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OUR REPORTER'S REPORT

The market for defaulted railroad bonds has blown alternately hot and cold with the approach and passing of each Monday and the absence of a Supreme Court decision on the pleas of the Chicago, Milwaukee, St. Paul & Pacific RR. Co. and a somewhat similar case of the Chicago & North Western Ry.

Both roads are seeking modification of reorganization plans drawn up by the Interstate Commerce Commission under which their stocks are accorded no value.

The High Court accepted the St. Paul case for review early last June, while the North Western's plea for review was put before the court in May.

Bond men consider that a ruling in either instance would settle pretty definitely the procedure to be followed in setting up revision plans for other defaulted carriers.

In the case of St. Paul, the Circuit Court at Chicago ordered the case turned back to the Commission on the ground that the latter's findings were not sufficiently specific to permit the court to pass upon the reasonableness of allocation of new securities involved.

The North Western seeks to use its cash, of some $60,000,000, to pay off its Reconstruction Finance Corp. indebtedness of some $48,000,000, instead of, as provided in the Commission's reorganization plan, allotting the

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Program To Salvage Fiscal And Monetary Solvency

In an enlightening article appearing in the "Chronicle" of March 4, bearing the above caption, Dr. Walter E. Spahr, Professor of Economics, New York University, and Executive Secretary of the Economists' National Committee on Monetary Policy, condemned various moves leading us into serious inflation and expressed faith in our ability to carry our post-war national debt without back-breaking taxation or resorting to currency dilution in any form.

In his concluding remarks, Dr. Spahr observed that "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-simplied 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."

Recognizing the vital importance of this subject, which will obviously constitute the foremost of our post-war problems, the "Chronicle" invited comments regarding the views and beliefs expressed by Dr. Spahr in his article. A considerable number of letters have already been received but because of space limitations, we give below only those that first came to hand. The others will be published in next Thursday's issue.

GEORGE V. McLAUGHLIN
President, Brooklyn Trust Co.

I agree with Dr. Spahr that there should be no dollar devaluation after the war for the purpose of lightening the burden of the public debt. Experience has shown that currency depreciation by any major country merely provokes retaliatory action by others, and in the end no one gains.

G. V. McLaughlin

I would like to see restoration of convertibility of our currency into gold coin, which, I think, would provide the best insurance against future tinkering, but, I am afraid, this will not take place. We are in an era

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N. Y. Security Dealers Association Urges Ceiling On Dealer Profits

Acting on the recommendations of a special committee consisting of Frank Dunne (Dunne & Co.), Meyer Willett (Bristol & Willett) and Tracy R. Engel (Engel, Abbott & Co.) appointed sometime back by the Board of Governors, the New York Security Dealers Association at a general meeting held on March 2nd, went on record as holding that where dealers purchased securities for their own account they should put a ceiling on the resale price equivalent to 10% of the price paid by them for such securities, with special consideration being accorded in the case of low priced issues. The Association also went on record as advocating that the N.A.S.D. make provision for the wider dissemination of quotations on unlisted securities.

It was agreed that the Association's views should be conveyed to the Securities and Exchange Commission and the National Association of Securities Dealers, Inc., and this has been done.

Schram Says Vitality Of Market Augurs Well But Urges Caution

Emil Schram, President of the New York Stock Exchange, urged last Thursday that those using the Exchange's facilities avail themselves of the factual information available on listed companies, advising investors "not to be intrigued by the fact that particular securities may be selling at very low prices."

In a statement issued in Chicago, Mr. Schram said that those "who are unable to judge intrinsic values, or are unwilling to be guided by these values, should stay out" of the market. He added that the securities "which are cheapest in price may, in reality, be the most expensive, measured by consideration of true worth."

Mr. Schram's statement follows:

"The financial markets are very obviously reflecting the country's satisfaction over our progress and that of our allies in this war. These markets are also reflecting the healthy conditions of the civilian economy and the increasingly bright prospects that, after the war has been won, we are to have a stable order under our traditional system of enterprise and equal opportunity. This system is insuring its survival by miracles of production. It is meeting a su-

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Some Whys and Wherefores Regarding Dealer Profits

There is something worse than "to get something for nothing"—that's "doing something for nothing." Whenever you sell some merchandise, or perform a service, it's not only important that you should make a profit—it's even more important to your client that you should do so. Unless you are paid well it's an odds-on certainty that your interest in your customer's welfare will suffer accordingly. That's just human nature at work.

It does seem strange that so many times during these last few years of securities regulation that so many individuals (both within as well as outside the securities business) have time and again expressed the opinion that profit margins should be made smaller—especially in the over-the-counter securities business. Some of these spokesmen almost inferred that there was something fundamentally wrong about any amount of profit—that profit in itself was wrong—or that the smaller the profit that should be allowed the better it would be for all concerned.

But the over-the-counter securities business, apart from any other segment of the financial industry, is closer to the real fundamental investment technique of the average investing American than is any other part of the securities business. When a man goes out and sells an investor a stock or a bond, on a long-term investment basis, he's doing a much more involved and highly specialized task than just selling an investor a securitiy—and it costs money to do this.

You can't properly supervise an investment portfolio unless you are well paid for it. It takes time to develop accounts. It requires many calls, tactfulness, efforts of persuasion and dissuasion, and there is a limit to the number of accounts that a good salesman can handle. Each account differs from every other account. One account might take weeks and days to sell on the idea of a thorough revision and rehabilitation of his portfolio, where another might take months or years. Both accounts need someone to put them in a condition where the investor that held them would find his position strengthened and improved. But neither account would ever obtain the services of a competent securities man unless he was paid enough to make it worth his while to do a good job.

Some years ago there was a salesman who was calling upon a husband and wife who both owned securities in their own right. After repeated calls the salesman made an appointment with the husband, whose account was much the smaller of the two, and for this particular call he prevailed upon his sales manager to go along and help him open up the husband's account. On the way to the investor's home the salesman said to the sales manager something to the effect that he didn't think that on this particular transaction (which was pending) that he should make much profit or possibly not any profit at all. He thought he ought to tell the husband this, and by bringing out the point that he would be giving him "a good break" that he would sooner or later also obtain the wife's business.

The sales manager, wise old bird that he was, immediately turned thumbs down on the proposal. He pointed out that no customer that was worth while having would desire anyone to do business without

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DEALER BRIEFS

Chicago, Ill.

Basically, the reason for the existence of the Investment Banking business is service to the investor and to industry.

The investor needs sound advice based on careful study and vision now, more than ever before. This is truly an opportunity to serve not only the investor but also to again prove the essential usefulness of Investment Banking to the general public and to benefit of both client and dealer.

In line with this thought we are expanding our research department to facilitate the selection and continue study of securities of all types.—*Leston B. Nay, Ryan-Nichols & Company.*

Mills To Be Manager Graham-Parsons Dept.

PHILADELPHIA, PA. — William F. Mills has become associated with Graham, Parsons & Co., 1421 Chestnut Street, members of the New York Stock Exchange, as Manager of the Municipal Bond Department. Mr. Mills was formerly with E. W. & R. C. Miller & Co., as Manager of the Municipal Trading Department and prior thereto was Manager of the Municipal Department for Francis I. du Pont & Co. and E. W. Clark & Co. in Philadelphia.

House Sub-Committee Named To Consider Securities Legislation

The House Interstate and Foreign Commerce Committee has appointed a sub-committee to consider proposed legislation affecting the securities business, activities of the Securities and Exchange Commission and similar matters. The Boren Bill will be referred to this sub-committee.

Members of this important group are:

Clarence F. Lea, California, Chairman; Robert Crosser (D., Ohio); Lyle H. Boren (D. Oklahoma); J. Percy Priest (D., Tennessee); Oren Harris (D., Arkansas); John P. Newsome (D., Alabama); Chas. A. Wolverton (R., New Jersey); B. Carroll Reese (R., Tennessee); Clarence J. Brown (R., Ohio); Leonard W. Hall (R., New York); Thomas D. Winter (R., Kansas).

J. J. LeDone Co. Opens

Joseph J. LeDone and Sidney I. Davis have formed J. J. LeDone & Co. with offices at 500 Fifth Avenue, New York City, to engage in a securities business. Mr. LeDone in the past was in business as an individual dealer. Mr. Davis was manager of the oil royalty and oil trust shares department of John H. Valentine Co.; in the past he was with Steelman & Birkins.

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.

Moersdorf To Become Vilas-Hickey Partner

H. Gerard Moersdorf will be admitted to partnership in Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock and Curb Exchanges, effective today. Mr. Moersdorf will act as alternate on the floor of the Exchange for Aloysius R. Thumser, a partner in Vilas & Hickey.

Laufman With Bankamerica

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — C. Harry Laufman has become associated with Bankamerica Company, 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Laufman was in the securities business under the firm name of Harry C. Laufman & Co. and in the past was with Wulff, Hansen & Co.

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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.

Williams-McNaghten, New Minneapolis Firm

MINNEAPOLIS, MINN. — Williams-McNaghten Co. has been formed with offices in the Northwestern Bank Building, to act as investment advisers and dealers and brokers in securities. Members of the firm are Wadsworth A. Williams, president; Robert S. McNaghten, vice-president and treasurer; and Mrs. Kathryn Walker Koch, secretary. All were formerly members of Wells-Dickey Co.

Mr. Williams had been associated with Wells-Dickey Co. for 32 years, having opened the firm's St. Paul office in 1911; he was a vice-president and director of the firm. Mr. McNaghten became associated with Wells-Dickey Co. in 1934, serving continuously since that time in the research department. Mrs. Koch had been coupon teller and cashier for Wells-Dickey for 15 years; prior thereto she was with the Windom National Bank of Windom, Minn.

Uniform Regulation of All Dealers Urged

Joseph D. Goodman, 1500 Walnut Street, Philadelphia, a member of the New York Stock Exchange, in a memorandum to the governors of the Exchange and to the governors of the Association of Stock Exchange Firms, urged support for changes in the securities laws and regulations, it has been announced.

Uniform regulation of every firm in the securities business, whether Exchange members or not, is advocated by Mr. Goodman. Buying and selling of securities should be restricted to those who know what they are doing, Mr. Goodman feels, observing that the average man does not belong in the stock market. The markets have been made very thin and dangerous as a result of Securities and Exchange Commission rules, he believes.

Col. Pope To Direct Bond Salesmen On Apr. War Financing Drive

Col. Allan M. Pope, President of the First Boston Corporation, has taken a leave of absence from his concern in order to direct the work of a group of bond salesmen who will act as instructors in perfecting the sales organization for the April war financing drive. This was announced on March 4 by Perry E. Hall, Executive Manager of the New York Victory Fund Committee, which with the War Savings Staff, will undertake the April campaign for the United States Treasury War Finance Committee.


Allan M. Pope

The course of instruction on how to sell Government securities to corporations, banks and individuals will begin on March 15. Mr. Hall, on March 4, said:


Perry E. Hall

"For the banks, securities dealers and others in this district who were active in the December drive this will mean relief from part of the burden of training special salesmen themselves. Banks and others participating in the April drive will be accorded all the facilities of this instruction division."

Mr. Hall indicated that the chairmen of the 15 regions which comprise the Second (New York) Federal Reserve District had been asked to specify whether they would prefer that instruction meetings be held at the Federal Reserve Bank of New York or at some place in their own regions.

In the New York "Times" of March 5 it was stated:

"It was pointed out yesterday by members of the New York Victory Fund Committee that many of the large sales of Government securities to corporations in the December drive could not be repeated in the drive that starts on April 12, as such investments were made with long accumulated funds. Therefore, it was explained, the April drive would call for a greater degree of salesmanship in order to discover new investment prospects.

Childs Will Not Quit Race For Comptroller

William T. Childs, partner in Stein Bros. & Boyce, 6 South Calvert Street, Baltimore, Md., in an interview with himself in the "Baltimore Sun" denied all rumors that he intended to withdraw his candidacy for Comptroller of Baltimore. Mr. Childs is running on the Democratic ticket.


William T. Childs

His interview with himself follows:

William T. Childs, when asked today how it feels to be a candidate for the office of City Comptroller, was very optimistic over the outcome.

"One thing is certain," he said, "a candidate finds out how many well-wishing friends he really has."

"That's common to all candidates," opined the interviewer, "but can a candidate hope to win without organization support?"

"The law of averages is against him," Mr. Childs replied, "but some elective offices, such as the judiciary, and, I think, Comptroller, should be above organizations and factions."

"Are you not expecting too much?" was the next question in the quiz.

"Yes, because we are all human," the candidate admitted, "and no," he countered, "because anyone who aspires to fill the shoes of the late R. Walter Graham, who was one of my good friends for over forty years, should be so equipped for the office by long experience that he would have the unqualified support of all political factions, the newspapers and the thousands of city employees and schoolteachers of the Certified Municipal Employees Association, as well as the rank and file of voters, and with the same absence of competition that public opinion accords one who registers for the judiciary.

"Many of my friends believe my long and varied experience with the Baltimore and Ohio Railroad, as a lawyer, as deputy comptroller, headmaster of McDonogh School and investment banker has been such that I would be a worthy successor of Mr. Graham.

"To follow in his footsteps, I respectfully submit, is a laudable ambition. He always conducted his office free from interference.

"Read your political history and you will learn that from the days of I. Freeman Rasin, and through the long reigns of John Mahon and "Frank" Kelly, when George Koenig, George Lewis and Martin Healy were powers and Billy Curran, Gil Daily and Harry Laib were the most promising political tyros, the political bosses always

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Galvin Manufacturing Stock Offered

Hickey & Co., Inc., Chicago, and Paul H. Davis & Co., Chicago, offered March 10, a block of 40,000 shares of common stock of the Galvin Manufacturing Corp. of Chicago, manufacturers of motorola radios and similar products, at $8.50 per share. None of the proceeds from this offering will accrue to the company, the block having been purchased from an estate.

Prior to the war the company manufactured automobile radios, portable radios, combination radio-phonograph sets, wireless record players and record-making apparatus as well as two-way radio communication systems for police work. In May last year, production of these items for civilian use was stopped and the company is now engaged almost entirely in war work for the Government. Of sales of $30,918,014 last year, $24,106,462 represented Government production.

Net sales of $30,918,014 in 1942 compared with $17,631,500 in 1941. Net earnings, after all charges, taxes and tentative renegotiation in 1942 were $858,456, or $2.38 per common share, as compared with $833,794, or $2.32 per common share in the preceding year. Outstanding capitalization consists solely of 358,875 shares of common stock.

Philip Morris Financing

Lehman Brothers and Glore, Forgan & Co. headed an underwriting group which on March 9 offered at 103¾% and accrued interest, a new issue of $6,000,000 of 20-year 3% debentures of Philip Morris & Co. Ltd., Inc. due March 1, 1963.

Net proceeds from the sale of these debentures and from the sale at $62 a share of 105,176 shares of common stock offered by the same underwriting group under warrants to common stockholders dated Feb. 23, will be applied to the payment of bank loans and the balance will be applied to the general working capital of the company.

According to the prospectus, cash requirements have increased substantially, and in the period from March 31, 1942, to Dec. 31 of the same year the company's inventories rose from $53,080,487 to $66,406,270; its net accounts receivable rose from $6,209,719 to $9,011,058; and its net investments in property, plant and equipment rose from $3,650,663 to $3,815,235. During these nine months the company financed in part its cash requirements by bank loans which at the year end amounted to $8,500,000 and since that date have increased to $12,000,000.

Upon completion of the financing, capitalization of the company will consist of $6,000,000 of 20-year 3% debentures of May, 1962; $6,000,000 of 20-year 3% debentures of May, 1963; 147,491 shares of cumulative preferred stock 4¼% series and 49,666 shares of cumulative preferred stock, 4½% series and 999,174 shares of common stock.

Alfred Duff Partner In Arrowsmith-Post

Alfred J. Duff becomes a partner as of today in Arrowsmith, Post & Welch, 115 Broadway, New York City, members of the New York Stock and Curb Exchanges. Mr. Duff has been with the firm for some time as manager of the trading department.

Russell G. Sumner Is With Martin, Burns

(Special to The Financial Chronicle)

CHICAGO, Ill.—Russell G. Sumner has become associated with Martin, Burns & Corbett, Inc., 135 So. La Salle Street, members of the Chicago Stock Exchange. Mr. Sumner was previously vice-president of William R. Stuart & Co. Inc., with which he had been associated for many years.

Offers Possibilities

Chicago & North Western first and refunding 4½s and 5s, 2037, offer attractive possibilities according to a circular just issued by McLaughlin, Baird & Reuss, 1 Wall Street, New York City, members of the New York Stock Exchange. Copies of this interesting circular may be had upon request from the firm.

In The Armed Forces

Rad Stoll, of Craigmyle, Pinney & Co., 1 Wall Street, New York City, is leaving on Friday, March 12, for service in the U. S. Army.

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)

CHICAGO, ILL. — **Liston H. Crist** has become associated with **Lamson Bros. & Co.**, 141 West Jackson Boulevard. Mr. Crist was formerly with Otis & Co. and prior thereto for many years with H. C. Speer & Sons Co.

(Special to The Financial Chronicle)

FRESNO, CALIF. — **Ellis O. Thorwaldson**, previously with Hannaford & Talbot, is now connected with the **Bankamerica Company**, Bank of America Building.

(Special to The Financial Chronicle)

GREENSBORO, N. C.—**Charles S. Norwood** has been added to the staff of **McDaniel Lewis & Co.**, Jefferson Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Louis B. Barnes** is now with **Conrad, Bruce & Co.**, 530 West Sixth Street.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**William E. Lawson** has rejoined the staff of **Leo G. MacLaughlin Co.**, 54 South Los Robles Avenue. Mr. Lawson was recently affiliated with H. R. Baker & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**James R. Downing** and **Edward J. Peck** have become associated with **Geo. H. Grant & Co.**, Russ Building. Both were formerly with H. R. Baker & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**E. D. Peterson** is now with **Drumheller, Ehrlichman Co.**, Exchange Building. In the past Mr. Peterson was an officer of Patten, Eyman & Co. and prior thereto was with Drumheller, Ehrlichman Co. and Halsey, Stuart & Co.

(Special to The Financial Chronicle)

WALLA WALLA, WASH.—**Erle T. Churchman** has been added to the staff of **C. C. Dunning**, First National Bank Building.

J. P. Morgan Ill In Florida

The illness of J. P. Morgan at Boca Grande, Fla., was made known on March 9, at which time the banking house of J. P. Morgan & Co. Inc., of which he is Chairman, issued a statement as follows:

"Mr. J. P. Morgan is ill at Boca Grande, Fla., where he had gone for a brief rest. He has had a return of his old heart trouble with complications. Because of his age (75) we are anxious."

Mr. Morgan left New York on Feb. 23 for a Winter vacation at Boca Grande, where he has been staying in a cottage on the grounds of the Gasparilla Inn. Mr. Morgan, who had suffered two previous heart attacks in recent years, the first in June, 1936, and another a year later in England during the coronation of King George VI, suffered his present attack on March 2. In the New York "Times" of March 10 it was stated:

"There has been 'marked improvement' in his condition, despite 'ups and downs' during the last week, and a close associate said last night that his colleagues expected him to recover unless pneumonia or infection should set in."

The same advices said:

"Dr. Henry Stuart Patterson, New York heart specialist, who has been treating Mr. Morgan for a heart condition for several years, is in charge of the case. He went to Boca Grande by rail after weather conditions had grounded the plane he was to have taken.

"Two other physicians are in attendance—Dr. William Blake of Tampa and Dr. A. P. Burns of Boca Grande."

N. Y. Analysts To Hear Reuss

Wendell Reuss, partner in McLaughlin, Baird & Reuss, members of the New York Stock Exchange, will address the Railroad group of the New York Society of Security Analysts, Inc. on the Missouri-Kansas-Texas Railroad at the regular luncheon meeting to be held March 12, at 12:30 p.m. at 56 Broad Street, New York City.

Shepard Opens in N. Y. C.

Saul J. Shepard has opened offices at 522 Fifth Avenue, New York City and will act as investment adviser and broker in general securities. Mr. Shepard is a member of the New York Stock Exchange.

REAL ESTATE SECURITIES

Hotel Lexington Cash Sinking Fund Of $136,272.33 For Six Months Ended Dec. 31, 1942 Equal To Approximately 3½% On Bonded Debt.

The 28-story Hotel Lexington containing approximately 750 rooms and located on the southeast corner of Lexington Avenue and 48th Street, New York City, was reorganized in 1935. Securities issued in the reorganization consisted of a unit comprising an $800 Mortgage Income Bond, a $200 Income Debenture Note and 15 shares of Capital Stock for each old $1,000 bond. The stock so issued represents about 67% of the equity in the property. Under the terms of the indentures the sinking funds purchase the bonds and notes, the stock being retained by those who tender bonds and notes to the sinking funds.

The reorganization record of the property is impressive in spite of the fact that it was handicapped at the start with reorganization expenses of about $144,000 and cost of alterations and improvements of about $165,000, of which $127,000 was the cost of the "Revere Room," which has been a good source of income since completed. The period up to June, 1942, produced income sufficient, however, to defray the above costs and to pay in full all 4% cumulative interest on the funded debt of $3,900,000 and to leave a balance of about $16,000 available as a sinking fund, sufficient to reduce funded debt to $3,867,500.

Starting, however, in July, 1942, with a clean slate and a demand for hotel accommodations, the property earned in the six months' period a net profit of $212,230.15. The directors declared $210,594.33 as an amount available for distribution, of which the sum of $136,272.33 was allocated to sinking funds; 80%, or $109,017.86, for retirement of mortgage bonds, and 20%, or $27,254.45, for retirement of debentures, and the balance distributed in payment of interest at the rate of 4% per annum on the entire outstanding funded debt on March 1, 1943. The statement issued to bondholders by the corporation under date of Feb. 27, 1943, shows that the major portion of the sinking fund moneys has been expended in the purchase of bonds and debentures ($150,400 bonds and $39,500 debentures), having until June 1, 1943, to exhaust any remaining funds. With these purchases funded debt has been reduced to $3,677,600.

It is a well known fact that present hotel occupancy in New York is higher than it has been in many years; an evidence of this fact is the Lexington itself, with October, 1942, occupancy of 81% compared to 72% in October, 1941. Occupancy should hold at present or better levels, and when this fact is taken into consideration with average occupancy and earning figures shown in the schedule below the future for holders of Hotel Lexington securities is favorable.

The following schedule shows average occupancy figures and the ratio of earnings after elimination of non-recurring expenses and capital items.

Year	Average Occupancy	Ratio Earned on Annual Basis on "Units"
1936	74.73%	6.31%
1937	71.92%	4.78%
1938	67.06%	5.07%
1939	66.32%	5.50%
1940	60.94%	4.36%
1941	60.62%	4.80%
1942	64.52%	8.55%

Net profit available for interest and sinking fund purposes (computed according to the respective indentures) actually earned in 1942 was $333,519.65, against $187,982.23 in 1941 and $159,717.65 in 1940.

An interesting part of this reorganization is the 67% of the equity stock issued in the unit. This stock holds promise of dividends and increased value, due to the fact that when outstanding mortgage bonds are reduced to $2,400,000 (originally $3,120,000 and now reduced to $2,943,600) the amount of the sinking fund then applicable is limited to 1% of the amount outstanding at the end of each six-month period, or $20,000, whichever shall be greater. When this point has been reached it is evident that the top sinking fund could be no more than $24,000 for a six-month period. At the earning rate for the last six-month period, when $109,000 was applicable as a sinking fund, the annual amount available would be about $218,000, and at this rate reduction to $2,400,000 is not too far away. At that time dividends may be declared on the capital stock.

W. K. Morris Is With Kebbon, McCormick

(Special to The Financial Chronicle)

CHICAGO, Ill.—Wyllys K. Morris has become associated with Kebbon, McCormick & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Morris was formerly vice-president of Wells-Dickey Company of Minneapolis.

Hooker Electrochemical Situation Attractive

The current situation in Hooker Electrochemical Co. offers attractive possibilities, according to a memorandum issued by Hughes & Treat, 40 Wall Street, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

Market decline now under-way. Diplomatic maneuverings responsible, not taxes or earnings. Reaction of 5% indicated.

By WALTER WHYTE

Two weeks ago when this column began warning against following market strength it was practically a "voice crying in the wilderness." Now that we have seen a two day decline the number of optimists is decreasing. Being human I should like to believe that it was the warnings of this column that caused the reversal in public opinion. Being realistic I know there are hundreds, maybe thousands, who never even heard of me and can arrive at market conclusions without my help.

* * *

When this column began flashing the red light the news was good. The Russians were chasing the Germans across the frozen steppes. We had just licked the bejabbers out of the Japs in the Bismarck Sea. We were turning the tables against Rommel's Afrika Korps in Tunisia.

* * *

On the home front matters remained in statu quo. The Congress up to its usual standard was kicking big time matters around and getting a lot of valuable newspaper space about whether or not the guns above the Capitol were made of wood and manned by dummies.

* * *

On the diplomatic front Poland was "inquiring" about Russia's intentions about restoring Poland's old frontiers and people in high places were wondering if the Red Army would stop at the Russian borders or chase the Germans all the way into Berlin.

* * *

Hays, American Ambassador to Madrid, made a speech praising Franco's fascist rule and boasted of our efforts to keep Franco supplied with oil. This speech caused a furore but as our State Department is apparently sold on appeasement, the furore died aborning. The market continued to go up, and forecasts and "tips" began to be as thick as flies.

* * *

You may wonder what all this has to do with the market. The answer is in last week's column. The future of markets no longer depends on speeches made by diplomats in Washington or representing Washington abroad. It depends on what is behind these speeches. It points to the kind of a world we will have tomorrow.

* * *

The other day, Standley, American Ambassador to Moscow, also made a speech. In a press conference he accused the Russians of withholding information of American aid from the Russian people. Now, the Admiral knew he was starting something. What the purpose behind his accusation was is not clear to the naked eye. But that there was a purpose you can bet your bottom dollar. Appeasing a potential enemy on one hand and irritating a powerful ally on the other must of necessity have a repercussion on the world of tomorrow we hear so much about.

* * *

The market may not be able to understand the implications, but it does understand enough not to like what it sees. But diplomatic fencing has only begun. It will be intensified in the near future. And as it increases so will market swings increase.

* * *

If you would understand today's economic changes and the markets that reflect it you must understand history.

* * *

To get back to the market and its recent action: Current opinion has it that the approach of tax payment date and bad earnings are responsible for the decline. I don't agree. Anybody who has to make out an income tax report knew that March 15 was coming. And poor earnings are nothing new. No; whichever way you turn the crux of the problem of the market and its future can be found in the war and the lines of national cleavages now being drawn.

* * *

Reducing the action of the market to averages and individual stocks, I expect the first to decline about 5%

Continued on page 915

RAILROAD SECURITIES

The financial community is apparently finally awaking to the fact that a high level of railroad earnings is not such a temporary phenomenon after all, and that it will be maintained for the duration of the war at least. One hears very little these days from those who contended that railroad earnings had definitely reached their peak and were bound to decline from here on, which had become almost a monthly cry during the year and a half that ended on Dec. 31, 1942. No more do we hear that taxes are finally catching up with the relatively sheltered railroad industry, that the peak of efficiency has been passed and that further traffic gains would inevitably bring a disproportionate rise in operating costs, or that the sustained load coupled with lack of materials were on the verge of seriously affecting operations.

The January earnings results were apparently more effective than any previous earnings factors in finally bringing home to the public the import of what was happening in the railroad industry. Practically all of the major Class I carriers were able to report continuing year-to-year earnings gains (some of very sizable proportions) in the face of a sharp increase in tax accruals and deductions for depreciation of road and structures, instituted this year. More and more it becomes evident that the real answer to railroad earnings lies in traffic volume and not in cost factors.

The unfortunate part of the final awakening of speculative enthusiasm for the general run of securities of the marginal roads (reorganization railroads had had a large following all along) has been the indiscriminate nature of the buying that has been generated. The weakest stocks have registered phenomenal price gains despite the virtual certainty that dividends would be out of the question even with years of present earnings levels, and where the question of post-war solvency is still far from settled. This growing interest in stocks of little intrinsic worth is being hailed as a factor of weakness in the whole underlying market structure, and it seems advisable at this time to sound a note of warning.

Many rail men are recommending the exchange from such poorly situated stocks into stocks that have interim dividend prospects and where sufficient basic improvement has taken place to at least minimize the danger of post-war insolvency. The outstanding examples of rail equities with little or no prospect of dividend return even in a long, drawn-out war, which have advanced sharply for no apparent reason other than their low price (and low price certainly does not necessarily mean cheap) are listed below. It is notable that the group includes some stocks of reorganization roads which are actually scheduled for elimination under pending reorganization plans. Even if the plans are liberalized it is not likely that these stocks will receive any more than warrants to buy new stocks.

	Recent Price	1942-43 Low
Baltimore & Ohio common	7⅛	2⅝
Baltimore & Ohio preferred	11⅜	4½
Central Railroad of New Jersey	8	1⅝
Colorado & Southern common	8	⅝
Colorado & Southern 2nd pfd.	8¼	1
Colorado & Southern 1st pfd.	9	1
Delaware & Hudson	12⅝	7
Delaware, Lackawanna & Western	5¾	2⅞
Lehigh Valley	5¼	2⅝
Missouri-Kansas-Texas pfd.	8¾	1⅜
New York, New Haven & Hartford preferred	4½	⅝
Seaboard Air Line preferred	4	7/16

It is obvious that stocks of this type would be particularly vulnerable to any slight change in sentiment towards the railroad picture, which in turn might be brought about by development of a peace psychology, or an unfavorable decision in either the wage or the rate case.

Certainly it may be assumed that these questionable securities have less intrinsic worth than, for instance, the stocks of railroads that have already gone through reorganization. In these latter cases the new capitalizations have been set up on a basis considered impervious to any conceivable post-war conditions, so the stocks are not inherently dangerous. Moreover, the reorganized companies are not faced with the current financial worries of the weak marginal properties so that the prospects are much brighter for some dividend return during the war period of high earnings. With this in mind, the common stocks of Erie and Gulf, Mobile & Ohio are considered as admirable substitutes for those listed above.

Interesting R. R. Situations

According to the current issue of Railroad Securities Quotations published by B. W. Pizzini & Co., 55 Broadway, New York City, Seaboard & Roanoke first mortgage 5s of 1931, Boston & Maine first preferred stock, and Lehigh Valley Railway of New York first mortgage 5½s of 1950 offer attractive possibilities at the present time. Copies of the "Quotations" discussing these situations and giving quotations on guaranteed stocks, underlying railroad bonds, reorganization railroad bonds, minority stocks and guaranteed telegraph stocks may be had upon request from B. W. Pizzini & Co.

Paul Loughridge Dead

Paul Loughridge, vice-president of Bosworth, Chanute, Loughridge & Co., Denver, Colo., died in Philadelphia after a long illness. Mr. Loughridge had been associated with Bosworth, Chanute & Loughridge since its formation in 1916. He served as a Major in the first World War and was a former president of the Rocky Mountain Investment Bankers Association.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, have issued the current volume of their "Over-the-Counter-Review." Copies of this interesting Review may be had from Bristol & Willett upon request.

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—49, low—14¾; March 10 price—48½.

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

This column reported a few weeks ago that 1942 net operating profits of leading New York City banks were in most instances higher than in 1941. The aggregate for a group of 15 totaled $96,-020,000 in 1942 compared with $90,741,000 in 1941, an increase of 5.83%. It was also reported that their deposits were up from $17,-351,833,000 to $20,856,613,000, an increase of 20.2%, and their U. S. Government securities up from $6,987,486,000 to $11,620,178,000, an increase of 66.3%. Loans and discounts, which include commercial loans, however, declined from $3,835,654,000 to $3,806,-908,000, a decrease of 0.76%.

This week we shall review the experience of some of the principal commercial banks of cities other than New York, according to figures compiled and published by Moody's Investors Service.

	Net Operating Earnings Per Share 1941	1942	% Change
San Francisco:			
Bank of Am. N.T.&S.	$4.16	$4.01	— 3.5
Los Angeles:			
Security First Nat.	5.95	5.68	— 4.5
Cleveland:			
Nat. City Bank	2.12	2.35	+10.8
Chicago:			
Cont. Ill. Nat. B.&T.	5.80	7.72	+33.1
First National	21.74	22.16	+ 1.9
Northern Trust	30.79	32.05	+ 4.1
St. Louis:			
First National	2.25	1.82	—19.1
Philadelphia:			
First National	29.08	31.18	+ 7.2
Corn Ex. N. B. & T.	4.08	4.21	+ 3.2
Phila. National	8.02	6.50	—19.0
Boston:			
First National	3.20	3.05	— 4.7
Second National	6.93	5.58	+19.5

These 12 banks form a fairly representative group. It will be noted that six of them report their net earnings as averaging 10% better in 1942 than in 1941, while the other six report them as averaging 11.7% lower. All of them, however, show deposits and holdings of Government securities higher on Dec. 31, 1942, than on Dec. 31, 1941; on the other hand, their loans and discounts have declined. The tabulation below shows dollars as of Dec. 31, 1942, and the per cent change from Dec. 31, 1941:

	Deposits ($000)		U. S. Governments ($000)		Loans & Discounts ($000)	
San Francisco:						
Bank of Am. N. T. & S.	2,556,141	+35.5%	1,043,062	+111.3%	340,470	— 8.1%
Los Angeles:						
Security First Nat.	806,484	+21.0	323,192	+ 72.4	237,310	—10.4
Cleveland:						
National City Bank	290,437	+20.8	155,778	+151.9	58,039	—20.3
Chicago:						
Cont. Ill. Nat. B. & T.	2,052,007	+27.0	1,295,007	+ 78.8	269,693	— 5.3
First National	1,676,774	+29.1	930,879	+112.8	328,477	—19.6
Northern Trust	459,247	+ 9.0	216,219	+ 58.3	46,622	—10.7
St. Louis:						
First National	339,581	+ 5.9	165,256	+117.2	74,992	— 8.3
Philadelphia:						
First National	139,968	+ 8.9	55,812	+ 68.0	31,267	—25.6
Corn Ex. N. B. & T.	191,446	+23.3	80,587	+120.3	38,827	—29.5
Phila. National	678,428	+ 7.7	375,280	+ 69.6	81,462	—11.1
Boston:						
First National	1,061,370	+29.4	452,782	+172.7	299,470	— 7.1
Second National	122,227	+13.7	62,468	+210.0	38,557	—25.4

Total deposits of the 12 banks aggregated $10,404,200,000 Dec. 31, 1942, compared with $8,313,696,000 on Dec. 31, 1941, a growth in excess of $2,000,000,000 during the year, or 25.1%. Holdings of Government securities expanded from $2,594,385,000 to $5,156,322,000, an increase of approximately $2,562,-000,000, or 98.8%. Loans and discounts declined from $2,642,-035,000 to $2,345,186,000, a drop of $296,849,000, or 11.1%.

It is of significance that whereas on Dec. 31, 1941, their total loans and discounts exceeded their total Government securities, on Dec. 31, 1942, their Government holdings were 2.2 times loans and discounts. This change in the relative proportions of earning assets has been brought about by the war financing needs of the Government and will undoubtedly become still more pronounced as the war progresses, and specifically after the completion of the April financing program.

In the case of the 15 New York banks referred to in the first paragraph, we have to go back five years in order to find loans and discounts in excess of Government holdings, as the following table shows:

Dec. 31—	U. S. Governments ($000)	Loans and Discounts ($000)
1942	11,620,178	3,806,908
1941	6,987,486	3,835,654
1940	5,843,352	3,170,023
1939	4,623,278	3,113,887
1938	3,702,334	3,140,357
1937	3,421,679	3,612,449

With earning assets increasing in the banking system at a rapid pace, and destined to so continue during the period of war financing, and probably during the period of post-war financing also, it seems from the record, so far, that well managed commercial banks in New York and other leading cities will be able to give a good account of themselves and maintain a satisfactory level of earnings, despite higher expenses and taxes, and a lower rate of return on assets.

British Banks

Since Britain has been in the war a much longer period of time than has the United States, it is of interest to review the profits and dividends as reported by Britain's five leading banks, the "Big Five."

REPORTED PROFITS AND DIVIDENDS

	1941	1942	% Increase	1941 and 1942 Dividends
Barclays	£1,353,303	£1,529,744	13.0	14%
Lloyds	1,274,199	1,364,082	7.1	12%
Midland	1,969,288	1,997,132	1.4	16%
National Provincial	1,057,783	1,132,018	7.0	15%
Westminster	1,189,686	1,237,585	4.0	18%

Earning assets of these banks have increased approximately 55% since the outbreak of war. The increase in profits, however, has not been commensurate with this expansion, due to greater expenses and the changed character of assets. There has been a large decline in "advances to customers," or commercial loans, which formerly constituted the most profitable source of revenue, and in their stead the banks' portfolios now hold a large volume of Treasury bills, 2½% national war bonds, etc., on which the net return is relatively low.

Both American and British banks are playing an important role in the financing of this war, as they have other wars. In playing this part, however, they have not been asked to jeopardize their normal earning ability; neither have stockholders been required to sacrifice dividends. On the contrary, earnings have tended to increase. Governments recognize the vital importance of a sound banking system during the period of war-destruction as well as during the period of post-war reconstruction. An essential of such soundness is an adequate earning level.

Schram Says Market Vitality Augurs Well

(Continued from first page)

preme test, amazing not only our enemies but our allies as well.

"The vitality of our markets augurs well for the success of the forthcoming War Bond campaign. These markets are telling a story of confidence and, with confidence as a base, we should have no difficulty in attaining any goal which the Treasury may set for the April financing.

"Free markets are open to all, as they should be, but access to them should not be abused. Those who are unable to judge intrinsic values, or are unwilling to be guided by these values, should stay out. The New York Stock Exchange requires that the companies whose securities are on its list make available factual information as to their earnings and financial condition. The Exchange urges that all who use its facilities avail themselves of this information and not be intrigued by the fact that particular securities may be selling at very low prices. The securities which are cheapest in price may, in reality, be the most expensive, measured by the consideration of true worth."

Continuous Dividend Payers

An interesting list of companies listed on the New York Stock Exchange which have paid dividends consecutively for 30 to 94 years has been compiled by Dempsey-Tegeler & Co., 407 North Eighth Street, St. Louis, Mo., members of the New York and St. Louis Stock Exchanges. Copies of this interesting list, which gives the dividends paid during 1942 and the approximate yields, may be had from Dempsey-Tegeler & Co. upon request.

Stelmack Convicted

William J. Stelmack, head of the former over-the-counter firm of William J. Stelmack Corporation, 40 Pine Street, New York City, was convicted of grand larceny in General Sessions on charges of inducing customers of a brokerage house where he had been employed to invest in worthless stock at his own over-the-counter firm. He will be sentenced on March 22 and faces a penalty of 17 to 35 years in prison.

Ins. Stock Trend Upward

The Mackubin, Legg Insurance Stock Index as of Jan. 30, 1943, and the Fire Index showed a marked upward trend according to a bulletin just issued by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York Stock Exchange. Copies of the bulletin, containing interesting comparative figures, together with memoranda on Fidelity & Guaranty Fire Corporation, Fidelity & Deposit Company of Maryland, may be obtained from the Insurance Stock Department of Mackubin, Legg & Co.

Also available is a bulletin giving earnings and liquidating values of 27 fire and casualty insurance company stocks, which may be had from the firm upon request.

The Securities Salesman's Corner

Some Whys and Wherefores Regarding Dealer Profits

Continued from page 906

making a profit. Besides this most important consideration, he also pointed out to the salesman that if he didn't make a profit that his interest in selecting the proper investments for this customer would accordingly be diminished. So instead of having the proper interest in this account and laying a good foundation for the future both the salesman and the customer would be the losers in the end.

Investor interest in securities is once again beginning to revive —we will no doubt soon again hear the familiar cry of the reformer and the regulator: "Reduce your profit margins; regulate your mark-ups; put ceilings on your profits"—and all the rest of that kind of thing. This column believes that sort of thing is strictly the bunk. We believe in common sense and a reliance upon fundamental principles of fair play as the basis upon which each and every registered securities dealer should conduct his own business. We don't condone fraud—nor does anyone else approve it that believes in the principle that the majority of American business men rely upon the confidence and the good faith of their clients to keep them in business. We do believe that when one is paid well for doing a job that ordinarily he will do a better job than when he is underpaid. And whether it's generally appreciated or not the successful management of an investor's portfolio (and that is what proper securities salesmanship really amounts to) is worth a **substantial recompense in commissions and profits.** It costs considerable money to sell securities—especially to do it properly so that the welfare of your clients is improved and safeguarded. This is something someone should clearly bring to the attention of a number of people who for the most part have never been in the securities business, and who therefore hold some very erroneous ideas on this subject.

When certain people talk about 10% profit, or whatever percentage they think is too much or too little—they are not talking about profit-margins—they should be more specific—they really mean overall gross profits. There is a vast difference between such an overall percentage and a true net profit. Net profits are the **only true profits.** A true profit is what you are allowed to keep for yourself. In most cases it's far too small rather than too large. Let's have less talk about profit margins and more business in the months to come—the Lord knows it's about time we had more of both.

FINANCIAL NOTICE

THE BALTIMORE AND OHIO RAILROAD COMPANY INVITATION FOR TENDERS

TO THE HOLDERS OF

	Fixed Interest Rate
The Baltimore and Ohio Railroad Company:	
(1) First Mortgage 5s—1948	4%
(2) First Mortgage 4s—1948	4%
(3) Southwestern Division 5s—1950	3½%
(4) Pittsburgh Lake Erie and West Virginia System 4s—1951	4%
(5) Toledo-Cincinnati Division 4s —1959	4%
Refunding and General Mortgage:	
(6) Series "A" 5s—1995	1%
(7) Series "C" 6s—1995	1⅕%
(8) Series "D" 5s—2000	1%
(9) Series "F" 5s—1996	1%
(10) Secured 4% Notes—1944	4%
(11) Lincoln Park and Charlotte Railroad Company First Mortgage 5s—1949	5%
(12) Ohio and Little Kanawha Railroad Company First Mortgage 5s—1950	5%
(13) Buffalo, Rochester and Pittsburgh Railway Company Consolidated Mortgage 4½s —1957	3%
(14) Buffalo and Susquehanna Railroad Corporation First Mortgage 4s—1963	4%
(15) Cincinnati, Indianapolis and Western Railroad Company First Mortgage 5s—1965	3%
(16) West Virginia and Pittsburgh Railroad Company First Mortgage 4s—1990	4%
(17) Cleveland Terminal and Valley Railroad Company First Mortgage 4s—1995	4%
(18) Allegheny and Western Railway Company First Mortgage 4s—1998	4%

The Baltimore and Ohio Railroad Company (hereinafter called the Company) hereby invites tenders of the secured obligations of the several issues and series above listed.

Persons, desiring to tender any such secured obligations, should fill out and mail to the Company at its office at No. 2 Wall Street, New York, N. Y., a tender or tenders in the form supplied by the Company, limiting each tender to a single issue or series, if any, and to one price per $100 principal amount.

All tenders of any of said secured obligations must be received by the Company at the above mentioned address on or before 3 o'clock p. m., Eastern War Time, **March 20, 1943.** Notice of acceptance in whole or in part or of rejection of tenders will be mailed to the makers of the tenders not later than **March 29, 1943,** at the addresses appearing in their respective tenders. Notice will be published on or before **March 25, 1943,** stating the prices up to and including which each issue and series, if any, have been accepted.

All such secured obligations shall be tendered at a price per $100 principal amount. Fixed interest on all secured obligations, delivered pursuant to tender acceptances, will be paid, as part of the purchase price, to **April 15, 1943,** but not thereafter.

All secured obligations, delivered pursuant to the acceptance, in whole or in part, of a tender, must be delivered in negotiable form and must be so delivered during the period **April 5-15,** inclusive, 1943, at the office of the Company, No. 2 Wall Street, in the City of New York, N. Y., where payment therefor will be made.

All secured obligations in coupon form, delivered pursuant to the acceptance, in whole or in part, of a tender, must be accompanied by all appurtenant fixed and contingent interest coupons, maturing after **April 1, 1943.** All registered secured obligations must be accompanied by duly executed bond powers, with signatures guaranteed.

Requests for tender forms may be addressed to the Company at its office Baltimore, Maryland, and marked "Attention: J. J. Jenkins, Treasurer," or to the Company at its New York office, No. 2 Wall Street, New York, N. Y., and marked "Attention: W. R. Bixler, Assistant Treasurer." All other inquiries and correspondence regarding this invitation should be addressed to the Company at its office, Baltimore, Maryland, marked "Attention: J. J. Jenkins, Treasurer."

If not available at your bank or broker's office, tender forms will be supplied by the Company upon request.

If the principal amount of the secured obligations tendered by any one person (other than by a bank, trust company, insurance company or member of a national securities exchange or association) does not exceed $100,000 principal amount, arrangements must be made with a bank, trust company or member of one of such exchanges or associations to surrender the secured obligations tendered in case of acceptance, in whole or in part, of the tender. Banks, trust companies and insurance companies may make arrangements for delivery of the secured obligations tendered by them through another bank, trust company or member of one of such exchanges or associations. The bank, trust company, exchange or association member, signing the tender form in the space provided therefor, delivering and accepting settlement for secured obligations pursuant to and in accordance with an acceptance, in whole or in part, of a tender of another party or person, will be paid by the Company $2.50 per $1,000 principal amount thereof.

The Company reserves the right, in its absolute discretion, to accept or reject any or all tenders of any of said secured obligations or to accept any portion of the secured obligations covered by any tender and reject the balance.

THE BALTIMORE AND OHIO RAILROAD COMPANY
R. L. SNODGRASS, Vice-President.

Baltimore, Maryland
February 25, 1943.

Our Reporter's Report

(Continued from first page)

RFC new securities with a value of $135,833,808.

Repayment of the RFC in cash, it is maintained, would permit substantial treatment for both classes of stockholders.

A Quick Operation

This week's offering of $6,000,000 of 20-year 3% debentures, of the Philip Morris & Co., Ltd., Inc., provided a fair insight into the temper of the new issue market.

It was evident from the run of inquiry over the last week or 10 days that the debentures were destined to move out rapidly.

But the actual experience of bankers who made the offering was decidedly heartening. It required but a brief time to obtain full subscription upon opening of the books.

Offered at a price of 103¾ and accrued interest, the debentures commanded a bid of 104¼ late on Wednesday.

Optimistic?

Some of the more optimistic among the investment banking fraternity were hopeful that the ice would be broken in the public utility field by early marketing of the Public Service Co. of New Hampshire bonds under its modified plan.

Feeling in such circles was that the company could be expected to call for competitive bids in the near future, perhaps in time to permit the public offering of the bonds along toward the final week of the month.

As expected, the company recently amended its registration statement with the Securities and Exchange Commission to reduce the amount of the 3¼% first mortgage 30-year bonds from $22,000,000 to $20,500,000.

Interesting Case

A swing around the offices of the many municipal bond houses would probably reveal April 19 marked off on most calendars as a day which may prove highly significant in that quarter of the securities business.

For that is the date set for trial of the Treasury Department's suit seeking to tax the income from bonds of the Port of New York Authority, to be heard in the Tax Court of the United States.

A victory in this case could, it was recognized, start the Treasury off on another campaign to have Congress end the tax exemption now accruing to municipals. Back in March, 1941, the Treasury sent tax deficiency notices to a small number of holders of the Port Authority's bonds who had not included, in their tax returns, the interest from its bonds.

Lull in Municipals

Institutional holders of municipal bonds, primarily the insurance companies, apparently have terminated for the time being the programs for lightening up on such investments.

For several weeks recently recurrent sales of sizable blocks were negotiated by such interests, and the trend revealed a tendency to spread to smaller life firms in the Middle West.

Dealers, who generally are not overstocked, are known to be bidding for blocks, but it appears that the companies are inclined at the moment to await improved conditions marketwise.

Investment Trusts

SQUALL AHEAD

By the time this column goes to print our anonymous friend with the Market Trend Indicator will be in cash. You may recall that the gentleman and his "indicator" were last mentioned here on Dec. 31, 1942, in a column entitled "The Index Is Still Up!"

Readers who are not acquainted with the record of this man as it has developed on the basis of his forecasts reported here are referred to that column, which contains a review of the complete record. The circumstances of the current forecast are as follows:

1. The short-term price trend indicator turned down on Saturday, March 6.

2. No change of trend has occurred in the longer-term indicator.

The last and only time that similar circumstances have existed since both indicators signalled a major bull market on April 28, 1942, was when the short-term index turned down last November. You will remember that although no general setback of significant proportions occurred at that time, a number of groups, including the rails, aircrafts and steels, did sell off sharply. The short-term index in that instance turned up again in the second week of December.

Those who understand clearly that all forecasting devices are fallible, and simply measures of probabilities rather than absolute indicators, will be interested in the interpretation which is given of the present situation. To begin with, the first "leg" of a primary bull market usually runs a lot farther in point of time, or distance, or both, than the great mass of investors and speculators anticipate. "A bull market feeds on itself." Conversely, the first reaction in such a market is usually shorter and less severe than what may be termed the "normal expectancy" of reactions. Both of these generalizations have been rather strikingly demonstrated by the bull market which got under way last spring.

In the past the "signals" given by the short-term indicator referred to above have nearly always preceded the turn by a few days. This was true even in the case of the Pearl Harbor break. It seems that the market frequently gives the "double cross" —a short, final thrust in the direction of the current trend—before making a turn. Thus, as this is written (Monday, March 8) the probabilities are that a rally will take place in the next day or so before the anticipated reaction sets in.

Although investment fund managers must concern themselves with the probabilities outlined here, to the holders of investment company shares they should be of small concern. Investment companies are not proper mediums for in-and-out trading. Such a reaction as the one indicated might not even go far enough to compensate for the additional loading charge incurred.

However, for the consideration of those whose job it is to watch market movements closely, it might be helpful to call attention to the probability that the coming reaction will be somewhat greater in extent than the one which occurred in the closing months of 1942.

News & Views

The current issue of News & Views published by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif., contains an interesting summary of the current situation in Home Insurance Company. Also given are comparative figures for 1942 on 17 insurance companies. Copies of this interesting bulletin may be had upon request from Butler-Huff & Co.

Municipal News & Notes

Resurgence of the Reconstruction Finance Corporation as a source of activity in the municipal field is seen in the recent sales by the agency of over $30,000,000 of its holdings to investment interests. The bureau, it will be recalled, played a prominent role in the municipal market in the early depression years and, as a matter of fact, furnished much of the action then in evidence. However, the agency ultimately succeeded in liquidating practically all of the desirable holdings which it had accumulated during the period when municipal credit in general hit an all-time low, due to rather widespread defaults and general depression conditions.

It continued to remain a potent factor in the business, however, as the primary outlet for a considerable number of revenue issues which the private market was unable to finance owing to the undemonstrated economic feasability of the projects for which such debt was incurred. In the case of some other issues, still other considerations appeared to militate against their being distributed in private channels. Whatever the reasons, the fact remains that the Federal agency is now able and willing to liquidate some of its present holdings. The word "willing," incidentally, is used advisedly as the RFC was never loathe to resist driving a hard bargain for its offerings.

Placements of recent origin include the $9,000,000 Seattle, Wash., 3½% municipal transportation system refunding revenue bonds, which were underwritten by a syndicate headed by Blyth & Co., Inc., and Blair & Co., Inc. Priced to yield from 0.75% to 1.50% for maturities from 1944 to 1961 incl., the offering, reports say, was an exceptional success. Actually, it was said, the demand which developed for the obligations was of such nature that the syndicate decided to make the formal offering of the issue several days prior to the date originally intended.

Still another substantial deal resulting from negotiations between investment houses and the RFC concerns an issue of $21,635,000 Lower Colorado River Authority, Texas, revenue bonds, which were acquired by Stranahan, Harris & Co., Inc. The reoffering of the bonds will be sponsored by an account headed by the First Boston Corp. and the previously-mentioned firm.

In addition, the RFC has also disposed of $4,140,000 State of Arkansas refunding highway bonds to the American National Bank of Nashville and the First National Bank of Memphis. The corporation, it was said, still holds $10,000,000 of the State's obligations.

Institutional Selling

A possible new entry among institutional sellers of municipals is the Metropolitan Life Insurance Co. of New York, which recently accepted offers from investment houses on several blocks of bonds. Like its predecessors, the Metropolitan has very definite ideas as to prices and is not likely to accept offers that do not conform to its own views.

In a sense, such institutions occupy the "driver's seat," being in a position to weigh offers very carefully in view of the circumstances currently obtaining with regard to the small floating supply of new municipals and the continuing desire of dealers to "tap" new sources of supply.

Announces Composite Ratings For Ohio Municipal Bonds

J. A. White & Co., Cincinnati municipal bond dealers, publishers of White's Analysis of Municipal Bonds, announces the issuance of Supplement 1 to the Analysis, containing composite ratings for 145 Ohio municipalities.

The Analysis itself shows, for every county in the United States and for every city of 10,000 or more population, a wealth of information concerning the relative importance to the economic structure of each municipality of farming, mining, manufacturing, etc. Also shown is the character and origin of the foreign element included in the local population.

Accordingly, the book should prove of the greatest importance to dealers and investors in municipal bonds as it shows at a glance many factors that must necessarily be considered in evaluating the true credit standing of each community. This information, along with the debt burden and other factors, has been combined in compiling, in Supplement No. 1, the composite ratings for the Ohio subdivisions.

J. A. White & Co. announce that the price for the Analysis proper is $5, including the current supplement, while the supplement alone costs $1.

State's Gas Tax Collections In December and January

Gasoline tax collections of December and January for States having their first taste of motor fuel rationing indicate the extent to which motorists stocked up on gasoline before nation-wide rationing became effective in December, according to a survey by the Federation of Tax Administrators issued March 11.

Gas tax collections for December in 29 then-unrationed States, reflecting November buying, were down only 3% from November, 1941, collections. Collection figures for these States for October and November, showing declines of 15 and 11% from collections for the same months of 1941, emphasize further the stocking up.

Consequently, December buying was unnaturally low, as reflected by the 32% decline in January collections from January, 1942. Further collections for these States are not expected to reflect reductions of this magnitude, the Federation said.

Fifteen of the originally-rationed eastern States reported gas tax reductions of 25 and 36% for December and January, which correspond to similar decreases experienced during the previous months. The ban on pleasure driving in the eastern States, however, is expected to result in an additional decline in these States in February collections.

On a nation-wide basis, December collections were down 10% and January collections down 34%. Heavy November buying and light December buying are reflected in these figures, also, the Federation said.

Following are figures showing monthly decreases in State gas tax collections in comparison to collections for the same months of the previous year:

	June	July
40 States	—16	—18
27 unrationed	—11	—15
13 rationed	—22	—24
	Aug.	Sept.
45 States	—14	—26
29 unrationed	— 8	—17
16 rationed	—24	—39
	Oct.	Nov.
40 States	—21	—17
27 unrationed	—15	—11
13 rationed	—34	—32

	Dec.		Jan.
44 States	—10	*39 States	—34
29 States	— 3	†24 States	—32
‡15 States	—25	‡15 States	—36

*All rationed States. †Newly-rationed Dec. 1. ‡Originally-rationed States.

El Paso, Texas, Considers Utility Plant Purchase

Union Securities Corp., New York, has been appointed fiscal agent of the City of El Paso, Texas, through the award to it of an agency contract under which it will advise the city as to engineering, financial and legal matters in connection with the proposed purchase by the city of the properties of El Paso Electric Co. The Electric Co. operates generating, transmission and distribution facilities in the City of El Paso and nearby communities in the States of Texas and New Mexico. It also operates a coordinated street railway and bus transportation system in El Paso and environs and owns and operates the American halves of two toll bridges across the Rio Grande between El Paso and Juarez, Mexico. It conducts street railway operations in Juarez.

El Paso Electric Co. is a subsidiary of Engineers Public Service Co., which is under an order from the Securities and Exchange Commission to divest itself of control of the El Paso company. Although negotiations have not yet commenced between the city and Engineers Public Service, it is anticipated that the ultimate transaction will involve something around $16,500,000.

In 1942 Union Securities Corp. was fiscal agent for the City of San Antonio, Texas, and negotiated the purchase by that city of the properties of the San Antonio Public Service Co.

Public Sale vs. Private; Payment vs. Refunding

J. A. White, President of J. A. White & Co., Cincinnati, in an article carrying the above-mentioned caption, observes that two measures have been introduced in the Ohio State Senate "which should be brought clearly to the attention of holders and buyers of Ohio municipal bonds." "Both bills," Mr. White says, "represent a philosophy of public finance which has already gained too much credence, and which is in need of being revised before a day of reckoning is brought upon us by another depression." Excerpts from the article follow:

"Senate Bill No. 184, introduced by Senator Walcutt of Franklin County authorizes any subdivision simply with the consent of '50%, in amount, of holders of bonds of any issue outstanding,' to issue to such holders new refunding bonds in exchange for bonds already outstanding, 'whether matured or unmatured.' 'And such refunding bonds need not be offered to the officers in charge of the sinking or bond retirement fund of the subdivision, nor offered for public or private sale as provided by the Uniform Bond Act, before exchanging them for refunded bonds as provided herein.'

"In other words, if this bill passes the Legislature, a subdivision can issue refunding bonds simply by exchanging them with the holders of the bonds to be refunded, whether such bonds have matured or not, whether they are due in 1943, in 1953 or 1963. The refunding bonds that could be issued under this bill would not be sold at public sale, nor even at competitive private sale. The only requirement as to the interest rate is that it must not be higher than that on the bond being refunded. Otherwise, the only requirement is simply that the new bonds to be issued must be accepted by 50% of the holders in amount of the bonds being refunded. In other words, there would be no actual sale of the new bonds, but only an exchange. Of necessity, such a procedure will not be surrounded with the safeguards ordinarily provided to assure the taxpayer that bonds issued by a subdivision are issued at the lowest interest rate possible and on the most advantageous terms possible.

"Senate Bill No. 87, introduced by Senator Corlett of Cuyahoga County, deals with much the same subject, of issuing refunding bonds simply by exchange and without benefit of public or competitive sale, but it obviously has been drawn with greater finesse by someone familiar with refunding deals. Briefly, this bill provides that 'notwithstanding the provisions of the Uniform Bond Act . . . any subdivision shall have power under this act to refund any or all general obligation bonds or notes of such subdivision . . . whether matured or unmatured.' The subdivision desiring to refund under this bill shall file an application with the Board of Tax Appeals of the Department of Taxation in Columbus.

"Here again, then, is another attempt to re-enact a law providing for private exchange of bonds without benefit of public sale. This Senate Bill 87 does include a provision that 'The Board of Tax Appeals shall also approve the interest rate or rates. . . .' This requirement may aid in preventing the grossest abuse of private sales, but one is forced to ask if the Board will be able, assuming that it makes the effort, to safeguard taxpayers of the subdivision by assuring it the most favorable interest rate obtainable. It would seem to require a specialist in Ohio municipal bonds to know the proper interest rate that any such bonds should carry, and even such specialists are often in disagreement, as is witnessed by the difference in interest rates bid on issues offered at public, advertised sale. Bids submitted at such public sale often vary a full 1% in coupon rate between the highest and the lowest bid submitted even by dealers.

"In addition to providing opportunities for the abuses of private sales or exchanges, these bills represent a philosophy of public finance which is likely to redound to the detriment of the subdivisions of Ohio; rather than to their advantage."

Kentucky Taxation Developments Reported

James W. Martin, of the University of Kentucky, calls attention to two Kentucky developments in taxation likely to be of more than local interest, to wit:

The Court of Appeals, the Supreme Court of the State, on February 16 held in Thomas F. Burke vs. Department of Revenue and H. Clyde Reeves constitutional a recently enacted statute authorizing the Kentucky Department of Revenue, among other things, (a) to test any person who seeks to qualify for County Tax Commissioner (assessor) by means of examination, questions which "shall be formulated so as to fairly test the ability of the applicants to serve as County Tax Commissioner"; and (b) to order a reassessment of all the property or of any class of property in a county if the assessment was "not in substantial compliance with the law" and if "the interest of the public necessitates a reassessment." In both cases the court held that the standards prescribed by the Legislature were sufficient — that there was no delegation of legislative authority.

The State Department of Revenue is experimenting with a plan to avoid overuse of equalization orders. Since the 1870's or 1880's the equalization agency has usually entered orders regarding local valuations in a majority of the counties. Until recent years, the "equalization" was performed almost exclusively on the basis of hunches. For the last few years considerable data have been collected and analyzed; but the results of the process have not been satisfactory. This year, at the beginning of the assessment period, the Department of Revenue announced it was not going to enter any equalization orders. The announcement had no bearing on review proceedings. Assessments have not been entirely completed, but preliminary data suggest that the assessors may have done their work a little better than usual. Possibly the total performance may be inferior; that will not be clear till the local review results have been tabulated.

Major Sales Scheduled

In the following we list the issues of $500,000 or more which, at this writing, make up the calendar of further sales. We do not include note offerings as these, generally speaking, are usually acquired by institutions for their own account.

March 16

$2,000,000 Providence, R. I.

Last previous issue awarded to Halsey, Stuart & Co., Inc., New York, and associates, with the second high offer being made by Lehman Bros. syndicate.

March 23

$550,000 Calhoun County, Iowa.

March 25

$600,000 Buena Vista County, Iowa.

$500,000 Cherokee County, Iowa.

UNION CARBIDE AND CARBON CORPORATION AND SUBSIDIARIES

OPERATING IN THE UNITED STATES AND CANADA

CONSOLIDATED BALANCE SHEET

December 31, 1942

ASSETS

CURRENT ASSETS		
Cash		$ 55,472,658.57
United States Treasury Tax Notes		10,000,000.00
Marketable Securities (Cost or Market, whichever lower)		3,495,354.99
Receivables (After Reserve for Doubtful)		
Trade Notes and Accounts	$ 45,670,865.29	
Other Notes and Accounts	7,188,300.21	52,859,165.50
Inventories (Cost or Market, whichever lower) *(See Note 2)*		69,969,770.36
TOTAL CURRENT ASSETS		$191,796,949.42
FIXED ASSETS (Cost or less)		
Land, Buildings, Machinery, and Equipment	$342,695,703.28	
Deduct—Reserves for Depreciation and Amortization	140,633,975.34	202,061,727.94
INVESTMENTS (Cost or less)		
Affiliated Companies in United States and Canada	$ 576,976.38	
Affiliated Companies outside United States and Canada	3,392,994.42	
Foreign Subsidiaries	20,931,322.33	
Other Securities	802,140.52	25,703,433.65
DEFERRED CHARGES		
Prepaid Insurance, Taxes, etc.		3,282,831.75
POSTWAR REFUND OF EXCESS PROFITS TAX *(See Note 6)*		3,780,687.87
PATENTS, TRADE-MARKS, AND GOODWILL		1.00
TOTAL ASSETS		$426,625,631.63

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable		$ 17,260,557.30
Dividend Payable January 1, 1943		6,958,341.00
Installments due within one year on Sinking Fund Debentures		1,800,000.00
Accrued Liabilities		
Taxes (Including Income and Excess Profits Taxes)	$ 67,583,502.57	
Interest	220,000.00	
Other Accrued Liabilities	2,058,987.38	69,862,489.95
TOTAL CURRENT LIABILITIES		$ 95,881,388.25
DEFERRED LIABILITIES UNDER GOVERNMENT CONTRACTS		1,717,436.60
FIFTEEN-YEAR, 2½% SINKING FUND DEBENTURES OF UNION CARBIDE AND CARBON CORPORATION DUE SEPTEMBER 1, 1953, AFTER DEDUCTING SINKING FUND INSTALLMENTS DUE WITHIN ONE YEAR (as above)		24,600,000.00
TOTAL LIABILITIES		$122,198,824.85
RESERVE FOR POSTWAR CONTINGENCIES *(See Note 6)*		10,000,000.00
CAPITAL STOCK OF UNION CARBIDE AND CARBON CORPORATION—9,277,788 shares of no par value not including 136,649 shares held by the Corporation	$192,879,842.43	
EARNED SURPLUS	101,546,964.35	294,426,806.78
		$426,625,631.63

CONSOLIDATED INCOME AND SURPLUS STATEMENTS

Year Ended December 31, 1942

INCOME

INCOME		$138,359,798.48
Deduct—		
Depreciation and Depletion	$ 16,726,350.63	
Amortization	16,210,661.84	
Interest	892,843.11	
Income and Excess Profits Taxes *(See Note 6)*	66,441,220.19	100,271,075.77
NET INCOME (Net Income does not include Postwar Refund of Excess Profits Tax in the amount of $3,780,687.87)		$ 38,088,722.71
AMOUNT TRANSFERRED TO RESERVE FOR POSTWAR CONTINGENCIES *(See Note 6)*		6,219,312.13
AMOUNT TRANSFERRED TO SURPLUS		$ 31,869,410.58

SURPLUS

EARNED SURPLUS AT JANUARY 1, 1942		$100,539,149.97
Add—		
Amount Transferred from Net Income	$ 31,869,410.58	
Increase in Market Value of Marketable Securities at December 31, 1942	100,334.59	
Reduction of Valuation Reserve—Securities sold during the year	2,547.29	31,972,292.46
		$132,511,442.43
Deduct—		
Dividends Declared	$ 27,833,364.00	
Payments on Employees' Past-Service Annuities Under Retirement Plan	3,131,114.08	30,964,478.08
EARNED SURPLUS AT DECEMBER 31, 1942		$101,546,964.35

NOTES RELATING TO FINANCIAL STATEMENTS

1—The principles used in preparing the accompanying consolidated statements for the year 1942, are as follows:

All subsidiaries that are one hundred per cent owned, and operate in the United States and Canada, are consolidated.

Current assets, deferred charges, current liabilities, and earnings of Canadian subsidiaries consolidated have been converted at the official rate of exchange. Other assets and liabilities of Canadian subsidiaries consolidated were converted at the prevailing rate at time of acquisition or assumption.

Foreign subsidiaries, all one hundred per cent owned, are shown as investments. Only that part of the income of foreign subsidiaries that was received during the year as dividends is included in income. Unaudited reports covering less than a full year indicate that the income of companies paying such dividends will exceed the amount of dividends paid.

Affiliated companies, less than one hundred per cent but more than fifty per cent owned, are also shown under investments. The equity in the net worth of some of these affiliated companies carried in investments at $2,974,287.94 increased $1,104,965.93 between January 1, 1938 (or date of acquisition, whichever is later) and the date of latest unaudited reports received. Of this increase, $438,921.64 is applicable to the current period. No reports are available for 1942 for the remaining affiliated companies carried in investments at $995,682.86. The consolidated income does not include any part of the undistributed net income of affiliated companies.

2—The Corporation has elected to change its method of valuing inventories and determining cost of sales by the adoption of the "last in—first out" method with respect to all inventories, other than supplies, of United States subsidiaries. Inventories, other than supplies, of Canadian subsidiaries have been valued on the "average-cost" method heretofore used. The effect of the change has been to decrease inventories and increase cost of goods sold by approximately $2,270,000. As in previous years the value of all inventory items has been adjusted to cost or market, whichever lower. The amount of such adjustments was negligible.

3—The Trustee of the Savings Plan for Employees holds Collateral Debentures of Carbide and Carbon Management Corporation secured by 178,275 shares of stock of Union Carbide and Carbon Corporation under plans for employees. As of December 31, 1942, the assets held by the Trustee amounted to $11,185,902.31 and the unpaid balance of amount borrowed by the Trustee in connection with the purchase of debentures was $1,300,000.00. Union Carbide and Carbon Corporation has agreed to maintain the assets in the Trust Estate at an amount sufficient to repay the indebtedness and permit the distribution of the Trust Estate to the persons entitled thereto.

4—Payments relating to years prior to July 1, 1937, were made to insurance companies in the maximum amounts acceptable to such companies to apply toward the purchase of Past-Service Annuities under the Retirement Plan for Employees. These payments were charged to surplus. Payments for the purchase of Future-Service Annuities were charged against income.

5—The applicability of the War Profits Control Act and the effect, if any, on the financial statements have not been determined nor provision made therefor. The volume of direct sales to Government departments or agencies was small in relation to the total sales of the companies consolidated.

6—Income and Excess Profits Taxes are charged against income after reducing such taxes by the amount of $1,111,000.00 which represents the Debt Retirement Credit permitted under the Revenue Act of 1942. No deduction has been made from such taxes for the Postwar Refund of Excess Profits Tax in the amount of $3,780,687.87 and consequently this amount is not included in net income. The Postwar Refund and $6,219,312.13 transferred from net income have been used to provide a reserve for postwar contingencies.

AUDITORS' REPORT

UNION CARBIDE AND CARBON CORPORATION:

We have examined the balance sheet of Union Carbide and Carbon Corporation and its one hundred per cent owned subsidiaries operating in the United States and Canada, as of December 31, 1942, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Except that it was not practicable to confirm receivables from United States Government agencies, as to which we have satisfied ourselves by means of other auditing procedures, our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Subject to the omission from income of postwar refund of excess profits tax, which, we believe, constitutes a proper addition thereto, in our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Union Carbide and Carbon Corporation and its subsidiaries consolidated at December 31, 1942, and the results of consolidated operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except as to the method of valuing inventories and determining cost of sales as explained in Note 2 of notes relating to financial statements. In our opinion, the methods adopted for valuing inventories and determining cost of sales are in accordance with generally accepted accounting principles.

HURDMAN AND CRANSTOUN
Certified Public Accountants

New York, N. Y., March 6, 1943.

CANADIAN SECURITIES

By BRUCE WILLIAMS

Canadian taxpayers have learned the "bad news" for their fiscal year 1943-1944. At the start of the new fiscal year on April 1 they will shift over to a monthly pay-as-you-earn basis. Individual income tax rates for the new year have not been raised but the shift to a current basis will increase the taxpayer's total bill. The increase represents two months' of last year's taxes which were not forgiven, resulting in a "telescoping" of fourteen months' taxes into the new fiscal year. In the lower and middle income groups this will mean an increase of approximately 10% to 15% in their effective tax rates for 1943-44.

Lest Americans jump to the conclusion that Canadians are taking the "easy road" in financing their war effort it would be well to review the highlights of their new budget and the means they are applying to meet it. Since September, 1939, the Canadian Government has spent $9 billion—roughly equivalent to $100 billion for this country. Of this expenditure, 87% has been for direct war costs. In the coming fiscal year Canada proposes to spend $5.5 billion. Taxes will raise an estimated $2,527 million, or 46% of this amount. The balance will have to be met through borrowing.

This record budget will force some relaxation in Canada's splendid record of war financing. To date more than 60% of all her war budget costs have been met out of revenue. The record is as follows:

PART OF CANADA'S EXPENDITURES COVERED BY REVENUE

Years Ended March 31	Percent
1939	86.9%
1940	66.4
1941	51.0
1942	51.2
1943	49.4
1944 (est.)	45.9

By contrast, it is estimated that United States Government expenditures in the 1943-44 fiscal year will not be met by more than 30% out of current revenue.

After living through ten years of New Deal financing, Americans could be pardoned for assuming that some kind of "fancy bookkeeping" was involved in Canada's record. However, that is not the case. Canadians have simply followed the prosaic but proven method of notching their belts tighter and tighter in an honest effort to meet a rapidly increasing vital need.

Just how far this notching up process has been carried can be seen from a comparison of United States and Canadian individual income tax rates. The following illustrations are based on rates in effect for 1942:

I

MARRIED MAN WITH NO DEPENDENTS WHO EARNED $3,000 IN 1942

	United States	Canada
Income Taxes	$324	$584
Compulsory Savings	----	300
Total	$324	$884

II

MARRIED MAN WITH TWO DEPENDENTS WHO EARNED $5,000 IN 1942

	United States	Canada
Income Taxes	$592	$1,062
Compulsory Savings	----	600
Total	$592	$1,662

The Canadians in the above illustrations will have maximum additional tax burdens this year of $110 and $239, respectively. The 5% Victory tax has increased the maximum 1943 taxes of the comparable Americans by $119 and $219. However, there will undoubtedly be a considerable narrowing of the present overall "spread" when Congress gets around to setting our tax rates for 1943.

For American investors in Canadian Government securities there is vital significance in these figures. Experience (particularly American experience during the Thirties) supports the copy book maxim that "willingness to pay" is just as important as "ability to pay." Canada's record of war financing bears striking evidence of both.

Composite Ratings For Ohio Municipal Bonds

J. A. White & Co., Union Central Building, Cincinnati, Ohio, specialists in Ohio municipal bonds, announce the publication of "Composite Ratings for Ohio Municipal Bonds," supplement No. 1 to White's Analysis of Municipal Bonds.

The Analysis itself shows, for every county in the United States and for every city of 10,000 or more population the relative importance to such county or city of farming, mining, manufacturing railroad shops or resort business; how well or how poorly diversified is the manufacturing; how important the foreign element is; from where such foreign element comes. The Supplement combines this information with the debt burden and other factors to give composite ratings for 145 Ohio subdivisions.

Price for the Analysis proper is $5.00, including the Supplement. Price for the Supplement alone is $1.00. Copies may be obtained from J. A. White & Co.

R. H. Goodwin & Co. Formed In Houston

HOUSTON, TEX.—R. H. Goodwin & Co. has been formed with offices at 307 Esperson Building, to act as dealers in municipal and corporate bonds, investment trusts, and over-the-counter stocks. R. H. Goodwin is sole proprietor of the firm. Mr. Goodwin was formerly associated with Geo. V. Rotan Co. for seven years.

N. Y. Stock Exchange Weekly Firm Changes

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

James C. Ward retired from partnership in G. H. Walker & Co., St. Louis, Mo., on Feb. 28.

Privilege of Albert B. Tompane to act as alternate on the floor of the Exchange for Harry I. Nicholas, Jr., was withdrawn as of March 4. Both are partners in Benton & Nicholas.

Savings And Loan Associations Repaying Govt. Loans Far Beyond Requirements

CHICAGO, Ill.—Savings, building and loan associations returned to the Federal government in January some $48,000,000 of the funds which have been invested in their share accounts over the past nine years. The United States Savings and Loan League, announcing this move in a bulletin just received by members, said that the associations have now retired into Uncle Sam's war coffers 55% of all such investments.

Morton Bodfish

As of the first of the month only $121,000,000 of the peak Government investment of $273,000,000 is still in use by these local thrift and home financing institutions.

Morton Bodfish, executive vice president of the League, explained that beginning with 1934 the Treasury and later the Home Owners' Loan Corporation were authorized to invest funds in the shares of the community home lending institutions in order to expand home lending facilities rapidly in the mid-1930's and thus increase employment in the home building trades. He predicted that the balance of these investments would be paid off in the next twelve months.

The statute authorizing the Government investment in the associations provided that none of the principal should be asked to be retired until after it had been in the associations five years, and then not more than 10% of the total amount should be asked in any one year. In the interest of supplying the Treasury with whatever funds can be made available at this time, the associations have stepped up their repayments far beyond the requirements.

Mr. Bodfish pointed out that in the Spring of 1940 the associations retired voluntarily $35,000,000 of the direct investments of the Treasury in their shares. At that time a message had been sent by President Roosevelt to the Senate outlining the possibilities of $700,000,000 additional cash in the Treasury by reducing some of the funds in Government instrumentalities, and the savings and loan retirement was in response to that suggestion.

The League bulletin in which the total January repayment was announced to the members suggested that an even more rapid retirement of such investments by the savings and loan institutions would be forthcoming if the Government agencies in question facilitated such payments in months other than the two immediately following dividend periods.

Childs Will Not Quit Race For Comptroller

Continued from page 907

held inviolate the office of City Comptroller."

"So you do not expect to withdraw?" was the next inquiry.

"No, indeed," the candidate answered. "When I was appointed deputy comptroller by Comptroller Thrift in 1910 I used to literally sleep with the city charter under my pillow. I am now reviewing that most interesting document and also the book of appropriations for 1943, which, as you know, was first issued in its present form when I was deputy comptroller of the city."

"Let me give you a paradox," Mr. Childs continued. "I have the utmost confidence that I shall not lose in the primary by reason of a majority of the registered Democratic voters voting against me. The only way I can lose is by a majority of the registered Democratic voters not going to the polls at the primary election and not voting at all on April 6."

"Are you against the organization?" The questioner now frankly thought he had Mr. Childs out on a limb.

"No, indeed," he quickly answered. "How could I be? In the first place, my middle name is Talbott, for old Fred Talbott, 'Just for Congress' Talbott, perennial Congressman from Baltimore county.

"In the second place, in 1911 I was appointed deputy comptroller when the organiaztion, the 'Old Fashioned Democratic Administration,' elected James H. Preston, 'Dashing Harry,' Mayor, by a none-to-comfortable majority. These were the days when the 'Royal Family,' John Mahon, 'Frank' (The) Kelly, 'Paving' Bob Padgett, and Dan Loden were at their zenith, immortalized by McKee Barclay's famous cartoon."

"Why should a man of your many interests and activities run for public office?" the reporter inquired.

"If the office runs for me," Mr. Childs insisted. "I'll slow up enough for it to catch up with me, and, using Mr. Dickens' immortal words, 'Barkis is willin'."

"Will you run for a fifth term as president of the Advertising Club?" was the last question Mr. Childs was asked, which, of course, had no relation to politics.

"Now you're asking me to look into the crystal glass far too soon," he answered; "and besides, I've never run for that office; the fellows just elected me without opposition, as the voters elect the judges on our bench without opposition, and as I think the voters should elect a man to succeed the late R. Walter Graham."

Home Insurance Co. Issues Newspaper For Our Forces Overseas

Dedicated to the armed forces of the United States and the 35% of its men employees who are now in the armed services, the Home Insurance Company has published an eight-column standard-size newspaper, "Overseas Edition—News From Home," containing a general roundup of news and events here in the United States so that the men in our fighting forces overseas can keep in touch with what is taking place at home.

Feeling that no single publication in the United States quite does the job of presenting the over-all picture so that boys who may not see an American newspaper for weeks or months on end will know what is happening, Harold V. Smith, President of the Home Insurance Company, conceived of the the overseas edition as a unique contribution to the morale of our fighting forces. It was produced under the direction of Kenneth H. Dunshee, the company's public relations director. Headings such as these suggest the type of news in the publication, which is illustrated with drawings and photographs: "Rationing Comes to the U. S. A.," "The Great Dim Way," "U. S. Farmers Ready to Feed 'Em for Freedom," "Nation Clicks Ahead—But Many Changes in the Old Home Town," "There's A Good Time Coming," "Some Letters from the Boys," "The World of Sports," and "This Is America." Contributors include Frank Graham of the New York "Sun"; Willard Mullin, cartoonist of the New York "World-Telegram"; Wm. T. Cobb, former editorial writer on the "Wall Street Journal"; Stirling Bowen, former dramatic critic, and Dave De Camp, feature writer.

An editorial entitled "Salute to Our Fighting Men" says the supplement is issued "as a small token of gratitude to the men whose guns are blazing from Africa to the South Seas and who undoubtedly will in the not too distant future be smashing at Hitler's citadel and the stronghold of the Sons of the Rising Sun."

"For amid the countless comforts of our fortunate land," says the editorial, "even under the necessary rationing restrictions, we do not for one moment forget that you — soldiers, sailors and marines — are the defenders of America, guarding our homes, our loved ones, our freedom—wherever you are. And we fully realize that however much we may contribute here on the home front, our tasks and sacrifices are insignificant in comparison with those you are making on every continent and on every sea.

"All over the world people have faith in you—faith that you will win as win you will—faith that at the war's end you will lead in building a livable world of peace and safety and freedom. We at home will do our small part in keeping that faith alive and shining."

Hill Thompson Offers Dealers News Service

Hill, Thompson & Co., Inc., 120 Broadway, New York City, because of the shortage of manpower in the securities industry have at the request of many dealers instituted a new idea for dealers only. They will furnish to interested dealers a supply of memorandums on special situations without their imprint so that the dealer may affix his own name for distribution to his customers. Currently they have available memorandums on Quaker City Cold Storage first mortgage 5s of 1953 and American Business Credit Corp. class "A" stock. Others are in preparation.

S. S. Lewis Co. in N. Y.

Sydney S. Lewis is conducting a general securities business from offices at 250 West 57th Street, New York City under the firm name of S. S. Lewis Company. In the past Mr. Lewis was in business in New York under the same firm name.

Program To Salvage Fiscal And Monetary Solvency

(Continued from first page)

of managed currency, both here and in Britain, and the most we can do is to get the best possible managers.

The real danger, in my opinion, lies in the huge volume of currency and bank deposits already in the hands of the public, and which will continue to grow until the end of the war and for some time thereafter. The public will be able to buy far more than we can produce, perhaps for several years. This will mean inflation, unless there is the strictest kind of control of government fiscal policy, banking and monetary policy, and the distribution of goods and services. Such control would have to be honestly, impartially and efficiently administered. This is admittedly a large order, taking due account of human frailties, but unless we get it, there will be inflation of prices, whether or not the dollar is devalued.

FRANK F. BROOKS
President,
First National Bank of Pittsburgh

There appears to be so much going on in the way of discussions across the country at the present time about this post-war economy and where we are to be led that I hesitate to commit myself in any definite manner other than to say that I hope the refinancing of the early readjustment period will be left largely to the private banking system and not allowed to drift into the many governmental loaning agencies that are already set up and slowly but surely making decided inroads on the capitalistic system as a whole.


Frank F. Brooks

Industry has a big job on its hands and I personally believe that it will be up to us all to keep the wheels turning over and find some kind of continuous employment for the thousands working in our industrial establishments today as well as the millions in the armed service, a good portion of whom will be receiving their discharge shortly after the war is over. Of course, this will necessarily have to be done at the expense of a certain amount of what is commonly called inflation or several years of high prices.

We must not think of deflating the value of our currency and this move should only be made as a last and desperate result to correct a situation that I hope will not prevail during our reconstruction period.

LOUIS SIEBER
Vice-President, John Wittbold & Co., Chicago

In your issue of March 14, 1943, Dr. Walter E. Spahr, in his article headed "Program to Salvage Fiscal and Monetary Solvency" expressed in clear and understandable language the undeveloped thoughts I have entertained on this subject for some time.

I am grateful for the article and believe a concerted effort should be made to promote and support a fiscal and monetary program as outlined by Dr. Spahr.

DAVID E. WILLIAMS
President, Corn Exchange National Bank & Trust Co., Philadelphia

Dr. Spahr's views coincide with mine in that the huge national debt should be paid off in terms of present dollars.


David E. Williams

It seems to me that if the Treasury could consolidate this debt and issue, at a low interest rate, the greatest possible amount of its obligations in a long-term negotiable form to be sold to the investor, it would help recovery from our present situation.

My further belief is that if the dynamic forces of private enterprise are released and the channels of international trade reopened under a reciprocal trade agreements program, national income should experience a substantial increase over pre-war totals. That increase may be of sufficient magnitude not only to effect a substantial reduction in the relative debt burden, but also to permit an actual reduction in the amount of debt.

Certainly, we are on the threshold of important economic frontiers; for instance, post-war potentialities in the field of housing, of consumer demand, and in foreign trade, would seem to present great economic opportunities.

The whole question presents a tremendous problem and there are many sides to the question, but I agree with Dr. Spahr that the public should be informed in every practical way that presents itself.

RAY MORRIS
Partner,
Brown Brothers Harriman & Co.

Perhaps I can best summarize my comments by saying that I am sure the debt so far is manageable. But I am a little puzzled by Dr. Spahr's thought that "the debt should be consolidated and funded into 'a permanent one at a low rate of interest.'" As I read this, the language seems to imply a consolidated debt without maturity. But because of the characteristic fact that the American acceptance market has never been developed to a point where it provided adequate flexibility for the changing daily positions of the banks, as the English bill market used to do, I should think that, mechanically, it would be necessary, as far ahead as I can see, to have in existence a large amount of short Treasury paper of one sort or another. Perhaps Dr. Spahr includes this in his program; I cannot quite tell from the language. Without a large volume of short prime bills of one sort or another available for use by the banks, I should think problems of price depreciation of the "Consols" would affect them profoundly.


Ray Morris

HENRY H. SANGER
Chairman of the Board, The Manufacturers National Bank of Detroit

I have read Dr. Spahr's article, "Program to Salvage Fiscal and Monetary Solvency" with much interest and am thoroughly in accord with his views. The problem is to educate the public, who understand little about what the Government's financial condition will be at the end of the war. I very much fear the devaluation of the dollar or the uncontrolled issuance of greenbacks.


Henry H. Sanger

DE WITT D. BARLOW
President, Atlantic, Gulf & Pacific Co., New York City

I have read Dr. Spahr's article with interest. Not being an economist perhaps I should not express an opinion on it. His proposal to convert all our national debt into permanent bonds (I assume that means bonds never to be redeemed, like the British Consols) strikes me as one worth studying. The effect would be, of course, to ease the tax load enormously. But how much difference does that make? The debt is all owned domestically, and looking at the nation as a whole, debt service is only taking money out of the right-hand trouser pocket and putting it into the left one. If the debt were ideally owned, i.e., if each taxpayer owned the exact proportion of the total bonds that his taxes bear to the total debt service, it is obvious that the transaction would wash. He would get back in interest and principal exactly what he paid in taxes.

Naturally, this ideal distribution does not prevail. So it seems to me that the effect of Dr. Spahr's plan would depend on the distribution of bond ownership.

I have no doubt that he has data on the subject and I should be glad if he would supplement his article by developing that line of thought.

CARL F. DANNER
President, American Hide and Leather Co., Boston

I agree with the thought behind the article and feel that the "Chronicle" and Dr. Spahr are doing a great service in bringing these facts to the public's attention.


Carl F. Danner

I can't say that I am in immediate agreement with the fourth paragraph of his program. I am not a monetary expert, but I feel that to "urge a permanent national debt as the ultimate solution to the debt problem" is altogether too inviting. If the idea gets abroad that the debt is to be permanent and never will have to be paid off, it is likely to be very much larger than if it is assumed that some day it will have to be paid off.

Tomorrow's Markets Walter Whyte Says—

Continued from page 909

from its recent highs (130) to about 124, and the stocks you have to go under the stop prices given here last week. Feeling this way, you may wonder why I advise holding for the stops instead of getting out here and now. The answer is: there is nothing certain about markets.

* * *

Today they look lower. Tomorrow something may happen that may change the picture. As I have no way of knowing what this change will be and whether it will come, there is only one thing to do—keep positions so long as stocks keep their heads above specific levels. If you don't know what these are, I repeat then below. Air Reduction, stop 42; Bethlehem Steel, stop 59; Goodyear, stop 28; International Harvester, stop 59; Superheater, stop 15, and U. S. Steel, stop at 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.]

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 8 that tenders for $700,000,000 of 91-day Treasury bills to be dated March 10 and to mature June 9, 1943, which were offered March 5, 1943, were opened at Federal Reserve banks March 5.

Details of this issue follow:

Total applied for, $1,382,297,000.
Total accepted, $705,256,000.
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, 99.905; equivalent rate of discount approximately 0.371% per annum.
(9% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on March 10 in amount of $504,821,000.

H. F. Fischer Dies

H. Franklin Fischer, partner in Whitehead & Fischer, New York investment firm, died at East Orange General Hospital.

It is understood that plans now call for the investment business of Whitehead & Fischer to be continued at 44 Wall Street, New York City by Louis H. Whitehead under the firm name of Louis H. Whitehead Co.

UP-TOWN AFTER THREE

By BILL SMITH

SCREEN

Of the pictures to open in New York this week the British film **"The Young Mr. Pitt,"** a 20th Century-Fox production, is by far the best. With Robert Donat as the star and Robert Morley, Phyllis Calvert and John Mills in the supporting roles it tells a vivid and moving story of England in the days when William Pitt was its Prime Minister. Though the period (1768-1804) and the problems of that day seem far distant from those of today, the conditions are not so wide apart as they seem. For England, tired after its wars with the Colonies, was blind to the dangers of Napoleon who, under the guise of friendship, was preparing an invasion against her. Complacency and appeasement dominated Parliament as well as the populace. It was William Pitt, the Churchill of his day, who saw the dangers and prepared against them. The story is factual and the film itself is authentic. The acting is superb. . . . **"The Hard Way"** (Warner Bros.) deals with backstage vaudeville life and the part a domineering sister had on the lives of three people. In a flashback sequence, Ida Lupino, fished out of the bay, thinks back over the mess she made of things. Disillusioned by her own marriage, she determines her young sister (Joan Leslie) will make a successful match. A vaudeville team (Jack Carson and Dennis Morgan) play the squalid mining town in which the girls live. Carson meets Joan and is hoodwinked into marrying her. The original team breaks up and Joan and Carson form their own act. Hitting New York, Joan makes a hit while her husband is shunted aside. Tragedy enters. How it all comes out makes an interesting melodrama. Bring your hanky. . . . The latest war picture is MGM's yarn of the American Navy, **"Stand By for Action."** Jammed with such stars as Robert Taylor, Brian Donlevy, Charles Laughton and Walter Brennan, the story is a good audience vehicle. True, the plot is gossamer thin, heroics rather than heroism is the rule, but it does pack action. There is the bluff old sea dog who comes out from behind his desk. There's the retired CPO who dyes his hair so he can get back into harness. There is the smart Aleck drawing-room officer who looks down on his up-from-the-ranks senior officer, but at heart is really a fine man. And, of course, there is the senior officer himself, who is one tough hombre. You'll find them all on an old destroyer (class of '18) rescuing mothers and babies, and acting as obstetricians. And then you'll see this converted pea-shooter charging in to take on a huge Jap battleship and sending it to the bottom. It's all quite exciting. Nobody gets hurt except the Japs, and who cares about them? The kids will yell and well.

AROUND NEW YORK TOWN

The Casbah (112 Central Park South) is one of those silk and satin hideaways you see in the movies. Elegance here takes your breath away. Max Cassvan, short, dark, heavily-bespectacled French movie producer (his last picture put him on the Nazi blacklist) dreamed the whole thing up. Arranged to look like a desert tent, draped silk ceiling tucked up here and there by odd Oriental lamps, tent poles (hand-turned, we were breathlessly informed), and luxurious carpets you sink into up to your ankles, makes the Casbah (obviously no relation to its North African counterpart) sybarritic in its splendor. Even Joseph Moscatelli, major domo of the Rockefeller Rainbow Room, and his suave assistant, Francois, are here bowing the carriage trade in. In the back there is the Blue Room, where you're supposed to imagine yourself in the desert outside your cozy tent. Ceiling is blue with pin-point lights (sky and stars), with one wall draped to look like a tent entrance. Entertainment consists of a new Paul Taubman (looks like a slicked-up cricket with his tail coat), who plays the piano and acts as the M.C., all very properly and with complete decorum. Then there is a dark-haired gal, Riva Rayes, a Max Cassvan discovery, who fondles the microphone lovingly as she gives out with ". . . was eet Madreed or in Paree zat I kees you-u-u." Her nostalgic yearning for her past love life drives the carriage trade, overflowing the Casbah, wild with applause. Then, of course, there is the orchestra (can't remember its name—lost my notes) which plays rhumbas well enough to make us sigh for our wasted days when we should have gone to dancing school instead of frittering our time away working for a living. During our visit the Casbah was full of what is referred to as celebrities. At one table there was baldish, red-haired Joe Kennedy of the Boston and the Court of St. James's Kennedys, telling all and sundry how the war should be fought. At another was Conrad Nagel (remember him?) dressed informally. He wasn't wearing a wig. Of course uniforms were in abundance. Everything from apprentice seamen and buck privates to gold ribbon admirals and two-starred generals, probably getting a preview of what things are like in North Africa. . . . **Signs of the Times**—A small restaurant in the East 60s, used to call itself "Hamburger And—Inc." now calls itself "Whip and Spur." . . . Pan-American installed a new press room and asked the sign-painter to put the proper sign on the door. It was only after considerable persuasion that he gave up the idea of painting "Reporter's Work Room" on the door.

N. Y. Chamber Of Commerce Recommends Steps For Solving Nation's Manpower Shortage

The Chamber of Commerce of the State of New York made public on March 1 a report from its Special Committee on Manpower Legislation, of which Gilbert H. Montague is Chairman, outlining recommendations to help solve the nation's manpower shortage. The report which was approved by the members of the Chamber at the monthly meeting on March 4 summarized "present conclusions" of the Committee and stated that "it is not to be construed in any respect as final."

The ultimate solution of the problem throughout the country undoubtedly will be a composite of many and varied plans, the report said, adding that it is the Committee's present thought that a solution now cannot lie in any one legislative plan.

Emphasizing the importance of the manpower shortage in relation to agriculture, the report made five recommendations which would not require legislation:

"1. Stop drafting men from the farms into the army and into war plants.

"2. In the peak seasons of planting and harvesting, furlough men who have been drafted from farms so that they may return and complete the farm work of the season. This would apply, of course, only to men still in the United States.

"3. Import farm labor where possible.

"4. Recognize that while to a great extent farming is now a mechanized undertaking requiring men, nevertheless much farm work, particularly harvesting, can be done by boys under military age and also by girls of high school age.

"5. Enlist in solving the problem such organizations as the Boy Scouts and the Girl Scouts, and other youth organizations."

Turning to industry, the report suggested a three-fold course of voluntary action involving management, labor and government.

Among the suggestions to industry were: Greater employment of women, stop retiring employees, recalling retired employees and suspending rules against hiring married women.

The report said that organized and unorganized labor could do much to help the manpower situation by reducing absenteeism, eliminating featherbed and make-work rules, reducing extortionate union fees, and by not using the war emergency for slipping over social reforms.

As to some things which the Government can do to help industry, the report suggested more consultation with industry and less high-sounding speeches, restricting unnecessary governmental activities, minimizing the number of questionnaires and staying within the law.

The report was signed by Mr. Montague, the Chairman, and the following other members of the Special Committee on Manpower Legislation: Leon O. Head, H. Boardman Spalding, James Tanham and George E. Warren.

Harris, Upham To Admit

Richard S. Perkins will be admitted to partnership in Harris, Upham & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges, as of today. Mr. Perkins in the past was a partner in the firm.

Postpone Rollins Hearing

The hearing ordered by the Securities and Exchange Commission to determine whether the broker-dealer registration of E. H. Rollins and Sons, Incorporated and Walter Cecil Rawls, or either of them, should be revoked or suspended, has been postponed by the Commission to March 22, 1943 at the request of the counsel for E. H. Rollins & Sons, Inc.

Telegraph Merger Bill Signed By President

The bill to permit the merger of the Postal Telegraph Co. and the Western Union Telegraph Co. was reported signed by President Roosevelt on March 8. Final Congressional approval came on Feb. 22 when the Senate, by a vote of 42 to 17, adopted the conference report, which the House had agreed to on Feb. 19.

Under the legislation, a consolidation of the two companies is permitted if they reach an agreement to which the Federal Communications Commission assents. As approved, the bill carries job security provisions for employees affected by the merger.

The Senate first approved the bill on Jan. 25, by a 70 to 10 vote, and the House passed an amended measure on Feb. 10, by a standing vote of 201 to 56.

In Associated Press accounts from Washington Feb. 22, it was stated:

Senator McFarland (Dem.) of Arizona told his colleagues that the Reconstruction Finance Corporation had advanced about $9,000,000 to keep the Postal going, and asserted that the company's current monthly loss is around $400,000.

"The nation cannot afford to lose the telegraph service capacity represented by the facilities of that system," Senator White of Maine declared.

Senator Langer (Rep., N. D.) argued that approval of a merger would "place the public at the mercy of a monopoly."

Senator Aiken (Rep., Vt.) termed it "unsound, unwise, special privilege legislation," while Senator Hawkes (Rep., N. J.), attacked conditions of the merger in a statement read in his absence by Senator Taft (Rep., Ohio).

The same advices stated:

"The principal point of difference between the House and Senate versions involved job security. Under the compromise, senior employees (those employed before March 1, 1941) may not be discharged, except for cause, for four years after the merger. Junior employees hired since March 1, 1941, may either be retained the same length of time after the merger as they had been employed before, or they may be dismissed with one month's severance pay for each year employed."

Price Of Newsprint Increased $4 A Ton

Joint announcement of an increase of $4 a ton in the price which American and Canadian producers may charge and American and Canadian consumers may pay for standard newsprint paper was made on Feb. 27 by the Office of Price Administration and the Canadian Wartime Prices and Trade Board.

The increase, first in five years, became effective March 1 and brings the new "port" ceiling price to $54 per ton, with zone prices adjusted accordingly.

The OPA announcement further said:

"The price increase of $4 a ton authorized by OPA has been the subject of extended conversations between that agency and the Wartime Prices and Trade Board of the Dominion of Canada.

"The agencies of the two governments have agreed on a $4 increase at this time. However, on the strong representations of the Canadian Government officials that $4 does not fully reflect the increased costs of the Canadian industry, it was further agreed by the two agencies that the increase, which is substantially smaller than has been requested by the Canadian Government, would not prejudice further review of the price situation as between the two agencies on a subsequent date.

"According to Prentiss M. Brown, Price Administrator, the advance is necessary because the newsprint industry can no longer absorb the increased costs which war conditions have brought about. Woods operations and costs of transportation have risen, and water-borne shipments have decreased, with the result that the newsprint industry's position has deteriorated further. Nine of the thirteen United States newsprint manufacturers are operating at a loss.

"'Newsprint is one of the few major commodities that has not increased in price since the war broke out in 1939,' Administrator Brown stated. 'Ever since that time, and even more in the past year, newsprint transportation and production costs have risen sharply with the result that a large segment of the industry is losing money on every ton of newsprint delivered, while the profits of those companies which still are operating in the black are shrinking rapidly.

"'The increase, in so far as the American industry is concerned, is clearly one which is in strict conformity with the Emergency Price Control Act, as amended. Cost changes since 1938 have rendered prices established five years ago no longer fair and equitable. The OPA must apply its standards, both impartially and rigorously. It must act on those standards whether, as in the vast majority of cases, it involves the denying of price increases or, as in the much rarer instances, it involves granting a price increase, where cost changes have rendered the situation of an industry genuinely intolerable.

"'The decision to permit a price rise of $4 a ton has been reached only after the most careful study and after extensive discussion with newsprint producers and with particularly close consideration of the problems of all branches of the publishing industry. In the light of all evidence, however, no other course is possible without seriously impairing the operations of an important industry and jeopardizing the supply of newsprint.'"

Rural Banks Could Aid Treasury Financing If Free Of Govt. Competition

Incident to the Treasury's Victory Loan Drive in April, Secretary Morgenthau on Feb. 16 at his press conference expressed the belief that rural banks could be "more helpful" in the Treasury's financing operations if they were not subjected to government competition in farm loans. Associated Press accounts from Washington reporting this added:

"He said that representatives of some 6,000 to 7,000 rural banks had complained of competition from a Department of Agriculture credit agency, and added that he believed their demands were 'reasonable.'

"They are in business to make money, and I think they should be given first crack at these farm loans," Mr. Morgenthau said.

The Secretary added that he believed the rural banks would be in a "happier frame of mind" and better able to cooperate with the Treasury's financing campaigns if their request were granted.

Manual On Organizing Financial Library

The first manual ever to be issued describing the organization of a financial library is currently being prepared by the Financial Group of the Special Libraries Association under the chairmanship of Roberta Herriott, Librarian of the Chase National Bank in New York City. Designed to apply to all types of financial institutions both large and small—banks, brokerage firms, investment houses, accounting firms, etc.—this booklet will include information as to the role of the library in the organization, suggested physical layout and equipment, the collection and handling of the various types of material, service to the organization, budget and financial reports, and personnel.

The manual is expected to prove useful both to the organization with no library which contemplates installing such a service and to the institution which now has such a department but is desirous of improving its operation. Although the manual is not expected to be off the press for another year, anyone interested in obtaining information regarding the procedure involved in setting up a library is requested to get in touch with Miss Herriott.

Begin Point Rationing Of Processed Foods

Point rationing of processed foods was instituted throughout the country on March 1 and the "freeze" on sales of more than 200 kinds of canned, bottled, frozen and dried fruits, vegetable juices and soups was lifted.

All retail sales of these foods had been suspended at midnight on Feb. 20 and the registration of the entire civilian population for War Ration Book Two took place during the week of Feb. 22-27. These books are required for the purchase of rationed foods under the new point rationing system. It was estimated by an official of the Office of Price Administration that about 125,000,000 ration books were issued during the week.

The official point values for the many food items covered by the regulation were disclosed by the OPA on Feb. 22 and indicated that civilians will have to do with less than half of the amount of canned and processed foods consumed last year.

The number of points alloted to each individual in March totals 48, with each purchase "costing" a specified number of points. The point values differ according to the relative scarcity of the various foods and also according to the size of the container, but every item has the same point value in every store in the country.

In announcing the point values, Price Administrator Prentiss M. Brown said that the scant ration was due to heavy demands of the armed forces and for lend-lease and the desire to spread the present supply and all of next year's supply from March, 1943, through September, 1944.

The eight-day "freeze" period on sales of rationed foods was ordered by the OPA to permit storekeepers to replenish their stocks and to acquaint themselves with the official table of point values.

In an effort to stop the sharp price advances in fresh vegetables, the OPA on Feb. 22 announced emergency price ceilings on fresh tomatoes, snap beans, carrots, cabbage and peas. The ceilings for these commodities, effective Feb. 23 for 60 days, limit all dealers, except growers, to the highest price charged between Feb. 18 and 22.

The OPA on Feb. 24 added lettuce and spinach to the price ceiling list, fixing the highest price charged between Feb. 20-24 as the ceiling.

The temporary price-ceilings in fresh vegetables will be replaced later by permanent ones after consultation with the trade. Prior to this action, the OPA pointed out that white potatoes, onions and dried beans were under price curbs, as were citrus fruits.

In another move designed to stop heavy consumer "hoarder" buying, the OPA on Feb. 17 suspended sales of canned meats and canned fish until the start of meat rationing, expected to begin in 60 days. The order was necessary, it was said, because sales had threatened to reduce supplies of these items to dangerously low levels.

Previous reference to canned goods' rationing was mentioned in these columns Feb. 11, page 584.

President Directs WPB To Launch Program For More Lumber Output

President Roosevelt directed the War Production Board on Feb. 26 to launch a program to stimulate production of lumber and other forest products for war and essential civilian needs.

The program, the White House said, is designed to aid producers, especially small operators, to overcome wartime difficulties and step up "lagging production . . . to the fullest possible extent."

United Press Washington advices reported the following:

Mr. Roosevelt, it was announced, has shelved proposals for a special "Forest Products Service" and similar organizations in favor of a program to be inaugurated by WPB in cooperation with the Department of Agriculture's Forest Service "to attain the same result more simply and economically."

Under the adopted plan, it said, field expeditors will advise producers "on the ground" of the specific types of forest products most urgently needed, and will assist in obtaining contracts for the production of logs and lumber. Producers will be enabled to secure "adequate financing, primarily through private sources," it said, and the expeditors will aid in overcoming the "somewhat complicated procurement and other procedures which are inevitable in total war and which are disheartening to many small operators."

The White House made public letters Mr. Roosevelt addressed to WPB Chairman Donald M. Nelson and Agriculture Secretary Claude R. Wickard explaining his rejection of the "Forest Products Service" plan.

His letters cautioned that steps should be taken "to prevent destructive forest practices" that would waste the nation's forest resources needed for the future.

Calendar of New Security Flotations

OFFERINGS

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).

Offered March 10, 1943, at $8.50 per share by Hickey & Co., Inc., and Paul H. Davis & Co.

PHILLIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., has filed a registration statement for $6,000,000 20-year 3% debentures, due March 1, 1963.

Address—119 Fifth Avenue, N. Y. City.

Business—Engaged in the business of manufacturing and selling cigarettes and smoking tobacco.

Offering—Public offering price will be supplied by amendment.

Underwriting—Underwriting group which is headed by Lehman Brothers and Glore, Forgan & Co., includes: Bear, Stearns & Co.; A. G. Becker & Co., Inc.; Branch, Cabell & Co.; Alex. Brown & Sons; Frank B. Cahn & Co.; Davenport & Co.; R. S. Dickson & Co., Inc.; Dillon, Read & Co.; Dominick & Dominick; Emanuel & Co.; Goldman, Sachs & Co.; Granbery, Marache & Lord; Hallgarten & Co.; Harriman Ripley & Co., Inc.; Ira Haupt & Co.; Hayden, Stone & Co.; Hemphill, Noyes & Co.; Hirsch, Lilienthal & Co.; Hornblower & Weeks; Kuhn, Loeb & Co.; Ladenburg, Thalmann & Co.; Lazard Freres & Co.; W. L. Lyons & Co.; Mackubin, Legg & Co.; Laurence M. Marks & Co.; Mason-Hagan, Inc.; Merrill Lynch, Pierce, Fenner & Beane; Paine, Webber, Jackson & Curtis; Reinholdt & Gardner; Riter & Co.; Schwabacher & Co.; Scott & Stringfellow; I. M. Simon & Co.; Stein Bros. & Boyce; Stern Brothers & Co.; Stifel, Nicolaus & Co., Inc.; Swiss American Corp.; Union Securities Corp.; G. H. Walker & Co.; Watling, Lerchen & Co.; Wertheim & Co.; and White, Weld & Co.

Proceeds—During the nine months ended Dec. 31, 1942, company's cash requirements have substantially increased, due in part to rise in inventories. During the period company financed its needs for cash in part by bank loans which at Dec. 31, 1942, amounted to $8,500,000, and since Dec. 31, 1942, have increased to $12,000,000. Net proceeds from the sale of 105,176 shares of common stock registered by company last month and which are being offered to stockholders at $62 per share will be applied to the reduction of these bank loans. Net proceeds from sale of debentures will be applied, to the extent required, to the payment of the unpaid balance of these loans, and balance added to general working capital.

Registration Statement No. 2-5102. Form A-2. (2-26-43).

Offered March 9, 1943, at 103¾ and interest by Lehman Brothers, Glore, Forgan & Co. and associates.

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 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).

SATURDAY, MARCH 20

SUNNY COURT BUILDING CORP.

Lucius Teter, Frank M. McKey and Edward L. Vollers, voting trustees, have filed a registration statement with the SEC for voting trust certificates for 1,430 shares of common stock of Sunny Court Building Corp.

Address—Of trustees, 135 South LaSalle Street, Chicago.

Business—Apartment building.

Offering—As soon as practicable after registration statement becomes effective.

Purpose—The securities are presently subject to a voting trust agreement which expires April 18, 1943. It is proposed to extend the agreement, as amended, to April 18, 1953.

Registration Statement No. 2-5103. Form F-1 (3-1-43).

SUNDAY, MARCH 21

AMERICAN VITRIFIED PRODUCTS CO.

American Vitrified Products Co. has filed a statement covering the registration of $857,500 first mortgage 5% sinking fund bonds of Universal-American Corporation, the continuing company in a proposed merger.

Address—1500 Union Commerce Building, Cleveland, Ohio.

Business—Manufacture and sale of sewer pipe, segment forms, flue lining, wall coping, hot top brick, drain tile, joint compound, chemical stoneware and other clay and cement products.

Underwriting—S. K. Cunningham & Co., Inc., Pittsburgh, has been retained by American to assist in the solicitation of securities in the proposed merger.

Offering—Plan proposes merger of Universal Sewer Pipe Corp. into American Vitrified Products Co., with the continuing company to be known as Universal-American Corp. Universal owns 70,000 common shares of American out of 177,029 common shares outstanding. In addition to the bonds registered, Universal-American will be authorized to issue 250,000 shares of the par value of $2 each. Proposed agreement of merger which has been approved by the boards of both companies provides for the following exchange of securities:

First mortgage bonds of Universal-American will be exchanged for preferred shares of American on the basis of $50 face amount of bonds for each preferred share of American. One share of Universal-American will be exchanged for each common share of American; and 1¾ shares of Universal-American for each class A and each class B share of Universal. Holders of first mortgage 6% sinking fund bonds of Universal will be asked to exchange their bonds for a like face amount of first mortgage 5% sinking fund bonds of Universal-American upon completion of the merger. None of the first mortgage bonds will be offered or sold for cash.

Purposes—For consolidation.

Registration Statement No. 2-5104. Form S-1 (3-2-43).

WEDNESDAY, MARCH 24

BURTONITE CORPORATION

Burtonite Corporation has filed a registration statement for 10,000 shares of 7% preferred stock and 15,000 shares of common, no par.

Address—2500-22 Fisher Street, Fort Worth, Texas.

Business—Manufacture of face brick.

Offering—Present offering consists of 2,000 units, each unit consists of four shares preferred and one share common, price per unit is $10.

Underwriting—None. Distribution is to be made by direct sales by the corporation of its treasury stock.

Proceeds—Expansion of plant facilities, installation of additional equipment and for working capital.

Registration Statement No. 2-5105. Form S-2 (3-5-43).

SATURDAY, MARCH 27

MASTER ELECTRIC CO.

Master Electric Co. has filed a registration statement for $3,000,000 10-year sinking fund debentures due March 1, 1953. Interest rate will be filed by amendment. Sinking fund provides for retirement of total of $1,800,000 of issue by Sept. 1, 1952.

Address—126 Davis Ave., Dayton, Ohio.

Business—Manufacture and sale of electrical products, including motors and generators, various types of industrial equipment generally involving the use of electric motors.

Underwriting—McDonald-Coolidge & Co., Cleveland, Ohio, is named as principal underwriter.

Offering—Offering price to public will be filed by amendment.

Proceeds—Of the proceeds $500,000 will be used to reimburse partially the company's treasury for payment of the first quarter of 1942 Federal income and excess profits taxes, which payment amounted to approximately $872,000, and the balance for the purchase of U. S. Treasury tax anticipation notes.

Registration Statement No. 2-5106. Form S-1 (3-8-43).

DATES OF OFFERING UNDETERMINED

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

AMPAL-AMERICAN PALESTINE TRADING CORP.

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

Address—1440 Broadway, New York City.

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

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

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

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

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

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

Amendment filed Feb. 20, 1943, to defer effective date.

P. L. ANDREWS CORP.

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

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

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

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

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

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

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

Request for withdrawal filed March 1, 1943.

Amendment filed Feb. 19, 1943, to defer effective date.

CURTISS CANDY CO.

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

Address—622 Diversey Parkway, Chicago.

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

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

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

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

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

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

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

Amendment filed Feb. 26, 1943, to defer effective date.

INTERIM FINANCE CORP.

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

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

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

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

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

Proceeds will be used for working capital.

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

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

NORTHWEST PUBLICATIONS, INC.

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

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

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

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

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

Proceeds—Plan of recapitalization.

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

Registration effective 5:30 p.m. (EWT) on Feb. 25, 1943, as of 5:30 p.m. (EWT) Jan. 17, 1943.

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).

PINEHURST, INC.

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

Address—Pinehurst, N. C.

Business—Operation of a winter resort.

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

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

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

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

Amendment filed Feb. 20, 1943, to defer effective date.

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

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

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

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

Underwriting—To be supplied by post-effective amendment.

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

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

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

Amendment filed March 1, 1943, to defer effective date.

In an amendment the company fixes the amount of the proposed new issue of first mortgage bonds at $20,500,000 in place of $22,000,000 as originally filed. Company in amendment also revises its financial program so as to provide only for the issue and sale of the first mortgage bonds. The original plan provided also for the issue and sale of $2,500,000 of unsecured notes and the sale of 3,284 shares of its common stock to New England Public Service Co., parent company, at a price of $60 per share. The unsecured notes were to be sold privately. Proceeds from the sale of the first mortgage bonds which are to be sold at competitive bidding will be applied to redeem and retire company's presently outstanding bonds in the aggregate face amount of $18,929,000, pay its bank loans aggregating $1,000,000 and provide funds for working capital.

PUGET SOUND POWER & LIGHT CO.

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

Address—860 Stuart Building, Seattle, Wash.

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

Underwriting—Names of underwriters will be supplied by post-effective amendment. The company proposes to sell both the bonds and debentures at competitive bidding. The invitation for bids will provide that each bid covering the bonds shall specify the coupon rate (which shall be a multiple of ¼%) and the price to be paid to the company for the bonds; and each bid covering the debentures shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company.

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

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

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

The company on Feb. 16, 1943, filed with the SEC amendments to its plan of recapitalization and refinancing making changes in the voting positions of the new stocks and providing for bank loans as a part of the financing instead of short term debentures.

Under the voting change the new common stock is to receive five votes a share instead of the one previously alloted. The voting power of the first preferred will be returned to one vote a share, instead of the two granted originally.

The refinancing plan has been modified to substitute $6,500,000 of 3⅛% five year bank loans in place of $8,000,000 of nine year debentures. The plan to sell $52,000,000 of first mortgage bonds remains unchanged.

The bank loans would be eliminated March, 1948, under a plan calling for a $1,000,000 reduction on Sept. 1, this year; $1,000,000 on March 1, 1944, and $562,500 semi-annually until March 1, 1948.

The changes in the voting powers of the preferred and common stocks were made to meet objections of the SEC which felt under the original plan the preferred had been given excessive voting power.

The Chase National Bank will take $3,000,000 of the proposed bank loans; the Harris Trust & Savings Bank $1,000,000 and nine Seattle banks the balance.

Amendment filed Feb. 10, 1943, to defer effective date.

STOVALL PROPERTIES, INC.

Committee for Holders of Class B first mortgage 5% gold bonds of Stovall Properties, Inc., has filed a registration statement with the Securities and Exchange Commission for certificates of deposit for $956,500 of such first mortgage real estate bonds.

Address—Place of business of original issuer, Tampa, Fla. Address of committee, 711 Maritime Building, New Orleans, La.

Business—Operation of office buildings, and rental of store properties owned by it.

Purpose—In addition to the $956,500 Class B 5% mortgage bonds there are outstanding $8,125 Class A 6% first mortgage gold bonds. Both classes of bonds were dated Sept. 1, 1931, with maturity date Sept. 1, 1941.

Both classes of bonds bear interest at the rate of 8% after maturity. According to the registration statement the deposit of securities is desired in order to foreclose the mortgaged and/or pledged property, and, if need be, to bid in the property at the foreclosure sale for the benefit of the bondholders.

So far as is known to the committee, no steps have been taken by anyone to prepare a plan of readjustment or reorganization. Securities are to be called for prior to the proposal of a plan because from all information available, there is little possibility of any feasible plan of reorganization. The committee is of the opinion that the only feasible mode of procedure is to foreclose the mortgage, obtain title to the property either in the committee or in a corporate or personal nominee of the committee to operate the property for the benefit of the depositing bond holders and to seek a purchaser for the same. The members of the committee have found that prospective purchasers for the mortgaged property are unwilling to negotiate until title has been obtained through foreclosure. The deposit agreement is dated Nov. 25, 1942. The committee has not as yet fixed any limit to the period within which the bonds will be accepted.

Registration Statement No. 2-5083. Form D-1. (1-18-43).

Amendment filed Jan. 30, 1943, to defer effective date.

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.

Registration statement effective 3:30 p. m. EWT on March 2, 1943.

(This list is incomplete this week).

Jackson Co. Opens in NYC

Albert Jackson has formed Jackson Company with offices at 52 William Street, New York City, to engage in a securities business. Mr. Jackson in the past was an officer of Neubeck & Jackson, Inc.

Allied Chemical & Dye Corporation

To the Stockholders:

Herewith are presented the consolidated balance sheet of the Company at the close of business December 31, 1942, and the consolidated income account for the year.

Net income for the year was $20,457,601.

Results of the year's operations are set forth in the following short form:

The Company received from operations		$244,463,723
which was disposed of as follows:		
Goods and services purchased from others	$130,112,409	
Replacement of worn-out tools (depreciation and depletion) and contingencies	18,527,652	
Wages and salaries paid to labor	48,289,591	
Taxes	30,448,296	
Wage payment for tools (assets) used by labor to produce operating receipts	17,085,775	
Interest and dividend receipts		3,371,826
Total Receipts		$247,835,549

The volume of business in dollars for the year 1942 was about 6% greater than in 1941. At the end of the year hourly wage rates were 18% higher than in 1941 and 64% higher than in 1929. Total taxes were equal to $13.75 per share of stock. In addition to regular dividends of $6.00 per share, the Company paid a special dividend of $1.00 per share to the stockholders on December 28, 1942.

Plant construction during the year consisted largely of increased facilities for the Company's basic products. Gross additions to property account amounted to $14,659,878. Retirements totaled $9,269,683.

Because of inevitable post-war readjustments and other uncertainties $4,000,000 was provided out of 1942 income to be added to the Reserve for General Contingencies.

Research and development work was continued on a broad scale and included projects of importance to the war program and to the post-war period.

Many of the Company's products, including nitrogen, alkalies, acids and organic compounds, are being supplied in large volume directly to Government plants and to manufacturers engaged in war work. Several of the Company's operating divisions have received the Army-Navy "E" for excellence in performance. The Company is now operating a number of large plants constructed by it for the Government's account. Construction by the Company of other plants for the Government is proceeding. Under existing legislation Government contracts may be subject to renegotiation, the effect of which, if any, on the Company's income cannot now be determined.

The Company will continue its utmost efforts to be of the greatest possible assistance toward the successful prosecution of the war and the supplying of essential civilian needs.

Respectfully submitted,

H. F. ATHERTON, *President.*

Dated, March 4, 1943.

CONSOLIDATED GENERAL BALANCE SHEET—DECEMBER 31, 1942

ASSETS

PROPERTY ACCOUNT		
Real Estate, Plants, Equipment, Mines, etc., at cost		$265,135,547.71
INVESTMENTS		
Sundry Investments at cost or less		32,261,604.51
CURRENT ASSETS		
Cash	$43,241,635.66	
U. S. Government Securities at cost	35,648,906.25	
Marketable Securities at cost	15,276,512.50	
Accounts and Notes Receivable—less Reserves	19,181,048.22	
Inventories at cost or market whichever is lower	26,803,857.95	
		140,151,960.58
DEFERRED CHARGES		
Prepaid Taxes, Insurance, etc.		2,036,147.07
OTHER ASSETS		
Patents, Processes, Trade Marks, Goodwill, etc.		21,305,942.61
Total		$460,891,202.48

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable	$6,851,730.88	
U. S. Government Contract Advances	707,163.92	
Wages Accrued	650,042.80	
Taxes Accrued	28,396,772.32	
		$36,605,709.92
RESERVES		
Depreciation, Obsolescence, etc.	$181,502,259.15	
Investments and Securities	40,000,000.00	
General Contingencies	17,413,115.67	
Insurance	2,465,329.90	
Sundry	2,080,485.11	
		243,461,189.83
CAPITAL STOCK AND SURPLUS		
Common Stock, without par value, basis $5 per Share Issued 2,401,288 Shares	$12,006,440.00	
Capital Surplus	101,037,235.00	
Further Surplus	93,617,928.21	
Total Capital Stock and Surplus	$206,661,603.21	
Deduct Treasury Stock	25,837,300.48	
		180,824,302.73
Total		$460,891,202.48

U. S. Government Securities include Treasury Tax Savings Notes with principal value of $24,000,000; other U. S. Government securities had a market value at December 31, 1942 of $11,929,836. Marketable Securities consisting of 150,500 shares of common stock of the United States Steel Corporation and 270,000 shares of capital stock of the Air Reduction Company, Inc., listed on the New York Stock Exchange, had a market value at December 31, 1942 of $17,843,625. Treasury Stock consists of 187,189 shares of common stock carried at cost. Post-war U. S. and Canadian tax credits totaling $669,353 are included in Sundry Investments.

Further Surplus consists of $71,996,083 earned surplus accrued to the Company since its organization and $21,621,845 accrued to its subsidiary companies prior to the Company's organization.

CONSOLIDATED INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1942

Gross Income (other than dividends and interest) after provision for depreciation, obsolescence, repairs and renewals, all state, local and capital stock taxes	$45,152,357.36	
Provision for General Contingencies	4,000,000.00	$41,152,357.36
Other Income:		
Dividends	$2,996,099.75	
Interest	375,726.48	3,371,826.23
Gross Income before provision for Federal Income and Excess Profits Taxes		$44,524,183.59
Federal Income and Excess Profits Taxes		24,066,582.79
Net Income		$20,457,600.80

SURPLUS ACCOUNT

Surplus at December 31, 1941	$189,696,255.41	
Net Income year 1942	20,457,600.80	$210,153,856.21
Dividends declared on Common Stock	$16,809,016.00	
Less: Dividends on Treasury Stock, not included in Income	1,310,323.00	15,498,693.00
Surplus at December 31, 1942		$194,655,163.21

Amount of Federal Income and Excess Profits Taxes is after credit of $623,207 due to reduction of intercompany indebtedness and after post-war credit of $645,072.

Allied Chemical & Dye Corporation,
New York, N. Y.

We have examined the consolidated general balance sheet of the Allied Chemical & Dye Corporation and its subsidiary companies as of December 31, 1942, and the statements of consolidated income and surplus for the calendar year then ended, have reviewed the system of internal control and the accounting procedures of the company and its subsidiary companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated general balance sheet and related statements of income and surplus present fairly the position of the Allied Chemical & Dye Corporation and its subsidiary companies at December 31, 1942, and the results of their operations for the calendar year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 3, 1943 WEST, FLINT & CO.

Our Reporter On "Governments"

By S. F. PORTER

You might as well resign yourself to a dull, unrewarding market between now and the early part of April. . . . This is a pre-financing period "with a vengeance." . . . There's no mystery, no surprise, no speculative twist to this waiting spell. . . . We know what we're facing. . . . We know $13,000,000,000 will be the minimum, $15,000,000,000 to $16,000,000,000 will be the hoped-for goal. . . . We know the deal is slated for April 12 with the intention of closing of the books in three to four weeks. . . . We know we'll have another "on sale" bond, a shorter-term security, and all-out financing sales effort, a unified command, a supported market. . . . We know what's ahead, in short, and the plan is to make sure we don't get any shocks in one form or another. . . . So it's a pre-financing period "with a vengeance." . . . And if anything happens to the market between now and April 12, it will be in the line of undesirable developments rather than otherwise. . . .

Why was the financing date delayed until April 12? . . . That seems to have caused some surprise around New York, but the explanation isn't hard to find. . . . Main reason for the postponement beyond the first of April was Secretary Morgenthau's wish to give Congress sufficient time to settle the major details of the tax problem before the multi-billion dollar borrowing was put on the market. . . . As long as big investors and corporations are as in the dark as they are now about pay-as-you-go and other prime tax puzzles, there's certain to be a more-than-necessary reluctance to buy Government securities on the biggest scale possible. . . . As long as we must watch the headlines daily to know how we're going to fare on our 1942-1943 tax bills, we may hold back on buying until it hurts. . . .

Thus the delay until April 12, in the hope that Congress will have gone through the committee hearing stage on major issues by then and we'll have some idea of how we stand—even if we don't know the details of legislation. . . .

Surely, we must be given clear information on doubling-up of taxes. . . . And, surely, the House and Senate are aware that success of the April operation rests heavily on tax clarification before the selling campaign gets under way. . . .

THE "ON SALE" BONDS

The Victory 2½s are acting well, holding up beautifully. . . . Latest quotation on the 1968/63 maturity is 100.9, to yield 2.48% to call date, a nice, comfortable premium for an issue about to be placed under pressure by another selling drive. . . .

One point that hasn't been brought out and which is of significance to all of us is that the Treasury may run into considerable inter-market switching if it reopens the Victory 2½s. . . . Holders of the 2½s, for instance, may sell these at 100 and a fraction and get back into the issue with additional purchases. . . . Thus freezing a profit in the 2½s and making a good showing on purchases at the same time. . . . Fact that the 2½s are coupon bonds and thus may be bought and sold without difficulty indicates this is a more than theoretical objection to reopening the books on exactly that bond. . . .

Another point is that already there are $2,831,000,000 of these outstanding, and that's a big enough maturity for any Treasury to have to meet in any one month. . . .

Thus, best opinion now is that a bond almost similar to the 2½s but carrying a slightly longer maturity will be offered. . . .

Since the 2½s of 1968/63 are due Dec. 15, and thus any lengthening of maturity must necessitate placing a new year on the bond, the chances are we'll have a 1969/64 bond in April. . . .

Say, a 1969/64 bond due in March or April. . . .

Maturity would be lengthened only three to four months, coupon would be the same and features generally would be identical, so the two loans would be different only in the most minor detail—the slight change in maturity. . . . You still may judge your position and buying power by studying the outstanding 2½s and deciding whether you want this, but selling will be easier for the managers. . . .

Then we would have (1) a "tap" 2½ due in 1967/62; (2) an "on sale" 2½ due in 1968/63, and (3) an "on sale" 2½ due in 1969/64. . . .

As for the rest of the issue, story is still that we'll get 2s due in the 10-year limit and that the variety of offerings will be cut down for the sake of simplification. . . .

INSIDE THE MARKET

Latest report from informed sources in New York is that insurance companies switched out of close to $400,000,000 of tax-exempt Governments last month and into a similar amount of taxables. . . .

That's where the supply of tax-exempts is coming from in large part. . . . Savings banks, also now-and-then sellers, but not on nearly so large and impressive a scale. . . . Excellent opportunity for investors who can use tax-exemption to pick up these outstanding securities and hold for taxation purposes and for appreciation as scarcity value becomes more and more obvious with the passing of months (and maturities). . . .

Federal Reserve Open Market Committee sprung a surprise on New York dealers a few days ago when it indicated to several applicants that it wasn't interested in taking over about $30,000,000 of discount bills the dealers had purchased on the weekly sale date at the usual "fixed" rate of slightly over ¾ of 1%. . . . Federal Open Market Committee's unconditional guarantee some months back was that it would take all bills offered at that set rate, whenever sellers wished. . . . Purpose, of course, was stabilization of market with view to easing reserve position of holders whenever essential. . . . This time, as the story goes, the Federal told dealers there was no need for transfer of bills to the Open Market Committee because banks are expected to enter the market in the next few weeks as fairly large buyers of bills. . . .

That may be and probably will be. . . . But dealers were unpleasantly surprised and shocked at what seemed to them a definite break in a guarantee. . . . Regardless of result, that is the interpretation. . . .

Whole emphasis these days is on organization of the bond drive. . . . Little doing in the way of market interest or on speculative-investor end. . . . Unification of forces selling bonds hailed on all sides as excellent move, and one that had to be, if April operation is to be spread all over the country and "decentralized." . . .

On latest news of unification, there was general surprise over choice of W. M. Robbins, formerly President of General Foods Sales Co., as head of U. S. Treasury War Finance Committee. . . . Not because of criticism of Robbins, who has a national reputation as a specialist in mass sales and distribution methods. . . . He's well liked and respected. . . . But because natural choice should have involved a man specializing in securities sales. . . .

Development also hailed as excellent is "merging" of sales of Series E war bonds with rest of the issues for duration of April drive. . . . Move will eliminate much confusion which arose in December. . . .

Price level of 2s of 1955/51, currently selling at 100.6, indicates dating of next 2% issue, according to informed bond dealers. . . . Might be a 1955/53 bond or a straight 1953 maturity. . . . Either one would be widely bought, it is said. . . .

Mercier, McDowell & Dolphyn Is Formed

DETROIT, Mich.—Mercier, McDowell & Dolphyn, members of the Detroit Stock Exchange, announce the opening of offices in the Buhl Building to conduct a general brokerage and investment business. Principals of the new firm are C. Edwin Mercier, George A. McDowell and Roger G. Dolphyn. Associated with them will be Clarence J. Wass, George J. Elder, Harold C. Hern, C. William Gregory, Arthur O. Loeffler and James W. Crawford. All were formerly connected with C. G. McDonald & Co.

New Yorkers To Attend Chicago IBA Meeting

Frank M. Stanton, chairman of the New York group of the Investment Bankers Association, announced that between twenty-five and fifty local investment bankers were planning to attend the eighth annual meeting of the Central States Group in Chicago.

Among those planning to be at the Chicago meeting are: Walter Wilson, of Morgan Stanley & Co.; Percy Stewart, of Kuhn, Loeb & Co.; Harry Egley, of Dillon, Read & Co.; Irving Fish and Warren Wilson, of Smith, Barney & Co.; Walter Blaine and Kenneth Stephenson, of Goldman, Sachs & Co.; Laurence M. Marks, of Laurence M. Marks & Co.; Frank Gernon, of Carl M. Rhoades & Co.; Henry Smith, of Merrill, Lynch, Pierce, Fenner & Beane; Ralph Brent, of Eastman, Dillon & Co.; William Rex, of Clark, Dodge & Co.; Jan Hunt, of White, Weld & Co., and a number of others.

Marriner S. Eccles, chairman of the Federal Reserve Board; James MacDonnell, president of the National Trust Co., Ltd., of Toronto, and Joseph D. McGoldrick, Comptroller of the City of New York, will address the meeting.

The Business Man's Bookshelf

Rent Control—A Graphic Presentation—Office of Price Administration Rent Department, Program and Analysis Office—paper.

Pittsburgh Railways Co. Offers Good Possibilities

The bonds of Pittsburgh Railways Company offer good speculative possibilities, according to a comprehensive study prepared by Price, McNeal & Co., 165 Broadway, New York City. Earnings of Pittsburgh Railways, which has been in reorganization since 1938, have been increasing rapidly and the current situation is most interesting, according to the study, copies of which may be obtained from Price, McNeal & Co. at a cost of $1 each.

Legal Oddities

THE UNCONSCIOUS STOCKHOLDER

A certain Pennsylvania stockholder who held 100 shares in a Pennsylvania corporation had a favorite daughter named Jane. One fine morning the stockholder strolled into the transfer clerk's office and laid down the certificate for his 100 shares, with the transfer duly signed and witnessed.

"Transfer that stock to my daughter Jane," the stockholder ordered.

"I'll have the new certificate ready in a little less than no time," the clerk assured him. The stockholder took the new certificate; after his death it was found in his safe in an envelope with Jane's name on it, and she promptly laid claim to it.

"Did you know or have any idea that the stock had been transferred to you, or that such a certificate was in existence?" the other heirs queried.

"Not the slightest." Jane admitted readily enough.

"Then you can't be a stockholder without knowing it," the others contended, but the Pennsylvania courts (in the Roberts case, 85 Pa. St. 84) ruled that Jane could hold the stock against all comers.

Pressprich Branch Is Opened In Newark

NEWARK, N. J.—R. W. Pressprich & Co., members of the New York Stock Exchange, announce the opening of a branch office at 744 Broad Street, under the management of Carl A. Preim and Frank M. Condon. Mr. Preim was formerly partner of C. A. Preim & Co. Mr. Condon was Newark Manager for Libaire, Stout & Co.

Mr. Preim's association with R. W. Pressprich & Co. was previously reported in the "Financial Chronicle" of December 10th.

Genesee Valley Securities New Rochester Dealer Firm

ROCHESTER, N. Y.—The Genesee Valley Securities Co. has been formed to engage in a general securities business from offices in the Powers Building. Proprietor of the new firm is Ben Del Monaco. Mr. Del Monaco was formerly a partner in Del Monaco, Hayes & Co.

W. M. Fuller To Be W. E. Hutton Partner

CINCINNATI, OHIO—W. Maxwell Fuller will become a partner in W. E. Hutton & Co., First National Bank Building, members of the New York Stock Exchange, and other leading national exchanges, as of March 18. Mr. Fuller has been with W. E. Hutton & Co. for some time. In the past he was Cincinnati manager for Dominick & Dominick.