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In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4166 New York, N. Y., Thursday, April 8, 1943 Price 60 Cents a Copy

OUR REPORTER'S REPORT

The investment banking fraternity, pledged to full support of the Treasury's forthcoming War Loan Drive to raise another $13,000,000,000, beginning next Monday, spent the greater part of its time this week in setting its house in order for the job.

Bankers, from the experience in the December drive, which aimed at a goal of $9,000,000,000 and, ultimately turned in a grand total of some $13,000,000,000, realize the enormous nature of their task.

But they realize too its vital importance to the welfare of the nation in its present period of stress and, from the general run of comment heard in the Street, Secretary Morgenthau has nothing to worry about so far as the efforts of this particular contingent is concerned.

If drive and push and the so-called "know-how" is what is needed to put the campaign over the top, well the men like Perry E. Hall, Percy M. Stewart, Allan M. Pope, Harry W. Beebe, Irving D. Fish, Jay N. Whipple and others who make up the Invest-

(Continued on page 1299)

Chicago Section

Special section devoted exclusively to Chicago recommendations and brevities starts on page 1286. This will be a regular monthly feature of the "Chronicle."

No Currency Depreciation Or Cheapening Of Dollar Planned

Neither currency depreciation or a cheapening of the dollar is contemplated by the Treasury as a means of reducing the vast post-war Government debt, according to Secretary of the Treasury Henry Morgenthau, whose views regarding this vitally important subject were expressed in a letter sent to the Editor of the "Chronicle" by D. W. Bell, Under Secretary of the Treasury.

Sec. Morgenthau

Daniel W. Bell

Mr. Bell expressed confidence in the Government's ability, through the medium of its rationing, price control and other measures, to "maintain the purchasing power of the dollar," the security and stability of which, he added, has always been regarded by Mr. Morgenthau "as a primary objective of Treasury policy."

Mr. Bell's letter is another in the series of comments received since publication in the "Chronicle" of March 4 of an article by Dr. Walter E. Spahr bearing the caption: "Program To Salvage Fiscal And Monetary Solvency."

In this article the author, who is Professor of Economics, New York University and Executive Secretary of the Economists' National Committee on Monetary Solvency, condemned various moves leading the country 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.

The views of the Under Secretary of the Treasury Bell, as contained in his letter of April 5, are reproduced herewith, and further below we give the comments received from other sources, not previously published.

(Continued on page 1300)

The Future Of The Gold Standard

In an authoritative article which appeared in the "Chronicle" April 1, bearing the above caption, Dr. Edwin Walter Kemmerer, Professor of International Finance in Princeton University, discussed the post-war monetary situation and expressed the conviction that the doctrines of the gold-standard school would prevail and we would be spared the chaos that would ensue if each country adopted its own nationalistic paper-money standard. The "Chronicle" invited comments from its readers regarding the views expressed by Dr. Kemmerer, and such letters received to date as can be accommodated in this issue are given below. Additional ones will appear in subsequent issues.

JULES S. BACHE
J. S. Bache & Co.

Having always been a dyed-in-the-wool "gold man," I have always wondered why people find it necessary to defend the gold standard. The defense of a mooted question presupposes an alternative. My answer to all those who either question the gold standard or attack it, is: "Give me the alternative and I will be glad to argue the matter with you."

Jules S. Bache

I appreciate the good work that Dr. Kemmerer, as well as his important brochure, have done on this subject, but the sooner the world settles down to realize that there is no gold question, since there is nothing to take its place, the better it will be for the continuing argument on this score.

I would particularly call your attention to the fact that the "Have-Nots," as represented by Germany, make their first visit to any place where they can find gold, which they claim they do not want, before looting anything else in their numerous conquests.

A RETIRED BANKER

Professor Kemmerer's most interesting and informative article on the Gold Standard raises one question which I should like to have answered. In the last paragraph he says:

"At the end of the present war it will be to the interest of the United States as well as of the rest of the world to reestablish the international gold standard. This country will then own the great bulk of the world's mone-

(Continued on page 1297)

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J. Arthur Warner Co. To Conduct Retail Business On Brokerage Basis; "Street" Hopeful Of Success But Skeptical

J. Arthur Warner announces that on and after May 1st the firm of J. Arthur Warner & Co. will execute all orders received from their retail customers on a commission basis. In other words, Warner & Co. will henceforth act only as brokers when buying or selling securities for investors. Mr. Warner says that the firm will not only continue but will enlarge and expand its Trading Department, and will carry an inventory of securities in connection with trading positions, but made it clear that such "securities will be available only for sale to other security firms or registered dealers and brokers."

"All orders," Mr. Warner states, "for the account of our customers will be executed at the best prices obtainable, and written confirmations or notices will be furnished at or before the completion of the transaction making disclosure of commissions charged.

"Our facilities and services to our customers will be further expanded, so that customers seeking advice regarding securities will receive prompt, efficient and improved service. We will continue our policy, as heretofore, of reviewing customers' accounts after they make their purchases, so that in the event of changing conditions in the national economy, or within a given company, customers can be advised accordingly from standard and disinterested sources."

The consensus of opinion around the "Street" is that although highly commendable the Warner plan is not practical in that the investing public has not as yet been educated to a point that makes it possible for a retail firm, generally speaking, to disclose its profits to its clients without creating insurmountable sales resistance, since the commission exacted must necessarily be very much higher than the commission rates they are accustomed to be charged by Stock Exchange houses who do not have to have salesmen on the outside with all of the expense incidental thereto.

Partners of the firm are James Arthur Warner and Joseph Henry Young.

Offices are maintained in Albany, Boston, Jersey City, Newark, New York, Philadelphia, Pittsfield, Portland, Springfield, Sunbury, Utica, Wellesley, and Wilkes-Barre.

R. H. Stiepock Joins Hugh W. Long & Co.

R. H. Stiepock has joined Hugh W. Long and Company, Incorporated, 15 Exchange Place, Jersey City, N. J., national distributors of Manhattan Bond Fund, Fundamental Investors and New York Stocks, Inc. as Director of Industry Analysis. In connection with the expanded dealer service of the firm he will supply its correspondents periodically with studies of well-situated industries.

Mr. Stiepock was formerly Industrial Analyst with the Investment Company of America in Detroit. Later he joined the Chrysler Corporation and for five years was in charge of consumer and advertising research.

He has acted as independent merchandising and promotion counsel for "Colliers," "Time" and other national publications as well as radio networks and comes to Hugh W. Long and Company from The Greater New York Fund, where he was assistant public relations director.

Reynolds & Co. Open New Branch In N. J.

Reynolds & Co., members of the New York Stock Exchange and other leading national Exchanges, announce that as of April 1, they have opened a branch office at 20 North Pearl Street, Bridgeton, N. J., under the management of Herbert E. Kleinhenn. Mr. Kleinhenn was formerly Bridgeton manager for Yarnall & Co.

F. I. du Pont To Admit Travers As Partner

William P. Travers will become a partner in Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, effective April 15. Mr. Travers will act as alternate on the floor of the New York Stock Exchange for John J. Trask.

Harold W. Chapman retired from partnership in the firm as of March 31, on which date the interest of the estate of the late Francis I. du Pont ceased.

Milo Clapp Elected V.-P.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — Milo F. Clapp of Columbus who has been associated for some time with Dodge Securities Corp., Terminal Tower Building, has been elected as vice-president of the firm.

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PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

ASHEVILLE, N. C.—**Garland P. Wright** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 22 Battery Place.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Albion Trenerry** has become affiliated with **Straus Securities Co.**, 135 South La Salle Street. Mr. Trenerry was previously with E. H. Rollins & Sons, Inc., and Selected Investments Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Manford M. Haskell** is now with **M. B. Vick & Co.**, 120 South La Salle Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Emerson C. Hess** has become associated with **Paine, Webber, Jackson & Curtis**, Union Commerce Building. Mr. Hess was previously with Otis & Co. and K. M. Krantz & Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Roy Frank Chapin**, for a number of years with Charles A. Parcells & Co., has joined the staff of **Baker, Weeks & Harden**, Penobscot Building.

(Special to The Financial Chronicle)

DURHAM, N. C.—**N. Fletcher Morris** is now with Harris, Upham & Company, Trust Building.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Otis John Space** has become connected with **Goffe & Carkener, Inc.**, Board of Trade Building.

(Special to The Financial Chronicle)

MACON, GA.—**Clifford Anderson** has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, 363 Third Street. Mr. Anderson was formerly local manager for Courts & Co.

Benton-Nicholas To Admit

Edward Gutekunst will become a partner in Benton & Nicholas, 25 Broad Street, New York City, members of the New York Stock Exchange.

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Lawrence W. Simon Is With Blair Securities

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Lawrence W. Simon has become associated with Blair Securities Corp., as manager of their newly-opened Cleveland office in the Union Commerce Building. Mr. Simon was formerly with C. F. Childs & Co. in charge of their Cincinnati and Cleveland offices. Prior thereto he was a partner in Borton, Kay & Company, and was with Goodbody & Co. and Prescott & Co. In the past he was an officer of Callahan-Simon & Co. and L. W. Simon & Co., Inc.

B. & M. Looks Good

The current situation in income mortgage A 4½s of 1970 of the Boston & Maine RR. offers attractive possibilities, according to a circular just issued by McLaughlin, Baird & Reuss, One Wall Street, New York City. Copies of the circular discussing the situation in detail may be had from the firm upon request.

Young Appointed Director

F. J. Young, head of the investment banking firm of F. J. Young & Co. Inc., 52 Wall Street, New York City, has been elected a Director of Scullen Steel Co.

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In recent months we have witnessed the broadest market in years, and our opinion is that it will continue as long as the war and taxes continue to dominate thought and values.

However, in looking forward to the risks that belong to the future, the investor can but dimly see the shape of events that may have a bearing on his investment position. Of one thing he may be sure—the future will be fraught with many occasions calling for sound appraisal and judgement.—*Elisha Riggs Jones, E. R. Jones & Co.*

From an investment viewpoint, it is becoming increasingly difficult to find attractive situations. Although leading bank stocks have advanced substantially since publication of our pamphlets in April, 1942, and February, of this year, recommending these stocks, we still consider them attractive at present levels, especially where selling below book value.—*John C. Legg, Jr., Mackubin, Legg & Co.*

Our customers are more inclined today to invest in the sounder equities, with particular regard to protection against possible postwar inflation. They are inclined to buy the fire insurance stocks on an investment basis and to avoid those industrials that are selling a large number of times earnings. There is also a tendency to buy the type of equities that have a reasonable post-war outlook.

There is a tendency to avoid stocks that can be bought solely for speculative gains, as a large part of such profits will have to be paid to the Government in income taxes. —*Harry S. Middendorf, Middendorf & Co., Inc.*

Syracuse, N. Y.

Investors once again seem to be seeking growth companies and securities of corporations that were "borderline" in 1932-1938 but which have reduced indebtedness during recent flush years. New York Central, Northern Pacific, Syracuse Transit, Southern Pacific are a few of such popularly held local bond issues. The stocks of some of these are also now being bought outright for leverage with the idea that America will lead in policing, feeding and rebuilding the war-ravished countries, and that our rails and transportation facilities will be busy for some time.—*William N. Pope, Inc.*

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American Business Credit Reports Phenomenal Growth

American Business Credit Corporation, during its comparatively short career, has achieved a prominent position in the field of financing business and industry. In the six months ended Dec. 31, 1942, A. B. C. experienced one of the best half-yearly periods in its history. Net was $290,307; per share earnings on the Class A stock were 24 cents compared with 25½ cents in the corresponding period of the preceding year.

This favorable showing is largely due to the fact that A. B. C. is in the fortunate position of having a very small part of its business in automobile financing. In its last annual report, the Company stated that automobile financing has never amounted to more than 1% of the total volume of business transacted. Consequently, discontinuance of automobile manufacture could have, at most, only a negligible effect on its business. Falling off in some other lines has been to a great extent offset by clients of the Company adapting themselves to production in the war effort.

The Company, established only in 1937, has shown a profit in each year and has paid quarterly dividends regularly since a few months after beginning business. Gross volume, and net after taxes, for years ended June 30, have been as follows:

Yr. Ended June 30	Gross Business	Net Income
1938	$4,755,273	$20,085
1939	21,087,869	129,882
1940	58,876,552	300,648
1941	82,502,078	331,658
1942	130,231,066	645,326

Net earnings for the year ended June 30, 1942, were equivalent to 53½ cents per share on the 963,713 shares of Common Stock, Class A outstanding; dividends on the Class A amounted to 32 cents per share, payable quarterly, the same rate as paid for several years past. Book value on the same date was $5.75 per share. Capital and surplus amounted to $5,774,366, and total resources to $21,162,843.

The fact that the Company is engaged only to a relatively small degree in financing consumer sales should be distinctly helpful in enabling it to maintain a profitable volume of business during the war, and after the war it should be in a good position to resume its steady growth. A regular quarterly dividend of 8 cents per share was paid March 31.

Enhancement Possibilities Seen In CGO, Milw. R. R.

Great enhancement possibilities now exist in the outstanding obligations of the Chicago, Milwaukee, St. Paul and Pacific Railroad, according to C. E. Stoltz Co., 25 Broad Street, New York City. Thomas G. Campbell, railroad consultant for the firm, offers a report showing all the important changes in the company's physical and financial makeup since 1900. The report is divided into three parts: (1) statistical record and analysis covering the period 1900-1942; (2) treatment and potential values for the three important bond issues outstanding; (3) how to successfully arbitrage so as to obtain the new securities at the lowest possible price.

Price of this report, which will be available April 15th, is five dollars per copy and orders should be addressed to Mr. Campbell, at C. E. Stoltz Co. Checks should accompany all orders.

A. Wiesenberger To Admit C. L. Benesch

Charles L. Benesch will be admitted as of April 15, to partnership in Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange. Mr. Benesch was formerly manager of the syndicate department for Ernst & Co. with which he had been associated for a number of years.

Lewis Bailey Is V.-P. Of Dallas Rupe & Son

DALLAS, TEX.—Dallas Rupe & Son, Kirby Building, investment bankers, announce that Lewis W. Bailey, former editor of the Dallas "Journal," has joined their organization as vice-president in charge of advertising and public relations. Mr. Bailey's activities will be largely with the many affiliates of the Rupe organization in the Southwest. These include the San Antonio Transit Company, Louisiana Public Utilities Company and the Crescent City Laundries in New Orleans, the Brayton Flying Service in Cuero, Texas, which is training flyers for the United States Army Air Corps, and a number of hotels, apartment buildings and office buildings in which they have interests and participate in the management.

Attractive Common Stocks

A list of common stocks of companies which, at current levels, appear reasonably priced, afford dividend income and seem likely to emerge from the war in a satisfactory manner, has been prepared by Daniel F. Rice & Co., 141 West Jackson Boulevard, Chicago, Ill., members of the New York Stock Exchange. Copies of this interesting list may be had from the firm upon request.

Deep Rock Oil Looks Good

Common Stock of the Deep Rock Oil Company offers interesting possibilities, according to an analysis prepared by Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago, Ill. Copies of the analysis will be sent by Doyle, O'Connor & Co. upon request.

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Missouri-Kansas-Texas
4s—$4\frac{1}{2}$s—5s

Lehigh Valley Railroad
4s—$4\frac{1}{2}$s

Denver & Rio Grande
4s, 1936

Chicago, Milwau. & St. Paul
5s, 1975, 2000

Georgia Southern & Florida
5s, 1945

Chicago & Alton
4s, 1949

Central R. R. of New Jersey
5s, 1987

Boston & Albany
$4\frac{1}{4}$s—5s

Old Colony R. R.
5s—$5\frac{1}{2}$s

Consol. Electric & Gas "A"
6s, 1962

Southern Cities Utility
5s, 1958

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First Mortgage Bonds Still Sell At Less Than 25% Of Face Value

The current excellent earnings, together with the anticipation that at least a part of this remarkable recovery in business may be retained over the longer term future, gives these low-price first mortgage bonds speculative attraction. An added feature of the bonds is that they carry a participation in the ownership of the property.

The present first mortgage bonds were issued pursuant to a plan of reorganization confirmed by the United States District Court, the 25th of October, 1935, under Section 77B of the Bankruptcy Act. Junior funded debt of $2,890,000 was eliminated and Junior creditors were given stock representing 21.6% of the ownership of the property. Each $1,000 first mortgage bondholder received 10 shares of common stock in voting trust form (voting trust expires Jan. 2, 1946), representing an equal share in 88.4% of the ownership of the property, and a new $1,000 first mortgage bond known as Sherneth Corporation 5¾% income bond due Jan. 1, 1946.

During 1941, final payment was made on $70,821.32 notes representing reorganization fees unpaid, so currently there are no prior liens to the bonds, which are secured by a first mortgage on the land owned in fee, comprising approximately 12,500 square feet and the 37-story apartment hotel erected thereon containing 375 rooms, eight stores and the usual public rooms, etc.

During reorganization about $88,000 was spent to install an air-conditioner bar and grill room. The furniture and furnishings of the hotel are additional security for the bonds and were acquired by the Trustee during receivership. $150,000 was expended for this and other purposes, such as the acquisition of the name "Sherry Netherland." This money and $15,000 used for the purchase from Louis Sherry, Inc., of certain bronzes, tapestries and other art objects used in the decoration of the dining room, was taken out of accumulated earnings during receivership. The property, we understand, is in excellent condition and has been well cared for since reorganization.

The Sherry Netherland Hotel is one of New York City's modern luxury hotels. Built in 1927, it is well located at the northeast corner of Fifth Avenue and 59th Street, at the southern extremity of Central Park. It is assessed for tax purposes at $3,750,000 for the years 1942-43.

First Mortgage bonds outstanding amount to $6,000,000. All available net income from the property is applicable first to the payment of income interest on the bonds up to 3% per annum. Any then remaining net income is divided into two equal parts, one-half to be used for additional interest up to 2¾% (a total of 5¾%) and any balance of this half for corporate purposes. The other half of such surplus over 3% interest, is to be applied to a sinking fund for the retirement of bonds by purchase.

Since the reorganization of this property, because of poor business, common to most New York hotels catering to luxury trade, and the requirement to pay off the note issue of $78,690.36, no interest payments were made to the bondholders until September, 1941, when they received ½ of 1%. Nothing was paid in 1942, and on March 1, 1943, another payment of ¼ of 1% was made.

However, since the first of the year, the business of this hotel, along with that of similar hotels in New York, showed a very marked improvement. Gross income increased and, despite higher operating costs, gross opera-

(Continued on page 1301)

Trading Market In

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A Readily Understandable Analysis of

Chicago, Milwau., St. Paul & Pac. R. R.

On January 5 and 11, 1943, Thomas G. Campbell offered through the advertising columns of the New York Times and Barron's an 85-page comprehensive report of the Seaboard Air Line Ry. to the investing public at $10 per copy. This report was widely subscribed for.

When Mr. Campbell wrote this report, Seaboard 4's, 1950, were selling at 25; the Refunding 4's, 1959, were selling at 12, and the Consolidated 6's, 1945, at 14.

On page 78 of this analysis Mr. Campbell placed a statistical value on the Seaboard 1st 4's, 1950, of 57⅜—now 47; on the Refunding 4's, 1959, 31⅛—now 26¾; Consolidated 6's, 1945, 28⅛—now 26¾.

We believe great enhancement possibilities now exist in the outstanding obligations of the Chicago, Milwauk., St. Paul & Pac. R.R. Mr. Campbell now offers a report of a somewhat briefer nature showing all the important changes in the company's physical and financial makeup since 1900. The report on St. Paul is divided into three parts:

1. The statistical record and analysis covering the period 1900-1942.
2. Treatment and potential values for the three important bond issues outstanding (Gen. Mtg. 4's 1989; Gold 5's 1975; Adjust. 5's 2,000).
3. How to successfully arbitrage so as to obtain the new securities at the lowest possible price.

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Last Chance For STANY Dinner Reservations

The annual dinner of the Security Traders Association of New York will be held April 30 at the Hotel Roosevelt, B. W. Pizzini, B. W. Pizzini & Co., President of the Association, announced today. Practically all tickets for the dinner are sold, and all desiring to attend should make their reservations now, as after this week no further subscriptions will be available.

The Association will have as its honored guests executives of various Exchanges, Government agencies, banking organizations, and other securities associations.

Among those scheduled to attend the STANY dinner are:

Ganson Purcell, Chairman, Securities & Exchange Commission.

James A. Treanor, Jr., Director of Trading & Exchange Division, Securities & Exchange Commission.

Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Inc.

Frank L. Scheffey, Executive Secretary, District No. 13, National Association of Securities Dealers, Inc.

J. J. Hyde, President, Corporate Traders Association.

Wm. Perry Brown, President, National Association Security Traders.

Cyrus J. Currier, President, New Jersey Bond Club.

Jay N. Whipple, President, Investment Bankers Association.

Alan MacDuffie, Attorney, Securities & Exchange Commission.

James J. Caffrey, Regional Administrator of New York, Securities & Exchange Commission.

Emil Schram, President, New York Stock Exchange.

Irving D. Fish, Chairman, District No. 13, National Association of Securities Dealers, Inc.

F. Moffat, Chairman, New York Curb Exchange.

Frank Dunne, President, New York Securities Traders Association.

Charles R. Gay, Gude, Winmill & Co.

Albert H. Gordon, President, Bond Club of New York, and Vice-President Investment Bankers Association.

No set addresses will be delivered. Attendance at the dinner, of members and guests, is expected to be in the neighborhood of 700. Present active membership of the Association is around 400. Fifty-five members are now in the armed forces.

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Irwin Klein Is Now With Westheimer & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—Irwin B. Klein has become affiliated with Westheimer & Co., 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges. Mr. Klein was previously an officer of A. & J. Frank Co. with which he had been associated for 30 years.

Interesting Situations

American Business Credit "A," Quaker City Cold Storage Co. 5s of 1953, and Pittsburgh Terminal Warehouse & Transfer first refunding 5s of 1936 offer interesting possibilities at the present time, according to memoranda just issued by Hill, Thompson & Co., 120 Broadway, New York City. Copies of these memoranda may be had upon request from Hill, Thompson & Co.

Associate Curb Members

At its meeting yesterday the Board of Governors of the New York Curb Exchange elected to associate membership George Herman Pierson of Waller C. Hardy & Company, Charleston, W. Va.; Thomas E. King of Hicks & Price, Chicago, Ill., and Jerome F. Tegeler of Dempsey-Tegler & Company, St. Louis, Mo.

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Tomorrow's Markets Walter Whyte Says——

"Hold your hats, boys. Here we go!" now general sentiment. Wide bullish opinion reminiscent of "new era" build-up. Part profits and raising of stops now advised.

By WALTER WHYTE

Judging from the way the stock market is acting quite a lot of people must think that stocks are about the only things one can get these days without ration points. The way actual and potential customers crowd around order room windows and jam phone lines must bring lighthearted noises from brokers who can remember when they worried themselves sick about not only where to get the money to pay the order clerks' salaries, but if any would be left over to pay for phones.

* * *

Everything is changed today. Order clerks have no time to work crossword puzzles. Phones are now being used for actual orders, not just quotes, and even partners are once again giving serious consideration to replacing that suit with the shiny seat with a new one—cuffless and vestless.

* * *

I walked into a customers' room the other day, the first time in months, and was amazed at the crowd. Every chair was taken. Every phone was busy. Yells of "They're bidding 100 for such and such stock" could be heard rising above the din. If the calendar didn't say it was April, 1943, I'd have been sure it was the Summer of 1929, olav hasholem.

* * *

The Sunday papers are full of ads offering to furnish the lowdown on the market. Teaser announcements: "What about your utilities?" are as common today as want ads in the classified sections. Even the ace keyhole peeper of them all, the mighty Winchell, wrote in his column Tuesday that ". . . . big buying (of stocks) is coming from defense centers." Yes, it looks like old times again. Volume is big and prices are zooming.

It would be very easy for me to go along and join the parade. I won't say I'm not tempted. Floating along with the current can be restful, and if I'm washed ashore, so what? I can always point out that there are other people in the same fix. I can even toss off a cliche, something like: "We are all in the same boat." Yet the signs of reaction, though not sharply defined are there. At times they hide their heads coyly. But coyly or boldly they are present. And to step into the nice pleasant water because a lot of people are in yelling the water's fine, when all the time I suspect a couple of sharks are right outside the breakwater, would be the height of assininity.

* * *

Among the reasons I hear as being responsible for the current buying surge are such delicious tid-bits as "Buyers are planning for the post-war era." If that's a reason for buying then I don't want any part of it.

* * *

Another was the statement of Treasury Secretary Morgenthau, who talked about plans for post-war currency stabilization and a partial return to the gold standard by most of the world. I'll venture an opinion that few buyers know anything about how currency stabilization works or how a return to a gold standard can effect stock prices.

* * *

Yet another reason is inflation and the desire to protect one's self against it. Of all the foregoing, the latter appeals the most to me.

* * *

Inflation is no longer the bogey man in the dark who is going to jump out and get you if you don't watch out. He, or if you prefer a neuter gender, it, is out and already making like Sinbad's old man of the sea. If you don't think so take a look at your meat and grocery bills. I know, we are going to beat the H. C. L. by raising a Victory garden. I'll give odds that 90% of our enthusiastic amateur tillers of the soil will raise nothing more than a flock of blisters and callouses and sore backs. So even if we get a couple of scrawny tomatoes what money we'll save we'll have to give the doctor to treat the assorted aches and pains.

(Continued on page 1299)

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RAILROAD SECURITIES

The 1942 annual report of New York, Chicago & St. Louis has just been released and certainly adds materially to the growing inclination to accept the road as a good, rather than a marginal, credit. Over a period of years the major strain on Nickel Plate's credit has been the recurring maturity of the unsecured 6% Notes. From 1932 on, the notes were extended on successive occasions for three years each, and on each request for extension the maturity constituted a threat to the road's solvency.

At the most recent maturity date, 1941, the offer was for an extension to 1950 and the large proportion of undeposited bonds was paid off in cash. As of the end of 1942 the face value of notes outstanding had been reduced to \$2,795,200 (originally there had been \$20,000,000) and as they have a sinking fund of 25% of net income the entire issue should be eliminated over the near future. In addition, the company has continued to reduce its earliest maturities, due in 1947, through open market purchases and retirement. The 1947 problem is comprised of two very strong underlying liens and as of the end of last year the total face value had been reduced to \$21,321,000.

The balance of the non-equipment debt consists of another divisional due in 1950 but outstanding at only \$6,500,000, and the two series of Refunding bonds aggregating \$85,933,000 but not maturing for more than 30 years. The management has consistently asserted its intention to continue concentrating on the 1947 maturity problem and, considering the earnings status of the properties, as well as the strong position of the bonds themselves, these obligations should be met without difficulty. In this connection, it is pertinent that the road is in the high excess profits tax brackets so that the effect on net earnings of cessation of the war boom would be to a considerable extent cushioned. It is safe to say that the road's major difficulty in the past, maturity problems, may no longer be considered as potentially affecting its credit adversely.

From an earnings standpoint there has been little reason for concern even on the basis of results actually reported. During the ten years 1932-1941, inclusive, the road reported deficits in only three years, and in two of the deficit years charges were about 85% earned. Only in 1932 was there a really sizable loss. On top of this actual showing it may be noted that fixed charges last year had been reduced to \$5,830,455, or more than \$2,000,000 below the level prevailing ten years ago. Even this did not reflect in full the 1942 debt retirement, some of which was accomplished as late as December and carried interest throughout the year.

At the present time it seems likely that charges are running at the rate of no more than \$5,600,000. With the debt retirement which may be accepted as inevitable this year the obligatory requirements should be brought to the neighborhood of \$5,300,000. A post-war level of below \$5,000,000 for charges appears as logical. Adjusting for elimination of dividend income on the Wheeling & Lake Erie prior lien stock that has been sold, such charges would have been earned in every year of the depression with the exception of 1932. With the improvement that has taken place in railroad operating efficiency since that date, and the altered political philosophy that should be effective in preventing a return to 1932 business levels, there is certainly every reason to minimize the possibility of a repetition of 1932 railroad operating results.

There is every indication that Nickel Plate will emerge from the war period after a painless reorganization with a debt structure virtually, if not actually, impervious to depression conditions. This is particularly true inasmuch as the fundamental traffic position is so strong. Over a period of years the road has shown a far greater stability of revenues than Class I carriers as a whole or the Great Lakes carriers as a group. The line is essentially a main line property with little branch or feeder mileage that would be vulnerable to highway competition. Also, a large part of its industrial freight is heavy bulk material which does not move by truck, and the road gets little passenger or express business which might be vulnerable to air transport diversion.

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To Admit Bechdol

Raymond J. Bechdol will shortly be admitted to partnership in La Branche & Co., 50 Broadway, New York City, members of the New York Stock Exchange. Mr. Bechdol was formerly a partner in Stafford & Co. and recently was active as a New York Stock Exchange floor broker. Mr. Bechdol will act as alternate on the floor of the Exchange for George M. L. La Branche, Jr.

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—56, low—14¾; April 7 price—54⅞.

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Chicago Brevities

Rejection by the Illinois Commerce Commission of a proposed plan to provide one great local transporation system for Chicago through unification of the street car and elevated lines is expected by security dealers here. The commission currently has the merger plan under consideration and, with a decision expected to be handed down almost any day now, much of the interest of dealers is being focused on this subject.

Local dealers are not alone in their belief that the proposed plan will not be adopted. Other observers feel the same way. Rejection of the plan by the commision would leave the local traction situation in the same muddle that it has been in for years. Both the surface lines and elevated railway companies have been under protection of the Federal court for years. Numerous efforts have been made to bring about a permanent solution to the traction problem, which culminated in the formulation of the merger plan.

The plan now before the commission would set up a new unified company, known as the Chicago Transit Company, which would operate as a single unit the street car properties, elevated lines, and the new subway system, certain segments of which are nearly completed. A total of $179,000,000 of new securities would be issued, of which $136,000,000 would be given to present holders of surface lines securities and $43,000,000 to holders of elevated lines securities.

The merger plan has been approved by the Federal Court, the City of Chicago, and a majority of security holders of the surface lines and elevated railway. The plan received a setback when two examiners of the commission, after protracted hearings, recommended that the regulating body find it basically unsound. Oral arguments on the examiners' report were heard recently by the commission. If the tribunal fails to sustain its examiners it will come as a surprise to many.

Proposals for unification of traction properties have been made for many years in Chicago, but the present one is the only plan to reach a really advanced stage. It had its inception late in 1937 when the Federal court appointed a committee to draft a unification plan. The next year, W. A. Shaw, transit attorney for the court, presented a proposal. Somewhat modified, it is the plan of today.

There are a couple of alternatives, should the plan be finally rejected, as expected. The most logical course of procedure, according to local security dealers, is to proceed with the reorganization of the surface lines, apart from the elevated lines, under the terms of the old Abbott plan, which has been before the court for years. It has never been dismissed by the court and could, authorities say, be revived at the instigation of a number of security holders.

Meanwhile, Chicago's 50-year-old dream of a subway became at least a partial reality last week, when trial runs of special trains were made on the first link of a projected $240,000,000 system. Two links of the system now are virtually completed, but just when they will be opened for public travel still is a question of doubt. Some statements have been made that completed section may be placed in use within a few months, and still other statements have been made that it was doubtful whether the first link will be utilized before the end of the the war.

Following the first trial run, Chicago Rapid Transit (elevated lines) bond issues last week rose as much as $2\frac{1}{2}$ points in over-the-counter trading. Quotations on the securities, prior to the first trial run, had remained on an even level for several months. Such issues as Northwestern Elevated Railroad first 5s of 1941 and Union Elevated first 5s of 1945 advanced from 9 to $11\frac{1}{2}$.

Local dealers remarked that there also had been a pickup in interest in surface lines issues in the last two or three weeks, and gains extending to one point have been recorded. All traction issues have been buoyed by a strong upturn in earnings due to expanded traffic volume.

Dealers report a growing demand at advancing prices for stocks of Chicago downtown and outlying banks. Some issues that have been lying dormant now are being traded actively. Particular mention was made of the fact that there had been particularly heavy institutional buying of shares of the First National Bank.

As evidence of the upswing in quotations of the banking institutions, dealers pointed out that the bid price of First National stock at the close of last week was 324, as compared with 306 on March 1 and 282 at the close of 1942. Continental Illinois National Bank & Trust Company shares were quoted on the bid side at 93 at the close of last week, a gain of four points compared with March 1 and 16 points compared with Dec. 31.

Harris Trust & Savings Bank shares, quoted at 325, recorded gains of 5 and 20 points compared with March 1 and Dec. 31, respectively. Wide gains in quotations also were posted by shares of other large local banking institutions in the last 90 days.

The possibility that the Chicago, Milwaukee & North Shore Railroad, electric line operating north out of Chicago, will be completely reorganized by the first of next year is foreseen by some local dealers. Now that reorganization is being handled under Chapter 10 of the Chandler Act, under which the Baltimore & Ohio Railroad was recapitalized, it is expected that the court proceeding will be accelerated.

Reorganization of the line was delayed for some time because of uncertainty as to the proper statute under which to proceed. Federal Judge Michael L. Igoe of the district court at Chicago approved procedure under the Chandler Act. Previously, two petitions for reorganization were filed, one calling for handling the case under the Chandler Act and the other under Section 77 of the Bankruptcy Act.

Judge Igoe's decision was upheld by the United States Circuit Court of Appeals. This decision was referred to the Supreme Court of the United States, which recently refused to review the lower court's finding.

Reorganization plans now being discussed call for the issuance of a single issue of bonds and a single class of stock. Present reorganization efforts, it is indicated, has the backing of the holders of a substantial amount of outstanding bonds.

IBA Makes Treasury War Loan 1st Business

Investment banking will make the Treasury's $13,000,000,000 Second War Loan, scheduled to start April 12, its "first business" for the duration of the drive, said Jay N. Whipple, President of the Investment Bankers Association of America, on April 1.


Jay N. Whipple

Writing all members of the Association, Mr. Whipple, who is a partner of the Chicago investment firm of Bacon, Whipple & Co., and is to act as Chairman of the drive in the metropolitan Chicago area, asked that all of them defer new securities offerings for the period of the drive "wherever possible" and that they lend their best men to the War Loan organization. In his letter Mr. Whipple stated:

"The Second War Loan affords the securities industry an opportunity to render a patriotic service and, at the same time, demonstrate again its essential role in the national economy.

"Of the $13,000,000,000 to be raised in this drive the United States Treasury expects $8,000,000,000 to come from individual, corporate and institutional investors other than commercial banks. This calls for the most intensive coverage.

"Investment bankers are particularly equipped for the task of training, directing and organizing volunteer workers. The job is so large and the need for experienced securities men so great that it will require virtually a full-time effort.

"The issuance of new securities will be deferred wherever possible for the duration of the drive in order that the personnel of our business can concentrate upon the sale of Government securities.

"By doing our utmost to induce those with idle balances or hoarded dollars to lend them to the Government, we will render a service to the country. There is no doubt that our industry will respond enthusiastically, and for the duration of the Second War Loan drive it will be our first business."

Geo. Barnes Submits Simplified Tax Plan

With Congress deadlocked over taxes, and the folks back home demanding a workable pay-as-you-go plan, a new formula that would eliminate 70% of the nation's 43,000,000 tax returns by applying the deduction-at-source principle to wages and salaries up to $3,000 has been devised by George E. Barnes, Chicago tax expert and senior partner of Wayne Hummer & Co., 105 West Adams Street, members of the New York Stock Exchange.

The Barnes plan, which has been offered to the Congressional Ways and Means Committee after receiving approval of a number of prominent Middle Western tax men, would apply a withholding tax to the first $3,000 only of earned income as soon as possible this year.

Instead of increasing the confusion by canceling 1942 taxes, Mr. Barnes would defer 1943 taxes on the first $3,000 of earned income.

Mr. Barnes proposes a simplified scheme for computing taxes, eliminating the vast amount of year-end adjustments for refunds and delinquencies which the Ruml plan would entail.

"The Ruml plan," says Mr. Barnes, "piles chaos upon confusion. With all returns on a 'tentative' basis instead of a simple cash basis, every American becomes a bookkeeper and the Internal Revenue Bureau swims in a sea of red tape at a time when even red tape should be on a ration basis."

Copies of an attractive brochure giving details of Mr. Barnes' tax plan may be had from Wayne Hummer & Co. upon request.

Boland In New Office

H. B. Boland & Co. announce the removal of their office to new and enlarged quarters at 52 William Street, New York City. The telephone, Whitehall 3-3414, remains unchanged. H. B. Boland & Co. are underwriters, syndicate participants and distributors of municipal, railroad, public utility and industrial securities, specializing in New Jersey municipals.

"Investors' Almanac"

Estabrook & Co., 15 State Street, Boston, Mass., have just issued their "Investors' Almanac" for April-June, 1943. This attractive booklet contains suggestions for purchases of as well as a discussion of the current security markets. Copies of the booklet may be had upon request from Estabrook & Co. in Boston, or their New York office at 40 Wall Street.

Interesting Opportunity

The Reorganization Plan of the Chicago and Northwestern Railroad Company affords many interesting speculative opportunities, according to a detailed memorandum being distributed by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of this memorandum may be had from Ira Haupt & Co. upon request.

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Chicago Recommendations

Brailsford & Co., 208 So. La Salle Street, who have issued a monthly bulletin for some time on **Chicago, North Shore & Milwaukee Railroad**, have just prepared the latest available earning figures in a new bulletin on this company. This up-to-date bulletin is available on request through **Traction Securities Dept.** of Brailsford & Co.

* * *

Cruttenden & Co., 209 So. La Salle St., recently distributed securities of these companies and have prepared current memoranda, which is available upon request—**Midland Utility 6's of '38; Chicago Traction Securities; The Emerson Elec. Mfg. Co.** common stock; **Belden Mfg. Co.** common stock and **Miller & Hart, Inc.**

* * *

Doyle, O'Connor & Co., Inc., 135 South La Salle Street, have prepared an analysis on **Deep Rock Oil Corp.** which is just off the press. This analysis consolidates recent bulletins and brings the information to any interested parties upon request.

* * *

Enyart, Van Camp & Co., Inc., 100 West Monroe Street, will send latest quotations on **Chicago and Suburban Bank Stocks** to any interested dealer or individual.

* * *

Faroll Brothers, 208 South La Salle St., have compiled latest available earnings and data on **Merchants Distilling Co.** and **Standard Silica Corporation** and these analyses are available on request.

* * *

Hickey & Co., 135 So. La Salle St., will send **Galvin Mfg. Corp.** analysis upon request.

* * *

Kneeland & Co., Inc., Board of Trade Bldg., have prepared complete up-to-date analyses of the following companies and these will be sent on request: **Howard Aircraft Corporation, Kansas City Public Service Co., Federal Screw Works and Consolidated Dearborn Corp.** These analyses include latest earnings of these companies.

* * *

John J. O'Brien & Co. announce that reprints of **"Current Market Observations,"** an article written by Mr. O'Brien that appeared recently in "Mid Western Banker," are available on request and copies may be obtained by writing this firm at 231 South La Salle Street. This article discusses the background of market activities in the rails and sounds a note of caution concerning speculation in cheap rail obligations.

* * *

Paine, Webber, Jackson & Curtis have compiled and published a list of **stocks for peace or war.** The list embraces 35 stocks in 22 industries that have paid dividends uninterruptedly every year for periods ranging from 20 to 95 years. If the same amount of money were invested in each of the 35 stocks, the average yield based on recent price and 1942 dividend payments would be 5.29% and based on average dividends for the past ten years 5.10%.

Based on 1942 dividends, yields on individual stocks vary from 2.11% to 8.21% and on average dividends for ten years from 1.87% to 9.23%. At current market prices the stocks are selling at prices ranging around 90% to one-third of their 1935-43 highs. Copies of this interesting list may be obtained by writing to **Statistical Department, Paine, Webber, Jackson & Curtis**, 209 South La Salle Street, Chicago, Ill.

Daniel F. Rice & Co., 141 W. Jackson Blvd., have prepared an eight-page brochure entitled **"Common Stocks for Investment Income and Appreciation in Value,"** to assist investors in planning investment programs and have selected a list of common stocks of substantial industries which, in their opinion, (1) Appear to be reasonably priced at current levels; (2) Afford dividend income and seem likely to continue to pay dividends during the war period; (3) Are in a position to emerge from the war in a satisfactory manner and are ready to share in the normal business of the post-war era. This comprehensive brochure is available upon request.

* * *

Ryan-Nichols & Co., 105 So. La Salle St., have prepared an analyses on the **Nekoosa Edwards Paper Co.** common stock, showing earnings of $10.23 for year ended 1942. Book value amounted to $142.77 and dividends of $3.00 were paid during the above-mentioned period. Copies on request.

* * *

Straus Securities Co., 135 So. La Salle St., have prepared up-to-date analyses of the securities of **Foote Bros. Gear & Machine Corp.; The Steel Products Engineering Co.; Public Service Co. of Indiana, Inc.**, and **California Consumers Corp.** These will be sent on request to any interested parties.

* * *

The current issue of **Thomson & McKinnon's "Review of the Week"** devotes special attention to the Gold stocks, which are finding increasing favor with the investing public. It also has an article on the **Rayon** industry and its future, and one on the **Rail Land Grant Rates.** Copy of this Review, which is a weekly, may be obtained, free of charge, by addressing **Thomson & McKinnon's statistical library**, 231 South La Salle Street.

* * *

F. S. Yantis & Co., 120 So. La Salle St., have prepared a new analysis of **Chicago Mill & Lumber Co.** common stock. Copies on request.

Chicago Exch. Members

CHICAGO, ILL. — William H. Gregory, Jr., partner of the New York Stock Exchange firm of Bonner & Gregory, and John W. Walters, partner of the New York Stock Exchange firm of Stevens & Legg, were elected to membership in the Chicago Stock Exchange by the Executive Committee, it is announced. Mr. Walters is now serving as a Captain in the United States Marine Corps.

The Executive Committee also elected to membership George H. Willis and Tracy L. Turner, Jr., both of Chicago.

Bond Club Of Chicago Installs 1943 Officers

CHICAGO, ILL.—On April 1 the Bond Club of Chicago was formally turned over to its new officers for 1943:

Richard W. Simmons, Lee Higginson Corp., President; James H. Murphy, Cruttenden & Co., Vice-President; Loren Cochran, Secretary; Girard Schoettler, Wayne, Hummer & Co., Treasurer.

While plans for the year are necessarily nebulous due to rationing, the Club will carry on its accustomed activities as best it can, and also, through support of the Government War Loan drives, will do whatever is feasible and proper to aid in the war effort.

So far over 30 of the members are in the armed forces and several others have gone into defense jobs.

Geo. H. Ross Becomes Toronto Exch. Member

TORONTO, ONT., CANADA—George H. Ross, partner in charge of the Toronto office of Thomson & McKinnon, 38 King Street, West, has become a member of the Toronto Stock Exchange. The firm felt that the acquisition of a membership in this exchange was justified in view of the increasing interest in mining stocks.

Kane Trading Manager For C. L. Schmidt Co.

CHICAGO, ILL.—C. L. Schmidt & Co., 120 South La Salle Street, announce that Vincent T. Kane has become associated with them as manager of their trading department. Mr. Kane was formerly with Ryan-Nichols & Co. in their trading department, and prior thereto for a number of years was connected with Fuller, Cruttenden & Co.

Wellington Fund Opens New Chicago Office

CHICAGO, ILL. — Wellington Fund, Philadelphia, distributors of Wellington Fund shares, has opened a Chicago office at 39 South La Salle street under the direction of Allen M. James who will act as Middle West wholesale distributor for the securities. Mr. James was formerly with Sutro Bros. & Co. here and later with Taussig, Day & Co.

J. E. Carey Now With Fahnestock In Waterbury

(Special to The Financial Chronicle)

WATERBURY, CONN.—Joseph Earle Carey has become associated with Fahnestock & Co., 111 West Main Street. Mr. Carey was formerly Vice-President of Henry C. Robinson & Co., Inc., in charge of their local office.

Now Price & Davis

The firm name of George E. Price & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange, has been changed to Price & Davis.

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Insurance Stock Earnings

An interesting bulletin on 1942 earnings and statistical comparison of insurance stocks has just been issued by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this bulletin are available on request from Laird, Bissell & Meeds.

Fire & Casualty Ins. Data Comparison Interesting

Interesting comparative data on principal fire and casualty insurance stocks, covering operations for 1942, and other pertinent information, may be had upon request from Mackubin, Legg & Company, 22 Light Street, members of the New York and Baltimore Stock Exchanges.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

First quarter statements of New York City banks reveal mixed trends for deposits and United States Government bond holdings since December 31, 1942. When compared, however, with first quarter statements of last year each bank shows a marked expansion of both deposits and Government bond holdings.

The following tabulations show deposits and Governments for 16 New York City banks as reported on March 31, 1943, balance sheets, compared with balance sheets for Dec. 31, 1942, and March 31, 1942. In the aggregate, deposits are reported lower than their record-breaking totals of December 31 by $795,190,000, or 4.1%. On the other hand, Governments aggregate higher by $136,687,000, or 1.3%.

TABLE I

	DEPOSITS—$(000)		
	3-31-42	12-31-42	3-31-43
Bank of Manhattan	$744,134	$939,413	$862,297
Bank of New York	283,983	362,733	308,698
Bankers Trust	1,255,702	1,504,658	1,434,002
Chase National	3,628,257	4,291,467	4,203,291
Chemical Bank & Trust	1,009,609	1,199,430	1,041,405
Commercial National	157,415	187,641	174,568
Continental B. & T.	89,604	96,760	98,335
Corn Exchange	423,097	532,799	512,996
First National	776,149	887,300	882,707
Guaranty Trust	2,256,852	2,698,262	2,666,261
Irving Trust	780,518	928,494	888,494
Manufacturers Trust	998,156	1,322,421	1,344,604
*National City	2,963,806	3,671,307	3,444,950
New York Trust	535,323	628,777	596,585
Public National	187,739	243,399	243,970
Sterling National	41,704	67,091	63,101
Total	$16,132,048	$19,561,952	$18,766,762

*Includes City Bank Farmers Trust.

TABLE II

	U. S. GOVERNMENTS—$(000)		
	3-31-42	12-31-42	3-31-43
Bank of Manhattan	$175,454	$424,371	$392,725
Bank of New York	117,995	202,766	183,155
Bankers Trust	539,901	711,606	770,193
Chase National	1,417,883	2,327,748	2,403,236
Chemical Bank & Trust	328.050	536,810	509,561
Commercial National	70,789	115,658	120,537
Continental B. & T.	8,743	33 368	40,371
Corn Exchange	194,079	324,312	332.582
First National	440,377	620,757	640,760
Guaranty Trust	1,040,617	1,692,373	1,827,682
Irving Trust	300,318	572,672	570,049
Manufacturers Trust	319,911	635,564	676,985
*National City	1,263,413	2,114,344	1,980,399
New York Trust	223,755	326,996	333,370
Public National	51,352	130,495	128,557
Sterling National	4,996	32,379	28,744
Total	$6,497,638	$10,802,219	$10,938,906

*Includes City Bank Farmers Trust.

It will be noted in Table I that all but three of the banks report lower deposits, and in Table II that nine banks added to their holdings of Governments, inclusive of seven which lost deposits during the quarter. The principal drain on deposits was heavy Treasury withdrawals from war loan accounts, while the issue of Treasury checks to war industries in the New York metropolitan district was inadequate as an offset.

It is of interest to observe that whereas Government holdings represented 40.3% of deposits on March 31, 1942, on Dec. 31, 1942, they represented 55.2% of deposits and on March 31, 1943, 58.3%.

Table III shows the first quarter earnings for 1943, compared with the first quarter of last year, as calculated from the balance sheets.

All but three of the banks show higher earnings; Bank of Manhattan and Corn Exchange show no change, while First National shows a 3% decline. So-called "indicated earnings" are not necessarily the equivalent of operating earnings and they are not always strictly comparable, quarter by quarter. For example, many of the banks, in view of today's uncertainties, are crediting relatively large amounts to reserves for taxes and contingencies which otherwise would appear in the undivided profits account. Whether such reserves are adequate or inadequate will not be known until later in the year, consequently a number of adjustments are likely to have to be made in the fourth quarter. On average, indicated earnings are approximately 26% higher than they were in the first quarter of 1942, which is not surprising in view of the banks' earning assets being some 33% larger.

Table III, in addition, shows the book value per share of each bank, as of March 31, 1943, and March 31, 1942.

During the Treasury's "Victory Fund" drive of last December, New York City's leading commercial banks added in excess of $2,500,000,000 to their holdings of Government securities, comprising 1¾% Treasury bonds of '48, ⅞% Certificates of Indebtedness and Treasury bills. The next drive to sell bonds occurs this month, with a goal set at around $13,000,000,000. But greater emphasis is being placed on subscriptions from non-banking sources, especially individuals, as a check against inflation. Nevertheless a fairly large proportion will of necessity have to be absorbed by the banking system, although possibly not as high as the 39.2% of the December drive. Issues available to the commercial banks are the 2% Treasury Bonds of 1952, and the ⅞% Certificates of Indebtedness, due April 1, 1944. Thus it is clear that the June 30 balance sheets of the commercial banks of New York City, and of other cities, will show further substantial expansion in their reported holdings of Government securities.

TABLE III

	Indicated Earnings Per Share		Book Value Per Share	
	1942, 1st Quarter	1943, 1st Quarter	3-31-1942	3-31-1943
	$	$	$	$
Bank of Manhattan	.30	.30	23.83	24.38
Bank of New York	3.97	5.58	342.32	350.63
Bankers Trust	.61	.76	44.74	46.48
Chase National	.36	.58	32.92	33.77
Chemical Bank & Trust	.55	.62	39.68	40.40
Commercial National	2.84	3.45	230.76	236.87
Continental B. & T.	.25	.40	21.49	22.13
Corn Exchange	.80	.80	47.45	48.38
First National	17.69	17.14	1200.48	1217.58
Guaranty Trust	3.00	4.00	310.52	314.94
Irving Trust	.16	.18	20.85	21.02
Manufacturers Trust	.91	.92	37.48	39.80
*National City	.38	.50	32.17	33.22
New York Trust	1.26	1.38	82.15	84.57
Public National	.67	.69	45.44	46.82
Sterling National	.23	.48	67.17	72.20

*Includes City Bank Farmers Trust.

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The year 1921 marked the low point for stock prices during the Twenties. In the Thirties the bottom came in 1932. There is good reason to believe that we have already passed the low point for the Forties—that the bottom was reached in April of last year.

However, the present decade cannot be compared with either the Twenties or the Thirties. Already it dwarfs them both by the sheer magnitude of events. Forces have been set in motion in the fields of politics, economics and science which are clearly shaping the Forties into a period without precedent in world history. The answer to the riddle of the future does not lie so much in the record of the past, but in the understanding and projection of present trends.

It appears reasonably certain that by the time the war is won, currency in circulation in this country will have reached a total of $25,000,000,000. In 1929 we managed to get along quite comfortably on approximately $4,000,000,000. Our Federal debt after the war will likely be in excess of $200,000,000,000 — how much more not even the New Deal knows. But whatever the figure is, it will make our 1929 Federal debt of $16,000,000,000 look like chicken feed.

We have heard so much talk of billions in recent years that figures have begun to lose their meaning for many of us. And yet the investment company sponsor who has spent the best (to say nothing of the toughest) years of his life building up a $10,000,000 fund will have a reasonably clear conception of the expansion that is taking place. It means more money in more people's pockets than ever before. And that capital will be seeking employment under greater pressure than ever before. Money that is plentiful and declining in purchasing power is the "hottest" commodity known to man.

Such a situation could easily end in catastrophe—**if the United States were to lose the war!** Since even Hitler is beginning to doubt that eventuality, the prospect is for stabilization at a higher price level. And despite all attempts to "plan" that level in advance, the probabilities are strong that it will be determined largely by the amount and kind of expansion that takes places in our financial structure.

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With such a service to offer and such a prospect for the future, it is high time that investment company sponsors shook off every vestige of the "mental conditioning" they have undergone in the past and began to think clearly in terms of the future. Is a billion-dollar investment company out of reach? Is a ten-billion-dollar investment company fantastic? Unless the industry raises its sights to these "fantastic" levels and makes the kind of effort worthy of such a goal it is likely to find itself confronted with a fifty-billion-dollar Government investment trust! The supply of and demand for capital in the post-war world will justify undertakings aggregating this amount.

We're placing our bets on the investment companies to meet this challenge. Structurally, they are well-designed to fill the requirements of many types of probable post-war financing. Where more flexibility is desirable, they will no doubt find ways to create such flexibility.

And to return to the present market as an illustration of a trend: Many people have wondered why it has refused to go down for so long. Others have pointed to the absence of margin buying—the unusually high percentage of "cash" business—as a possible reason for the sustained strength. Could it be that investment company purchases over the past 11 months have had anything to do with this trend? We happen to know that the industry has been doing a whale of a lot of new buying during this period—and, incidentally, at what may prove to be the lowest level of the entire Forties!

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Retail Sales Tax More Effective Than Spendings Tax Says Prof. Magill

A retail sales tax would be more effective than a spendings tax, Prof. Roswell Magill, former Under Secretary of the Treasury, says in a study of "The Impact of Federal Taxes," published by the Columbia University Press. According to Prof. Magill, who is a member of the Columbia Faculty of Law, "it seems likely that with greatly increased employment in the war more income goes into the hands of persons with $5,000 or less; and hence that the increased buying power which must be diverted into savings, or absorbed by taxes, is in this enormous income group." He is indicated as adding:

"If so, the spendings tax, as it was proposed, is not much better a device than the income tax for combating inflation, for, like the income tax, it would have little effect upon the buying power of the mass of consumers. It was aimed at the wrong target. A retail sales tax seems to be better designed to meet present necessities."

A sales tax by itself is not the best measure of tax-paying capacity, for purchases of goods do not increase proportionately with income, Magill points out. He goes on to say:

"It is unlikely that a man with a $10,000 salary buys five times as much tobacco and liquor and groceries as a man with $2,000; and it is clear that a man with a $50,000 income does not buy 25 times as much. To express the same proposition another way, the proportion of income saved and not spent is apt to increase with the size of the income. The limitation of the tax to sales of so-called luxuries is not of much use, for in this country automobiles, fur coats, and jewelry are pretty widely distributed among all classes of the population.

"Notwithstanding these facts, the case for a general retail sales tax today rests on solid grounds. The Federal tax structure consists to a large extent—some 73% —of taxes measured by incomes, estates and gifts.

"Viewed as a whole, the system is sufficiently geared to capacity to pay. In times like these, every citizen may properly be called on to pay some of the cost of our Army, Navy and Federal establishment, for it serves all alike. Administratively the collection of an income tax from persons with small cash incomes, like some farmers and laborers, is difficult or impossible.

"It has been estimated that in 1941 the total net income of individuals was around $90,000,000,000. Of this, $28,000,000,000 to $31,000,000,000 was received by persons who filed no income tax returns; $45,000,000,000 to $48,000,000,000 by persons with less than $5,000 net income, who paid $700,000,000 income tax; and $14,600,000,000 by persons receiving over $5,000 who paid $2,800,000,000 of income taxes.

"Nearly 81% of the tax was paid by the latter group, who received about 16% of the income. The income tax did not reach at all, or touched lightly, a large segment of the national income. The increasing buying power which will cause undesired increases in living costs comes largely from this source. Although the 1942 law lowered exemptions and raised rates, it has not cured the situation. A general sales tax would be a real help in combating inflation."

Gerald Loeb Stresses Exch. Volume Still Low

Lest we lose our sense of proportion, the 36,900,000 shares of stock traded in on the Nork York Stock Exchange in March, far from being "high" is, in fact, only slightly above the 33,000,000 shares traded in March, 1932, when the country was in the depths of depression.—G. M. Loeb, E. F. Hutton & Co.

NYSE Nominating Com. Gets Names For Slate

The New York Stock Exchange Nominating Committee for 1943 has received the names of 76 suggested nominees for the positions to be filled at the annual election of the Exchange on May 10. The slate of nominees will be posted on April 12. The list of nominees suggested follows:

Chairman: Austin Brown, Dean Witter & Co.; John A. Coleman, Adler, Coleman & Co.; George R. Kantzler, E. F. Hutton & Co.; Raymond Sprague, Raymond Sprague & Co.; and Henry V. Harris, Harris, Upham & Co.

Robert P. Boylan, at E. F. Hutton & Co., former Vice Chairman of the Stock Exchange, has also been suggested for the post of Chairman, but he has withdrawn his name. Mr. Brown and Mr. Sprague have also withdrawn. Robert L. Stott, the present Chairman, is not a candidate for reelection.

FOUR GOVERNORS who shall be members of the Exchange residing and having their principal places of business within the Metropolitan area of the City of New York:

William K. Beckers, Spencer Trask & Co.; Sydney P. Bradshaw, at Clark Dodge & Co.; Robert Cluett, 3rd, Burton, Cluett & Dana; E. Burd Grubb, Coggeshall & Hicks; Ernest L. Jones, Mallory, Hollister & Co.; Stephen A. Koshland, Carl M. Loeb, Rhoades & Co.; Sylvester P. Larken, at P. P. McDermott & Co.; William P. O'Connor, McDonnell & Co.; Henry Picoli, F. H. Douglas & Co.; Sidney Rheinstein, at Stern, Lauer & Co.; John Rutherfurd, at Foster, Brown & Co.

Others suggested are Mr. Boylan, Raymond Chauncey of Chauncey & Co.; and Arthur G. Somers of Somers & Somers. Also Arthur F. Broderick, J. S. Bache & Co.; Austin Brown, Dean Witter & Co.; Clinton S. Lutkins, R. W. Pressprich & Co.; Harold C. Mayer, Bear, Stearns & Co.; Rudolph Nadel, Mabon & Co., and Homer Vilas of Cyrus J. Lawrence & Sons.

Also Robert D. Danks, Ernst & Co.; Hartley C. Davidson, Henderson, Harris & Co.; James J. Gurney, Breining & Co.; William B. Haffner, Wilcox & Co., and Walter W. Stokes, Jr., Stokes, Hoyt & Co.

Messrs. Beckers, Broderick, Cluett, Mayer, Picoli, Rutherford and Vilas have withdrawn their names.

THREE GOVERNORS who shall be allied members or non-members residing and having their principal places of business within the Metropolitan area of the City of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public:

Henry C. Breck, J. & W. Seligman & Co.; John C. Maxwell, Tucker, Anthony & Co.; John A. Morris, Gude, Winmill & Co.; Radcliffe Swinnerton, R. Swinnerton & Co.

Others named are F. Malbone Blodget, Spencer Trask & Co.; Maynard C. Ivison of Abbott, Proctor & Paine; Harold T. Johnson, Jas. H. Oliphant & Co.; Emmett Lawshe, Shields & Co.; Alfred J. Ross, Dick & Merle-Smith; and Herbert Spendlove, L. S. Kerr & Co.

Also Herbert F. Boynton, F. S. Moseley & Co., and Irving D. Fish, Smith, Barney & Co.

Messrs. Blodget, Bush and Ivison have withdrawn their names.

TWO GOVERNORS who shall be members or allied members or non-members of the Exchange residing and having their principal places of business outside of the Metropolitan area of the City of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one shall be a member of the Exchange:

H. Prenatt Green, G. H. Walker & Co.; Chauncey J. Hamlin, Hamlin & Lunt; Edgar Scott, Montgomery, Scott & Co.

Additions to this list are: Harold Bache, J. S. Bache & Co., Engene Barry, Shields & Co., Henry L. Bogart, Eastman, Dillon & Co., Prescott S. Bush, Brown Brothers, Harriman & Co., Arthur B. Lawrence, F. S. Smithers & Co., Walter Stillman, Stillman, Maynard & Co. and Robert H. White, Asiel & Co.

Also Clarence H. Clark, E. W. Clark & Co.; R. W. Courts, Jr., Courts & Co.; Michael J. O'Brien, Paine, Webber, Jackson & Curtis; and Ledlie W. Young, A. E. Masten & Co.

Mr. Stillman and Mr. White have withdrawn their names.

Nominating Committee

FIVE MEMBERS OF THE NOMINATING COMMITTEE, three of whom shall be members and two of whom shall be allied members of the Exchange:

Members: John J. McKeon, Chas. W. Scranton & Co.; John B. Shethar, at Wellington & Co.

Other members suggested are: Edwin A. Cowen, Cowen & Co.; Fairman Dick, Dick & Merle-Smith, Lawrence Swift, Foster & Adams; Leonard Wagner, Wagner, Stott & Co.; William B. Bohen, Baker, Weeks & Harden, and Charles Sievers, Barrett & Co. Mr. Shethan and Mr. Wagner have withdrawn their names.

Allied Members: Herbert Boynton, F. S. Moseley & Co.; Irving D. Fish, Smith, Barney & Co.; William H. Combs, Combs, Maxwell & Potter, and John H. Kitchen, George D. B. Bonbright & Co.

Others suggested are: David S. Foster, Pershing & Co.; Alfred B. Mackay, at Dominick & Dominick; Joseph G. Osborne, Hayden, Stone & Co.; James G. Purcell, Nugent & Igoe; and Arnold Wood, Jr., Labranche & Co.

Also F. Edward Bosson, Putnam & Co., Hartford, Conn., and Lester Watson, Hayden, Stone & Co., Boston, Mass.

Robert W. Keelips is Chairman of the Nominating Committee for 1943 and Coleman B. McGovern is Secretary. Other members are Charles S. Garland, Ranald H. Macdonald and Charles A. Sulzbacher.

Chase Invites Tenders On New South Wales 5s

The Chase National Bank of the City of New York is inviting tenders for the sale to it of an amount of State of New South Wales, Australia, external 5% sinking fund gold bonds due April 1, 1958, sufficient to exhaust the sum of $217,820. Tenders will be accepted at prices not exceeding par and accrued interest and will be opened at 12 o'clock noon on April 7, 1943, at the Corporate Trust Department of the bank, 11 Broad Street, New York.

...THE...

PHILADELPHIA NATIONAL BANK

Organized 1803

March 31, 1943

RESOURCES

Cash and due from Banks	$205,037,384.35
U. S. Government Securities	406,817,692.12
State, County and Municipal Securities	17,569,795.55
Other Securities	38,910,001.70
Loans and Discounts	84,197,019.92
Bank Buildings	2,600,000.00
Accrued Interest Receivable	2,787,505.77
Customers Liability Account of Acceptances	1,320,532.13
	$759,239,931.54

LIABILITIES

Capital Stock	$ 14,000,000.00
Surplus	21,000,000.00
Undivided Profits	13,146,967.85
Reserve for Contingencies	3,248,171.53
Reserve for Taxes	2,316,374.99
Dividend (Payable April 1, 1943)	875,000.00
Unearned Discount and Accrued Interest	157,527.25
Acceptances	1,457,756.20
Deposits	703,038,133.72
	$759,239,931.54

EVAN RANDOLPH, *President*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Philadelphia, Pa.

itized for FRASER
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1818 — 1943

One hundred and twenty-five years ago, when our business was established, we served the banking needs of many of the prominent merchants and corporations responsible for the early growth and economic development of our country.

In 1943, just as in 1818, our clients include many of America's outstanding business enterprises. Direct descendants of the founders are among the present partners of the firm. With the broad background gained from long and varied experience, we offer complete banking facilities to individuals, firms and corporations.

BROWN BROTHERS HARRIMAN & CO.
PRIVATE BANKERS

NEW YORK BOSTON PHILADELPHIA

Statement of Condition, March 31, 1943

ASSETS		
Cash on Hand and Due from Banks		$ 41,989,284.02
United States Government Securities *Valued at Cost or Market whichever lower*		63,660,603.18
Call Loans and Acceptances of Other Banks		7,390,399.09
Securities Called or Maturing Within 1 Year *Valued at Cost or Market whichever lower*		6,782,761.94
Loans and Advances		25,870,595.55
Marketable Bonds and Stocks *Valued at Cost or Market whichever lower*		14,968,372.69
Customers' Liability on Acceptances		5,481,489.49
Other Assets		334,362.95
		$166,477,868.91
LIABILITIES		
Deposits—Demand	$142,747,001.30	
Deposits—Time	3,183,117.83	$145,930,119.13
Acceptances	$ 6,717,087.59	
Less Own Acceptances Held in Portfolio	1,407,834.15	5,309,253.44
Accrued Interest, Expenses, etc.		101,334.88
Reserve for Contingencies		1,671,248.44
Capital	$ 2,000,000.00	
Surplus	11,465,913.02	13,465,913.02
		$166,477,868.91

There are Pledged to Secure Public Monies U. S. Government Securities Par Value $900,000.

PARTNERS

Moreau D. Brown, E. R. Harriman
Thatcher M. Brown, W. A. Harriman
Prescott S. Bush, Ray Morris
Louis Curtis, Knight Woolley

FACILITIES

Complete Facilities for Domestic and Foreign Banking
Deposit Accounts · Loans · Acceptances Commercial Letters of Credit
Brokers for Purchase and Sale of Securities
Investment Advisory Service

H. D. Pennington, *General Manager*

Managers

Edward Abrams, Charles F. Breed, Alister C. Colquhoun, *H. Pelham Curtis, *Charles W. Eliason, Jr., Stephen Y. Hord, Howard P. Maeder, Thomas McCance, Ernest E. Nelson, *Donald K. Walker, *John C. West

Assistant Managers

David G. Ackerman, Merritt T. Cooke, William A. Hess, Joseph R. Kenny, Joseph C. Lucey, Thomas J. McElrath, *Edwin K. Merrill, Herbert Muhlert, Arthur K. Paddock, Arthur R. Rowe, L. Parks Shipley, *Eugene W. Stetson, Jr., Gale Willard, Harry L. Wills

George E. Paul, *Comptroller* Arthur B. Smith, *Auditor*

**Now in Government Service.*

Licensed as Private Bankers and subject to examination and regulation by the Superintendent of Banks of the State of New York and by the Department of Banking of the Commonwealth of Pennsylvania. Subject to supervision and examination by the Commissioner of Banks of the Commonwealth of Massachusetts.

Walter Lambert Dead

Walter Rittenhouse Lambert died at his home of a heart attack. Mr. Lambert was head of the bond department of Finch, Wilson & Co., New York City, members of the New York Stock Exchange.

Offers Pre-Induction Training To Wall St. Men Facing Draft

An interesting course in military strategy and tactics is offered to Wall Street men facing induction into the armed forces by the Queens Own Guards.

The advantages offered to men of military service age by the Volunteer Officer Candidate Plan apparently were terminated on February 22. This means that, with the exception of the opportunity offered to young men under the age of 20 to participate in the competitive examination to gain instruction and training in the colleges of the nation, comparatively few men now civilians will be given preferred status in securing commissions in our military and naval program. Moreover, due to the adjustments in the age ranges for military service and the growing demand for an enormous armed force, now more than ever before in the history of our country intelligent, ambitious men must become aware of the situation confronting them.

An analysis of the circumstances discloses that the best course for one desirous of securing a commission is to participate in pre-induction military training. Several organizations devoted to this purpose have been in operation throughout the metropolitan area.

Queens Own Guards, which has conducted instruction and drills every Friday night since Sept. 26, 1941, at 7:45 p.m. in the boys' gym of the Jamaica High School, 167-01 Gothic Drive, Jamaica, New York, which may be reached via the Independent Subway, has had outstanding success in its accomplishments. Endorsed by prominent citizens of Queens County, New York, its staff of instructors and drillmasters includes World War A. E. F. Army and Marine officers and non-commissioned officers, graduates of Plattsburgh Training Camps, members of the National Guard and the State Guard. It has conducted instruction in the new I. D. R., the new manual of arms, map and compass reading, radio communication, physical culture and lectures on diverse subjects of military importance, such as military courtesy and administration. Rifle marksmanship is taught Wednesday evenings at the range of the 77th Division Veterans' Clubhouse, 28 East 39th Street, New York City. Approved army methods are employed. Rifle slings are used. Those participating pay 75 cents an evening for ammunition, individual targets, use of rifles, electrical instructional sighting devices and facilities of the clubhouse. Attendance is optional. Teams have scored genuine success in intra-State competition.

Although complete reports are lacking, at least 20 of its graduates are commissioned officers and it has innumerable non-commissioned officers to its credit. The reason for the enviable success of the organization is apparent when it is learned that the emphasis on all of its activities is in the development of the individual's leadership. With the rapid growth of the armed forces it is evident that there is an urgent demand for those who have had basic instruction and experience in command.

The Queens Own Guards has attempted to maintain liaison between its graduates and the organization for the purpose of giving further advice to men already in the Service when they are confronted with problems requiring suggestions from experienced veterans. Realizing the value of its activities in connection with the war effort the committee has decided to donate all of its equipment and records to some historical society at the termination of its operations.

Alert Wall Street men facing induction will readily recognize the value of this training. They will be interested to know that some men active in the financial district are taking an active part in this unit. Never before has such slight investment in time and effort paid such enormous dividends. The latter include increased pay, more congenial assignments, increased prestige.

Those interested in the significance of war events and who would like to hear intelligent discourses on strategy and tactics and receive R. O. T. C. Military Science instruction will also be pleased to learn that a group has been meeting at 12:15 every Tuesday at Au Coq D'Or, 129 Maiden Lane, New York City, to hear George Chase Lewis, Colonel, Inf., U. S. Army, widely known officer, scholar and educator. Both veterans and young men are in the group. A substantial number of former members are now commissioned officers. This luncheon group has met continuously since Feb. 3, 1942.

No obligations are involved in membership in either the Queens Own Guards or the Tuesday Luncheon. The purpose of both organizations is the same: Preparedness for non-combatant as well as combatant branches of the Service.

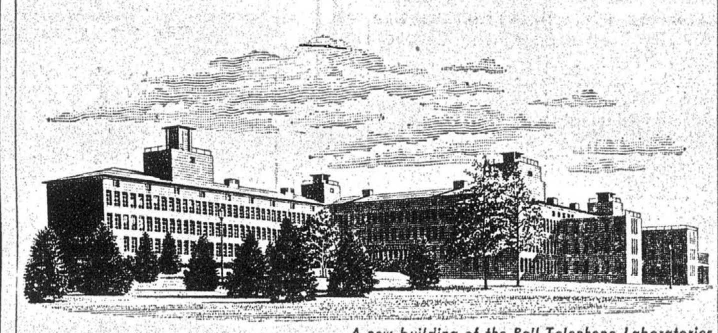
More Freight Cars On Order By Roads March 1

Class I railroads on March 1, 1943, had 19,329 new freight cars on order, the construction of which had been authorized by the War Production Board, the Association of American Railroads announced on March 22. This included 8,953 hopper, 8,428 gondolas, 1,745 flat, 60 plain box cars and 143 miscellaneous freight cars. On Feb. 1, last, they had 19,281 cars on order, and on March 1, 1942, a total of 70,602 cars.

The Class I railroads also had 499 new locomotives on order on March 1, this year, compared with 651 on the same day in 1942. The number on order on March 1, 1943, included 352 steam and 147 electric and Diesel contrasted with 300 steam and 351 electric and Diesel one year ago.

The Class I railroads put 2,996 new freight cars in service in January and February compared with 17,405 in the same month last year. Those installed in the first two months of 1943 included 1,109 hopper, 1,001 gondola, 700 flat, 135 automobile box, 24 plain box and 27 miscellaneous freight cars.

New locomotives put in service in the first two months of this year totaled 99, of which 83 were steam and 16 were electric and Diesel. New locomotives installed in the same period last year totaled 115, of which 46 were steam and 69 were electric and Diesel.



A new building of the Bell Telephone Laboratories

Reason for Confidence

More than ninety per cent of American scientists are engaged in beating the Germans and Japanese.

More than ninety per cent of American scientific laboratory facilities are devoted to the same task.

American scientists are working at this job six or seven days a week, long hours, with few interruptions.

They are getting somewhere, too. Every now and then the Germans and the Japanese have an unpleasant surprise.

They find that American science has caught up with them and passed them.

It is reassuring to us and discouraging to our enemies, for American scientific facilities are the greatest in the world. And they are functioning.

Little by little, some of the things that have been developed become public, but most of them you won't hear about until after the war.

But now, without the details, you can have faith that American research—industrial and academic combined—is rapidly giving our fighting forces an advantage.

Along with other American industry, the Bell Telephone System has its own Bell Laboratories—the largest in the world—working overtime for victory.

BELL TELEPHONE SYSTEM

Your continued help in making only vital calls to war-busy centers is a real contribution to the drive for victory.

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Kansas And Texas Enact Union-Control Legislation

The States of Kansas and Texas have recently enacted laws providing for regulation of labor unions by requiring such bodies to file annual reports of their operations to include itemized statements of all receipts and expenditures. These reports must be submitted to the respective Secretaries of State. As each measure is drawn along the same general lines, their scope and basic nature can be readily ascertained from the extracts, given below, of the brief synopsis of the Kansas statute which was issued under date of March 27 by the Wichita, Kansas, Chamber of Commerce. Kansas, incidentally, was the first State to enact a measure of this character, the effective date of which is May 1, 1943. The Texas bill was approved by the State Legislature on March 25 and was then forwarded to Governor Coke Stevenson. Opponents of the respective laws charged that they were intended to destroy organized labor; proponents contended the measures were designed to protect the laboring man and responsible unions.

Excerpts from the analysis of the Kansas bill follow:

Rights of Employees

Guarantees to the worker the right to organize for collective action and to join a union of his own choice.

Guarantees to the worker the right to work and the right to refrain from joining any labor organization if he so desires.

Guarantees to workers and to labor organizations the right to strike.

Guarantees to the union member the right to vote at elections held in consonance with the constitution and by-laws of the labor organizations, and prohibits labor leaders from suspending such elections.

Guarantees to union members the right to secret ballot.

Guarantees to the worker member of any labor organization the right of petition.

Prohibits the collection of excessive dues and fees from union members. Excessive dues and fees are construed to be any in excess of those called for by the constitution and by-laws as filed with the Secretary of State.

Protects the worker against unauthorized strikes. An unauthorized strike is held to be any strike not called by a majority vote of the workers affected thereby.

Protects the employee from coercion, intimidation or retaliatory action by employer.

Protects the employee from coercion, intimidation, or retaliatory action by the union leaders.

Requires that the labor organization shall file with the Secretary of State a list of the duly elected union officials, the salaries, bonuses and other remuneration paid each, a complete copy of the constitution and by-laws, and a complete statement of receipts, disbursements, assets and liabilities.

Prohibits the employer from dominating or interfering with the formation or administration of any labor organization, or contributing financial or other support to it.

Prohibits the picketing of any employee's domicile or injury to the person or property of any employee or his family.

Guarantees that no worker shall be discharged or otherwise discriminated against by an employer by reason of the filing of charges or giving of testimony under this Act.

Guarantees to the worker upon termination of employment a service letter setting forth his tenure of employment, occupational classification and the wage rate received by him.

Rights of the Employers

Protects the employer against unauthorized strikes.

Protects the employer's property by outlawing "sit-down" strikes.

Protects the employer against the unlawful seizure of his property.

Protects the interests of the employer in negotiations with the employee by requirement that business agents be licensed.

Protects the employer against stoppage of work by making it unlawful for employees to refuse to handle, install, use or work on particular materials, equipment or supplies because not produced, processed or delivered by members of a labor organization.

Rights of the Public

Labor organizations are made amenable to the law and responsible for their acts. In order to accomplish this, complete information regarding the financial affairs of the union, its duly authorized representatives, and its rate of fees and dues must be filed with the Secretary of State as a public record.

Picketing beyond the area of the industry within which a labor dispute arises is prohibited.

Picketing by force and violence is prohibited.

Picketing in such a manner as to prevent ingress and egress to and from any premises or in other than a peaceable manner is prohibited.

Radical foreign elements are prohibited from dominating labor organization affairs by the provision which requires that all business agents must be citizens of the United States.

Business agents are brought within the control of the law and of the courts by the requirement that they be licensed by the state.

Calling of strikes by reason of any jurisdictional dispute, grievance or disagreement between or within labor organizations is prohibited.

Labor organizations are made responsible for their unlawful acts and damage caused thereby, and the law provides that suits may be maintained against labor organizations and judgments may be enforced against the common property of such labor organizations.

Penalties

Violations of the act are deemed misdemeanors and are punishable by both fine and imprisonment as in the violation of other laws.

Curb Exchange Requires Cash For Purchases Of Low-Priced Securities

The Board of Governors of the New York Curb Exchange, at a special meeting on March 30, amended its margin rules with respect to stocks selling below $5 a share and bonds which sell at less than 5% of par. The new amendment provides that such securities must be purchased for cash only; that they may not be bought on margin. The announcement of the Exchange states:

"The rule applies not only to public customers of member firms but to individual members and their partners in trading for their own account, with one exception: In order that specialists may not be handicapped in meeting their obligations to maintain orderly markets, the rule does not apply to them. The effective date of the amendment is April 1, and purchasers of securities in this category before that date have until June 1, 1943, to make full payment."

Earlier action by the New York Stock Exchange in the matter was noted in our issue of April 1, page 1205.

Bankers Made Directors Of National War Fund

The National War Fund Board of Directors, which was announced on April 1 by Winthrop W. Aldrich, President of the Fund, includes the following members from the banking world:

Charles F. Adams, Chairman of the Board of the State Street Trust Co. of Boston; Jean B. Adoue, Jr., President, National Bank of Commerce, Dallas, Tex.; Raymond N. Ball, President, Lincoln-Alliance Bank and Trust Co., Rochester, N. Y.; Philip A. Benson, President, Dime Savings Bank of Brooklyn; J. Herbert Case, Director, City Bank Farmers Trust Co., New York; Walter J. Cummings, Chairman of the Board, Continental Illinois National Bank and Trust Co., Chicago; Byron M. Edwards, President, The South Carolina National Bank, Columbia, S. C.; Charles T. Fisher, Jr., President, National Bank of Detroit; Robert M. Hanes, President, Wachovia Bank & Trust Co., Winston-Salem, N. C.; Gordon S. Rentschler, Chairman of the Board, National City Bank of New York; Tom K. Smith, President, Boatmen's National Bank, St. Louis, Mo.; M. S. Szymczak, Board of Governors, Federal Reserve System, Washington, D. C.

The National War Fund will undertake to raise and distribute adequate funds to meet the reasonable requirements of all approved war-related appeals, except the Ameircan Red Cross, through co-ordinated campaigns to be held next Fall, it was explained by Mr. Aldrich, who is also Chairman of the Board of the Chase National Bank of New York.

Thus, for the first time, it is pointed out, the people of the United States will have the opportunity to contribute in a single campaign for services for our fighting forces, for war relief for our Allies and for needs on the home front.

In addition to Mr. Aldrich as President and Mr. Rentschler as Treasurer, the officers of the National War Fund include Ralph Hayes, Wilmington, Del., as Secretary; Gerard Swope, New York, as Chairman of Budget Committee, and Henry M. Wriston, Providence, R. I., as Chairman of Public Relations Committee.

Participants in the National War Fund will be decided by the Board of Directors, who will act on recommendations of the Budget Committee, headed by Mr. Swope, and will consult with the President's War Relief Control Board. Preliminary membership now includes the USO; The British War Relief Society, Inc.; United China Relief, Inc.; The Queen Wilhelmina Fund, Inc.; Greek War Relief Association, Inc.; Polish War Relief, Inc.; Russian War Relief, Inc.; United Yugoslav Relief Fund; American Social Hygiene Association, Inc.; War Prisoners Aid Committee, YMCA; World Emergency and War Victims Fund; YWCA; U. S. Committee for the Care of European Children; United Seamen's Service, Inc.; French Relief Fund, Inc.; Norwegian Relief; The Belgian Relief Society, Inc; National CIO Committee for American and Allied War Relief; United Nations Relief of the A. F. of L.; Refugee Relief Trustees, Inc.

In those cities where there are community chests already organized, Mr. Aldrich said, the National War Fund will work in conjunction with the Chests in their annual campaigns.

LeGost To Aid State Savings Campaign

Urbain C. LeGost has resigned his connection with Edwin Bird Wilson, Inc., advertising counsel, to join Edward B. Sturges, 2nd, Inc., to assist in the public relations work for the Savings Banks Association of New York and the State-wide campaign for the promotion of savings and thrift.

Mr. LeGost resigned from the Association last April and became affiliated with E. B. Wilson, Inc., as a specialist in mutual savings bank promotion. Now he is joining Mr. Sturges to take over the motion picture distribution formerly conducted by Norman L. Connard, who is now in the officers' training group of the United States Army, and in addition, to assist in the general public relations activities of the savings banks, particularly the State-wide advertising campaign.

McGinnis Opens Course On Receivership Rails

Patrick B. McGinnis of Pflugfelder, Bampton & Rust began a series of lectures on "Receivership Rails" at the New York Institute of Finance, 20 Broad Street, New York, on April 5. This series of lectures will run for 15 weeks.

Mr. McGinnis is considered Wall Street's best-known authority on reorganization rail securities. This is the third series of lectures given by him at the Institute.

Also opened on April 5 are advanced investment analysis courses covering the Oil Industry and Public Utility Operating Companies, as well as the more elementary courses in Basic Stockbrokerage Procedure, Work of the Cashier's and P. & S. Departments, and Practical Application of Stock Transfer Taxes.

The New York Institute also announces a new edition of "Educational Tests for New York Stock Exchange Member Firm Employees," revised as of Feb. 1, 1943. This is a 34-page booklet of questions and answers covering all subjects included in the New York Stock Exchange Registered Employee Examination. Price of the booklet is $1.00 including tax.

Francis T. Phillips Dies

Francis T. Phillips, president of The Francis T. Phillips Company of Waterbury, Conn., died at the Waterbury Hospital after a brief illness. Mr. Phillips was an officer and director of the Phillips & Benjamin Company, the Anderson & Phillips Company, and Traders, Inc. He served as an officer in the first World War, rising to the rank of lieutenant colonel.

DIRECTORS

THOMAS W. LAMONT
Chairman

R. C. LEFFINGWELL
Chairman Executive Committee

GEORGE WHITNEY
President

HENRY C. ALEXANDER
Vice-President

ARTHUR M. ANDERSON
Vice-President

I. C. R. ATKIN
Vice-President

H. P. DAVISON*

CHARLES D. DICKEY
Vice-President

THOMAS S. LAMONT*

W. A. MITCHELL
Vice-President

JUNIUS S. MORGAN*

ALFRED P. SLOAN JR.
Chairman General Motors Corporation

E. TAPPAN STANNARD
President Kennecott Copper Corporation

JAMES L. THOMSON
Chairman Finance Committee Hartford Fire Insurance Company

JOHN S. ZINSSER
President Sharp & Dohme Inc.

* On active service in the armed forces.

April 2, 1943.

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

Condensed Statement of Condition March 31, 1943

ASSETS		
Cash on Hand and Due from Banks		$155,399,860.25
United States Government Securities, Direct and Fully Guaranteed		464,815,116.87
State and Municipal Bonds and Notes		25,130,518.94
Stock of the Federal Reserve Bank		1,200,000.00
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		17,515,819.72
Loans and Bills Purchased		69,611,052.54
Accrued Interest, Accounts Receivable, etc.		3,117,491.35
Banking House		4,000,000.00
Liability of Customers on Letters of Credit and Acceptances	$3,968,607.94	
Less Prepayments	36,106.77	3,932,501.17
Total Assets		$744,722,360.84
LIABILITIES		
Deposits	$692,713,389.36	
Official Checks Outstanding	5,153,430.35	$697,866,819.71
Accounts Payable and Miscellaneous Liabilities		1,069,424.92
Acceptances Outstanding and Letters of Credit Issued		3,968,607.94
Capital	$20,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	1,817,508.27	41,817,508.27
Total Liabilities		$744,722,360.84

United States Government securities carried at $53,744,360.07 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

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Interest On Rio 6s

The City of Rio de Janeiro, Federal District of the United States of Brazil, has remitted to its special agents funds for the payment of interest for the six months ended April 1, 1941, on its five-year 6% external secured gold bonds due April 1, 1933, at the rate of $4.875 per $1,000 bond, or 16.25% of the dollar amount of such interest. These funds have been remitted in accordance with provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as re-enacted and modified by Decree Law No. 2085 of March 8, 1940. The announcement adds:

"Cash payment at this rate, to be in full payment of the interest due April 1, 1941, is now being made upon presentation of the bonds at the offices of the special agents, White, Weld & Co., 40 Wall Street, New York, or Brown Brothers Harriman & Co., 59 Wall Street, New York."

New Cotton Exch. Member

The election of William W. Kirby, of Manget Brothers Co., Newnan, Ga., to membership in the New York Cotton Exchange was announced on March 25 by Robert J. Murray, President of the Exchange. Mr. Kirby is a member of the Chicago Board of Trade and Liverpool Cotton Association. His election to membership brings the total number of Georgians holding membership on the New York Cotton Exchange to 15.

Frederick Liebert Dead

Frederick W. Liebert died of a heart attack at Fort Leavenworth, Kansas, where he was attending a civilian orientation course for industrial leaders to familiarize business executives with the Army's problems. Mr. Liebert was vice-president of John Nickerson & Co., Inc., New York City.

N. Y. Bank Ratio Of Profits To Capital Funds Down In 1942 Although Holdings Of Govts. Up

The average ratio of net profits to total capital funds for all member banks in the Second (New York) Federal Reserve District declined by one-fifth from 1941 to 1942, even though they enlarged their holdings of Government securities considerably, according to the New York Reserve Bank's annual compilation, issued the latter part of last month. The average rate was 4.4% in 1942, as compared with 5.5% in 1941.

The reduction in net profits, the Bank says, "appears to have been chiefly the result of increased expenses—larger disbursements for salaries and wages, some increase in taxes, and increases in other expenses, including Federal Deposit Insurance Corporation assessments against the increased volume of deposits—which were only partially offset by reduced interest payments on time deposits. Another factor was a considerable reduction in recoveries and profits taken on securities sold, reflecting the more stable market conditions which prevailed during 1942, especially for Government securities."

The announcement concerning the figures, made public by Allan Sproul, President of the Reserve Bank, further explains:

"Bank earnings were affected also by a lower average rate of return on their assets, which for many groups of banks more than offset the effects of an increased volume of earning assets. There were repayments of loans, on which relatively high interest rates had been received, especially by the smaller banks, while the increased investments in Government securities yielded lower rates of return. As a result of this type of shift in earning assets, the most severe shrinkage in net current earnings and in net profits appeared in the smallest banks. The large banks in New York City and in other parts of the District were an exception to the general rule; their average rates of income on earning assets, which were already at low levels, showed little further shrinkage, and their expense ratios did not increase as much as those of the smaller banks. Furthermore, the loan volumes of the large New York City banks were well maintained (probably because of substantial participations in large loans to war contractors). Consequently, contrary to the general trend, New York City banks with deposits over $100,000,000 showed an increase from 5.6 to 6.0% in the ratio of net profits to total capital funds and banks outside New York City with deposits over $20,000,000 showed an increase in their average rate of profits from 4.5 to 5.4%.

"Average net current earnings for all groups of banks, before charge-offs, declined from 7.1% of capital funds in 1941 to 6.1% in 1942, the lowest figure in the 11 years for which this ratio has been computed. The ratio of net current earnings to total assets also declined to a new low level, falling from 0.9% in 1941 to 0.6% in 1942. Here again the smaller banks showed the largest reductions in these ratios.

"Member banks in this District generally showed a tendency to follow conservative policies with respect to their dividend declarations in 1942. The large New York City banks and the largest banks outside New York City, which in recent years had been paying the highest dividend rates on their capital funds, reduced their dividend disbursements in the aggregate in 1942. In other groups of banks, where dividend disbursements already were at lower rates, there was little change.

"The rapid growth in the percentage of total assets invested in securities was accompanied by a further decline in the proportion of cash assets, despite the reduction in loans. This expansion in investments and the accompanying growth in deposits are reflected in further declines in the ratios of capital accounts to earning assets, and to deposits."

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business
March 31, 1943

RESOURCES

Cash and Due from Banks	$375,714,377.98
U. S. Government Securities	676,984,889.82
U. S. Government Insured F. H. A. Mortgages	10,083,131.16
State and Municipal Bonds	27,764,897.56
Stock of Federal Reserve Bank	2,237,950.00
Other Securities	34,716,931.41
Loans, Bills Purchased and Bankers' Acceptances	279,375,384.87
Mortgages	14,135,993.10
Banking Houses	12,531,624.67
Other Real Estate Equities	2,089,726.81
Customers' Liability for Acceptances	3,641,015.65
Accrued Interest and Other Resources	4,234,445.41
	$1,443,510,368.44

LIABILITIES

Preferred Stock	$ 8,307,640.00	
Common Stock	32,998,440.00	
Surplus and Undivided Profits	45,128,250.26	86,434,330.26
Reserves		7,275,875.69
Common Stock Dividend (Payable April 1, 1943)		824,959.50
Preferred Stock Dividend (Payable April 15, 1943)		207,691.00
Outstanding Acceptances		3,981,826.62
Liability as Endorser on Acceptances and Foreign Bills		181,488.25
Deposits		1,344,604,197.12
		$1,443,510,368.44

United States Government and other securities carried at $98,629,413.11 are pledged to secure U. S. Government War Loan Deposits of $47,551,065.99 and other public funds and trust deposits, and for other purposes as required or permitted by law.

DIRECTORS

EDWIN M. ALLEN
President, Mathieson Alkali Works, Inc.

EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.

EDGAR S. BLOOM
President, Atlantic, Gulf and West Indies Steamship Lines

LOU R. CRANDALL
President, George A. Fuller Company

CHARLES A. DANA
President, Spicer Manufacturing Corp.

HORACE C. FLANIGAN
Vice-President

JOHN M. FRANKLIN
New York City

CHARLES FROEB
Chairman, Lincoln Savings Bank

PAOLINO GERLI
President, E. Gerli & Co., Inc.

HARVEY D. GIBSON
President

JOHN L. JOHNSTON
President, Lambert Company

OSWALD L. JOHNSTON
Simpson Thacher & Bartlett

CHARLES L. JONES
The Charles L. Jones Company

SAMUEL McROBERTS
New York City

JOHN P. MAGUIRE
President, John P. Maguire & Co., Inc.

C. R. PALMER
President, Cluett, Peabody & Co., Inc.

GEORGE J. PATTERSON
President, Scranton & Lehigh Coal Co.

HAROLD C. RICHARD
Chairman, General Bronze Corporation

HAROLD V. SMITH
President, Home Insurance Co.

ERNEST STAUFFEN
Chairman, Trust Committee

GUY W. VAUGHAN
President, Curtiss-Wright Corporation

HENRY C. VON ELM
Vice-Chairman of the Board

ALBERT N. WILLIAMS
President, Western Union Telegraph Company

Principal Office: 55 Broad Street, New York City
68 BANKING OFFICES IN GREATER NEW YORK
European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of $20 each. The Preferred is convertible into and has a preference over the Common to the extent of $50 per share and accrued dividends.

THE PUBLIC NATIONAL BANK
AND TRUST COMPANY OF NEW YORK

Main Office, 37 Broad Street

CONDENSED STATEMENT OF CONDITION
at the close of business, March 31, 1943

RESOURCES

Cash and Due from Banks	$59,687,266.87
U. S. Government Obligations	128,556,513.43
State, Municipal and Corporate Bonds	7,488,876.97
Loans and Discounts	66,311,040.01
Customers' Liability under Acceptances	1,115,296.06
Banking Houses	2,146,523.22
Other Real Estate Owned	80,143.66
Federal Reserve Bank Stock	420,000.00
Accrued Interest Receivable	621,897.44
Other Assets	113,858.64
TOTAL	$266,541,416.30

LIABILITIES

Capital	$7,000,000.00	
Surplus	7,000,000.00	
Undivided Profits	4,726,376.42	$18,726,376.42
Dividend Payable April 1st, 1943		150,000.00
Unearned Discount		244,284.86
Reserved for Interest, Taxes, Contingencies		2,088,004.14
Acceptances Outstanding	2,034,489.97	
Less: Own in Portfolio	848,129.56	1,186,360.41
Other Liabilities		175,955.49
Deposits		243,970,434.98
TOTAL		$266,541,416.30

Securities with a book value of $7,652,474.87 in the above statement are pledged to secure public and trust deposits (including U. S. War Loan deposits of $5,827,014.03) and for other purposes required or permitted by law.

MEMBER: N. Y. CLEARING HOUSE ASSOCIATION • FEDERAL RESERVE SYSTEM
FEDERAL DEPOSIT INSURANCE CORPORATION

28 Offices Located Throughout Greater New York

Morgenthau Warns US To Guard Against Post-War Inflation

Secretary of the Treasury Morgenthau said the latter part of last month that the nation must be on guard against post-war inflation because of "a strong probability" of a rapid industrial revival after the war.

Associated Press Washington advices reporting his remarks, stated:

A backlog of post-war purchasing power and accumulated demands for consumers goods and services, he said, will speed the conversion of war industries to peace-time production and the development of new industries.

"What this involves for the American people is fairly clear," Mr. Morgenthau said in a statement. "It means that we must reorient our wartime ways of doing things, our wartime ways of buying and living, not all at once but gradually; it means we must be on our guard against post-war inflation in the same way that today we are on guard against wartime inflation.

"An intemperate buying spree immediately upon termination of the war might have the same effect as that at the close of the last war when the cost of living spiraled upward 29% between November, 1918, and June, 1920. We must not permit war weariness and the desire to return to 'normalcy' rob us of the very fruits of victory."

According to the same advices, Mr. Morgenthau estimated that by the end of 1944 the national debt will amount to about $210,000,000,000 and will involve interest payments of $4,000,000,000 a year.

Servicing such a debt, he said, will require that "a reasonably full employment with a high national income be preserved in the post-war period."

In The Armed Forces

Allan A. Weissburg, of Weissburg & Co., Chicago, is entering the U. S. Army. Weissburg & Co. will be inactive for the duration.

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STANY Fight To Amend Cole Ruling On Incoming Drafts Proves Successful

Since its formation the Tax Committee of the Security Traders Association of New York has been working for the clarification of the New York State Tax laws affecting the securities business. The Association was successful in having altered the old Cole ruling on incoming registered mail items where it was finally determined that such transactions were fully exempt from the payment of the New York State Tax.

The Tax Committee now reports that as of Feb. 16, 1943 Mortimer M. Kassell, Deputy Commissioner and Counsel of the Department of Taxation and Finance of the State of New York, issued a memorandum which is concluded as follows:

"I am of the opinion, where certificates of stock are deposited in the mail or delivered to a common carrier outside the State for transmission into the State to a purchaser with a condition that payment be made before the certificates are released to the purchaser that no tax can be imposed either upon the theory of the passing of title in the State or upon the theory of a delivery into the State. With respect to the delivery theory, it should be pointed out that it is well understood that a taxable delivery is one whereby the transferor parts with title."

This means that the Cole memorandum dated Oct. 27, 1936 no longer applies on incoming drafts which made the payment of this tax mandatory. The STANY has contended that the consummation of business between two firms located in separate states came under the jurisdiction of interstate commerce and, therefore, was exempt from any New York State tax payments. This is an important victory for the trading fraternity located in New York State and should, STANY believes, eliminate any deterrents which heretofore arose when out-of-town firms did not want to trade with New Yorkers since they felt that such trading would subject them to the New York State tax payment.

However, STANY suggests that where an out-of-town firm sells stock to a New York State dealer which is transferred in New York and such New York State dealer acts as an agent for a New York State principal, where it is believed the principal will eventually transfer, to insist that the New York State tax be attached, as otherwise resident brokers of New York State will be liable for the tax.

Result Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on April 5 that tenders for $800,000,000 of 91-day Treasury bills, dated April 7 and to mature on July 7, 1943, which were offered on April 2, were opened at the Federal Reserve banks on April 5.

Details of this issue follow:

Total applied for, $1,104,078,000.
Total accepted, $804,717,000.
Range of accepted bids:
High, 99.925, equivalent rate of discount approximately 0.297% per annum.

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

Average price, 99.905, equivalent rate of discount approximately 0.374% per annum.

(70% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on April 7 in amount of $600,104,000.

With respect to the previous week's offering of 91-day bills, dated March 31 and to mature on June 30, Secretary Morgenthau disclosed these results on March 29:

Total applied for, $1,101,144,000.
Total accepted, $805,048,000.
Range of accepted bids:
High, 99.925; equivalent rate of discount approximately 0.297% per annum.

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

Average price, 99.906; equivalent rate of discount approximately 0.374% per annum.

(66% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills of March 31 in amount of $602,950,000.

Regarding the results of the March 19 offering of bills, dated March 24 and to mature on June 23, the Treasury issued the following details on March 22:

Total applied for, $1,329,871,000.
Total accepted, $802,051,000.
Range of accepted bids:
High, 99.925; equivalent rate of discount approximately 0.297% per annum.

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

Average price, 99.906; equivalent rate of discount approximately 0.373% per annum.

(37% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on March 24 in amount of $600,709,000.

As to the results of the previous week's offering of $800,000,000 of 91-day bills, dated March 17 and maturing June 16, the Treasury issued the following details on March 15:

Total applied for, $1,302,725,000.
Total accepted, $802,171,000.
High, 99.925; equivalent rate of discount approximately 0.297% per annum.

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

Average price, 99.906; equivalent rate of discount approximately 0.373% per annum.

Forty per cent of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on March 17 in amount of $600,722,000.

The weekly offering of bills was increased from $700,000,000 to $800,000,000 on March 12 in view of the increase in maturing issues from $500,000,000 to $600,000,000 and the Treasury's desire to continue its present policy of obtaining $200,000,000 weekly in "new money."

Illinois Bankers To Meet In Chicago

The services that banks are rendering in all phases of the war effort and the problems that these services, together with the general effect of the war on all business and individuals, are creating for the banks, will be canvassed and discussed at the 53rd annual convention of the Illinois Bankers Association which will be held at the Palmer House, Chicago, May 26-28.

This announcement was made by Henry G. Bengel, President of the association and Executive Vice-President of the Illinois National Bank, Springfield, Ill., following a meeting of the Executive Committee which met to prepare the program for the convention.

Mr. Bengel stated that the great activity of the banks in the sale of war bonds; their services in connection with handling the accounting for coupon rationing for the Government; their activities in collecting guns for the Navy; participating in all of the civic affairs involved by the demands of war such as OCD, OPA, Draft Boards, scrap drives, community chests, Red Cross, Food-for-Freedom, Victory Loans, and the many other things in which bankers have been asked to take a leading part, coupled with the problems of manpower, the 48-hour week which is now effective in certain sections of the State and will probably be general; the regular service to the customer public; increased deposits and reduced credit demands, have involved the banks in many serious problems of management and operation so that it will be necessary to have four instead of the usual three sessions of the convention.

Mr. Bengel also said that the banks cannot overlook their responsibility in the economic trends, their aid in curbing inflation and a grass-roots understanding of some of the conditions which are discernible as to the future.

FIC Banks Celebrate Twentieth Anniversary

The enormous production of food and fiber needed in 1943 for ourselves and our allies takes more than ability and willingness on the part of the farmer. It takes money—huge quantities of money—and one of the more important suppliers of this essential commodity is the Federal Intermediate Credit Bank system now celebrating its 20th year of service to agriculture. Following World War No. 1, there arose a demand from farmers for a permanent and dependable source of production and marketing credit suited to the needs of agriculture. To meet this demand, the Federal Intermediate Credit Banks were chartered under the Agricultural Credits Act of 1923 for the express purpose of making available to lending institutions a line of credit especially adapted to the business of farming.

One of the first jobs of this system of banks was to prove the desirability and value of the farmers' notes as security for the debentures sold by the banks to the investing public. Through access to a type of credit designed to meet their requirements, farmers demonstrated their ability to pay operating obligations out of farm income. As a result of the splendid repayment record established by farmers, the Federal Intermediate Credit Bank debentures have enjoyed the confidence of the investing public for the past 20 years.

Agriculture uses a lot of credit, and to provide this ceaseless flow of funds from the financial centers to those who lend to farmers, the Federal Intermediate Credit Banks, through the sale of their debentures, reach into the money markets of the nation. This collective borrowing power of thousands of farmers permits a reasonable rate of interest to the farmer and a lower cost of operation for him. While the farmer may be justly proud of this system of agricultural credit which serves him so well, those who purchase Federal Intermediate Credit Bank debentures may also be proud that they too have a stake in the production of the food and fiber so vital to the successful prosecution of the war.

Fraud Charges Withdrawn

Reed V. Bontecou of Albany, James D. Williamson and Charles D. and Stephen H. Scheetz, Newburgh securities dealers, have been cleared of charges of mail fraud, United States Attorney Mathias F. Correa having withdrawn charges filed against them.

Archie H. Carpenter, oil investment broker, who pleaded guilty in another case, is still facing action under the same indictment.

Jan. Gold Output Down To June, 1933 Level

Production of gold in the United States during January was estimated at 147,984 ounces, the lowest point reached since January, 1933, when the total was 143,000 ounces, the American Bureau of Metal Statistics reports.

This sharp decline in gold production is a result of the War Production Board's order of last October when the gold mines were directed to halt operations in order to make the labor and equipment available for mining war-essential metals (referred to in our Oct. 22 issue, page 1437).

The "Wall Street Journal" of March 9 reported the following:

As a result of these influences, U. S. gold production for 1942 totaled 3,618,503 ounces, the smallest annual production since 1934 when the total was 2,916,373 ounces. Domestic gold production in 1941 amounted to 5,980,746 ounces.

Last year Canadian production of approximately 4,800,000 ounces of gold was in excess of the U. S. figure for the first time since 1933 when Dominion output was placed at 2,949,309 ounces against U. S. production for that year of 2,536,913 ounces.

The U. S. January production was divided roughly 52,867 ounces receipts at U. S. Mints and 95,117 ounces from private smelters and refiners, which compared with 61,538 ounces received at U. S. Mints and 105,659 ounces by private smelters and refiners in December, 1942.

H. Hentz Organizes Twenty-Five Year Club

H. Hentz & Co., 60 Beaver Street, New York City, have organized a Twenty-Five Year Club which is presently composed of two of its partners, Jerome Lewine and E. W. Fitzgerald, who have been associated with the firm for close on to 43 years and 40 years, respectively, and six of its employees, Lewis A. Macomber, Fredk. Wm. Hahn, Jr., Jack Levine, John A. Jacob, Henry A. Zoeller and Miss Lila M. Kalb. Two other partners, Dr. Herman S. Baruch and Rudolph Zenker, and another employee, Harold Fink, will become eligible on May 1, and still another employee, Paul Levine, will have completed 25 years of service on June 1 of this year. Ten other employees will become eligible for membership during the year 1944.

The oldest member of the Club, both from point of age and years of service, is Lewis A. Macomber, who became associated with the firm on Dec. 15, 1879.

The firm itself was established in 1856 and has continuously done business under the same name ever since. They are members of the New York Stock Exchange and the New York Cotton Exchange and many other exchanges both in this country and abroad.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, March 31, 1943

RESOURCES

Cash and Due from Banks		$1,025,488,063.41
U. S. Government Obligations, direct and fully guaranteed		2,403,235,986.41
State and Municipal Securities		100,577,070.54
Stock of Federal Reserve Bank		6,016,200.00
Other Securities		150,407,368.34
Loans, Discounts and Bankers' Acceptances		727,477,166.58
Banking Houses		36,470,000.01
Other Real Estate		5,906,244.06
Mortgages		7,375,417.42
Customers' Acceptance Liability		4,153,699.83
Other Assets		15,548,937.01
		$4,482,656,153.61

LIABILITIES

Capital Funds:		
Capital Stock	$100,270,000.00	
Surplus	100,270,000.00	
Undivided Profits	49,353,116.44	
		$ 249,893,116.44
Reserve for Contingencies		11,828,699.44
Reserve for Taxes, Interest, etc.		4,402,330.16
Deposits		4,203,291,330.16
Acceptances Outstanding	$ 8,718,987.15	
Less Amount in Portfolio	4,327,708.01	4,391,279.14
Liability as Endorser on Acceptances and Foreign Bills		245,897.34
Other Liabilities		8,603,500.93
		$4,482,656,153.61

United States Government and other securities carried at $442,985,547.50 are pledged to secure U. S. Government War Loan Deposits of $237,858,277.31 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

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CANADIAN PACIFIC RAILWAY COMPANY

Sixty-Second Annual Report of the Directors of Canadian Pacific Railway Company, Year Ended December 31, 1942

To the Shareholders:

The accounts of the Company for the year ended December 31, 1942, show the following results:—

Income Account

Gross Earnings		$256,864,091
Working Expenses (including taxes)		208,676,402
Net Earnings		$48,187,689
Other Income		15,861,034
		$64,048,723
Fixed Charges	$22,955,503	
Interest on bonds of Minneapolis, St. Paul & Sault Ste. Marie Railway Company, guaranteed as to interest by your Company	738,953	
		23,694,456
Net Income		$40,354,267
Dividends on Preference Stock:		
2% paid Aug. 1, 1942—£564,070	$2,521,391	
2% payable Feb. 1, 1943—£564,070	2,521,391	
		5,042,782
Balance transferred to Profit and Loss Account		$35.311,485

Profit and Loss Account

Profit and Loss Balance December 31, 1941		$170,385,936
Balance of Income Account for the year ended December 31, 1942		35,311,485
		$205,697,421
Deduct:		
Loss on lines abandoned and on property retired and not replaced	$3,576,565	
Exchange adjustment in respect of sterling proceeds from steamship sales and insurance recoveries	846,871	
Miscellaneous—Net Debit	23,502	
		4,446,938
Profit and Loss Balance December 31, 1942, as per Balance Sheet		$201.250,483

Net Income for the year amounted to $40,354,267, being $5,992,835 greater than in 1941.

Railway Earnings and Expenses

The comparative results of railway operations were as follows:

	1942	1941	Increase or *Decrease*
Gross Earnings	$256,864,091	$221,446,053	$35,418,038
Working Expenses (including taxes)	208,676,402	175,488,517	33,187,885
Net Earnings	$48,187,689	$45,957,536	$2,230,153
Expense ratios:			
Including taxes	81.24%	79.25%	1.99
Excluding taxes	71.54%	71.65%	*.11*

Gross Earnings increased by $35,418,038, or 16.0%, and were greater than in any previous year in the history of your Company, exceeding those of 1928 by $14,885,630, or 6.2%.

Freight Earnings increased by $18,496,666, or 10.4%. Increases were reported in all commodities except grain. The movement of manufactured goods increased principally as a result of the greatly expanded output of munitions of war. Developments such as the Alaska Highway, the enlarged shipbuilding programme, and the construction of naval depots and airfields at various points also contributed to the growth of freight traffic. The curtailment of ocean and coastal transport owing to the shortage of shipping increased the rail movement of such staples as coal and oil, and restrictions on highway transport contributed to an increase in short haul traffic.

Earnings from grain and grain products decreased $6,041,016, or 15.5%, in spite of the fact that the largest Prairie wheat crop on record—565 million bushels—was harvested this year. The lack of adequate shipping, as well as the closing of important export markets, created serious storage problems at the Lakehead and at other terminal points, thus restricting the movement of grain. Grain handlings on your Company's lines dropped to 181 million bushels as compared with 215 million in 1941 and were somewhat less than the average of 183 million bushels for the fifteen years, 1927-41. At the end of the year, only 10% of the wheat available for movement in the Prairie Provinces had been transported, and there remained to be shipped approximately 570 million bushels, or 80% more than at the close of 1941.

Revenue freight traffic totalled 22,600 million ton miles, 225 million greater than in 1941 and 4,177 million greater than in 1928. The average revenue per ton mile was 0.86 cents as compared with 0.79 cents in 1941 and 0.96 cents in 1928.

Passenger Earnings increased by $14,041,105, or 55.5%, and were the highest since 1921. Travel, with the exception of long distance holiday traffic, showed heavy increases over practically all sections of your Company's lines. Civilian travel was exceptionally heavy in spite of the elimination of many classes of reduced fares. The growth in passenger traffic resulted partly from the restriction of automobile travel through the rationing of gasoline and the shortage of rubber for tires. The average passenger journey was 156 miles, compared with 144 miles in 1941, the longest previously recorded. The heavy movement of the armed forces, both on duty and on leave, and the low rates applicable to such traffic contributed to the reduction in the average revenue per passenger mile which was 1.87 cents, the lowest since 1910.

Other Earnings increased by $2,880,267, or 15.4%. Substantial increases occurred in revenues from news services and from dining, sleeping and parlor cars. Net payments for hire of equipment increased $930,104 as a result of a greater movement of commodities in tank cars, gondolas and covered hopper cars owned by private operators and by United States railways.

Working Expenses increased by $33,187,885, or 18.9%. Exclusive of taxes the increase was $25,100,063, or 70.9% of the increase in gross earnings. The wartime cost-of-living bonus paid to employees amounted to approximately $12,000,000, an increase of about $7,500,000 over the previous year. The bonus rate of $3.65 per week which went into effect November 16, 1941, was increased under Order-in-Council P.C. 5963 to $4.25 per week effective August 15, 1942. In spite of the increased wage and material costs the ratio of working expenses (excluding taxes) to gross earnings was reduced from 71.65% in 1941 to 71.54% in 1942.

Maintenance of Way and Structures Expenses increased by $8,461,192. The continuing heavy traffic brought about a considerable rise in current maintenance requirements, but shortage of labour and materials compelled the restriction of the work undertaken to those repairs and replacements essential for safe operation. During the year 1,751,285 treated and 1,207,188 untreated ties were placed in track and 300 single track miles of new rail were laid. Tie plates to the number of 2,826,930 and rail anchors numbering 1,260,140 were also installed. Examination of rails by Sperry detector car for invisible defects was continued. It extended over 8,161 miles of track from which all rails indicated as defective were removed. Provision of $3,750,000 for additional maintenance expenditures which have been postponed until after the war, was included in the expenses for the year. Accrual of depreciation on bridges, buildings and other structures was put into effect on July 1. For the half-year, this amounted to $2,735,370 and was credited to Depreciation Reserve—Road.

Maintenance of Equipment Expenses increased by $3,838,701. Locomotive repairs involved an expenditure of $11,074,361 and included the shopping of 821 engines for heavy repairs. Maintenance of passenger train cars cost $6,505,893 and included the general overhauling of 1,272 units. To meet special requirements resulting from wartime conditions, 10 compartment observation sleeping cars were converted to coaches, 11 lounge and sleeping cars were air-conditioned and converted to other classes of dining, parlor and sleeping car equipment, and 7 through baggage cars originally designed for handling silk were converted to regular baggage cars. Electric lights were installed in 35 coaches and colonist cars formerly equipped with gas lighting. The maintenance of freight train cars cost $10,685,545 and included heavy repairs to 26,272 cars. Arch bar trucks were replaced by cast steel truck side frames on 3,519 cars to make them available for interchange traffic. At the end of the year, 93.2% of locomotives and 97.7% of freight cars were in serviceable condition, as compared with 92.3% and 98.0%, respectively, in 1941. Charges for depreciation of rolling stock amounted to $12,777,310, as compared with $12,700,602 in 1941. Accrual of depreciation on shop and power plant machinery was put into effect on July 1. This amounted to $882,042 and was credited to Depreciation Reserve—Road.

Transportation Expenses increased by $10,653,857. The ratio to gross earnings was reduced to 32.27%, the lowest on record. There was a substantial improvement in passenger service performance. The average number of passengers per train mile was 110, an increase of 47.9%, while the average train consisted of 8.4 cars, an increase of 7.7%. Another favourable factor was the heavy loading and better utilization of freight cars. In spite of a substantial decrease in the movement of grain, a commodity which loads heavily, the average freight car load showed a slight improvement, being 31.93 tons compared with 31.86 in 1941. Although loaded car miles increased 0.9%, empty car miles were reduced by 13.5%. As against these favourable factors, the movement of trains on many sections of the line was rendered more difficult owing to the increased density of traffic. This led to a slightly less satisfactory freight train performance in certain respects as indicated by the following indices:

	1942	1941
Freight train load—gross tons	1,711	1,759
Freight train fuel consumption—pounds per 1,000 gross ton miles	101	98
Freight train speed—miles per hour	16.7	17.2
Gross ton miles per freight train hour	28,514	30,312

Other Working Expenses increased by $10,234,135, of which $8,087,822 was attributable to heavier taxes. Railway tax accruals, including $21,300,000 for Dominion Income and Excess Profits taxes, were $24,920,980. Expenses of dining and buffet service were higher by $828,785 and news service by $473,956.

Other Income

Other income amounted to $15,861,034, an increase of $2,478,975, or 18.5%.

Dividend income decreased by $1,671. Dividends of $2.50 per share—the same rate as in 1941—were received from The Consolidated Mining and Smelting Company of Canada, Limited.

Net income from interest, exchange, separately operated properties and miscellaneous sources increased by $2,523,799. A marked improvement took place in the operating results of the Northern Alberta Railways Company, which enjoyed a very large volume of traffic from special war projects and related activities in Northwestern Canada. As a result of additions to sinking and other reserve funds there was an increase in the income from this source, and the amount of your Company's management fees under its contracts with the Government was larger owing to the growth of production of munitions in the shops.

Net earnings of ocean and coastal steamships were $2,888,278, an increase of $99,981. All units of your ocean and coastal fleets were actively employed throughout the year.

Net earnings of hotel, communication and miscellaneous properties decreased by $143,134. The reduction in hotel earnings amounted to $354,228. Your hotels at Yarmouth, Lake Louise and Emerald Lake and four lodges were not in operation during the year. Holiday tourist business at your other hotels and camps declined sharply. The net earnings of the Communications Department showed a gain of $177,898, owing to heavier telegraph and cable traffic and increased receipts from leased wires. Net earnings of miscellaneous properties increased $33,196. Depreciation accounting was extended from July 1 to include the depreciable proportion of communication and miscellaneous properties.

Fixed Charges and Guaranteed Interest

Fixed charges decreased by $1,273,195. The principal reductions resulted from the retirement without refunding of the Convertible Ten Year 6% Collateral Trust Bonds, of the Twenty Year 4½% Sinking Fund Secured Note Certificates on which interest was accrued to June 15, 1941, and of various equipment obligations.

The amount charged to income on account of guaranteed interest on Soo Line bonds was $738,953, compared with $749,465 in the previous year.

Dividends

Dividends amounting to $5,042,782, being at the rate of 4% on the non-cumulative Preference Stock, were declared out of the Net Income for the year.

It is the decision of your Directors that no dividend on Ordinary Stock should be declared from the earnings of the year 1942.

During the past three years, the Funded Debt of your Company has been substantially reduced, but fixed charges are still higher than they were when dividends were last paid. It is felt that these should be brought down to something like the former level before distribution to shareholders is renewed.

Your Directors have in mind that after the war there will probably be a period of readjustment with unpredictable reactions on the earnings and expenses of transportation companies. After careful consideration of all factors, they have come to the conclusion that it is in the best interests of the shareholders to conserve your Company's resources, so that it may face the problems and difficulties of the post-war period in a strong financial position.

Profit and Loss Account

Net charges to profit and loss amounted to $4,446,938, as compared with $2,978,009 for 1941. One of the principal items was the retirement of track and other facilities at Transcona Yard, near Winnipeg, which have been rendered unnecessary by present operating methods and traffic conditions. A branch line from Lardeau to Gerrard in the Province of British Columbia, 33.1 miles in length, was abandoned during the year and the investment written off. Various miscellaneous properties and portions of facilities no longer required for operation were also written off.

The profit and loss balance at the close of the year was higher by $30,864,547 than at the end of 1941.

Land Accounts

During the year 94,233 acres of agricultural lands were sold for $488,239, an average price of $5.18 per acre. Included in this total were 146 acres of irrigated land, sold at an average price of $45.32 per acre.

Cash received on land account totalled $2,680,637, including $517,512 for rents and royalties from coal lands and gas and petroleum rights. Disbursements for land and irrigation expenses, including taxes, were $1,519,889, leaving net cash receipts of $1,160,748. This was a decrease of $398,180 from the previous year.

In pursuance of the policy of rendering assistance to farmers in the Western Provinces who have suffered through adverse conditions, your Company continued in the current crop year the same rebates of interest and other concessions as were granted in 1941. The total amount of assistance to holders of farm contracts since 1932 has been $19,428,340.

Balance Sheet

The principal changes during the year in the General Balance Sheet accounts, not dealt with elsewhere, are outlined below.

A new account was established, entitled Depreciation Reserve—Road. In addition to the current transactions of the year there was transferred to this account an amount of $74,728,521, representing appropriations made from surplus during the years 1904 to 1913 which had been applied in reduction of Property Investment.

Net discount on early issues of stock, amounting to $33,985,694, which had been charged to Property Investment and other accounts, was transferred and applied against Premium on Capital and Debenture Stock. This account now includes for the first time the entire premium and discount on your Company's stock issues, comprising net premium of $74,873,749 on the Ordinary Stock, and net discounts of $15,756,129 on the Preference Stock and $24,551,668 on the Perpetual 4% Consolidated Debenture Stock.

Investments have been set aside in a Maintenance Fund equal in amount to the Maintenance Reserves, which at the close of the year amounted to $7,250,000.

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Two of your Company's ocean steamships were purchased during the year by the Ministry of War Transport of the United Kingdom. The proceeds of these sales and insurance recovered on other steamships were added to the Steamship Replacement Fund. Further amounts have been placed to the credit of your Company by the Ministry in a special account which may be drawn upon under conditions set forth by the Minister as replacements are effected.

The excess of Current Assets over Current Liabilities was $59,583,344, an increase of $1,673,921. Miscellaneous Accounts Receivable were $17,841,429, of which $8,816,748 was on Dominion Government account. Other Current Liabilities were $18,131,343, of which $11,563,368 was on account of accrued taxes.

Finance

On March 15, 6% Collateral Trust Bonds to the amount of $11,124,500 matured. By the end of the year $10,389,500 of these bonds had been redeemed, and the amount owing with respect to the remaining $735,000 is included in the Balance Sheet under Other Current Liabilities. The following securities were purchased and cancelled—3% Collateral Trust Bonds due 1945 to the amount of $2,500,000, 5% Collateral Trust Gold Bonds due 1954 to the amount of $2,000,000 and 4½% Collateral Trust Gold Bonds due 1946 to the amount of $1,000,000. Consolidated Debenture Stock to the amount of $20,879,400, pledged as collateral to these bonds, was released and cancelled.

Equipment obligations to the amount of $3,918,202 matured and were paid, and Consolidated Debenture Stock to the amount of $268,000 pledged under Series "D" was released and cancelled. The sum of $2,753,310 was deposited with the Trustee of the Equipment Trust maturing July 1, 1944, and under authority of the Trust Agreement the Trustee purchased and cancelled $896,000 of the Equipment Trust Certificates. On December 31, the balance of $8,624,624 due to the Dominion Government on the Equipment Lease dated June 6, 1940, was prepaid.

On February 1, 4% Serial Secured Notes to the amount of $638,285 were redeemed, and Consolidated Debenture Stock to the amount of $1,523,500, pledged as collateral, was released and cancelled. On December 15, $3,281,860 of these notes were refunded by the issue of notes to the amount of $3,280,000 at the reduced rate of 3%, such notes being secured in the same manner and maturing on the same dates as the notes retired. In connection with this refunding Consolidated Debenture Stock to the value of $2,231,500 was released and cancelled. Owing to the enhanced market value of Consolidated Debenture Stock, it was possible at the same time to withdraw and cancel $2,755,000 of such stock from the collateral held against the remainder of the 4% Notes.

On December 1, 3% Serial Secured Notes due December 1, 1944, to the amount of $2,000,000 were prepaid. On such prepayment Consolidated Debenture Stock to the amount of $1,200,000, pledged as collateral, was released and cancelled, and 52,000 shares of capital stock of The Consolidated Mining and Smelting Company of Canada, Limited, were released.

During the year $603,500 of matured but unredeemed 4½% Sinking Fund Note Certificates were paid, and $37,000 of matured but unredeemed Collateral Trust Bonds were also paid. Consolidated Debenture Stock to the amount of $44,400, pledged as collateral to the bonds, was released and cancelled.

On February 16, the First Mortgage Debenture Stock of the Edmonton, Dunvegan and British Columbia Railway Company, aggregating £1,438,356, matured and was paid by the Northern Alberta Railways Company. To place this jointly controlled subsidiary company in funds to meet this maturity, with respect to which the Canadian National Railway Company and your Company had jointly and equally agreed to indemnify the Government of Alberta against liability under its guarantee of principal, the subsidiary issued and sold at par to the two parent companies $6,430,000 of its bonds, your Company's proportion of such issue being $3,215,000.

The financial transactions referred to above, together with the payment to the Dominion Government on January 2, 1942, of $980,940, referred to in the Annual Report for 1941, resulted in the retirement without refunding of $35,447,221 of bonds, notes and other obligations, the discharge of a contingent liability of $3,500,000, and in a reduction of $28,901,800 in the amount of Consolidated Debenture Stock pledged as collateral.

Pensions

Working expenses were charged with $4,076,705, representing your Company's proportion of pension allowances, its contributions to the Pension Trust Fund and the levies in respect of employees who come under the United States Railroad Retirement Act. In view of the higher level of employment and increased rates of pay, as well as the declining trend of return on investments, your Directors authorized an increase from $400,000 to $700,000 in the special contributions made annually to the Pension Trust Fund to assist in meeting the anticipated peak period of cost under the pension plan.

The number of employees pensioned during the year was 649. After allowing for deductions owing to death and discontinuance from other causes, the total number on the pension payroll at the end of the year was greater by 356 than at the end of 1941.

Distribution by ages was as follows:

Under 60 years of age	278
From 60 to 64 years of age inclusive	587
From 65 to 70 years of age inclusive	2,227
Over 70 years of age	1,710
	4,802

Canadian Pacific Air Lines, Limited

During the year a number of steps were taken, designed to integrate your air activities into a co-ordinated system operated by Canadian Pacific Air Lines, Limited, a wholly owned subsidiary of your Company. Agreements were concluded for the purchase and transfer by your Company to that subsidiary of the entire assets of Arrow Airways Limited, Canadian Airways Limited, Dominion Skyways Limited, Ginger Coote Airways Limited, Mackenzie Air Service Limited, Prairie Airways Limited, Starratt Airways and Transportation Limited, Wings Limited and Yukon Southern Air Transport Limited. Canadian Pacific Air Lines, Limited, has also acquired direct control of your five air observer school subsidiaries, as well as the controlling interest in Quebec Airways Limited with its two air school subsidiaries. At the end of the year your Company had expended $4,725,917 in the acquisition of its air line undertakings, and had received $4,000,000 Capital Stock and $725,917 notes of Canadian Pacific Air Lines, Limited.

Further progress was made in the standardization of equipment and operating methods, and a unified administrative organization was established with offices in Montreal and Edmonton. Additional aircraft units of modern design are being obtained through the Canadian and United States Governments to assist in handling war traffic, which is very heavy as a result of a number of large projects in the territories served by the air lines. It is estimated that over 90% of all business handled is directly connected with the war effort. Ground, radio and hangar facilities are being expanded. At the end of the year employees of Canadian Pacific Air Lines, Limited, and its subsidiaries, including the overhaul plants and training schools operated in connection with the British Commonwealth Air Training Plan, totalled approximately 7,000.

Minneapolis, St. Paul & Sault Ste. Marie Railway Company

The gross earnings of this Company were $22,630,842, an increase of $3,352,525, and the net earnings were $3,984,434, an increase of $1,670,865. The grain crop in the area tributary to its lines amounted to 57 million bushels, the largest since 1928 and 7 million bushels greater than in 1941. Working expenses included $545,696 for special amortization of equipment, an increase of $148,875.

A plan of reorganization of the Soo Line was approved by the Interstate Commerce Commission on June 17, and by the District Court at Minneapolis on November 13. The plan is being submitted by the Interstate Commerce Commission to a vote of the security holders, who have until April 12, 1943, to accept or reject it.

The action in the Circuit Court of Cook County, Illinois, in connection with your Company's guarantee of interest on the First Consolidated Bonds, which has been referred to in previous Annual Reports, remains in abeyance in the meantime.

The Duluth, South Shore and Atlantic Railway Company

The gross earnings of this Company were $4,143,876, as compared with $3,316,914 in 1941, and the net earnings were $946,969, as compared with $627,466.

The negotiations with the representatives of holders of the First Mortgage Bonds, which were reopened during the year, did not result in a settlement of the questions underlying the allocation of new securities which are delaying the filing of a plan of reorganization. It has therefore been necessary to proceed with the litigation begun in 1940 and referred to in the Annual Report for that year. An agreed statement of facts and briefs have been filed, and oral arguments have been presented.

Rates and Services

The Dominion Transport Controller made a number of orders during the year which were designed to curtail non-essential traffic and expedite freight and passenger movements. These orders included provision for the cancellation or modification of a number of special reduced fare arrangements, such as coach excursion fares, special Sunday fares, certain party fares and fares for exhibitions, conventions and sports events; for the prescription of minimum weights for refrigerator carloads; and for the imposition of penalties, in addition to the ordinary demurrage charges, to prevent the undue detention of refrigerator equipment.

During the year the Canadian Passenger Association, of which your Company is a member, established throughout Canada limitations on advance reservation of sleeping and parlor car accommodation to reduce waste of space through unnecessary cancellations.

An increase from 10% to 15% in the Dominion excise taxes on passenger tickets and sleeping and parlor car fares was put into effect on June 29. Increased taxes on passenger fares and a new tax on freight tolls were imposed on all railway lines in the United States in the latter part of the year.

Your Company received from the builders 35 Pacific type locomotives, for main line passenger and fast freight service, 25 air-conditioned first class passenger coaches of light weight steel construction, 150 automobile type box cars, 100 refrigerator cars equipped with overhead brine tanks, 150 70-ton ore cars, and 30 cabooses. Still to be delivered at the end of the year were 7 Pacific type locomotives, 20 heavy freight locomotives of the Mikado type, 5 Diesel switching locomotives of 1,000 horse-power capacity, 500 40-ton box cars of steel frame construction sheathed with plywood, and 250 50-ton steel frame box cars. Reference has already been made to certain modernization and betterment of your Company's passenger and freight equipment carried out during the year.

Wartime Activities

Transportation requirements were even greater than in the previous year. The continued expansion of industrial activity occasioned by the war and the growth of the armed forces, gave rise to a large increase in traffic. Your Company has provided equipment for the proper care and handling of sick and wounded members of the armed forces. Large numbers of prisoners of war and civilian internees were transported.

Operating problems were accentuated by the high rate of labour turnover, which was more than twice as great as in normal years. The burden of supervision on officers and senior employees was greatly increased as a result of the large number of new and inexperienced employees which it was necessary to hire.

The continued expansion of war production in Canada necessitated the extension of many railway facilities. During the year 51 miles of industrial trackage was completed to serve 105 new plants and undertakings, the major portion of which were Government-financed war projects.

Your Company's ocean steamships and part of its coastal fleet remained throughout the year in the service of the Ministry of War Transport of the United Kingdom.

A feature of wartime activity in Canada during 1942 was the construction of the Alaska Highway in connection with which your Company's railway and air lines were used to a large extent in the movement of men and materials.

Production of Valentine tanks at the Angus Shops in Montreal continued at the scheduled rate during 1942. Representatives of the Russian Government have been loud in their commendation of the quality of these tanks and their effectiveness in the field. The contract for the production of tanks is approaching completion, and under arrangements with the Government the shop facilities released will in part be diverted to the manufacture of marine engines. Replacement parts for Valentine tanks will continue to be produced at the plant.

Full production of naval guns and mountings was attained at the Ogden Shops in Calgary. Special work under other munitions contracts is also being performed in the shops of your Company.

The officers and employees continued to give enthusiastic support to patriotic activities and campaigns during the year. In Montreal alone, more than 2,800 of the staff have enrolled as blood donors. In the three Canadian Victory Loans, your Company and its officers and employees have subscribed a total of $43,842,500. Of this amount, $33,639,000 has been taken by your Company and by its Pension Fund and the Pension Fund of the Canadian Pacific Express Company. At the end of the year more than 33,000 officers and employees were purchasers of War Savings Certificates under the payroll deduction plan.

At December 31, the total number of Canadian Pacific employees who were enrolled in the armed services of the United Nations was 14,062.

Capital Expenditures

In anticipation of your confirmation, your Directors authorized capital appropriations for the year 1942 amounting to $1,562,489 in addition to those approved at the last annual meeting. Included in these appropriations was an amount of $398,095 for the purchase of five Diesel switching locomotives.

Your approval will also be requested for capital appropriations of $14,196,440 for the present year. The principal items are as follows:

Replacement and enlargement of structures in permanent form	$39,025
Additions and betterments to stations, freight sheds, coaling and watering facilities and engine houses	1,137,227
Ties, tie plates, rail anchors and miscellaneous roadway betterments	1,688,301
Replacement of rail in main and branch line tracks with heavier section	877,998
Installation of automatic signals	1,236,130
Additional terminal and side track accommodation	537,066
Additions and betterments to shop machinery	522,041
New rolling stock	7,426,100
Additions and betterments to rolling stock	459,083
Additions and betterments to communications facilities	183,599
British Columbia Lake and River Service	33,000

The amount appropriated for automatic signals includes provision for an installation on the main line between Chapleau and Schreiber, Ontario, where an exceptionally heavy volume of traffic is moving under most severe operating conditions. New equipment comprises 20 Pacific type locomotives for passenger and fast freight service, 15 Mikado type locomotives for heavy freight service, 500 gondola cars and 50 cabooses. Should conditions improve so as to make it possible to procure additional materials, your Directors may consider an enlargement of this programme by placing further orders for freight cars.

Agreements

The following agreements made by your Directors will be submitted for your consideration and approval:

1. A lease of the lines of railway and bridges of The Fort William Terminal Railway and Bridge Company, which the Lessor Company has been by law authorized to construct, whether constructed or to be constructed, including those on and adjacent to Islands Numbers One and Two at the mouth of the Kaministiquia River and spanning that river and McKellar Creek, all in the city of Fort William, for a term of 999 years from July 1, 1943, at an annual rental equal to the interest payable on the bonds which the Lessor Company may at any time or times hereafter issue at the request of your Company, the total of all such bonds unpaid or unredeemed not to exceed at any time the sum of $50,000 per mile of the Lessor Company's railway, constructed or under contract to be constructed, and to bear interest at a rate not exceeding 5% per annum payable half-yearly.

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2. An agreement with the Glengarry and Stormont Railway Company providing for the amendment of the lease dated June 1, 1915, under which the railway of that company is leased to your Company for the term of 99 years. The amendment provides for a revision of the provisions of the lease in regard to the calculation of gross earnings of the Lessor Company upon which the rental is based and for a release of all claims under the original provisions up to and including December 31, 1940. The Royal Trust Company, Trustee under the mortgage securing the bonds of the Lessor Company, and Sun Life Assurance Company of Canada, owner of all of the said bonds, join in the agreement as consenting parties.

Stock Holdings

The holdings of the Capital Stock of the Company at December 31 were as follows:

	ORDINARY		PREFERENCE		TOTAL
	No. of Holders	Percentage of Stock	No. of Holders	Percentage of Stock	Percentage of Stock
Canada	25,908	17.75	161	.64	12.68
United Kingdom and other British	18,028	53.64	25,810	96.44	66.32
United States	13,673	22.59	77	.35	16.00
Other Countries	3,504	6.02	563	2.57	5.00
	61,113		26,611		

Changes in Directorate

It is with deep regret that your Directors report the loss by death on June 10 of Mr. W. N. Tilley, K.C., of Toronto, Consulting Counsel of your Company, a member of the Board since 1922 and of the Executive Committee since 1924. He was recognized both here and in Great Britain as one of the leaders of the Canadian Bar. His brilliant qualities as an advocate were combined with unusually sound business judgment, and during his long association with your Company its problems were his major concern.

The vacancies on the Board caused by the death in 1941 of the Rt. Hon. Arthur B. Purvis, P.C., and of Sir Herbert Holt, and that of Mr. Tilley were filled as follows:

Mr. W. M. Neal, Vice-President of the Company, was appointed a Director and member of the Executive Committee.

Mr. S. G. Blaylock and Hon. Charles A. Dunning, P.C., were appointed Directors.

Retiring Directors

The undermentioned Directors will retire from office at the approaching annual meeting. They are eligible for re-election:

MR. S. G. BLAYLOCK
HON. HENRY COCKSHUTT
MAJ.-GEN. FRANK S. MEIGHEN, C.M.G.
MR. ROBERT C. STANLEY

Your Directors desire again to express their pride in and their sense of gratitude for the loyalty and efficiency displayed by your officers and employees. In particular, record should be made of the brave devotion to duty of those who have manned your steamships under conditions which often involved great difficulty and danger. With sincere thanks, they acknowledge the whole-hearted co-operation of the shipping and travelling public in meeting the problems of war transportation, and wish to pay the highest tribute to the vigilance, endurance and valour of the armed forces of the United Nations, through the protection of whom the operations of your Company on land, on sea and in the air have been made possible.

Montreal, March 8, 1943.

Canadian Pacific Railway Company

General Balance Sheet, Dec. 31, 1942

Assets—		
Property Investment:		
Railway, Rolling Stock, Inland Steamships, Hotel, Communication and Miscellaneous Properties	$901,532,307	
Improvements on Leased Property	98,840,778	
Ocean and Coastal Steamships	52,885,105	
Stocks, Bonds and Other Securities of Leased, Controlled and Jointly Controlled Railway Companies and Wholly Owned Companies	201,482,592	
		$1,254,740,782
Other Investments:		
Miscellaneous Investments—Cost	$26,296,858	
Advances to Controlled and Other Companies	27,558.577	
Mortgages Collectible and Advances to Settlers	3,072,202	
Deferred Payments on Lands and Townsites	28,930,934	
Unsold Lands and Other Properties	21,874,089	
Maintenance Fund	7,250 000	
Insurance Fund	9,707,129	
Steamship Replacement Fund	36,081,515	
		160,771,304
Current Assets:		
Material and Supplies	$28,017,845	
Agents' and Conductors' Balances	13,766,548	
Miscellaneous Accounts Receivable	17,841,429	
Cash	45,381,814	
		105,007,636
Unadjusted Debits:		
Insurance Prepaid	$222,590	
Unamortized Discount on Bonds	1,615,344	
Other Unadjusted Debits	1,137,445	
		2,975,379
		$1.523.495.101

Liabilities—		
Capital Stock:		
Ordinary Stock	$335,000,000	
Preference Stock—4% Non cumulative	137,256,921	
		$472,256,921
Perpetual 4% Consolidated Debenture Stock	$442,269,429	
Less: Pledged as collateral to bonds, notes and equipment obligations	146,831,200	
		295,438,229
Funded Debt	$157,956,154	
Less: Securities and cash deposited with Trustee of 5% Equipment Trust	14,937,912	
		143,018,242
Current Liabilities:		
Pay Rolls	$4,788,874	
Audited Vouchers	10,433,552	
Net Traffic Balances	3,462,586	
Miscellaneous Accounts Payable	4,127,214	
Accrued Fixed Charges and Guaranteed Interest	1,959,332	
Unmatured Dividend Declared	2,521,391	
Other Current Liabilities	18,131,343	
		45,424,292
Deferred Liabilities:		
Dominion Government Unemployment Relief	$2,447,223	
Miscellaneous	3,614,461	
		6,061,684
Reserves and Unadjusted Credits:		
Maintenance Reserves	$7,250,000	
Depreciation Reserves—Road	77,350,679	
—Rolling Stock	84,255,149	
—Steamship	46,497,359	
—Hotel and Other	10,281,881	
Investment Reserves	17,498,138	
Insurance Reserve	9,707,129	
Contingent Reserves	5,105,407	
Unadjusted Credits	4,718,141	
		262,663,883
Premium on Capital and Debenture Stock		34,565,952
Land Surplus		62,815,415
Profit and Loss Balance		201,250,483
		$1.523,495,101

E. A. LESLIE,
Comptroller.

To the Shareholders,
Canadian Pacific Railway Company:

We have examined the Books and Records of the Canadian Pacific Railway Company for the year ending Dec. 31, 1942, and having compared the above Balance Sheet and related schedules therewith, we certify that in our opinion it is properly drawn up so as to show the true financial position of the Company at that date, and that the Income and Profit & Loss Accounts correctly set forth the result of the year's operations.

The records of the securities owned by the Company at Dec. 31, 1942, have been verified by an examination of those securities in the custody of its Treasurer and by certificates received from such depositaries as are holding securities for safe custody for the company.

PRICE, WATERHOUSE & CO.
Chartered Accountants.

Montreal, March 5, 1943.

UP-TOWN AFTER THREE

By BILL SMITH

SCREEN

Some months ago John Steinbeck's **"The Moon Is Down"** opened on Broadway. It wasn't a bad play, but for a Steinbeck it wasn't a good one. Then came 20th Century-Fox, bought the screen rights and made a movie out of it. The result is an added something that neither the novel or the play had. The cinema version has action and drama, plus a meaning it sorely needed. Instead of delving into psychological reasons for the action of a terrorized but freedom-loving people and the equally labored explanations for the inability of the Nazis to conquer, the movie gives meat the play and the novel tried to show but never managed to convey. The result is an exciting movie with impressive definitions. Top honors go to Sir Cedric Hardwicke as the Nazi colonel and to Henry Travers, the mayor of the Nazi-overrun village. . . . **"Slightly Dangerous"** (M. G. M.) is pure sugar-coated escapism. The girl, Lana Turner, a disgruntled soda jerk in a small town department store, bored with life, starts serving sodas while blindfolded. Robert Young, the new manager, catches her. He begins to fire her when he sees her face. Uh-huh, he doesn't fire her. But our heroine flies off the handle, quits, runs home and writes some kind of note that makes everybody think the manager drove her to suicide. Then she gets her money together and goes off to the Big City. After getting a body treatment, plus a lot of fancy clothes, she stands in front of a show window preening when a paint pot lands on her new permanent wave. Then what do you think happens? She turns out to be the long-lost daughter of a millionaire. Of course, she is a phoney, but the "father" doesn't learn of it till later and by that time doesn't care. . . . Meanwhile our young hero gets himself fired and comes to town looking for the girl who was at the bottom of all his troubles. He finally catches up with her (as if you didn't know), claiming her as his wife. On the way back to the town to redeem himself Lana arranges so they'll have to spend the night together in a tourist cabin. But just as you sit up looking for excitement our half-witted hero comes up with some fancy scruples and in a resounding voice declares, "No, No. A thousand times no!" We saw the picture twice but our hero was of the same noble mind.

"Edge of Darkness" (Warner) is a long, often a dull picture with a top cast that too often has little to do. The heroes of the piece are all nice folk, Norwegians, who have seen their town captured by the Germans. The villains, if you haven't guessed it, are the Nazis, who prance around hysterically yelling "Silence!" Errol Flynn, a strangely subdued Flynn, is the leader of the underground. His big moment comes in his speech to Ann Sheridan: "When my father was my age," reminisces Flynn, "he was married and the father of two children. Today a man has no time for anything." Cast is good, Ruth Gordon, Judith Anderson, Walter Huston, not to mention Errol Flynn and Ann Sheridan. The trouble is the story itself is poor and gives the cast little scope to demonstrate its abilities.

AROUND THE TOWN

Among the West Side restaurants which provide not only better than average food but entertainment as well is **Zimmerman's Hungaria** (163 W. 46th). Ostensibly a restaurant and night club, it's really more than that. It seems to be a rendezvous for all kinds of parties, mostly feminine. Table after table seems to be packed solid with feminine contingents prattling away for all they're worth. As the M. C. announces soandso is giving a pre-wedding party, or a birthday party, or somebody is going into the Army, the large room breaks into loud shrieks and applause. The entertainment can seldom be heard for the din which seems to be a part of this place. Incidentally, it's one of the few places I know of where girls dancing together seems commonplace. The food at the Hungaria is, as the name implies, Hungarian, which means spicy. But spicy or not it's good and the servings ample. Surroundings may not be swank, but neither are the prices. And besides, the hominess of the large downstairs place gives it a comfort difficult to resist.

Urges Caution In Security Purchases

A warning that "great danger lies in the purchase of securities at low or high prices unless the factors pertaining to them are ascertained and understood" was issued by Fred C. Moffatt, President of the New York Curb Exchange, the latter part of last month.

Mr. Moffatt's statement follows:

"The increased popular interest in corporate securities, reflected in the dealings on stock exchanges, indicates a return of confidence in the future of American industry. Supplementing, as such purchases do, the widespread public buying of war bonds, they are a wholesome sign.

"But a surge of optimism carries with it the danger that enthusiasm will deter investors from the careful scrutiny essential to the maximum of safety. Information respecting corporate securities is available in Exchange files or in the statistical services. Inexperienced investors may call upon member firms or independent advisers for suggestions and comment. Great danger lies in the purchase of securities at low or high prices unless the factors pertaining to them are ascertained and understood.

"President Emil Schram of the New York Stock Exchange has recently issued an impressive warning of the importance of the study of security values and of the hazard in the purchase of stocks or bonds primarily because they are selling at low prices. The New York Curb Exchange is in entire sympathy with this position. Attention to intrinsic values rather than to market prices is an essential of rational investment."

Mr. Schram's statement appeared in these columns March 11, page 905.

American Business Booms & Depressions Since 1775

A most interesting chart showing the trend of American business and inflationary conditions during the administrations of each President from the beginning of the United States has been prepared by Security Adjustment Corporation, 16 Court street, Brooklyn, N. Y. In addition the trend of national income, stocks, bonds, and commodities, and the purchasing power of the dollar are indicated.

Copies of this chart may be had from Security Adjustment Corporation upon request.

Chicago Ry Looks Good

The First Mortgage 5s of 1927 of Chicago City Railway Company offer a most attractive situation at the present time according to a circular being distributed by Dempsey-Tegeler & Co., 407 North Eighth Street, St. Louis, Mo., members of the New York and St. Louis Stock Exchanges. Copies of the circular may be had upon request from Dempsey-Tegeler & Co.

To Pay On San Paulo 7s

Schroder Trust Co., New York City, as special agent, is notifying holders of State of San Paulo (United States of Brazil) 7% secured sinking fund gold dollar bonds, coffee realization loan 1930, that it has received funds to pay immediately 50% of face amount of the coupons due Oct. 1, 1941, amounting to $17.50 for each $35 coupon and $8.75 for each $17.50 coupon. Payment will be made in accordance with provisions of Presidential Decree No. 23829 of Feb. 5, 1934, of the United States of Brazil, as modified by Decree Law No. 2085 of March 8, 1940. It is likewise announced:

"The acceptance of these payments is optional with the holders, but pursuant to the terms of the Decree payment, if accepted, must be for full payment of the coupons and of claims for interest represented thereby.

"Holders of Oct. 1, 1941, coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons for final cancellation at the office of the special agent, 43 Wall Street, New York.

"While the maturity date stated in the bonds is Oct. 1, 1940, Decree Law 2085 provides for payment of interest at the above rate and for certain amortization during the four-year period ending March 31, 1944."

Ins. Stock Index Trend Continues Upward

The Mackubin, Legg Insurance Stock Index indicates that during February stocks of Fire and Casualty companies reflected the general upward trend of the market, but did not climb as rapidly as the general market. Copies of their recent circular giving the index from December, 1941, through February, 1943, may be had upon request from Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York Stock Exchange.

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Blind Flying Hazards To Be Eliminated By Secret Development For Army Air Forces

CHICAGO, ILL.—The hazards of blind flying through fog, even at night, will be eliminated on commercial airlines after the war as a result of a startling development now being utilized for an entirely different purpose by the Army Air Forces, Ernest R. Breech, President, Bendix Aviation Corporation, revealed.

Speaking on the future of the aviation industry before more than 1,000 members and guests of the Illinois Manufacturers' Cost Association, Breech, who is also Chairman of the Central Aircraft Council, said:

E. R. Breech

"Through a startling development, hazards of blind flying, day or night, will be definitely conquered. These developments are so broad in the scope of their application for military purposes that I cannot hint to you how this has been accomplished."

Indicating that engineers of Bendix, pioneer in the development and mass-production of scientific devices for aircraft and other industries, are cooperating with the armed services and other manufacturing and research organizations in this development, Breech said:

"I can tell you that it is no longer experimental, and I can give you positive assurance that fog, even at night, will join the long list of weather hazards conquired by man in his desire to fly."

Discussing present-day American military aircraft, Breech said:

"Despite the fact that American fighter planes give our pilots the greatest protection with armor plate and are equipped with as great, or greater fire power than any other fighter planes today, our latest type, now being produced in large quantities, is the fastest plane in the world, and will match the altitude and out-fight any enemy ship under any conditions."

American bombers, Breech said, after unloading their bombs were faster than enemy fighters in certain cases with which he was personally acquainted.

Pointing out that the Air Force personnel would number 2,500,000 enthusiastic young men before the end of the year who would never again be content to be removed completely from the influence of aviation, Breech said that the aviation industry was not counting solely on such enthusiasm to furnish the demand for mass-production of future airplanes.

"We recognize the fact that in order for the airplane to become generally used by the public," Breech said, "it must first be safe, and secondly, priced within the reach of the average person.

"Safety in flying comparable to that of driving the present-day automobile is entirely possible and will result in mass sales. When mass sales are attained, lower prices will automatically follow," Breech said.

While not predicting that the private airplane industry would equal the volume of units of the automobile industry, Breech said that the annual market for private planes will be an important factor in our economy.

Purolator Interesting

Purolator Products, Inc. offer attractive possibilities according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. An interesting basic report upon the company may be had from Reynolds & Co. upon request.

The Future Of The Gold Standard

(Continued from first page)

tary gold, and we will be glad to sell our excess supply on very attractive terms to other countries that desire to return to the gold basis."

We may be willing to "sell" our surplus gold, but with what will the other countries pay for it? Commodities? Will we be willing to open our markets to receive their commodities? After the last World War we raised our tariff sky high to keep them out, even though that meant sacrificing the money they owed us for war debts. At the end of this war, with millions of unemployed, most likely, will we be any more willing to take their commodities in exchange for our gold?

Or if not commodities, will we be willing to take their "securities"? Every country in the world * * * will be bankrupt. Would Professor Kemmerer suggest further loans to countries already hopelessly in debt?

We might possibly "lend-lease" our gold, as we are now doing with the products of our industries and farms. But even then we should run the risk of having the gold returned to us, directly or indirectly, in exchange for still more good American commodities, so great will be the need for goods during the rehabilitation period after the war.

Professor Kemmerer may have an answer to these questions and, needless to say, I shall look for it eagerly in subsequent issues of your interesting paper. But I very much fear that not only currency, but all international trade, will be on a "managed" basis for a long time to come.

Nationalistic monetary policies are the result, and not the cause, of nationalistic economies which build tariff walls and other restrictions to prevent the free interchange of goods and services. It is there that we must begin, and it is there that the United States has the greatest contribution to make.

N. Y. Trust Co. Plans To Increase Capital Stock

John E. Bierwirth, President of the New York Trust Co., announced on April 6, following a meeting of the board, that it had been decided to increase the company's capital by the issuance of 100,000 additional shares of $25 par value. The plan will be submitted to stockholders of record April 9 for ratification at a special meeting April 28. Under the proposal, present stockholders will be offered the new stock on the basis of one share for each five shares now held.

This, it is said, will be the first substantial increase in the capital stock of a large New York City bank in several years. The proposed increase will raise the amount of stock outstanding from 500,000 to 600,000 and the total of the trust company's capital from $12,500,000 to $15,000,000. While the exact issue price has not been determined, it is said that any proceeds over the par value of the stock probably would be added to the bank's surplus account, which now stands at $25,000,000. As of March 31, 1943, the bank's capital, surplus and undivided profits aggregated $42,286,418.

Mr. Bierwirth on April 6 said the proposed increase of capital and surplus was motivated by the desire to take all steps necessary to assure his bank of an increasing position in financing the needs of commerce and industry. He added that the recommended increase in capital funds is a constructive step which will furnish a sound basis for continued growth and greater capacity for service. He also made known on April 6 the appointment by the board of trustees of Albert W. Olsen as assistant to the President. Mr. Olsen for many years was identified with foreign trade, principally in the Far East. Subsequently for several years he was associated with A. G. Spalding & Bros. as Vice-President.

Geo. Sidenberg Dies

George Monroe Sidenberg died at the age of 71 after an illness of three weeks. Mr. Sidenberg was formerly a partner in Halle & Stieglitz and was a member of the New York Stock Exchange, serving for many years on the Board of Governors. He retired in 1934.

Norfolk and Western Railway Company

SUMMARY OF FORTY-SEVENTH ANNUAL REPORT FOR 1942

The Norfolk and Western Railway Company handled a record volume of traffic in 1942. This is attributed to the rapid expansion of business activity throughout the year and the heavy demands of the Government for transportation facilities to move personnel and equipment for war purposes.

Gross Railway Operating Revenues increased $19,423,000, or 16.16 per cent., over 1941. Operating Expenses increased $12,534,000, or 19.70 per cent. Net Income decreased $5,285,000, or 19.44 per cent. Income Balance of $21,007,000 was equal to $14.93 per share of outstanding Common Stock.

Condensed Income Statement

	1942	Comparison with 1941	Per Cent
Operating Revenues	$139,600,163.63	+ $19,423,249.64	16.16
Operating Expenses	76,173,018.32	+ 12,534,036.65	19.70
Net Revenue from Oper.	$63,427,145.31	+ $6,889,212.99	12.19
Ry. Tax Accruals—Fed., State and Local Taxes	46,096,493.96	+ 13,957,131.94	43.43
Railway Operating Inc.	$17,330,651.35	— $7,067,918.95	28.97
Rent Inc.—Equipment & Joint Facilities—Net	6,499,112.77	+ 1,821,404.83	38.94
Net Ry. Operating Inc.	$23,829,764.12	— $5,246,514.12	18.04
Non-Operating Income	832,237.00	— 33,515.11	3.87
Gross Income	$24,662,001.12	— $5,280,029.23	17.63
Deduc. from Gross Inc.:			
Int. on Funded Debt	$2,116,262.50	— $4,616.66	.22
Other Deductions	636,974.04	+ 9,826.15	1.57
Net Income	$21,908,764.58	— $5,285,238.72	19.44
Divs. on Adjustment Pfd. Stock—$4.00 per share	901,329.00	— 10,526.00	1.15
Income Balance	$21,007,435.58	— $5,274,712.72	20.07

Note—Net Railway Operating Income was equivalent to 4.30% earned upon the Company's Railway Property Investment, compared with 5.33% in 1941.

Condensed Profit and Loss Statement

Credit Balance, January 1		$173,726,660.48
Credits:		
Income Balance for Year	$21,007,435.58	
Miscellaneous Net Credits	475,762.67	
Total Credits		21,483,198.25
		$195,209,858.73
Charges:		
Appropriation of Surplus for Dividends on Common Stock	$14,064,830.00	
Miscellaneous Net Charges	1,095,040.48	
Total Charges		15,159,870.48
Credit Balance, December 31		$180,049,988.25

Dividends

Dividends of $1.00 per share quarterly, a total of $4.00 per share, or $901,329, were paid upon the outstanding Adjustment Preferred Stock. Dividends of $2.50 per share quarterly, a total of $10.00 per share, or $14,064,830, were paid upon the outstanding Common Stock.

Taxes

Railway tax accruals were $46,096,000, an increase over 1941 of $13,957,000, or 43.43 per cent. Taxes amounted to 33 cents per dollar of Operating Revenues, to $2,113 for each employee, to $33 for each share of Common Stock, to 210 per cent. of Net Income after taxes, and to 8 per cent. of Railway Property Investment. All Federal taxes —$40,321,000—representing 87.47 per cent. of all tax accruals for the year, increased $13,366,000, or 49.58 per cent., due in part to larger revenues, but chiefly because of increases in Federal tax rates. Accruals for Federal Excess Profits tax, included above, amounted to $23,265,000 at the 90 per cent. rate, an increase over the preceding year of $12,515,000. Railroad Retirement and Unemployment Insurance taxes amounted to $2,729,000, an increase of $359,000, because of increases in employment and payrolls.

Federal Excess Profits Tax—Post-War Credit

Under the provisions of the Revenue Act of 1942, this Company is entitled to a post-war credit of 10 per cent. of its Federal Excess Profits tax paid for 1942. The Company will receive United States Government bonds in the amount of this credit. These bonds will bear no interest and cannot be negotiated, assigned or pledged until cessation of hostilities. Bonds to be received for the 1942 credit mature December 31 of the second calendar year beginning after the war ends.

No adjustment for the post-war credit, estimated at $2,326,500, to which this Company is entitled for the year 1942, has been made either in reduction of Railway tax accruals or credits to income.

Reserve Fund for Taxes and Contingencies

The Company has established a reserve fund to meet taxes, and to provide for future contingencies. On December 31, 1942, this fund aggregated $40,226,000, an increase of $20,186,000 over the previous year, and is invested in United States Tax Savings and Treasury Notes.

Transportation Rates

The increases in passenger fares and freight rates, which became effective, by order of the Interstate Commerce Commission, on February 10 and March 18, 1942, respectively, are now under attack by several Federal and State agencies, and their cancellation is being sought. The railroads are defending the continuance of the increases, which added $3,750,000 to this Company's gross revenues for the year 1942. The increases were authorized to provide revenue to meet higher wage rates and vacations with pay to employees, granted in 1941 as a result of mediation before an Emergency Fact-Finding Board, which added $6,400,000 to the Company's payroll costs in 1942.

Financial

The Capital Stock held by the public was $163,097,800, a decrease of $232,500, and represented 76.05 per cent. of outstanding stock and bond capitalization. On December 31, 1942, the Company's stockholders numbered 13,851.

The Funded Debt held by the public was $51,365,532, a decrease of $81,000, and represented 23.95 per cent. of capitalization so held. Since December 31, 1930, the Company has reduced its direct total Funded Debt by $60,630,000, or 54.14 per cent.

Securities in the voluntary sinking fund for retirement of Funded Debt had a par value of $1,424,800 and a market value of $1,688,991.

War Service

Since September, 1939, when the war started in Europe, this Company has expended and authorized more than $75,000,000 for the construction and purchase of new cars and locomotives and expansion of key terminals and other facilities necessary to meet increased traffic demands incident to the war effort.

This policy of preparedness has enabled the Company so far to meet all transportation requirements, both military and civilian, which it expects to continue to do provided it can secure the necessary materials for maintenance purposes and for new equipment as required.

In addition to constructing, in its shops, 17 new locomotives and other equipment for its own service, and keeping its own locomotives and cars in proper repair and thereby available for maximum service, this Company during the year made heavy repairs to 43 locomotives of neighboring railroads and industries. Also, a substantial amount of work was done for the Army, Navy and war industries.

Employees

Employees during the year averaged 21,818. There were 1,731 employees in the armed forces on December 31, 1942. Railway Property Investment of $553,556,000 averaged $25,372 per employee. The Company's total payroll for 1942 was $47,183,000, an average of $2,163 per employee. Payments by the Company during the year for the benefit of employees, in addition to wages and salaries, totaled $3,041,387, an average of $139 per employee. These payments included Railroad Retirement tax, Federal Unemployment Insurance tax, expenses of Employees' Relief Fund and payments under Supplemental Pension Plan.

Wage Demands

In September, 1942, non-operating employees of railroads demanded a wage increase of 20 cents per hour, with a minimum of 70 cents per hour, and a union shop. This was followed in January, 1943, by demands of the operating employees for an increase of 30 per cent. in their wages, with a minimum increase of $3.00 per day. Both demands are in addition to the wage increases granted in 1941 as a result of mediation before an Emergency Fact-Finding Board. Emergency Boards have been appointed by the National Railway Labor Panel to conduct hearings and to make recommendations to the President of the United States. Hearings on dispute affecting the non-operating employees began on March 1, 1943. If both demands should be granted in full, the Company's annual payroll would be increased by approximately $12,500,000.

W. J. JENKS,
President.

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State and Municipal Bonds

April 5, 1943 Telephone WHitehall 3-3414

Municipal News & Notes

In a recent decision, the New Jersey Supreme Court held that the City of Camden, N. J., cannot tax the property of the Camden-Philadelphia bridge, which is operated by the Delaware River Joint Commission. The city, it was said, attempted to assess the bridge structure and property on which it is located at $9,250,000 in 1942, although in prior years the City Assessor had listed the property as tax-exempt.

In an opinion for Part 2, the court said the inter-State compact under which the joint commission was organized provides for specific exemption of all bridge property and quoted a section of the compact: "The commission shall not be required to pay any taxes or assessments upon any property acquired or used by it."

The court said further no reason was advanced by Camden in support of the assessment and none could be discovered, and therefore the assessment was being canceled.

Bridge Reports Operating Loss

The Bridge Commission had an operating loss in January for the first time in its history, according to a report made to the joint commission by Joseph K. Costello, General Manager. Receipts during the month amounted to $168,083 and interest on investments increased gross income to $179,796. Operating expenses, interest on the Commission's outstanding bonded debt and sinking fund requirements totaled $223,808, however, leaving a deficit for January of $44,012. In his annual report for 1942, Mr. Costello noted that the Commission was giving consideration to the possibility of refinancing its outstanding bonds at lower interest cost. No further developments in this regard have been reported.

Drastic reductions in civilian driving, due to gasoline rationing and associated measures, were responsible for January's deficit, Mr. Costello said. In January, 1942, vehicles using the span numbered 1,120,000, while the figure for the same month of the current year was only 630,000, a decline of about 43%. In this connection, the Office of Defense Transportation has asked curtailment of bus service on the structure, a development which would further depress the bridge's income.

Oklahoma Retires About $5,000,000 Of Bonds

The Oklahoma State School Land Department delivered $4,944,944 of State bonds to the State Treasurer for cancellation on April 2, in the first step of Governor Kerr's announced intention to liquidate outstanding indebtedness from surplus funds. The amount paid the School Land Department for its holdings of State bonds was accumulated under the administration of ex-Governor Phillips for the fiscal year ended July 1, 1942.

Governor Kerr has estimated that the general fund surplus for the fiscal year ending July 1, 1943, will be about $6,000,000. He expects that many holders of State bonds will be willing to surrender them for payment at par and accrued interest. The State Legislature passed an act authorizing the application of surplus funds to debt retirement and/or investment in Government bonds.

Mississippi Tax Revenues Climb To New High Level

A total of $4,110,867.99 was collected in March by the Mississippi Tax Commission, thus establishing a series of new records. The amount was more than twice as great as collections for all of 1932.

The funds swelled the Treasury balance to an all-time high of $16,311,872.19. The yields are from depression born tax laws that have risen under the avalanche of wartime spending.

While the income tax was responsible for most of the increase of $800,500 over the $3,361,585.09 collected in March, 1942, other taxes also jumped. In fact, every major revenue producer in the 12 taxes administerd by the Commission, yielded more than a year ago.

Income tax returns have been most startling of any tax yields, since the new reduced State income tax rates became effective on taxes paid this March. The lowest bracket rate was cut in two, from 3 to 1½%, while a reduction of 1½% was made in all higher brackets.

Tennessee's March Gasoline Revenues Sharply Higher

Despite predictions to the contrary, Tennessee's tax collections for March showed an upward trend over the same month of last year with an overall increase of $451,919 for the month, George McCaneless, Commissioner of Finance and Taxation, announced March 31. The month's collections were placed at $5,155,617, compared to $4,703,698 for March a year ago.

Gasoline taxes, which had been expected to show a decided slump because of mileage rationing, came through with an approximate increase of $45,000 for the month, the Commissioner said, totaling $1,850,929, against $1,806,042 for March of last year.

Largest single increase for the month was in the liquor tax which jumped from $109,543 in March of 1942 to $290,993 for the month just ending. This increase was attributed, however, to the additional taxes brought in on floor stocks through a 30-cents-a-gallon hike in the tax imposed at the recent legislative session. Tobacco taxes also showed a heavy increase for the month, hitting $380,306, as compared to $297,586 for March, 1942.

The March collections upset a trend started several months ago when State income first hit the downward skids in the wake of gasoline, car and tire rationing. The March collections increased by approximately $2,000,000 over the collections of February this year, according to the records, and whittled almost in half the deficit which had been showing thus far in the collections for the current fiscal year, as compared to the same period of the preceding fiscal year.

The March collections brought to $35,959,626 the intake by the Finance and Taxation Department for the present fiscal year, as against $36,370,594 for the first nine months of the preceding fiscal year.

The slump in gasoline taxes for the current year has been almost wholly responsible for the decline in overall collections since other tax items have been showing slight increases, or at least running comparable to corresponding months of the previous year.

Officials had no explanation for the increase in gasoline taxes in March despite gasoline rationing, other than that it showed heavy storage by dealers and distributors.

Collections of other tax items for March, as compared to the same month year ago were:

	1942	1943
Franchise	$15,987	$4,000
Excise	19,652	30,172
Income	1,340,016	1,269,657
Inheritance	96,389	140,033
Gasoline	1,806,042	1,850,929
Inspection fees	139,896	143,475
Tobacco	297,586	380,306
Beer	69,289	91,442
Motor vehicle	332,969	354,513
Bridge tolls	62,954	53,978
Ad valorem	252,808	305,092
Utility fees	18,506	71,422
Privilege	86,228	91,887
Gross receipts	30,909	59,262
Liquor	109,533	290,993

Alberta Expects Substantial Fiscal Year Surplus

The Province of Alberta is assured of a substantial surplus for the fiscal year ending March 31, 1943, according to a recent accounting made to the Legislature by Solon Low, Provincial Treasurer. The province, according to Canadian press advices, proposes to pass a supplementary appropriation of $1,000,000 chargeable against the 1942-1943 budget. This amount, it was stated, will form the nucleus for a post-war reconstruction fund that will help to lighten some of the Province's burden when revenues may be expected to decline from war-time levels.

Mr. Low reported to the Legislature that the "financial statement for the nine-months' period of the current fiscal year indicates that we can anticipate a substantial surplus on all accounts to report when the accounts are closed at the end of the year." On the basis of this statement, indications are that the 1942-1943 surplus will exceed the figure of $229,574 estimated by the Provincial Treasurer in his budget forecast a year ago. Without allowing for new taxes or increases in existing levies, a deficit of $291,809 is indicated for fiscal period ending March 31, 1944, Mr. Low reported.

Debt Reduced

The Treasurer reported that the net funded and unfunded debt of the Province at Dec. 31, 1942, amounted to $140,900,000, as compared with $143,100,000 a year earlier, a net decrease for the calendar year of $2,200,000. This decline, according to report, includes a reduction of $812,123 made in the funded debt due to accretions to the sinking funds of $693,075 and sundry payments on Treasury bills held by the Dominion, in addition to cancellation of Alberta registered stock totalling $119,048. The unfunded debt shows a decrease of $1,148,254 accounted for by a reduction in savings certificates and an increase in cash and investments of $1,131,536 which is set off against the unfunded portion of the debt.

Mr. Low reviewed last summer's negotiations concerning a debt refunding plan for the Province, which ended in a statement, with the Province asking for a 3½% basis as against the 4% level sought by the bondholders' group.

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£98,263,226

Associated Banks:

Williams Deacon's Bank, Ltd.

Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea and London, it offers the most complete and efficient banking service to investors traders and travellers interested in these countries.

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DIVIDEND NOTICES

COLUMBIA GAS & ELECTRIC CORPORATION

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

Cumulative 6% Preferred Stock, Series A No. 66, quarterly, $1.50 per share

Cumulative Preferred Stock, 5% Series No. 56, quarterly, $1.25 per share

5% Cumulative Preference Stock No. 45, quarterly, $1.25 per share

payable on May 15, 1943, to holders of record at close of business April 20, 1943.

DALE PARKER, Secretary

April 1, 1943

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on May 1, 1943 to stockholders of record on April 15, 1943. The transfer books will not close.

THOS. A. CLARK, TREASURER

March 25, 1943

JOHN MORRELL & CO.

DIVIDEND NO. 55

A dividend of Twenty-five Cents ($0.25) per share on the capital stock of John Morrell & Co., will be paid April 30, 1943, to stockholders of record April 12, 1943, as shown on the books of the Company.

Ottumwa, Iowa. Geo. A. Morrell, Treas.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., April 5, 1943.

The Board of Directors, on March 30, 1943, declared a dividend of One Dollar and Fifty Cents ($1.50) per share, being Dividend No. 121, on the Common Capital Stock of this Company, payable June 1, 1943, to holders of said Common Capital Stock registered on the books of the Company at close of business April 30, 1943.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer, 120 Broadway, New York, N. Y.

A.C.F.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET

NEW YORK, N. Y.

The following dividends have been declared:

Preferred Capital Stock

One and three-quarters per cent (1¾%) payable April 26, 1943, to the holders of record at the close of business April 16, 1943;

Common Capital Stock

One dollar ($1.00) per share payable April 26, 1943, to the holders of record at the close of business April 16, 1943.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*

HOWARD C. WICK, *Secretary*

April 6, 1943

RADIO CORPORATION OF AMERICA

First Preferred Dividend

The Directors have declared a dividend of 87½¢ per share on the outstanding $3.50 Cumulative First Preferred Stock for the period April 1, 1943 to June 30, 1943, payable July 1, 1943 to holders of record at the close of business June 11, 1943.

GEORGE S. DE SOUSA, *Vice-President and Treasurer*

New York, N. Y., April 2, 1943

RADIO CORPORATION OF AMERICA

Notice of Redemption of "B" Preferred Stock

Notice is hereby given that Radio Corporation of America has elected to redeem on July 1, 1943, all outstanding "B" Preferred Stock of said corporation at $100 per share and dividends accrued thereon to the redemption date, a total of $101.25 per share. There are 11,891 shares of "B" Preferred Stock outstanding.

Holders of "B" Preferred Stock should surrender the certificates therefor, with appropriate letter of transmittal, to The Corporation Trust Company, 120 Broadway, New York, N. Y. Copies of the letter of transmittal will be mailed to stockholders of record. The redemption price will be paid by check to the order of the registered holder of the stock presented for redemption, unless the certificates for such stock shall be duly endorsed or accompanied by an assignment duly executed (with signatures duly guaranteed) and duly stamped for transfer. Checks for the redemption price ($101.25 per share) will be mailed on June 30, 1943, in respect of all stock surrendered in proper form for redemption prior to that date.

For the convenience of stockholders, transfers of "B" Preferred Stock will be made on the books of the corporation up to the close of business on June 30, 1943, but not thereafter.

Dated, New York, N. Y., April 2, 1943

RADIO CORPORATION OF AMERICA

By GEORGE S. DE SOUSA, *Vice-President and Treasurer*

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The Securities Salesman's Corner

Treasury's Second Victory Fund Drive Is An Opportunity To Build Up Your Business

One of the most difficult problems most securities salesmen have to overcome is that of making the "right contacts" under favorable circumstances. The Second Victory Loan Drive, which will be launched throughout the country on April 12th, in this respect, is the perfect answer to every salesman's prayer. In each community there are a number of investors that every salesman would like to meet—but they remain only potential clients. Some of these investors are too busy to see you during regular business hours—others don't care to meet any more securities men—there are some you could meet providing you had an introduction from one of their friends, but this isn't always possible—all in all, there are a number of excellent prospects whom you might some day turn into valuable clients—but first you must be able to meet them.

Now, with the coming of this Government Bond Drive, every salesman has his patriotic duty cut out for him and, in addition, he also has a chance to get paid for his efforts. True enough, the securities industry is about the only business in the country that is being requested to donate its services and its facilities without any recompense whatsoever for doing an essential war job—yet there is an indirect opportunity for personal reward, inasmuch as every new contact made through this drive will remain a potential source of future investment business.

THIS IS AN OPPORTUNITY TO MEET MR. "HARD TO SEE" AT A TIME AND UNDER CIRCUMSTANCES THAT ARE EXTREMELY FAVORABLE.

During the First Victory Loan Drive we heard of one salesman who made up a list of several hundred of the most prominent business and professional people in his community. He put a generous supply of his own personal calling cards in his pocket and started out to sell Governments. His approach was: "Tell Mr. So and So that a representative of The United States Treasury is here to see him!"

Needless to say, that approach got him through plenty of doors. After all, he wasn't misrepresenting a thing—that's exactly what he was—a representative of the Treasury. The majority of his prospects were so relieved to find out that all he wanted to do was to sell them some Governments that he told us it helped his sales considerably. Several of the new contacts he made during the first drive have more than repaid him for his efforts in the commissions he has earned on regular business consummated since that time.

This is one time when alert sales organizations can take advantage of a patriotic opportunity to build up their circle of potential customers. If properly handled this drive can be one of the best mediums for meeting new investors that those of us who see our way clear to give the time and effort have ever before enjoyed.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1285)

For the inflation-minded, whose means of protection are meager the stock market is about the only thing open. This doesn't mean that everything is going up right away. There are other things to consider. Among them the element of timing is most important. You'll get no satisfaction, for example, in buying a stock at, say, 50 because it's "sure to go to 100" and then see it go to 30 before it starts up to the 100 price. The chances are you'll get out at the lower figure. So any later advance will leave you nothing but memories and a handful of order slips to console yourself with.

* * *

All the foregoing leads up to the following conclusions. Inflationary markets are to be handled no different than any other advancing markets. Holders of stocks bought at lower levels (I assume regular readers have done so) should take large profits in part of their holdings and place stops on the rest. Specifically, here is what I mean:

* * *

Bethlehem Steel bought at 58 is now about 69. Take partial profits across 70 and stop the rest at 64. Goodyear bought at 22½ is now about 37. Take part profits across 39; stop rest at 32. International Harvester bought at 43 is now about 69. Take part profits at 70 or better and stop rest at 63. Superheater bought at 13½, now about 18. Sell part at about 20 and stop rest at 15.

* * *

In following such a program the only loss you can sustain is mental. If the market continues up without reacting you may lose part of your position. But there's nothing sure about the market and you can't protect yourself against everything.

* * *

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.]

Central of N. J. Looks Good

The general first mortgage 5% and 4% bonds of The Central RR. Co. of New Jersey offer a situation for investors, with attractive possibilities, according to Ward & Co., 120 Broadway, New York City. Copies of a special report on the company, with particular reference to the first 5% and 4% bonds, may be had from the firm upon request. Ask for Report No. 271.

Sentenced

John Woolcott Forbes and Alfred Ernest Dawson were sentenced to terms of four and five years, respectively, in U. S. District Court, after confessing partnership in a series of stock frauds. Both men, it is reported, are being sought for stock swindles by Canada and extradition proceedings have been instituted by Australia against Mr. Forbes for an alleged $10,000,000 security fraud perpetrated there.

Our Reporter's Report

(Continued from first page)

ment Bankers Association of America should have what it takes in the security field.

And it's well to remember that quite a few of the fellows in this organization were with the AEF which went to France 25 years ago. They know from bitter experience what it means to have the tools to do the job, and that's a safe guarantee that neither they nor the groups they direct will do any shirking in the weeks ahead.

Wilson & Co. First 3s

Only one substantial new offering remains to reach market in advance of the Treasury's drive, namely that involving the $20,000,000 of 15-year first mortgage 3% of Wilson & Co., one of the Big Five Packers.

This issue is being offered today by Smith, Barney & Co. and Associates at a price of 100 and interest.

As far as the actual issue is concerned, the only worry among dealers seemed to be whether or not they would be able to obtain all the bonds wanted, as preliminary inquiry was such as to suggest the likelihood of scaling-down of allotments.

Kansas City Terminal Railway

Although it would have to come on the market in the course of the Treasury's operation, underwriting circles were confident that the big refinancing planned by the Kansas City Terminal Railway Company would probably be allowed to go through without interference.

Since it is not an issue involving any new money, but rather a purely refunding operation, the net result, it was contended, would be nil so far as effect on the War Loan Drive is concerned.

Bankers were disposed to anticipate a call by the company for bids to be opened along about the end of next week for this $47,000,000 project.

They expect a call to bid on $20,000,000 to $25,000,000 of serials maturing from 1947 to 1972 and the balance of $22,000,000 to $27,000,000 in the form of term bonds to mature in 1973.

Status of Recent Offerings

Naturally there has been a tendency to follow the behavior of recently marketed issues rather closely as a means of obtaining a cue to the temper of the individual and institution investor.

Inquiry reveals the fact that the Puget Sound Power & Light Company's 4¼s, offered last week at 104.25, enjoy a steady demand ruling at a premium of ½ to ⅝ over the offering price.

Public Service Company of New Hampshire 3¼s, which were marketed at a price of 108, are still a bit laggard, bulwarked by the syndicate bid, and remain something over half sold.

Erie Railroad's $10,000,000 of serials, which were offered to the public at prices to yield from 1% to 3.15%, according to maturity, likewise are said to be still a bit sluggish, but moving gradually.

Prospects For Advertising

Herbert E. Stern & Co., 30 Pine St., New York City, members of the New York Curb Exchange, have issued a circular entitled "Prospects for the Advertising Industry," copies of which they will supply upon request.

We offer, subject:

$200,000

Dominion of Canada

3% Bonds—due Jan. 15, 1967

Price 100.75 and interest

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York

Bell System Teletype NY 1-920

CANADIAN SECURITIES

By BRUCE WILLIAMS

Anyone familiar with the situation will agree that there are few, if any, bargains left among strictly high-grade domestic bonds. The easy money policy of our Government and the competition of a rapidly expanding volume of funds for the limited supply of bonds have created a sellers' market without precedent in the history of this country.

However, by present standards, bargains are still to be found among highest-grade Canadian bonds. That such opportunities still exist is due, as might be expected, to an unusual supply-demand situation with respect to the particular issues now in the "bargain" group. We have in mind specifically the non-callable Canadian National Railway bonds payable in United States funds.

Bonds of the Canadian National Railway are unconditionally guaranteed as to payment of both principal and interest by the Dominion of Canada. They are fully equal in quality to Canadian Government bonds inasmuch as they are, in effect, the same thing. An opinion rendered by the well-known Toronto legal firm of Daly, Hamilton & Thistle on this point concludes as follows:

"In the event that the Canadian National Railway Company should fail to make any payments of money legally due and payable for principal and interest in respect of Bonds so guaranteed, the Dominion of Canada would be legally bound by the Guarantee to make such payments. If it became necessary for the Government of the Dominion to provide money to meet the payments so guaranteed, such money could be raised by taxation in the same way as monies required to meet direct obligations of the Dominion of Canada, and the Government could use its taxing powers to the fullest extent necessary for such purposes. It follows, therefore, that Bonds so guaranteed are fundamentally secured by the full credit and taxing power of the Dominion of Canada to the same extent and equally with its direct obligations."

One would naturally expect the Dominion-guaranteed Canadian National Railway bonds to sell on approximately the same yield basis as the direct obligations of the Canadian Government. However, the spread between the two groups is considerable. For example, 15-year Canadian Government bonds are currently selling around a 2.90 yield basis. Yet the Canadian National Railway non-callable 4½s of 1956 and 1957 are currently available on a 3.25 to 3.35 yield basis. This amounts to a yield spread of 35 to 45 points.

What is the reason for the relative cheapness of the Dominion-guaranteed bonds? Is it more than just the normal tendency to value a guaranteed issue lower than a direct obligation? Judging by the size of the spread, that can hardly be the full answer, although it is undoubtedly a factor to be considered. The real reason, we believe, is that advanced by a leading dealer in Canadian securities. Stated simply, it is that unusual circumstances brought about by the war have temporarily resulted in a liberal supply of these bonds being offered for sale in the United States.

The circumstances referred to are:

1. The bonds are largely payable in British and Canadian funds as well as in United States dollars and large amounts of them were held in England and Canada before the war.

2. The premium on United States dollars over the English pound and Canadian dollars has made it profitable for nationals of those countries to sell their holdings of such bonds in the American market. They can thereby realize the current premium on the United States dollar and can reinvest their funds at substantially higher yields in the internal Government obligations of their own countries.

These circumstances have existed for quite some time, but it was not until the war outlook began to brighten and the effects of wartime exchange rates could be appraised that the flow of Dominion-guaranteed bonds into this country reached volume proportions. An examination of leading domestic insurance company portfolios as of the 1942 year-end will reveal where many of these "bargain" bonds have been going.

Curb Groups Elect Officers for Year

At the annual meeting of the board of directors of the New York Curb Exchange Securities Clearing Corporation the following officers were appointed for the ensuing year:

Fred C. Moffatt, President.

David U. Page, Vice-President.

James A. Corcoran, Second Vice-President.

William B. Steinhardt, Secretary and Treasurer.

Austin K. Neftel, Assistant Treasurer.

C. E. Sheridan, Assistant Secretary.

James R. Dyer and William Will were elected directors, and Messrs. Corcoran, Page, Steinhardt and Theodore A. Winter were appointed members of the Executive Committee to serve with the President.

At the annual meeting of shareholders of the New York Curb Exchange Realty Associates, Inc., Austin K. Neftel and Charles M. Finn were elected directors for three years. Fred C. Moffatt and David U. Page were elected inspectors of election for the annual meeting in April, 1944. At the organization meeting, which followed, David U. Page was elected President; Austin K. Neftel, Vice-President; Wilmont H. Goodrich, Executive Vice-President, and Christopher Hengeveld Jr., Secretary-Treasurer. William B. Steinhardt was appointed Assistant Treasurer.

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No Currency Depreciation Or Cheapening Of Dollar Planned

(Continued from first page)

DANIEL W. BELL

Under Secretary of the Treasury

The security of the dollar appears to us to be beyond all question. Our dollar is backed by the credit and resources of the wealthiest and most powerful nation on earth. Our gold stocks, which amount to nearly $23,000,000,000, together with the esteem in which the American dollar is held throughout the world, are additional evidence of the high degree of security of the dollar. We have every reason to believe that in the post-war period the American dollar will continue to be the dominant currency of the world.

The Secretary of the Treasury has always regarded the security and stability of the dollar as a primary objective of Treasury policy. We do not contemplate currency depreciation or a cheapening of the dollar in any way as a means of reducing the national debt. The amount and rate of debt reduction in the post-war period must, of course, be dictated by such considerations as the effect of repayments on employment and business activity.

The Treasury has sought to avert inflation in its tax recommendations and in its campaign to borrow as much as possible out of the current savings of individual income receivers. We have also urged the employment of direct controls, such as rationing and price control as an indispensable part of the anti-inflationary program. We are confident that the application of the policies outlined in the President's seven-point stabilization program will prevent serious price rises and that we shall be successful in maintaining the purchasing power of the dollar.

S. H. LOGAN

President, The Canadian Bank of Commerce

I heartily agree with Dr. Spahr that for a government deliberately to adopt a policy of inflation in the post-war period solely for the purpose of lightening the national debt load is stupid and grossly unjust. It is stupid because they have the power to distribute by taxation with some equity the debt burden amongst those most capable of bearing it, and they would be choosing instead the haphazard distribution of the weight of sacrifice without any relation to economic position or capacity to pay.

Photo by Ashley & Crippen

S. H. Logan

It is grossly unjust, because it is the little man living on wages, which always lag behind the rise in prices, the life insurance policy holder, the pensioner and other retired person, upon whom is thrust the brunt of an inflationary rise in prices.

EDWARD BALL

President, Florida National Bank

I have read with a great deal of interest the four-point program by Dr. Walter E. Spahr. It seems to me that the four-point program that Dr. Spahr sets out is sound, figuring on "old fashioned arithmetic," which seems to be out of date in these days. I doubt that this four-point program can be carried through successfully when you consider both the political and economic trend of the day and in the event that we should have inflation, or dollar devaluation, I anticipate that the results may not be quite as bad as Dr. Spahr foresees. I am prompted to the observation, through a rather long life, that the evils one fears, when they come to pass, are rarely as bad as one has anticipated they will be.

CHARLES IRVING DANFORTH

President, First Dakota National Bank, Yankton, S. D.

I have read with a great deal of interest the article by Dr. Spahr in your March 4 issue. I have been greatly concerned about the future of our monetary system ever since the devaluation of the dollar. It appears to me that Dr. Spahr outlines a sensible and workable approach to the problem. I believe that I cannot agree with his suggestion number 4 that plans on a permanent national debt. I would feel that in view of tendencies of State and Federal debts to continually increase and with due consideration that history tells us wars are bound to re-occur, it would be the part of good judgment to plan some systematic reduction of the debt. If this were not done we might survive this storm only to sink in the next one.

The thing that makes me pessimistic about the situation of our monetary unit is that so few people are interested or have any appreciation of what is happening. While I talk to many people very few show more than a passing interest.

I find that many times the story of some isolated case brings more attention to the problem than any amount of tremendous totals will make generalization. Two that I have used appear below as examples:

The other day I was talking to a party, speaking of what was happening, and I happened to have in my hand the statement of one of the banks at (name of city deleted by Editor). I said that I could show them what I meant and reached into my file, drawing out the statement of same bank dated Dec. 31, 1932. At that time there were savings deposits (money saved up for future use, of $955,000), individual deposits subject to check, $315,000, (for immediate expenses, to buy a house, farm or what the depositor wishes). This same bank, Dec. 31, 1942, showed $822,000 savings accounts, so that actual savings were less than in 1932, while deposits subject to check amounted to $2,290,000, or roughly $2,000,000 more than the early statement. You can imagine what will happen when those people start spending that money. That bank is no different than any other. As long as the war financing continues, we know these deposits are almost sure to increase.

A few weeks ago I was talking with a farmer about the taxes paid by industry. I happened to have the third quarterly report of the earnings of the U. S. Steel Corporation in my hand. I pointed out to this man the total amount paid for taxes in this period, $215,000,000. The amount paid to stock holders in the same period was $45,000,000. So that it was as though the Government went to a farmer and took five out of every six rows in his corn field. But that was not the end of taxation, because when the farmer had the sixth row husked and was ready to shovel it into the corn crib the Government stopped him and took an additional amount; for each stockholder had to pay his personal income tax on the amount received in dividends.

Here you have a corporation that is in a notoriously prince-and-pauper industry. Taxation is making it very hard to lay aside any funds in the good years to help out in the poor years. The present situation is interesting when it is considered from the angle that the actual volume of production of this company is greater than it has ever been. The rate paid labor is greater than it has ever been. Management, except for the effects of the salary ceiling, has been well paid. The Government has taken more from the company in taxation than ever before. The quality of the product has been improved. The only one receiving less than before is the poor fellow who saved and denied himself to accumulate the capital that makes the corporation possible.

Treasury Plan For Stabilizing Currency Of United Nations Outlined By Morgenthau

Details of the tentative proposals of Secretary of the Treasury Morgenthau to establish an international stabilization fund were made known by Mr. Morgenthau on April 6, in what is termed the "preliminary draft outline of proposal for a United and Associated Nations Stabilization Fund." While further reference is made to the plan in another item appearing on the cover page of Section Two of today's issue. We are giving herewith the outline as made available by the Treasury, and as contained in Associated Press advices from Washington April 6, published in the New York "Times:"

I. Purposes of the Fund

1. To stabilize the foreign exchange rates of the currencies of the United Nations and nations associated with them.

2. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

3. To help create conditions under which the smooth flow of foreign trade and of productive capital among the member countries will be fostered.

4. To facilitate the effective utilization of the abnormal foreign balances accumulating in some countries as a consequence of the war situation.

5. To reduce the use of foreign exchange controls that interfere with world trade and the international flow of productive capital.

6. To help eliminate bilateral exchange clearing arrangements, multiple currency devices, and discriminatory foreign exchange practices.

II. Composition of the Fund

1. The fund shall consist of gold, currencies of member countries and securities of member governments.

2. Each of the member countries shall subscribe a specified amount which will be called its quota. The aggregate of quotas of the member countries shall be the equivalent of at least $5,000,000,000.

The quota for each member country shall be determined by an agreed-upon formula. The formula should give due weight to the important factors relevant to the determination of quotas, e.g., a country's holdings of gold and foreign exchange, the magnitude of the fluctuations in its balance of international payments, and its national income.

3. Each member country shall provide the fund with 50% of its quota on or before the date set by the board of directors of the fund on which the fund's operations are to begin.

4. The initial payment of each member country (consisting of 50% of its quota) shall be 12.5% of its quota in gold, 12.5% in local currency and 25% in its own (i.e., government) securities. However, any country having less than $300,000,000 in gold need provide initially only 7.5% of its quota in gold, and any country having less than $100,000,000 in gold need provide initially only 5% of its quota in gold, the contributions of local currency being increased correspondingly. A country may, at its option, substitute gold for its local currency or securities in meeting its quota requirement.

5. The member countries of the fund may be called upon to make further provision toward meeting thir quotas pro rata at such times, in such amounts and in such form as the board of directors of the fund may determine, provided that the proportion of gold called for shall not exceed the proportion indicated in II-4 above, and provided that a four-fifths vote of the board shall be required for subsequent calls to meet quotas.

6. Any changes in the quotas of member countries shall be made only with the approval of a four-fifths vote of the board.

III. Powers and Operations

The fund shall have the following powers:

1. To buy, sell and hold gold, currencies, bills of exchange and government securities of member countries; to accept deposits and to earmark gold; to issue its own obligations and to discount or offer them for sale in member countries, and to act as a clearing house for the settling of international movements of balances, bills of exchange and gold.

All member countries agree that all of the local currency holdings shall be free from any restrictions as to their use. This provision does not apply to abnormal war balances acquired in accordance with the provisions of III-9, below.

2. To fix the rates at which it will buy and sell one member's currency for another and the rates in local currencies at which it will buy and sell gold. The guiding principle in the fixing of such rates shall be stability in exchange relationships. Changes in these rates shall be considered only when essential to correction of a fundamental disequilibrium and be permitted only with the approval of four-fifths of member votes.

3. To sell to the Treasury of any member country (or stabilization fund or central bank acting as its agent), at a rate of exchange determined by the fund, currency of any member country which the fund holds, provided that:

A. The foreign exchange demanded from the fund is required to meet an adverse balance of payments on current account with the country whose currency is being demanded.

B. The fund's holdings of the currency of any member country shall not exceed during the first year of the operation of the fund the quota of that country; it shall not exceed during the first two years 150% of such quota; and thereafter it shall not exceed 200% of such quota; except that upon approval by four-fifths of the member votes the fund may purchase any local currency in excess of these limits, provided that at least one of the following two conditions is met:

(1) The country whose currency is being acquired by the fund agrees to adopt and carry out measures recommended by the fund designed to correct the disequilibrium in the country's balance of payments, or

(2) It is believed that the balance of payments of the country whose currency is being acquired by the fund will be such as to warrant the expectation that the excess currency holdings of the fund can be disposed of within a reasonable time.

C. When the fund's net holdings of any local currency exceed the quota for that country, the country shall deposit with the fund a special reserve in accordance with the regulations prescribed by the board of directors. This provision does not apply to currencies acquired under III-9 below.

D. When a member country is exhausting its quota more rapidly than is warranted in the judgment of the board of directors, the board may place such conditions upon additional sales of foreign exchange to that country as it deems to be in the general interest of the fund.

E. A charge at the rate of 1% per annum, payable in gold, shall be levied against any member country on the amount of its currency held by the fund in excess of the quota of that country. Abnormal war balances acquired by the fund (in accordance with III-9 below) shall not be included in the computed balance of local currency used as a basis for this charge.

F. When the fund's holdings of the local currency of a member country exceed the quota of that country, upon request by the member country the fund shall resell to the member country the fund's excess holdings of the currency of that country for gold or acceptable foreign exchange.

4. The right of a member country to purchase foreign exchange from the fund with its local currency for the purpose of meeting an adverse balance of payments on current account is recognized only to the extent of its quota, subject to the limitation in III-3 above and III-7 below.

5. With the approval of four-fifths of the member votes, the fund in exceptional circumstances may sell foreign exchange to a member country to facilitate transfer of capital, or repayment or adjustment of foreign debts, when in the judgment of the board such a transfer is desirable from the point of view of the general international economic situation.

6. When the fund's holding of any particular currency drops below 15% of the quota of that country, and after the fund has used for additional purchases of that currency,

(a) Gold in an amount equal to the country's contribution of gold to the fund, and

(b) The country's obligations originally contributed,

the fund has the authority and the duty to render to the country a report embodying an analysis of the causes of the depletion of its holdings of that currency, a forecast of the prospective balance of payments in the absence of special measures and, finally, recommendations designed to increase the fund's holdings of that currency. The board member of the country in question should be a member of the fund committee appointed to draft the report. This report should be sent to all member countries and, if deemed desirable, made public. Member countries agree that they will give immediate and careful attention to recommendations made by the fund.

7. Whenever it becomes evident to the board of directors that the anticipated demand for any particular currency may soon exhaust the fund's holdings of that currency, the board of directors of the fund shall inform the member countries of the probable supply of this currency and of a proposed method for its equitable distribution, together with suggestions for helping to equate the anticipated demand and supply for the currency. The fund shall make every effort to increase the supply of the scarce currency by acquiring that currency from the foreign balances of member countries. The fund may make special arrangements with any member country for the purpose of providing an emergency supply under appropriate conditions which are acceptable to both the

(Continued on page 1303)

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Stetson Of Guaranty Trust Presents ARC Citation To Douglas Of Mutual Life

Eugene W. Stetson, President of the Guaranty Trust Company of New York and Chairman of the Commerce and Industry Committee, 1943 Red Cross War Fund, presents the "A", "R" and "C" citation to Lewis W. Douglas, President of the Mutual Life Insurance Company, and receives from Mr. Douglas a check for $50,000, drawn on the Guaranty Trust Company, as The Mutual Life's contribution to the Fund. The triple citation is for contributions by the Company, its executives and employees. Mr. Stetson's company, the Guaranty Trust, was the first bank to receive the ARC citation, and The Mutual Life was among the first companies to report individual contributions from 100% of its employees and executives. Left to right are: Julian S. Myrick, 2nd Vice-President of The Mutual Life; Mr. Douglas; Bernon S. Prentice, Chairman of the Finance Section of the Commerce & Industry Committee; Mr. Stetson; Miss Janet Beadie of The Mutual Life's Red Cross Committee, and H. W. Stewart, the Committee's Chairman.

President May Ask For Legislation On International Currency Plans

President Roosevelt told his press conference on April 6 that he may make several legislative requests in connection with international currency plans but that none of these would be put forth until the exploratory talks among the United Nations have been completed. As to this, Washington advices to the "Wall Street Journal" of April 7 said:

"The only exception to that rule, according to the President, will be in connection with the existing law which gives the President gold powers, including devaluation of the dollar. These powers are due to expire June 30. The President pointed out that in previous times Congress has extended the effectiveness of some laws for a relatively short period during which time a study could be continued. The whole thing can be dropped at the end of the temporary extension if Congress wants to let it die then, he said.

"The President made it plain that he believes any kind of action taken by this Government in conjunction with other nations and which would affect the gold reserves of this country would be fortified by a Congressional statute. Asked whether he agreed that it is necessary to have his gold powers in existence while the negotiations continue, the President replied that he thought if it affects the gold reserves he ought to get Congressional action anyway."

Real Estate Securities

(Contnued from page 1284)

ting profit for the first two months of 1943 was $69,234.24 compared with $24,383.43 for the corresponding period of 1942. This is considerably over a 250% increase. (The **two-month** gross operating profit of $69,234.24 is an interesting comparison with the **twelve-month** gross operating profit of $162,397.04 for the entire year of 1942—a fair expectation of better interest payments). The Management, in announcing these figures, warned that the results thus far this year should not be considered an indication that this improvement will be continued indefinitely. They gave as their reason that war conditions present problems which add to the difficulties of the hotel business. Included among these are food rationing, labor shortage, increasingly higher wage scales and the shortages of material.

Yet, the past earning experience of this hotel has been so poor that if only a part of this increased business referred to above can be maintained, the position of the bondholders should be much better than heretofore.

The annual report for the year ended December, 1942, showed current assets (including cash of $66,379.53) amounting to $166,417.34 and current liabilities of $73,429.22.

Price range of the bonds since reorganization was a low of 7½ in 1941 and a high of 44½ in 1937.

1942 Utility Financing Down Sharply, Says SEC

There were 58 issues of securities of electric and gas utility companies, with a total principal amount of $376,979,353, either publicly offered or privately sold during 1942, according to an analysis prepared by the Public Utilities Division of the Securities and Exchange Commission. In making this known last month, the Commission stated that this brings the total for the eight years ending Dec. 31, 1942, to 597 issues of electric and gas utilities, amounting to $7,098,538,334 principal amount. In 1941, 108 security issues with a principal amount of $840,734,549 were similarly offered or sold by this class of utility companies, while in 1940 the aggregate was 86 issues in the principal amount of $881,247,251.

The Commission's announcement regarding the study further said:

"According to the analysis, the 597 issues covering the eight-year period were offered by 259 separate utility companies, of which 224 were operating electric and gas utilities and 15 were utility holding companies. The analysis represents all issues of securities of this type of utility companies of which the Commission has a record under both the Securities Act of 1933 and the Public Utility Holding Company Act of 1935.

"Of the 58 issues of securities offered during 1942, 28 were bond issues, aggregating $241,264,000, with an average coupon rate of 3.51% and an average yield to purchasers of 3.29%. This compares with 61 issues of bonds in 1941, amounting to $642,874,000, upon which the average coupon rate was 3.40% and the average yield to purchasers was 3.15%. Likewise, in 1940, bond offerings totaled 43 issues, amounting to $759,336,000, with an average coupon rate of 3.29% and average yield to purchasers of 3.05%. During the entire eight-year period there were 355 bond issues totaling $5,681,506,951.

"During 1942 there were three debenture issues amounting to $16,250,000 as compared with three such issues totaling $13,400,000 in 1941 and four issues of debentures aggregating $40,750,000 in 1940. During the eight-year period there were 45 debenture issues amounting to $639,050,095.

"There were also 18 note issues offered during 1942, amounting to $75,734,448, as compared with 25 issues totaling $114,826,000 during 1941, while the aggregate amount of 110 note issues during the eight-year period was $374,286,589.

"Seven preferred stock issues amounting to $43,423,000 were offered during 1942, while there were 15 such issues aggregating $68,563,400 in 1941 and 16 issues in the sum of $51,441,300 in 1940. During the eight-year period 75 issues of preferred stock amounting to $387,830,100 were offered.

"The coupon rate of bond issues varied from 2.5% to 3.0% during the eight-year period ending Dec. 31, 1942. There were 88 bond issues totaling $1,782,125,500 on which the coupon rate was 3½%.

"The analysis was prepared by C. A. Turner, under the supervision of John W. Houser, Director of the Public Utilities Division. A copy of the report may be obtained upon request from the Publications Unit of the Securities and Exchange Commission, Philadelphia, Pa."

Banking Group Offers $20,000,000 Bonds

Public offering is being made today of $20,000,000 Wilson & Co., Inc., 3% first mortgage bonds by a syndicate headed jointly by Smith, Barney & Co., and Glore, Forgan & Co. The bonds, dated April 1, 1943, and due April 1, 1958, are available to investors at a price of 100 and interest. Preliminary inquiry indicated a strong demand for the issue from investment sources.

Proceeds from the sale, together with general funds of the company, are to be applied not later than June 1, 1943, to the redemption of the $16,390,000 face amount of outstanding first mortgage 20-year bonds, series A, 4%, due July 15, 1955, at 104% plus accrued interest, and to the redemption of $4,165,000 face amount of outstanding convertible 3¾% debentures, due April 1, 1947, at 102% plus interest. Of the debentures $907,350 now are on deposit in the sinking fund.

This is under no circumstances to be construed as an offering of these Bonds for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offer is made only by means of the Prospectus.

NEW ISSUE

$52,000,000

Puget Sound Power & Light Company

First Mortgage Bonds, 4¼% Series due December 1, 1972

Price 104¼%

Plus accrued interest from December 1, 1942, to date of delivery

Copies of the Prospectus are obtainable from only such of the undersigned as may legally offer these Bonds in compliance with the securities laws of the respective States.

Stone & Webster and Blodget Incorporated — Lehman Brothers — Halsey, Stuart & Co. Inc.

Blyth & Co., Inc. — The First Boston Corporation — Glore, Forgan & Co.

Goldman, Sachs & Co. — Harriman Ripley & Co. Incorporated — Kidder, Peabody & Co.

Lazard Frères & Co. — Lee Higginson Corporation — Mellon Securities Corporation

Smith, Barney & Co. — Union Securities Corporation

April 2, 1943.

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Calendar of New Security Flotations

OFFERINGS

HEYDEN CHEMICAL CORP.

Heyden Chemical Corporation has filed a registration statement for 40,000 shares of cumulative preferred stock, series A, $100 par value. The dividend rate will be supplied by amendment.

Address—50 Union Square, N. Y. City.

Business—Company is engaged in the manufacture and sale of synthetic organic chemicals for industrial and medicinal uses.

Underwriting—A. G. Becker & Co., Inc., New York, is named principal underwriter. Others are to be supplied by amendment.

Offering—Price to public, plus accrued dividends from March 1, 1943, to date of delivery, is to be filed by amendment.

Proceeds—Of the net proceeds, $2,037,000 will be applied towards the redemption at $105 per share, plus accrued dividends, of all of the outstanding 19,400 shares of 4¼% cumulative preference stock of the company. All shares of 4¼% preference stock so redeemed will be retired and will not be reissued. The balance of net proceeds will be added to working capital. The company requires such additional working capital in order to finance the increased inventories and accounts receivable resulting from its presently increased business and expanded operations.

Registration Statement No. 2-5108. Form S-1. (2-18-43).

In an amendment to its registration statement filed March 31, Heyden Chemical Corp. fixed the interest rate on its proposed issue of 40,000 shares of cumulative preferred stock, series A, at 4%. Stock has par value of $100. Offering price to the public will be $100 per share.

The underwriters and shares underwritten are as follows: A. G. Becker & Co., Inc., 13,000 shares; Lehman Brothers, 8,000 shares; Merril Lynch, Pierce, Fenner & Beane, 8,000 shares; Hornblower & Weeks 5,500 shares, and Ladenburg, Thalmann & Co., 5,500 shares.

In its amended statement the corporation also has registered 20,997 shares of common, par $2.50 per share. These shares are to be offered for subscription pro rata to holders of common stock at the close of business April 1, 1943, in the ratio of one share for each 20 shares held. Offering price is $20 per share. Subscription offer will expire 3 p. m. April 8. Any shares not subscribed for by stockholders will be underwritten by the same group of investment houses which have underwritten the preferred stock.

Proceeds from the sale of both issues will be applied toward the redemption at $105 per share, plus accrued dividends, of all of the outstanding 19,400 shares of 4¼% cumulative preference stock of the company and the balance added to working capital.

Registration effective 5:30 p. m. EWT on April 2, 1943.

Offered April 5, 1943, at 100 and dividends by A. G. Becker & Co., Inc., and associates.

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.

Registration effective 3:30 p.m. (EWT) on March 16, 1943, as of 5:30 p.m. (EWT) Jan. 16, 1943.

Stone & Webster and Blodget, Inc., Lehman Brothers, Halsey, Stuart & Co., Inc., and associates, on March 29, 1943, bid 102.05 for the issue, as 4½s, this being the only bid submitted.

Stone & Webster and Blodget, Inc., Lehman Brothers and Halsey Stuart & Co., Inc., and associates, on April 2, 1943, offered $52,000,000 first mortgage bonds 4¼% series due Dec. 1, 1972, at 104¼ and interest.

WILSON & CO., INC.

Wilson & Co., Inc., have filed a registration statement for $20,000,000 first mortgage bonds, 3% series, dated April 1, 1943, due April 1, 1958.

Address—4100 South Ashland Avenue, Chicago, Ill.

Business—Engaged in what is commonly called the meat packing business, which consists of buying, slaughtering and dressing live stock, and processing and selling meats, meat food products and related products.

Underwriting—Underwriters are: Smith, Barney & Co., $2,500,000; Glore, Forgan & Co., $2,500,000; A. C. Allyn & Co., Inc., $250,000; Bacon, Whipple & Co., $150,000; A. G. Becker & Co., Inc., $400,000; Blair & Co., Inc., $500,000; Blair, Bonner & Co., $150,000; Blyth & Co., Inc., $1,000,000; Central Republic Co., Inc., $300,000; E. W. Clark & Co., $150,000; J. M. Dain & Co., $100,000; Farwell, Chapman & Co., $100,000; First Boston Corp., $1,000,000; Goldman, Sachs & Co., $650,000; Hallgarten & Co., $1,000,000; Harriman Ripley & Co., Inc., $1,000,000; Harris, Hall & Co., Inc., $400,000; Hemphill, Noyes & Co., $350,000; Henry Herrman & Co., $100,000; Hornblower & Weeks, $500,000; Illinois Co. of Chicago, $150,000; Janney & Co., $150,000; Kalman & Co., Inc., $100,000; Kebbon, McCormick & Co., $150,000; Lazard Freres & Co., $500,000; Lee Higginson Corp., $500,000; Lehman Brothers, $1,000,000; Mellon Securities Corp., $1,000,000; Milwaukee Co., $200,000; F. S. Moseley & Co., $300,000; Newhard, Cook & Co., $100,000; Piper, Jaffray & Hopwood, $100,000; Stern Brothers & Co., $150,000; Stone & Webster and Blodget, Inc., $500,000; Stroud & Co., Inc., $150,000; Swiss American Corp., $300,000; G. H. Walker & Co., $200,000; White, Weld & Co., $350,000; Wisconsin Co., $500,000; Dean Witter & Co., $350,000 and Yarnall & Co., $150,000.

Proceeds—Proceeds from the sale, together with general funds of the company, are to be applied not later than June 1, 1943, to the redemption of the $16,390,000 face amount of outstanding first mortgage 20-year bonds, series A, 4% due July 15, 1955, at 104% plus accrued interest, and to the redemption of $4,165,000 face amount of outstanding convertible 3¾% debentures, due April 1, 1947, at 102% plus interest. Of the debentures $907,350 now are on deposit in the sinking fund.

Registration Statement No. 2-5115. Form S-1 (3-27-43).

Offered April 8 by Smith, Barney & Co. and Associates, at par and interest.

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, APRIL 10

INVESTORS SYNDICATE OF AMERICA, INC.

Investors Syndicate of America, Inc., has filed a registration statement for Series One, Investment Certificate, in the face amount of $120,000,000.

Address — 200 Roanoke Building, Minneapolis, Minn.

Business—Registrant is engaged in the business of issuing its own face amount certificates and is classified as a "face amount certificate company" as such term is defined in Section 4 of the Investment Company Act of 1940. Investment Certificate, Series One, is designed as a medium of accumulation by means of regular, definite and systematic methods of accumulation.

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

Underwriter — Investors Syndicate, 200 Roanoke Building, Minneapolis.

Proceeds—For investment.

Registration Statement No. 2-5109. Form A-1. (3-22-43).

SUNDAY, APRIL 11

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 425,000 shares of full certificates of participation in Keystone Custodian Fund, Series "B-4".

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Custodian Funds, Inc., is sponsor.

Offering—Within two weeks after effective date of registration statement.

Proceeds—For investment.

Registration Statement No. 2-5110. Form C-1 (3-23-43).

MONDAY, APRIL 12

CELOTEX CORPORATION

Celotex Corp. has filed a registration statement for 75,000 shares of common stock, no par value.

Address—120 South La Salle Street, Chicago, Ill.

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

Offering—The 75,000 shares of common will be offered by the company at $10.50 per share only to a selected group consisting of employees of the company, including officers and directors and those serving in a professional or advisory capacity and a limited group of persons having long standing business relations with the company to be selected by the board of directors. Statement says that recently, while the company was carrying on negotiations to augment its working capital by the issuance and sale of common stock, a substantial group of key employees of the company including certain officers and directors, joined in the formation of a syndicate with a view to the purchase of a large block of outstanding common stock from a single source which had indicated a willingness to sell. When reasons arose whereby the proposed purchase could not be carried out, the group acting through the syndicate requested the company to afford the syndicate members, as well as other employees, the opportunity to purchase the stock of the company then proposed to issue, at a price to net the company the same amount as though such stock were marketed through then available investment banking channels. The board determined that the stock to be sold should be offered to the selected group at a price of $10.50 per share. The syndicate has formed a voting trust for the common stock of the company.

Proceeds—Entire proceeds from the sale will be received by the company and used for additional working capital and for other corporate purposes.

Registration Statement No. 2-5112. Form A-2 (3-24-43).

CELOTEX CORPORATION

Bror Dahlberg, O. S. Mansell and Andrew J. Dallstream, voting trustees, have filed a registration statement for voting trust certificates for 150,000 shares of common stock of Celotex Corp. common stock, no par value.

Offering—(See Celotex statement No. 2-5112.) The syndicate has formed the voting trust for the common stock of the company, and an opportunity will be afforded to the members of the syndicate (mentioned in statement No. 2-5112) and to all others who purchase such stock, to deposit their shares of common stock thereunder and receive voting trust certificates. Additional shares of common may be deposited upon application of the holder and with the consent of the voting trustees, but voting trust certificates are not to exceed 150,000 shares of common stock.

Purpose—To form voting trust.

Registration Statement No. 2-5113. Form F-1 (3-24-43).

WEDNESDAY, APRIL 14

AMERICAN CASUALTY CO. OF READING, PA.

American Casualty Co. of Reading, Pa., has filed a registration statement for 50,000 shares of capital stock, par value $5 per share.

Address—607 Washington St., Reading, Pennsylvania.

Business—Conducts general casualty insurance business.

Offering—The shares of common stock are being offered at $10 per share by the company to its stockholders of record April 15, 1943, in the ratio of one new share for each three shares held on record date. The right to subscribe on the part of the stockholders will expire May 15, 1943.

Underwriting—In the event that all of the stock is not subscribed for by stockholders, the company may endeavor to make an offering to the general public through underwriters.

Proceeds—Proceeds are to be used to increase the capital and surplus of the company to enable it to retain a larger portion of its standard limit business without resorting to reinsurance. Net proceeds will be used for the purchase of securities which are qualified as legal investment for insurance companies organized under the laws of the Commonwealth of Pennsylvania.

Registration Statement No. 2-5114. Form S-1 (3-26-43).

SATURDAY, APRIL 17

NATIONAL FUEL GAS CO.

National Fuel Gas Co. has filed a statement for 402,042 shares of capital stock without par value. The shares are already issued and outstanding.

Address—30 Rockefeller Plaza, New York City.

Business—Is a public utility holding company owning stock of a group of operating companies and is not itself an operating company. Subsidiaries are engaged principally in the production and purchase of natural gas, purchase of by-product coke oven gas and to a small extent the production of manufactured gas, and in the transmission, distribution and sale, largely at retail, of natural and mixed gas.

Underwriting—Dillon, Read & Co. heads the underwriting group. Others will be supplied by amendment.

Offering—Price to the public will be supplied by amendment. The shares registered are outstanding shares owned, and being sold to the underwriters, by The Rockefeller Foundation. The Foundation owns 793,060 shares of the company's capital stock and is selling the shares being offered in order to reduce its ownership of such stock to less than 10% of the total outstanding shares, in view of the provisions of the Public Utility Holding Company Act of 1935.

Proceeds—Proceeds from the sale will go to The Rockefeller Foundation as the selling stockholder.

Registration Statement No. 2-5116. Form S-1 (3-29-43).

SUNDAY, APRIL 18

YORK CORRUGATING CO.

York Corrugating Co. has filed a statement with the SEC for 50,000 shares of common stock, $1 par value. The stock is presently issued and outstanding and does not represent new financing.

Address—Adams Street and Western Maryland Railroad, York, Pa.

Business—Normal manufacturing facilities are primarily designed for pressed, drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

Underwriting—Floyd D. Cerf Co., Chicago, is named principal underwriter.

Offering—Offering price to the public is $6.50 per share. Selling stockholders are Western National Bank of York, Pa., as trustee under the Benjamin S. Taylor Trust 28,013 shares, and Dr. Charles P. Rice, York, Pa., 30,750 shares.

Proceeds—To selling stockholders.

Registration Statement No. 2-5118. Form S-2 (3-30-43).

MONDAY, APRIL 19

INCOME FOUNDATION FUND, INC.

Income Foundation Fund, Inc., has filed a registration statement with SEC for 500,000 shares of capital stock, par value 10 cents per share.

Address—718 Mercantile Trust Building, Baltimore.

Business—Investment trust.

Offering—Price to the public at market.

Proceeds—For investment.

Registration Statement No. 2-5119. Form S-5 (3-31-43)

WEDNESDAY, APRIL 21

MAIN-ELMWOOD BUILDING CORP.

Barnet L. Rosset, Charles J. Young and Louis J. Borinstein, as trustees, have filed a statement for voting trust certificates for 3,934 shares of common stock of Main-Elmwood Building Corp.

Address—Suite 315-11 South La Salle Street, Chicago.

Business—Apartment house.

Offering—On or about April 10, 1943. Certificates are already outstanding in the hands of registered holders and it is proposed to extend the voting trust for five years from July 31, 1943, with certain amendments in the agreement.

Purpose—To extend voting trust.

Registration Statement No. 2-5121. Form F-1 (4-2-43).

(This list is incomplete this week)

This is under no circumstances to be construed as an offering of these Bonds for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offer is made only by means of the Prospectus.

NEW ISSUE

$20,000,000

WILSON & CO., INC.

(A Delaware Corporation)

First Mortgage Bonds, 3% Series due 1958

Dated April 1, 1943 Due April 1, 1958

Price 100% and accrued interest

Copies of the Prospectus may be obtained from such of the several underwriters, including the undersigned, as may legally offer these Bonds in compliance with the securities laws of the respective States.

SMITH, BARNEY & CO. GLORE, FORGAN & CO.

LEHMAN BROTHERS THE FIRST BOSTON CORPORATION HALLGARTEN & CO.

BLYTH & CO., INC. HARRIMAN RIPLEY & CO. Incorporated GOLDMAN, SACHS & CO.

April 8, 1943.

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Treasury Plan For Stabilizing Currency Of United Nations Outlined By Morgenthau

(Continued from page 1300)

fund and the member country. The privilege of any country to acquire an amount of other currencies equal to or in excess of its quota shall be limited by the necessity of assuring an appropriate distribution among the various members of any currency the supply of which is being exhausted. The fund shall apportion its sales of such scarce currency. In such apportionment, it shall be guided by the principle of satisfying the most urgent needs from the point of view of the general international economic situation. It shall also consider the special needs and resources of the particular countries making the request for the scarce currency.

8. In order to promote the most effective use of the available and accumulating supply of foreign exchange resources of member countries, each member country agrees that it will offer to sell to the fund for its local currency or for foreign currencies which it needs all foreign exchange and gold it acquires in excess of the amount it possessed immediately after joining the fund. For the purpose of this provision, including computations, only free foreign exchange and gold are considered. The fund may accept or reject the offer. To help achieve this objective each member country agrees to discourage the unnecessary accumulation of foreign balances by its nationals. The fund shall inform any member country when, in its opinion, any further growth of privately held foreign balances appears unwarranted.

9. To buy from the governments of member countries abnormal war balances held in other countries, provided all the following conditions:

A. The abnormal war balances are in member countries and are reported as such (for the purpose of this provision) by the member government to date of its becoming a member.

B. The country selling the abnormal war balances to the fund agrees to transfer these balances to the fund and to repurchase from the fund 40% of them (at the same price) with gold or such free currencies as the fund may wish to accept, at the rate of 2% of the transferred balances each year for 20 years beginning not later than three years after the date of transfer.

C. The country in which the abnormal war balances are held agrees to the transfer to the fund of the balances described in (B) above, and to repurchase from the fund 40% of them (at the same price) with gold or such currencies as the fund may wish to accept, at the rate of 2% of the transferred balances each year for 20 years beginning not later than three years after the date of transfer.

D. A charge of 1%, payable in gold, shall be levied against the country selling its abnormal war balances and against the country in which the balances are held. In addition a charge of 1%, payable in gold, shall be levied annually against them on the amount of such balances remaining to be repurchased by each country.

E. If the country selling abnormal war balances to the fund asks for foreign exchange rather than local currency, the request will not be granted unless the country needs the foreign exchange for the purpose of meeting an adverse balance of payments not arising from the acquisition of gold, the accumulation of foreign balances, or other capital transactions.

F. Either country may, at its option, increase the amount it repurchases annually. But, in the case of the country selling abnormal war balances to the fund, not more than 2% per annum of the original sum taken over by the fund shall become free, and only after three years shall have elapsed since the sale of the balances to the fund.

G. The fund has the privilege of disposing of any of its holdings of abnormal war balances as free funds after the 23-year period is passed, or sooner under the following conditions:

1. Its holdings of the free funds of the country in which the balances are held fall below 15% of its quota; or

2. The approval is obtained of the country in which the balances are held.

H. The country in which the abnormal war balances are held agrees not to impose any restrictions on the use of the installments of the 40% portion gradually repurchased by the country which sold the balances to the fund.

I. The fund agrees not to sell the abnormal war balances acquired under the above authority, except with the permission or at the request of the country in which the balances are being held. The fund may invest these balances in ordinary or special government securities of that country. The fund shall be free to sell such securities in any country provided that the approval of the issuing government is first obtained.

J. The fund shall determine from time to time what shall be the maximum proportion of the abnormal war balances it will purchase under this provision. Abnormal war balances acquired under this provision shall not be included in computing the amount of foreign exchange available to member countries under their quotas.

10. To buy and sell currencies of non-member countries, but shall not be authorized to hold such currencies beyond sixty days after date of purchase, except with the approval of four-fifths of the member votes.

11. To borrow the currency of any member country, provided four-fifths of the member votes approve the terms of such borrowing.

12. To sell member-country obligations owned by the fund provided that the board representative of the country in which the securities are to be sold approves. To use its holdings to obtain rediscounts or advances from the central bank of any country whose currency the fund requires.

13. To invest any of its currency holdings in government securities and prime commercial paper of the country of that currency provided four-fifths of the member votes approve, and provided further that the board representative of the country in which the investment is to be made approves.

14. To lend to any member country its local currency from the fund for one year or less up to 75% of the currency of that country held by the fund, provided such loan is approved by four-fifths of the member votes.

15. To levy upon member countries a pro rata share of the expenses of operating the fund, payable in local currency, not to exceed one-tenth of 1% per annum of the quota of each country. The levy may be made only to the extent that the earnings of the fund are inadequate to meet its current expenses, and only with the approval of four-fifths of the member votes. The fund shall make a service charge of one-quarter of 1% or more on all exchange and gold transactions.

16. The fund shall deal only with or through

A. The treasuries, stabilization funds, or fiscal agents of member governments;

B. The central banks, only with the consent of the member of the board representing the country in question; and

C. Any international banks owned predominantly by member governments.

The fund may, nevertheless, with the approval of the member of the board representing the government of the country concerned, sell its own securities, or securities it holds, directly to the public or to institutions of member countries.

IV. Monetary Unit of the Fund

1. The monetary unit of the fund shall be the Unitas, consisting of 137 1/7 grains of fine gold "equivalent to $10 U. S." The accounts of the fund shall be kept and published in terms of Unitas.

2. The value of the currency of each member country shall be fixed by the fund in terms of gold or Unitas and may not be altered by any member country without the approval of four-fifths of the member votes.

3. Deposits in terms of Unitas may be accepted by the fund from member countries upon the delivery of gold to the fund and shall be transferable and redeemable in gold or in the currency of any member country at the rate established by the fund. The fund shall maintain a 100% reserve in gold against all Unitas deposits.

4. No change in the value of the currencies of member countries shall be permitted to alter the value in gold or Unitas of the assets of the fund. Thus if the fund approves a reduction in the value of the currency of a member country (in terms of gold or Unitas) or if, in the opinion of the board, the currency of a member country has depreciated to a significant extent, that country must deliver to the fund when requested an amount of its local currency equal to the decreased value of that currency held by the fund. Likewise, if the currency of a particular country should appreciate, the fund must return to that country an amount (in the currency of that country) equal to the resulting increase in the gold or Unitas value of the fund's holdings. The same provisions shall also apply to the government securities of member countries held by the fund. However, this provision shall not apply to currencies acquired under III—9 (abnormal war balances).

V. Management

1. The administration of the fund shall be vested in a board of directors. Each government shall appoint a director and an alternate, in a manner determined by it, who shall serve for a period of three years subject to the pleasure of their government. Directors and alternates may be reappointed. In all voting by the board, the director or alternate of each member country shall be entitled to cast an agreed upon number of votes. The distribution of voting power shall be closely related to the quotas of member countries, although not in precise proportion to the quotas. An appropriate distribution of voting power would seem to be the following: Each country shall have 100 votes plus one vote for the equivalent of each 100,000 Unitas ($1,000,000) of its quota. Notwithstanding the approved formula for distributed voting power, no country shall be entitled to cast more than one-fourth of the aggregate votes regardless of its quota. All decisions, except where specifically provided otherwise, shall be made by a majority of the member votes.

2. The board of directors shall select a managing director of the fund and one or more assistants. The managing director shall become an ex officio member of the board and shall be chief of the operating staff of the fund. The managing director and the assistants shall hold office for two years, shall be eligible for reelection, and may be removed for cause at any time by the board.

The managing director of the fund shall select the operating staff in accordance with regulations established by the board of directors. Members of the staff may be made available, upon request of member countries, for consultation in connection with international economic problems and policies.

3. The board of directors shall appoint from among its members an executive committee to consist of not less than 11 members. The Chairman of the Board shall be Chairman of the Executive Committee, and the managing director of the fund shall be an ex officio member of the Executive Committee. The Executive Committee shall be continuously available at the head office of the fund and shall exercise the authority delegated to it by the board. In the absence of any member of the Executive Committee, his alternate shall act in his place. Members of the Executive Committee shall receive appropriatae remuneration.

4. The board of directors may appoint such other committees as it finds necessary for the work of the fund. It may also appoint advisory committees chosen wholly or partially from persons not employed by the fund.

5. The board of directors may at any meeting by a four-fifths vote authorize any officers or committees of the fund to exercise any specified powers of the board. The board may not delegate, except to the Executive Committee, an authority which can be exercised only by a four-fifths vote. Delegated powers shall be exercised only until the next meeting of the board and in a manner consistent with the general policies and practices of the board.

6. The board of directors may establish procedural regulations governing the operations of the fund. The officers and committees of the fund shall be bound by such regulations.

7. The board of directors shall hold an annual meeting and such other meetings as it may be desirable to convene. On request of member countries casting one-fourth of the votes the Chairman shall call a meeting of the board for the purpose of considering any matters placed before it.

8. A country failing to meet its obligations to the fund may be suspended provided a majority of the member votes so decides. While under suspension the country shall be denied the privileges of membership but shall be subject to the same obligations as any other member of the fund. At the end of two years the country shall be automatically dropped from membership unless it has been restored to good standing by a majority of the member votes.

Any country may withdraw from the fund by giving notice, and its withdrawal will take effect two years from the date of such notice. During the interval between notice of withdrawal and the taking effect of the notice, such country shall be subject to the same obligations as any other member of the fund. A country which is dropped or which withdraws from membership shall have returned to it an amount in its own currency equal to its contributed quota, plus other obligations of the fund to the country, and minus any sum owed by that country to the fund. Any losses of the fund may be deducted pro rata from the contributed quota to be returned to the country that has been dropped or has withdrawn from membership. The fund shall have five years in which to liquidate its obligation to such a country. When any country is dropped or withdraws from the fund, the rights of the fund shall be fully safeguarded.

9. Net profits earned by the fund shall be distributed in the following manner:

(a) Fifty percent to reserves until the reserves are equal to 10% of the aggregate quotas of the fund.

(b) Fifty percent to be divided each year among the members in proportion to their quotas. Dividends distributed to each country shall be paid in its own currency or in unitas at the discretion of the fund.

VI. Policies of Member Countries

Each member country of the fund undertakes the following:

1. To maintain by appropriate action exchange rates established by the fund on the currencies of other countries, and not to alter exchange rates except with the consent of the fund and only to the extent and in the direction approved by the fund. Exchange rates of member countries may be permitted to fluctuate within a specified range fixed by the fund.

2. To abandon, as soon as the member country decides that conditions permit, all restrictions and controls over foreign exchange transactions (other than those involving capital transfers) with other member countries, and not to impose any additional restrictions without the approval of the fund.

The fund may make representations to member countries that conditions are favorable for the abandonment of restrictions and controls over foreign exchange transactions, and each member country shall give consideration to such representations.

3. To cooperate effectively with other member countries when such countries, with the approval of the fund, adopt or continue controls for the purpose of regulating international movements of capital. Cooperation shall include, upon recommendation by the fund, measures that can appropriately be taken:

A. Not to accept or permit acquisition of deposits, securities, or investments by nationals of any member country imposing restrictions on the export of capital except with the permission of the government of that country and the fund;

B. To make available to the fund or to the government of any member country full information on all property in the form of deposits, securities and investments of the nationals of that member country; and

C. Such other measures as the fund shall recommend.

4. Not to enter upon any new bilateral foreign exchange clearing arrangements, nor engage in multiple currency practices, except with the approval of the fund.

5. To give consideration to the views of the fund on any existing or proposed monetary or economic policy, the effect of which would be to bring about sooner or later a serious disequilibrium in the balance of payments of other countries.

6. To furnish the fund with all information it needs for its operations and to furnish such reports as it may require in the form and at the times requested by the fund.

7. To adopt appropriate legislation or decrees to carry out its undertakings to the fund, and to facilitate the activities of the fund.

Interesting Possibilities In Delaware & Hudson

The First and Refunding mortgage 4s of The Delaware and Hudson Company, under the proposed plan of debt adjustment, with their high yield and unusual profit possibilities, warrant acceptance of the "business man's risk" at current prices, according to a circular just issued by Hardy & Company, 30 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular, discussing the situation in detail, may be had from Hardy & Co. upon request.

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Raymond A. Roberts Is Now With A. M. Kidder

(Special to The Financial Chronicle)

DETROIT, MICH.—Raymond A. Roberts has become associated with A. M. Kidder & Co., Penobscot Building. Mr. Roberts was formerly Assistant Manager of the Detroit office of J. S. Bache & Co.

Arthur Jansen To Be W. E. Burnet Co. Partner

Arthur Jansen will be admitted to partnership in W. E. Burnet & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, as of today. Mr. Jansen has been associated with the firm for some time as manager of the statistical department.

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Our Reporter On "Governments"

By S. F. PORTER

For the second consecutive week, the story in the Government market is the movement of tax-exempts, particularly the longest-terms. . . . The strength in these is outstanding, based on logic which is clear and unassailable. . . . Nearly all dealers in the financial district of New York are playing the bonds, suggesting to their best clients that investment in long-terms in the tax-exempt class is smart operation. . . : A check around the bond crowd reveals a rare unanimity of opinion on the major uptrend of these. . . . Again, this writer feels justified in saying, "Don't ignore this trend. It may mean considerable profit to you over the long run." . . .

The reasons for the sudden pick-up in buying and prices of the tax-exempts were outlined in detail here last week. . . . Banks and other large non-banking investors have been buying the bonds on an increasing scale recently. . . . The sources of supply of these are drying up. . . . The professionals are optimistic. . . . More and more banks are finding they need tax-exempts and a wiser tax policy generally. . . . The outstanding total of exempts is decreasing steadily. . . . The present make-up of Congress militates against any action to remove the privilege. . . . These are the factors in the background and the effect of them you may see in the steady advance in prices of long-term exempts in the last ten days. . . .

From a technical point of view, the best bonds in the exempt classification appear to be:

(1) The 2⅞s of 1960/55, selling at 109.17, to yield 1.97 to call date, 2.19% to maturity. . . .

(2) The 2¾s of 1959/56, selling at 108.22, to yield 2.00% to call, 2.12 to maturity. . . .

(3) The 2¾s of 1963/58, selling at 108.21, to yield 2.07 to call date, 2.21% to maturity. . . .

(4) The 2¾s of 1965/60, selling at 109.2, to yield 2.13% to call, 2.24% to maturity. . . .

Preference for longest-terms is based on these points:

(1) The bonds are selling closest to par in the exempt classification and, therefore, the risk of buying them is comparatively restricted. . . . In comparison, consider the 4¼s of 1952/47, selling at 113.9—and these run the risk of call in four years, indicating a terrific amortization burden. . . .

(2) The bonds are going to be out the longest and since tax protection is the purpose, the longer the bonds have to run the better the position. . . . In this situation, the rules are reversed and the longest-terms have the best outlook. . . .

(3) Trading in these is widest because the bonds aren't as closely held as the shorts and intermediates and because there are large blocks of the issues outstanding. . . . For instance, the total of 2⅞s is $2,611,000,000 while the total of the 2¾s of 1965/60 is $1,485,000,000. . . . In contrast, there are only $759,000,000 of the 4¼s out. . . .

(4) The best speculative interest is concentrated in these four issues, meaning that the buyer stands the best chance of getting a run for his money. . . .

BANKS FINDING OUT

For the first time in years, the banks are in the peculiarly favorable position of having mighty small write-offs against taxes. . . . And chances are as the months roll by, this situation will be intensified rather than relieved. . . . It's an odd way to look at it—to be disturbed over the lack of losses! . . . But the fact is when you're talking about taxes, losses have an entirely different meaning than at any other time. . . .

As the banks discover they're moving right into the excess profits tax bracket and moving higher and higher in that bracket, they'll rediscover the value of tax-exempt securities, experts believe. . . . And they'll start looking for bonds carrying partial exemption. . . .

In addition, they'll discover the 2s and certificates and shorts they can buy return small interest in comparison with the 2½s the non-banking investors are able to pick up. . . .

What then? . . . Well, according to informed sources, the real demand for the longer-term exempts will show up at that time. . . . Simultaneously, the supply will dwindle further, for the few major holders of exempts who still have bonds to sell will hold off, anticipating greater profits. . . . And that is when the embryonic advance reported in this column in the last few weeks will flourish. . . .

It's all forecast and guess-work, admittedly. . . . And there's many a slip between the forecast and the realization. . . . But just to give you an idea of how the dealers are thinking, one expert remarked that he anticipates a one-point advance in the longer-term exempts over the coming weeks. . . .

THE NEW ISSUE

We're right up against the new issue now. . . . The basket is set, the selling organization is ready, the entire financial community is geared to put this one over. . . . During the period of the new financing, it may be that exempts will be relatively inactive although there's no general feeling on this. . . . Another trader, for instance, commented that "while the new bonds may rise to a ⅜ or ½ point premium, the exempts may get up a full point and you can draw your own conclusions from that." . . .

But whether the big play in exempts will come this month or in May is not of first importance. . . . What is significant is (1) the trend and (2) the logic behind it. . . .

As for the financing, there seems little doubt of a record surpassing the "official goal" of $13,000,000,000. . . . One of the prime reasons for setting the goal at that level was to make certain that it would be surpassed by $2,000,000,000 to $3,000,000,000. . . .

One disturbing factor in the setup, to this writer, is the fact that so many experts anticipate ¾ to ½ point premiums on the 2½s and 2s. . . . So many times, when everyone expects something like this, it fails to happen, for too many people are getting ready to sell and take their profit on the achievement. . . .

New York City's sale of $10,660,000 of its bonds held in various city sinking funds last week was for the purpose of giving the city extra cash to put into the new bonds. . . . In December, the city subscribed to $10,000,000 of the basket. . . .

Insurance company sales of high-grade, exempt municipals have been on a large scale recently, also for the purpose of providing extra cash for placement in new bonds. . . . No more sales of municipals expected in the remaining days before the flotation because the municipal market is well supplied now and can't take more at this level. . . .

INSIDE THE MARKET

No talk at all around the Street these days about changes in interest rates. . . . General feeling is rates have been stabilized at present low levels and will remain where they are—with the most minor of readjustments now and then—for the duration of the war and as long thereafter as necessary for Treasury financing needs. . . . In the words of J. H. Riddle, economic advisor to the Bankers Trust Company, "The Treasury cannot very well finance a war of this magnitude in a period of rising interest rates and declining bond prices." . . . That point is so obvious that it no longer is even being discussed among financiers. . . .

Major trading in market now involves realignment of portfolios, preparatory to new financing. . . . Virtually no new investments of size going on, outside of exempt lists. . . . "Tap" and "on sale" 2½s now down to 100.9 and 100.5, respectively, indicating the fairly sizeable trading profits which can be made on playing these during and after financing deals. . . .

Some talk around that 1965/60 exempts are cheap in relation to 2⅞s of 1960/55, although price differential obviously is due to shorter maturity of 2⅞s. . . . In this peculiarly upside-down section of the market, though, longest-terms eventually may sell even with shorter issues because of favored position of the longs. . . .

The Business Man's Bookshelf

Shipbuilding Industry, The, and Logistics of Amphibious Warfare (Volume V of "An Engineering Interpretation of the Economic and Financial Aspects of American Industry")—George S. Armstrong & Co., Inc., 52 Wall Street, New York—paper—no charge.

Functions of the Commercial Banking System, The—J. Brooke Willis—King's Crown Press, 1145 Amsterdam Avenue, New York City—paper—$3.

How Did We Get This Way?—H. B. Loomis and John B. Knox—Reprinted from the "Commercial and Financial Chronicle"—William B. Dana Company, 25 Spruce Street, New York City—paper—35 cents a copy—Reduction for quantity orders.

K. C. Public Service Situation Interesting

Kansas City Public Service Company offers interesting possibilities according to a circular discussing the favorable factors affecting this carrier which has just been issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this circular may be had from Scherck, Richter Company upon request.

Heyden Chemical Sells Preferred

An underwriting group headed by A. G. Becker & Co., Inc., on April 5 offered 40,000 shares of Heyden Chemical Corp. 4% cumulative preferred stock, series A, $100 par value, at $100 per share.

Common stockholders of record on April 2, 1943, have, until 3 p. m. April 8, the right to subscribe for 20,977 shares of common stock at $20 per share, in the ratio of one share for each 20 shares held. Upon expiration of the subscription offer, the underwriters will purchase any of the shares not taken by present stockholders.

Other members of the banking group are: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Hornblower & Weeks, and Ladenburg, Thalmann & Co.

Aggregate net proceeds to be received by Heyden Chemical Corp. from the sale of both issues will be a maximum of $4,237,362 and a minimum of $4,216,365, depending upon the number of common shares not taken by stockholders and purchased by the underwriters.

Of the net proceeds, $2,037,000 will be applied toward the redemption at $105 per share, plus accrued dividends, of all the outstanding 19,400 shares of 4¼% cumulative preference stock. Accrued dividends from March 1, 1943, until the redemption date will be supplied from the company's current funds. The balance of the net proceeds will be added to working capital, in order to finance the increased inventories and accounts receivable resulting from the company's increased business and expanded operations.

For 1942 Heyden Chemical Corp. reports sales of $11,156,718; income before taxes, $2,519,544, and net profits, $709,512, equal, after dividends, to $5.96 per share of common outstanding in the hands of the public. This compares with 1941 sales of $9,548,606, income before taxes of $2,333,643, and net profits of $1,003,647, or $9.04 per share of common outstanding in the hands of the public.

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Nekoosa Paper Interesting

Common stock of the Nekoosa Edwards Paper company offers attractive possibilities, according to an analysis being distributed by Ryan-Nichols & Co., 105 South La Salle Street, Chicago. Copies may be had from Ryan-Nichols & Co. upon request.

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