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OUR REPORTER'S REPORT

Success of a number of recent stock offerings, including a run of secondary marketing operations, this week provided evidence of the fact that there is money around awaiting investment opportunities.

Doubtless the sustained dearth in new corporate bond issues is turning individuals and others with available funds toward equities.

Although a relatively small undertaking for the bankers involved, the marketing of Burlington Mills Corporation's 65,000 shares of 5% cumulative preferred stock of $100 par value, was noted as a straw in the wind.

With the price for this issue, fixed by amendment of its registration statement, at $104.50 a share dealers reported a demand which foreshadowed heavy oversubscription and the likelihood of allotment.

Meanwhile the Street reported several other sizeable blocks placed via the secondary offering route. A block of 3,000 shares of Merck & Company common was snapped up within a matter of minutes.

And it required but a few hours for another banking group to dispose of a block of 75,000 shares of Commercial Solvents Corporation.

Another sizeable secondary, involving 40,000 shares of Standard Oil Company of New Jersey, though it did not move as rapidly as those previously mentioned,

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Program To Salvage Fiscal And Monetary Solvency

By DR. WALTER E. SPAHR

Professor of Economics, New York University; Executive Secretary, Economists' National Committee on Monetary Policy

The trend of events makes it reasonably certain that by the time we reach the end of this war our fiscal and monetary affairs will be sad to contemplate.

Dr. Walter E. Spahr

The important things to do are (1) to minimize the evils and dangers we shall face, and (2) to adopt the best possible solutions to the problems we cannot escape.

Efforts to prevent unnecessary fiscal and monetary evils and to provide the proper way out in the end can be made successful if all of us, to the best of our ability, will pursue the following four-point program:

1. Give all possible aid to those who are trying to reduce and eliminate non-essential governmental expenditures.

2. Fight all those sponsors of bigger and better programs of government expenditures, deficits, and debts, as we have seen them during the last decade, and all those who argue the virtues of such policies.

3. Fight greenbackism and currency depreciation in all its forms.

4. Urge a permanent national debt as the ultimate solution to the debt problem which we shall face at the close of this war.

The alternatives to this four-point program are things to be feared and fought.

One of these alternatives is a radical devaluation of our dollar. It seems reasonably clear that a drive will be made for such a devaluation, and it is possible that such a program may be slipped over on the American people so quickly that they will not be able to understand its terrible implications before it is too late. A very large proportion of the American people has not yet learned the nature and significance of the devaluation of 1934, and we can be almost certain that they would not be able to see how the effects of this devaluation would differ from those following a radical

(Continued on page 836)

20% Withholding Tax On Wages Favored As Part Of Pay-Go Plan

The House Ways and Means sub-committee charged with drafting pay-as-you-go tax legislation tentatively approved on March 1 a plan to withhold 20% of taxable income from pay envelopes, beginning July 1.

This would not be a new or additional tax but the withholdings, to be made weekly, semi-monthly or monthly, would be accumulated and applied against taxes to be computed at the year-end. Under the plan, all taxpayers would pay their first two installments of 1942 income taxes, due March 15 and June 15.

In announcing the withholding decision, Representative Cooper (Dem., Tenn.), Chairman of the sub-committee, issued this statement:

"It has been tentatively agreed by the sub-committee to provide, beginning July 1, 1943, a withholding tax of 20%—3% on wages and salaries above exemptions of $624 like the Victory tax, plus 17% on wages and salaries above regular income tax exemptions of $500 for single and $1,200 for married persons plus $350 for each dependent, increased by 10% to allow for deductions. This would apply to wages and salaries."

Mr. Cooper estimated this would put approximately 70% of the nation's 44,000,000 Federal income taxpayers on a current collection system.

As to the pay-as-you-go proposals, the sub-committee laid aside consideration of a compromise plan on Feb. 27, after a week's study, in an effort to dispose of the withholding phase.

Regarding the withholding tax plan, the Associated Press reported the following:

The withholding system would have the effect of cancelling further collection after July 1 of the 40% of the present Victory tax which now amounts to a loan to the Government and is later refundable to the taxpayer.

On the basis of the exemptions set forth in the Committee statement, the 17% is calculated to yield approximately the same amount as the 6% normal and 13% first bracket surtax under the exemptions in the law. The withholding levy substitutes a blanket percentage exemption instead of the usual deductions for various contributions to charity, interest payments, etc., for the sake of simplicity.

The Treasury will draft instructions and tables whereby employers at a glance may tell what each employee owes under the withholding levy, weekly, semi-monthly or monthly.

Mr. Cooper emphasized that taxpayers under the withholding plan would have to make out their usual income tax returns at the year-end. If more had been held

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Boren Excoriates Bureaucrats As Burlesquing War Effort In Address At N. Y. Municipal Club

Speaking before the Municipal Bond Club of New York representative Lyle H. Boren (Democrat of Oklahoma) declared that some governmental bureaus, such as the WPB are "making a burlesque out of the war effort" and the government itself has gone "bureaucrazy."

"The term 'bureaucrat' is a term of scorn and the bureaucrats have proven themselves tyrants," he said, adding that "the bureaus are full of men who never had to stand for election, and thus are responsible to no one. We've got to make it unpopular to be a bureaucrat."

"More laws and rules are being made by bureaucrats" today, than by elected legislators, Mr. Boren charged. Referring to the Securities and Exchange Commission, he declared that Congress would do something about a number of matters concerning that agency.

The Department of Agriculture was also attacked by Mr. Boren who asserted "It is a good example of our Government agencies. It has made every farmer a prisoner. The farmer has been oppressed, cheated and plundered."

Mr. Boren also declared that "too few people know enough about Congress" and intimated that there was a "deliberate attempt" afoot to "separate Congress from the people."

McDonald-Moore & Co. Is Formed In Detroit

DETROIT, MICH.—Harry A. McDonald and William Moore announce the formation of McDonald-Moore & Co., a co-partnership, to conduct a general securities business. Offices of the new firm, which is successor to McDonald, Moore & Hayes, Inc., will be located in the Penobscot Building in Detroit and in the Michigan National Bank Building in Grand Rapids.

Griffith Heads Stroud Branch In Pittsburgh

PITTSBURGH, PA.—Stroud & Co., Inc., announce the opening of a new office in the Union Trust Building, under the management of Leo G. Griffith. Mr. Griffith was formerly local manager for Merrill Lynch, Pierce, Fenner & Beane and its predecessors for many years.

Van Alstyne, Noel Are NYSE Members; Tenney Admitted To Firm

Van Alstyne, Noel & Co., 52 Wall Street, New York City, announce that the firm has become a member of the New York Stock Exchange through the admission of Harral S. Tenney, Jr., as a general partner in the firm.

Van Alstyne, Noel was formed in July, 1932 and has been engaged in a general underwriting business. The firm has also been active in the private financing of mining properties and industrials.

Charles W. Christensen has joined the firm as head of the statistical department. Mr. Christensen in the past was with T. L. Watson & Co. and Hoppin Bros. & Co.

General partners of the firm are:

David Van Alstyne, Jr., Richard C. Noel, Edward L. Elliott, Harral S. Tenney, Jr., J. J. Hindon Hyde, L. Richard Kinnard, and Harold K. Young.

That Van Alstyne, Noel & Co. would become New York Stock Exchange members was previously reported in the "Financial Chronicle" of Feb. 11.

Cannon Trading Mgr. For Syle & Company

Frank Y. Cannon is now associated with Syle and Company, 19 Rector Street, New York City in charge of their trading department.

Mr. Cannon was for some years a partner in the firm of J. K. Rice, Jr. & Co. and has also served as Vice-President and a member of the Board of Governors of the New York Security Dealers Association.

Toll Bridge Earnings

An interesting tabulation of gross earnings of various toll bridges for 1941 and 1942, compared with Engineer's Estimates, has been prepared for distribution by Stifel, Nicolaus & Co., Inc., 105 West Adams St., Chicago, Ill. Copies of this tabulation may be had upon request from Stifel, Nicolaus & Co.

Meritorious Situations Of Interest To Dealers

The trading department of Wertheim & Co., in charge of John D. Rocamora, has prepared a four-page circular on a number of securities which they feel should be of particular interest to dealers seeking meritorious situations for distribution. A sketch and reference to current developments pertaining to the following companies appear in the circular: Long Bell Lumber Co., H. H. Robertson Co., Trico Products Corp., Marathon Paper Mills, Associated Electric 5s of 1961, Associated Gas & Electric Corp. income debentures of 1978 and convertible debentures of 1973. Copies of the circular may be had by dealers interested in securing the same by writing to Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

John B. Carroll Co. Active In Business

It was reported in error in the February, 1943, Edition of "Security Dealers of North America" that the firm of John B. Carroll & Co., 24 Commerce Street, Newark, N. J., was discontinuing business for the duration of the war. Such is not the case as the firm is still active from Newark, although the New York office has been closed for the duration.

C. L. Finger, Et Al With Milwaukee Co.

ST. PAUL, MINN.—Clarence L. Finger, Karl D. Arnold and Theodore W. Pelton have become associated with the newly opened office of The Milwaukee Company, in the Endicott Building. Mr. Finger will be resident manager of the office. All were formerly with the Wells-Dickey Company of which Mr. Finger was Vice-President.

Opening of the St. Paul office of the Milwaukee Company was previously reported in the "Financial Chronicle" of Feb. 18.

Chesapeake & Ohio Ry. Outlook Interesting

The research department of Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange and other leading exchanges, has just completed a study of Chesapeake & Ohio Railway Co. embracing type and volume of traffic, competition, operating efficiency, earnings and dividend record, taxes, capitalization and debt reduction, and post-war outlook. Copies of this interesting study may be had from Merrill Lynch, Pierce, Fenner & Beane upon request. Ask for Bulletin C.

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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.

Firm Name Is Now Mallory, Hollister

The firm name of Pyne, Kendall & Hollister-Reynolds, Fish & Co. effective March 1 has been changed to Mallory, Hollister & Co., the business having been originally established in 1909.

On May 1, 1942 the business of Pyne, Kendall & Hollister was merged with Reynolds, Fish & Co. with the main offices of the firm at 120 Broadway, their present location. Branch offices are maintained at 522 Fifth Avenue, New York and in Montclair, N. J.

General partners are: Charles H. Mallory; Buell Hollister; George T. Adee; Albert W. Bianchi; Paul W. Havener; Ernest L. Jones; F. Malcolm Minor and William L. Strong, Jr., George C. Astarita having retired.

Limited partners are: Stanley W. Burke; Henry E. Coe, Jr.; and Robert E. Strawbridge, Jr.

The firm has two memberships on the New York Stock Exchange and membership on the New York Curb Exchange.

Interesting Situations

Hill, Thompson & Co., Inc., 120 Broadway, New York City, have prepared for distribution interesting memoranda on American Business Credit Corporation and Quaker City Cold Storage Co. 5s of 1953, copies of which may be had from the firm upon request.

DEALER BRIEFS

Chicago, Ill.

The change in trend of public opinion, as revealed in the November elections and later reflected in Congress, has influenced investors greatly. There is more confidence that municipal bonds will remain tax exempt and that corporation taxes will not be permitted to become confiscatory. As a result there is a firmer floor under prices of municipal and corporation securities. I find buyers more attentive to the prospects of inflation with many looking for sound equities as a hedge.—*Stacy C. Mosser, President S. C. Mosser & Company, Inc.*

In the past thirty days we have experienced the largest public demand in years for unlisted moderate priced industrial, utility and real estate securities, and for investment trust issues.

It has also been quite noticeable to us during the last month of constantly rising markets that investors have been selling very few of their unlisted securities. So far, this has worked out advantageously for them. However, if a corrective reaction occurs in the market, many investors will have missed their opportunity to dispose of holdings at the most attractive levels in several years, unless such action is taken in the meantime.

Many such people have been waiting for years for a rise such as this in which to dispose of holdings, but will not take positive action on their own initiative.

We feel that suggestions by dealers along these lines might not be amiss, and would also serve to stimulate transactions. — *Lowell Niebuhr, President, Lowell Niebuhr & Co., Inc.*

Arthur Wiesenberger Adds Ernst Wolfgang

Arthur Wiesenberger & Co., 56 Beaver Street, New York City, announce that Ernst Wolfgang is now associated with their firm. Mr. Wolfgang was formerly manager of the investment department of F. M. Mayer.

Schram Asks NYSE Members For Views On Admitting Corporations To Exch. Membership

Emil Schram, President of the New York Stock Exchange, sent a letter last week to members setting forth the principal arguments that have been advanced on the questions relating to the advisability of admitting to Exchange membership corporations engaged mainly in the securities business, as brokers, dealers or underwriters.

This matter has been under consideration by the Board of Governors for some time but Mr. Schram said no conclusions have been reached and the question is still open for full discussion. He called on members for their "fullest and freest expression of opinion," adding that their views "will be given careful attention and will be of definite assistance to the Board."

From Mr. Schram's letter, we quote:

"May I point out that the question uppermost in the minds of your Governors, as I am sure it is in the minds of the general membership, is whether the admission of corporations that meet definite qualifications would enable us better to serve the public and, at the same time, improve the over-all position of our business. We must keep the Exchange in a progressive trend, but only by means of such measures as are sound and meritorious.

"Under the member corporation plan most widely advocated, an applicant corporation would, of course, have to conform to the Exchange's present philosophy and policies with respect to member firms, particularly as they relate to supervision, ownership, capital structure and business conduct. Only such companies as met or adapted themselves to our policies and supervision could quality for admission. Banks, investment trusts and insurance companies obviously would be ineligible because their business is not mainly that of brokers, dealers or underwriters.

"Directors and principal officers of a qualifying corporation would be the stockholders and contributors of capital; they would be members or allied members of the Exchange. They would, in effect, correspond to the general partners of a member firm. Preferred stockholders would correspond to the limited partners of a member firm.

"Companies thus organized would be subjected to the same rules as are imposed upon member firms. Member corporations would be required to observe the

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Situation Looks Good For California Issues

Kaiser & Co. have just issued an attractive memorandum discussing amortization of bond premiums in the State of California, the financial situation of the State, and the current situation in Imperial Irrigation District, the electric system of which has developed rapidly since its beginning in 1938. Copies of this interesting memorandum may be obtained from Kaiser & Co., Russ Building, San Francisco, or from their New York office at 25 Broad Street.

H. A. Tremaine To Be Hicks & Price Partner

CHICAGO, ILL.—Harry A. Tremaine will be admitted to partnership in Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Tremaine has been with the firm for some time.

St. Petersburg, Fla. Issues Attractive

The current situation in the refunding bonds of the City of St. Petersburg, Fla., offers interesting possibilities according to a memorandum summarizing the financial statement of the city which has been prepared by the Southern Municipal Department of Allen & Co., 30 Broad St., New York City. Copies of this circular are available from Allen & Co. upon request.

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)
BOSTON, MASS.—**Thomas H. Lyons** has joined the staff of **Trust Funds, Inc.**, 89 Broad St. In the past Mr. Lyons was with Draper, Williams & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Frank S. Puller** has become associated with **Holley, Dayton & Gernon**, 208 So. La Salle St. Mr. Puller was formerly with Alfred O'Gara & Co., and prior thereto with MacFarlane & Holley.

(Special to The Financial Chronicle)
CLEVELAND, OHIO—**David G. Callahan** is now with **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Ave., N. E. Mr. Callahan was previously with Otis & Co. for many years.

(Special to The Financial Chronicle)
DULUTH, MINN.—**Alonzo W. Wilson**, formerly local manager for the Wells-Dickey Co., has become affiliated with **J. M. Dain & Co.**, Rand Tower, Minneapolis, Minn.

(Special to The Financial Chronicle)
MIAMI BEACH, FLA.—**Robert U. Alexander** has become affiliated with **Blair F. Claybaugh & Co.**, 420 Lincoln Road. Mr. Alexander was formerly with Corrigan, Miller & Co.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN.—**Norman A. McClure** has become associated with **Central Republic Co.**, Rand Tower. Mr. McClure was previously with Wells-Dickey Co. for many years.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN. — **Charles R. Bennett** and **Maynard W. Rue** have become connected with **J. M. Dain & Co.**, Rand Tower. Both were previously with Wells-Dickey Co.

(Special to The Financial Chronicle)
PASADENA, CALIF. — **Marion B. Mercier** is now with the **Leo G. MacLaughlin Co.**, 54 South Los Robles Ave.

(Special to The Financial Chronicle)
ST. PAUL, MINN.—**Joseph P. O'Grady** and **Mortimer H. Stanford** are associated with **Caldwell, Phillips Co.**, First National Bank Building. Both were previously connected with Wells-Dickey Co.

Hughes & Treat Is Formed In New York

Following the dissolution of the partnership of Baker, Hughes & Treat, Andrew John Hughes and Amos Sherman Treat announce the formation of Hughes & Treat to conduct a general investment securities business from offices at 40 Wall Street, New York City.

Now Major William Martin

William McChesney Martin, former President of the New York Stock Exchange, has been promoted to major. He is assigned to Services of Supply, American Group Headquarters. Major Martin resigned his post as President of the New York Stock Exchange in 1941, entering the Army as a private.

Old Ben Coal Clears All Arrears On 1st 6s

CORRECTION

In the news item carried in the "Chronicle" of Feb. 25 on Old Ben Coal Corp., the statement was made that the payment of back interest on the first mortgage 6s removed restrictions against the company's purchase of their Debentures. In checking the mortgage indenture it develops that as long as any First Mortgage 6s remain outstanding the company is prohibited from using its current assets, its earnings or its surplus for the purchase of its Debentures.

REAL ESTATE SECURITIES

An Outstanding Commercial Building Bond With Good Possibilities

Many Tacticians in real estate securities prefer bonds of a commercial property. Their theory is very simple. A tenant might very well have to economize on the rental of his apartment because of an increase in his personal taxes, or for other reasons. However, if he wishes to remain in business, he must continue to maintain his office or showroom.

An outstanding commercial property on which first mortgage bonds are publicly held, is the Textile Building. This property occupies the entire block front of Fifth Avenue from 30th to 31st Street, New York City. It is improved with a 16-story store, loft and office building. The land fronts 164 feet on East 30th Street, 197 feet on Fifth Avenue and 200 feet on East 31st Street. The ground area is about 36,000 square feet and the building has a rental area of about 450,000 square feet.

The first mortgage bonds of this property are currently selling at approximately 27%, placing a value on the entire mortgage of only $1,850,175, while the City of New York places a value on the property of $4,900,000, according to their assessment for 1942. First mortgage bonds outstanding are $6,852,500, compared with $9,750,000 first and second mortgage bonds originally issued.

According to a statement issued by the company, dated Feb. 10, 1943, earnings of this property for the fiscal year ended Oct. 31, 1942, showed a substantial improvement over the same period the previous year.

Gross income improved and operating expenses were lower. Net profit (after deduction of accrued expenses) was over four times greater than the previous year.

An even better showing might be anticipated for the current year, inasmuch as a six-year lease for the corner store and second floor to the National Silver Company, at an annual rental of $55,000 did not commence until Feb. 1, 1942. Full benefit of this lease did not show in the last statement, which only covered nine months of this particular lease. We were also advised by a representative of the owner, that he expects a large reduction in "repair expense" this coming year.

Interest on these bonds was originally fixed at 6%. Under a plan of reorganization, approved in the Federal Courts June 9, 1936, under which the owner was operating, the company paid interest on the bonds at the rate of 3% for the three years from Nov. 1, 1934 to Nov. 1, 1937 and 4% from Nov. 1, 1937 to Nov. 1, 1940. Beginning on this latter date and until the maturity of the bonds in 1958, interest was fixed at 5%.

Because the earnings of the building were not sufficient to pay this higher rate of interest, the owners, in the early part of 1941, asked the bondholders for an adjustment in interest rate.

Briefly, their plan is as follows: As an inducement for the bondholders to accept their plan, they will give them half of the ownership of the property.

Retroactive to Nov. 1, 1940, interest shall be fixed at 3% with 2% additional if earned. All additional net earnings to be applied toward reduction of outstanding bonds to $6,000,000, then one-half of net earnings so applied until outstanding principal reduced to $5,000,000.

During 1941 the bondholders were paid 5% interest and in 1942 they were paid 1% interest; the total of both years averaging 3% in conformity with the above plan.

In January of 1943 proceedings were commenced in the Supreme Court of the State of New York to effect a reorganization.

The owner, in a communication dated Dec. 18, 1942, stated that 63% of the bondholders had approved the above plan of reorganization. With such a large assent to the plan, it would seem as if reorganization proceedings should be accelerated. However, there is a bondholders' committee opposing the ownership plan, who claims to represent $1,475,000, or approximataely 22% of the bonds.

McClure And Shaw Is Formed In Hartford

HARTFORD, CONN.—The firm of McClure & Shaw has been formed with offices at 15 Lewis Street to deal in general investment securities. Partners of the new organization are Alfred James McClure and John H. Shaw. Both were formerly associated with Bodell & Co., Inc., of which Mr. McClure was First Vice-President.

Verner & Schlenzig With Merrill Lynch

(Special to The Financial Chronicle)
DENVER, COLO. — Ogden E. Verner and Ernest G. Schlenzig have become associated with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building. Mr. Verner was formerly an officer of Brown, Schlessman, Owen & Company, with which Mr. Schlenzig was also connected.

Tomorrow's Markets Walter Whyte Says—

Volume plus advancing markets no longer significant. Cash markets do not remove reaction dangers; they intensify them. News may crack prices badly. Raise 'stops' again.

By WALTER WHYTE

As a market observer watching markets go and come for the past 17 years I have been trained to look at market action as the answer to everything that may affect it; a sort of Alpha to Omega. Let any news, good or bad, occur anywhere in the world and the market in its own way would anticipate and interpret it before the news itself became public property. In the old days this belief was not far fetched. People with money having access to world money and security markets did know more in the aggregate than an isolated individual in a New York skyscraper poring over a tape or huddled over complicated statistics.

* * *

But if a tape reader didn't know what has happening say in Burma he could read in the tape what people who did know were doing. If he chose to follow what he saw he sometimes made money. Reasons seldom concerned him. It was results that counted. Then chart readers sprang up.

* * *

In the boom years of the late twenties, their number became legion. Every chart reader had a theory of his own. Talk of double tops and double bottoms, line cuts and breakaway gaps became as common in brokerage offices as ticker tape thrown out of windows at visiting celebrities. Of course the statisticians were always around. Some called themselves analysts, others assumed the grandiose title of economists. But whatever their titles they had two things in common—their interest in the market, more specifically, its future, plus a wholehearted contempt for each other's methods in forecasting it. The real tape reader believed only the tape could tell the story. The chart reader insisted only lines on a chart had any

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RAILROAD SECURITIES

If it can be held that earnings conditions and prospects warrant the present prices for stocks of solvent carriers, and that the general run of reorganization bonds representing new common stocks are not very sharply over-priced (both of which appear as reasonable contentions) then it is obvious that Chicago, Milwaukee, St. Paul & Pacific Adjustment 5s, 2000 are far behind the market. This issue represents the new common stock of the St. Paul under the plan which is now (at least at the time of this writing) before the Supreme Court. It is proposed that the bonds be allocated 9.78 shares of the new common with respect to each $1,000 bond, with over 80% of the entire common stock issue allocated to holders of the bonds.

The recent price of the bonds indicates a value of less than $7.00 a share for the new common. Such a price for the equity of a reorganized company would appear ridiculously low at a time, and in a market, when such stocks as Baltimore & Ohio preferred and Missouri - Kansas-Texas preferred sell around 9½ and 7½, respectively, with no prospect of dividends under virtually any visualizable circumstances and where post-war solvency is, to say the least, still a moot question.

More striking even than this disparity with the stocks of solvent roads is the price relationship between St. Paul Adjustment 5s and other reorganization securities whose proposed participation in reorganization is through new common stocks. In most instances the stock allocation is smaller than that proposed for the St. Paul issue. The list below shows the proposed allocation of new common stocks to a number of representative junior bonds of bankruptcy roads, and the current selling price of the bonds. These allocations are those proposed in plans now before the various courts, just as the St. Paul plan is. The North Western plan has been approved by the Circuit Court of Appeals, the Missouri Pacific plan, including the International-Great Northern, has been approved by the District Court, and District Court action on the Rock Island plan has been postponed pending the Supreme Court decision on the St. Paul case. Both the North Western and Missouri Pacific plans are on appeal.

	New Com. Stks.	Present Price of Bonds
Chicago & North Western convert. 4¾s, 1949	6.34 Shrs.	7
Chic., Rock Island & Pacific conv. 4½s, 1960	3.00	8⅛
Inter'l-Great North. adj. 6s, 1952	5.18	13
Missouri Pac. gen. 4s, 1975	7.49	16
Missouri Pac. conv. 5½s, 1949	2.42	9½

In large measure the present prices for the Missouri Pacific, International-Great Northern and Rock Island issues are predicated on the theory that the present plans will be turned back to the Interstate Commerce Commission and more favorable plans negotiated. In fact, it is believed that considerable progress has already been made by various bond holders' groups in working out compromise reorganization plans. The main point is that conditions have changed materially since the plans were first promulgated, and that utilization of the large cash balances that have since accumulated, for the reduction of various senior claims, will allow more liberal participation of the remaining, junior, securities.

If it is possible to bring about a revision of the Missouri Pacific and Rock Island plans on the basis of altered circumstances and mounting cash resources, it should be just as feasible to effect a change for the better in the St. Paul plan. Of course, if the Circuit Court of Appeals is upheld by the Supreme Court, remanding the St. Paul plan back to the Commission, such a liberalization could almost be taken for granted. St. Paul as well as the other carriers has now reached a strong financial position by virtue of which it would be possible to reduce the claims against the trust estate.

Cash items as of the end of 1942 stood at practically $60,000,000, up more than $20,000,000 from a year earlier, in addition to which receivables of $12,495,673 were more than double those on Dec. 31, 1941. It is not likely that the St. Paul Adjustments will permanently ignore the potentialities of a plan revision, when such potentialities are being so liberally discounted by practically all similarly situated reorganization issues.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—47⅞; low—14¾; March 3 price—47⅝.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Annual reports of fire and casualty insurance companies are now being filed with state insurance departments and year-end balance sheets are appearing in the press. So far figures available are not adequate to be wholly representative, but they are sufficient to indicate the general pattern of last year's operating results. A more complete picture can be presented later in the month.

According to tabulations compiled by the Alfred M. Best organization, the first 21 casualty companies to file their annual statements showed a gain of 12% in premium income, while policyholders' surplus increased more than 5% and total assets were up 8%. Incurred loss ratio moved up about one point to 52.7% and expenses were up fractionally to 40.6%, resulting in a combined loss and expense ratio of 93.3% compared with 91.4% in 1941. Figures of important units of the group whose stocks are quoted in leading newspapers are as follows:

	*Net Premiums Written		*Unearned Premiums		*Surplus	
	1941	1942	1941	1942	1941	1942
Aetna Casualty	$44,525	$49,631	$42,955	$46,885	$24,688	$24,020
Fidelity & Deposit	10,778	11,296	10,523	10,733	12,144	12,947
Hartford Steam Boiler	7,729	7,621	5,909	6,733	7,098	7,044

	Net Earnings per Share: Net Underwritings		Net Investment Income	
	1941	1942	1941	1942
Aetna Casualty	$11.35	$9.60	$5.97	$5.51
Fidelity & Deposit	13.72	12.08	4.69	5.03
Hartford Steam Boiler	1.19	0.02	2.57	2.60

*(000) omitted.

It will be noted that in all three cases net underwriting profits, after adjustments for stockholders' equity in premium reserves, were lower than in 1941, while net investment income was slightly better in two instances but approximately 7.7% lower in the case of Aetna Casualty.

In the fire group, operating results are available for six companies whose stocks are generally quoted and are more or less actively traded, as follows:

	*Net Premiums Written		Liquid Value		Earnings Per Share: Net Underwritings		Net Investment Income	
	1941	1942	1941	1942	1941	1942	1941	1942
Aetna	$28,452	$29,865	$53.58	$53.31	$0.66	—$0.48	$1.92	$1.91
Automobile	17.020	18,551	39.24	39.77	2.17	1.27	1.75	1.61
Bankers & Shippers	4,450	3,666	99.34	106.18	—1.61	—0.58	6.35	5.90
Fire Association	13.012	11,876	72.88	74.89	—0.74	—1.75	4.06	4.09
Pacific	5,017	4,051	127.54	134.65	1.79	0.20	7.23	6.65
Springfield	16.009	18,046	125.59	128.41	3.49	3.57	5.44	4.81

*(000) omitted.

With the exception of Bankers & Shippers and Springfield Fire & Marine, these companies show underwriting results for 1942 substantially below those of 1941. In the case of Bankers & Shippers, however, the betterment consists merely of a lower underwriting loss. Springfield Fire and Marine, despite its name, wrote very little ocean marine business, but a higher than average percentage of fire, which was profitable. All the other companies wrote a relatively low percentage of fire business, but a comparatively high percentage of ocean marine and/or motor vehicle, which serves to explain their disappointing experience. Three of the companies show an increase in premium volume and three a decrease. The increases, presumably, were in fire writings.

As regards important items from year-end balance sheets, a considerably greater coverage of leading fire insurance companies is possible, as follows:

	*Surplus		*Unearned Premium Reserves	
	1941	1942	1941	1942
Aetna	$23,288	$23,265	$23,495	$23,047
Agricultural	3,847	3,664	6,970	7,066
Automobile	9,733	9,922	12,220	12,403
Bankers & Shippers	1,416	1,887	3,894	3;399
Continental	60,205	64,254	23.408	23,667
Fidelity-Phoenix	47,260	50,371	17.227	18,270
Fire Association	8,091	9,107	11,213	9,677
Great American	21,996	22,619	15,199	16,350
Hartford	67,712	69,893	38,232	39,277
Home	36,290	39,304	59,241	49,708
National	25,530	26,016	17,821	18,123
Pacific	2,336	2,823	4,414	3,907
Providence-Washington	5,727	5,572	5,494	5,744
St. Paul Fire & Marine	24,279	26,922	11.524	11,575
Security	4,728	4,703	5,033	5.412
Springfield F. & M.	14,210	14,636	14,768	16.182
United States Fire	18,726	17,936	11.955	12,476
Westchester	8,630	7,845	6,747	6,908
Total	$384,004	$400,741	$288,855	$283,191

*(000) omitted.

Six of the above 18 companies show a decline in surplus. In most instances this decline is attributable to an expansion in premium volume which necessitated a transfer of funds from surplus to unearned premium reserves.

Unearned premium reserves show substantial expansion, except in the case of Aetna, Bankers & Shippers, Fire Association, Home and Pacific, which show declines. These five companies, however, formerly had large premium reserves in either the ocean marine or motor vehicle categories, or both, and the drop in these reserves reflects the sharp curtailment of business in these two classes of risks. An outstanding example is Home Insurance, which was exceptionally heavy in automobile insurance, and whose unearned premium reserves show a drop of approximately $9,500,000; while surplus increased approximately $3,000,000, equivalent to 31.5% of the $9,500,000.

For the entire group of 18 companies, surplus funds show an aggregate growth of $16,737,000 or 4.36%, while unearned premium reserves show an aggregate de-

Continued on page 836

DIVIDEND NOTICE

GUARANTY TRUST COMPANY OF NEW YORK

New York, March 3, 1943.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending March 31, 1943, payable on April 1, 1943, to stockholders of record March 12, 1943.

MATTHEW T. MURRAY, JR., Secretary.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 148

Common Dividend No. 132

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending March 31, 1943, and a dividend of 15¢ per share on the Common Stock have been declared. Both dividends are payable April 1, 1943, to holders of record March 11, 1943. The stock transfer books will remain open.

J. P. TREADWELL, JR.

February 15, 1943 *Secretary*

American Locomotive Company

30 CHURCH STREET

NEW YORK, N. Y.

Preferred Dividend No. 139

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable March 23, 1943, to the holders of record of said stock at the close of business on March 9, 1943.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on March 22, 1943.

JOHN D. FINN

February 25, 1943 *Secretary*

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 28

At a meeting of the Board of Directors held February 24, 1943, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable May 1, 1943, to stockholders of record at the close of business April 5, 1943. Checks will be mailed.

W. M. O'CONNOR

February 24, 1943 Secretary

AMERICAN MANUFACTURING COMPANY

Noble and West Streets

Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 50c per share on the Common Stock of the Company. Both payable April 1, 1943, to stockholders of record March 8, 1943. The stock record books will be closed for the purpose of transfer of stock on March 8 until April 1, 1943.

ROBERT B. BROWN, Treasurer.

DU PONT

E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *February 15, 1943*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable April 24, 1943, to stockholders of record at the close of business on April 9, 1943; also $1.00 a share, as the first "interim" dividend for 1943, on the outstanding Common Stock, payable March 13, 1943, to stockholders of record at the close of business on February 23, 1943.

W. F. RASKOB, *Secretary*

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable March 31, 1943, to stockholders of record at the close of business on March 10, 1943. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*

Philadelphia, February 19, 1943.

JERSEY CENTRAL POWER & LIGHT CO.

PREFERRED STOCK DIVIDENDS

The Board of Directors has declared the following regular quarterly dividends: The 72nd qtly. div. of $1.75 on the 7% Preferred Stock; the 63rd qtly. div. of $1.50 on the 6% Preferred Stock; and the 47th qtly. div. of $1.37½ on the 5½% Preferred Stock. Payable on April 1, 1943, to stockholders of record at the close of business March 10th.

R. R. BOLLINGER, *Treasurer.*

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

March 2, 1943

THE Board of Directors on February 26, 1943 declared a dividend at the rate of 50c per share on the outstanding Common Stock of this Company, payable on the 31st day of March 1943 to stockholders of record at the close of business on the 19th day of March 1943. Checks will be mailed.

DAVID BERNSTEIN,

Vice President & Treasurer

DIVIDEND NOTICES

CELANESE CORPORATION OF AMERICA

180 MADISON AVE. • NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable April 1, 1943 to holders of record at the close of business March 16, 1943.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1943 to holders of record at the close of business March 16, 1943.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1943 to holders of record at the close of business March 16, 1943.

COMMON STOCK

A dividend of 50¢ per share, payable March 31, 1943 to holders of record at the close of business March 16, 1943.

JOHN A. LARKIN, *Vice-Pres. & Sec'y.*

March 2, 1943

COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock, $4.25 Series of 1935, Dividend

A quarterly dividend of $1.06¼ on the Convertible Preference Stock, $4.25 Series of 1935, of COMMERCIAL INVESTMENT TRUST CORPORATION has been declared payable April 1, 1943, to stockholders of record at the close of business March 10, 1943. The transfer books will not close. Checks will be mailed.

Common Stock, Dividend

A quarterly dividend of 75 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable April 1, 1943, to stockholders of record at the close of business March 10, 1943. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer.*

February 25, 1943.

THE CHESAPEAKE AND OHIO RY. CO.

A dividend for the first quarter of 1943 of one dollar per share on Preference Stock, Series A, and of seventy-five cents per share on $25 par common stock will be paid April 1, 1943, to stockholders of record at close of business March 8, 1943. Transfer books will not close.

H. F. LOHMEYER, *Secretary.*

ANACONDA COPPER MINING CO.

25 Broadway

New York, N. Y., February 25, 1943.

DIVIDEND NO. 139

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable March 29, 1943, to holders of such shares of record at the close of business at 3 o'clock P. M. on March 9, 1943.

JAS. DICKSON, Secretary & Treasurer.

The Borden Company

ANNUAL MEETING

The annual meeting of stockholders will be held on Wednesday, April 21, 1943, at eleven o'clock A.M. (Eastern War Time) at 43 Park Avenue, Flemington, Hunterdon County, New Jersey.

Only stockholders of record at the close of business on Wednesday, March 24, 1943, will be entitled to vote at said meeting, notwithstanding any subsequent transfers of stock.

The stock transfer books will not be closed.

The Borden Company

WALTER H. REBMAN, *Secretary*

MARGAY OIL CORPORATION

DIVIDEND NO. 51

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable April 10, 1943, to stockholders of record at the close of business March 24, 1943.

E. D. OLDENBURG, Treasurer.

Tulsa, Oklahoma, March 1, 1943.

Lehman Bros. Offers Burlington Mills Stock

A banking group headed by Lehman Brothers and Kidder, Peabody & Co. on March 3 offered at $104.50 a share plus accrued dividends from March 1, a new issue of 65,000 shares of Burlington Mills Corp. 5% cumulative preferred stock, $100 par. The $6,563,877 to be received by the corporation upon the sale will be used to redeem all of the outstanding cumulative convertible preferred stock, and to reimburse the corporation for the redemption price of 20,548 shares of such stock redeemed on March 1. Any balance remaining is to be added to general working funds.

Following the operation but without giving effect to possible conversions, capitalization will consist of $6,000,000 of 3% promissory notes payable serially, 65,000 shares of the authorized 75,000 shares of 5% cumulative preferred and 665,419 shares of 1,200,000 authorized common shares.

Consolidated net profit after setting aside $1,000,000 for contingencies was $3,372,387 in the fiscal year ended Sept. 26, 1942 as compared with $3,137,654 after a $300,000 contingency allotment in the preceding fiscal year. Net sales have increased rapidly, amounting to $83,096,802 in the fiscal year ended last September, a gain of almost $20,000,000 for the year.

The company states that about 9% of its sales in the 1942 fiscal year went to the armed forces or to direct or indirect use in prosecution of the war. Currently these sales have advanced to about 35% of total production. Orders in this category amounted to about 50% of total unfilled orders on the corporation's books as of Feb. 15.

The corporation is required to set aside annually a sinking fund sufficient to redeem 3% of the maximum number of shares issued, plus 10% of consolidated net earnings in excess of $2,000,000 after certain deductions, the maximum annual sinking fund requirement, however, being limited to 5% of the maximum number of shares issued.

Associated in the public offering are the following: Merrill Lynch, Pierce, Fenner & Beane; R. S. Dickson & Co., Inc.; Wertheim & Co.; A. G. Becker & Co., Inc.; Hallgarten & Co.; Union Securities Corp.; Dean Witter & Co.; Alex. Brown & Sons; Laurence M. Marks & Co.; Mitchum, Tully & Co.; Scott & Stringfellow; Folger, Nolan & Co., Inc.; G. H. Walker & Co.; The Wisconsin Company.

The corporation is engaged directly and through subsidiaries, in manufacturing woven fabrics from rayon yarns and rayon mixtures and, to some extent, from cotton yarns, throwing and dyeing rayon and cotton yarns and dyeing and finishing cloth. Among finished products are draperies, bed spreads, women's full fashioned hosiery, men's hose. The business is integrated from the purchase and throwing of yarns to the finishing of manufactured products and their sale to the consuming trades.

Under a general preference order issued by the War Production Board on Feb. 2, 1943, the corporation and its subsidiaries, in common with certain other producers of textile products, were assigned an AA-2X preference rating to obtain deliveries of maintenance, repair and operating supplies, subject to the conditions of such order. The corporation states that up to the present time it and its subsidiaries have been able to obtain machinery and equipment and materials other than raw silk, sufficient to enable them to maintain satisfactory levels of operation.

The corporation and subsidiaries now operate 44 plants having an aggregate floor area of approximately 3,410,535 square feet. Production machinery includes 8,006 looms, 355,448 spindles and 309 knitting machines, comprising 3,597 knitting sections in total.

The Securities Salesman's Corner

SELLING IS A CHALLENGE!

For some unknowable reason many people cling to the idea that in order to be a good salesman you have to be able to "pull the wool over someone else's eyes." If there ever was a complete fallacy—this is it. On the contrary, no salesman ever made a real success of his profession unless he followed exactly the opposite course. Sleight-of-hand, "putting things over" on other people, is one thing that any successful securities salesman will tell you—just won't work. You can't build a business that way.

Now, what we are leading up to is this—there is something about selling that brings out the best in you. You can't kid yourself—any more than you can kid the public and get away with it for any length of time. Selling is a hard task-master. It's so easy to alibi for yourself, when you know you are at fault. It's the kind of a job where you are your own boss—so if you don't want to work it's easy to make excuses for not doing so. It's the kind of a job that demands that you give it your study and your good health and it's so easy not to do this. Selling means being cheerful and alert—it means winning out over discouragements—it calls for confidence in yourself and the things you are selling—and all this must be backed up by unselfishness. The salesman who thinks of his commission check first—or who allows himself to worry about the future is "pulling the wool over his own eyes"—he's putting something over on himself. No man can impress another man with confidence in his offering or himself, if he is thinking of his own affairs first instead of his customer's welfare. It takes a heap of man to do a selling job week in and week out—but one thing more than anything else is necessary for success in the field of salesmanship—that is "self mastery." If you are a good salesman it's because you've learned to be a better man—the two go hand in hand.

None of us are perfect—we can only strive to be better as we go along. We can try to improve our score. As securities salesmen we have a double job to do—first help our clients to be more successful investors—second become more efficient and better investment salesmen. The two can go hand in hand despite the opinion held by many to the contrary. There is no more reason why some investors should be sold securities that are far too hazardous or unsuited to their requirements and eventually wind up both poorer and wiser, than there is that other investors are able to swear by their securities man because of the fine investment portfolio he has sold to them.

But all of this takes work. It means that we must study our offerings, our business, our prospects too, and do it so thoroughly that we can prevail over all the obstacles that stand in our pathway. This is just the opposite from "putting something over on someone"—it's the road that leads to confidence on the part of our clients in our own integrity and our ability—it's the road that leads to success—there is no other way.

Wall St. Post of Am. Legion Dinner

The Wall Street Post of the American Legion, No. 1217, will hold a stag dinner at the 77th Division Memorial Hall Club House, 28 East 39th St., Manhattan, on Monday, March 8, at 7:30 p. m. Among the speakers will be Wenzell Brown, author of "Murder Stalks Hong Kong" and "I Was a Jap Prisoner," who will relate the horrors and atrocities of the Pacific warfare. He was formerly assistant professor of English at Lingnan University in Hong Kong. Other well known men will also be present.

Clement Asbury of Thomson & McKinnon is in charge of the dinner reservations.

G. H. Robinson Dies

George Henry Robinson, retired investment banker of New York, died at his home in Hampton Bays, L. I., N. Y., after a long illness, at the age of 78.

Mr. Robinson in 1899 was one of the founders of Fisk & Robinson, investment banking house, which in 1915 became Robinson & Co. He retired in 1929. He had been a member of the New York Stock Exchange, Investment Bankers Association, and the New York State Bankers Association, and President of the New Netherlands Securities Corporation.

Investment Trusts

"Post-War Prospects" are discussed in the latest issue of Hugh W. Long & Co.'s **New York Letter.** Taking the recent Brookings Institution study of this subject as its text, the bulletin presents much that is encouraging in the outlook. The hope is expressed that our longer-range problems will benefit greatly from the lessons of World War I and its aftermath.

In a four-page "Memorandum for Salesmen" the Long Co. presents some convincing arguments for Manhattan Bond Fund. The last page is in the form of a "figure sheet" based on the premise that a diversified list of 45 bonds rated BB is entitled to a composite rating of a single BBB bond or higher. The 45 BB bonds, having an average coupon of 5% and an average price of 72, are available through Manhattan Bond Fund at an average price of 79 including the distribution charge. Since the average market price of a 5% BBB bond is now 95, the conclusion is reached that the investor saves 16 points by purchasing through the Fund. "Is income from 45 bonds likely to be more stable?" serves as the clincher.

* * *

"Ten Facts About UBC" are listed in the latest issue of Lord, Abbett's **Union Dealer.** Among them: 1942 performance — 25.7% gain, including dividends paid; 1943 performance (through Feb. 17)—10.6% gain.

Lord, Abbett has an attractive new "Six-Point Selector" to aid investors in deciding how to allocate funds among UBA, UBB and UBC. The points are: (1) Yield, (2) Protection, (3) Action, (4) Average Price, (5) Ratings, (6) Diversification. Comparisons on each point are made between the three Union Bond Funds by means of charts for easy checking.

* * *

National Securities & Research Corp. has published recent performance figures on its four "income" series in the last issue of **National Notes.** The results are summarized below.

	% Change 12/31/42 through 2/15/43
National bond series	+ 6.53%
National low-priced bond series	+ 8.05
National preferred stock series	+ 11.11
National income series	+ 9.82
Dow-Jones industrial average	+ 7.71

The conclusions reached in the most recent issue of **Investment Timing** with regard to the effects of the 48-hour work-week order are in line with opinions of the better-known economists on this subject. The service concludes:

"Although it will probably aid the manpower situation, and though it was announced as among measures designed to be anti-inflationary, the conclusion is inescapable that the 48-hour order will lead to higher consumer income, and pressure for higher prices. Added to other factors already tending in the same direction, it should increase the difficulties of holding the rises in prices and the cost of living to a practicable minimum."

* * *

"What will your dollar buy?" asks a recent issue of Keystone Corp.'s **Keynotes.** It adds: "Compared with other things that your dollar can buy, listed securities appear to be one of the few remaining bargains."

Keystone's check-each-month-throughout-the-year program mentioned here last week has now been expanded and refined to provide the salesman with a concrete approach based on the particular income needs of the investor. A simple work-sheet sets up an Objective to be determined as to the number of months per year that distributions are desired. Then a Schedule of Distributions is provided to indicate the amounts needed in each of the months selected. From the various combinations of Keystone Funds available almost any conceivable monthly distribution schedule can be met.

* * *

A new folder on bank stocks, giving certain data and ratios for 1942, has been published by Hare's, Ltd. "Bank stocks," says the folder, "while primarily peace stocks, are again, as in World War I, demonstrating their ability to increase earnings during the war time."

* * *

Under the heading "Cycle," Calvin Bullock's **Bulletin** has this to say:

"On Feb. 16, 1943, the offering price of Dividend Shares, based on the market value of its assets at the close on Feb. 15 was $1.21 per share. This was the same offering price as prevailed on Sept. 1, 1939, when the German armies invaded Poland.

"During this period of approximately 3½ years, stockholders of Dividend Shares have received quarterly dividends totalling 22.6 cents per share, of which 5.1 cents

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Municipal News & Notes

Recent operations in the municipal field, particularly in regards to new issue awards, seem to have demonstrated beyond question the extent of the heavy demand that continues to prevail for tax-exempt instruments. Of striking interest in this connection was the apparent absence of any lessening in such demand in the face of the partial withdrawal from the market of some institutional holders, whose principal activity in recent months has been the liquidation (and at very attractive prices) of a rather substantial amount of their old holdings. Despite this selling which, except for its unusual circumstances, could not be interpreted as being other than a bearish development, the market has remained exceptionally strong. This selling, however, is of wholly different character as its impetus rests solely in the desire of the institutions involved to "cash in" on the peak prices now prevailing for high-grade municipals and to employ the proceeds by investing in higher-yielding Treasury obligations. While these latter are taxable, in contrast with State and municipal loans, the tax-exempt feature is but of nominal value to the sources indulging in such switching.

In any event, it would appear that the municipal market has been aided, instead of being depressed by the liquidation that has been effected. An important factor here, of course, is the fact that the supply of new business has been greatly restricted due to wartime influences. Incidentally, it is more than possible that the trend of prices would be even higher were it possible to dispel with finality the current fear in many quarters that the Federal administration will succeed in enacting legislation which would nullify, directly or indirectly, the value of the tax-exempt feature on municipal issues.

Although the Administration has thus far been unsuccessful in its efforts to have the Congress pass a bill subjecting such securities to Federal taxation, recent remarks by Secretary of the Treasury Morgenthau emphasize that the project has not been abandoned.

Despite the constant existence of this threat, however, the market's performance, particularly in the recent past, has been extremely gratifying, with new issues in general having been well received. Of more than passing interest in this connection was the degree of competition which prevailed among bidders for the various loans.

An outstanding example was afforded by the recent State of New York issue of $12,000,000 grade crossing elimination bonds. Carrying an optional feature, marking the first offering of that character ever made by the State, proved no handicap, as Comptroller Frank C. Moore was able to dispose of the bonds at a new record low interest cost to the State.

The bonds were sold to a syndicate headed by the Chase National Bank of New York, which outbid four other groups which competed for the loan. Each of the five bids, incidentally, specified a rate of interest of 1.20% and the closeness of the various offers gave striking testimony to the high credit rating enjoyed by the State and the excellent character of the municipal market itself. The Chase bank group purchased the issue on a net interest cost to the State of only 1.141%, which compares with the net rate of 1.192% required in the lowest of the other four tenders submitted at the sale.

The bonds are due serially from 1944 to 1963, inclusive, and are redeemable starting on Feb. 26, 1953. The Chase Bank group reoffered the 1944 to 1953 bonds to yield from 0.30% to 1%, and those due from 1954 to 1963 were priced at 101.50 to 100. A strong demand developed for the bonds upon the reoffering.

Shields Syndicate Buys Housing Issues

A banking group headed by Shields & Co., New York, was the successful bidder on March 2 for the largest group of municipal housing bonds ever awarded, with the exception of the recent New York City Housing Authority offering. The Shields account acquired an aggregate of $19,712,000 bonds, divided as follows:

Boston (Mass.) Housing Authority, $7,500,000 (first issue) series A bonds, awarded on an interest-cost basis of 1.91%; $5,703,000 Baltimore (Md.) City Housing Authority series A bonds, interest cost 1.889%; $3,006,000 City of Detroit (Mich.) Housing Commission (first issue) series A bonds, interest cost 1.989%; $2,653,000 City of Louisville (Ky.) Municipal Housing Commission (Parkway-Sheppard Issue) series A bonds, interest cost 1.940%, and $850,000 Housing Authority of Jersey City (N. J.) interest cost 1.974%.

Additional Sales

The remaining two housing issues offered on Tuesday were purchased by a syndicate headed by Phelps, Fenn & Co., Inc., New York, and consisted of $3,744,000 Alley Dwelling Authority, Washington, D. C., and $89,000 Orlando, Fla., Housing Authority.

The sale of such a substantial block of Housing Authority obligations in one day reflected still further evidence of the high favor accorded such instruments in banking and investment circles.

Alabama's Unencumbered Cash Balance Over $8,500,000

Despite the fact that a sum of $24,486,160 reposed in the State Treasury at close of the fiscal year last September, all but $8,587,654 of the total was earmarked for specific purposes, State Finance Director Hayse Tucker advised the interim finance taxation committee recently. The bulk of the actual cash surplus was held in a special educational trust fund and this surplus, if it is to be diverted, is technically available for interest charges, debt service or for further support of schools, the Finance Director's written report said.

To Refinance Bridge Bonds

The State Finance Director announced Feb. 24 his intention to refinance a total of $4,447,500 4% bridge bonds in order to reduce the interest charge to a level of no more than 2%. The bonds, it was said, are callable on six months notice.

Cuyahoga County To Refund Special Assessment Bonds

Cuyahoga County, Ohio, plans to refund $1,398,000 of its special assessment bonds this year, the municipal research bureau of the Cleveland Chamber of Commerce declared in making public recently a detailed analysis of the debt situation of Cleveland governmental units. The county, it was said, does not plan to refund any general obligation bonds in the present year. In 1942, the county refunded $1,580,000 of special assessment bonds.

The bureau also noted that for the first time in a number of years there would be no refunding of City of Cleveland bonds, despite a 0.5-mill reduction in its tax rate.

Considering the debt situation of Cuyahoga County, the bureau said it had been necessary for the unit to continue refunding its special assessment obligations, because receipts from special assessment taxes were sufficient to pay the interest and only a small amount of principal.

"In order that this indebtedness may be reduced each year, it is necessary for the county to make a levy to pay special assessment bonds against the general duplicate," the review said. "This levy amounted to $921,000 in 1942, and approximately $880,000 has been levied for 1943. The county reduced its net special assessment debt in 1942 by $914,000 and will probably make a similar reduction in 1943."

The review brought out the steady reduction in net debt that has been made by the governmental units over a period of years. Last year the county reduced its net debt $3,136,000, or 7.8%. The City of Cleveland trimmed its net debt by $4,905,000, or 4.8%. In addition, the Cleveland Board of Education and the Cleveland Public Library reduced their debt $997,000 and $84,000, respectively. The total reduction for the year was $9,122,000, or 6.1%.

Five-Year Debt Reduction

In the five-year period from Jan. 1, 1938, to Jan. 1, 1943, the county reduced its net debt of $10,368,000, or 21.9%; the city, $5,749,000, or 5.6%; the schools, $5,101,000, or 46.6%, and the library, $640,000, or 60.4%. The total reduction over the five-year period was $21,858,000, or 13.4%.

Net bonded debt of the county, including tax anticipation notes and scrip, amounted to $36,921,197 on Jan. 1, the lowest total since the late 1920's. Cleveland's net debt on Jan. 1, also inclusive of tax anticipation notes and scrip, was $97,592,622, the lowest in at least 18 years. The Board of Education's net debt at the beginning of the year was $5,835,747, lowest in at least 22 years, and the library debt was down to $420,000.

Hazelton, Pa., Authority Plans Water Plant Purchase

The Hazelton City Authority adopted recently a resolution approving an outline of conditions under which it is considering the purchase of the Hazelton Water Co., the capital stock of which is held by the Northeastern Water & Electric Service Corp. Prior to committing itself to a definite agreement, the Authority has submitted the proposal for approval by the City Council, although the Authority is empowered by law to act on its own initiative.

The program would involve the issuance by the Authority of $3,300,000 revenue bonds, which will not in any way bind the City of Hazelton or the Authority (except as to the property acquired) but will be restricted in their lien to the income only of the water company. In no event shall any of the present owned property of the Authority be responsible should the bonds be defaulted.

The bonds would include $2,800,000 series A first lien 3s and $500,000 series B 5s, the latter to be held in escrow by the Northeastern Water & Electric Service Corp., which is to operate the water company.

Port Authority Added To Reserves In 1942

Although gross revenues of the Port of New York Authority from all sources in 1942 amounted to $16,200,000, or a decrease of about $2,500,000 under the 1941 aggregate, the Authority nevertheless bolstered its general reserve fund by about $4,700,000, retired about $2,400,000 bonds during the year and credited its insurance and deficiency funds with about $70,000, it was stated by John J. Mulcahy, Comptroller of the Port Authority, in an address before the Municipal Bond Club of Philadelphia last week.

Although saying that it seems to be highly undesirable to attempt a formal forecast of what may happen in 1943, Mr. Mulcahy went on to say that "assuming (just for instance) that traffic falls 40% under 1941," this will bring the Port Authority a total revenue income of $12,500,000. "Deducting operating expenses of $4,000,000 (and I believe this will be less), also $5,300,000 for interest charges," the speaker continued, will leave about $3,200,000 from the year's operations. After allowing for actual amortization charges of $2,500,000, "we could at the end of 1943 carry to our general reserve an additional $750,000, Mr. Mulcahy declared.

(A detailed account of Mr. Mulcahy's address appeared in the "Chronicle" of March 1, on page 773.)

Oklahoma Facing Serious Financial Problem

The State of Oklahoma will be confronted with a serious financial problem within the next two years as a result of wartime restrictions on business, greatly increased Federal taxes and rapidly declining oil production, the State Tax Commission has predicted. Total tax collections in January were $6,220,976, or 32.2% less than the $9,174,273 in the first month of 1942, the Commission announced.

Gasoline and fuels excise taxes decreased 52.9% during the month, compared with January, 1942, and 16.8% in the seven months ended Jan. 31, compared with the same period a year earlier. January receipts were $903,428 against $1,920,372 and seven-month collections were $10,862,863 against $13,053,268, it was reported.

Motor vehicle license tax collections fell to $2,095,287 last January from $3,893,409 a year earlier, a drop of 46.2%, and to $2,515,325 in the seven months ended Jan. 31 from $4,584,230 in the 1941 period, a drop of 45.1%.

Sales tax collections rose 10.2% in January and 10.3% in the seven-month period. January receipts were $1,524,687 against $1,333,085 and seven-month receipts were $8,727,474 against $7,912,981.

Chicago Park District Debt Reduction Reported

The recent quarterly financial statement of Harold L. Baker, Director of Accounts, showed that the park district reduced its total debt structure to the extent of $6,559,000 in 1942. Total debt on Dec. 31, last, was reported as $81,585,250 as compared with $88,144,809 a year earlier. Indebtedness has been reduced $45,553,056 from the total of $127,138,307 on May 1, 1934, when consolidation of the various park districts into the present single unit was effected.

Gross bonded debt of the district on Dec. 31 amounted to $81,709,700, against $87,902,700 at the end of 1941. The district has issued a call for redemption on March 1 for $4,920,000 of its bonds. This will reduce the gross bonded debt figure as of March 1 to $76,783,700.

After taking into consideration accrued interest on funded debt and sinking fund assets, net bonded debt at the end of the year amounted to $71,724,267, a reduction of $6,398,286 compared with $78,122,553 on Dec. 31, 1941.

Floating debt increased $572,804 in the year to $2,023,782 from $1,450,978. This increase largely was accounted for by an increase of $681,702 in contractual obligations. Accounts payable, however, declined $317,274 to $205,621 from $522,895.

Tax anticipation warrants outstanding at the end of the year amounted to $7,837,201, a reduction of $734,076 compared with $8,571,278 outstanding as of Dec. 31, 1941.

Boren Bill Seen as Correcting Unlawful Delegation Of Power To SEC

The bill introduced in the House by Congressman Lyle Boren of Oklahoma (H. R. 1502) to amend the Securities and Exchange Act of 1934 to make it clear that the statute does not confer upon the Securities and Exchange Commission the power to regulate transactions in exempted securities and to repeal that part of the act under which the Commission was clothed with the authority to define, for the purposes of the act, the transactions that are "manipulative, deceptive or otherwise fradulent," has been endorsed by David M. Wood, noted New York attorney, and member of the firm of Thomson, Wood & Hoffman.

In his recent opinion on the subject, Mr. Wood asserted that Congressman Boren was "manifestly right" in taking the position that with the repeal of the sentence in question the power to define the offenses "will revert to Congress where it belongs." Mr. Wood also observed that the legislator might have gone further and stated that Congress had no constitutional right to attempt to confer this power upon the SEC.

Introduction of the Boren bill came as an aftermath of the proposal last year by the SEC of a rule, now apparently abandoned, which would have required over-the-counter dealers, including municipal men, to submit to customers in each transaction the best independent bid and asked prices of securities. Municipal men felt that it was on the basis of the phase of the law, giving the SEC the power to define manipulative, deceptive, and fraudulent, that the application of the rule was proposed to be extended to municipal transactions.

West Virginia Income Tax Levy Eliminated

Repeal of the State's eight-year-old income tax law was effected recently, as each branch of the Legislature voted to override Governor Neely's veto of the measure. The House originally approved the repealer on Jan. 27 and the Senate followed suit on Feb. 3.

Major Sales Scheduled

The successful award on Tuesday of approximately $24,000,000 of Housing Authority issues now leaves the calendar of scheduled business for the present month (at least at this writing) barren of any prospective deals of $500,000 or more. As a matter of fact, the largest of the issues currently up for award consists of an item of $195,000 by Wayne, Mich. There are, however, several large offerings scheduled to be reoffered within the next few days, representing recent acquisitions by investment bankers. These include the $21,635,000 Lower Colorado River Authority, Texas, bonds which will be placed on the market by an account headed by the First Boston Corp. and Stranahan, Harris & Co., Inc. In addition, a group managed by Blyth & Co., and including, among others, Blair & Co., Inc., and Dean Witter & Co., is expected to undertake the distribution of a new issue of $9,000,000 Seattle, Wash., 3½% municipal transportation system revenue refunding bonds.

New Issue

$12,000,000

State of New York

1.20% Bonds

Dated February 26, 1943

Due $600,000 each year, February 26, 1944-63 incl.

Redeemable at par and accrued interest on February 26, 1953, or on any interest payment date thereafter, all bonds then outstanding, or all bonds of a single maturity beginning in the inverse order of their maturity.

Principal and semi-annual interest, August 26 and February 26, payable in New York City at the Bank of the Manhattan Company. Coupon bonds in denomination of $1,000 each, registerable as to principal and interest in denominations of $1,000, $5,000, $10,000 and $50,000.

Interest Exempt from all present Federal and New York State Income Taxes

In our opinion, Legal Investment for Savings Banks and Trust Funds in New York, Connecticut and certain other States and for Savings Banks in Massachusetts

Acceptable to the State of New York as security for State deposits, to the Superintendent of Insurance to secure policy holders, and to the Superintendent of Banks in trust for banks and trust companies

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These Bonds, issued for Elimination of Grade Crossings, constitute, in the opinion of the Attorney General of the State of New York, valid and binding obligations of the State, and the full faith, credit and taxing power of the State of New York are pledged for the payment of principal and interest.

MATURITIES AND PRICES

(Accrued interest to be added)

Due Feb. 26	Yield to Maturity
1944	.30%
1945	.50
1946	.60
1947	.70
1948	.75

Due Feb. 26	Yield to Maturity
1949	.80%
1950	.85
1951	.90
1952	.95
1953	1.00

Due Feb. 26	Price	Approx. Yield to Opt. Date Feb. 26, 1953
1954–55	101½	1.04%
1956	101¼	1.07
1957	101	1.09
1958	100¾	1.12
1959	100½	1.15
1960	100¼	1.17

Due Feb. 26	Price	Yield to Maturity
1961	100	1.20%
1962	100	1.20
1963	100	1.20

Yielding 1.20% after Optional Date

The above Bonds are offered when, as and if issued and received by us and subject to approval of legality by the Attorney General of the State of New York. It is expected that Interim Certificates will be delivered in the first instance, pending preparation of Definitive Bonds.

The Chase National Bank

Hallgarten & Co. — Barr Brothers & Co. INC. — R. W. Pressprich & Co. — Salomon Bros. & Hutzler — Chemical Bank & Trust Company — Blair & Co., Inc.

Blyth & Co., Inc. — The Marine Trust Company of Buffalo — Manufacturers Trust Company — The Northern Trust Company Chicago — Harris Trust and Savings Bank Organized as N.W. Harris & Co. 1882. Incorporated 1907

Kidder, Peabody & Co. — Estabrook & Co. — Manufacturers and Traders Trust Company Buffalo — Stone & Webster and Blodget Incorporated — Kean, Taylor & Co. — Swiss American Corp.

. S. Moseley & Co. — L. F. Rothschild & Co. — Roosevelt & Weigold Incorporated — Hornblower & Weeks — Mercantile-Commerce Bank and Trust Company

quitable Securities Corporation — Hemphill, Noyes & Co. — White, Weld & Co. — R. L. Day & Co. — W. E. Hutton & Co. — State Bank of Albany

aurence M. Marks & Co. — First of Michigan Corporation — Lee Higginson Corporation — Geo. B. Gibbons & Co. Incorporated — Schoellkopf, Hutton & Pomeroy Incorporated

he Public National Bank & Trust Company of New York — The National Commercial Bank and Trust Company of Albany — The Commercial National Bank & Trust Company of New York

Hannahs, Ballin & Lee — Reynolds & Co. — Schwabacher & Co. — C. F. Childs and Company Incorporated — Riter & Co.

. C. Allyn and Company, Inc. — Green, Ellis & Anderson — Edward Lowber Stokes & Co. — Francis I. du Pont & Co. — Arnhold and S. Bleichroeder, Inc.

. G. Becker & Co. Incorporated — Schmidt, Poole & Co. Philadelphia — Otis & Co. (Incorporated) — Ernst & Co. — Craigmyle, Pinney & Co.

New York, February 26, 1943

CANADIAN SECURITIES

By BRUCE WILLIAMS

On April 1, 1943, Canada's new program of "mutual aid" will begin to operate. This new plan is the outgrowth of Canada's experience in providing Great Britain with a "billion-dollar gift" of war supplies.

Under the old setup Canada sent to Great Britain a billion dollars' worth of munitions and raw materials as an outright gift. Great Britain, in turn, redistributed a large part of these war supplies to other United Nations. When it became known that the British were selling some of these "free" supplies to Australia, objections were voiced throughout the Empire. Canada wisely decided that as soon as her obligations under the original gift had been met, such "mutual aid" as she could give to the United Nations over and above her own war needs should henceforth be handled directly.

The new plan calls for another billion-dollar gift. However, this time Canada will allocate the materials directly and on her own terms. It is a significant step, not only for Canada but for the whole British Empire. In the words of one Canadian editor, "It is at once an acceptance of the responsibilities, and a claiming of the rights, of nationhood."

The political aspects of the move, amounting as it does to a mild "declaration of independence," are of less significance to this observer than its economic aspects and the administrative policies of the program. Briefly, a five-man board will be set up and given authority to distribute up to $1,000,000,000 of war equipment, raw materials and foodstuffs on the basis of "strategic need." All United Nations will be eligible to receive these war supplies, with "effective use" the primary consideration in their distribution.

Although Canada may require "reciprocal benefits" from other United Nations in a position to give them in return for these supplies, all arrangements are final. Outright gifts will be made without any strings attached. There are no "hangover" clauses or stipulations requiring negotiation and settlement at some future time.

Obviously, Canada understands the principle that "it isn't so much what you give as how you give it." Her "mutual aid" plan embodies this principle in a common-sense, workable program that will enable her to put forth her maximum effort in a cause which, after all, is one of common survival.

When one recalls the American experience of "lending" war materials and foodstuffs to our Allies during and after the First World War, the soundness of Canada's new plan becomes all the more apparent. Our contribution to the Allied cause in 1914-18 and in the years immediately thereafter was substantial. Yet we got little thanks for it, whereas our "loans" might have done much to create an atmosphere of international cooperation if they had been outright gifts in the first place. As it is, they have become "gifts" by default and as such are even today a source of irritation and misunderstanding.

What many Americans failed to realize during the last war is that when nations band together in a fight for a common cause it should not be a question of one profiteering at the expense of the others, but of each contributing a full measure. In fact, when the vague and ill-defined obligations which are being created under our Lend-Lease program come up for settlement, a new era of misunderstanding may arise—with "Uncle Shylock" again the target of Allied animosity.

In spite of our loans that became gifts, our immediate economic and industrial gains from the last war were tremendous. Canada is in the process of achieving similar gains from the present conflict. That she intends to make them secure and lasting is clear from the manner in which she is contributing to the war effort. Her contribution is a full measure. She is making it in a way that will strengthen her friendships and enlarge her markets in the post-war world.

Canada Manufacturing Activity Remains High

"Manufacturing activity in Canada continues at a high level, with war contracts providing its chief basis, and the latest Government return shows a continuance of the upward movement in employment which has been in progress without interruption since last March," says the Bank of Montreal in its "Business Summary" made available Feb. 23. The bank also has the following to say, in part:

"For the month prior to Dec. 1, there was a gain of 31,527 workers on the payrolls of reporting firms. To this advance, which was contra-seasonal in character, the greatest contributors were manufacturing, which absorbed an additional 16,116 persons, and logging which absorbed 13,600. The iron and steel industries alone absorbed about 12,000 and on Dec. 1 employment in the heavy industries accounted for one-third of the total number of workers on the payrolls of reporting firms, as compared with little more than one-fifth at the corresponding date in 1939.

"At intervals winter weather of unusual severity has resulted in some dislocation of communications and other activities and has hampered the distribution of goods, but the physical volume of business as a whole has been at a record high. Coincident with the increase in war activities, curtailment of the production of civilian goods is proceeding steadily and wholesale and retail merchants now experience great difficulty in procuring adequate supplies for the replacement of stocks of certain articles. Nevertheless, retail trade continues in great volume and during December, the latest month for which data are available, it was 30% larger than in November, owing to the special Christmas trade, and 6% larger than in December, 1941."

Schram Asks NYSE Members For Views On Admitting Corporations To Exch. Membership

Continued from page 827

established business practices of member firms. The effect of the plan which has been most often suggested would be to make it possible for a member house to operate either as a partnership or as a corporation.

"In one important respect member corporations would have to meet more exacting requirements than those laid upon member firms. In addition to the provision for initial minimum paid-in capital, which would be identical with that for a member firm, the member corporation would be obliged to have substantial initial paid-in (capital) surplus. The member corporation would be subject to the same capital maintenance requirements as member firms.

Broad General Questions

"For purposes of emphasis, it may be well to repeat that the considerations which must enter into our decision have to do, principally, with four major questions: (1) Would the admission of member corporations enable us better to serve the public? (2) Could we effectively apply our system of controls and scrutiny to such corporations? (3) Would the result be a net increase in the total business on the New York Stock Exchange? (4) Would any considerable number of securities corporations conform to our requirements and submit to our supervisory controls in order to become members? The contentions which have been advanced, both for and against, with respect to these questions may be briefly summarized as follows:

"(1) Would the admission of member corporations enable us better to serve the public?

"It is contented that a number of non-member securities corporations would become members if permitted to do so. There would thus be an additional number of organizations advocating investment in listed securities for which the Exchange provides a ready market and about which there is available more information for evaluating securities than is usually the case with unlisted securities. Thus it is contended that the admission of incorporated securities houses would bring to the Exchange increased volume of business, resulting in more active and better markets. Emphasis is also placed upon the desirability of encouraging investors to use the facilities of our markets and thereby derive the benefit of instantaneous and constant price publicity. Advocates of member corporations cite the customer protection which the Exchange provides in the form of close scrutiny and supervision of member houses, capital requirements which the Exchange imposes and many other safeguards which have been set up in the public interest.

"Those opposing the admission of member corporations say that there would be no material increase in the volume of listed business flowing to the Exchange from corporations if admitted to membership. This question of volume is discussed at greater length under Question (3) below. In addition, opponents also point out that non-member corporations would not wish to subject themselves to the rigid rules of the Exchange. Those in opposition assert, moreover, that limited liability inherent in incorporation would deprive the public of a measure of protection afforded by the unlimited liability of partnerships. On this point advocates of the proposal contend that the value of unlimited liability is uncertain and probably only theoretical, that member corporations would have stiffer initial capital requirement than member firms, and, furthermore, that additional protection to customers of such corporations could be provided by a requirement that officers, as well as employees of a member corporation, be covered by a broker's blanket bond.

"(2) Could our controls and scrutiny be adequately applied to member corporations?

"Opponents fear that supervision of member corporations would be difficult and that regulation of an increased number of houses and their stockholders would be expensive.

"Contrariwise, the opinion is expressed that no unusual increase in personnel would be needed for adequate supervision of member corporations and that it would be no more difficult to supervise corporations than it is to supervise partnerships. Moreover, the practical objections to the admission of corporations whose ownership is widely diffused appear to be generally recognized.

"(3) Would the result be a net increase in the total business on the New York Stock Exchange?

"The argument has been made that corporations, if admitted to membership, would not send much additional business to the Exchange Floor but would continue to deal in listed securities in the over-the-counter markets. Advocates in rebuttal say that incorporated houses now doing considerable business in listed stocks over-the-counter would be impelled, if admitted to membership, to place their business on the Exchange, where the best markets usually exist.

"It is contended that no new business would be generated by the admission of member corporations. The point is further made that incorporated houses, if admitted to membership, would merely dilute the existing volume of transactions. It is held, on the other hand, that the superior attractiveness and marketability, generally, of listed securities would induce member corporations to recommend them to their customers.

"Another contention is that admission to membership would not cause a securities corporation to give up the comparatively larger profits from trading in unlisted issues for the smaller commissions charged on listed securities. In other words, if permitted to acquire Exchange membership, the company would continue to discourage its customers from investing in listed securities. One answer to this contention is that, since listed issues are generally more attractive, it is easier to produce business in them, with the result that, while the commission profit on each transaction may be less, the total net profit from listed business compares favorably with the total net profit obtained from dealing in unlisted securities.

"(4) Would securities corporations which can conform to our standards of character and financial responsibility be interested in becoming members of the Exchange?

"Although opinions have been expressed that few, if any, corporations would become members, the advocates of the proposal take a contrary view. They point out that a number of securities corporations have made inquiry on this subject during the last several years and seemed inclined to make application if the Exchange should make it possible for them to become members and retain their incorporated status."

In his letter Mr. Schram also pointed out that "many stock exchanges include provisions in their constitutions or by-laws for the admission of member corporations and, since many New York Stock Exchange securities are dealt in on other exchanges, non-member houses are able already to transact business in our stocks on public markets." He added:

"Fourteen of a total of 19 registered securities exchanges permit corporations to hold memberships. They are:

"Boston, Chicago, Cincinnati, Cleveland, Detroit, Los Angeles, New Orleans, Salt Lake City, San Francisco, St. Louis, Standard, Washington, Board of Trade (Chicago), San Francisco Mining Exchange."

"Member corporations" he also said "are not uncommon on the American commodity exchanges."

Eccles Will Address Central States IBA

Speakers scheduled for the eighth annual conference of the Central States Group of the Investment Bankers Association of America to be held in Chicago, March 11, include Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, Joseph D. McGoldrick, Comptroller of the City of New York, James M. Macdonnell, President and General Manager of the National Trust Company, Ltd., of Toronto, Robert W. Baird, President of The Wisconsin Co., Milwaukee, and Arthur C. Knies, partner of Vilas & Hickey, New York, it was announced on March 1 by D. Dean McCormick of Kebbon, McCormick & Co., Chairman of the Group.

Mr. Eccles is to discuss the war financing problems of the U. S. government at a dinner meeting at the Palmer House, climaxing a one-day program devoted to various phases of wartime finance. Other speakers will deal with war financing problems of states and cities and of Canada. The wartime and future prospects of the railroads and of the investment business itself are other subjects on the program, which, according to Mr. McCormick, was arranged by determining the issues uppermost in investment banking at the moment and then finding the best men to discuss them.

Comptroller McGoldrick will address the Municipal Forum, at which also Lewis Miller, of the First National Bank of Chicago, will also be a speaker. Mr. Miller is Chairman of the Municipal Securities Committee of the Central States Group. There will also be a Railroad Securities Forum, at which Mr. R. Winfield Ellis, Lee Higginson Corp., Chicago, will preside; the speaker will be Mr. Knies.

Previous reference to the meeting appeared in our Feb. 18 issue, page 650.

Frank Becker Is With Guaranty Trust Co.

Frank Becker has become associated with the Guaranty Trust Company, 140 Broadway, New York City, in the United States Government Bond Department. Mr. Becker was formerly for many years an officer of H. M. Byllesby and Company, Incorporated.

James Evans Is With Stanley Gates & Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—James H. Evans has become associated with Stanley Gates & Co., First National Bank Building. Mr. Evans was formerly local manager for R. E. Crummer & Co. and the Brown-Crummer Co. for many years.

NYSE Annual Shows Drop In Secur. Business

Member firms of the New York Stock Exchange decreased last year from 557 as of Jan. 1, 1942, to 537 on Jan. 1, 1943; branch offices were reduced from 868 to 745, and non-member correspondent firms, which maintain direct wire connections with members, declined from 2,606 to 2,139, according to the Stock Exchange "Year Book," just published. Branch offices of member firms as of Jan. 1, 1943, were located in 320 cities in 45 States, two territories and five foreign countries.

During 1942, 648 of the 834 common stock issues listed on the Exchange paid cash dividends aggregating $1,997,461,000 and 336 of the 404 listed preferred stock issues paid dividends aggregating $349,105,000—a total of $2,346,566,000. Of these same issues, 627 common stocks paid dividends in 1941 amounting to $2,280,654,000, and 322 preferred issues paid $360,367,000—a total of $2,641,021,000, according to the "Year Book." As a result of 1942 disbursements, says the "Year Book," dividend paying common and preferred stocks showed a typical yield of 7.8% and 5.8% respectively, based on year-end profits.

The "Year Book" shows a list of common stocks listed on the Exchange which have paid cash dividends consecutively for 25 to 95 years. Heading this list is the Pennsylvania Railroad, which made its first payment in 1848, followed by the Continental Insurance Co. (N. Y.) and the Corn Exchange Bank Trust Co. of New York, both of which made their first distribution in 1854.

During 1942, the "Year Book" further reveals, 70 applications to list 47 stock and 31 bond issues on the Exchange were approved. Of these, 10 applications for 19 stock and 2 bond issues were by companies not previously represented on the Exchange's list.

The reported stock volume on the Exchange in 1942 was 125,685,298 shares, compared with 170,603,671 shares in 1941, while the reported bond volume (par value) was $2,311,479,250, as against $2,111,805,000 in 1941.

For the fourth successive year the solvency record of New York Stock Exchange members was 100%, against 99.94% for banks and 99.56 for commercial houses.

During 1942 the high price paid for a Stock Exchange membership was $30,000 in November and December, and the low price was $17,000 in April and May. This compares with a high of $35,000 in 1941 and a low of $19,000.

Regarding the new method of trading by special offerings, which was instituted in February, 1942, the "Year Book" reports that as of Jan. 1, 1943, 73 special offerings involving 808,938 shares with a market value of $23,471,515 had been approved. Of these, 62, embracing 707,019 shares with a market value of $18,891,611, were distributed and 11 were withdrawn. Of these latter offerings, 72,757 shares, valued at $3,233,234 were distributed.

The "Year Book" also reports a total of 3,029 members of the Stock Exchange community serving in the armed forces of the United States, five of whom have made the supreme sacrifice. The total of 3,029 is comprised of 396 members and employees of the Exchange and 2,633 member firm partners and employees.

Hearing Postponed

The Securities and Exchange Commission has postponed from March 4, 1943, to April 7, 1943, the hearing ordered to determine whether the registration of Patrick A. Trapp, Rialto Block, Butte, Mont., as a broker-dealer should be suspended or revoked.

Interest Payments On Danish Bonds

Henrik Kauffman, Danish Minister in Washington, on March 3 made the following statement for the information of bondholders of these issues: Kingdom of Denmark 20-year 6% external gold bonds, due Jan. 1, 1942; 30-year 5½% external loan gold bonds, due Aug. 1, 1955; 34-year 4½% ext'l loan gold bonds due April 15, 1962; City of Copenhagen 25-year 5% gold bonds, due June 1, 1952; 25-year 4½% gold bonds, due May 1, 1953; Danish Consolidated Municipal Loan 30-year 5½% external sinking fund gold bonds, due Nov. 1, 1955; 25-year 5% external gold bonds, due Feb. 1, 1953; Mortgage Bank of the Kingdom of Denmark (Kongeriget Danmarks Hypotekbank) 45-year 5% sinking fund external gold bonds, series IX, of 1927, due Dec. 1, 1972.

"With a view to keeping bondholders informed, I have since Dec. 24, 1941 (most recently under date of Jan. 27, 1943), published announcements regularly in connection with each approaching coupon or interest payment on bonds of the loans. Hereafter I intend to discontinue the publication of announcements and, until further notice, to pay coupons (and interest on the 6% bonds) on a basis similar to that adopted since Jan. 1, 1942, that is to say, by putting paying agents in funds so far as it is estimated to be necessary to make coupon and interest payments to holders, other than residents of Denmark. Should I be unable to continue such payments, due notice will be given in the press.

"Referring to my announcement dated Jan. 21, 1942, and the conditions described therein, it remains impossible to meet sinking fund or other principal payment requirements. However, I reserve the right to purchase in the market bonds of any of the loans, should it later on be my opinion that sufficient dollar funds are available for the purpose, after providing for current interest service on the basis referred to.

"All future payments will be subject to such licenses as may be granted by the United States Treasury."

W. M. Wadden Jr. With Cruttenden Co. Staff

(Special to The Financial Chronicle)

CHICAGO, ILL.—William M. Wadden, Jr. has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Wadden was formerly an officer of Thompson, Davis & Phipps, Inc. and Medway, Wadden & Williams.

Earl E. Finley Forms Firm in Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Earl E. Finley has formed Finley & Co. with offices in the Union Commerce Building to engage in a general securities business. In the past Mr. Finley was with Jackson & Curtis, and was a partner in Finley, Smith & Gentsch.

Geo. C. Morgan Joins Straus Securities Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—George C. Morgan is now with Straus Securities Company, 600 Griswold Street. Mr. Morgan was formerly manager of the bank and insurance department of Smith, Hague & Co. and prior thereto was with Campbell, McCarty & Co., Inc.

Constitutionality Of Rent Control Act Questioned By Federal Judge In Indiana

The view that the delegation of arbitrary rent-control powers to the Office of Price Administration is unconstitutional was maintained on Feb. 26 by Judge Thomas W. Slick in the Federal District Court of Northern Indiana. In a written opinion, Judge Slick said:

"In my opinion, Congress never intended to delegate this omnipotent power (the right arbitrarily to fix rents at certain levels) to the OPA, and, if it was so intended, the act, under such construction, is unconstitutional." Special advices from South Bend, Ind., Feb. 26 to the Chicago "Daily Tribune," reporting this, said:

"The opinion, which may be far reaching, was handed down in a decision dismissing a tenant's suit against a South Bend landlord.

"The tenant, Edward Roach, had sought a judgment of $120, triple damages as provided by law, against his landlord, Dick M. Johnson, for charging him rent of $10 more a month than the $35 ceiling which the OPA fixed for the premises. The triple damages covered a four month period.

"The suit, filed Sept. 8, named Leon Henderson and Carl L. Hibberd, rent administrator for the South Bend area, as co-defendants. A hearing was held several months ago and Judge Slick took the matter under consideration until today.

"The defendant, Johnson, specifically affirms that the Congress, under its war powers, has authority to regulate prices, limited only by the constitutional inhibition against failure to provide standards," the Judge said in his written opinion.

"The defendant contends the administrator cannot use his own discretion to fix rental price ceilings in any area without a hearing. The defendant further contends there must be some standards to guide him which the Act fails to provide, otherwise the delegation of authority is contrary to constitutional provisions.

"The only provision in the emergency price control act that even hints at the necessity for determination of facts is found in section 202 of the Price Control Act, where it is provided that the Administrator is authorized to make studies and investigations to obtain information he sees necessary or proper to assist him in prescribing any regulation or order under this act."

Recommends Hartford Fire Stock

The status of the Hartford Fire Insurance Company justifies the interest of investors in the stock of this company, according to an interesting memorandum issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City. Copies of the circular discussing the situation in detail, together with a compilation of 1942 operating results for the leading fire and casualty companies, may be had upon request from Huff, Geyer & Hecht, Inc.

N. Y. Analysts To Hear Grimes On Electronics

The luncheon meeting of the New York Society of Security Analysts, to be held on March 5 at 12:30 p. m., at 56 Broad St., New York City, will be addressed by David Grimes of the research laboratories of the Philco Corp. on "Facts and Ideas on Electronics."

Program To Salvage Fiscal And Monetary Solvency

(Continued from first page)

devaluation of the dollar such as the one that probably will be urged upon us at the end of this war.

Although a radical devaluation of the dollar could be urged upon the American people only through ignorance of the economic destruction that such a program would bring, it will be easy for the devaluationists to capitalize the public's lack of understanding of the nature of this device and the consequences that would follow its use unless public education on this serious matter begins now.

Moves to put over such a ruinous program on the American people have already begun. On July 14, 1941, a group of silver Senators, headed by Senator Elmer Thomas of Oklahoma, issued a statement in which they said that if our national debt should reach the sum then prophesied by some of our citizens the size and weight of our dollar may have to be reduced to enable our people to meet their taxes, interest, and debts, and to liquidate our national obligations.

In a radio address, Nov. 15, 1942, Senator Thomas repeated this prediction.

On Feb. 21, 1943, the "New York Herald Tribune," carried a column with a headline which read: "Need to Revalue Dollar Seen by Some Experts." It would not be monetary experts in this country—quite the contrary—that would advance the views set forth in that heading and column. If there are any monetary experts involved, it would have to be those of foreign countries who are willing to aid us in fleecing ourselves so that their countries might profit at our expense. Both the heading and column of that article may well be taken as a sample of the type of dangerous alternative to which the public is already being subjected and which needs to be analyzed and exposed in terms that the American people can understand. That job needs to be done immediately and repeated over and over until the average citizen knows what the quick and sharp answer is to this ruinous program.

Other very objectionable alternatives to the suggested four-point program are the recommendations for irredeemable paper money and currency dilution in various forms. Since early 1933, this nation has been subjected to programs of this sort, supported by various groups with differing excuses, and, up to date, neither the Treasury nor the Reserve authorities has made one important move to arrest this unhealthy trend of events. As greater fiscal pressures develop, it may be expected that the advocates of these unwise alternatives to an honest and sound method of meeting our debt problems will become more active because they probably will claim that necessity now demands the use of their "solution."

Since outright greenbackism is apparently best understood by the mass of people, it is probable that more subtle devices will be the ones urged or utilized. Devaluation is a slick, though devastating, sleight-of-hand method of debt payment. Recently we have been treated to a new brand of manipulation in the issuance of $660,000,000 of Federal Reserve bank notes, called "National Currency." By a maneuver, in which a so-called "retirement" preceded issuance, the Treasury and Reserve authorities pumped this "National Currency" into circulation. These notes are the same in nature as unsecured greenbacks; the differences in effect probably lie in the psychological reactions of the people. They do not understand this transaction; they probably would have understood the significance of a straightforward issuance of unsecured United States notes or greenbacks.

The employment of this piece of currency manipulation is symptomatic of the thinking and attitude in Administration circles with respect to the handling of the people's fiscal and monetary affairs. It comes while this nation is barely getting into this war and after 10 years of recommending and of writing into our monetary statutes provision for about every species of currency expansion and dilution that mankind has ever seen.

Let us be specific about this 10-year record: (1) On May 12, 1933, we got the Thomas greenback law. (2) On Dec. 21, 1933, the President launched us on a silver purchase and silver subsidy program. (3) On Jan. 31, 1934, our dollar was devalued 41%. (4) On June 19, 1934, the notorious Silver Purchase Act was passed. (5) On July 6, 1939, the domestic silver subsidy and silver purchase act became law. (6) On Feb. 5, 1942, Chairman Eccles of the Reserve Board recommended that the Federal Reserve banks be permitted to purchase government securities direct from the Treasury in unlimited amounts—the German road to disastrous inflation in the 1920's—and 5 billion dollars of such purchases were authorized. (7) On Oct. 14, 1942, the Reserve Board and Treasury endorsed a program to convert silver certificates into inconvertible paper money. (8) On Dec. 13, 1942, we got our $660,000,000 of greenback "National Currency." (9) As a consistent government policy since 1933, we have had a fairly constant monetization of the Federal debt by the Reserve and commercial banks of this country—first under the "socially beneficial" pump-priming-and-large-government-deficit program in peace time, and now under the necessities of war financing.

Since neither the Treasury nor the Reserve authorities nor other policy makers of this Administration have done anything of importance to arrest this trend of events during the past 10 years, and are not now showing any marked improvement in thinking or attitude where fiscal and monetary matters are concerned, the hope of the public would seem to lie chiefly in the newly-constituted Congress. For a change, the majority of Congress seems inclined to stop, look, listen, and investigate. Some wholesome repeal measures have already been introduced. The signs in these respects are more encouraging than they have been for a decade.

But now that we are in this war, the monetization of much of the Federal debt must of necessity continue until the end of the war and perhaps for a time thereafter. There is no wise or defensible tax program which can be devised that can prevent this monetization of a large portion of the national debt, despite the current popularity of that untenable, over-simplified concept of "the inflation gap" and the related contention that taxes should be made to take all "this inflation gap."

The best that can be done now is to eliminate all unnecessary government expenses and then consolidate and fund our huge debt into a permanent one at a low rate of interest. With an interest charge of perhaps 4 or 4½ billion dollars per year, and a Federal budget of other items of approximately 7 billion dollars per year, we should be able, as a nation, to recover from our present distressing condition in a reasonably good manner and without a back-breaking tax burden on our people.

This solution is simple and prudent, and it can be employed if we begin now to make the public aware of it and at the same time warn them against the evil and ruinous alternatives being prepared for them by the currency manipulators—the greenbackers, devaluationists, and every other variety of currency expansionist, dilutionist, "managers," and what not.

Now is the time for responsible leaders to pitch in. The currency manipulators have been on the job for 10 years. They have their tools ready, and they have learned new tricks. The unprepared and largely unprotected public simply cannot be aided too soon.

Editor's Note—We would appreciate hearing from any of our readers who agree with or have views contrary to the sentiments expressed by Dr. Spahr in his article above.

Our Reporter's Report

(Continued from first page)

was reported encountering satisfactory demand.

Erie Bond Hearing

Tendency toward turning the hearings on the Erie Railroad bond issue, now in progress before an Interstate Commerce Commission Examiner into the general field of competitive bidding were quickly checked.

The Examiner, O. E. Sweet, finance director for the Commission, quickly sustained objections to certain questioning leading in that direction and ruled that the hearing would be restricted to the Erie case as such.

Meanwhile it was but natural that marketing of the bonds in question despite their high investment rating should lag, pending a ruling by the Commission, which has before it the issuer's application for approval of the bonds. But it was indicated that approval of the bonds would see the unsold balance of the offering cleaned up quickly.

New Jersey Zinc

Announcement of the sale of a total of 195,000 shares of the capital stock of the New Jersey Zinc Company to the St. Joseph Lead Company, confirmed reports recently current that a large block of the stock was destined for private sale.

The stock involved came from the estate of the late Edgar Palmer, who was president of the company for many years. It is understood that there remains another substantial block of the issue likewise destined to change hands and in underwriting circles, it was the belief that a similar deal would be negotiated with another company.

By this method, it was pointed out, the estate is saved the detail and expense of going into registration as would be necessary if the stock were sold to bankers for distribution to the public.

Prepare For Treasury Offer

Institutional investors are going along rather quietly at the moment presumably making preparations for their participation in the next huge Treasury war financing due April 12.

Insurance companies, it is indicated, are holding down their new investments and are expected to pursue that course pending the Treasury's drive.

This does not mean, however, that such companies are completely idle. Quite to the contrary, they are the source of considerable activity in the secondary railroad bond market.

Here insurance portfolio men are busy working out "swaps" which will improve the quality of their holdings and dealers find them never too busy to look over a situation which might hold promise in that direction.

Something New?

There has been considerable conjecture about suggesting that Secretary Morgenthau is giving plenty of thought to a new type of bond as a part of the impending war loan drive.

Such discussion recalls to mind the idea put forward some weeks ago that too much of the burden was falling on the shoulders of larger banks and financial institutions in the major cities.

Under the circumstances some people are inclined to anticipate something new in the way of an issue which will appeal especially to interior banks and some of the smaller insurance companies.

Investment Trusts

(Continued from page 831)

per share represented distributions from net profits realized on sales of securities. The annual average return provided by these dividends on Sept. 1, 1939, offering price was 5.34%."

*On Feb. 15, 1943 the Dow-Jones Industrial stock average closed 4.32% lower than on Aug. 31, 1939.

* * *

Distributors Group's new folder on the Aviation Shares of Group Securities contains some interesting comparisons between aviation stock prices, dividends and yields for 1937 and 1942. Example: Boeing's ratio of price to earnings five years ago—65.8; today—3.0.

Dividends

Keystone Custodian Funds, Inc. —Series "S-1" semi-annual distribution of 65 cents per share; Series "S-3" semi-annual distribution of 30 cents per share—both payable March 15 to shareholders of record Feb. 27, 1943.

Maryland Fund—A distribution of 7 cents per share payable March 15 to stockholders of record Feb. 27, 1943.

Bank & Insurance Stocks

Continued from page 830

cline of $5,664,000 or 1.96%. Home's figures, however, distort the totals. With Home eliminated, the surplus of the 17 other companies show an increase of 4.13%, and unearned premium reserves an increase of 1.70%.

Six companies report moderate declines in year-end liquidating value per share, viz: Aetna, Agricultural, Home, Providence-Washington, United States Fire and Westchester, averaging 1.9%. The other 12 companies report increases averaging around 5%.

With marine and automobile insurance on a sharply reduced scale in 1943, it seems likely that those companies which have been active in building up business in these two fields, and suffered therefor in 1942, will turn their attention to increasing their proportion of premium writings in insurable fire risks which, this year, should reach a new high in volume.

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 St., New York City. Copies of the circular may be had from the firm upon request.

Fifty Dividend Payers

R. H. Johnson & Co., 64 Wall St., New York City, have prepared a list of 50 dividend paying common stocks selling under $10 a share. Copies of this interesting list may be obtained from the firm upon request.

House Group Favors 20% Withholding Tax On Wages As Part Of Pay-As-You-Go Plan

(Continued from first page)

from their income by the 20% levy than the total amount of their taxes they would receive rebates; if the withholdings were short of actual taxes, then the taxpayers would make up the difference.

Colin F. Stam, head of the Congressional staff on Federal taxation explained that each wage and salary earner could compute his weekly withholding levy as follows:

Victory Tax—Deduct $12 from earnings and multiply the remainder by 3%. Thus a person, married or single, making $50 a week would pay $1.14 weekly on the first division of the withholding levy.

Income Tax—The weekly deductions would amount to $11 for a single person, $13 for a married person with employed spouse, $26 for a married person with spouse not employed, and $8 for each additional dependent. Thus a married man making $50 weekly, with no children and his wife not working would deduct $26 from the $50, and multiply the remaining $24 by 17%, making his weekly deduction on the second division of the withholding levy $4.08.

Hence a married man making $50 weekly with no children and wife not working would pay $1.14 plus $4.08, a total of $5.22.

The sub-committee was appointed on Feb. 19, after the full Ways and Means Committee had voted down all major proposals before it for current tax collections. The sub-group was instructed to draft a bill that would place income taxes on a current basis, with collections to be withheld at the source.

After two weeks of public hearings and one week of executive session, the Ways and Means Committee was unable to reach a decision on the controversial problem of what to do about 1942 taxes if taxes on 1943 income are to be put on a current basis—the plans involving full cancellation, deferment, or doubling up.

Rejected by the full committee were (1) a modified version of the Ruml plan to provide that a taxpayer would be obligated for the one of the two years, 1942 or 1943, in which his taxable income was highest; (2) the Doughton plan to forgive one-half of 1943 or 1942 tax payments, according to which might be chosen; (3) the Alternative Doughton plan to apply 1941 tax rates to 1942 income; (4) the Robertson plan to forgive up to 19% of the 1942 tax payments.

The plan originally proposed by Beardsley Ruml, Chairman of the Federal Reserve Bank of New York, to forgive one-year's tax liability was not actually considered by the House Committee but a compromise plan, sponsored by Representative Carlson (Rep., Kan.), was rejected instead. Under the Carlson plan, persons with gross incomes of $5,000 or less would be required to pay their tax on 1943 income, while all the rest would pay on the basis of their income in whichever of the two years, 1942 and 1943, their receipts were the highest.

Representative Doughton (Dem., N. C.), Chairman of the Ways and Means Committee, first suggested that the pay-as-you-go transition be facilitated by applying the 1941 rates and exemptions against 1942 income, with the remaining 1942 obligations to be amortized over a limited number of years, while the taxpayers also were remitting on current years' taxes.

After Treasury criticism of this plan, Mr. Doughton offered his second possible compromise, suggesting the abatement of half the 1943 tax obligation, with all of 1942 and half of 1943 to be paid in full.

The Treasury's views on pay-as-you-go tax legislation were referred to in these columns Feb. 4, page 490.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 1 that tenders for $700,000,000 of 91-day Treasury bills to be dated March 3 and to mature June 2, 1943, which were offered on Feb. 26, 1943, were opened at the Federal Reserve banks on March 1.

Details of the issue follow:

Total applied for, $1,394,541,000.

Total accepted, $701,274,000.

Range of accepted bids:

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

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

Average price, 99.907, equivalent rate of discount approximately 0.369% per annum.

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

There was a maturity of a similar issue of bills on March 3 in amount of $503,206,000.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange announces the following weekly firm changes:

Transfer of the Exchange membership of M. Hubert Hilder to Louis J. Singer will be considered by the Exchange on March 11. It is understood that Mr. Singer will act as an individual floor broker.

John G. Stewart retired from Stewart, Vose & Co., New York City, effective Feb. 20.

Walter S. Robertson withdrew from partnership in Scott & Stringfellow, Richmond, Va., effective Feb. 28.

Alexander Berliner retired from partnership in Wasserman & Co., New York City as of Feb. 28.

Tomorrow's Markets Walter Whyte Says—

Continued from page 829

value. And the statistician was convinced that only figures could tell the secret. My considered opinion is that all three contributed to the art of market forecasting. Yet, whatever they contributed to past markets no longer applies today. Or if it does its influence is comparatively small.

* * *

Your tape reader nurtured on markets dominated by shoe string margin participation is up against new conditions. Margin requirements and SEC regulations have changed the picture. His ability to read of coming events as pictured in the clackety-clack of the ticker has also dwindled. World markets have been shut by the war. The flow of capital from country to country is no longer free. The war has changed all that.

* * *

The chart reader is faced with the same problems. Old patterns as a guide to future action are meaningless. But if the tape and chart readers are up against it the statisticians are equally ineffectual. No set of figures today no matter how well presented can give a clue to what the future holds.

* * *

Inflation is here. It has already appeared in your grocery bills. The only place it has not hit is the stock market. In the old days the stock market would have been the first to be affected by it. It may do it yet but if it does it will do few of us much good.

* * *

It seems to me that the only policy for traders to follow is to hold on with clenched teeth and let systems go hang.

* * *

If you have sizable profits protect them with stops. If you have losses better cut them and sit back and rest awhile. For at this stage any holding of a loss may bring heavier losses than you originally bargained for.

* * *

Last week this column warned against a potential reaction. In the old days I would have given such warnings. I would have flatly told people to get out of long stocks and take short positions. Today the SEC ban on short selling at any but advancing prices makes such advice pointless. No one will follow it, for few people sell on rallies. They sell on declines. And on reactions you just can't go short.

* * *

On the other side of the picture the presence of large cash position detracts from the dangers of a sudden collapse. At least, that is the popular belief. But because people sell today because they want to rather than have to makes the dangers of a break based on surprise news that much more acute.

* * *

Some readers have taken me to task for shillyshallying in the past few weeks and for my refusal to take a definite stand. The answer is in the figures. Stocks recommended months ago have gone up in some cases as much as 20 points. I have persistently kept readers long but have always tempered the optimism with warnings in the shape of "stops." As prices advanced I moved these "stops" up. Any reader who followed this column has profits to show today. And if a reaction should have come and his "stops" taken he still would have had profits.

* * *

The same condition exists today. I don't like this market. I think it's in for a major break, but the only concession I make to this opinion is to stop buying—and to raise stops. A State Department Shangra-La foreign policy and a Congress with the bit in its teeth is wholly unpredictable. The market no longer shouts warnings. It implies. I can do no more than follow it with "stops." Here they are: Air Reduction (bought 30) stop 42. BS (bought 58) stop 59. Goodyear (bought 22) stop 28. Harvester (bought 43) stop 59. Superheater (bought 13½) stop 15. Steel (bought 50) stop 51.

More next Thursday.

—Walter Whyte

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

UP-TOWN AFTER THREE

By BILL SMITH

SCREEN

In reading the ads about the new MGM picture, **"The Human Comedy,"** adapted from William Saroyan's book, you get the idea the plot is pixyish. Nothing could be further from the truth. For while it shows a small boy's viewpoint of a world and its gradually unfolding mysteries there is nothing pixyish about it. "The Human Comedy" is really a fine adult movie with a universal appeal. It deals with life and death, its comedies and tragedies, with a tender, soft touch. Its humanity is as American and as world-wide as the Bible. Its combination of simplicity, almost childish naivete, mixed with the hard economic and social realities of an American people at war is at once heart-warming and heart-wringing.

Set in the small California town of Ithica, "The Human Comedy" deals with a poor family, the Macauleys. Mr. Macauley, dead two years, has left a heritage of kindly understanding and fond memories behind him. Mrs. Macauley, a gracious, hard-working woman, knows life and its problems and can explain it in simple, almost lyrical, terms to her children. Her youngest, a five-year-old boy, Ulysses, sees life with the wide-open eyes of childhood to whom every experience is a thrilling adventure. To Ulysses the future is incomprehensible. The past is dim. With a child's curiosity his life is all in the present. The next to the oldest boy is Homer, a high school lad who works nights as a messenger boy in the local telegraph office. Barely out of his childhood, he yearns to win the 220-yard low hurdles at school, while at the same time he is brought face to face with life's tragedies. The oldest boy, Marcus, is in the Army. A wholesome youth, he yearns for home, his girl, and the town he knows so well.

In the telegraph office where Homer works after school there is old Willie Grogan, the telegrapher whom life has passed by. Once the record holder of sending and receiving laurels, he is now a broken, lonesome old man afraid of losing his job and drinks to forget his fears. The manager of the office is an ambitious, unpredictable young man with a contempt for conventions. He is Homer's hero.

Then there is little Lionel, who everybody calls stupid. He can't read but goes to the library just to admire the books. Or he stands in line in front of the movie house, not that he wants to go in but because he is lonesome and joins the crowd for company. There is Tobey George, Marcus' Army buddy, an orphan nostalgic for the things Marcus describes, never having had them himself.

The story is full of human touches. Some excite wholehearted laughter; others will make you cry unashamed. William Saroyan's self-acclaimed genius and Clarence Brown's production and direction of "The Human Comedy" brings a superb story to the screen.

The cast is headed by Mickey Rooney with Frank Morgan, Fay Bainter, Van Johnson, Tom Spangler and others. But the one you will hear most about is little Jack Jenkins, who plays Ulysses. His performance will win your heart.

Put "The Human Comedy" at the top of your list. No similar picture in recent years can compare with it.

Calendar of New Security Flotations

OFFERINGS

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).

Registration effective 4:30 p.m. (EWT) on Feb. 22, 1943.

Offered Feb. 25, 1943, at $8.50 per share by Paul H. Davis & Co., Bacon, Whipple & Co., A. C. Allyn & Co., Inc., Central Republic Co., Inc., Lee Higginson Corp., Kebbon, McCormick & Co., Ames, Emerich & Co., Inc., and Dempsey-Detmer & Co.

BURLINGTON MILLS CORP.

Burlington Mills Corp. has filed a registration statement for 65,000 shares of 5% cumulative preferred stock, par value $100 per share.

Address—301 North Eugene St., Greensboro, N. C.

Business — Corporation is engaged, directly and through subsidiaries, in manufacturing woven fabrics from rayon yarns and rayon mixtures, and, to some extent, from cotton yards; throwing and dyeing rayon yarns and, to some extent, cotton yarns; dyeing and finishing cloth, and selling the manufactured goods.

Offering—Price to the public will be supplied by amendment.

Underwriting — Lehman Brothers and Kidder, Peabody & Co., both of New York, head the group of underwriters. Price to be paid by the underwriters will be filed by amendment.

Proceeds—Net proceeds will be utilized, to the extent necessary, to redeem on or about April 5, 1943, all shares of cumulative convertible preferred stock, $2.75 series, and cumulative convertible preferred stock, $2.50 series, not theretofore redeemed, converted into common stock, or purchased by the corporation, and any balance will be applied to reimburse the corporation for the redemption price of the 21,725 shares of cumulative convertible preferred stock, $2.75 series, of the corporation called for redemption on March 1, 1943. Proceeds not utilized in the redemption of preferred stock will be added to the working funds of the company.

Registration Statement No. 2-5096. Form A-2 (2-18-43).

The corporation filed an amendment on Feb. 27 to its registration statement in which it names the underwriters for its proposed issue of 65,000 shares of 5% cumulative preferred stock, par $100 per share. The underwriters with the number of shares to be purchased are as follows: Lehman Brothers, 9,500; Kidder, Peabody & Co., 9,500; R. S. Dickson & Co., Inc., 7,800; Merrill Lynch, Pierce, Fenner & Beane, 7,800; Wertheim & Co., 6,200; A. G. Becker & Co., Inc., 3,800; Hallgarten & Co., 3,800; Union Securities Corp., 3,800; Dean Witter & Co., 3,800; Alex. Brown & Sons, 1,600; Laurence M. Marks & Co., 1,600; Mitchum, Tulley & Co., 1,600; Scott & Stringfellow, 1,200; Folger, Nolan & Co., Inc., 1,000; G. H. Walker & Co., 1,000, and the Wisconsin Company, 1,000.

Offered March 3, 1943, at $104.50 a share, plus dividend.

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)

Registration effective 5 p.m. (EWT) on Feb. 26, 1943, as of 5:30 p.m. (EWT) on Jan. 17, 1943.

Offered March 1, 1943, by Central Republic Co. (Inc.), E. H. Rollins & Sons, Inc., and A. C. Allyn Inc., the debentures at 100 and int. and the common stock at $28.50 per share.

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

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

Offerings will rarely be made before the day following.

THURSDAY, MARCH 4

THIOKOL CORPORATION

Thiokol Corporation has filed a registration statement with the SEC for 102,000 shares of common stock, per value $1 per share.

Address—780 North Clinton Ave., Trenton, N. J.

Business—Company is actively engaged in research looking to the improvement of the qualities of its existing products and to the discovery and development of additional types of "Thiokol" synthetic rubbber.

Offering—The 102,000 shares registered will be offered pro rata to stockholders after the effective date of registration at a price to be fixed by amendment.

Underwriting—On Feb. 3, 1943, the company entered into an underwriting agreement with J. G. White & Co., Inc., which provides among other things that it will amend its certificate of incorporation so that its capitalization will be 500,000 shares of common stock, par $1 per share, of which 204,000 shares will be issued to present stockholders on basis of three shares of $1 par common for each of the 68,000 outstanding shares of common without par value. The company will sell to the underwriters such common stock as are not subscribed for by stockholders at a price to be filed by amendment.

Proceeds—Net proceeds from sale of the shares will be used to increase the company's working capital. Some portion of working capital may be devoted to additional research and development.

Registration Statement No. 2-5093. Form S-1 (2-13-43).

In an amendment filed corporation fixes the price at which the 102,000 shares of new common stock are to be offered to present common stockholders at $5 per share. Offering will be on the basis of one share of new stock, $1 par, for each two shares outstanding as of Feb. 13, 1943, when company was recapitalized by the issuance of three shares of common, par $1, for each of the 68,000 shares of common without par value then outstanding.

The company has agreed to sell to J. G. White & Co., Inc., as underwriter, at a price of $5 per share, all of the 102,000 shares of common which are not subscribed for by the present stockholders. The underwriters are to be paid a fee or commission of 75 cents per share for each share taken up and paid for, and a fee of 25 cents per share as a "standby underwriting fee" on each share that is taken up by the stockholders.

Certain stockholders, including Case, Pomeroy & Co., Inc., have agreed to waive their preemptive rights to subscribe to a total of 42,558 shares, so that at least 42,558 shares will be available to the underwriters for offering to the public. The company has been informed by the Dow Chemical Co. that it does not know whether it will exercise its rights to subscribe for any shares of stock.

As of Feb. 1, 1943, Dow Chemical Co. owned 31% of the common stock, and Case, Pomeroy & Co., Inc., New York, owned 22% of the common.

Net proceeds from sale of stock will be used to increase company's working capital.

870 SEVENTH AVENUE CORP.

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

Address—870 Seventh Ave., N. Y. City.

Business—Hotel.

Offering—Date of proposed call for deposits as soon as practicable after the effective date of registration statement and of a registration statement filed concurrently on Form E-1.

Purpose—To modify bonds under a plan of modification. The agreement provides that the plan shall become automatically effective if at any time prior to May 2, 1943, the holders of 80% in face amount of general mortgage bonds shall have assented thereto; that no right of withdrawal of bonds deposited shall exist prior to May 2, 1943, nor thereafter if the holders of 80% in face amount of general mortgage bonds shall have assented to the plan prior to said date.

Registration Statement No. 2-5094. Form D-1 A (2-13-43).

SATURDAY, MARCH 6

GALVIN MANUFACTURING CORP.

Galvin Manufacturing Corp. has filed a registration statement for 40,000 shares of common stock, par value $1 per share. The shares are issued and outstanding and are being sold for the account of certain stockholders.

Address—4545 Augusta Boulevard, Chicago, Illinois.

Business—Company's normal business is the manufacture and sale of radio receiving sets. Beginning with the year 1942 more and more of company's production capacity was devoted to the manufacture of equipment for various arms of the U. S. Government. In May, 1942, the production of radio receiving sets for civilian use was stopped entirely.

Underwriting—Hickey & Co., Inc., and Paul H. Davis & Co., both of Chicago, are named as underwriters of 20,000 shares each. By an agreement entered into between the underwriters, Paul V. Galvin and Harris Trust & Savings Bank, executors of the estate of Lillian A. Galvin, deceased, the underwriters have agreed to purchase the shares being registered at $7 per share.

Offering—Public offering price is $8.50 per share.

Proceeds—To selling stockholders.

Registration Statement No. 2-5095. Form A-2 (2-15-43).

TUESDAY, MARCH 9

INVESTORS FUND, INCORPORATED

Investors Fund, Incorporated, has filed a registration statement with the SEC for an indeterminable number of full paid certificates which will be issued in principal amounts of $100 or more. However, the aggregate principal amount of certificates covered by this registration statement is $500,000.

Address—1016 Baltimore Avenue, Kansas City, Mo.

Business—Investment trust.

Underwriting—Sponsored by Investors Fund, Inc.

Offering—Upon the effective date of the registration statement.

Proceeds—For investment.

Registration Statement No. 2-5097. Form C-1 (2-18-43).

WEDNESDAY, MARCH 10

PACIFIC MUTUAL LIFE INSURANCE CO. OF CALIFORNIA

A. C. Balch, F. E. Rand and Leslie Waggener as the Pacific Mutual Shareholders Protective Committee have filed a registration statement with the SEC for voting trust certificates for 508,200 shares of common stock, par $1 per share, of Pacific Mutual Life Insurance Co. of California.

Address — Of issuer, 626 South Spring St., Los Angeles, Cal. Executive office, 523 West Sixth St., Los Angeles, Cal.

Business—Life insurance.

Purpose—The agreement places no limitation upon the powers of the committee to vote the shares held by it. However, one of the main objectives of the committee is to vote the securities held by them in connection with the said so-called plan and agreement of rehabilitation and reinsurance and mutualization affecting the Pacific Mutual Life Insurance Co. of California.

Registration Statement No. 2-5098. Form F-1. (2-19-43).

THURSDAY, MARCH 11

WELSBACH ENGINEERING & MANAGEMENT CORP.

Welsbach Engineering & Management Corp. has filed a registration statement with the SEC for $493,000 collateral trust 5% ten-year sinking fund bonds.

Address—1500 Walnut St., Phila., Pa.

Business—Registrant is a holding and managing company which owns all the stock and manages its subsidiaries. These subsidiaries, in part, are engaged in the installation and maintenance of street lighting systems, gas or electric, in approximately 37 cities and communities in New England, Middle Atlantic and Mid-Western States, and in general electric construction work.

Underwriting—Barrett Herrick & Co., Inc., New York City, is named principal underwriter.

Offering—Bonds are to be offered to the public at 83% plus accrued interest from Jan. 1, 1943, to date of delivery.

Proceeds—The estimated proceeds from the sale of the bonds, after deducting underwriting commissions and expenses, will be $345,100. At present the corporation has outstanding $493,000 face amount of 6% collateral trust sinking fund bonds, all of which are held by the United Gas Improvement Co. The UGI has granted Welsbach an option to purchase all of said outstanding bonds exercisable on or before May 15, 1943, for the sum of $345,100 with interest from Jan. 1, 1943. The estimated net proceeds resulting from the sale of the bonds now being registered will be applied to the exercise of this option.

Registration Statement No. 2-5099. Form A-2 (2-20-43).

SUNDAY, MARCH 14

KNUDSEN CREAMERY CO. OF CALIFORNIA

Knudsen Creamery Co. of California has filed a registration statement for $500,000 first mortgage serial bonds, bearing interest of 4½% and maturing serially from March 1, 1944, to March 1, 1955.

Address—1974 Santee St., Los Angeles, Cal.

Business—Engaged in the general business of buying and selling milk and its derivatives; processing and marketing milk and products derived from milk; manufacturing, buying and selling butter, cheese, cream, buttermilk, cottage cheese, curds, whey, etc.

Offering—As soon as practicable after the effective date of the registration statement. Price to public will be filed by amendment.

Underwriting—Dean, Witter & Co., Los Angeles, Cal., is named as the principal underwriter.

Proceeds—Approximately $275,228 of the net proceeds will be devoted to the redemption of the entire issue of the company's first mortgage convertible 5½% sinking fund bonds. Such bonds are to be called for redemption on May 1, 1943, at 102½ plus accrued interest. Balance of net proceeds will be added to company's working capital.

Registration Statement No. 2-5100. Form A-2. (2-23-43).

WEDNESDAY, MARCH 17

NEW YORK STOCKS, INC.

New York Stocks, Inc., has filed registration statement for 1,000,000 shares of special stock, par value $1 per share.

Address — 15 Exchange Place, Jersey City, N. J.

Business—Investment trust.

Underwriting — Hugh W. Long & Co., Inc., is underwriter.

Offering—The corporation has presently authorized for issuance 21 series of special stock, each representing a separate industry or business. Government bonds series is not presently offered for sale to the public, but is available for issue only on conversion of outstanding special stock of other series. Offered to the public at market prices.

Proceeds—For investment.

Registration Statement No. 2-5101. Form S-1. (2-26-43).

(This list is incomplete this week)

Harris, Hall & Co. Financial Statement

In the annual report to the stockholders of Harris, Hall & Co. (Inc.), of Chicago, for the calendar year 1942, President Edward B. Hall on Feb. 18, 1943, said in part: "Our company participated in a large percentage of the principal corporate bond underwritings that were arranged during the year, but as might be expected in war time, new financing by issuers other than the Government came on the market in relatively small volume. The demand for conservative investments of the type in which we have specialized was good throughout the year, as indicated by the fact that prices for many long-term issues gradually advanced. It was the limited supply that restricted the business. Total income exceeded expenses and losses by only a nominal amount.

"Expenses were about 30% less than in the previous year.

"All of the company's preferred stock, originally issued in the amount of $250,000, has been reacquired and is now held in the Treasury. The retirement of this stock was commenced in 1941 and half of it was acquired during that year. The rest was purchased in 1942. The average cost for the whole amount, including accrued dividends to dates of acquisition, was 107.057, or slightly less than the redemption price of 107.50 and accrued dividend.

"In 1941 we purchased in the market 1,000 shares of our common stock at about $10 a share, and this amount was cancelled. In 1942 further purchases of common stock were made in the amount of 2,060 shares at an average cost of $11.21 a share. A few more shares have been purchased since the end of the year and the directors consider it desirable to make further purchases as opportunities arise, because our present capital seems adequate for the needs of the business."

SUMMARIES OF INCOME AND EXPENSES AND EARNED SURPLUS FOR YEARS ENDED DEC. 31

	1942	1941	1940
†Gross profits on sales and commissions earned	$173,987	$216,333	$578,914
Interest and dividends earned (net)	27,497	143,386	32,861
Total income	$201,484	$359,719	$611,775
Salaries	128,954	165,636	183,953
Taxes other than income taxes	10,544	27,884	25,332
Contributions to employees' trust fund	708	4,463	12,225
Office, traveling, legal and other miscell. expenses	47,423	72,322	78,958
Net income from operations	$13,855	$89,413	$311,307
Provision for income taxes	400	4,608	99,420
Net income carried to earned surplus	$13,455	$84,805	$211,887
Balance earned surplus at close of previous year	363,301	337,684	265,297
Total	$376,756	$422,489	$477,184
Dividends on preferred stock	2,601	13,438	17,500
Dividends on common stock	------	45,750	122,000
Balance earned surplus at Dec. 31	*$374,155	$363,301	$337,684

*Earned surplus is restricted to the extent of the cost of treasury stock ($290,739) until such stock is sold or canceled. †After deducting losses realized and adjustment of securities owned to the lower of cost or market.

BALANCE SHEET, DEC. 31

ASSETS

	1942	1941	1940
Cash in banks and on hand	$267,802	$435,810	$246,887
Interest accrued and dividends receivable	6,014	8,383	6,579
†Securities owned:			
Bonds—			
‡U. S. Government	§274,420		
Other	¶530,131	853,069	956,246
Stocks	**108,384	60,573	222,623
Joint accounts:			
††Bonds, at cost	------	------	‡‡1,451,082
Advances	------	------	4,564
Deposits under security underwriting commitments	19,500	18,000	------
Miscellaneous receivables, prepaid expenses, etc.	5,707	7,171	6,768
Total	$1,211,959	$1,383,006	$2,894,749

LIABILITIES

	1942	1941	1940
Bank loan	------	------	$1,280,000
Accounts payable	$2,637	$5,272	11,702
Customers' payments on securities not delivered	7,107	23,448	31,584
Accrued taxes other than Federal income taxes	1,417	4,038	4,278
Provision for Federal income taxes	445	2,973	99,375
Preferred dividends payable	------	1,563	3,125
Capital stock:			
5% cumulative preferred stock (par $100)	250,000	250,000	250,000
Common stock (par $10)	600,000	610,000	610,000
***Capital surplus	266,937	267,000	267,000
Earned surplus	374,155	363,301	337,684
Less treasury stock at cost	§§290,739	144,589	------
Total	$1,211,959	$1,383,006	$2,894,749

*Including $20,000 in 1942 and $50,000 in 1941 in special account to cover customers' payments on securities not delivered. †At the lower of cost or quoted market price. ‡Including bonds carried at $24,420 deposited as guarantee. §Quoted market value, $274,420. ¶Quoted market value, $532,187. **Quoted market value, $109,071. ††Pledged as collateral to bank loan. ‡‡Quoted market value, $1,457,250. §§Represented by 2,500 shares of 5% preferred stock ($267,644) and 2,060 shares of common stock ($23,095) at Dec. 31, 1942, and by 1,250 shares of 5% preferred stock ($134,526) and 1,000 shares of common stock ($10,063) at Dec. 31, 1941. ¶¶All in treasury. ***Arising from excess of cash received over par value of common stock issued therefor.

NOTE—Security underwriting commitments at Dec. 31, 1942, were approximately $980,000, compared with $1,090,000 at close of 1941.

Blair & Co. Reports Net Profit of $213,782 In '42

John R. Montgomery, President of Blair & Co., Inc. in releasing figures for the year ended Dec. 31, 1942, stated that operations for the year resulted in consolidated booked profits of $301,680 and after adjustment of reserves for unrealized depreciation there was net profit of $213,782. This net profit increased the net worth of the firm by over 25% to a year-end valuation of $1,042,228.

Two main factors contributed to the satisfactory results reported for the year, Mr. Montgomery said. "The United States Government bond branch of our business was particularly active and its operations throughout 1942 were most successsful and profitable," he stated. "Its holdings at the end of the year consisted almost entirely of Treasury bills, certificates of indebtedness and other short and intermediate term United States Government obligations. The other factor contributing to the year's profitable operation was a further substantial reduction in operating expenses."

Commenting on the nation-wide decline in municipal and corporate underwritings during 1942 as compared with those in 1941, Mr. Montgomery stated that such decline was to be expected with the country's attention directed toward the prosecution of the war.

"During the last few months our trading departments have been particularly active and I am pleased to report that operations of all departments so far in 1943 have shown exceptionally good results," he said.

The condensed consolidated balance sheet of the firm as of Dec. 31, 1942 follows:

ASSETS		
Cash		$221,407.31
*Accounts receivable for securities sold, customers accounts, syndicates, etc.		56,144,315.84
*†Securities owned—(at approximate market price):		
U. S. Government securities		38,852,172.19
Municipal bonds and corporate bonds and stocks		1,421,600.34
Other securities (no quoted market price), at estimated fair value		259,684.89
U. S. Government securities borrowed:		
Against securities (per contra)		1,818,360.00
Against cash deposits		2,040.00
Investment in subsidiary—wholly owned—not consolidated—at indicated equity value of net assets		35,588.45
Furniture and fixtures, less depreciation		10,102.62
Deferred charges—taxes, insurance, stationery, etc.		16,867.95
		$98,782,139.59
LIABILITIES		
‡Bank loans payable on demand—secured		$70,485,222.14
‡Liabilities for U. S. Government securities borrowed at approximate market value of collateral—secured		1,818,360.00
Cash deposits against securities loaned and participations in syndicate accounts		304,510.00
*Accounts payable—for securities purchased, customers accounts, syndicate accounts, etc.		24,531,452.31
Securities sold but not purchased—at approximate market price		405,754.43
Miscellaneous accounts payable and accrued expenses		37,487.99
§Reserve for contingencies		157,124.40
Capital Stock—$1 par value:		
Authorized and issued	$1,471,012.00	
Less—In treasury	22,012.00	
	$1,449,000.00	
¶Capital Surplus—Balance Dec. 31, 1939	192,648.68	
	$1,641,648.68	
Deduct—Losses for 1940 and 1941	813,201.97	
	$828,446.71	
Add—Profit for 1942	213,781.61	
Net Worth		1,042,228.32
		$98,782,139.59

NOTES

*Securities purchased and sold on a "when issued" basis are included in the balance sheet; the profit arising from the sales has not been taken into 1942 income nor into surplus.

†Provision has been made by charges against profit and loss or surplus accounts for (1) unrealized depreciation in securities based upon market prices, and (2) excess of carrying value of other securities without quoted market prices over their estimated fair value in the opinion of directors.

‡Security to bank loans (having an approximate market value of $71,032,000) consisted of bonds and stocks owned, borrowed, sold but not delivered, or carried in syndicate accounts. Collateral deposits to secure indebtedness for securities borrowed consisted of U. S. Government bonds owned or sold but not delivered.

§Contingent liabilities include possible liabilities under various indemnity agreements, claims and litigated matters, the amount of which (and therefore the adequacy of the above reserve for contingencies) cannot now be determined. During 1942 the reserve was reduced approximately $10,500 by charges to cover legal fees, including those paid by the subsidiary company not consolidated, incidental to the litigated matters.

¶Represents balance remaining in Capital Surplus account after deducting operating deficits to Dec. 31, 1939.

McDonald-Coolidge Buys Remaining Assets Of First-Central Trust Company Of Akron

The remaining assets of the old First-Central Trust Company of Akron, Ohio, have been bought for $8,850,000 by McDonald-Coolidge & Co., Cleveland investment firm, in a sale reported to be "one of the biggest transactions of its kind ever handled in Ohio."

The sale price was $831,000 higher than McDonald-Coolidge's original bid, an increase resulting from re-bidding by McDonald-Coolidge, F. W. Drybough & L. N. Simpson of Louisville, and Coleman, Harris & Associates of Cincinnati. According to C. B. McDonald, President of McDonald-Coolidge & Co., his firm's original bid had been based on appraisals of Dec. 1, 1942 and appreciation of assets since that time enabled them to increase their bid.

The approved sale price was $1,300,000 more than enough to pay off claims of depositors of the old bank in entirety, it was said. Depositors already have received 65%.

Listed among the assets are 76,000 shares of stock in the new First-Central Trust Co., which carries controlling interest. No changes were planned in personnel and management of the bank, Mr. McDonald declared.

Following the approval of the sale by Summit County Common Pleas Judge Frank H. Harvey William J. Laub, Akron lawyer and a former mayor, filed an action in Common Pleas Court in order to secure a judgment from the Court as to what persons and in what amounts the Superintendent of Banks should pay the proceeds.

D. D. Jaffin Joins Ira Haupt Bond Dept.

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Dudley D. Jaffin has become associated with their firm in the Bond Department. Mr. Jaffin was formerly manager of the Real Estate Department of M. S. Wien & Co.

H. H. Robertson Common Situation Interesting

Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, have prepared an analysis of the common stock of the H. H. Robertson Co., copies of which may be had from the firm upon request.

British Columbia Offers Interesting Features

An interesting descriptive circular on the Province of British Columbia has just been issued by Wood, Gundy & Co., Inc., 14 Wall St., New York City, copies of which may be had from the firm upon request.

Airey Heads NAM Group On Post-War Problems

Creation of a special group of wellknown industrialists to make an intensive study of domestic post-war transition period problems was announced on Feb. 21 by the National Association of Manufacturers. The group, under the Chairmanship of John Airey, President of King-Seeley Co., Ann Arbor, Mich., and a director of the Association, will function ultimately as a sub-committee of the much larger NAM Post-War Problems Committee.

Pending complete organization of the latter committee, Mr. Airey's group will hold its first meeting in Chicago on March 3 to map the course of its studies and plan frequent meetings until a basis for specific recommendations has been reached.

Chief among the problems to which the group will devote itself are the following:

"1. The extent to which wartime controls should be continued after the peace.

"2. Various deferred-buying plans.

"3. Demobilization of the armed forces on a gradual basis.

"4. Status of government contracts when the war ends, with special attention to policies which would avoid a repetition of post-World War I exeperiences when war contracts were cancelled with no uniform provision for prompt adjustment."

Our Reporter On "Governments"

By S. F. PORTER

The pattern for the April financing now seems to be taking definte form. . . . We've still plenty of time to go and we still may have our best-laid plans upset by unexpected news from the domestic or foreign fronts, but the "feelers" are out, the "talk" is beginning to appear aimed at creating a pre-financing psychology. . . . And remember, no longer is the Treasury intent on fooling the men who manage the Government market, buy the bonds and trade. . . . It knows the value of preparation in a period when multi-billion dollar deales are the rule. . . . It has learned the sad lesson of springing unpleasant surprises on a market which is so important to the war effort. (Don't ever forget October, when these lessons were so pointedly brought out). . . . And so, we now may take a chance and forecast that:

(1) The stated objective is $13,000,000,000 but the real aim will be to raise $15,000,000,000 to $16,000,000,000 in three weeks with the goal closing of the books by the third week of April. . . .

(2) A terrific campaign will be carried on to get subscriptions from country investors—individuals with cash on hand, corporations with reserves lying idle, small banks with considerable excess funds not yet invested in short-term notes or 10-year 2s. . . .

(3) The books will be reopened on the 2½s of 1968/63 or on a bond with a slightly longer date and a real drive will be started to place these in every city, town and hamlet. . . . A new issue of 10-year 2s, either with a straight maturity date or with a call date in 1953 and a maturity date in 1955, will be floated. . . . Maybe a short-term 1½ due in 1947 will be tried. . . .

(4) The "basket" will carry less issues this time and be simpler all around to do away with the still vast amount of confusion which exists. . . .

(5) A definite attempt will be made to "merge" the activities of the Treasury's War Savings Staff and the regional Victory Fund Committees to eliminate the totally unnecessary confusion here. . . .

(6) The Treasury will try to fix up the admittedly unsatisfactory advertising situation by alloting so many dollars for advertising to each region and adopting policies of cooperating with the banks which want to do more. . . .

(7) No commissions will be paid to volunteer salesmen working for the Victory Fund Committees. . . .

And there are lots more details, of lesser importance. . . . Surely, some of these predictions may be wrong! . . . The terms of the issue may be different than forecast here because of last-minute changes in opinion, or market level or because of personal considerations. . . . But presented above is the best analysis possible at this stage of the game on what's ahead for us and the market. . . .

A 2% BOND?

The issuance of a 10-year 2% bond last fall created one of the most definite divisions of opinion in the market of recent years. . . . The market wasn't ready for 10-year 2s at that time. . . . Most investors were taken by surprise because they had anticipated a 2¼% loan and the Treasury didn't bother to inform them of its revision until the last second. . . . The market was hurt by that sale. . . . Treasury representatives were forced to use pressure to inspire subscriptions. . . . The Federal Reserve System was compelled to enter the market and buy millions of bonds to support the price level. . . .

But that's past history. . . . Now the situation is different. . . . The point which has been disturbing market experts recently is the propriety of issuing a bond which may be too rich if it bears a 2% coupon and matures in 10 years! . . . Which just emphasizes again how much the market has improved. . . .

However, if Secretary Morgenthau is to issue a 2% bond, he can't go beyond the 10-year date, for he has set that as a maximum for bank purchases. . . . The 2s have acted remarkably well and the 1951/49 2s are holding up beautifully. . . . The average out-of-town bank seems partial to the date and interest, authorities report. . . . Thus the expectation of this loan in April. . . .

If the Treasury issues a straight 1953 bond, we'll have a taxable 2 to compare with tax-exempts outstanding and due around that time. . . . If it makes the bond a 1955/53 issue, we'll have a direct comparison between the tax-exempt 1955/53 2s, selling at 103½ and yielding 1.63 to call, 1.68 to maturity and the new bonds. . . . The 3-point differential should not be taken too seriously, though. . . . In fact, market experts believe the new 2s—taxable and bearing the terms suggested—would be worth about ½ point premium in the market after the books close. . . . That's nice and comfortable and normal. . . .

A NOTE?

Whether it's wiser to restrict the financing to a few major bond issues or to attempt to create a loan for everyman's needs is a point not yet decided upon. . . . Both sides have good arguments. . . . Both make sense. . . . The dominant idea of bond houses today, however, seems to be that the next borrowing should be limited more than the financing in December, for these reasons:

(1) There's still a tremendous amount of confusion around as to the meaning of these quarterly open market deals and the competition of the victory long-terms with the F and G war bond series hasn't helped any. . . .

(2) The simpler the deal, the easier it will be to sell the few issues available from coast to coast. . . .

(3) Too many investors got around the last financing and its purposes by putting funds into the certificates of indebtedness or the tax-anticipation notes, which really isn't what is wanted at all. . . .

So the odds favor a more restricted deal and more stress of what bonds are offered. . . . There will have to be a short-term, of course, to meet the special demands of some giant institutions but there doesn't have to be that variety of shorts. . . . So maybe the Treasury will solve it all by offering two bonds—the 2½s and the 2s and by tendering one short-term note or one certificate issue. . . . And that will be all. . . .

If it's to be a note, the longest maturity indicated at this market level would be a 1947 date. . . . Maybe September or so. . . . The 1½s of December 15, 1946, are selling today at 100.10 to yield 1.40% and the 1¾s of June 15, 1948, are selling at 100.14 to yield 1.65%, so the new 1½s could be placed in between. . . .

INSIDE THE MARKET

No important price fluctuations on either side of the market expected between now and April. . . . The supporting authorities are ready with aid, if needed. . . . And neither a rising market, disturbing term discussions for April, or a falling market, upsetting confidence, is to be desired. . . .

The 2½s are selling at 100.11 to yield 2.47 to call date in 1963 today. . . . Any buyer of them at this level is paying about 3/32 premium over the indicated interest return between now and the April borrowing for the privilege of being invested during this coming month. . . . It may be worth it for some institutions and obviously is, judging from the day-to-day demand. . . . All this is based on the assumption that the April operation will include another sale of the 2½s of 1968/63. . . .

Fact that 2½s have slipped back from 100.21 to 100.11 confirms belief that the books on these will be reopened. . . . Also action here sets an intriguing pattern of what happens to a bond issue that is subject to repeated offerings. . . . We've seen this rise-and-fall action several times now. . . . Since the tap 2½s first were sold last spring. . . .

New York banks still turning over large amounts of bills they buy every week to the Federal Reserve on repurchase agreements due to low level of their excess reserves. . . . There's something too directly inflationary about this. . . . The Treasury sells the bills to the member banks but the member banks in turn sell them immediately to the Federal Reserve—which isn't very far away from direct sales of bills by the Treasury to the Reserve. . . .

To Be Heller Partner

Louis Florsheim has been admitted to partnership in Stanley Heller & Co., 30 Pine Street, New York City, members of the New York Curb Exchange.

Now A Partnership

(Special to The Financial Chronicle)

KANSAS CITY, MO.—Piersol & Co., 1012 Baltimore Ave., is now a co-partnership, with L. G. Piersol, Mary E. Piersol and T. F. O'Brien, formerly officers, as partners.

The Business Man's Bookshelf

American Agriculture, 1899-1939: A Study Of Output, Employment And Productivity—Harold Barger and Hans H. Landsberg — National Bureau of Economic Research, Inc., 1819 Broadway, New York City—Cloth —$3.00.

Banking System and War Finance, The—Charles R. Whittlesey—No. 1 in a special group of reports on "Our Economy in War" —National Bureau of Economic Research, Inc., 1819 Broadway, New York City—Paper.

Behind the Japanese Mask—Jesse F. Steiner—The Macmillan Co., 60 Fifth Ave., New York City —Cloth—$2.00.

Legal Oddities

THE OFFICIOUS STOCKHOLDER

The directors of the Ezzy Golf Club., Inc., were in an expansive mood.

"I move that we buy the Idylwyd Market Garden for $50,000," Director Doe suggested.

"Second the motion," Director Roe concurred, the motion passed without a dissenting voice, and the new estate was duly deeded to the Club.

Then a "kicking" shareholder employed a lawyer and made himself heard.

"What's your objection?" the directors demanded. "We certainly got that land at a big bargain."

"Our charter authorizes us to lease not more than 500 acres of land for not longer than 999 years and solely for a golf course. It gives us no authority to buy real estate outright, or anything as foreign to the objects of our incorporation as a market garden," the "dissenter" pointed out.

"Yes, but we've got it, and what are you going to do about it?" the directors demanded.

"Go into a court of equity and start suit to compel you to sell the land and divide the proceeds."

"No—nobody can compel us to do that except the State that granted our charter," the directors retorted, and the New York Court ruled that their point was well taken.

"The conveyance to the corporation was not void, but voidable only at the election of the State," was the reasoning of the court in a case reported in 40 N. Y. S. 499.