, and Rhode Island and also by the U. S. Supreme Court.

Service Stars Added

The following are members of the Bond Traders Association of Los Angeles who are now serving in the armed forces. The Los Angeles Association is an affiliate of the National Security Traders Association.

U. S. Army—Major J. Earle Jardine, Jr., Lieut. Paul J. Goldschmidt, Lieut. William Miller, Sergeant Pierce R. Garrett, Private Parkman E. Hardcastle, Private Timm D. Splillane, Private Kenneth H. Thompson.

U. S. Navy—Lieut. Milton C. Brittain, Lieut. Donald C. Foss, Lieut. Elmer E. Meyers, Ensign Charles B. Boothe, Yeoman 1st Class Max Hall.

Towne Securities Offers Interesting Situation

The 7% cumulative preferred stock of Towne Securities Corp. offers interesting possibilities at current levels, according to a circular issued by J. L. Schiffman & Co., 60 Broad Street, New York City. Copies of the circular may be had from the firm upon request.

The Business Man's Bookshelf

Dynamics Of Business, The—Norman J. Silberling — McGraw-Hill Book Company, 330 West 42nd Street, New York, N. Y.—cloth—$5.00.

Twin Cities Traders Hold Annual Dinner

MINNEAPOLIS, MINN.—Twin Cities Bond Traders Club is holding its annual mid-winter dinner today from 4:00 p.m. on at the Dyckman Hotel in Minneapolis. Members of the entertainment committee are: J. E. Masek, Charles E. Fuller Co., Minneapolis, Chairman; C. J. Rieger, Jamieson & Co., Minneapolis, and Paul Matsche, Paine, Webber, Jackson & Curtis, St. Paul.

Rambo, Keen Appoints Davis V-P; Green, Director

PHILADELPHIA, PA. — Announcement is made of the appointment of Edmund J. Davis as a Vice-President and Harry F. Green as a director of the Philadelphia investment firm of Rambo, Keen, Close & Kerner, Inc., 1518 Locust Street. Mr. Davis, who is a director of the firm, will continue in charge of their corporate trading department and Mr. Green will remain as Treasurer of the firm.