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The Commercial and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Unless there is a change in the reported plans of the two companies involved, Monday, March 29 bids fair to be a decidedly active day for underwriting bankers who are interested in the refinancings projected by the Puget Sound Power & Light Co. and the Public Service Corp. of New Hampshire.

Puget Sound already has advertised for bids for its issue of $52,000,000 of first mortgage 30-year bonds to be submitted to it for consideration on the foregoing date.

And in banking quarters it was the assumption that the New Hampshire utility would, within the week, take similar steps seeking bids for an issue of $20,500,000 of first mortgage 30-year bonds. In fact, until now it had been more or less assumed that the New England power company would be the first in the field.

Although it now looks like a "double-header," to revert to baseball parlance, bankers are hopeful that one or the other of the prospective issuers will ease the situation by changing the date for bids.

Underwriters, it is pointed out, are far from overstaffed these days, and it is frankly admitted the task of working on the two proposals simultaneously will impose a burden of no mean proportions.

Meanwhile another thought uppermost in the minds of bankers is the fact that by tieing up considerable amounts of money at-

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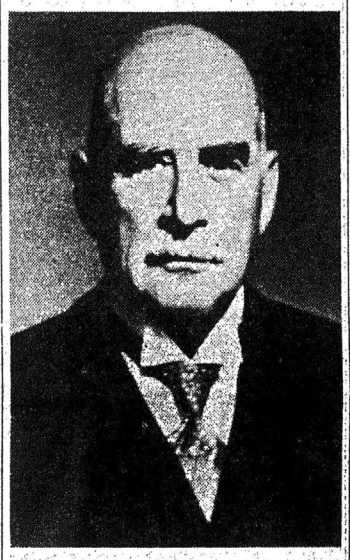
John Pierpont Morgan In Memoriam

J. P. Morgan, America's most eminent financier and a world-wide figure in the realm of national and international finance, passed away at Boca Grande, Florida, last Saturday afternoon, March 13.

Mr. Morgan was stricken on Feb. 25 with a recurring heart ailment and after rallying twice in the last two weeks, went into a coma on the last three days of his illness without regaining consciousness. Mr. Morgan's ailment dated back several years, as he had previously suffered two severe and several minor attacks



John Pierpont Morgan

before the final one at Boca Grande where he had gone for a quiet vacation of rest and recreation, particularly to get in some fishing in the Gulf of Mexico.

Much has been written and much more will be written in the newspapers about this modest and unassuming American who, as the head of the famous banking house bearing his father's name, guided its destinies with the aid of his eminent partners through thirty years of ultra-prosperity, counter balanced by a protracted period of extreme depression, social and political disturbances and two of the most devastating World Wars known to mankind.

His task was not an easy one and only a big man like Mr. Morgan could have taken over the world-wide responsibilities of the House of Morgan from his illustrious father, J. Pierpont Morgan, who died in Rome in 1913 at 75, the same age as his son.

How well he met these heavy and arduous responsibilities, adding new distinction to the banking fame of his family name, is one of the annals of the "Street."

Merely to mention the aid which his firm rendered to Great Britain and France as their fiscal agents in the first World War is distinction enough for any banker or any banking firm.

The $500,000,000 loan negotiated for Britain and France, while the United States was still a neutral nation, was the largest loan placed by a private banking firm in this or any country up to that time.

It would be honor enough for any financier or any banking firm to be able to say when the United States entered the Second World War that of the $2,200,000,-

(Continued on page 1015)

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 backbreaking taxation or resorting to currency dilution in any form.

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 which were received originally were given in last Thursday's issue, more are now given below, and the remaining ones which came to hand more recently will be published in the March 25 number.

HARRY F. BYRD
United States Senator from Virginia

To pay the debt off by greenbackism and currency depreciation would be dishonest and very disastrous to the country.

Harry F. Byrd

While, of course, the duration of the war is unpredictable, yet, we may expect, I think, a debt of $300,000,000,000 before the budget is again balanced. At the present rate the interest charge will be seven and a half billion dollars a year, which is nearly twice as much as the total cost of the Federal Government in 1930.

There are only three things that can be done with this debt: One is outright repudiation, which is dishonest and unthinkable. Another is to pay the debt by starting Government printing presses, which would result in depreciation of the value of our currency, and would likewise be dishonest and disastrous. The third, and the only sound and honest way to meet this debt is to recognize that it should be paid in dollars of present-day value. The only way to accomplish this is to preserve a strong and vigorous private enterprise system and reduce to the very minimum the cost of Government.

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How Fire And Casualty Companies Fared Under European First War Inflation

By E. A. VAN DEUSEN

An accompaniment of the first World War in all affected countries was inflation. It was particularly severe in Germany, Austria and France, but comparatively moderate in Great Britain and the United States. How insurance companies fared under inflation in the United States from 1914 to 1919 was set forth in an article in the "Chronicle" a few weeks ago. This week it is proposed to survey insurance companies in France, the experience of fire and casualty and Germany under the impact of an inflation that was devastatingly severe. Unfortunately, though, there does not appear to be a great deal of statistical data available, comparable, for instance, with that which has been published on French banks, as reviewed in this column on February 25th.

However, a number of studies of the effects of inflation in European countries on insurance companies, banks, educational institutions, etc., have been made and published, and to which those sufficiently interested might profitably turn for more complete information. Several of especial interest are cited by title, author and publisher, as follows: "The French Franc: 1914-1928," Dulles, Macmillan Co.; "The Dollar and the Franc and Inflation," Dulles, Macmillan Co.; "The Process of Inflation in France," Rogers, Columbia University Press; "Exchange, Prices and Production in Hyper-Inflation: Germany, 1920-1923," Graham, Princeton University Press; "The Stabilization of the Mark," Dr. Schacht, Adelphi Company. Among pamphlets, there are two which appear to be of particular value, viz: "An Engineer Looks at Inflation: Its Effects in Germany and France," by Dr. Walter S. Landis, and "Inflation and After: Case Studies," by Philip G. Wright, both of which were published by The Duke Endowment.

Most of the published information on the experience of insurance companies in France and Germany which this writer has examined has pertained to life insurance companies, which suffered very greatly, while that pertaining to fire and casualty companies has been relatively meager. Dr. Walter S. Landis, Vice-President of the American Cyanamid Company, some ten years ago made an extensive first hand study in France, Germany, and other European countries. His findings have appeared from time to time in pamphlets, etc., including the one mentioned above. Among matters pertaining specifically to fire insurance com-

(Continued on page 1006)

J. A. Traviss Will Resume Inv. Business

TORONTO, ONT., CANADA—James A. Traviss has disposed of his interests in The Eureka Planter Company, Limited, Woodstock, Ontario, and has resigned as President and Director.

Mr. Traviss was President of Traviss, Scholfield & Company, Limited, bond brokers of Toronto, who retired from business last May. He expects at an early date to return to Toronto and engage in the bond business under his own name.

du Pont Co. To Admit Four To Partnership

Effective April 1, John S. Billingslea, Wheaton M. Grant, and William E. Nulty will be admitted to general partnership in Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges. Marianna du Pont will become a special partner in the firm as of the same date.

Role Of Finance In War & Post War World

Commissioner Robert H. O'Brien of the Securities and Exchange Commission will speak on "The Role of Finance in the War and Postwar World" at the New School for Social Research on March 19 at 8:20 p.m.

This is one of the weekly forums on "New Patterns in Business and Finance" of which Rudolph L. Weissmann is Chairman.

Viner To Admit Keenan

Henry C. Keenan, member of the New York Stock Exchange, will become a partner in Edward A. Viner & Co., 2 Rector Street, New York City, on March 19th. Mr. Keenan recently has been acting as an individual floor broker, and prior thereto was a partner in the Viner firm.

The Business Man's Bookshelf

Road To Victory, The—Archbishop Francis J. Spellman — Charles Scribner's Sons, New York, N. Y.

Timing of Price Changes, The—Chapter X of the forthcoming book "Price-Making in a Democracy" — Edwin G. Nourse — The Brookings Institution, Washington, D. C.—paper—25c.

Workers and Bosses Are Human—Collective Bargaining at Work—by T. R. Carskadon—Public Affairs Committee, Inc., 30 Rockefeller Plaza, New York City—paper—10c.

Rutter & Co. To Be N. Y. Exch. Members

Rutter & Co., 20 Exchange Place, New York City, investment firm established in 1919, will become members of the New York Stock Exchange, with the acquisition of membership in the Exchange by Edgar Z. Wallower, partner in the firm, on March 25.

David H. Bodell With Day, Stoddard Firm

NEW HAVEN, CONN. — Day, Stoddard & Williams, Incorporated, 95 Elm Street, announce that David H. Bodell has become associated with their firm. Mr. Bodell was formerly New Haven manager for Bodell & Co., Inc.

Richard Bolfing Now With Edw. D. Jones

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Richard Bolfing has become associated with Edward D. Jones & Company, 705 Olive Street, members of the New York and St. Louis Stock Exchanges and other leading Exchanges. Mr. Bolfing was formerly Vice-President of Witsma & Co., Inc., which is discontinuing business.

Paul Shesterkin With Baker, Simonds & Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — Paul P. Shesterkin rejoined the staff of Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange. Mr. Shesterkin has recently been associated with Van Grant & Co. in charge of the statistical department.

Richard Sprayregen Will Be Eisele & King Partner

Richard H. Sprayregen will shortly become a partner in Eisele & King, Libaire, Stout & Co., 50 Broadway, New York City, members of the New York Exchange. Mr. Sprayregen will acquire the New York Exchange membership of the late Emil A. C. Keppler.

Eastern Gas And Fuel Situation Of Interest

According to a memorandum on Eastern Gas & Fuel Associates issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City, the 6% cumulative preferred stock of the company is psychologically in a good position to move forward and at current levels offers interesting possibilities. Copies of the March "Preferred Stock Guide" containing a discussion of this issue and comparative quotations on preferred stocks, may be had upon request from G. A. Saxton & Co., Inc.

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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.

Baker & Co. Formed; New Securities Firm

Harold I. Baker has organized Baker & Company with offices at 40 Wall Street, New York, to transact a general investment business in industrials, public utilities, railroads, real estate bonds, bank and insurance stocks. The firm will also handle government and municipal bonds. Mr. Baker has been well known in Wall Street for the last 12 years and in 1938 formed Baker, Hughes & Treat, recently dissolved. T. Edward Prendergast, associated with prominent houses over the past 25 years, has joined the new firm in charge of the bond department. The retail investment department includes supervisory service for customers' portfolios.

Walter H. Phillips Joins Blyth & Co.

Blyth & Co., Inc., 14 Wall Street, New York City, announce the association with them of Walter H. Phillips. He will be identified with the sales department of the firm's New York office. Mr. Phillips has been actively engaged in the investment business for over 20 years.

Portland Merrill has also become associated with Blyth & Co., Inc., in the municipal department.

Bond Club of N. J. To Hold Meeting Today

Cyrus R. Currier, President of The Bond Club of New Jersey, announces that a luncheon meeting will be held on Thursday, March 18, at the Robert Treat Hotel, Newark. Henry J. Taylor, war correspondent, and author of "Time Runs Out," will address the meeting on "How We Will Invade Europe." Mr. Taylor, who was one of the last Americans to leave Germany, returned from Turkey and the Battle of Egypt recently.

DEALER BRIEFS

Boston, Mass.

It would appear to us that investment in good industrial companies offers an opportunity to hedge against rising costs of goods and services. Some of our New England companies are still selling at prices lower than their net quick asset values and afford liberal yields based upon current dividends.—*Wm. S. Thompson, Ralph F. Carr & Co.*

Hartford, Conn.

Considerable activity in our local stocks is in evidence, the demand being fairly broad, including the industrial, public utility and insurance groups. Dealers generally report a very satisfactory business. The quick sale recently of a block of more than 20,000 shares of Aetna Life Insurance Co. stock was gratifying.—*F. Edward Bosson, Putnam & Co.*

Portland, Me.

We have found a strong demand for legal rails. Among individuals, railroad bonds other than legal have met with ready sale, if they possessed real merit with some speculative possibilities. We would wish for a broader legal list. Insurance, bank and public utility stocks are in demand. Safety and reasonable yield appeal to Maine people. Government bonds have first call. Deposits are high. We work under war conditions but our investors and business men are unafraid.—*Jones, Holman & Co.*

Although Portland is a boom city, we are not feeling it in the security business. However, recently we have seen cases of people withdrawing money from savings accounts in order to buy securities. They are, however, people who in the past have been interested in securities. We can see no sign of the general public turning toward investments.

It would seem in observing the listed markets that unfortunately there is developing a general following in the market which seems to be interested in the cheap equities. From 25 years' experience in this business, I am firmly convinced that as usual, this attitude will lead to a lot of disappointments. I believe it is unfortunate that the purely investment section of the financial industry is not able at the present time to support salesmen who can go out and direct savings into real investment channels.—*Carl K. Ross, President and Treasurer, Carl K. Ross & Co., Inc.*

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.

NOW Is The Time To Advertise!

At last the public is once again becoming interested in "the financial page." As is always the case—the pendulum is swinging back again. After almost four and a half years of negligible public participation in the securities markets, trading activity during the past several weeks indicates that once again the American people are turning to the securities markets; as they have always done in the past, when they are in **the mood to invest.**

Because people are now becoming receptive to investment suggestions, is the very reason why it is our opinion that **NOW IS THE TIME TO ADVERTISE.** An advertising campaign during the next three to six months should be more profitable than at any time in years. There are two things that many people desire to know about that every alert dealer should stress at this time:

(1) They want to know where they can find a high type, responsible and conscientious investment dealer, with whom they can discuss investments.

(2) They desire suggestions for investment.

Both these subjects can be adequately covered in a planned campaign—the simpler the better—using either direct mail or newspaper advertisements or both.

There is a truism in the advertising field that goes something like this—when business is bad you should advertise and when it is good YOU SHOULD ADVERTISE TWICE AS MUCH. This is a sample of how the public attitude toward securities has changed from one of indifference to a keen desire once again to "buy some-

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House Group Drops Pay-As-You-Go Tax Plans—Favors Discount System & 20% Withholding Tax

Following the earlier abandonment of all pay-as-you-go tax legislation and its decision to retain the present collection system but provide for a 20% withholding levy on wages and salaries, beginning July 1, the House Ways and Means Committee, in completing its work on the bill on March 16 approved a discount plan to reward taxpayers who voluntarily put themselves on a pay-as-you-go basis by paying double taxes this year. Under this proposal a taxpayer remitting any part of the taxes on his current 1943 year's income by June 15 would be given a 6% discount on that part; by Sept. 15 the discount would be 4%, and by Dec. 15, 2%. Thus if any taxpayer desired to estimate the tax obligation on his 1943 income and pay up before next Dec. 15, in addition to paying his 1942 tax obligation, he would get the discount depending on how early the payment was made. This discount rate would apply only in the year 1943. For subsequent years the discount rate scale would be 4, 3, 2, 1, respectively, for the quarterly periods.

The Committee further decided to give a discount of 3% to amounts withheld from wages in 1943 if applied to 1943 taxes. Next year the discount on sums withheld would be 2%.

With respect to the action of the Committee on March 16, we quote the following from Washington advices to the New York "Times."

"Other additions calculated to make this measure more appealing were provisions to exempt all service pay up to $3,500 from income taxes retroactively to Jan. 1, 1942, cancel the outstanding income tax liability of persons in the services who die from any cause during the present war and exempt clergymen from the withholding tax of 20%, which would become effective July 1.

* * *

"Although no copies of the committee bill were available tonight, it was learned that the bill is devoted to the 20% withholding tax, not going into the question of nonwage and salary individuals, who would continue to pay their taxes on the present basis.

The 20% tax is comprised of 3% representing the effective rate of the Victory tax, against which a single exemption of $624 applies, and 17%, against which the exemptions of the 1942 revenue act,

(Continued on page 1007)

Harry Wyeth In N. Y. C.

Harry B. Wyeth, Jr., President of Wyeth & Co., 647 South Spring Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange, is visiting at the firm's 40 Wall Street office in New York City. Mr. Wyeth plans to spend several weeks in New York.

To Be Winthrop Partner

Robert Winthrop & Co., 20 Exchange Place, New York City, members of the New York Stock Exchange, will admit Joseph E. Cox to partnership in their firm as of April 1st, 1943.

STANY Committees Are Announced; Dinner To Be Held April 30

The Security Traders Association of New York has announced the members of the following committees appointed for 1943:

Auditing: David R. Mitchell, Chairman; T. F. Mackessy, Oliver Kimberly.

Bowling: Thomas W. Gleason, Chairman; George V. Leone, Charles King.

Employment: Willis M. Summers, Wilbur R. Wittich.

Tax and Legislation: Fred P. Fox, Chairman; Fred W. Preller, Willis M. Summers, Frank T. Mackessy, John J. Laver.

By-Laws: Harry M. Reed, Chairman; Cyril M. Murphy, Oliver Kimberly, Frank E. Mulligan.

Publicity: Walter F. Saunders, Chairman; Graham Walker, Eliot H. Sharp, Herbert D. Seibert.

Municipal: Roger S. Phelps, Chairman; Harry J. Peiser, J. William Roos.

Arrangements: Frank A. Pavis, Chairman; C. Jerome Aal, Leslie Barbier, Joseph H. Billings, John B. Cornell, Michael J. Heaney, J. Wm. Kumm, John M. Mayer, Gustav H. Schlosser, William T. Schmidt, Norman C. Single, Joaquin Titolo, Allen Moore.

Reception: John E. Kassebaum, Chairman; T. Frank Mackessy, Benjamin Van Keegan, Arthur B. Retallick, Wilbur R. Wittich, Joseph Janareli, Henry G. Burns, Thomas S. Evans, John J. O'Kane, Jr., Harold B. Smith.

Details of the STANY Bond Committee will be announced later.

The Association announces that its Annual Dinner will be held on April 30 at the Roosevelt Hotel. The dinner this year, because of the war, will be informal.

REAL ESTATE SECURITIES

First Mortgage Liquidation Certificates Offer Attractive Investment Possibilities

Series C-2 Issued by New York Title and Mortgage Co.

In April 1936, three individual trustees appointed by the Supreme Court of the State of New York took over supervision of 102 properties in New York and Bronx Counties, New York, on which the New York Title and Mortgage Co. had taken first mortgages, issuing and selling to the public guaranteed participation certificates called Series C-2.

The trustees, in the declaration of trust, hold the properties for the purpose of liquidating the assets in an orderly and business-like manner, having due regard for the condition of the real estate market, so as not to sacrifice the interests of the certificate holders but to yield to them as large a proportion of their original investment as is reasonably possible; and, pending final liquidation, to manage and collect the income from the assets and to distribute all net income and net moneys derived from the liquidation of the Trust Estate among the certificate holders in accordance with their respective interests.

When the trustees took possession, $24,419,857.83 certificates were outstanding. As of Dec. 31, 1942, the total amount of principal unpaid on certificates in the hands of the public amounted to $22,556,897.96.

The trustees had required $554,555.11 face amount of certificates which they had taken as part payment for properties sold. Since the trustees took possession the public has received a distribution of 4½% on account of the principal, reducing each $1,000 certificate to a present face value of $955.

Interest payments based on the face value of the certificates have been made semi-annually on June 30 and Dec. 31 at 2% per annum.

We are informed that only a portion of the income distributed is taxable due to the fact that depreciation taken on properties owned may be prorated to the outstanding certificates.

As of Dec. 31, 1942, the Trust Estate held 79 separate assets diversified as follows: Mortgages in good standing in the total amount of $3,782,213, properties fee-owned having a cost to the Trust of $13,620,898.76, and one property which the Trust was operating under rent assignment in the amount of $2,650,000, in addition to an investment of approximately $2,700,000 in 150 Central Park South, Inc., owning the Hampshire House.

A claim allowed the trustees, in the amount of $11,500,000 against the guarantee of the New York Title and Mortgage Co., is expected to produce a dividend of about 10%. About 4% or approximately $460,000 will be made available for distribution shortly, the balance to follow from further liquidation of the assets of the guarantor.

Properties are kept in good rentable condition.

With the pronounced improvement in real estate conditions in New York, the possibilities for more favorable liquidation naturally follow. The certificates at present levels around 36 offer an attractive yield and appreciation as liquidations occur in an improved real estate market.

Future For Tractions Bright Now and After War

Excellent post-war prospects for the modern urban transportation industry are seen by Scherck, Richter Co., Landreth Building, St. Louis, Mo. In an interesting letter to dealers discussing the situation, Scherck, Richter states:

"The modern urban transportation industry, while undoubtedly reaping large rewards at present from flush war-time traffic, is in our opinion far from being purely a 'war baby,' and has, we believe, excellent post-war long-term prospects.

"A study over an extended period of a number of such modern systems has convinced us that the big city transportation business in America was undergoing radical changes of an evolutionary nature when this process was interrupted by the war which resulted in an unprecedented volume of traffic and a demand for all types of public transportation facilities. The change we refer to was the conversion of the old style, heavily capitalized electric trolley system into modern high-speed gasoline bus operation. This had been going on for a number of years, and in many smaller communities conversion to gasoline buses had been completely accomplished at the outbreak of the war. In some major cities, such as St. Louis and Kansas City, this development was progressing rapidly.

"At the advent of war two things happened which halted temporarily this evolution: (1) terrific increase in general traffic which has made possible the profitable use of all available equipment; (2) the impossibility, because of war priorities, of obtaining any quantity of new buses. However, this current condition has resulted in a large increase in (Continued on page 1012)

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.

NEW YORK, N. Y. — **Rudolph Kahrs** has joined the staff of **A. G. Becker & Co., Inc.**, 54 Pine Street, New York City.

(Special to The Financial Chronicle)
ATLANTA, GA.—**J. J. Slattery** is now with **Clement A. Evans & Co.**, First National Bank Building.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Robert G. Wade** is affiliated with **Frederick M. Swan & Co.**, 75 Federal Street.

(Special to The Financial Chronicle)
BOSTON, MASS. — **James J. Connolly** has become connected with **Trust Funds, Inc.**, 89 Broad Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Charles E. Fisher** has become associated with **Mason, Moran & Co.**, 135 South La Salle Street. In the past Mr. Fisher was with Francoeur & Co.

(Special to The Financial Chronicle)
CLEVELAND, OHIO — **Donald D. Grigor** is now with **Finley & Co.**, Union Commerce Building.

(Special to The Financial Chronicle)
DENVER, COLO. — **George E. Smith**, previously with R. G. Bulkley & Co. and Charles J. Rice & Co., has become connected with **Stone, Moore & Co.**, U. S. National Bank Building.

(Special to The Financial Chronicle)
HARTFORD, CONN. — **Charles W. Franckum**, for many years with Robert S. Morris & Co., has become associated with **Henry C. Robinson & Co., Inc.**, 50 Lewis Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**William L. Geffeney**, formerly with O'Neil & Co., Edgerton, Riley & Walter and Bankamerica Co., is now with **Bayly Brothers**, Roosevelt Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Matfey Kardish** and **Jordan K. Bell** have become associated with **Dean Witter & Co.**, 45 Montgomery Street.

Schram, NYSE Head, Tells President Roosevelt Securities Market Is In Healthy Condition

Emil Schram, President of the New York Stock Exchange, told President Roosevelt on March 11 at a White House luncheon conference that the securities market is in a "healthy condition." "A broad and healthy market such as we have," said Mr. Schram "reflects the public's appraisal of the progress we are making toward winning the war."

Mr. Schram said that he had also told the President that he was determined to keep uninformed people out of the market since "securities should be bought and sold only on the basis of judgment arrived at through careful consideration of factual information."


Emil Schram

The text of Mr. Schram's statement issued after the conference follows:

"My visit with the President had no special significance, but it gave me an opportunity to tell him, from my close observation, of the very orderly and healthy condition of our securities market. There has been no excited speculation in the market, nor is it absorbing any amount of the nation's credit to speak of. Most of the trading is for investment account. The markets are performing a very necessary function in facilitating the flow of capital.

"A broad and healthy stock market such as we have reflects the public's appraisal of the progress we are making toward winning the war and the prospects of a sound post-war economy. The note of confidence which the market is striking and the fact that it is possible to shift capital readily are favorable developments and should contribute substantially toward the success of the Government's war-finance program. In this respect particularly it is, I think, most fortunate that we do have a free and open securities market.

"As is well known, our market today is entirely natural and does not have the elements of manipulation which were present in the 1920's. The New York Stock Exchange is constantly urging that those who would make use of its facilities avail themselves of the information which is required of listed companies with respect to their earnings and financial condition. Securities should be bought and sold only on the basis of judgment arrived at through careful consideration of factual information."

A statement by Mr. Schram urging those using the facilities of the Exchange to avail themselves of factual information available on listed companies, appeared in our March 11 issue, page 905.

H. C. Patterson Heads NASD District Comm.

Harold C. Patterson, partner of Auchincloss, Parker & Redpath, Washington, D.C., has been elected Chairman of District Committee No. 11 of the National Association of Securities Dealers, Inc. The Committee administers affairs of the area embracing the District of Columbia, Maryland, North Carolina, Virginia and West Virginia. Mr. Patterson succeeds Howard E. Demuth, Mackubin, Legg & Co., Baltimore, Md. Other members of the Committee, in addition to Mr. Demuth and Mr. Patterson, are: Robert C. Kirchofer, Kirchofer & Arnold, Inc., Raleigh, N. C.; L. Gordon Miller, Miller & Patterson, Richmond, Va.; Harry R. Piet, Jr., John D. Howard & Co., Baltimore, Md.; T. Baker Robinson, Robinson, Rohrbaugh & Lukens, Washington, D. C.

Vilas & Hickey Admit H. Gerard Moersdorf

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, announce the admission to partnership in their firm of H. Gerard Moersdorf who has been associated with them for twenty-one years.

Tomorrow's Markets Walter Whyte Says—

Public desire for inflation hedge curtails reactions. But dangerous market condition still exists and postponement may intensify it. Stops should

By WALTER WHYTE

Three weeks or so back I turned bearish and warned readers to put their financial accounts in order and to prepare for storms. Last week the market had a reaction. It wasn't much, the market didn't go down far and it came back on volume with enough vigor to confuse pessimists.

* * *

But on the reaction the optimists underwent a metamorphosis. They became, if not outspoken bears, then certainly cautious bulls. All the news of the day, from taxes to the war, from political maneuverings to the state of business, were trotted out as definite reasons for a market breakdown. If that wasn't enough that old chestnut about how a reaction was "overdue" was paraded for the edification of skeptics.

* * *

While all these will have an effect on prices sometime in the future, the fact remains that markets seldom follow any well-charted course set for it by an anxious or eager public. For if there is one quality markets possess it is a peculiar and aggravating one of doing exactly the opposite of what everybody agrees it should do. Still, this is not a rule.

* * *

The market, made up of so many elements, human as well as others, does not permit of the application of any hard and fast rules. For if any rule of thumb or yardstick is applicable it is that the only thing certain about the market is its uncertainty.

* * *

J. P. Morgan, in reply to an eager questioner, was once supposed to have replied, "Young man, the market will fluctuate."

* * *

It is my business to study such fluctuations and decide if they will lead to deeper valleys or higher hills. But in addition to analyzing cabalistic ticker symbols and their importance one also has to have some knowledge of mass psychology. For while everything we know may indicate lower markets if the public believes something else and buys and sells on its belief then everything you know of the market can be thrown out of the window. For the time being the will of the masses, with its eager buying and panic selling power, will prevail.

Back in the summer of 1929 every known sign pointed to a top. There was no reason to buy stocks. They were too high; everybody recognized it. Yet, because the public was up to its neck and fighting to get in over its head, the market disregarded all warnings and went higher. The excesses of the period led to the subsequent disastrous break. In both the mad upsurge and the panic crack, the public was in the saddle and what it said and did went.

* * *

Applying this to today's market is not so far-fetched as it may seem. The public is in today even though its in on a cash basis. But unlike the summer of 1929, the public is bearish. But this bearishness is still passive. It is not active. No panic selling orders that precede a selling flood have appeared. Better than average selling is of course going on but this is excused on the grounds of taxes or some other reason. So whenever a reaction does occur enough so-called bargain hunters appear to make the market snap back. How long such a condition can exist without the inevitable pay-off is a question that only the inarticulate but mass-minded public can answer. At this writing the answer doesn't seem to be more than a few days away.

* * *

Last week the market reacted from about 131 to 128. Before the week was over it snapped back to the old high. Technicians now point warning fingers to this high as a difficult zone. If these warnings take hold selling will break out. If it doesn't the immediate reaction potentialities can be taken care of with just a minor set-back, to say 128. But the longer the market stays in this position the

(Continued on page 1012)

RAILROAD SECURITIES

The various securities of Alleghany Corporation, ranging from the best situated of the Collateral Trust bonds right down through the common stock, have been attracting considerable interest in the past week or so. The bonds have all moved into new high ground, the prior preferred and preferred stocks have advanced more than 100% from the lows of earlier this year, while the common, which has been hanging around 50 cents a share, or less, for about three years, has jumped to 2. One important factor has been the publicity attending discussions looking towards possible liberalization of the Missouri Pacific reorganization plan.

Alleghany is a large holder of the junior securities of that carrier. As of the end of 1942 this commitment was made up of $11,152,000 of Missouri Pacific 5½s, 1949, 44,100 shares of preferred and 522,900 shares of common. Under the reorganization plan approved by the I. C. C. and the District Court, the stocks were eliminated as having no value and the 5½s were allocated only 2.42 shares of new common for each $1,000 face value of bonds. It is hoped that this participation will be increased materially in any revision of the plan, and it has been reported that considerable progress has been made towards working out a compromise plan. Obviously, however, the eventual success of these negotiations lies with the I. C. C. and the courts and actual liberalization can certainly not be taken for granted at this time. Speculation in Alleghany Corporation securities merely on hopes of such liberalization would certainly be ill-advised.

There is another factor in the Alleghany Corporation picture which affords much firmer grounds for a measure of optimism, and that is its large stake in Chesapeake & Ohio, represented by 1,929,779 shares of common stock at the 1942 year-end. This stock is the major income producing asset of Alleghany and the recent more constructive market attitude towards the profitable railroad operating company justifies greater confidence that Alleghany will be able to surmount its impending financial problems. The major concern as to the corporation's status in the past has centered around the problem of meeting the maturity of the 5s due next February and now outstanding in the amount of roundly $24,000,000.

The recent rise in Chesapeake & Ohio has revived the possibility, even though still remote, that the maturity problem may be eliminated automatically through conversion. The bonds are convertible into Cheasapeake & Ohio at the rate of 21 shares per $1,000 bond. Even though this happy solution may not be realized it is obvious that the higher prices for the underlying stock make refunding or extension of the bonds more feasible.

A conversion feature more attractive and calculated to make the extended bonds sell at a premium could now be offered holders without the loss to Alleghany of as much stock as was originally contemplated. This is possible because of the interim reduction, through open market purchases, of the amount of bonds outstanding, from $29,339,000 when the conversion privilege was first extended. With fears as to a financial crisis in connection with the 1944 maturity abated there is certainly adequate justification for a sanguine attitude towards at least the various bonds and the prior preferred stock.

Between 1937 and early in February, 1943, the amount of debt

(Continued on page 1012)

Seaboard Air Line RR. Looks Good

A most interesting comparison of the 1942 earnings of various railroads compared with those of Seaboard Air Line has been prepared by L. H. Rothchild & Co., 11 Wall Street, New York City. Copies of this comparison may be had from the firm 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—51⅞, low—14¾; March 17 price—50⅞.

Bank and Insurance Stocks

This Week — Insurance Stocks

How Fire And Casualty Companies Fared Under European First War Inflation

(Continued from page 1002)

panies, he speaks of an increase in fire losses, and a large expansion in premium volume accompanied by an increase in expenses and taxes. French insurance companies carried a considerable amount of real estate; commercial properties enhanced considerably in value over the inflationary period, while residential properties did not, due to legal restrictions on rent increases. In the main, the French companies confined their investments in securities to domestic issues; in fact, from 1914 to 1918 purchase of foreign securities was prohibited, thus they were not permitted through this means to "hedge" against inflation.

Dr. Landis cites figures for one well-established French fire insurance company, without naming it, as follows:

Year	Premiums Collected	Expenses	Taxes
1913	Fr19,656,000	Fr1,135,000	Fr2,645,000
1925	67,000,000	5,500,000	15,000,000
1932	122,000,000	11,500,000	29,000,000

It will be noticed that while premiums expanded some 520%, expenses and taxes each increased over 900%. However, the remaining net after expenses and taxes increased from Fr.15,876,000 in 1913 to Fr.81,500,000, or 415%.

Dr. Landis also gives the following comparative stock indices:

Year	Fire Ins. Stocks	Casualty Ins. Stocks	General Stocks
1913	100	100	100
1926	151	279	232
1929	679	1,479	550

Germany

Germany's inflation was probably the most drastic and disastrous in history. The unit of paper money eventually became worthless and was outlawed Jan. 1, 1924, when the Renten-mark was established, and exchanged at the rate of one for one trillion old marks. A year and a half later the Renten-mark was replaced by the Reichmark, one for one.

Perhaps the most complete study of the experience of German fire insurance companies under inflation is that made a few years ago by Neville C. Seymour and published as a series in several issues of "The Eastern Underwriter" in 1936.

This study covers the operations of ten leading German fire insurance companies from 1913 to 1934 inclusive. Their balance sheets, during the worst years prior to the stabilization of the mark, showed astronomical figures. On Jan. 1, 1924, however, all corporations had to compile new balance sheets on the basis of the new Renten-mark. The following tabulation shows aggregate figures for the ten companies, adjusted to reflect equivalent gold value. It is of interest to note that by 1929, or five years after the completion of the inflationary process, total assets had recovered to an extent that they approached, on a gold basis, the pre-war totals.

Year	Total Assets Mil. Marks	Stockholders' Equity Mil. Marks
1913	188,122	77,490
1918	192,992	66,138
1922	26,490	19,321
1924	89,023	36,034
1929	183,567	66,119

It will be noted that by 1922, which was almost at the peak of the inflation period, total assets and stockholders' equity showed in terms of gold a very great shrinkage. If these figures were expressed in terms of inflated paper marks, however, total assets would have been 13,282,088,000,000.

During the inflation years an astronomic rise in prices and values in terms of paper marks was reflected by a similarly astronomic rise in premium income, premium reserves, etc. It is also significant to note that loss ratios declined as a result of improved "moral hazard," due to a great desire to protect tangible property.

German fire insurance companies differed greatly from American companies in the matter of investments. The German companies were restricted to real estate, mortgages, Government and municipal bonds, railroad and utitlity bonds and the stocks of other insurance companies. To some extent they could invest in foreign bonds. Thus their only investment "hedge" against inflation comprised insurance stocks, real estate and foreign bonds.

German inflation was so devastating that nobody profited. Life insurance policyholders, endowed institutions, bondholders, annuity holders, and others were especially hard hit. Every business and every individual suffered in some degree from its ravages. The investor in fire insurance stocks, however, fared better as a class than many other types of investors. By 1923 a fire stock investor would have shown a 400% to 500% increase in the value of his holdings based on paper marks, but in terms of gold their value would have been only 25% of the 1913 value. By 1934, however, he would have experienced a substantial recovery, for by that time his investment, in terms of gold, would have reached about 75% of the 1913 value. This is remarkable salvage in view of an inflation so devastatingly destructive of money values.

Leading German fire insurance companies continued in business throughout the entire period; they appear to have made enormous trade profits from their underwritings in terms of paper marks — even during the most critical years of the inflation period — and to have maintained dividend payments on a rising scale.

Our Reporter's Report

(Continued from first page)

tempts to bring both issues on the same day might prove complicated.

Despite this, however, it is indicated that bidding will be lively no matter which way the matter goes.

Erie Prospects

Now that the Interstate Commerce Commission has turned thumbs down on the Erie Railroad's request for approval of its $14,000,000 bond issue, the Street is wondering what action the road will take to finance the acquisition of an equivalent amount of its collateral trust notes from the Reconstruction Finance Corp.

Directors of the road are scheduled to meet tomorrow and presumably the ICC's action will be the major topic of the session.

Although the Commission very discreetly sidestepped the "competitive bidding," an angle raised by mid-western bankers, those hereabouts who sought to interpret its decision were disposed to question whether it would approve refunding of the note debt in any form.

Their conclusions seemed to be that the Commission's implied ruling was that the road place the cost of repurchase of the notes on a current basis, presumably in the form of bank loans.

Clearing the Air

The United States Supreme Court finally got around to handing down its long-awaited opinion on the reorganization plans of the Chicago, Milwaukee, St. Paul & Pacific RR. and that of the Western Pacific RR.

In both cases it overruled decisions by Appellate Courts which had decided that the plans be turned back to the Interstate Commerce Commission for revisions.

The effect of the high court's ruling, upholding, as it did, the Commission's plans for reducing funded debt and consequently fixed charges of the carriers involved, found vivid reflection in the securities markets.

Accepted as setting the stage for rail reorganizations generally, the ruling brought heavy selling pressure into equities and unsecured debts, while causing considerable demand for the better grade bonds of such carriers.

Post-War Refunds

Investors are finding evidence of gradual diminution of the available supply of corporate obligations these days, especially in the industrial section of the market.

The steady, though perhaps not readily noticeable shrinkage in the total amount of bonds outstanding, is traceable to that provision of the Revenue Act of 1942 which provides a tax credit to corporations using potential post-war refunds currently for the reduction of outstanding indebtedness.

In consequence of this provision, it is disclosed in annual reports now coming to hand in goodly numbers, corporations, especially in the industrial fields, are taking rather full advantage of the opportunity to cut their tax liabilities.

Continental Can Sell Debentures

Continental Can Co. has announced the private sale of an additional $14,000,000 of its 3% debentures, due in 1965, to a group of life insurance companies.

Back in December, 1940, the company disposed of the original block of the issue, $21,000,000, through the same means, to three insurance firms, receiving par for the debentures at that time.

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.

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.

DIVIDEND NOTICES

American Woolen COMPANY
INCORPORATED

225 FOURTH AVE., NEW YORK, N.Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable April 15, 1943 to stockholders of record April 1, 1943. Transfer books will not close. Checks will be mailed.

F. S. CONNETT, *Treasurer*

March 17, 1943.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held March 11, 1943, declared a dividend for the first quarter of the year 1943 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable March 31, 1943, to stockholders of record at the close of business March 22, 1943.

Transfer books will not be closed.

C. S. DUNCAN, *Treasurer.*

The Western Union Telegraph Co.

New York, March 9, 1943.

DIVIDEND NO. 264

A dividend of 50 cents a share on the capital stock of this company has been declared, payable April 15, 1943, to stockholders of record at the close of business on March 19, 1943.

G. K. HUNTINGTON, *Treasurer.*

Florida Bonds Interesting

B. J. Van Ingen & Co., 57 William Street, New York City, have issued a folder on Florida's municipal dollar price bonds, giving price ranges and yields and other informative data. Copies of this interesting folder may be had upon request.

To Address Bond Club

Thomas I. Parkinson, President of Equitable Life Assurance Society, will be guest-speaker at the luncheon of the Bond Club of New York to be held at the Bankers Club, Wednesday, March 24, Albert H. Gordon, President of the Bond Club, announces.

REDEMPTION NOTICE

Paramount Pictures Inc.

NOTICE OF REDEMPTION
To Holders of the First Preferred Stock, and of Scrip therefor, of PARAMOUNT PICTURES INC.

Paramount Pictures Inc., a New York corporation (hereinafter called the "Company"), hereby gives notice that in accordance with its Certificate of Incorporation, as amended, and in accordance with resolutions of its Board of Directors, the Company has elected to redeem, and hereby calls for redemption, and will redeem, on May 10, 1943, at the office of the Company's Redemption Agent, Bankers Trust Company, 16 Wall Street, New York City, N. Y. (a) all shares of the First Preferred Stock of the Company outstanding at the opening of business on May 10, 1943 at the redemption price of $100 per share plus any accrued and unpaid dividends, and (b) all scrip issued in lieu of fractions of a share of the First Preferred Stock of the Company outstanding at the opening of business on May 10, 1943 at a rate proportionate to said redemption price.

Holders of certificates representing such stock or scrip are hereby notified to surrender them to Bankers Trust Company, 16 Wall Street, New York City, N. Y. on or after the redemption date, May 10, 1943.

The stock to be redeemed will continue to be transferable on the books of the Company to and including May 9, 1943, but not thereafter; and dividends will cease to accrue upon all such stock from and after May 10, 1943. Such stock will also continue to be convertible into shares of the Common Stock of the Company in accordance with the provisions of the Certificate of Incorporation to and including April 26, 1943, but not thereafter.

Scrip, upon surrender thereof with other scrip of like tenor and class aggregating one or more full shares to Bankers Trust Company, 16 Wall Street, New York City, N. Y., will continue to be exchangeable for certificates of First Preferred Stock of the Company in accordance with the provisions of the Certificate of Incorporation to and including May 9, 1943, but not thereafter.

PARAMOUNT PICTURES INC.
By BARNEY BALABAN, *President*

Dated: March 9, 1943.

The Securities Salesman's Corner

NOW Is The Time To Advertise!

(Continued from page 1003)

thing." A customer's man with one of the big member firms told us the other day that people he hasn't heard from in years are calling him up and asking about different stocks. One fellow got him on the wire and said: "Buy me 100 Pitts Steel." The customer's man didn't know of any such stock but he didn't wish to appear too ignorant, so he said: "I didn't get the name of that stock, did you say Pitts?" The customer insisted—and finally the order was placed for Pittsburgh Steel—all the customer obviously knew about the stock was what he saw in the daily paper—the abbreviated quotation is listed as Pitts.

This is the exceptional case—it is likewise not a healthy sign—but there is something psychological and cumulative about the way the public finally becomes interested in buying securities after a long period of inactivity such as we have been through. There is nothing anyone can do to change this either—you can only ride with the wave and you are foolish to buck it.

It would also appear to us that there are more dealers today who are becoming increasingly responsive to suggestions that they can offer their clients. **Firms that specialize in wholesaling to other dealers should also get busy on their own advertising compaigns.** Well selected situations that offer a good yield and a promising future are something every retail dealer is now looking for. But before he can show an interest in your offerings YOU'VE GOT TO TELL HIM WHAT YOU HAVE that he can offer to his clients. During the past week we have made a checkup of our own regarding the attitude of a number of retail firms at this time and almost without exception practically everyone we spoke with IS LOOKING FOR ATTRACTIVE SITUATIONS TODAY.

P. S.—Although we may be accused of being slightly prejudiced, if you are desirous of reaching dealers and brokers, banking institutions, insurance companies, top flight industrialists or larger investors, this column can suggest no better medium to reach the greatest number of retail dealers than through the pages of the "Chronicle." Now is the time to go after business—it's out there waiting for you if you will only go and get it.

House Group Drops Pay-Go Tax Plan

(Continued from page 1003)

plus 10% to account for contributions to charity and other legal deductions would be applicable.

"Individuals would inform their employer of their family status and the employer would withhold the tax at the source, taking 20% of the taxable amount of the wage or salary after applying the allowed exemption.

"The withholding would be in place of the third and fourth quarterly installments on 1942 income for persons whose income tax is entirely covered by the withholding tax. It would include the Victory tax, the payroll deductions for which would end on July 1, when the 20% withholding goes into effect.

* * *

"As explained to reporters by Colin Stam, expert of the Joint Committee on Internal Revenue Taxation, the additions to the bill today were as follows:

"Instead of the incentive deductions of 4, 3, 2 and 1% agreed upon last week, the bill would provide that for this year only persons would receive a 6% reduction of any part of their tax liability due in 1944 which is paid before June 15, 4% on that portion paid before Sept. 15 and 2% on the part paid before Dec. 15.

"Payments of the obligation due next year would not be accepted, or reductions granted, until all of the current liability on 1942 income had been discharged.

"Next year reductions of 4% on any taxes due in 1945 paid before March 15, 1944, would be granted; 3% on that paid before June 15, 2% on that paid before Sept. 15 and 1% on the amount paid before Dec. 15. Again, they would not be acceptable until the full liability on 1943 income had been discharged.

"For persons on a withholding payment basis a 3% reduction would be allowed on any part of the taxes due in 1944 paid this year. Next year this reduction would be 2% and, as in the case of payments on non-salary or non-wage income, individuals could not qualify for the bonus until they had discharged all of their current liability.

"Service men and women would be exempted from all income tax retroactively to Jan. 1, 1942, to the amount of $3,500 on service pay in lieu of their regular exemptions, but a service taxpayer with a large family could take the regular exemptions if he so desired.

"Individuals receiving service pensions or retirement pay would, as under the Victory tax, be subject to the 20% withholding tax. Active duty pay is specifically exempted from the withholding provision, no matter how large.

"The abatement of the tax liabilities of persons who die in service would be effective as of the date of the bill's enactment, according to Mr. Stam."

House Republicans, who, it is understood, will hold a caucus on the bill today (March 18) recently indicated their intention to support the Ruml "skip-year" plan, for placing income tax collections on a pay-as-you-go basis, when it comes up for debate on the floor. Countering this move, House Democratic leaders decided on March 15 to fight for the Committee's bill which provides no tax abatement.

Under the plan finally agreed on by the Ways and Means group by a vote of 16 to 9 on March 10, the present system of computing and collecting income taxes would remain in force with these exceptions, according to the United Press, which on that date said:

1. Collection at the source would begin July 1 at a 20% rate on the amount above exemptions.

2. Taxes collected at the source would be applied against taxes on 1942 income to the extent that the 20% withholding covers the taxpayer's liability earned last year.

3. If collection at the source exceeds the 1942 liability, it would be credited against the taxpayer's obligations for 1943 or subsequent years.

4. New taxpayers (an estimated 4,000,000) whose entire liability has been withheld from pay checks, will be credited for taxes which wouldn't be due until March 15, 1944.

5. The same principle would apply to taxpayers who pay their 1942 taxes in full on March 15.

6. Taxpayers whose 1942 liabilities are not liquidated by the 20% withholding, and those who have income other than salaries and wages, would make extra payments in installments in September and December, 1943.

The plan would apply the same procedure for withholding in 1944, but then the withholding would start Jan. 1 instead of July 1.

The Committee is understood to have rejected on March 9 two compromise proposals calling for partial forgiveness of 1942 taxes, in order to bring about a current payment system. These were the Doughton plan applying 1941 rates and exemptions to 1942 taxes and the Robertson plan erasing completely the 1942 tax liability for those in the first surtax bracket.

On March 8 the Ways and Means group voted 15 to 9 against the proposal embodying the principles of the Ruml plan including total forgiveness of 1942 tax liability. The Committee on March 8 also rejected by a 13 to 12 vote the Disney plan calling for a withholding tax system of collection on the same tax-year basis as at present.

The Committee on March 8 voted to accept the recommendation of its sub-committee for a 20% withholding levy.

The Committee's previous action on the tax question was referred to in these columns of March 4, page 825.

Lewis Assails President's Program For Social 'Utopia'

John L. Lewis, President of the United Mine Workers, on March 16 criticized President Roosevelt's plan for an expanded social security program as "utopia" and declared that wage increases now would be more practical.

Mr. Lewis charged that the President's plan, presented to Congress on March 10 in a report of the National Resources Planning Board, was designed to "regiment the American people now in return for a promise to pay off some time in the distant and unknown future."

Mr. Lewis's attack against the social security program was in the form of an editorial prepared for the United Mine Workers Journal, according to the New York "Times." Negotiations are now in progress in New York City between the U. M. W. and Northern Bituminous Mine Owners for a new contract. Mr. Lewis has declared that 450,000 soft coal miners would strike on April 1 if their demand for a $2 a day increase is not granted.

Regarding Mr. Lewis's editorial, the New York "Times" of March 17 reported:

Charging that the publication of the President's program "was made to coincide with the presentation of the wage proposals of the United Mine Workers and an attack by the U. M. W. A. upon the uneconomic premise upon which the War Labor Board operates," the editorial declared:

"We do not believe that American working men will be lulled into inertia by this all-embracing program, allegedly designed to eliminate human want from the universe, any more than they were when another President promised the 'abolition of poverty.'

"American working men are smart enough to know that they must produce the products, goods and services upon which profits and taxes must be had and levied to pay the cost of any social Utopia regardless of the political theory or management underlying and controlling its operation.

"It is this knowledge that directs the American workers now to ask a more favorable 'divy' as along the road we go. They recognize that a bird in hand is worth two in the bush.'

"And right now, the United Mine Workers believe that present day equitable pay rates will best conserve their well-being and that's just what they are asking—not blueprints of a Utopia that, in the light of present pace toward world physical and financial exhaustion, may never materialize."

Investment Trusts

They've Got What It Takes

The original objective of today's column was to comment on a fortnight's accumulation of investment company literature. To cover the material adequately would require ten times the space available here. Among the ideas presented are at least nine separate items of such sales or news merit as to warrant being featured individually and at length.

This steady and voluminous flow of arresting ideas, arrestingly presented, is a tribute to the quality of sponsorship that exists in the investment company field today. If this writer were a dealer in securities, he would specialize in investment company shares—regardless of conditions in the new capital market. And he would get on the mailing list of every investment company that would accept him. If that didn't keep him on his toes—challenge his ability as a dealer—it would be high time for him to start looking around for some of that "cradle-to-the-grave" stuff!

To mention some of the sales ideas and news items worthy of more extended treatment. . . . **Distributors Group's** new chart of interest-paying discount railroad bonds—"Portrait of an Opportunity" is its title, and the argument it makes for the Railroad Shares of Group Securities is a potent one. . . . **Keystone Corporation's** new booklet addressed to fiduciary investors, specifically to bankers, trust officers, trustees, institutions, corporations (also Keystone's record—net assets from nothing to over $50,000,000 in a little more than 10 years; up over $8,000,000 since January 1). . . . **Lord, Abbett's** new percentage ruler and bond price scale for measuing appreciation possibilities, added to the latest edition of the "Six-Point Selector" for Union Bond Funds—also Lord, Abbett's handling of the Emil Schram statement on low-priced securities; while Affiliated Fund common sells for around $3 per share, the weighted average price of Affiliated's portfolio securities is $26.95.

. . . Development of the "British Parallel" both by **Hugh W. Long & Co.** in the New York "Letter" and by **Calvin Bullock** in that sponsor's "Bulletin." In each case reference is made to the article, "Hints from the London Stock Market," recently appearing in "Barron's." If our market, beginning with 1940, is moved back to correspond with the London market, beginning with 1938, the relative action appears startingly similar—and the projection for the American market is strongly upward! . . . **National Securities & Research Corp.'s** new folder, "A Program of Velocity Securities," replete with charts emphasizing that a return to their 1937 highs by the securities in the portfolio of National Low-Priced Common Stock Series would mean a gain of 279.3% from present levels. . . . **Selected Investments'** discussion of "That Question of Cost"—showing that in the past 10½ months Selected American Shares have made up the difference between bid and asked prices more than five times. . . . **Massachusetts Distributors'** comments in "Brevits" on the recent Standard & Poor's prediction that "no more than one-third of the major advance we anticipated in 1942 has materialized."

* * *

Net assets of Wellington Fund on Feb. 27 were $8,391,000, a new high point for the Fund. This compares with $7,287,925 on Dec. 31, 1942, and $5,981,186 on Aug. 31, 1942. The management reports that during the past two months approximately one-half of the securities purchased have been "defensive or senior securities." This move reflects the judgment of the management that it is prudent to expand holdings in this category after a substantial price rise. However, looking some distance ahead,

(Continued on page 1008)

Investment Trusts

(Continued from page 1007)

the management believes that considerably higher general market prices will be enjoyed over the next year or two and is therefore maintaining a substantially invested position.

* * *

Some items of current literature. . . . A folder on Group Securities' Low-Priced Shares with 14 charts comparing the prices of various securities with their so-called value line. . . . An "offering sheet" on that company's General Bond Shares. . . . A discussion in the March 11 issue of National Securities & Research's "Investment Timing Service" on the likelihood of restrictions being placed on securities markets. . . . Investment holdings as of March 1 for New York Stocks and Manhattan Bond Fund. . . . "How You Can Buy Into an American Industry," a folder on American Business Shares. . . . A composite summary folder on Union Trusteed Funds —an eye-catcher printed on pink in "Eleanor blue," or are we color blind? . . . "Wars Always Bring Inflation" and "Bond Prices vs. Bond Values," two recent issues of Keynotes, both with charts. . . . "Review and Preview" of insurance stocks, a folder published by Hare's, Ltd. . . .

* * *

Selected American Shares recently celebrated its 10th birthday. Starting in February, 1933, with assets of $37,000, the Fund now has more than $8,000,000 of assets and more than 8,000 shareholders. Disbursements have been made to shareholders in every year of the 10 and the total of such disbursements now exceeds $5,500,000.

* * *

Scudder, Stevens & Clark Fund on March 8 had total net assets of $15,274,781 or $84.99 per share, as compared to $11,978,879 or $74.33 per share on March 3, 1942.

Dividends

Group Securities, Inc.—Payable March 31 to holders as of March 16, 1943, as follows:

Class—	—For First Quarter— Regular	Extra	Total
Agricultural	.03	--	.03
Automobile	.05	.01	.06
Aviation	.01	.06	.07
Building	.03	--	.03
Chemical	.035	.015	.05
Electrical equipment	.06	--	.06
Food	.04	--	.04
Fully administered	.07	--	.07
General bond shares	.11	.01	.12
Industrial machinery	.07	--	.07
Investing company	.005	.015	.02
Low priced	.01	--	.01
Merchandising	.06	--	.06
Mining	.06	--	.06
Petroleum	.03	--	.03
Railroad	.05	.01	.06
Railroad equipment	.05	--	.05
Steel	.06	--	.06
Tobacco	.06	--	.06
Utilities	.03	--	.03

Scudder, Stevens & Clark Fund, Inc.—A dividend of 75¢ per share payable March 20 to stock of record March 9, 1943.

Program To Salvage Fiscal And Monetary Solvency

(Continued from first page)

BURTON K. WHEELER
United States Senator from Montana

I can agree with the four points which Dr. Spahr makes, namely:

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


Burton K. Wheeler

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

3rd. Fight Greenbackism and currency depreciation in all its forms.

That's fine, but how is he going to pay a three hundred billion dollar national debt? The Government will probably have to pay nine billion dollars in interest alone.

A lot of these people who were shouting about reducing the expenses of the Government were all for getting into the war, and they were for the lend-lease bill, and for every other cockeyed scheme that the internationalists proposed. It is not going to be a question of what to do, or what anybody else wants to do, when this war is over, it is going to be a question of what we are going to be forced to do to meet the huge indebtedness that has piled up. And then what is going to be the position of this country with reference to feeding and helping these various countries after the war, and policing the world.

Your professor simply criticizes something that has been done, and tells what should be done, but he does not tell how it can be done.

JOHN S. COLEMAN
President, Birmingham Trust and Savings Co.

I agree with the views expressed by Dr. Spahr in the March 4 issue of the "Chronicle."

I do not believe that it will be necessary for this Government to depreciate the value of its money to pay its debts. The history of nations which have resorted to such means is a warning to us not to follow the same course. However, I fear that many will be inclined to favor monetary devaluation as the easiest way out of a difficult situation, without taking into account the very detrimental results to individuals, businesses and the Government which will necessarily follow such a program of debt paying.


John S. Coleman

A sound monetary policy is essential to a sound economy. Impaired confidence in money has an adverse effect on all the citizenry and leads to chaos.

If waste and extravagance are held to a minimum the national debt can be handled over a long period of years. If, through the present efforts, personal sacrifices and prodigious Government spending, future generations can be assured of liberty and an opportunity for achievement through ability and hard work, it is not too much to ask them to share in the burden of the financial cost of making these conditions possible.

It seems to me that the article of Dr. Spahr is most timely and that the matters disussed by him merit the serious consideration of all those interested in the welfare of this country.

V. J. ALEXANDER
President, Union Planters National Bank & Trust Co., Memphis, Tenn.

This is an excellent article and vividly portrays some of the pitfalls into which the Treasury officials and legislators may fall.

Although interest rates and Government bond prices are relatively stable at present levels for the duration, the Treasury Department has not developed any long-term policy towards debt retirement. We also agree essentially with the necessity to prevent further currency depreciation.

C. R. DEWEY
President, Grace National Bank

I have read over the article by Dr. Spahr in your issue of March 4, and have also reviewed some of the material which he has previously written on the same subject and which is contained in the various pamphlets issued by the Economists National Committee.


Chester R. Dewey

Dr. Spahr's position on almost all these important economic subjects is so sound and the attitude he has taken in your article is so incontrovertible that I have very little comment to make. One point on which he touches very lightly is that relating to the propaganda now being disseminated and having for its object of attack the further devaluation of the dollar. I cannot positively identify the article in the "Herald Tribune" to which he refers, but as I recall it was one of two or three which came out in various of the New York papers during a period of about two weeks and all grounded upon the idea that the Dollar-Pound relationship ought to be nearer 8 than 4 to 1. At the time I saw these comments they appeared to me to bear all of the indicia of propaganda emanating from our British cousins who would very much like to see their indebtedness to us paid off, if ever, on a thirty-cent dollar basis.

J. F. McRAE
President, The Merchants National Bank of Mobile

. . . The huge national debt which we will have after the war is over can and should be paid off in an orthodox manner. It may and probably will take several generations to achieve that result, but it is unthinkable to my mind that we should approach the problem with any other program, if we expect to retain our political and economic system, which has worked better on the average than any other which history records.

V. H. ROSSETTI
President, The Farmers and Merchants National Bank of Los Angeles

In the main, I am in accord with the provisions of his four-point program, but do not see eye to eye with him in his contention with respect to the issuance of $660,000,000 of Federal Reserve Bank notes. I cannot see that they can be characterized as "greenback currency" any more than the Federal Reserve Notes issued; and from the standpoint of economy, it is the first evidence of it that I have seen undertaken by our present Administration.


V. H. Rosetti

The so-called devaluation of our dollar by 41%, accomplished by the revaluation upwards of the price of gold admittedly affected only our international status, gold, as I see it, being "international money," but I cannot concur in his contentions that it had any effect on our domestic economy. If, as in our past history, we orthodoxically regarded the gold base supporting our currency and credit structures as sound, I cannot see wherein our revaluation of our gold was not justified following the revaluation by England; and support for the justification, I believe, rests in the fact that the price of gold was changed six or seven times over our history, no doubt as the result of international accord, and maintained at a fixed price of $20.67 for a period of a century and a quarter; and in the interim of the period of this fixation and the revaluation in 1934 the wealth of our country increased tremendously, and relatively the amount of debt of all classes, without an appreciable increase in the amount of gold necessary to properly support the augmented credit and currency structures. I subscribe to his contentions with respect to the several other legislative enactments, as recited by him.

In conclusion, let me say I believe that if world peace is to prevail in the post-war period and a sound international economy attained, that a universal program should be undertaken embodying the establishment of a definite and fixed gold value by international accord, the stabilization of the currencies of the respective nations of the world, and the establishment of a bank for international settlements.

DR. FELIX MUEHLNER
Niagara Share Corporation, Boston

Dr. Spahr's main concern seems to be that continued deficit financing by way of credit expansion will lead to rising prices—the inflationary spiral—making stabilization of the dollar at a higher price level necessary simultaneously with a devaluation of the currency.

We are aware of this imminent danger if present price control should fail or if the public should not respond to the appeal for voluntary savings.

As long as the war lasts, the financing of the war by credit expansion cannot be avoided, a view which Dr. Spahr shares. We don't know how long the war will last and therefore cannot estimate what the national debt will be when hostilities end.

Neither do we know what the post-war world will look like. If post-war economic conditions will permit full utilization of existing production facilities and their gradual expansion, thus allowing for full employment of the Nation's labor force, we believe that a continuous high national income will permit gradual amortization of a high national debt without the necessity to fund the debt into a permanent one.

It seems to us that next to winning the war, the most pressing problem is to devise means that the present production facilities can be employed fully after the war and thus prevent the recurrence of chronic unemployment, which in our opinion was one of the major causes of Government deficit financing during the last decade before this war.

It appears to us that fiscal and monetary solvency without a corresponding near to full production and employment of the labor force is a contradiction in itself.

We realize that the problems brought up by Dr. Spahr are not as simple as black and white and are not merely due to lack of ability of people responsible for monetary management. We noted the absence of an analysis of the conditions which have led to Government deficit financing approved by Congress in the last ten years.

B. D. HARRIS
President, The Second National Bank of Houston

I am entirely and emphatically in accord with the views expressed by Dr. Walter H. Spahr in your issue of the 4th instant.


Beverly D. Harris

I do not consider it fundamental in our economy to plan a too rapid reduction in the public debt at the close of the war, and in all events it should be gradually reduced without any devaluation of the dollar. We should plan for the utmost production of everything necessary to human needs at the lowest cost to humanity, and for world-wide free trade as far as possible, unburdened by the shackles and deterrents of tariff barriers. We have got to get adjusted to a lower scale of living while repairing the ravages of war; more economy, more alertness, more resourcefulness of the cardinal virtues of our forefathers, less luxury, less soft living, less self-indulgence.

I do not know how or when the war will end, but I feel the world will emerge from it mentally and spiritually and physically revivified, as is the case following all great wars, with an immense stimulation in human achievements. This country will emerge incomparably in a position of leadership above any other country.

The main objective, it seems to me, should not be so much immediately or rapidly retiring the public debt as reversing public policies of waste and extravagance and arriving at a point where there will be a constant reduction in a systematic manner rather than an increase. Under these conditions of national and state economy, I think we may look at the debt realistically, no matter what it amounts to, as the price we had to pay in the supreme issue of all time, and which, with our productive energy and capacity, we are able to carry if we have confidence in ourselves. Railroads, banks, industrial concerns, municipalities, go on under sane and permanent plans that in the mass do not contemplate ever getting out of debt. So why couldn't the U. S. Government stagger along with a very much increased war debt

with an indefinite time of retiring it consistent with good management and the great resources of the country? For part of it we might consider something on the order of the British Consols.

Edward J. Engel

E. J. ENGEL
President, The Atchison, Topeka & Santa Fe Railway System

I have read with great interest Dr. Spahr's article. I do agree with him. His statement seems altogether sound, and I hope our Government may follow its essential outlines.

GEORGE H. GREENWOOD
President, The Pacific National Bank of Seattle

I have read Dr. Spahr's article with much interest. I do not see how any intelligent person can view the prospect of further devaluation of the dollar without fear and apprehension, and yet present-day tendencies certainly point in that direction.

For the last ten years we have been under the control of amateur economists. The few men of experience and intelligence who started out in Washington in 1933 have been dropped and we have apparently been searching for short-cuts to prosperity and painless methods of paying debts. Any well-informed business man knows that both are impossible to find. Since it is certain we will be saddled with a tremendous indebtedness when the war is over, we should, as Dr. Spahr suggests, be thinking about the best methods of servicing it, and we should put out of our minds any approach of dishonesty in considering it.

A permanent national debt is probably what we must look forward to. Certainly it will not be paid in the next two or three generations. If it can be put on a proper interest basis and handled honestly it would probably not be too burdensome. Any alternative that involves devaluation, the issuance of greenbacks, either directly or by indirectness, or the continuance of extravagance in public office should be repudiated.

J. W. SPEAS
Vice President and Trust Officer, First National Bank of Atlanta

We read with very much interest the article by Dr. Walter H. Spahr, Professor of Economics at New York University, and it seems to us that the plan which he has outlined to hold the public debt in control is sound. The difficulty, of course, is in carrying out such a program, but we are confident that articles such as this one will have their effect in molding public sentiment along conservative lines.

J. W. Speas

E. O. HOWARD
President, Walker Bank & Trust Company, Salt Lake City, Utah

I have read the article with a good deal of interest and I can say in a general way that I agree with all of the four-point program outlined by Dr. Spahr. The problem of handling our post-war debt, of course, first will depend on its size, and that naturally will be determined principally by the length of the war. A 200- or 250-billion-dollar debt seems entirely likely to be accumulated in a very short time. The problem of servicing this debt is a pressing one, and I believe that our monetary authorities will make every effort to keep interest rates low for a long period of time as any slight increase in rates will obviously materially increase the interest costs on this debt.

Frankly, the figures now involved are so large that it is difficult to see how they can be paid off through taxation. In fact, I once heard Dr. Kemmerer of Princeton University state in a lecture that there were only five men in the United States who fully understood the intricacies of high Government financing. I think perhaps that Dr. Spahr's fourth point, that of looking on our national debt as a perpetual mortgage, is pretty near to the actual facts of the case. I do recall that all central governments in the past, when they reached a dilemma where they were unable to increase taxes, resorted to some revaluation scheme which merely "clipped" the value of their monetary unit; and as politically this is the most expedient course to follow, I am often fearful that some sort of program as advocated by Senator Elmer Thomas of Oklahoma may be adopted here.

It is inconceivable to me that any kind of currency manipulation can be employed without having a very adverse effect on the purchasing power of our dollar and our standard of living. It will require a strong and courageous Congress to institute a program of debt retirement through heavy taxation in the post-war period, but I sincerely hope that such a course will be followed, as any other action will be highly detrimental to our people.

ROBERT G. MERRICK
President, The Equitable Trust Co., Baltimore, Md.

I have never worried about the debt being paid off in dollars. It is a question as to what the dollar will be worth in terms of purchasing power when this is done.

CANADIAN SECURITIES

By BRUCE WILLIAMS

Corporation profits in Canada showed mixed trends in 1942. Higher taxes hit those companies hardest which, because of the nature of their business or the impact of the war on their operations, were unable to achieve large gains in volume. On the other hand, companies which benefited materially from the war effort or from subsidiary demands arising out of it were, in quite a number of instances, able to offset the boost in taxes and report higher net income for the year.

An examination of the reports of 39 Canadian corporations for 1942—a mixed group of industrials, utilities and finance companies—reveals that nineteen bettered their 1941 results. Eighteen companies failed to earn as much in 1942 as in the previous year, while the earnings of two companies were unchanged. Taking the group as a whole, this record is pretty much of a stand-off. However, a study of the list, company by company, will bring to light the general trends which prevailed in individual industry groups.

EARNINGS OF CANADIAN CORPORATIONS

INDUSTRIALS AND UTILITIES

	Earned Per Common Share 1942	1941
Acme Glove	$1.39	$0.88
Bathurst Power	1.87	2.17
B. C. Telephone	8.82	8 94
Building Products	0.88	0.98
Burlington Steel	1.14	1.08
Canada Northern Power	0.79	0.61
Canada Wire B	5.21	4.93
Cosmos Imperial	2.07	2.30
Crown Cork & Seal	2.27	3.02
De Havilland	1.20	2.78
Detroit Bridge	0.51	0.72
Donnacona Paper	0.28	0.28
Dunlop Tire (Pref.)	5.13	5.60
General Steel Wares	0.82	0.70
Gypsum, Lime & Alab	0.54	0.53
Hamilton Cotton	5.40	4.97
Hinde & Dauch	1.65	1.66
Hunt's, Ltd.	0.78	0.004
Imperial Tobacco	0.56	0.58
Melchers	0.09	nil
Mitchell & Co. (J. S.)	4.80	4.19
Robert Mitchell	4.76	5.31
Monarch Knitting	5.80	1.55
Montreal Cottons	9.24	13.49
Moore Corp.	3.01	3.75
Mount Royal Hotel	0.62	0.62
National Biscuit	1.26	1.43
Page-Hersey	5.41	5.26
Pressed Metals	0.15	1.04
Saguenay Electric	2.03	1.28
Saguenay Power	5.46	4.74
Simpsons, Ltd. A	2.58	2.46
Standard Clay	3.27	3.94
Stedman Brothers	3.34	3.17
Thayers Ltd. (Pref.)	2.21	3.97
Woods Manufacturing	3.12	0.46
FINANCIAL		
Administration & Trusts	$2.08	$2.10
Chartered Trust	5.87	5.25
Maritime Trust	3.46%	2.59%

* * *

With England's Beveridge Plan and our own Administration's post-war plan for expanded social security — both embodying the principle of over-all state insurance for the individual—it must be heartening to those who hate "totalitarianism" in all its forms to review the growth of life insurance in Canada. When the showdown comes between the new "liberals" who would end fascism by embracing its fundamentals and those who prefer to continue in the traditions of democratic liberty, the holders of life insurance policies may exert a potent voice in the cause of freedom.

LIFE INSURANCE IN FORCE IN CANADA

	Total Amount	Per Capita
1901	$463,769,034	$86
1911	950,220,771	131
1921	2,934,843,848	333
1931	6,622,267,793	638
1941	7,348,553,667	643
1942	7,872,891,155	688

California Business Up

California business activity during January increased for the ninth consecutive month, according to the current "Business Outlook" issued by the Wells Fargo Bank & Union Trust Co., San Francisco. The bank's index reached a preliminary January level of 236.8% of the 1935-39 average, which compares with a revised December level of 228.9 and with 196.3 in January, 1942. The review further said:

"Department store dollar-volume in California during January increased 12% over January, 1942; with inventories on Jan. 1 but 3% higher in value than on the same 1942 date. December sales of 3,032 representative independent retailers in the State were up 17% over December, 1941; and entire 1942 sales increased 7% over 1941.

"Bank debits at the 16 California clearing house cities for January increased 22% in amount over January, 1942.

"Building permits issued at 113 California cities in January (totaling $11,802,476) were 46% less than those of January, 1942."

Sees Private Capital, Not State, Providing For Post-War Economy

The fear that the State will provide all of the capital for the post-war development of scientific and industrial products and processes speeded by war pressures seems unjustified, according to the March issue of "Perspective," issued today by the investment management department of Calvin Bullock, 1 Wall Street, New York City.

The publication, which discusses the startling changes in our post-war economy traceable to the adaptation of electronics, plastics, fuels, synthetic rubber, preventive medicine and other scientific marvels virtually unknown a few years ago, concludes that "future economic progress is not a choice between capitalism and some other ism," but resolves into a "choice between who shall provide the capital—private individuals or the State. There has been much fear that the trend in recent years has been toward the latter.

"Had American industry failed in the work that it was called upon to do in the prosecution of the war, this fear might have become a reality. True it is that the Government has invested huge sums for the building of new plants, but industry also has spent its funds to increase facilities that could be considered to be economically productive in the post-war period. Moreover, many of the Government-owned plants are under option to private concerns and these may be used in place of older plants which are or may soon be on the verge of obsolescence.

"A broad vision and the will to exploit new discoveries to the fullest extent can contribute not only to the individual and collective wellbeing of the nation but to the economic wellbeing as a corollary. History shows that great upheavals and industrial revolutions such as may well come about after the war inevitably cause some casualties. Those who keep abreast of the march of events go on to greater prosperity; those who do not fall by the wayside. It is during such periods that new industries are born and the coming era, according to all indications, will be no exception. Not only will the post-war period bring about many infant industries but many venerable businesses will enter a period of industrial second childhood."

Copies of "Perspective" may be had from Calvin Bullock upon request.

Amos Poole Back At Desk

Amos R. Poole, a partner in the firm of Gillen & Co., 120 Broadway, New York City, who has been on leave of absence to serve with the War Production Board in Washington, will resume active participation in the firm, effective today.

Municipal News & Notes

The Common Council of Buffalo, N. Y., has under consideration two recommendations for large-scale debt refunding of outstanding obligations designed to stabilize the tax rate during the next several years. The proposals, it was said, were made on behalf of two syndicates, headed by the Chase National Bank of New York and Lehman Bros., New York, respectively. The offers were transmitted to the Council by Budget Director Edward A. Neider. Extent of the refunding is left to the discretion of the Council, with a variety of alternate programs suggested.

The current offers differ from the refunding plan proposed to the city last year in that they do not call for payment by the city of any handling charges in connection with a refinancing.

Associated with the Chase National Bank in the current offer are the Manufacturers & Traders Trust Co. and the Marine Trust Co., both of Buffalo. The Lehman Bros. group includes Schoellkopf, Hutton & Pomeroy, Inc., of Buffalo.

City's Assessed Values Higher

Buffalo's total assessed valuation for the 1943-1944 fiscal year is $913,733,100, or $3,864,970 more than the current valuation, it has been announced by Chairman John R. Plunkett of the Board of Assessors.

The increase marks continuation of a trend which began with the current year's valuations, which halted a series of annual decreases that began in 1932-1933, when almost $100,000,000 was sliced from the previous year's record high total valuation of approximately $1,080,072,000. The downward trend in the city's valuations, which began in the depression year '30s, incidentally, was typical of the experience of local governments. Similarly, most of the taxing units have succeeded in making substantial gains in valuations in the past several years.

The 1943-1944 total valuations for Buffalo consists of $874,356,840 in taxable real estate and $39,376,260 in utility special franchise values, an increase of $521,740 in the former and $3,343,230 in the latter over current totals.

Phoenix, Ariz., Approves Debt Refunding Program

The City Commission is reported to have unanimously approved at a recent meeting a proposal made by Boettcher & Co., and Peters, Writer & Christensen, Inc., both of Denver, to refund $7,000,000 of outstanding city bonds. The refunding plan was apparently advanced on the assumption that the Arizona Supreme Court decision in the Maricopa County case permits Phoenix to refund its bonds at lower interest cost, despite the fact that most of the outstanding issues have always been considered non-callable.

This was likewise true in the case of the Maricopa County high interest bearing road obligations which were recently refinanced. The Arizona high court, however, upheld the county's contention that the statute pursuant to which the bonds were issued permitted the county to refinance them provided this could be effected on a lower interest rate basis. Accordingly, the county called upon the State Loan Commissioners to refund on its behalf $4,100,000 road bonds and, at the resultant offering on Feb. 1 last, only one bid was submitted, which was subsequenty accepted.

The Supreme Court decision came as a complete surprise to municipal bond dealers and investors as the bonds in question were sold by the county without a specific callable clause and, naturally, had always been accepted and considered as being non-callable. The State Loan Commissioners advised the County Commissioners in a letter dated February 10 last that it would not "execute or deliver said refunding bonds" pending outcome of a test suit previously filed in the State courts in connection with the refinancing.

The Supreme Court ruling in the Maricopa County case, moreover, was viewed as being so broad in implication as to apply in equal force in the case of any bonds issued since 1913 by counties, municipalities and school districts throughout the State. This was emphasized by Messrs. Gust, Rosenfeld, Divelbess, Robinette & Coolidge of Phoenix, who furnished the legal opinion on the $339,000 Phoenix, Ariz., refunding bonds sold on Dec. 22 last year.

Responding to an inquiry made by Refsnes, Ely, Beck & Co., Phoenix, concerning the Phoenix offering, the law firm stated that "the existing opinion of the (Arizona) Supreme Court (in the Maricopa County case) is so broad in its implication that our opinion on the (Phoenix) refunding bonds as well as other municipal and school district bonds that may be issued prior to a further declaration by the Supreme Court on the question must necessarily refer to said decision and the possibility that said bonds will be subject to call at any time."

The attorneys declared that this course would be followed with respect to the offering then being made by the city, despite the fact that the refunding bonds in question were being issued under a different statute than that involved in the Maricopa County decision.

Texas Banking Group To Combat Pre-Payment Moves

In a memorandum prepared by its Municipal Securities Committee, the Texas Group of the Investment Bankers Association of America announces that the Committee, in conjunction with certain Texas municipal bond attorneys, expect to employ every available means to combat any attempts by Texas counties to call bonds for payment in advance of maturity date under the provisions of a 1911 statute which was subsequently amended in 1925 with respect to the right of option redemption.

The memorandum makes specific reference to the current notice by Cochran County, Texas, of its intention to redeem 6% courthouse bonds maturing in 1954 and 1964, and to refunding contracts entered into by the county with B. V. Christie & Co. of Houston. Accompanying the memorandum is a list of issues of various counties which may be included in current efforts to take advantage of what is referred to as a questionable callable feature, together with legal opinions of State Attorney-General W. P. Dumas, and John D. McCall of Dallas.

Coral Gables Financial Analysis Issued

Allen & Co., New York, have just issued a comprehensive financial statement on the City of Coral Gables, Florida, and advise that copies can be had upon request. The report shows in detail all the relevant data pertaining to the city's finances and economic structure, including comparative figures on tax collections and a description of outstanding indebtedness. The city's refunding bonds of 1937, maturing July 1, 1977, bear 3% interest to July 1, 1945; 3½% thereafter to July 1, 1947; then 4% to July 1, 1952; 4½% to July 1, 1962, and a 5% from foregoing date to maturity.

Connecticut Unable To Find Sellers Of Its Bonds

The State of Connecticut is meeting with little success in its efforts to induce holders of its bonds to sell them back to the State, it was recently stated by State Treasurer Carl M. Sharpe, in announcing that he had written to the Finance Committee of the legislature suggesting a law permitting him to establish a sinking fund. The State bond retirement fund now totals $8,277,966 and will continue to grow, the Treasurer wrote.

Mr. Sharpe stated that most of the bonds are held by trust funds and related that one bank offered to sell some of its holdings to the State only if the State, in turn, would sell to the institution some of the local municipals which it has in other trust funds.

Under Mr. Sharpe's sinking fund plan, the Treasurer, with the approval of the Bond Investment Committee and the Governor, would invest present bond retirement funds in Government securities or other securities which are legal investments for the State's savings banks. The fund would thus yield a return to the State, with such income to be added to the resources for debt retirement. The outstanding bonds mature $1,250,000 annually, the last block being due in 1958.

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 23

$550,000 Calhoun County, Iowa.

March 25

$600,000 Buena Vista County, Iowa.

$500,000 Cherokee County, Iowa.

$540,000 Mobile, Ala.

At previous bond sale the successful bidder was a syndicate headed by Blyth & Co., Inc., New York.

March 26

$1,400,000 Greenville, S. C.

Previous award made to E. H. Pringle & Co., Charleston, and next second high bid made by R. S. Dickson & Co., Charlotte, and Harris Trust & Savings Bank, Chicago, account.

April 6

$800,000 Central Peoples' Utility District, Lincoln County, Ore.

Future For Tractions Bright Now & After War

(Continued from page 1004)

the earning power of these companies, and seems to provide an unparalleled opportunity for such companies to radically reduce their senior debt and build up a substantial equity for stockholders. Furthermore, we believe that after the war modern buses will be available in large quantities at attractive prices, which will enable these companies to speed up materially the process of conversion into gasoline bus operation.

"We are convinced that a well-managed public transportation system, composed chiefly of gasoline buses, can be operated very profitably in normal times. The tremendous property accounts, and heavy maintenance and depreciation costs of the cumbersome old electric trolley systems would be radically reduced, and the business really becomes a different industry, far more flexible to meet the changes in demand for service under varying business conditions.

"Another thought which has been freely, and we believe mistakenly put forth, has been to class such transportation companies with the steam railroads of the country as both being war babies. This overlooks the fact that the major revenue and real profit of the railroads is derived from freight, the volume of which varies terrifically between periods of business prosperity and depression as compared with the 100% passenger traffic of the urban transportation company, which varies somewhat but not nearly to the same degree.

"To summarize, would say that we believe that a well-run modern transportation company will benefit immensely from present large earnings to reduce debt, put their house in order, and prepare for continued conversion to gasoline bus operation after the war, and can then be run profitably under normal conditions. For this reason we are very favorably disposed towards securities of such companies that can bear analysis and are still available at very substantial discounts in the market."

Now, Cayne, Ralston & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—The firm name of M. A. Cayne & Co., Fidelity Building, members of the Cleveland Stock Exchange, has been changed to Cayne, Ralston & Co.

Ambrose R. Clark Predicts Stock Averages Will Top 1929

Ambrose R. Clark, head of the Ambrose R. Clark Co., 71 Broadway, this city, communicates this interesting comment to us regarding the financial outlook:

"Terrific decline in the dollar is just around the corner, every dollar should be invested in solvent basic equities for protection. The New Deal will make suckers out of labor and stocks will sell higher, much higher, than in 1929 before it is all over. Our analysis of September 1st last year was just about 100% correct, also our special wire letter of February 12th, but no volume or velocity as yet.

"I am very much afraid that there will be millions of investors as ALSO RANS left on the side lines watching the parade go by for lack of confidence to act intelligently now. We will never again see such bargains and investment opportunities in this country, the next chance will be well after 1950s."

UP-TOWN AFTER THREE

By BILL SMITH

AROUND NEW YORK TOWN

Back in the Roaring '20s the Big Town was full of those mysterious little places where you knocked on doors and told the sinister man whose nose appeared in the crack, ". . . Joe sent me." Once inside, you received a card that made you a full member of the Whatsis Social and Driving Club. This permitted you to come back again (if the gendarmes didn't get there first) and sample the lilting potions which you were assured were right off the boat. These were the places you used to take the light of your life to and meet other gay blades, all with the common purpose of discussing Affairs of State, love life (your own and your neighbor's), not to mention imbibing freely if not wisely of liquids you were sure came from abroad though you sometimes suspected the bathtub and backroom had something to do with their preparation. Of all the places in New York the section known as Greenwich Village drew the heaviest patronage from the social set we traveled in in those days. But all that remains of those countless Tony's and Joe's are just memories. The Village, outwardly, is still the same. It still has the narrow, crooked streets but the Social Clubs have been replaced by Night Clubs. Among the grandest is the **Greenwich Village Inn (5 Sheridan Sq.)**, as sumptuous a place as you ever hoisted a couple of quick ones in. Built on two levels, the first leading to a dimly lit bar, the second up a few steps in the main room, the Greenwich Village Inn is a far cry from the checkered tablecloth places of our carefree youth. Patronage here is not the yelling, talkative youngsters which made up our generation. It comes mostly from out-of-town businessmen having themselves a fling. The food is good, surprisingly so but not inexpensive. One reason is the show. An elaborate affair with a line of girls and a couple of name stars. The girls, while not Rockettes, are attractive. The current stars are the rotund Romo Vincent and the undecided blonde, Terry Lawlor. Vincent is a comedian with a delicious sense of humor and a flair for satire and mimicry that keeps his audiences screaming with laughter. Miss Lawlor sings popular tunes acceptably if not outstandingly. There are two bands, one relieving the other. So if you want exercise, and the doctor told you dancing is exercise, you might have yourself a time here at the Greenwich Village Inn. . . . **A Pan American Airways** representative at a foreign port received a letter recently cancelling a reservation. "I am returning herewith," the letter explained, "the seat you so kindly held for me." Attached to this letter was a form note from the censor. "The item mentioned herein as an enclosure," the censor wrote, "was not present when this communication was opened for inspection by the censors."

Railroad Securities

(Continued from page 1005)

outstanding had been reduced $13,041,000 to $64,852,000. Annual interest charges, including contingent requirements on the 5s, 1950, absorb only $3,242,600. Normal expenses and taxes should be held to about $400,000. It takes a dividend of only about $1.90 a share on the Chesapeake & Ohio stock to cover the interest, expenses and taxes. In only one year of the depression, 1938, did Chesapeake & Ohio's dividend fall to $2.00 a share and its poorest earnings record, realized in the same year, was $2.62 a share.

At the present regular dividend rate of $3.00 Alleghany's income from this source is $5,789,337 and in each of the past two years this has been augmented by $964,889 through a $0.50 extra dividend. Thus the company has adequate excess funds to continue on its debt retirement program and it seems possible that the total bonds outstanding may be reduced to around $62,000,000 by the end of 1943, with a further interest saving of $142,600. The prior preferred stock is not in line for dividends at the present time due to restrictive bond indenture provisions, but it has a large potential equity in such excess income. Once appraised value of collateral behind the bonds rises above 150% of the face amount of bonds outstanding the stock would be a position to participate directly in the income.

There are only 110,730 shares of the stock outstanding entitled to cumulative dividends at the rate of $2.50 a share. Accumulations as of April 1, 1943 will amount to $21.25 a share. The entire accumulation involves only $2,353,012 which is less than the excess of one year's income (based on Chesapeake & Ohio's 1941 and 1942 dividends) over annual charges and expenses. Despite its rapid rise the stock still has considerable speculative appeal. Although further from prospective income return, the regular preferred stocks (5½% cumulative, $100 par) also have definite prospects for substantial values over the longer term, particularly as Chesapeake & Ohio itself has far better-than-average post-war earnings prospects.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1005)

greater the break when it comes. The public is never known for its patience. Once let it believe that its stocks are going down to the point that not only profits disappear but losses occur then the selling drive will take on momentum that may not be easy to stop. News, sudden, startling news, may be the spark that will set it off. But whatever it is, the only thing for readers to do is to follow all advances with stops. The stops in your present holdings are as follows: Air Reduction, 43; Bethlehem Steel, 61; Goodyear, 31; International Harvester, 62; Superheater, 15, and U. S. Steel, 52.

* * *

MJS., St. Louis, Mo. Sorry, don't answer personal letters except in this column. There is no hard and fast rule about stops. Price range doesn't enter into decisions except that the higher the stock the further away its stop is likely to be. For example, a $50 stock may have a five-point stop, while a $10 stock may have a one-point stop. Bonds, for reasons too involved to go into here, do not react to stops as do the junior issues. Thanks for your opinion of this column and the good wishes.

* * *

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.]

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1942, OF

THE TEXAS COMPANY

AND SUBSIDIARY COMPANIES (Excluding European Subsidiaries)

STATEMENT OF CONSOLIDATED INCOME ACCOUNT

GROSS OPERATING INCOME:		
Net sales	$396,895,768.71	
Miscellaneous	15,478,332.11	$412,374,100.82
OPERATING CHARGES:		
Costs, operating, selling and general expenses (exclusive of depreciation and depletion)	$297,406,858.34	
*Taxes	13,335,361.11	
Amortization of drilling costs on producing wells, expenditures incurred on dry holes and unamortized drilling costs on wells abandoned during the year (The Company has since January 1, 1934, followed the policy of capitalizing drilling costs of producing wells, and amortizing such costs at the rate of 8% per annum except as to the costs of wells located in Illinois which are fully amortized as incurred.)	11,875,851.21	322,618,070.66
Balance		$ 89,756,030.16
NON-OPERATING INCOME (NET):		
Interest, dividend, patent, and other income, less miscellaneous charges of $1,122,100.18		5,347,088.95
Balance		$ 95,103,119.11
INTEREST CHARGES:		
Interest and amortization of discount and expense on funded debt	$ 3,010,377.72	
Other interest charges	504,251.04	3,514,628.76
Balance		$ 91,588,490.35
DEDUCT:		
Depreciation and other amortization	$ 24,856,422.71	
Depletion and leases forfeited	3,367,993.67	28,224,416.38
Net profit before provision for Federal income and excess-profits taxes		$ 63,364,073.97
DEDUCT—Provision for Federal income and excess-profits taxes (less $275,000.00 post-war credit)		16,215,000.00
Net profit for year 1942		$ 47,149,073.97
Profit applicable to minority interests in a subsidiary		89,072.91
Net profit before provision for reserve for contingencies arising out of the war		$ 47,060,001.06
DEDUCT:		
Provision for reserve for contingencies arising out of the war (see page 14 of report to stockholders)		12,000,000.00
Net profit carried to earned surplus account		$ 35,060,001.06

*In addition, state and federal gasoline and oil taxes were paid (or accrued) to taxing authorities in the amount of $99,909,544.34.

Reference is made to page 13 of the report to stockholders with respect to earnings of The Bahrein Petroleum Company Limited, and to page 24 relating to foreign investments and operations.

STATEMENT OF CONSOLIDATED EARNED SURPLUS ACCOUNT

EARNED SURPLUS, DECEMBER 31, 1941	$152,955,094.52
SURPLUS CREDITS:	
Adjustment of depreciation of certain subsidiaries for prior years	1,584,501.24
	$154,539,595.76
NET PROFIT FOR THE YEAR ENDED DECEMBER 31, 1942	35,060,001.06
	$189,599,596.82
DEDUCT—Dividends declared during 1942	21,751,252.00
EARNED SURPLUS, DECEMBER 31, 1942	$167,848,344.82

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS ACCOUNT

CAPITAL SURPLUS, DECEMBER 31, 1941		$ 69,882,244.40
DEDUCT:		
Excess of cost of additional shares of a subsidiary acquired from minority interests during 1942 over their net book value at date of acquisition	$ 10,032.21	
Excess of cost over par value of 174 shares of capital stock of The Texas Company reacquired in 1942 and held in treasury	2,296.00	12,328.21
CAPITAL SURPLUS, DECEMBER 31, 1942		$ 69,869,916.19

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1942

ASSETS

CURRENT ASSETS:		
Cash in banks, in transit and on hand—		
In United States	$ 65,752,678.92	
In foreign countries	2,173,377.26	$ 67,926,056.18
U. S. Government short-term securities, at cost		6,102,100.00
Notes and accounts receivable—		
Notes receivable	$ 360,050.04	
Accounts receivable	36,769,927.38	
	$ 37,129,977.42	
Less—Reserve for bad debts	650,000.00	
	$ 36,479,977.42	
Accounts and claims receivable from U. S. Government (see page 3 of report to stockholders)	29,288,411.76	65,768,389.18
Inventories—		
Crude and refined oil products and merchandise, at cost determined on the first-in, first-out method (after elimination of intercompany and interdepartmental profits) which in the aggregate was lower than market	$ 86,823,899.83	
Materials and supplies, at cost	10,029,455.18	96,853,355.01
Total current assets		$236,649,900.37
SPECIAL DEPOSITS FOR REPLACEMENT OF PROPERTIES UNDER AGREEMENTS WITH CERTAIN U. S. GOVERNMENT AGENCIES		2,990,250.00
LONG-TERM RECEIVABLES (Less reserve of $250,000.00)		1,564,453.23
INVESTMENTS IN AND ADVANCES TO EUROPEAN SUBSIDIARIES NOT CONSOLIDATED, less reserve of $5,300,000.00 (see note on page 24)		8,146,741.62
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN FOREIGN COUNTRIES, WHICH ARE NOT SUBSIDIARIES—at cost $91,945,201.19 (of which $62,006,527.94 applies to 50% owned companies), less reserve of $28,000,000.00 (see note on page 24)		63,945,201.19
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN THE UNITED STATES, WHICH ARE NOT SUBSIDIARIES—AT COST (Of which $7,258,401.00 applies to 50% owned companies) less reserve of $1,300,000.00		31,927,600.10
PROPERTIES, PLANT AND EQUIPMENT—AT COST:		
Lands, leases, wells and equipment (including drilling costs of producing wells completed since January 1, 1934)	$324,898,615.02	
Oil pipe lines and tank farms	65,951,668.98	
Refineries and terminals	180,893,176.07	
Ships and marine equipment	44,867,778.50	
Sales stations, facilities and equipment	105,763,432.19	
Miscellaneous	2,735,146.81	
Total	$725,109,817.57	
Less—Reserves for depreciation, amortization and depletion	356,223,200.54	368,886,617.03
PATENTS—AT COST (Less reserve for amortization of $1,759,659.99)		1,049,351.43
DEFERRED CHARGES:		
Prepaid insurance and taxes	$ 903,853.39	
Bond discount and expense in process of amortization	62,285.66	
Drilling costs on incomplete wells	1,127,535.01	
Other prepaid expenses and deferred charges	2,279,552.49	4,373,226.55
		$719,533,341.52

LIABILITIES

CURRENT LIABILITIES:		
Construction advances payable to U. S. Government (see page 3 of report to stockholders)		$ 8,136,297.00
Other notes and contracts payable (including $1,037,852.91 due in 1943 on long-term debt)		4,294,666.36
Accounts payable		18,122,665.21
Accrued liabilities		21,952,567.37
Provision for Federal income and excess-profits taxes (certain returns subsequent to 1933 are subject to final settlement with the U. S. Treasury Department)	$ 19,991,029.85	
Less—U. S. Treasury Tax Notes	15,900,000.00	4,091,029.85
Dividend payable January 2, 1943		5,433,485.00
Total current liabilities		$ 62,030,710.79
LONG-TERM DEBT:		
3% Debentures, due April 1, 1959	$ 40,000,000.00	
3% Debentures, due May 15, 1965	60,000,000.00	
1¾% notes payable to banks in annual installments of $750,000.00 from April 29, 1944	6,000,000.00	
Construction advances payable to U. S. Government	1,940,315.33	
Other long-term debt	776,858.48	108,717,173.81
DEFERRED INCOME AND SUSPENSE CREDITS		1,744,426.20
RESERVES (As authorized by the Board of Directors):		
For benefits under employes' plans—excluding $1,650,000.00 included in current liabilities above	$ 15,647,683.86	
For foreign exchange fluctuations (see notes on page 24)	2,106,653.75	
For contingencies arising out of the war (see page 14 of report to stockholders)	12,000,000.00	
For other contingencies	7,000,000.00	36,754,337.61
CAPITAL STOCK AND SURPLUS OF A SUBSIDIARY COMPANY APPLICABLE TO MINORITY INTERESTS		677,782.10
CAPITAL STOCK AND SURPLUS:		
Capital stock, par value $25.00— Authorized 14,000,000 shares		
Issued 11,386,253 shares	$284,656,325.00	
Less—Held in treasury, 510,627 shares, at par value	12,765,675.00	
Outstanding 10,875,626 shares	$271,890,650.00	
Capital surplus	69,869,916.19	
Earned surplus	167,848,344.82	509,608,911.01
		$719,533,341.52

CONTINGENT LIABILITIES—Reference is made to page 14 of report to stockholders and notes on page 24 with respect to certain contingent liabilities. The Company's General Counsel reports that while it is impossible to ascertain the ultimate liability with respect to other contingent liabilities, including pending lawsuits, Federal taxes, claims, guarantees, etc., in his opinion, the aggregate amount of ultimate liability in respect of such other contingent liabilities is not materially important in relation to the total consolidated assets of The Texas Company and subsidiaries.

The foregoing balance sheet and statements are taken from the annual report, dated March 15, 1943 to stockholders of The Texas Company, and should be read in conjunction with such report which contains the certificate of Messrs. Arthur Andersen & Co., Auditors, attached to such financial statements. A copy of the report to stockholders may be had upon application to the Company. The said balance sheet, statements, and report are not intended to constitute an offer, solicitation of offer, representation, notice, advertisement, or any form of a prospectus in respect of any security of The Texas Company.

Calendar of New Security Flotations

OFFERINGS

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.

Offered at $5 per share March 16, 1943, by J. G. White & Co., Inc.

STEEP ROCK IRON MINES LIMITED

Donald M. Hogarth, Julian G. Gross and Russell D. Bradshaw, voting trustees, have filed a registration statement with SEC for voting trust certificates for 562,500 shares of capital stock without nominal or par value of Steep Rock Iron Mines Limited.

Address—3100 Canadian Bank of Commerce Building, Toronto, Ontario, Canada. Address of corporation, 25 King St., West, Toronto.

Offering—See registration statement of Steep Rock Iron Mines Limited No. 2-5070.

Proceeds—To deposit shares in a voting trust.

Registration Statement No. 2-5071. Form F-1. (12-9-42)

Registration statement effective 5:30 p. m. EWT on March 13, 1943.

STEEP ROCK IRON MINES LIMITED

Steep Rock Iron Mines Limited has filed a registration statement with SEC covering $2,250,000 5½% sinking fund debentures, due Dec. 1, 1957.

Address—25 King St., West, Toronto, Ontario, Canada.

Business—Mining. Company owns property comprising approximately 7,000 acres in the Steep Rock Lake area, near Atikokan, Ontario, Canada, containing large bodies of high-grade iron ore. The property includes all of Steep Rock Lake, under which the known ore bodies lie.

Underwriter—Otis & Co., Cleveland, O., is principal underwriter. In the underwriting agreement Otis & Co. agreed to purchase and the company has agreed to sell the $2,250,000 face amount of debentures covered by the registration statement and 562,500 shares of the company's capital stock. The rate to be paid by the underwriter for each $1,000 face amount of debentures and shares of stock will be supplied by amendment. The capital stock is to be deposited under a voting trust agreement.

Offering—Price to the public per unit consisting of $1,000 face amount of debentures and voting trust certificates for a number of shares of capital stock to be named by amendment will also be filed by amendment.

Proceeds—For plant, equipment, drilling, development and working capital.

Registration Statement No. 2-5070. Form A-1. (12-9-42)

In an amendment filed Jan. 11, 1943, company stated the units to be offered the public would consist of $1,000 face amount of debentures and voting trust certificates representing 200 shares of the company's capital stock. Offering price per unit will be $2,250.

Voting trust certificates representing 112,500 shares of capital stock will be acquired by the underwriter and a portion of such voting trust certificates may be distributed to members of the selling group. All or any part of such voting trust certificates may be sold by the owners thereof at the then over-the-counter market price. On Dec. 22, 1942, voting trust certificates were sold on the over-the-counter market in New York at a price of $1.30 (United States dollars).

Registration statement effective 5:30 p. m. EWT on March 13, 1943.

Offered in units of $1,000 principal amount of debentures and 200 shares of capital stock (v.t.c.) by Otis & Co. at $1,000 (U. S. dollars) per unit.

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

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

Offerings will rarely be made before the day following.

SATURDAY, 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.

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

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).

Registration statement effective 5:30 p. m. EWT on March 12, 1943.

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.

In an amendment filed March 11, 1943, the company states that on March 1, 1943, Public Service entered into a contract with the Twin State Gas & Electric Co. to acquire that company's properties, business and franchises in New Hampshire and Maine. Subject to approval of regulatory authorities having jurisdiction and to the terms and conditions of such contract, the company now contemplates financing such acquisition through the issuance of $1,000,000 of additional first mortgage bonds, Series A 3¼% due 1973, and $3,000,000 of unsecured notes maturing serially in amounts of $150,000 semi-annually from the date of issue. It is expected that such acquisition and the related securities issues will be consummated before July of this year. In a separate petition company said these securities would be sold privately to a limited number of financial institutions.

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.

The SEC on March 16, 1943, approved the company's refinancing program.

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

Company on March 16 announced it is inviting bids for the $52,000,000 first mortgage bonds, due Dec. 1, 1972. The bidders are to name the coupon rate and bids will be received by the company on or before 12 o'clock noon EWT on March 29, 1943. Officers and representatives of the company will meet prospective bidders on March 24, 1943, 10 o'clock a. m. EWT, for the purpose of reviewing with them the information with respect to the company contained in the registration statement and prospectus.

(This list is incomplete this week)

Delivery Of Govt. Securities Outside United States

Allan Sproul, President of the Federal Reserve Bank of New York, sent on March 13 the following notice to banks, trust companies and other issuing agents for War Savings Bonds in the Second Federal Reserve District, regarding the delivery of Government securities outside the United States and its possessions:

"Your attention is directed to the fact that delivery, on original issue or otherwise, of United States Savings Bonds, Treasury Tax Savings Notes, or any other interest-bearing securities of the United States, may not be made at the risk and expense of the United States to addresses outside the States of the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico and the Canal Zone. Special penalty envelopes supplied to issuing agents of Series E War Savings Bonds for mailing bonds to purchasers on original issue where personal delivery is impracticable should not, therefore, be used to mail bonds to purchasers residing outside the areas specified above.

"Deliveries of Government securities to addresses outside the States of the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico and the Canal Zone, which are not otherwise prohibited, may be made at the risk and expense of anyone other than the United States. Accordingly, if you are requested to deliver such securities to any point outside the areas specified, you should advise the owner that such delivery will not be made at the risk and expense of the United States and may suggest that instructions be given for delivery to a point within such areas."

St. Paul & Western Pacific Decisions Interesting

An interesting resume of the St. Paul and Western Pacific decisions has been prepared by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies may be obtained by writing to Pflugfelder, Bampton & Rust.

John Pierpont Morgan - - In Memoriam

(Continued from first page)

000 of foreign bonds which J. P. Morgan & Co. brought out in the post-war period, only $140,000,000 remained with American investors because $2,060,000,000 had been paid off or repatriated.

For the ten years following the first World War, J. P. Morgan & Co. placed $6,000,000,000 in bond issues, domestic and foreign. In this same reconstruction period, at the request of various governments, including our own, the Morgan firm consented to sponsor the American portions of the Dawes and Young loans for Germany, which were arranged in an international effort to rehabilitate Europe.

The stupendous purchasing operations of about $3,000,000,000 of war supplies executed by J. P. Morgan & Co. for Britain and France, before the U. S. entered the first World War, stands without a precedent in banking history here or abroad.

Mr. Morgan exercised guidance over the various affiliated firms of J. P. Morgan & Co., New York, Drexel & Co. of Philadelphia, Morgan, Grenfeld & Co. of London and Morgan & Co. of Paris. The total assets of the New York and Philadelphia houses on Jan. 2, 1931, are stated to have been $703,909,403.

"To perpetuate the business and to broaden its usefulness" was advanced as reasons why the partnership of the New York firm was converted into a corporation and State bank with Mr. Morgan presiding as the first chairman of its board and Thomas W. Lamont as Vice Chairman, as well as a plan to protect the firm against the danger of death and inheritance taxes weakening its capital structure.

When Congress by the Banking Act of 1933 divorced investment banking from commercial banking, J. P. Morgan & Co. chose to remain a bank of deposit, and some of its partners withdrew, and formed Morgan Stanley & Co. Inc., to carry on the underwriting business. Morgan Stanley & Co., was formed Sept. 16, 1935, to take over the underwriting and wholesale distribution of investment securities of the old Morgan firm. The original paid-in capital of Morgan Stanley & Co. was $7,500,000, with a membership which included five partners who withdrew from J. P. Morgan & Co. Mr. Morgan's younger son, Henry S. Morgan, was one of the five partners.

Personally a kindly individual, good-natured, with a keen sense of humor, considerate of others, witty, public-spirited, with many civic and cultural interests, this masterful man tried to live the free life of the plain American citizen in his home life, in his church and in the community.

It must be said that this modest Christian gentleman exemplified and practiced a high standard of ethics and fair business dealing for himself and his firm throughout his lifetime, and his benefactions, other than his public philanthropies, although known to few persons, were many and varied.

A devout church man and a Bible student, a lover of the classics and a constant reader of literature, gifted with a rententive memory, he often quoted passages from them in his daily life. Mr. Morgan had a high sense of moral obligation to his fellow man. At a Congressional inquiry at which he enunciated his principles by reading a statement outlining his conception of the duties and obligations of the private banker which he had written with the meticulous care and restraint so characteristic of him, Mr. Morgan said:

"The private banker is a member of a profession which has been practiced since the Middle Ages. In the process of time there has grown up a code of professional ethics and customs, on the observance of which depend his reputation, his fortune and his usefulness to the community in which he works.

"Some private bankers, as indeed is the case in some of the other professions, are not as observant as they should be; but if, in the exercise of his profession the private banker disregards this code, which could never be expressed in legislation but has a force far greater than any law, he will sacrifice his credit. This credit is his most valuable possession; it is the result of years of fair and honorable dealing and, while it may be quickly lost, once lost cannot be restored for a long time, if ever. The banker must at all times so conduct himself as to justify the confidence of his clients in him and thus preserve it for his successors.

"If I may be permitted to speak of the firm of which I have the honor to be the senior partner, I should state that at all times the idea of doing only first-class business, and that in a first-class way, has been before our minds. We have never been satisfied with simply keeping within the law, but have constantly sought to act that we might fully observe the professional code, and so maintain the credit and reputation which has been handed down to us from our predecessors in the firm. Since we have no more power of knowing the future than other men, we have made many mistakes (who has not during the last five years?), but our mistakes have been errors of judgment and not of principle.

Duty of Private Banker

"The private banker has at least one other duty: he must be ready and willing at all times to give disinterested advice to his clients to the best of his ability. If he feels unable to give this advice without reference to his own interests, he must frankly say so. The belief in the integrity of his advice is a great part of the credit of which I have spoken above as being the best possession of any firm."

Again, at another Congressional hearing Mr. Morgan had this to say: "No one could hate war more than I, but even with that hatred I was proud of my country when the President asked Congress to declare a state of war. . . . There are some things it is better to die for than live without. A nation's self-respect and independence are two of them. . . . Germany drove the United States into the war by a series of insults and injuries."

At one of the Congressional banking inquiries he corrected his questioner thus: "The Bible does not say that money is the root of all evil. It says, the love of money is the root of all evil."

Mr. Morgan's last utterance for publication came on Sept. 18, 1942, when in response to a request by the U. S. Treasury he took up a pencil and wrote out the following tribute to the financial credit of his country in time of war:

"Nowhere in these days can a safer investment be found for savings than U. S. Government bonds; and of all the issues the war savings bonds seem to me the most advantageous."

The statement was reproduced in facsimile and the Treasury circulated it widely.

At the Nye Congressional hearing the examiner asked Mr. Morgan whether a certain cablegram of his addressed to his London house had not had an ulterior meaning. Mr. Morgan's answer was instantaneous, and with considerable feeling he responded:

"If you allow me to say it, when we are dealing with our partners we are not finessing. What we say, we mean, and what we do not say, we do not mean. . . . That has always been our habit with our partners and always will be, I hope."

This was likewise the high-minded attitude which this distinguished firm maintained in all its customer relationships.

It should be said that Mr. Morgan did not know fear. He bore a striking facial and physical resemblance to his father in manner, walk, voice and address. In the summer of 1915 an attack was made upon his life by an armed German sympathizer, Eric Muenter by name, who forced his way into his Matinecock estate home near Glen Cove, L. I. Mr. and Mrs. Morgan rushed downstairs when they heard the commotion in their entrance hall. Mrs. Morgan instinctively placed herself in front of her husband, but her husband thrust her aside and came to grips with the intruder, whom he overpowered, but not before the assailant fired two shots, causing Mr. Morgan a slight groin wound. The assailant later committed suicide in jail. In the middle 30's the Morgan bank building was picketed by a street mob of chanting Communists, carrying placards. Unemployment and agitation was at its height in New York and elsewhere that mid-winter day. Mr. Morgan was due to attend a directors' meeting in the financial district. Ignoring his partners who had urged him not to leave the building, Mr. Morgan deliberately put on his hat and coat and walked straight through the marching column without molestation.

Another distressing incident in his career occurred when a huge bomb in a wagon near the Morgan bank building exploded on Sept. 16, 1920, killing 30 persons and injuring 100 or more persons who were passing on Wall Street and Broad Street sides of the building. Mr. Morgan happened to be in England at the time this dastardly attack was perpetrated.

Many honors were bestowed on this great American financier for his achievements: France made

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Our Reporter On "Governments"

By S. F. PORTER

The terms of the April deal are now out, indicating again the Treasury's strong desire to give investors and managers of the sale all the time they need for preparation, for digesting the details, for paving the way in a dozen different ways. . . . If ever we had an example of a "non-surprise" technique, this is it. . . . And this is fine. . . . A full month in which to work on covering the country, getting committees set up, informing buyers in every part of the nation what the offering means and what they should do. . . . And there isn't any surprise in the terms either. . . . They're exactly what we expected and exactly what the market wants. . . .

It's too early to consider what premiums will appear on the new issues, of course! . . . It would be folly and it would be impertinent to guess at that now. . . . Any change in the market may throw calculations out of gear. . . Any switch in buying interest between now and April 12 may take off a 32nd from this bond, add a 32nd to the other. . . . Nevertheless . . . here's the way matters line up as of today—and not as of the dates you'll be checking this in April. . . .

First, premiums on both issues seem assured. . . . The new 26-year "on sale" 2½s are perfectly in accordance with pre-announcement guesses. . . . A 1969/64 2½ in this market should be worth at least ½ point. . . .

As for the 9½-year 2s, they seem as attractive as anything available now. . . . Again, a premium of ½ point after the initial confusion has been gotten out of the way seems probable. . . .

The ⅞% certificates naturally will be in demand, and so we need not consider prices on those at this time. . . . The rest of the "basket" is the same as current offerings. . . . Tax notes and War bonds, Series E, F and G. . . .

The "basket" has been simplified, which is fine and exactly what we wanted. . . . The new "on sale" bonds and the 2s are what the market has indicated it can take, which also is fine. . . . The long preparation period is smart, too, for this time, the minimum being sought is $13,000,000,000. . . . And we may admit the goal really is $16,000,000,000. . . .

So get set. . . . Get set to buy them and hold them and trade them later, after the fuss is over and you can sit back and check over your portfolio. . . .

One thing is the premiums that are due to appear and the condition of the market will depend on how you—and that means every investor in the nation—react. . . . If the sales are slow, we won't have any premiums. . . . If the sales are fast and distribution is satisfactory, ½ point will be just the beginning. . . .

DISCOUNT BILLS

Another development of importance is the boost in the weekly discount bill total to $800,000,000, confirming reports around these last few days that the aim is a weekly total of $1,000,000,000. . . . We're getting accustomed to discount bill offerings now. . . . The level definitely is established at 0.37%. . . . Institutions have learned how to bid for the securities, the Federal Reserve has learned how to use them as an effective money market device. . . . And they are one of the best known methods for raising short-term funds. . . .

Until last week, the Treasury's $700,000,000 weekly issue raised $200,000,000 in new cash, refunded $500,000,000 of maturing bills. . . . For the next five weeks $600,000,000 issues are coming up for "roll over" and thus the Treasury's increase to the $800,000,000 level, so that the level of new money borrowing per week can be maintained. . . . We'll be up to the billion-dollar mark in a few months. . . . And then we can wonder about the next objective. . . .

AN "IN BETWEEN MARKET"

The market took the news of the financing terms in stride. . . . Trading has continued light, prices have remained firm and the long-term 2½s due in 1972 actually moved up immediately after the announcement. . . . With all attention focussed on the coming deal and the objective of all authorities the maintenance of the status quo (as opposed to a higher or lower market) it is to be taken for granted that inside market stories will be few and far between for a while. . . . .

If you're intending to do any buying in the open market between now and the new financing date, incidentally, an excellent rule to follow would involve purchase of securities closest to par and thus closest to the "support level." . . . For instance, if you're interested in picking up some 2% bonds, the most attractive issues appear to be the:

2s of 3/15/52/50, selling at 100.12, to yield 1.93% to call; or the

2s of 12/15/55/51, selling at 100.6, to yield 1.97% to call. . . .

Both issues are taxable, of course. . . . Both issues may be considered to have a bottom at par. . . . And both issues will be protected from heavy market pressure in the event of an unexpectedly adverse development in the new financing period. . . .

It's a good rule to follow generally. . . . Confine yourself to the low-premium issues whenever possible during this period because of the guarantee of support. . . .

THE 1972/67 ISSUE

To any institution forbidden from buying the "on sale" or "tap" 2½s, there is only one 2½ bond in the long-term market. . . . And that's the 2½% loan of 1972/67. . . . Admittedly, it's beyond the 10-year classification and thus may appear dangerous to a small bank eager to avert any criticism. . . . But diversified portfolios may include these 2½s and the 2.46% yield to call looks wonderful in comparison with the yields available on shorter-term bonds. . . .

Similarly, to any institution outside the commercial banking classification and any individual handling a large Government portfolio, the 2½s of 1968 and 1967 are the more attractive bonds. . . . They're shorter. . . . They sell at lower prices. . . . The 1972s are at 100.20 as compared with prices around 100¼ on the shorter-terms. . . .

The switch here is obvious and has been suggested by this writer before. . . . You gain in price, maturity and yield if you are eligible for buying the 1969s, 1968s or 1967s and may shift from the 1972s. . . . And if yours is a commercial bank, you may find a move from shorter-term bonds into the 1972 2½s a safe and profitable transaction. . . .

OVERDRAFTS

Interesting development in the Government financing picture is the Treasury's increasing use of its war-time power to borrow directly from the Federal Reserve Banks. . . . To ease the banking position over the income tax date, the Treasury borrowed more than $1,000,000,000 from the central bank, according to reports, through special one-day certificates of indebtedness. . . . Secretary Morgenthau has power to borrow up to $5,000,000,000 under war powers bill passed early last year, so, of course, he's entirely within his legal rights. . . .

Reason for borrowing was Morgenthau's wish to give banks as much leeway as possible over crucial income-tax date period. . . . He's using the "overdraft" method widely known in Europe prior to the war but it's new here, and this $1,000,000,000 borrowing represents a record peak for this type of financing. . . .

Morgenthau doesn't have to restrict his borrowing to one-day certificates, by the way. . . . Under the law, he may borrow through long-terms too.

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him a Commander of its Legion of Honor. Belgium decorated him as a Grand Officer of the Order of Leopold II and Italy as a Grand Officer of the Order of the Crown and he was given the honorary freedom of the Goldsmiths Company in England. In 1937, Pope Pius XI conferred the Grand Cross of the Order of St. Gregory the Great on Mr. Morgan, who also received L.L.D. degrees from Trinity College, Hartford, 1918; Cambridge University, 1919; Harvard, 1923; and Princeton, 1929. New York University conferred the degree of Doctor of Commercial Science in 1922, and in 1930 Oxford University awarded him its high distinction, the Doctorate of Civil Laws.

Yet in spite of the fact that he was one of the most influential and powerful men in the world of business and finance, J. P. Morgan was a retiring, reticent, simple, home loving man who preferred his books, his flowers, his paintings and art objects, his friends, the quiet of the country squire, and who cared less for society, club life and the social emoluments of a man of his means and position.

Mr. Morgan's keenest outdoor pleasures consisted of grouse hunting at his estate in Scotland, the cultivation of flowers at his Matinecock estate, near Glen Cove, L. I., his ocean yachting trips and enjoyment of his paintings, rare books, manuscripts and art objects at the Morgan Library, built as an addition to his home at 231 Madison Avenue.

Following his father's love of nautical pursuits, Mr. J. P. Morgan passed much of his spare time cruising in the Corsair IV, the last word in an ocean-going yacht, which he turned over to the British Government for a nominal sum at the outbreak of the present World War. Mr. Morgan was accompanied on several long cruises by his friend, Most Rev. Cosmo Gordon Lang, the former Archbishop of Canterbury. The first Corsair owned by his father saw service and was wrecked in the Spanish-American War carrying war stories for the Associated Press to a cable station in Jamaica. The second Corsair was renamed the Gloucester after she was transferred to the U. S. Government by the elder Morgan in the Spanish-American War. The third Corsair owned by the late Mr. Morgan, was loaned to the United States Navy and saw service in the first World War doing convoy duty out of Brest, France, with the 6th Flotilla. The ship was returned to Mr. Morgan with two service chevrons on her funnel and in 1930 was turned over to the United States Geodetic Survey and is now in their service as the renamed Oceanographer. J. P. Morgan was commodore of the New York Yacht Club from 1919 until 1921. His father, J. Pierpont Morgan, served as commodore of the Club from 1897 to 1899, and likewise his grandson, Junius S. Morgan, now active in the United States Navy, was Commodore in 1933 and 1934.

A volume might be written to describe the J. Pierpont Morgan and J. P. Morgan collection of world-famous paintings, porcelains, ivory miniatures, watches and the other art possessions of these two men.

In 1924, Mr. Morgan completed arrangements to turn over to the City of New York the Morgan Library in 36th Street, adjoining the family home, with its priceless collection of books and manuscripts. The trustees also received an endowment fund of $1,500,000 to maintain the library.

Explaining the gift, Mr. Morgan said:

"My father's intense interest and satisfaction in the library make it a peculiarly fitting memorial to him. It keeps alive the memory of his love for rare books and manuscripts and his belief in the educational value of the collection which he gathered."

When Mrs. Morgan died of sleeping sickness in 1925, Mr. J. P. Morgan established a large fund for research for the cure of this disease. He generously made up the annual deficits of Ly-in-Hospital, and when it was absorbed by the New York Hospital he set up a fund to yield enough annually to meet the amount of the previous deficits. The American Red Cross was the recipient of $2,000,000 from Mr. Morgan and his partners in the first World War and in 1921 Mr. Morgan presented his London residence to the American Embassy. He gave Glen Cove, near his Long Island home, a park in memory of his wife.

Mr. Morgan was born Sept. 7, 1867, at Irvington, N. Y., attended St. Pauls' School, Concord, N. H. and Harvard University. His two sons are in the Navy. Commander Junius Spencer Morgan is in foreign service and Lieut. Commander Henry Sturgis Morgan is serving in this country. Mr. Morgan's daughters are Mrs. George Nichols and Mrs. Paul G. Pennoyer of New York. He had more than thirty grandchildren. Miss Anne Morgan, his sister, is known the world over for her war and humanitarian work in France and other countries and women's organization activities. Two other sisters: Mrs. Morgan Hamilton and Mrs. Herbert L. Satterlee of New York, survive him.

Mr. Morgan shunned publicity and tried for years to keep in the background in the pursuance of his many personal interests and financial activities.

He enjoyed the friendship of Pope Pius XI, George V and the reigning Queen Elizabeth of England and her husband, George VI. Mr. Morgan received a special invitation from King George VI and Queen Elizabeth to attend the coronation ceremonies at Westminster but was unable to do so on account of a slight heart attack.

As the successor to his father, whose genius and determination saved the U. S. Treasury from bankruptcy during Grover Cleveland's administration, J. P. Morgan, by his achievements and career, added new lustre and honor to the firm his father founded 81 years ago.

For years to come, Mr. Morgan will be remembered for his simplicity, probity, veracity and sagacious judgment in and out of the financial world.

HERBERT D. SEIBERT, Editor.
March 18, 1943.

D. Lillis To Manage Bear, Stearns Dept.

Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, announce the appointment of Donald C. Lillis, as Manager of their Public Utility Department. Mr. Lillis, for the past nine years was associated with Laurence M. Marks & Co. as manager of their Trading Department and before that was Assistant Secretary of Manufacturers and Traders Trust Company of Buffalo.