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Vitality Of Railroad Industry Demonstrated

Ernest E. Norris, President of the Southern Railway, proves that railroad industry is not a decadent one. See editorial on Southern Railway on page 1373 referring to the phenomenal achievements in the operations of this road despite the severe handicaps encountered. The answer, of course, lies in the marked ability of the present management.

Ernest E. Norris

OUR REPORTER'S REPORT

Bond men were liberal in their praise of the prompt action taken by the Governors of the New York Stock Exchange at the opening on Tuesday in the railroad section of the list.

The decision of the Interstate Commerce Commission suspending increases in railroad freight and commuter rates granted last year, coming as it did after the close on Monday, was hardly expected at that time.

Naturally traders were more than a little befuddled and there

(Continued on page 1378)

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 some of the letters received were given in our issue of April 8 and those others that can be accommodated in this issue are given below. Additional ones will appear in subsequent issues.

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

I have great respect for the conservative views of Dr. E. W. Kemmerer, a recognized authority on international financial problems, with much experience in working out the financial problems of Latin-American countries. Certainly I would not feel qualified to debate with him his views on the restoration of the gold standard as an essential factor in world recovery at the close of hostilities. You have asked for thoughts on the subject and, while of little value, I can only candidly reply. Some of the thoughts uppermost in my mind at present might be mentioned as follows:

Beverly D. Harris

Considering the fact that the United States has a gold hoard, stated in Congress yesterday, in the amount of $22,600,000,000, or more than all the rest of the world combined, most of which is buried in the ground in Kentucky, and unless it can be used as a basis of a gold standard it might as well be at the bottom of the sea; otherwise, commercially, most of the value at which we carry it might as well be written off. It would certainly be to our advantage to have some sort of a gold standard reestablished among nations.

I think we may be perhaps premature in arriving at any conclusions until we have more information upon the "tentative suggestions" lately put before the United States and British Dominions, as mentioned by Mr. Winston Churchill in his speech of March 21, in which he also stated that Sir Kingsley Wood, British Chancellor of the Exchequer, assured that this scheme was in no way linked to the Bank for International Settlements, which is now about 100% Nazi controlled, although situated in Switzerland.

We are also awaiting further information concerning the administration program which Secretary Morgenthau stated yesterday is purely tentative, and was outlined to an extraordinary closed session of the Senate committees on foreign relations, banking and currency, and post-war economy and planning. This bare outline seems to contemplate

(Continued on page 1380)

Preservation of Private Enterprise and Initiative Vital, Says Bricker

Decries Terms "Isolationist" and "Internationalist"

Speaking in support of private enterprise and individual initiative, Gov. John W. Bricker of Ohio, in an address in New York at the semi-annual dinner meeting of the Academy of Political Science, observed that "we stand in America today at the parting of the ways. One road has been built by private enterprise, individual initiative, creative genius, the reward for which is self-reliance and independence." He went on to say:

"It has been built by a nation of strong individuals, people who realize that the Government is theirs, is organized for them and that the most precious thing in life is the human soul, its capacity for growth and development, for life and service to others. At the end of that road is a nation of free people, helping others, but ever keeping the spirit of the Republic alive."

John A. Bricker

Governor Bricker continued:

"The other way is an easy road. It is smooth, just a little bit downgrade all the way, so that not much effort will be spent in traveling it. Along this way are false promises of demagogues and dreaming politicians, of ease and rest and Elysian fields, bidding one to always stop and rest. The travelers are encouraged to spend and never to save. They are told that they will be taken care of by their Government. At the end of this road is the empty shell of what was once a glorious nation.

"I have no patience as a public official or as a citizen with those who contend we must go either to the right or to the left. America must go forward. We are not going back to the so-called good old days, because we can go ahead to better days. We can preserve private enterprise and prevent the ills that have attended it. We can help the needy without perpetuating the cause of poverty and we can live in peace or war without destroying the Republic."

Declaring that America must deal with the other nations of the world and assume leadership, the Governor had the following to say in criticism of the terms "isolationist" and "internationalist":

"There are many in public life today who substitute name calling for logic and reason. This pernicious practice is most aggra-

(Continued on page 1378)

INDEX

Success Of Second War Loan Drive Essential To Win War, Maintain Private Enterprise

Emil Schram, President of the New York Stock Exchange, declared on April 12 that the success of the Second War Loan Drive is essential not only to the winning of the war but to the maintenance of the system of individual enterprise and of our American way of life.

Speaking at a luncheon meeting in St. Louis, officially opening the War Loan Drive there, Mr. Schram said that "we must be willing to lend to the Government every penny that we can spare from a greatly expanded income, our spending to the lowest possible minimum," in order to meet the cost of the war. In urging the purchase of War Bonds, he said that they are the "finest investment opportunity ever presented" to the American people.


Emil Schram

Mr. Schram estimated that the national debt at the end of the war will exceed $250,000,000,000, roughly about 10 times that following the first World War, but stated that the "significant fact to keep in mind is that interest rates are roughly only half as high." Mr. Schram further said that preservation of the American way of life with its fundamental rights is "certainly worth a mortgage on the future equal to only about 4 to 6% on a national income of $100,000,000,000."

At the outset of his remarks, the head of the Stock Exchange pointed out that the "financial atmosphere has been improved during the last 11 months, due largely to the behavior of our securities markets." Citing the rise in the price of securities, Mr. Schram said that "the investors of America, after expressing their profound concern in the months directly following Pearl Harbor, are now certain not only that the United Nations will win the war but that our system of individual enterprise will be revitalized by victory."

Mr. Schram further declared:

(Continued on page 1378)

The Effects Of President Roosevelt's Executive Order Freezing Wages and Prices

Probable Early Effects

1. Psychologically, to the extent that recent market strength has been due to inflationary sentiment, this Order should be bearish as it is plainly anti-inflationary.

2. The effect on industrial corporation earnings is not great; but should be favorable rather than unfavorable as far as it goes.

3. Railroads likewise seem little affected. They would fare at least as well if rate raises were cancelled and wage raises were not given, as in the opposite case. Their bonds still seem undervalued.

4. To the extent that the Order results in any rate decreases or in higher taxes, it might be unfavorable to utilities, though holding down wages will be helpful.

5. Responsibility of labor disputes and troubles is increased.

6. To sum up, the psychological market effect is bearish but the actual effect on corporations is not. Assuming that the stock market was ready for an intermediate correction, the President's Order was the event to start it. It is reliably reported that a great many stop orders had built up under the market, a factor that accelerated the break.

Probable Longer-Term Effects

1. Since the Order would seem to provide food producers and farmers generally with less incentive to produce, needed increases in food and other agricultural production may not be obtained. In conjunction with the disruption of the distribution system by OPA operations, this could cause a food shortage in six months to a year.

2. Except where incentive plans are used, incentive for workers in industry is also limited (especially if taxes are to be further increased). Hence production may be hindered rather than aided.

3. Though inflationary trends

(Continued on page 1377)

W. G. McGann Joins Piper, Jaffray Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — William G. McGann has become associated with Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York and Minneapolis-St Paul Stock Exchanges and other leading national exchanges. Mr. McGann was formerly an officer and Manager of the trading department of Couper-Eckenbeck Co., Inc. and prior thereto was with John J. Seerley & Co.

Alfred P. Sloan Jr. To Address Bond Club

Alfred P. Sloan, Jr., Chairman of the Board of General Motors Corporation, will be guest-speaker at the luncheon of the Bond Club of New York to be held at the Bankers Club, Thursday, April 22, Albert H. Gordon, President of the Bond Club, announces.

ICC Rate Decision Effect On RR Securities

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, have prepared a most interesting analytical study discussing the effects of ICC rate decision on Railroad securities. Copies of this analysis may be had from Vilas & Hickey upon request.

Railroad Reorganization Securities Not All Affected Similarly By Supreme Court Decisions

To the dealer and investor, the most interesting thing about the recent Supreme Court decisions concerning railroad reorganizations is that these rulings will have widely differing effects on various railroad securities. Some of these specific effects, as well as the Court's evident philosophy taken as a guide to investment policy, are discussed in a recent analysis issued by R. W. Pressprich & Co., 68 William Street, New York City, members of the New York Stock Exchange. This analysis, designed both for dealer use and for the investor is both concise and practical. As many copies as desired may be had upon request from R. W. Pressprich & Co.—write to the Railroad Department and ask for "Supreme Court Decisions of Importance to Railroad Investors."

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

Langley To Admit Anderson & Berdell

As of May 1, J. Starr Anderson and Charles Prescott Berdell, Jr. will be admitted to partnership in W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange. In the past Mr. Berdell was a partner in Berdell Brothers; recently he has been associated with W. C. Langley & Co.

Bear, Stearns Will Admit David Finkle

Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other national exchanges, will admit David Finkle to partnership in their firm as of May 1. Mr. Finkle in the past was a partner in Charles Clark & Co. and Lobdell & Co.

W. R. Bull Management

At the anual meeting of the stockholders of Bull, Wheaton & Co., Inc., it was decided to resume the former corporate name of W. R. Bull Management Co., Incorporated. Mr. Don Wheaton is no longer associated with the firm.

Offices will continue at 40 Exchange Place, New York City.

DEALER BRIEFS

Baltimore, Md.

There is no demand in this market for low coupon Corporate Bonds. There is, however, a steady demand for good preferred stocks and common stocks of good quality and potentialities yielding $4\frac{1}{2}\%$ or better. We have not found inflationary fears.—*Frank B. Cahn, Frank B. Cahn & Co.*

Kingston, N. Y.

Although investor interest for the past several years has been pretty much restricted to the purchase of income, there is increasing evidence that individuals hitherto uninterested in purchases for appreciation are tending to adopt a more optimistic attitude. Particularly in the selection of short-term utility and rail bonds has this attitude been evident. Funds are coming out of the "sock," which up to this time, have been hidden away out of the sheer confusion and general lack of confidence. It is encouraging to observe more discrimination in the selection of values than has been the case during some periods of increasing activity in the past.—*Earl H. Newbery, Chilson, Newbery & Company.*

Syracuse, N. Y.

It is our experience that a portion of the greatly increased earnings of individuals, denied the outlet of consumer goods, is finding its way into the security markets. We expect this tendency to continue and to play an important part in the markets of future months. At the moment our emphasis is placed on interest paying rail bonds and certain preferred stocks of the carriers.—*Richard Shipman, Blair F. Claybaugh Company.*

F. P. Barnes Will Be Partner In H. O. Peet

KANSAS CITY, MO.—Frederic P. Barnes will become a partner in H. O. Peet & Co., 23 West 10th Street, members of the New York Stock Exchange, as of May 1. Mr. Barnes has been a partner in Lamson Bros. & Co. with headquarters in Kansas City.

The Future Of Air Line Securities

The observations on the Air Transportation Industry made by E. F. Hutton & Co. in their Fortnightly Market and Business Survey, which is prepared for private distribution, are given below and are of particular interest to those serving investment opportunities in growth industries.

"'No Spot On Earth Is More than 60 Hours From Your Local Airport.' This blunt statement of fact appearing in a recent newspaper advertisement brings home with startling clarity, the almost unbelievable nearness of recently distant, even remote, places. The ferry pilot's comment that the Atlantic Ocean is only 400 minutes wide, Australia a mere 35 hours flying time from San Francisco and Berlin 20 hours away from New York helps us to visualize the 'neighborhood' character which the airplane has brought to the world. Nations and peoples we once thought remote are now a matter of hours or minutes away. At present, of course, these global skyways are traversed entirely for military purposes. But after the war, when freedom of travel returns, commercial and private passage by plane will become an integral part of our world economy. The airplane will be as usual a feature of every-day life as trucks, buses and ocean liners. Global transportation in giant planes at high speeds is even now being developed in experimental laboratories on scale models. Air transportation promises to become a major industry in our national economy and its marked development potential foreshadows a decided influence on social and economic world trends for many years to come.

"Such glowing prophecies for the future of air transportation have been much publicized and have found reflection in advancing prices for airline stocks to the highest point in several years. Last year's industry results of something over 100% increase in

(Continued on page 1379)

Joseph Hibben With War Department

CHICAGO, ILL. — Willard T. Grimm, manager of the local office of Kidder, Peabody & Co., 135 South La Salle Street, announces that Joseph W. Hibben, Assistant Manager of the office, has been granted a leave of absence to do some special work for the War Department.

Mr. Hibben has been associated with Kidder, Peabody & Co. in his present capacity since February, 1938, having previously been associated with The First Boston Corp.

Pittsburgh Bond Club Elect 1943 Officers

PITTSBURGH, PA.—At the annual meeting of the Bond Club of Pittsburgh the following officers were elected:

President: Milton G. Hulme, Glover & MacGregor, Inc.

Vice-President: Clifford G. Bodell, Peoples Pittsburgh Trust Co.

Secretary: H. S. Parker, Kay, Richards & Company.

Treasurer: S. Lee Bear, Kay, Richards & Company.

REAL ESTATE SECURITIES

HEARST BRISBANE PROPERTIES

Bonds Guaranteed By William Randolph Hearst Selling At 40% Of Value of Properties As Determined In Court In Reorganization Proceedings

The original $7,000,000 issue made in 1925 of W. A. R. Realty Corp. First Fee and Leasehold 6s had been reduced by serial maturity payments to $4,844,750 when default occurred in 1940. Mortgages on six properties, the most important being the 36-story Warwick Hotel, on the northeast corner of 54th Street and Sixth Avenue, New York City, and the Ziegfield Theatre, presently leased to Loew's, Inc., at the northwest corner of 54th Street and Sixth Avenue, are the security for the bonds. The total assessed valuation of the properties is $4,945,000, the hotel assessed at $2,495,000 and the theatre at $900,000. In ascertaining values in the deficiency judgment suit against William Randolph Hearst, a value of $2,550,000 was placed on the hotel and $860,000 on the theatre and total value of all properties, $4,112,500.

The Corporate Trustee took possession of all properties Aug. 1, 1940, taking recourse to two court actions, one to foreclose under the mortgage indenture and one to recover unpaid principal and interest, both guaranteed by William Randolph Hearst. In the foreclosure action the Trustee presented a plan, governed by the Schackno Act, whereby title to all assets would be acquired for the benefit of bondholders, the income distributed, and the assets liquidated and the proceeds paid to bondholders as return of principal. Hearings before the Referee appointed by the court have been completed and although his report has not as yet been filed, it is expected that consideration will be given to bondholders only.

In the action to recover under the guarantee a deficiency judgement against Mr. Hearst has been allowed by the Supreme Court. An offer by Mr. Hearst to present approximately $800,000 principal amount of bonds to the Trustee for cancellation on the deficiency judgment claim was rejected and the defendant on appeal to the higher court was sustained. This decision in favor of Mr. Hearst allowing cancellation of the bonds will reduce the issue to about $4,000,000.

When the Trustee took possession real estate tax arrears were about $75,000. For the 30-month period ended Jan. 31, 1943, all properties have shown an operating profit after current real estate taxes. The Trustee has received $781,354.29 from the operations, has paid all tax arrears and current taxes through Dec. 31, 1942, about $80,000 towards reorganization expenses and had an unexpended cash balance of $98,514.70. Net profit for the period after real estate taxes and other fixed charges amounted to $380,398.62; the earnings of the Hotel Warwick contributing $312,437.47 to the total.

Earnings of the Hotel Warwick for the six-month period ended Jan. 31, 1943, reflected as $75,441.20, after real estate taxes. Estimates for the year to end July 31, 1943, reflect a net of $160,000, which in itself is an amount sufficient to cover 4% annual interest on $4,000,000 bonds.

Bonds of this issue selling in the low 30s seem underpriced considering the earnings and the appraised value of the properties. The $4,000,000 bonds at a price of 35 figures $1,400,000 in comparison to the $4,112,500 appraisal in the court proceedings.

J. F. McBurney With H. P. Pratt & Company

(Special to The Financial Chronicle)

SEATTLE, WASH.—James Forbes McBurney has become associated with H. P. Pratt & Co., Hoge Building. Mr. McBurney was formerly Chairman of the board of the Western General Corporation. Prior thereto he was with E. A. Pierce & Co. as Manager of their Seattle office and was a partner in Logan & Bryan.

Proctor M. Masters Forms Own Company

(Special to The Financial Chronicle)

KANSAS CITY, MO.—Proctor M. Masters has formed Proctor M. Masters Company with offices at 1004 Baltimore Avenue, to engage in a general securities business. Mr. Masters was previously Kansas City representative of the Mercantile-Commerce Bank & Trust Company of St. Louis for many years.

Family Helicopter In Every Backyard A Post-War Vision of Inventor Sikorsky

Tells Society of Automotive Engineers First 10 Years of Peace Will Bring Direct-Lift Planes Into Use

Visions of a family airplane in every backyard and of flying trucks taking off from factory roofs may materialize within 10 years after the war, I. I. Sikorsky, of United Aircraft Corp., Stratford, Conn., assured the SAE National Aeronautic Meeting in Hotel New Yorker here last Friday.

Mr. Sikorsky estimated that possibly a million helicopters would be in use in the decade following the war, aiding the demobilization of the aircraft industry by utilizing war-expanded facilities and personnel. He predicted the helicopter would open to better use vast land areas of this country now inaccessible.

Igor Sikorsky

Helicopters traveling at speeds up to 120-140 miles an hour were possible, Mr. Sikorsky added, and helicopter buses seating 12 to 20 passengers are not beyond reasonable expectation. Attachable landing devices in the form of inflated rubber bags will permit helicopters to operate safely from ground, water, swamp, thin ice and deep snow. He said the ability of helicopters to hover in the air so close to the ground as to permit repairs to be made and freight to be transferred, and to land and take off in any clearing large enough to accommodate the structure, would extend their availability for air transportation in business service.

"The helicopter," explained Mr. Sikorsky, "well may be expected to become a very popular type of aircraft extensively used by private individuals in a way similar to the automobile, and also by individuals and organizations for a great variety of business and commercial assignments. The helicopter may be a vital factor in the period of demobilization of the aircraft industry after the war, permitting the utilization of facilities and the employment of a gradually increasing part of the trained personnel which will become available.

"It will make possible broader and better use of the territory of this country by opening for residences, recreation, prospecting and development areas that now remain practically idle because of transportation difficulties. All this may be foreseen with confidence, and I am convinced that within a decade after the war there will be hundreds of thousands, possibly a million helicopters in actual use in this country."

PERSONNEL ITEMS

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

NEW YORK, N. Y. — **D. A. Pearson**, formerly of John Nickerson & Co., is now with the Retail Sales Department of **Amott, Baker & Co., Incorporated**, 150 Broadway.

NEW YORK, N. Y. — **Warren Clark**, formerly of Goodbody & Co., has become associated with **Brundage, Story and Rose**, investment counsel, 90 Broad Street.

(Special to The Financial Chronicle)

ATLANTA, GA.—**Joel Chandler Harris III** has become associated with **Wyatt, Neal & Waggoner**, First National Bank Building. Mr. Harris was previously with Bounds, Pool & Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, CALIF.—**Edward Goldberg** has been added to the staff of **E. F. Hutton & Company**, 463 North Rodeo Drive.

(Special to The Financial Chronicle)

BOSTON, MASS. — **E. Arthur Tutein, Jr.**, has joined the staff of **C. F. Childs & Company**, 82 Devonshire Street. Mr. Tutein in the past with with Tifft Brothers.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Sidney H. Wirt** is now with **Hutchins & Parkinson**, 50 Congress Street. Mr. Wirt was formerly with Hornblower & Weeks and in the past conducted his own investment business in Boston.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Arthur John Dorsey** has been added to the staff of **Maxwell & Company, Inc.**, 24 Milk Street.

(Special to The Financial Chron'cle)

CEDAR RAPIDS, IOWA—**Donald A. Carlson** has become associated with **Barcus, Kindred & Co.**, 231 South La Salle Street, Chicago, Ill. Mr. Carlson was for-

(Continued on page 1376)

Editorial—

Annual Report of Southern Railway A Credit To Industry

Stockholders of Southern Railway have received the annual report for 1942, the biggest year in the company's history. The comments of Ernest E. Norris, President, in submitting the statistical data, must certainly have made pleasant reading for the owners of the enterprise but take most of the wind out of the sails of any group that raises the cry that the railroad industry is a decadent one. Too often the success of able and aggressive management in surmounting the admitted problems that have confronted the carriers since they lost their monopolistic position in the transportation field has been obscured by generalities as to traffic diversion, long-term erosion of rates, uneconomic working rules, etc. Mr. Norris' letter to the stockholders, with a forthright discussion of the problems which still lie ahead as well as a review of what has gone before, stands as a bright testimonial to the altered philosophy of present-day railroad management. Mr. Norris may view the record with justifiable pride.

To us the highlight of the report is the phenomenal operating progress the present management has achieved, in the face of competitive inroads into some of the highest revenue freight, and the brake applied by higher wages and obsolete working rules. In point of work done the 1942 results topped all previous peaks by a wide margin. As compared with the previous record year, 1926, passenger miles increased 102.96% and freight ton miles were up 51.58%. Rates are now considerably lower so that the company did not realize a similar gain in revenues, and wage rates have been increased materially. Nevertheless, the transportation costs—the expenses of actually handling the traffic—were up only 5.70%. There is certainly nothing decadent in a company that can increase its efficiency to that extent under severe handicaps and during a period when there was a minimum of cash left over from operating revenues with which to improve the plant.

New lows were established both for transportation ratio and total operating ratio, a goal that seemed impossible on top of the extraordinary 1941 record of efficiency. With these figures it is logical that the Southern Railway stockholders should look forward with confidence to successful negotiation of what pitfalls may be ahead in the period of post-war readjustment. The report does not gloss over the fact that the present level of business and earnings is war-induced and therefore transitory, but the increased productivity of the properties, given reasonable traffic, is definitely not transitory. It stems directly from modern equipment, a rehabilitated railroad plant, and a careful management paring of non-essentials. Also, as Mr. Norris' letter brings out, the South has been an expanding industrial territory and this has been stimulated by the war needs. Wealth of natural resources leads to the belief that these industries have added importantly to the permanent economy of the area, and of Southern Railway, even on a return to peace conditions.

The conservative long-term financial policies of the management are also a testimonial to the changed philosophy of new railroad management. Even before the road was benefiting from war-swollen earnings, and before the I. C. C. embarked on its drive to have railroads retire debt in periods of prosperity, the Southern Railway management had inaugurated its own aggressive debt retirement program. Mr. Norris points out that approximately half of the 1942 net income was diverted to this cause. This plus the use of treasury cash in the first two months of the current year resulted in the acquisition or retirement of roundly $23,000,000 of debt of Southern and its affiliates.

The I. C. C. recently took occasion to applaud the progress made by Mr. Norris and his associates, when it acted on the application of the company for authority to issue new equipment trust certificates. The Southern annual report brought out the fact that charges have now been reduced to an annual rate of $14,548,395 compared with $17,735,207 in 1930. Further substantial reductions are in sight over the balance of the period of high earnings, giving additional strength to the company's post-war outlook. While still holding to the conservative program of reducing debt, the management also found it possible last year to end the dividend drought.

RAILROAD SECURITIES

It took the investing and speculating public practically no time to realize the true significance of the decision on freight rate and passenger fare increases handed down by the Commission on Monday. The Commission suspended the freight rate increases from May 15, 1943, to Jan. 1, 1944, but let the passenger fare increases stand. These increases had been granted last year as a partial offset to wage increases allowed late in 1941, but they had been under attack by government agencies as exerting an inflationary influence.

The indicated attitude of the Commission had led to the belief that it would turn down the request of the OPA that the increases be cancelled, but this belief was somewhat modified by the President's anti-inflation orders of last week. Nevertheless, the decision came as a somewhat of a shock and the immediate market reaction was a fairly sharp price decline at the opening Tuesday. Railroad men considered the decision and its implications as favorable on the whole, and when the initial selling was well absorbed there was an almost immediate turn for the better. By the close of business Tuesday the major portion of the opening decline had been erased. The action of the market last week and early this week affords ample testimony to the fundamental strength of railroad securities and to the growing willingness of both speculators and investors to evaluate the broad background of the industry rather than day-to-day developments.

There are a number of reasons for minimizing any unfavorable effects of the rate decision. For one thing, the net cost to the railroads of the suspension of increases during the last seven and a half months of 1943 will be modest. It has been estimated that on the 1942 level of traffic the freight rate increases would yield only about $276,000,000 annually. Railroad operations in the last half of the year are generally higher than in the first half so that the gross loss of revenue from May 15 on should be about $184,000,000. Many of the railroads are now in the excess profits tax brackets and the total income tax bill of the industry this year will run above 50%. Therefore, the net cost of the recent decision will probably be less than $90,000,000. In contrast, net income of the industry last year ran close to one billion dollars. Also, it is estimated that net income of the Class I carriers for the first two months was about $75,000,000 above a year ago, or nearly enough to offset the possible loss from suspension of rate increases.

There are other favorable implications to be found in the recent developments. Statements of some of the Commissioners in connection with the decision appear to point very definitely to the opinion that suspension of the rate increases will go far towards eliminating the threat of more than a nominal increase in wages at this time. This prospect also finds support in the wording of the President's anti-inflation orders of a week ago. If the rate decision is instrumental in avoiding wage increases it will certainly be very bullish on balance. The wage increase being requested is much more substantial than the revenues sacrificed. Also, the rate increases were temporary in any event, having been scheduled to expire six months after the end of the war, while past history indicates that any wage increase must be accepted as a permanent burden.

Finally, the firmer attitude of the Administration on prices and wages (the Commission decision coming when it did certainly must be considered an integral part of this policy) is calculated to result in the control of the railroads' costs for fuel and materials. These are also more important than the rate increases by themselves. All in all, we would consider that the net effect of the recent moves will be to assure the railroads of a considerably higher income this year before taxes than they realized last year. Final net results will depend, as in every other industry, on the nature of the 1943 tax bill and in this respect the carriers will at least retain their relatively sheltered position.

The effects of the rate decision will vary widely as between different roads, depending on traffic makeup and tax position. Roads carrying a relatively heavy volume of agricultural products and bulk raw materials such as coal and iron ore will be in a favored position with respect to a possible decline, as will roads in the highest tax brackets.

Interesting Possibilities

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.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

When the Dow-Jones Industrial Average was originated in 1897 it was composed of the stocks of 12 leading industrial companies. Today it is composed of the stocks of 30 leading industrials, only two of which were in the original group of 12. This illustrates how relatively short-lived may be industrial leadership, and how vulnerable it is to the impact of technological progress, new inventions, style changes, and other obsolescence-producing factors inherent in a constantly changing industrial civilization.

In the case of insurance, however, the situation is entirely different, for insurance provides a protective service which is essential, universal and irreplaceable. Technological changes which create new industries but destroy old ones offer no threat to insurance companies, per se, on the contrary, such changes more often than not open up to them additional avenues of business. For instance, the new industry of aviation offers competition to the automobile industry, the trucking industry, the railroads, etc., but furnishes a new line of insurance for fire and casualty companies.

The tendency, therefore, is for insurance leadership to endure. Thus we find that the leading fire insurance companies of 50, 100 and 150 years ago are also the leaders of today.

Insurance Company of North America: age 151 years: the oldest fire insurance company in the country. It was founded in Philadelphia in 1792, 16 years after the Declaration of Independence, and while George Washington was President of the United States. It has paid dividends without interruption for the past 70 years. With total admitted assets of $121,625,000 it is the second largest stock fire insurance company in the country.

Providence-Washington Insurance Company: age 144 years: the oldest stock fire and marine insurance company in New England. The Providence Insurance Co. was organized in 1799, and the Washington Insurance Co. in 1800. The name of the latter was in tribute to the memory of George Washington, whose death occurred in the month prior to organization. In 1817 the two companies merged. Both companies originally engaged only in marine underwriting, but refused risks on vessels in the slave trade. Dividends have been paid without a break since 1907.

Hartford Fire Insurance Company: age 133 years: established two years before the War of 1812, it is the oldest of Connecticut's stock fire insurance companies, and the third oldest in the United States. With total admitted assets of $133,642,000 it is the largest in the country. It has paid dividends without interruption since 1873.

Fire Association of Philadelphia: age 126 years: started business in 1817, the year in which James Monroe, fifth President of the United States, began his first term of office. Originally it was a mutual association entitled "The Trustees of the Fire Association." It became incorporated in 1820 and adopted its present name in 1833. It has paid dividends without interruption for the past 71 years.

Aetna Insurance Company: age 124 years: founded in 1819 in Hartford, Conn., by Joseph Morgan, grandfather of J. Pierpont Morgan, Sr. The name "Aetna" was taken from the famous mountain on the east coast of Sicily which, "though surrounded by flame and smoke, is itself never consumed." It has held an outstanding position in the field of fire insurance for more than a century. Dividends have been paid without a break since 1873.

North River Insurance Company: age 121 years: organized in New York in 1822, during the depression which followed the War of 1812, and one year before President Monroe enunciated his famous "Monroe Doctrine." This old-line company is managed by Crum and Forster, who also manage eight other companies, including United States Fire Insurance Company and Westchester Fire Insurance Company. It has paid dividends without interruption over the past 105 years.

United States Fire Insurance Company: age 119 years: incorporated in New York in 1824 when James Monroe was still President, and four years after the purchase of Florida from Spain. In 1904 control of the company passed to Crum and Forster. It is the largest member of this fleet. The company has paid dividends uninterruptedly during the past 33 years.

Franklin Fire Insurance Company: age 114 years: incorporated in Philadelphia in 1829 and named after Benjamin Franklin, America's patron saint of fire insurance and tariff. It started business toward the close of the second depression which followed the War of 1812 and at the beginning of Andrew Jackson's administration. In 1915 control passed to Home Insurance Company, when it became a member of the "Home Fleet." Dividends have been paid each year since 1831.

Security Insurance Company of New Haven: age 102 years: chartered in 1841 by the General Assembly of Connecticut as The Mutual Security Insurance Company. The present name was adopted in 1873. Its uninterrupted dividend record extends back to 1894.

Camden Fire Insurance Association: age 102 years: commenced operations as a mutual institution in 1841. It became a stock company in 1870 and has paid dividends without interruption since 1874.

Springfield Fire & Marine Insurance Company: age 92 years: organized in Massachusetts in the year of the California Gold Rush, it began business in 1851, in time to enjoy six years of "California Gold Inflation Prosperity" before the panic of 1857 hit the nation. It has paid dividends without interruption since 1867.

Hanover Fire Insurance Company: age 91 years: began business in New York City in 1852 during the boom years which followed the discovery of gold in California, and at a time when the slavery question was being hotly debated by Daniel Webster, Henry Clay, John C. Calhoun, and others. Dividends have been paid without a break over the past 83 years.

These ten companies by no means exhaust the list of old-line leaders, which also are counted among the leaders of today. Space, however, does not permit more sketches, and the best that can be done at this point is to name other leading companies with an age in excess of 50 years, as follows: New Brunswick Fire Insurance Co., 117 years; New York Fire Insurance Co., 111 years; Westchester Fire Insurance Company, 106 years; American Insurance Co., 97 years; Glens Falls Insurance Co., 93 years; Pacific Fire Insurance Co., 92 years; Continental Insurance Co., 90 years; Fidelity-Phenix Fire Insurance Co., 90 years; Home Insurance Co., 90 years; St. Paul Fire & Marine Insurance Co., 90 years; Phoenix Insurance Co., 89 years; Firemens' Insurance Co., 88 years; National Liberty Insurance Co. of America, 84 years; Globe & Republic Insurance Co. of America, 81 years; Fireman's Fund Insurance Co., 80 years; Agricultural Insurance Co., 80 years; New Hampshire Fire Insurance Co., 73 years; National Fire Insurance Company, 72 years; Great American Insurance Co., 71 years; Boston Insurance Co., 69 years.

Foster & Marshall To Be Members Of NYSE

Foster & Marshall, 1411 Fourth Avenue Building, Seattle, Wash. will become members of the New York Stock Exchange, with the acquisition by Albert O. Foster of the Exchange membership of Edwin D. Morgan, Jr.

Partners of the firm are Albert O. Foster, George W. Marshall, and Carl I. Carlsen.

Edward Costigan Dead

Edward J. Costigan, president of Whitaker & Co., 300 North Fourth Street, St. Louis, died of heart disease at the age of 68. Mr. Costigan had been with Whitaker & Co. since 1891, becoming a senior partner in 1925 and president in 1930. He was a member of the St. Louis Stock Exchange.

I. M. Simon To Admit Robt. Cobb As Partner

ST. LOUIS, MO.—Robert Harris Cobb will be admitted to partnership in I. M. Simon & Co., 315 North Fourth Street, members of the New York and St. Louis Stock Exchanges and other leading national exchanges. Mr. Cobb has been associated with the firm for many years. In the past he was head of his own securities firm in St. Louis.

New Williston Branch

J. R. Williston & Co., members of the New York Stock Exchange, announce the opening of a branch office in the Westchester Country Club, Rye, N. Y., under the management of Bertram C. Stetson.

Tax Data May Be Had From STANY Committee

The new ruling obtained by the Tax Committee of the Security Traders Association whereby incoming registered mail items are fully exempt from the payment of the New York State Tax benfits out-of-town dealers who have hesitated to do business in New York because they have been confronted with the payment of the New York State tax—formerly amounting to substantial money because of the volume of business transacted.

Further clarification of the new ruling, which was reported in the "Chronicle" of April 8, may be had from the STANY Tax Committee, members of which are: P. Fred Fox, P. F. Fox & Co., Chairman; John Laver, Edward Purcell & Co.; Frank Mackessy, Abbott, Proctor & Paine; Fred Preller, Eastman, Dillon & Co.; Willis-Summers, Hoit, Rose & Troster.

Gardner F. Dalton Co. Formed In Milwaukee

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—The firm of Gardner F. Dalton & Company has been formed with offices at 735 North Water Street, to engage in a general securities business. Partners of the firm are Gardner F. Dalton and Esther Swearingen. Mr. Dalton was formerly president of Dalton, Riley & Co., Inc. of which Miss Swearingen was also an officer.

Associated with the new firm will also be Charles W. Givan, formerly in charge of the railroad securities department of Dalton, Riley & Co., Inc. and prior thereto an officer of the Givan Company.

Carleton Davenport With Draper, Sears & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — Carleton Davenport has become associated with Draper, Sears & Co., 53 State Street, members of the New York and Boston Stock Exchanges. Mr. Davenport in the past was a partner in Davenport & Co.

William J. Lynn Opens

(Special to The Financial Chronicle)

BOSTON, MASS.—William J. Lynn is engaging in a general securities business from offices at 53 State Street.

Program To Salvage Fiscal And Monetary Solvency

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

Recognizing the vital importance of this subject, which will obviously constitute the foremost of our post-war problems, the "Chronicle" invited comments regarding the views and beliefs expressed by Dr. Spahr in his article. A considerable number of letters were received and those not previously reproduced in earlier issues are given below:

GEORGE H. WATSON, Scribe

The Great American Prospectors Association, Salt Lake City

Dr. Spahr's article in the March 4th issue of the "Chronicle" is like most of the chatter we hear these days.

Geo. H. Watson

Why in the name of God they do not come out for a "sound money of 14 ounces of silver to one ounce of gold" is far beyond the comprehension of a Prospector. Better stop chattering and get back of my 14-to-1 plan before it is too late. They all seem to see disaster ahead as we are going, but seem to fear a sound money of 14 to 1. Better beat the gun. You know what Jackson said: "The way to resume is to resume."

You can do it with the "Chronicle" if you dare start out with my "Sound Money of 14 to 1."

AN ANONYMOUS NEW YORK CITY BANKER

We admire Dr. Spahr's sound thinking and consistent position, and have followed with great interest practically everything he has written.

Another point in summary, which he may have avoided purposely to limit the discussion, might have been concerned with international matters including currency stabilization, the settlement of Lend-Lease claims and other international debts, and the treatment of problems involving the flow of international trade.

N. Y. Stock Exchange Weekly Firm Changes

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

August H. Schenck retired from partnership in Teorge & Schiffer, New York City, as of April 8. Mr. Schenck's Exchange membership was transferred to Norman K. Toerge, partner in Toerge & Schiffer.

William V. Higgins, partner in H. C. Wainwright & Co., died on April 1, on which date his interest in the firm ceased.

Richard P. Loasby, member of the Exchange, died on March 27.

B. & M. Looks Good

The current situation in income mortgage A $4\frac{1}{2}$s 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.

The Securities Salesman's Corner

A Change Of Scenery Is A Good Investment

Usually we try to write about different ideas that will be helpful to those who are engaged in the selling end of the securities business. One week it's a method of prospecting, or a sales letter, or a new approach to an old problem—but this week we are going to talk about YOU for a change. We're going to look at something that most of us overlook—and that's how we stack up as individuals after a hard Winter's work.

No matter how many good ideas we may have—no matter how good are our intentions toward doing a first-class job—unless we are in the right frame of mind—and physically up to par—it's more than likely we'll fall short of the mark. This holds true in all lines of work, but in the field of salesmanship (especially under today's conditions in the securities business) it is almost imperative that physical and mental capacity are right at the top.

The reason we're writing about this subject is that several days ago we had one of our periodic visits from an out-of-town friend. Every three to four months he leaves his job in Boston and takes a short two or three-day vacation. Either he runs down to New York and chins and chats a while with some of the fellows he knows—gets some new ideas—sees some new surroundings—or he goes to a vacation spot where he can just rest up and relax in a complete change of scenery.

While we were discussing the various things sales-minded individuals talk about, our friend mentioned how much his little trips away from his standard routine meant to him in renewed energy and even in earning power. He told us how he had left his desk just a few days before—feeling that even little tasks were quite an effort and that he knew he wasn't up to doing his best work. He also related the experience of several other men in his organization who had taken up this idea of a trip or a short change of scenery, whenever they felt that they needed it, and they, too, were able to go back to their work with renewed energy and vigor.

A type of work such as security selling requires more creative imagination and is a greater drain upon the nervous system than many routine jobs. For this reason it is essential that we pause at times and rebuild ourselves—just going on and doing a half a day's work when we should be putting forth our best efforts is really false economy. When you are rested, when the mind is alert, when you can think straight and true, when you feel like going out and seeing people and telling them all the "good things" a healthy and alert mind can perceive, when you feel confident of your success and realize that you know your business—that is the time to go to work—and you'll do business! If you don't feel this way now—better take a few days off and get "on the beam" again!

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

FDR talk burst inflation talk bubble, result—boom! Present break good chance to buy stocks for rally.

* * *

Last week's column was hardly out of the typewriter when the market stopped its fancy didoes and ker-plunk sunk sickenly. That, I suppose, makes me out some kind of a hero. For didn't I write here to watch out? Of course I did. I'm good, that's what I am. So what if there were others who said the same thing? I'm not interested in them. Let them go out and blow their own horns. Anyway, the market did break.

* * *

Last Thursday it began to teeter. The next day, Friday, somebody sneaked up behind it; gave it a shove and splash! it took an ungraceful dive. Saturday it came up slightly as if for air. Monday it started to climb out of the water. And as this deathless epic is picked out on the Remington, the market is sitting contemplatively on the edge of the pool, wringing wet and wondering if it is worthwhile to climb up the diving board again.

* * *

The impetus for the first bellywhopper came from Mr. Roosevelt's announcement that inflation must be stopped. A sort of "we gotta held 'em here, boys" statement that made everybody and his brother run in and sell their recently acquired stock holdings.

* * *

I find all this a little amusing, also rather naive. Inflation has yet to be stopped by anyone yelling: "They can't do that to me!" For the simple fact is, that "they" are doing it.

* * *

Perhaps it would be unkind to point out that Mr. Roosevelt's recent anti-inflation speech came just before the new War Bond drive. But

(Continued on page 1378)

Investment Trusts

Ten Reasons For NOT Owning Shares Of Mutual Funds

It takes all kinds of people to make a world. There is, for example, J. Throgmorton Whippet. He is decidedly against owning investment company shares.

Mr. Whippet is the grandson of the man who launched the Whippet Lingerie Co., Ltd. It was his father's fondest hope that some day J. Throgmorton would run the family business. But when the younger Whippet developed tendencies to create startling innovations in the lingerie field, it was decided that he could serve best as Vice-Chairman of the Board.

Interviewed recently, J. Throgmorton put forth the following ten reasons for **not** owning invest company shares:

"1. Ever since I was made Vice-Chairman of the Board I have had a great deal of time for personal activities. I find trying to pick winners in the stock market an exciting hobby. Why should I let some one else do it and miss all the fun myself?

"2. My broker friend has some utterly gorgeous telephone numbers, but the cad insists that we mix business with pleasure. He doesn't sell trust shares.

"3. Selection is no problem for me. The financial pages of the papers are full of stocks if you just take the time to look for them. And then there's my barber—he's been in Wall Street 36 years.

"4. All this talk about diversification leaves me cold. My trading keeps me pretty well spread out all the time anyway.

"5. Supervision is another silly idea. What is the President of a company for? Or the Vice-Chairman? Why should the stockholders try to do their jobs? Anyway, I don't stay in anything long enough to get acquainted with the President of the company anyway.

"6. Details don't bother me; I have a great mind for them. Purchase dates, cost figures, dividend payments, brokerage fees, transfer taxes, sales figures, and sales dates don't give me a bit of trouble. And when I do slip up on some minor detail, I can always get our Assistant Treasurer to straighten things out. Good old Charlie!

"7. I never think about the income from my investments. With the trust fund the old man left me and my salary as Vice-Chairman of our Company, I just have to give any extra income to the Government anyway.

"8. Capital appreciation is a fine thing but I don't see why anyone should go out of his way to get it. Grandfather Whippet did, and look how many enemies he made.

"9. When I was in college I made quite a study of the law of supply and demand. It's amazing how important that law is in our lives. I like to watch it operate, especially in the companies my barber helps me pick. They sure do have their ups and downs! Without demand the supply doesn't matter; and the demand isn't any good either without supply. It's so simple I can't understand why those fellows down in Washington have so much trouble wtih it.

"10. You say with all the different stocks I've got, my estate will be in a mess when I'm dead? Who cares anyway? And not only that but it will serve my old bag right if it is. She's caused me plenty of trouble! Now you mention it, I think I'll buy a batch of those Canadian mining stocks just to get even with her."

So much for J. Throgmorton Whippet. The last census revealed that there are exactly 39 of him in the United States. Obviously, this exclusive group will have little need for mutual funds. But for the 130 million-odd Americans who aren't in this group, the

(Continued on page 1378)

Municipal News & Notes

State legislatures this year are concentrating on problems having a direct bearing on the nation's war program, as results of their efforts so far testify, the Council of State Governments reported.

Indicative of this, the Council said, are measures adopted by the 42 States convening in January which grant broad war powers to governors, cut taxes in the face of heavy Federal levies or apply new taxes to meet increased costs, attempt to solve manpower shortages, authorize post-war reconstruction planning, and protect rights of servicemen and women or grant them various exemptions.

Governors of three States—California, Connecticut and Vermont—were granted broad war powers by their legislatures and similar action is under consideration in a dozen other States. During a crisis the governors may issue orders, regulations and rules having the effect of law—powers similar to those given chief executives of nine other States, mostly eastern, last year and in 1941.

Four States have taken definite steps to alleviate wartime tax burdens of their citizens by reducing various levies. West Virginia repealed, over veto by the Governor, the State's 10-year-old personal income tax law which produced about $2,000,000 yearly; Iowa cut in half payments due under the State income tax law for 1943 and 1944, giving up revenues of about $5,000,000 a year; New York, continuing for a second year its 25% reduction in the State income tax, approved a law allowing deductions for medical expenses above 5% of net income, for insurance premiums up to $150 a year, and for children over 18 still in high school or college on a full-time basis; Wisconsin's legislature sent to the Governor a measure repealing the 60% surtax, which would result in a 37½% reduction for persons of low income and a somewhat smaller reduction for others. smaller reduction for others. The Wisconsin legislature recently passed this bill, overriding the Governor's veto.

On the other hand, Delaware enacted a 1% tax on gross incomes, to expire Dec. 31, 1944, and a cigarette tax of 1¢ per 10 cigarettes, to expire May 31, 1945. The income tax applies to every resident and every nonresident receiving a gross income of more than $12 a week as a result of work done or services performed in the State.

Idaho also levied a tax of ½ of 1% on liquor sold by State stores, proceeds to pay costs of temperance instruction in the public schools, while Arizona passed over the Governor's veto a law placing a 5% income tax on banks and their real property.

Iowa also amended its income tax law to cover war workers in Iowa temporarily, and adopted a measure permitting reciprocal agreements with other States to pay unemployment and other benefits to those who work in more than one State.

The increasing emphasis on developing a program to meet post-war reconstruction and development problems, and especially to establish reserve funds to pay for such programs, is shown in laws adopted by half a dozen States.

Chattanooga Increases Bonds Eligible For Exchange

The City of Chattanooga, Tenn., announces that it has made eligible for exchange an additional $503,500 of bonds maturing in the fiscal year ending June 30, 1947, of which not more than $125,000 are to be exchanged for series G bonds of 1965, 1966 and 1967, under the debt equalization plan. According to Wainwright, Ramsey & Lancaster, New York City, the city's financial consultants, of the $6,135,000 to be refunded, holders of $4,506,500 have consented to the exchange, leaving $1,628,500 remaining to complete the program.

Ohio Bridge Commission Reports 1942 Results

In connection with the annual report of the State Bridge Commission for the year ended Dec. 31, 1942, recently transmitted to Governor John W. Bricker, an interpretation of the year's operations, prepared by Ray Palmer, Secretary-Treasurer and General Manager, stated in part as follows:

Throughout the year 1942, the Bridge Commission experienced in a steadily mounting crescendo the impact of war-time economy. This reached a peak in December, with general gasoline rationing, when revenues on the Steubenville and East Liverpool Bridges dropped to slightly less than half the revenues of the preceding December, while revenue at the Sandusky Bay Bridge was off almost one-third. In contrast to these, Pomeroy Bridge revenue was nearly three times as high as the previous December due to a war industry in that area.

For the 12 months of 1942, the Sandusky Bay Bridge showed a revenue drop of 23.8% from the previous year; the Steubenville-Weirton Bridge revenue dropped 33.8%, and East Liverpool-Chester revenue was down 32%. Revenue of the Pomeroy-Mason Bridge during the year increased 188.6%, one of the biggest gains in the country.

Two of the commission's bridges—Steubenville and East Liverpool—carry highways which are extensions into Ohio of the Pennsylvania Turnpike, on which passenger car revenue showed a drop of 77.8% in December, and 57.7% for the year.

Notwithstanding this decrease in revenue, the Bridge Commission retired a total of $478,000 in bonds during 1942. This is $100,000 less than 1941's record bond retirement, but $111,000 higher than the best year prior to 1941. Bond retirement in 1942 reduced the total of outstanding bonds to $3,606,000. The original total of revenue bonds issued was $6,016,000.

The total operating revenue of the Commission's four bridges in 1942 was $727,281.36, as compared with $906,199.46 in record-breaking 1941.

At the year's end, the Commission had a balance in all funds of $559,294.44, most of which is available for the retirement of bonds maturing in 1943. This balance included $373,089.14 in sinking funds; $84,712.20 in reserve funds; $26,569.39 in tax reserve funds; $67,060.60 in revenue funds; $7,363.11 in revolving funds and $500 in petty cash funds. In the reserve, tax reserve and revenue funds are large excesses which may be transferred to the sinking funds for the retirement of bonds.

Operating expenses for the year were $181,985.55. This was an increase of $20,008.91 over the preceding year, which saw the lowest operating expense since the Commission has operated four bridges. This increase of $20,008.91 can be accounted for in one item—the cost of guards and other war-time protection against sabotage. Insurance premiums, which are paid every three years, became due in 1942 and account for an extraordinary expense of $31,208.62.

Non-operating expense of $79,764.79 was the lowest in the Commission's history. This is represented by interest on bonds, premiums on bonds retired, and fees paid to trustees and fiscal agents.

During the year, the Commission obtained a reduction of $290,000 in the appraised value on those parts of its three Ohio River Bridges lying in West Virginia. This will mean an annual savings in taxes paid to West Virginia of $4,770.84.

No. Caro. Revenues Swelled By Income Tax Receipts

State income tax collections of $21,910,148.92 in March sent the month's total General Fund revenue collections to $25,586,927.64, compared with a General Fund total of $18,435,053.38 for the same month last year. Income tax collection in March, 1942, were $15,339,785.

For the nine months of the current fiscal year, income tax collections are almost $9,000,000 ahead of collections for the same period last year. With a quarter of the fiscal year still ahead, total General Fund revenue collections already have topped last year's collections of $57,297,966.82, which broke all revenue records in the history of the State.

Total General Fund collections for this fiscal year are $58,806,659.50, compared with $47,397,992.26 for the corresponding nine months of the last fiscal year—an increase of $11,408,667.24, or 24.07%.

March gasoline tax and inspection fees for the highway fund again showed a decline. Total collections for the month were $1,337,425.46, compared with $2,072,356.33 for March, 1942, a decrease of $734,930.87, or 35.46%. For the nine months of the current fiscal year, gasoline tax and inspection fee collections were $16,987,491.87, compared with $24,609,411.97 for the same period last year—a decrease of $7,621,920, or 30.97%.

The entire revenue picture including the Highway Fund and General Fund collections, shows that during March the State collected $26,924,353.10, compared with $20,507,409.71 during March of last year. The increase is $6,416,943.39—31.29%. During the nine-month period of the current fiscal year, the State collected a total of $75,794,151.37, compared with $72,007,404.23, an increase of $3,786,747.14 or 5.26%.

Kentucky Liquor Revenue Halved By Rationing

The inauguration of liquor rationing in the State by distillers will result in a revenue loss to the State of between $600,000 to $900,000 in the consumption tax, according to an estimate made by Ward J. Oates, Commissioner of Revenue. This prospective decline, coupled with an anticipated falling off of about $4,000,000 annually in the production tax, will cut the State's yearly return from the alcoholic beverages imposts to about half of the normal figure.

The State last year realized $9,157,000 from the manufacture, sale and consumption of whiskey, beer and wine. The total will drop to around $4,500,000 in the next fiscal period beginning July 1.

A sharp decrease in receipts from the consumption tax of $1.20 a gallon already has been felt. In December and the first 27 days of January collections totaled $429,000; for the corresponding period a year ago, the total was $626,000.

Loss of the production tax of 5 cents a gallon was realized Nov. 1 when Kentucky distilleries shifted total output to war alcohol.

Securities Acts Harmful To Regional Exchanges, Howard Taylor Says, Urging Major Revisions

The regional securities exchanges throughout the country have suffered heavily as a result of the application of certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, Howard R. Taylor, of Howard R. Taylor & Co., Baltimore, Md., acting President of the Baltimore Stock Exchange, declares in a statement to the "Financial Chronicle."

"These Acts have imposed hardships upon the small exchanges and small business," Mr. Taylor states, "which it is believed were not anticipated by Congress when they were enacted.

"The small exchanges are now seeking relief through Congress from the apparent inconsistencies of the Acts and the burdensome requirements which now prevent the exchanges from securing new listings and at the same time deprive small companies of the advantages of listing their securities on a fair public market.

"It is felt that should Congress permit trading in all securities on the securities exchanges, where there is a record of all transactions and a definite commission charge, the result would not only benefit the small exchanges and small business, but would be to the best interest of the public, which was the primary reason for this legislation.

"With these facts in mind, the small securities exchanges have presented their problems to the Small Business Committees of both Houses of Congress, where they are now being considered.

"We consider this situation of paramount importance at this time, particularly to those brokers and dealers who are members of and believe in national securities exchanges as the only proper market for securities of all classes."

Mr. Taylor, in discussing the effects of the various provisions of the securities acts on the Baltimore Exchange, as reported by J. S. Armstrong, Financial Editor of The Baltimore "Sun," stated that the history of the Baltimore Stock Exchange prior to enactment of the existing legislation some ten years ago was one of steadily increasing listings, while today the reverse is true. Whereas there were 164 issues of stocks and 116 of bonds listed here on Jan. 1, 1933, there are only 49 issues of stocks and 24 issues of bonds on the local list at this time.

Delistings Threatened

"We are constantly threatened with delistings, and because of the provisions and regulations of the Securities Exchange Act and its administration by the Commission, it is impossible to secure new listings," he stated.

The local exchange has presented its problems to the Small Business Committees in both the Senate and House, and similar moves have been made by most of the regional exchanges, but no definite action has been taken.

The regional exchanges have asked for the following changes in the Securities Act of 1933:

Amend Section 3 (b) whereby the amount of securities, either bonds or stocks, to be exempted from registration with the Securities and Exchange Commission shall be increased from $100,000 to $1,000,000 and direct that such securities shall be exempted.

Changes In Act Proposed

The following changes in the Securities Exchange Act of 1934 have been requested:

Amend Section 12 by adding a new paragraph to be known as "(g)" to read as follows: "Notwithstanding any of the provisions in this section, the securities of companies having an annual report made by an outside certified public accountant may be traded in on all regional exchanges."

Amend Section 13 to exempt companies which file reports with any Governmental agency or State body giving sufficient information for the protection of the public.

Amend Section 14 to give exemption to those corporations having a share capital of $2,500,000 or less. (On the basis that the requirements are too onerous for smaller companies.)

Amend Section 16 to exempt directors, officers and principal stockholders of companies whose securities are listed only on regional exchanges. (For the reason that so often in smaller companies the sponsorship of the management is required to make a fair market to even out wide differences in price.)

Driving Business To New York

Mr. Taylor pointed out that the existing regulations have not tended to decentralize the industry as so often promised by the Securities and Exchange Commission, but on the other hand have obviously had the effect of driving business from the regional exchanges to New York City, aiding the concentration of business there.

"We feel that the public should be protected from the occasional person who takes unconscionable profits and practices other unethical devices," Mr. Taylor asserted. "But it is our opinion that the small exchanges can be of unlimited service in the economics of small business, particularly when this war is over and the demand for capital for small business to convert back to peacetime needs, resulting in greater employment, will be so urgent."

Personnel Items

(Continued from page 1372)

merly with Mason, Moran & Co., Blair Securities Corp., and Otis & Co. In the past he was head of the North City Company of Dubuque, Iowa.

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — **Robert Donald Harris** is now connected with **Louis G. Rogers & Company**, Johnston Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William T. Dillehunt**, previously with Quincy Cass Associates, is now with **H. R. Baker & Co.**, Bank of America.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Elwood Victor Seaman** and **Philip S. Weadock** have become associated with **Wyeth & Co.**, 647 South Spring Street. Mr. Seaman was formerly with G. Brashears & Company; Mr. Weadock was with Turner, Poindexter and Company.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**C. Taylor Walet** and **Albert S. Yenni, Jr.**, have become affiliated with **Steiner, Rouse & Co.**, Maritime Building. Mr. Walet was previously with Merrill Lynch, Pierce, Fenner & Beane; Mr. Yenni was with Beer & Co.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Fred B. Richardson** has been added to the **staff of Geo. H. Grant & Co.**, Central Bank Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.— **Raymond W. Colvin**, formerly with Franklin Wulff & Co., Inc., and Mason Brothers, is now associated with **Bankamerica Company**, 300 Montgomery Street.

Stock Market Comments

Profit-Taking

During the past nine days (These comments made by J. R. Williston & Co. under date of April 10th.—Editor.) there have been clear indications of substantial profit-taking in the market under fairly heavy trading averaging for the past four days somewhat over 2,000,000 shares per day. Defaulted railroad bonds led the way, beginning their decline somewhat before the stock market. Yesterday the market opened rather weak under fairly heavy volume. It remains to be seen whether the recent profit takers will become sold-out bulls within the next few weeks with the market following its persistent upward course over the past 11 months reflecting much greater confidence and the persistent pressure of idle funds perhaps over $1,000,000,000 per month seeking employment via the securities markets. In the past it has been an axiom among the shrewdest traders that sharp temporary setbacks are a natural expectation in a bull market, particularly one which has risen considerably; but the astute investor or speculator in the markets abhors a gradual topping out of the market with each rally failing to reach the peak of the preceding rally. We think that this week's moderate reaction will provide opportunities for those who know security values and that factors such as able management, good financial position, favorable sales and earnings trend, etc., in selected companies soon overcome temporary declines in advancing markets.

Taxes

There is little clarity at this time concerning taxes for 1943. There is no indication that Congress will be more effective as to speed this year than in the past two years; accordingly, it is felt that Secretary Morgenthau's guess as to the earliest date for dependable indications as to 1943 taxes will be about September. We would suggest that investors estimate corporate earnings on the basis of a 45% normal and surtax rather than last year's 40%.

The probability at this early date appears that tax rates, having approached closely the point of diminishing returns, are unlikely to provide any important market shock in 1943.

The President's wage and price-freezing order is most interesting. It seems to indicate a swing to the "right." It certainly represents a change from previous Government policy since for several years the managers were trying to get prices up at all costs even at the cost of substantial deficits. The test of the new order will come when the final showdown is had between labor and the administration.

* * *

Airline Stocks

It is very true that air-transportation companies have enjoyed a very sharp increase in traffic volume and operating earnings. On the other hand, it is difficult in view of their record, both earnings and dividend, to justify current prices which in most instances are 100 to 150% or more

(Continued on page 1383)

Morgenthau Opens $13 Billion War Loan Drive

The $13,000,000,000 Second War Loan campaign was officially launched on April 12 by Secretary of the Treasury Morgenthau at a meeting in Carnegie Hall, New York City.

Speaking to a nation-wide radio audience, Mr. Morgenthau said that the money is needed to pay for the "greatest attack in history," which the United Nations are now massing for. The Secretary said that the need to raise at least $13,000,000,000 before the end of this month to buy materials and implements of war is "real, urgent, pressing." He explained that even though the Treasury is getting more money than ever before through taxes, "we cannot rely on taxes alone to do the whole job, and I wouldn't want to—because we could not tax with fairness on so huge a scale."

While pointing out that the Government could borrow all the money from the banks, since its credit is excellent, Mr. Morgenthau said that this was undesirable because of economic and social reasons and because "this is a people's war—so all of the people ought to have a part in financing it."

The Secretary went on to relate that "96 cents out of every dollar which comes into the Treasury, through war bonds, taxes, or anything else, is spent for war purposes. When you pay $18.75 for a bond, $18 go immediately into guns and planes and equipment. The 75 cents goes for the regular expenditures of the Government."

Mr. Morgenthau further stated:

"You can feel every confidence that the financial affairs of your Government are in good condition as the United Nations go on the offensive. The situation is well in hand. We know where we're going. We know how much money our armed forces will need.

"During this month of April we must get $13,000,000,000. We shall then have borrowed about $20,000,000,000 in the first four months of this year. We will need to borrow about $25,000,000,000 during the second four months, and without any new taxes, another $25,000,000,000 in the final period of the year; a total of about $70,000,000,000 for the year.

"I would like to assure you that we can afford it."

He added that while it won't be easy to raise this amount he has every confidence that the American people will provide it.

Mr. Morgenthau spoke at a meeting sponsored by a New York Citizens Committee headed by John W. Davis, in cooperation with the U. S. Treasury War Finance Committee. Other speakers were Governor Thomas E. Dewey, Mayor Fiorello H. LaGuardia, William Green, President of the American Federation of Labor; Philip Murray, President of the Congress of Industrial Organizations, and Thomas I. Parkinson, President of the Equitable Life Assurance Society of the United States.

CANADIAN SECURITIES

By BRUCE WILLIAMS

The effects of the war on basic industries have been much the same in Canada as here at home. Despite record production, net income is generally lower; rising costs and increased taxes have more than offset gains in volume.

One of the clearest presentations we have yet seen of these trends is contained in the annual report of Canadian Industries Limited. Steady expansion in the company's diversified activities, particularly in the chemical division, has taken place since the outbreak of war. During 1942 the greater part of approximately $2,000,000 capital expenditures went into the construction of a Nylon plant.

"Since September, 1939," states the company, "the predominant purpose of Canadian Industries Limited has been to obtain the greatest possible output of essential materials from those resources under its control." The results of this endeavor, expressed in terms of capital investment, sales, and earnings on the common stock, are shown in the following tabulation:

INVESTMENT, SALES AND EARNINGS
Percentage Increase over
Average of Years 1936-1939

Year	Manufacturing Investment (Net)	Sales	Earnings Per Share
1939	5%	12%	$8.52
1940	10%	35%	7.27
1941	15%	68%	7.22
1942	21%	72%	6.12

"In a war economy," continues the statement, "the necessary policies adopted to convert the activities of the nation from peace to war have a more direct bearing on the profit accruing to the shareholders than the effect of the expansion in the investment of manufacturing facilities or the actual productive efforts of the organization." Which is a nice way of saying that to fight a totalitarian war, totalitarian measures must prevail and to hell with individual profit!

Looking beyond the war, however, these trends must be reversed. To quote again: "It is equally important that conditions should exist in the post-war years that will provide the widest opportunities for low-cost production of peacetime goods." To restore such conditions it will not be enough to abolish wartime restrictions. Burdensome taxes will need to be scaled down to levels more in line with legitimate peacetime requirements of democratic government.

In a second tabulation the report shows the variations in taxes, wages, selling prices and earnings during the war years as compared with the 1936-1939 average:

INDEX OF VARIATION FROM THE AVERAGE OF YEARS 1936-1939
(Average 1936-1939=100)

Year	Taxes	Total Salary and Wage Payments	Selling Prices	Earnings per Share Available for Dividends
Average 1936-1939	100	100	100	100
1940	303	132	100	101
1941	339	169	102	100
1942	299	201	102	83

The company's concluding statement on taxes sounds a warning to post-war planners in Government which must be heeded if the welfare of Mr. Wallace's "common man" is to be served.

"The experience of recent years has demonstrated that taxation can be employed to bring about fundamental economic changes but it must be recognized that the achievement of the expected advance in post-war living standards could be postponed indefinitely by the failure to eliminate the restrictive influence of the war-time taxation policies."

Effects Of President's Wage And Price Order

(Continued from page 1370)

may be checked, the new move does not solve the problems of farm labor, food supply and civilian distribution.

4. Insistence on higher taxes (apparently mainly individual), lessened spending and greater saving is renewed.

5. Political pressure for higher wages and higher farm prices will continue.

6. Though the Order to keep wages stabilized may be intended to placate farmers, the latter feel that labor has already received much greater favors than farmers, who will probably continue to feel that their problems are slighted.

7. It is still not proven that the new Order will actually stabilize prices and wages, any more than previous pronouncements have.

8. Renewed and stronger opposition in Congress to the Administration appears likely, reflecting disunity and dissatisfaction among the public. This may point ultimately to a political overthrow pleasing to business quarters, but is not helpful to the war effort.

* * *

The above are preliminary observations, and the situation might be changed substantially later through public and Congressional reactions. The effects of any such changes on the market cannot be foreseen now.—Economics and Investment Department, **National Securities & Research Corporation.**

Nichols Milbank Jr. With J. A. Hogle Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Nichols Milbank, Jr. has become affiliated with J. A. Hogle & Co., 532 W. 6th Street. Mr. Nichols was formerly with Sutro & Co. and prior thereto was an officer of the Pacific Company of California with which he was associated for many years.

Jacob Newman Dead

Jacob K. Newman died at his home near Johnsville, Pa. at the age of 71. Mr. Newman was president of Investment Associates, Inc. of New York and a New Orleans investment broker for many years.

Landon Criticizes "Dumb" Bureaucracy; Warns Of Dangers Of Fourth Term Drive

Alf M. Landon, former Governor of Kansas and Republican candidate for President in 1936, said on April 12 that President Roosevelt was seeking to perpetuate himself in office, and expressed the fear that the country faced shorter food rations and less oil next winter because the "bureaucracy in Washington is spending too much time on marketing and transportation problems, not realizing that the primary problem is production."

Mr. Landon voiced his opinions in an interview at the Hotel St. Regis, New York City, where he arrived from Washington.

Alf M. Landon

Regarding his views, the New York "Herald Tribune" of April 13 reported:

"It is perfectly obvious that Roosevelt won't leave the White House voluntarily," said Mr. Landon. "That is not a healthy condition. In a nation such as ours, where popular government obtains, ancient and modern history tells us that when its Chief Executive seeks to perpetuate himself in office, and succeeds, the inevitable result is the man on horseback.

"We saw that same trend in recent years in Italy under Mussolini and in Germany under Hitler, and it created the conditions that brought about the present war."

Mr. Landon said he believes the country ought to return to the pre-New Deal concept of American government, and added:

"That's what we're fighting for abroad, and we would be remiss if we did not fight for it on the home front."

Asked about the wheat crop, he said:

"We're going to be short of food because this administration is still thinking in terms of the depression cycle, and we're entering a period where all surpluses are turning into deficits."

"That was obvious a year ago, and, like all bureaucracies, our Washington bureaucracies could not make the necessary adjustments in time and continued going along the same old rut.

"For instance, they lifted the restrictions on winter wheat about three months ago when the season for planting was over five months ago. As a consequence, millions of acres lie idle that might have been sown in winter wheat, which is the most dependable crop of the high plains area.

"The same is happening in crude oil. We'll be short of crude oil if they keep on as they have been doing. Our crude oil production has been 200,000 barrels a day less in the last year than in the previous year. We've used 58,000,000 barrels we had in storage. The rate of new oil-field discoveries was the lowest in the last year than in the modern history of the oil industry."

After charging both these conditions to "the bureaucracy in Washington," Mr. Landon said:

"The oil situation is very serious because you can't discover new fields overnight. It takes months and years. So the raw product of oil and food will turn up short. Surpluses are disappearing — if any still exist.

"The great weakness is the New Deal bureaucracy. Conditions change, but bureaucracies never. Bureaucracies are always dumb."

Mr. Landon charged that a soy bean processing plant remained idle in Topeka for 60 days before permission to operate could be obtained "from some bureaucrat in Washington." He said a similar condition obtained in Emporia, only there it was several months before the required permission was obtained from Washington.

"If Roosevelt & Co. paid more attention to raw products essential to our soldiers and our civilians and less time to trying to perpetuate themselves in office," continued Mr. Landon, "our folks at home would not be facing shorter rations and cold homes next winter. It is time they stopped thinking of a fourth term —and what comes after it."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1375)

the similarity is suspicious. Anyway, inflation doesn't begin because anybody makes a speech and neither does it stop because a President or a befuddled Congress makes speeches. Inflation has its roots much deeper. What is needed is not more laws or new regulations but a real effort to enforce the ones already in existence.

* * *

Everybody knows that the departments empowered to enforce anti-inflation laws have so far given only lip service. Whether they intend to do anything more in the future is open to speculation; yours as well as mine. But it is a cinch that the longer they hold off the harder will the job be when they get around to doing it. No, dear reader, inflation is with us and all the stagey talks either by FDR or so called official spokesmen will do little to stop it. That being the case, this reaction would be a good chance to get into some of the stocks you have been looking at longingly but felt were too high. But before we go into that, I think I'd better review our situation again.

* * *

In last week's column I mentioned a list of stocks recommended here in the past, their near term profit points and their stops. Here they are again. Bethlehem Steel dodged its profit taking price by one point and sunk to 63½. Your stop was 64. Result, a gross profit of 5 points.

* * *

Goodyear didn't get up high enough but it did break its stop, so your profit (having bought it at 22½) is about 9 points.

* * *

International Harvester got above the profit taking price (70) by a point and a half. Having bought it at 43 you took a tidy profit of 27 points.

* * *

Superheater didn't get to either the profit or the stop figure, so last week's figures are still in force.

* * *

Inadvertently I overlooked U. S. Steel in last week's column (than which there is no crime more heinous). Imagine anybody forgetting Big Steel! So here it is. Stop Steel at 53 (you bought it at 50) and take partial profits across 58.

* * *

Now for some new buys: White Motors 16-17, stop at 15; profits at 20 or better.

* * *

Air Reduction 40-41, stop at 38. Profits at 44 or better. That's all for new buys this week.

* * *

From now on you can look for rapid moves in both directions. Whether or not the next up move can take prices through last week's highs, makes little difference. If they manage to get to them, they will have accomplished enough for the time being. Frankly, I think the market will just manage to avoid getting to those highs—though some stocks may improve on them—and then turn down again. But the prices given above have taken that into consideration.

* * *

B. S., Los Angeles, Cal.—Thanks for your sentiments. Sorry, I don't have any financial service except this column. I neither handle or wish to handle anybody's accounts. I have all I can do worrying about my own. Short position figures are now a matter of public record. The SEC publishes them regularly.

* * *

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.]

Our Reporter's Report

(Continued from first page)

was a widespread disposition to clean out speculative lines in secondary rail liens and at the same time a rather complete cancellation of standing bids before the opening.

Doubtless there would have been plenty of confusion and an unwarranted melting away of values, in many instances, but for the fact that the governors stepped into the breach.

They took upon themselves the task of arranging openings in many issues by bringing together scared sellers and potential but reluctant buyers who were worlds apart in their views.

True there were some wide losses on initial sales, but proceedings were orderly and as the day progressed fair recoveries were in order.

Sentiment was aided by reported plans of the railroads to seek legislation cancelling "land grant" rates which the government has long enjoyed, and by realization that since taxes would have absorbed much of the revenues accruing from the higher rates, the effect of the loss of such income might easily be exaggerated except in the case of "border-line" roads.

Debt Reduction Plans

The carriers doubtless will be as anxious as ever to go along with their plans for reducing outstanding indebtedness. But it stands to reason that the loss of revenues involved in the Interstate Commerce Commission's decision will slow the process down considerably.

Under a recent admonition from the Commission the roads had more or less earmarked revenues growing out of such rate increases for application to debts.

Accordingly speculators who have had considerable of a field day marketwise over a period of months will have to employ a bit more caution. Unquestionably the backlog of buying represented by the issuers' purchases for retirement will be curtailed measurably.

Call for Bids Due

Bankers are inclined to anticipate a call for bids for the Kansas City Terminal Railway's $49,000,000 of new securities along about next Monday.

Since the projected refinancing would not involve any call for new funds, it is not considered as offering any competition so far as the Treasury's drive is concerned.

Official discussion of the program is said to have arrived at the point where formal announcement should soon be forthcoming.

Plenty of Empty Desks

That the Wall Street bond crowd is giving its full stint to the Treasury's war bond drive becomes readily apparent from a look at the many empty desks around the various houses.

It's a cinch that the rank and file of firms will be well satisfied if the market maintains the even tenor of its ways for the duration of the campaign which began on Monday.

Aside from those partners and employes who are actually out on the selling line, many of those remaining to staff the offices are putting in a good part of their time doing yeoman service over the telephones.

Hitting Into High

The Treasury's drive is away to a flying start in the Second Federal Reserve District, even though bankers were not among those accorded places on the dias at Carnegie Hall when the campaign opened Monday night.

Up to the close of business on Tuesday night it was disclosed that the Metropolitan New York area had subscribed very nearly half its $3,000,000,000 quota in the initial two days.

Of the 132 savings banks in the state, it was disclosed 110 had entered subscriptions for $403,000,000 in the interval, compared with $327,000,000 for the entire group in the comparable period of the initial drive in December.

Investment Trusts

(Continued from page 1375)

shares of well-managed investment companies will continue to play a vital and growing role in their plans for the future.

* * *

Those who have the market jitters will do well to ponder the following quotation from the Parker Corporation **Letter** of April 10.

"The reasons behind the belief of many important economists that we are in the earlier stages of recovery in stock values may be summarized as follows:

"(1) Final victory for the United Nations seems assured beyond all doubt.

"(2) Corporation taxes cannot go much higher and their earnings will continue good.

"(3) A fairly satisfactory approach to the problem of renegotiation of war contracts has been arrived at.

"(4) Government appears convinced that industry functions best under a profit incentive.

"(5) The probability of some degree of inflation—at least after the war.

"(6) The rise in security values to date appears to be only a correction of prices that were unduly depressed during early 1942.

"(7) The action of the London stock market, which often forecasts the movement in our own, points to a continuation of the advance here.

"(8) Representative common stocks are lower than usual in relation to earnings.

"(9) Excess public buying power, that cannot flow into the purchase of goods, seems likely to set up an important demand for good common stocks.

"(10) Business is geared to new efficiencies, new men, new methods, and new plant and equipment.

"(11) Capital, labor, management and governments are laying plans for easing the transition from war to peace and for promoting a subsequent period of prosperity.

"None of the foregoing is forecast of an uninterrupted rise in security prices. All markets correct themselves from time, but when the fundamentals are favorable, setbacks generally prove to have been buying opportunities."

Dividends

National Securities & Research Corp.—Distributions payable April 15 to stock of record March 31, 1943 as follows:

National Securities Series—	
Bond Series	$.10
Low-Priced Bond Series	.10
Preferred Stock Series	.11
Income Series	.10
Low-Priced Common Stock Series	.02
International Series	.16
First Mutual Trust Fund	.06

Private Enterprise—Initiative Essential

(Continued from first page)

vated in the field of international politics. America is not, never has been and will never be an isolationist nation. The term defines nothing. It is used for selfish interests and by some blind fanatics who see goblins. America must deal with the other nations of the world and America must assume leadership.

"The term internationalist is just as absurd. No sane man would think of wiping out national lines or so subordinating his own Government to a foreign authority. Isn't that what the United Nations are fighting to prevent? It is time for those who live under our flag to be Americans and keep America free, strong and self-reliant, and able to solve her own problems."

In criticism of the confusion and complexities which, he said, were caused by bureaucratic government in Washington, Governor Bricker, according to the New York "Sun," had the following to say:

"We are now living in an age of directives. We practice law by loose-leaf, or by ear. Every citizen is a violator by the clock. The farmer has to get permission from his county agricultural board to build a cow shed, even if he has the material on hand. The business man has to employ myriads of experts to keep from stumbling into an indictment or from being coerced into a consent decree."

Insurance Stock Index Up Again In March

The Insurance Stock Index compiled by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges, shows both for fire and casualty stocks an increase during March over the previous figure for February, and a considerable increase over the same period in 1942. Copies of a recent bulletin giving figures and showing the upward trend in the stocks by means of a graph may be had from the Bank and Insurance Stocks Department upon request.

Success Of Second War Loan Drive Vital

(Continued from page 1370)

"It is significant and gratifying that the increase in the volume of trading and the rise in prices has not been accompanied by any enlarged demand of consequence upon the nation's credit resources. Brokers' loans as of the close of business on March 31, last, were only about 4½% as large as they were in 1929. Except with periods of government financing, such loans have been largely stationary during the last 15 months.

"Thus the organized securities markets are contributing to the ability of investors to buy bonds without competing with the Treasury for available credit. It is obvious, also, that the financial markets are not attracting any substantial new money which could be used for the purchase of Treasury securities. The flotation of new corporate securities has been greatly reduced. In fact, there has been a small decrease in the aggregate amount of seasoned corporate securities in which investors may place funds, because as corporations retired certain of their stocks and bonds they did not replace them with a corresponding quantity of refunding issues. In other words, the supply of corporate securities is definitely limited. There is no bottomless supply of stocks and bonds such as we had in the 1920's.

"A year ago, if an investor in stocks or other risk securities had a desire to transfer his funds into U. S. Treasury bonds, he would in many cases have been able to do so only at a financial sacrifice. Today he often is able to sell his corporate stocks and bonds at a profit. But this is not all. They are now readily salable, whereas not so many months ago it frequently was necessary to wait for buyers to avoid price sacrifices. It is evident, therefore, that a broad, active market is a necessary facility in the success of the Government's financing—an even greater bulwark than it was in last December's successful campaign."

Mr. Schram went on to say that "some of our dividends from our huge expenditure of treasure, sweat, tears and blood for war must be (1) the preservation of a revitalized American way of life, (2) the end of paralyzing trade barriers and economic nationalism which was a principal cause of this disastrous conflict, (3) vast technological progress which will open new economic frontiers, and (4) a return to the philosophy of an economy of abundance in place of the heterodoxy of an economy of scarcity."

In order to service the large post-war national debt, Mr. Schram said, "the enterprise and initiative of the American business man must be released . . . he must be encouraged to produce more and more for the benefit of society—for the benefit of producers and consumers alike—and he must be paid adequately for producing."

Tschannen At Newhard Cook

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Albert L. Tschannen has become associated with Newhard, Cook & Company, Fourth & Olive Streets, members of the New York and St. Louis Stock Exchanges. Mr. Tschannen in the past was in charge of the St. Louis office of Banning & Co., Inc. with which he was associated for many years.

New Brinton Partner

Francis T. Whelan became a partner in Brinton & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, as of April 5.

Eliminate Violators Of Principles Which Should Be Basis Of Fair Labor Practice: Rickenbacker

Captain Edward V. Rickenbacker on April 12, at Columbus, Ohio, appealed to his home State Legislature to enact legislation "to eliminate the racketeers and all those who are prostituting the principles upon which fair labor practices and labor organizations should be based." Captain Rickenbacker also said that too much optimism, if it did not actually lose the war, would prolong it to an indefinite length of time, according to United Press advices from Columbus, Ohio, on April 12, from which we also quote:

Capt. Rickenbacker

Captain Rickenbacker said that the legislation should follow along the general lines of that recently passed in Colorado and should include: The outlawing of strikes of any nature for the duration.

The suspension of the 40-hour week throughout the country.

The banning of the closed shop and the check-off system in all plants handling war contracts, and the prohibition of double-time payments.

The putting of workers on an "incentive" basis so that those who produce more will earn more.

He asked for the addition of a "fifth freedom" to the Atlantic Charter which would guarantee "freedom of opportunity, the freedom which built America."

"When men are told when they shall work and when they shall strike, when they are told how long they shall work and how much they shall produce, when ability, industry, initiative and individual enterprise are measured solely by a union scale, then freedom of opportunity has been destroyed and men have become little more than slaves of their own selfish leaders."

Captain Rickenbacker said it would take 15,000,000 men and 3,000,000 women in uniform to win the war, and added:

"We have the only remaining 'plus' in fighting manpower among the allied nations."

"One of the greatest underlying menaces at the moment," he continued, "is too much optimism, the assurance that Germany is going to crack, that she can't stand up much longer under the economic strain."

Contrary to 1914 in the first World War, when Germany was surrounded by "an iron ring" and had to draw almost entirely upon itself for its fighting resources, said Captain Rickenbacker, the Axis today is forcing the conquered countries to supply her with slave labor.

"That slave labor knows no such thing as a 40-hour week, 'featherbedding,' restricted efforts, slowdowns and strikes," he said.

Many of the accomplishments of our industry "have been made despite centralized government control and not because of it," the speaker went on, and "right there is one of the real 'bottlenecks' of our war effort; we are so sure of winning that it is tragic."

"We continue," Captain Rickenbacker said, "to measure it all in dollars of profit and not in lives of grand American boys who have been sent out to face death, and who will die and die while we count dollars.

"Are we to have two armies in this war, one to fight for their country and another to fight for dollars and power? You can answer that question with proper legislation.

"You won't be the first State to do it. Others already have had the courage to do so."

Such legislation will give the great disorganized majority of the men and women of labor a chance "to throw off the shackles of a well-organized minority, if they so desire," Captain Rickenbacker said.

The Future Of Airline Securities

(Continued from page 1371)

earnings with about ½ pre-war equipment and considerably reduced commercial mileage lent impetus to the favorable investor disposition toward air transport securities.

"In recent weeks, much attention has been directed to the increasing number of airline route applications presented to the Civil Aeronautics Board. Northeast Airlines wants to fly passengers, mail and express over a 23,000 mile route from a Boston terminus to nine or ten European cities, including Moscow. An 18-hour Boston to Moscow flight is envisioned at a cost no greater than that for a third-class Trans-Atlantic steamship passage. United Air Lines proposes to go into South America through 75% stock purchase of Mexico's 'Lineas Aereas Mineras.' Hawaiian Air Lines asks for a 2,600 mile passenger, mail and express run between Hawaii and Los Angeles. A Pittsburgh transfer company seeks permission to fly an air cargo line to carry heavy household goods anywhere in the United States and Alaska. The Civil Aeronautics Board is moving slowly in such matters and appears disinclined to grant any but a small number of immediately desirable route extensions. It is likely that prolonged, careful study of all applications in connection with the overall domestic and foreign airline picture will result in the postponement of most application grants until after the war. It has even been suggested that Pan-American Airways, foremost in pre-war international air commerce, offer stock participation to other domestic airlines for the purpose of organizing one large concentrated and non-competitive international company. Obviously there is a strong potential challenge to all domestic airline planning in the expressed determination of Great Britain and Canada, among others, to seek major representation in any international air transport activities which may be developed. Russia will assume a leading post-war position in world affairs, and may also be counted upon to enter the international competition for commercial air supermacy. The Dutch have expressed the view that they would rather close their air to American planes than lose their place in the international aviation picture before they have an opportunity to show what they are worth. The mounting importance of these problems is reflected in the emphasis placed on the necessity for post-war airway discussions in forthcoming United Nations' conferences.

"A number of recent Civil Aeronautics Board decisions not only foreshadow changes in the revenue outlook of air transport companies involved, but offer an indication of the trend of regulation in the industry. An Eastern Air Lines decision established a new low rate of .3 mills per pound-mile for mail transportation. This same rate was designated as the future measure of mail compensation for all airlines. The decision in the American Airlines case seems to settle rather conclusively the question of recapture of earnings. It now appears that there will be little danger on this score, but the Civil Aeronautics Board looks for voluntary passenger rate reductions and could at any time serve notice that rates are again under review should the companies fail to act on the Board's suggestion. In the American, Eastern and all subsequent cases, the Board's majority opinion reflects a disinclination to immediately limit earnings to a fixed rate of return on invested capital. For example, under the new mail rates, Eastern and American are estimated to be earning between approximately 30 to 40% on total investment, after all taxes and charges. However, in defining its approach toward arriving at a proper investment base, the Board held that 'rate of return should be predicated on funds actively and legitimately invested in the transportation enterprise.' This appears important, since consideration of the investment base will undoubtedly remain as a major factor in all subsequent rate cases. These actions carry a strong indication that the industry is considered as leaving its subsidized development period and entering upon a competitive independent phase under continuing close regulatory supervision. For the war period it would appear that maximum though progressively less profitable operations are in progress.

"Any approach to a determination of further substantial near-term profit possibilities in the airline stocks suggests consideration of the fact that they have experienced about the greatest price advance of any industry group since early 1942. At the present time the stocks of United Air Lines, Eastern Air Lines, American Airlines, TWA and Pan-American are selling, on average, at something over 12 times 1942 earnings. Despite inherent growth potentialities this appears to be a rather generous early discounting of possibilities which may not materialize for a good many years. It seems particularly true in contemplation of conditions which may likely produce some near-term earnings deterioration. Mail pay rate reductions could cut mail revenues substantially and meanwhile reduce airline excess profit tax exemptions which are based on total mail revenues plus average earnings in the base years. The CAB has indicated that all the larger lines, and some of the smaller ones, will be liable for excess profits taxes this year. Army contracts are undergoing revision and income from this source will no longer absorb as much of the general overhead as formerly. The CAB order to 11 domestic airlines to show cause why their fares should not be reduced 10% suggests lower passenger revenues.

"For the long term, no great power of imagination is required to envision post-war development of substantial transportation activities in all fields, much above that which existed in the years immediately preceding the war. The sheer advancement in the art of manufacturing and flying planes will give air transportation a powerful stimulous. The Lea-Bailey Bill, introduced in Congress on Jan. 11 of this year, reflects a progressive attitude as regards post-war aviation planning. While considering the many problems of air transport, its basic premise seems to be that the future national air transportation set-up should be entrusted to individuals who are completely familiar with the techniques of the industry and that attempts of legislative groups to negotiate the rights of air navigation will 'only lead to confusion and disappointment.'

"Currently, there are heard many claims for the cargo plane's future, some very logical and some almost reaching the realm of stargazing. The use of the airplane in our present war activity gives rise to this. Its flexibility is proving of immeasurable value in the job assigned it. Cost is an unimportant factor in our wartime transport formula. But in peace-time commerce, the dollar cost of transportation becomes all-important in determining the transport media to be used.

"Just as the airplane has been a terrifically destructive force in this war it can be an equally powerful constructive force in bringing about a new world civilization. It can change our methods of merchandising and distribution. The retail distributor will benefit from high speed air transportation in that he will be able to quickly replenish stocks and change inventories as sometimes becomes a necessity. It will develop new business and open up new areas now inaccessible for trade, which in turn will create new and more business for other forms of transportation. Passenger fares and cargo rates will come down and new communities, new products and resources, and new markets will be opened up. It thus appears that diversion of cargo from other forms of transportation should not be a matter of great concern to surface carriers because it will be a gradual process and the diverted cargo may very likely be more than offset by newly-created cargo. The airplane for the present and future for some time is limited to a highly specialized or supplementary means of transport where speed is of the essence. It is a priceless tool for improvisation where other transport means do not exist on a time or even cost basis. Briefly, limitations on the much-discussed post-war development of air cargo transport may be seen in comparative operating costs per ton-mile which are about 0.725 cents for railroad bulk freight, 3.00 to 4.65 cents for truck transport, and 10.5 cents for air cargo.

"Of comparative interest should be the fact that the stocks of the five major airlines previously mentioned have a total market value of about $170,000,000 for 5,500,000 shares which are almost entirely free of prior obligations. Compared with this the securities of New York Central and Southern Pacific have a combined approximate value of $1,600,000,000, C. & O. $555,000,000, Norfolk & Western $314,000,000, Pennsylvania RR. $1,100,000,000, and Union Pacific $670,000,000, taking prior obligations at par and common at market. For the long-term investor, representation in any or all of the three leading airlines, American, Eastern and Pan-American, is probably the most logical conservative course to pursue since these companies will undoubtedly continue to develop their leading positions in Trans-Continental, North to South, and International air transportation. For those not inclined to maintain a position in the industry at the present time in the face of the restricted medium-term earnings indications as outlined, it would be desirable to shift commitments to other groups which show more immediate promise."

Admit D. L. Taylor

DeCourcy L. Taylor was admitted to limited partnership in W. R. K. Taylor & Co., 120 Broadway, New York City, members of the New York Stock and Curb Exchanges. Mr. Taylor's membership in the New York Stock Exchange was transferred to Thomas W. Bartsch, another partner in the firm.

President Dedicates Jefferson Memorial

In dedicating the Thomas Jefferson Memorial in Washington on April 13, President Roosevelt declared that Jefferson proved that the "seeming eclipse of liberty can well become the dawn of more liberty," adding that "those who fight the tyranny of our own time will come to learn that old lesson."

Mr. Roosevelt said that in the dedication of "a shrine to freedom" the nation was paying a debt long overdue to Thomas Jefferson.

The President, in his talk, drew parallels between the present generation and Jefferson's time, saying that the nation today can better understand the third President's life than could intervening generations. Mr. Roosevelt stated that Jefferson "faced the fact that men who will not fight for liberty can lose it. We, too, have faced that fact."

The President added:

"Thomas Jefferson believed, as we believe, in man. He believed, as we believe, that men are capable of their own government and that no king, no tyrant, no dictator can govern for them as wisely as they can govern for themselves.

"He believed, as we believe, in certain inalienable rights. He, as we, saw those principles and freedoms challenged. He fought for them, as we fight for them."

The words chosen for the memorial, Mr. Roosevelt said, were Jefferson's noblest and carried the champion of freedom's most urgent meaning. These words are: "I have sworn upon the altar of God, eternal hostility against every form of tyranny over the mind of man."

The brief dedicatory ceremony, marking the 200th anniversary of Jefferson's birth, was witnessed by high officials, diplomats of many nations and many descendents of the author of the Declaration of Independence.

Eastern Oil Dealers Elect New Officers

At its meeting Tuesday night at the Hotel Biltmore, New York City, the Eastern Oil Royalty Dealers Association, Inc. elected the following officers:

President: Frank H. Winter, F. H. Winter & Co.

Vice-President & Treasurer: Herbert E. Teden of Teden & Company, Inc.

Secretary: Walter Tellier, Tellier & Co.

Board of Governors: Thomas G. Wylie, Wylie & Co.; Rudolph V. Klein, R. V. Klein Co.; Louis Bernstein, Louis Bernstein & Son; Frank H. Winter, F. H. Winter & Co.; and Herbert E. Teden, Teden & Company, Inc.

N. Y. Analysts To Hear

L. Scudder Mott of the National Securities and Research Corporation will address the meeting of the New York Society of Security Analysts, Inc. at their luncheon meeting to be held Friday, April 16. Mr. Mott's subject will be "The Investment Trust Tax Situation."

On Monday, April 19, Ralph Sterling, Merrill Lynch, Pierce, Fenner & Beane, will discuss recent developments influencing utilities. On Wednesday, April 21, George Van Gorder, Vice-President of McKesson & Robbins and President of National Wholesale Druggists Association will speak on recent developments in the drug manufacturing and distributing industries.

All the meetings will be held at 56 Broad Street, at 12.30 p.m. Because of the Good Friday Holiday, the Railroad Group's Forum scheduled for that day will be omitted.

The Future Of The Gold Standard

(Continued from first page)

an "International Fund." From an editorial in the "American Banker," issue of April 1, I quote the following:

"International monetary relationships always have been a colossal and delicate tangle. But after this conflict the tangle of international debts, resumption of international trade and payments, and internal national monetary stresses and price levels will be more huge and more delicate than ever, and complicating it will be the world social fact that nothing can be resolved on a purely monetary basis and in every case the powers will have to take into consideration the need for fostering world friendships and prosperity, world trade and world peace.

"In other words, just as in fighting the war, money and credit factors are subordinated and made servants of the production of victory, so also money and credit will inescapably be regarded as tools for winning the peace . . . .

"Sir Norman Angell, in a recent Town Meeting of the Air on post-war problems, answered a question about the need of a world currency by saying that we had one once, gold, but that it had been made unworkable by tariffs. That is to say, by instability, nationalism, fear of conquest and the lust for developing self-sufficiency and wealth in a protected economy within national borders.

"That problem will face any post-war currency scheme. World peace, and faith in the machinery thereof are essential to a world currency. It is that way within any nation, and it will be that way in the post-war world."

As Dr. Kemmerer states:

"By 1929, 40-odd countries, including most of the leading nations of the world, were again on the gold basis.

"During the decade of the twenties the economic and financial effects of the war, however, were very far from having been liquidated. Many countries found themselves in a state of great economic desequilibrium, with their highly nationalistic economic reconstruction resting upon insecure foundations and with their Government finances precarious.

"In the year 1929 the civilized world was thrown into an economic crisis reaching to the foundations of its political and economic life and probably more extensive in scope than had ever before been experienced in recorded history.

"Under the pressure of this crisis the recently and weakly reestablished gold standards again broke down throughout the world. Among the first to go were those of Australia and Argentine. Great Britain suspended gold payments in September, 1931, and this suspension was accompanied or quickly followed by a score of others, including those of Canada, the Scandinavian countries, India, Japan and Mexico. The United States broke in 1933 and France in 1936.

"We in the United States were on a paper-money standard from early March, 1933, until the end of January, 1934, when we adopted a new type of gold standard involving a 41% debasement in the gold content of our century-old legal gold monetary unit. The rather weak administrative type of gold standard we then set up still exists. This is the only monetary standard of consequence in the world at the present time that can be correctly called a gold standard. All other standards are paper-money standards.

"So long as the war lasts no one expects much to be done in the direction of monetary reconstruction."

The question in my mind is, if world conditions in the period from 1929 to 1936 were sufficiently bad to put every country in the world on a paper-money basis, would we not have to wait quite a long time in restoring a bankrupt and war-ridden world to the point of resuming operations even partially on a gold basis. One of the main reasons Great Britain and the United States were forced off the gold basis was the obvious impossibility of redeeming in terms of gold money the vast volumes of credit originating from depreciated inflationary transactions of other countries, depreciation of the credit of their Government banks, all involved in the world-wide trade of both countries and the transfer of such credits overseas to London and New York. It seems to me that a beginning might be made by establishing a new Bank for International Settlements with a gold foundation to serve as a focal point for adjusting the trade balances of nations. And only that. It could be humanly possible that even the learned Dr. Kemmerer and other highly rated economists might be thinking at this epochal time in human affairs in the destiny of nations too much in old conservative channels of thought. Is it not possible that all countries will have to have an elastic-managed currency adjusted to their own problems as an aid to getting back on their feet again. The gold standard is ideal in a well-regulated world, but to impose it upon the present confusion might conceivably prove to be the most retarding factor in restoration of hope, confidence and recovery.

I believe in the utmost production of all things necessary to human welfare and happiness, at the lowest possible price. Human needs are never satisfied. All real wealth is the product of human hands, which never produced more than the world can consume, unless man-made impediments of tariffs, politics, distribution or price stand in the way. I believe in the broad principle of free trade. Thus only can impoverished nations without gold ultimately get back on a gold standard through favorable balances of trade. Gold is only a measuring stick. The war will be followed by insatiable needs for everything in all countries. Individual countries can largely finance home production on internal credit. Exports and imports can be gauged by world gold prices, determined by supply and demand, administered through the Bank for International Settlements, it seems to me.

J. H. FROST

President, Frost National Bank, San Antonio, Texas

I am glad to say that I am in most thorough accord with Doctor Kemmerer's views with respect to the desirability of a return to the gold standard by all nations of the world. I agree that the "gold standard school" should "advocate a system that is international in character rather than national, a system in which the whole world would be expected to have the same monetary base—gold—and in which every country would enjoy a fixed par of exchange with every other country."

However, he might have improved his article by showing that the United States must itself reestablish the gold standard, whether all or any other nations do so or not. While it is true that a universal adoption of the gold standard would be to the economic advantage of every nation in the world, the ability of this or any other country to successfully adopt and operate its economy on the gold standard is in no sense dependent on the course which may be followed by other nations.

The four reasons which Doctor Kemmerer gives for believing that the "gold standard school" will prevail are very persuasive, and I most devoutly hope that his belief will become the fact. However, I am not as confident as he seems to be. His first reason is one which presupposes sound thinking on the part of "the people everywhere," and, further, that their will is to prevail. We voted for sound money, the gold standard, and economy in Government in 1932, but the will of the people in those respects did not prevail. The second reason is undoubtedly a perfect statement of why we should return to gold, but it presupposes that the same crowd who willfully took us off gold will confess their sins, seek forgiveness and mend their ways. The third reason is clear and unquestionably sound, but it was just as good a reason in 1933 and 1934 as it is today, and the same may be said of the fourth reason.

I fear that we may meet many difficulties in convincing our rulers of the soundness of the gold standard and the evils which always result from money-tinkering—witness the proposal to renew "for a longer time" the power of the President to change by proclamation the gold content of the dollar.

This letter is already too long. I am in full accord with the desirability of the seven measures suggested as helpful to a successful functioning of a post-war international gold standard, and I most heartily agree with the simple and lucid explanation at the end of the article—of why an international gold standard will be possible after the war.

M. ALBERT LINTON

President Provident Mutual Life Insurance Company of Philadelphia

In the last paragraph of the article Dr. Kemmerer points out that at the end of the war this country will own the great bulk of the world's monetary gold. He then goes on to say that we will be glad to sell our excess supply on very attractive terms to other countries that desire to return to the gold basis.

M. A. Linton

I do not care to enter into a public discussion with Dr. Kemmerer on this subject but I would be interested in having him enlarge somewhat on that statement. Does he mean that we shall be prepared to exchange our gold for equivalent quantities of imports on an attractive basis? Would this not mean that our exports would be cut down proportionately, with the result we might have two groups opposed to the program—exporters and producers within the country who would object to imports? Personally, I would hope that Dr. Kemmerer is correct in his conclusions, but I am wondering whether the program may not encounter rough weather when it comes to be applied.

W. L. DEAN

President, The Merchants National Bank, Topeka, Kansas

I find myself agreeing with Dr. Kemmerer that the gold standard school of thought will prevail and I think it is vital to the preservation of our economy that it does.

JEREMIAH D. MAGUIRE

President, Federation Bank and Trust Company, New York City

Dr. Edwin W. Kemmerer has given a most intelligent discussion on the subject "The Future of the Gold Standard." That he has left much unsaid as to the method by which his ideas may be executed, he frankly admits.

J. D. Maguire

Anyone attempting to forecast the methods of applying Dr. Kemmerer's philosophy would make a foolhardy effort. The prosecution of the program must be contingent on the international situation at the conclusion of the war.

LOUIS RUTHENBURG

President, Servel, Inc.

Louis Ruthenburg

While I can only express the opinion of an inexpert layman, it seems to me that the gold standard offers the only possibility of stable international relationships, and unless stable international relationships can be established and maintained our world will disintegrate steadily.

ROBERT STRUTHERS

Wood, Struthers & Co., New York City

I enjoyed Dr. Kemmerer's article very much, and think, as usual, his views are sound and his expression of them is clear.

Robert Struthers

You invite me to express any thoughts that might have occurred to me as a result of reading Dr. Kemmerer's article. I rather doubt whether my thoughts are worth expressing, but for what they may be worth, I have a sort of hazy idea that we in this country and Britons abroad are not giving sufficient weight to Russia's point of view. I doubt if we can safely assume that Russia will tamely follow our lead or Britain's lead after this war, unless the Empire and the United States make a real demonstration by destroying the German armies on land and the Japanese forces on land and sea.

It is like the tradition of the old "Chronicle" to obtain and publish considered views of outstanding authorities on coming events, and I hope that you and your associates may long and profitably carry on the sound and splendid policies of your predecessors.

CHARLES E. RIEMAN

President, The Western National Bank of Baltimore

I find "The Future of the Gold Standard," by Dr. Edwin W. Kemmerer, very refreshing in its clear recital of fundamental facts as compared to the confusion of theories advanced by those who think they are wiser than the teachings of history.

Dr. Kemmerer has condensed a great deal in such a brief article and his simple division of thought renders the approach to the subject helpful to the layman. It brings out that gold has maintained its popularity through 2,000 years and more.

In all this time it has commanded a price in every country of what we call the civilized world. In other words, it speaks for itself and creates confidence which other forms of money cannot inspire. We had some hysteria some few years ago about the managed and commodity dollar, which fortunately has died out. In our time, before the war, and surely after the war, any monetary system will require some management, if for nothing else in the case of gold, to conserve our holdings and use them to the best advantage. It is my firm conviction that the gold standard outlined in general by Dr. Kemmerer is the only kind that should be undertaken.

BARRETT GREEN

Vice-President, The National Bank of Commerce of Seattle

As it now appears to us, the post-war currency problem does not center in the gold-standard question, but rather how the huge mass of credits which will exist at the end of the war can be adjusted to our economic life. Will there be a rise in prices sufficient to absorb this credit, will there be a capital levy which will decrease these claims, or will we have a managed economy where rationing is universal and where the ownership of credit is separated from its immediate purchasing power? In the latter case, capital claims such as currency, bank deposits, and bonds would be unavailable for their owner to use freely and, instead, only a limited amount would be permitted to enter the market. The indifference of many of our financial leaders to the creation of capital claims makes me wonder which of these solutions will finally be adopted. If Dr. Kemmerer would analyze these possibilities, it would be more useful to us than a discussion of gold versus paper money.

COLONEL DEAN WITTER

San Francisco, Calif.

While Army officers should not express opinions on controversial subjects, I think that I am safe in saying that those who believe in the payment of debts must subscribe to the Gold Standard. There must always be an international yardstick of value and I have never believed that managed currencies or any of the funny monies theories would work.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on April 12 that tenders for $800,000,000, or thereabouts, of 91-day Treasury bills, dated April 14 and to mature on July 14, 1943, which were offered on April 9, were opened at the Federal Reserve banks on April 12.

The details of this issue follow:

Total applied for, $1,359,630,000.

Total accepted, $803,925,000.

Range of accepted bids (excepting one tender of $10,000):

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.

(43% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on April 14 in amount of $601,142,000.

John A. Coleman Nominated As Chairman Of N. Y. S. E. Board Of Governors

John A. Coleman, a partner in the firm of Adler, Coleman & Co., has been nominated to be Chairman of the Board of Governors of the New York Stock Exchange, it was announced on April 12 by the Exchange's Nominating Committee. Mr. Coleman, who was named to succeed Robert L. Stott, who was not a candidate for re-election, has been a member of the Exchange since 1924, a Governor of the Exchange since 1938, and Vice-Chairman of the Board since May, 1941. The Stock Exchange also notes:

John A. Coleman

"He was a member of the Conway Committee which developed the plan for reorganization of the Exchange in 1938 and also served on the Special Committee of the Board of Governors that, in 1941, selected the successor to Mr. Martin as President of the Exchange and prepared amendments to the Constitution for further improving the government of the Exchange. He is a director of the Stock Clearing Corporation, the New York Stock Exchange Building Company and the New York Quotation Company.

"Born Dec. 24, 1901, in New York City, his first employment was with the New York Stock Exchange, as a floor page, in 1916. Seven years later, at the age of 21, he became a member of the New York Curb Exchange, retiring from that Exchange in 1924 upon his election to membership in the New York Stock Exchange.

"Honored in 1937 when the late Pope Pius XI appointed him a Knight of St. Gregory the Great, Mr. Coleman was also made a Knight of the Order of Malta in 1940. He is Executive Chairman of the Archbishop's Committee of the Laity and a member of the Board of Trustees of Catholic Charities, Inc. An honorary degree of Doctor of Laws was conferred upon him by Manhattan College in 1937. He is a trustee of that college as well as of the Altman Foundation, and is Vice-President of the Hall Foundation.

"Mr. Coleman is Chairman of Appeals Board No. 5, Selective Service System, New York City, a member of the Executive Committee and Board of Directors of the Greater New York Fund, Inc., and a Director of National War Fund, Inc."

The Nominating Committee also announced the nominations for the other positions to be filled at the annual election on May 10.

Of the nine Governors whose terms of office expire with the coming election, five were renominated. They are Ernest L. Jones, a partner of Mallory, Hollister & Co.; Sylvester P. Larkin, at Peter P. McDermott & Co.; John Courtlandt Maxwell, a partner in the firm of Tucker, Anthony & Co.; H. Prenatt Green, a partner in the firm of G. H. Walker & Co., St. Louis; and Edgar Scott, senior partner of Montgomery, Scott & Co., Philadelphia.

One retiring trustee of the Gratuity Fund was also renamed —William D. Scholle, a partner of Scholle Brothers.

The names suggested to the Nominating Committee were reported in these columns of April 8, page 1289.

The full list of nominations follows:

For Chairman of the Board of Governors:

John A. Coleman, Adler, Coleman & Co., for the term of one year.

For Nine Members of the Board of Governors:

Four members of the Exchange residing and having their principal places of business within the metropolitan area of the city of New York:

Robert P. Boylan, at E. F. Hutton & Co., for the term of one year; William B. Haffner, Wilcox & Co., for the term of three years; Ernest L. Jones, Mallory, Hollister & Co., for the term of three years; Sylvester P. Larkin, at Peter P. McDermott & Co., for the term of three years.

Three allied members or non-members residing and having their principal places of business within the metropolitan area of the city of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public:

Irving D. Fish, Smith, Barney & Co., for the term of three years; John C. Maxwell, Tucker, Anthony & Co., for the term of three years; Percy M. Stewart, Kuhn, Loeb & Co., for the term of two years.

Two 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 are general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one is a member of the Exchange:

H. Prenatt Green, G. H. Walker & Co. (St. Louis), for the term of three years; Edgar Scott, Montgomery, Scott & Co. (Philadelphia), for the term of three years.

For Two Members of the Gratuity Fund:

Clinton S. Lutkins, R. W. Pressprich & Co., for the term of three years; William D. Scholle, Scholle Brothers, for the term of three years.

For Five Members of the Nominating Committee:

Three members of the Exchange: Stephen A. Koshland, Carl M. Loeb, Rhoades & Co., for the term of one year; James G. Purcell, Nugent & Igoe, for the term of one year; David W. Smyth, Filor, Bullard & Smyth, for the term of one year.

Two allied members of the Exchange:

F. Edward Bosson, Putnam & Co. (Hartford), for the term of one year; Herbert F. Boynton, F. S. Moseley & Co., for the term of one year.

Bolivia Decrees War Against Axis Powers

President Enrique Panaranda of Bolivia and his Cabinet on April 7 promulgated a decree putting Bolivia in the war as a partner of the United Nations against the Axis and calling for general mobilization. Bolivia is the second South American country to declare a state of war against the Axis—Brazil being the other. Whether Bolivia was entering the war against all the Axis powers, or like Brazil, was warring against Germany and Italy, but not Japan, was not immediately explained.

All the South American nations except Argentina have broken diplomatic relations with the Axis.

In Associated Press advices from La Paz, Bolivia, it was stated.

"The decree declared Bolivia's action was in harmony with agreements among the American republics for continental solidarity, and with Bolivia's position as a partner of the United Nations.

"It reaffirmed that solidarity, and ordered the mobilization to be carried out according to law, and directed that the National Defense Council adopt emergency measures authorized by the decree."

President Permits Debt Limit Bill To Become Law Without Signature—Objects To Salary 'Rider'

President Roosevelt announced on April 11 that he was permitting the Public Debt Act of 1943—raising the statutory debt limit from $125,000,000,000 to $210,000,000,000 and repealing his order limiting salaries to $25,000 after taxes—to become law without his signature, "in order to avoid embarrassment to our war financing program."

In a formal statement, the President explained that had the circumstances been different he would have vetoed the bill but, even in allowing the legislation to become effective, he was registering his protest against the attachment of "an irrelevant and unwarranted rider." Mr. Roosevelt, in criticizing Congress for attaching the net salary repeal rider to the bill increasing the debt limit, said:

"There was attached to this bill in the House a provision which would have taken from the President the right to stabilize salaries until they were raised above $67,200 or the annual rate paid on Dec. 7, 1941, whichever was the greater. This rider would have destroyed the entire stabilization program. It would obviously have been unfair to stabilize wages, and yet leave salaries free to rise to $67,200."

It is pointed out that the $67,200 is the gross amount of income which becomes $25,000 net after taxes.

Mr. Roosevelt further said that to veto the bill might seriously retard the Treasury's war financing plans because the present debt limit was insufficient to cover the April war loan drive. He added, however, that if he signed the bill he "would be accused of giving my approval to salaries which most persons regard as excessive."

"This," said the President, "the Congress has successfully and effectively circumvented my power to veto."

Mr. Roosevelt contended that Congress, by rescinding his action limiting excessive salaries, has failed to recognize that "the essence of stabilization is that each should sacrifice for the benefit of all."

In his statement the President again urged that Congress "give consideration to imposing a special war supertax on net income, from whatever source derived, which after the payment of all taxes exceeds $25,000."

The President had until midnight, April 10, to act on the Public Debt Act of 1943 since the measure was presented to him on March 30.

Final Congressional action on the bill came on March 25 when the Senate adopted a conference report, which the House had approved on March 24.

The report of the conferees accepted the Senate's version of the legislation, providing that no ceiling could be placed over salaries or wages below the highest level they reached between Jan. 1 and Sept. 15, 1942, the dates set up in the Stabilization Act. It preserves, however, the President's authority in that act to prohibit increases in wages or salaries above that level.

The original House draft of the repealer would have prevented salaries over $25,000, after taxes, from being cut below the level on Dec. 7, 1941, the date of the Japanese attack on Pearl Harbor. The bill was originally passed by the House on March 12 by a vote of 268 to 129 and by the Senate on March 23 by a vote of 74 to 3, reference to which appeared in these columns March 25, page 1108.

The text of the President's statement on the Public Debt Act of 1943 follows:

"The Public Debt Act of 1943 is before me for signature. This bill increases the limitation on the face amount of obligations issued under the Second Liberty Bond Act that may be outstanding at any one time from $125,000,000,000 to $210,000,000,000.

"I pointed out the need for this increase in my budget message on Jan. 6. A bill to authorize the increase was introduced in the House of Representatives on Jan. 25 by Chairman Doughton of the Ways and Means Committee. The Treasury informed the Ways and Means Committee that the present debt limit would be insufficient to cover the necessary bond issues which would be required during the month of April.

"The Treasury has advised me that, to permit the execution of its war financing plans, the Public Debt Act must become effective without further delay. I am accordingly allowing the bill to become law without my signature, in order to avoid embarrassment to our war financing program.

"If the circumstances were otherwise, I should veto the bill. Even so, I cannot permit this legislation to become effective without registering my protest against the attachment to this bill of an irrelevant and unwarranted rider.

"There was attached to this bill in the House a provision which would have taken from the President the right to stabilize salaries until they were raised above $67,200 or the annual rate paid on Dec. 7, 1941, whichever was the greater. This rider would have destroyed the entire stabilization program. It would obviously have been unfair to stabilize wages and yet leave salaries free to rise to $67,200.

"This patently indefensible provision was eliminated in the Senate. But instead of dropping it altogether, the Senate substituted a provision removing from the act of Oct. 2, 1942, the President's authority, granted in terms by that act, to reduce wages or salaries 'to the extent that he finds necessary to correct gross inequities and also to aid in the effective prosecution of the war.' The effect of this provision, which was accepted in conference, is to terminate the authority given to and exercised by me to prevent the payment during the war of salaries in excess of $67,200.

"The reasons which prompted me to exercise the authority conferred upon me are fully explained in the letter which I sent to Chairman Doughton of the Ways and Means Committee on Feb. 15. A copy of that letter is appended to this statement. As I explained in my letter, I agree with those who say that the limitation on salaries does not deal adequately with the problem of excessive incomes. Practical limitations ought, by appropriate taxation, to be placed on all income, earned and unearned. I urged and would have welcomed a special tax measure applicable to all excessive incomes from whatever source derived in place of the flat $67,200 salary limitation.

"But the Congress has chosen to rescind my action limiting excessive salaries without even attempting to offer a substitute. The result is that Congress has authorized the drafting of men into the Army for $300 a year, regardless of whether they are earning $1,000 or $100,000 a year, but has refused to authorize the reduction in the salary of any man not drafted into the Army no matter how high his income may be.

"At the same time the stabilization program enacted by the Congress requires wage increases to be denied to workers earning $1,500 a year even when their employers are willing to pay those wage increases. The essence of stabilization is that each should sacrifice for the benefit of all. This principle the Congress has failed to recognize.

"Some two or three thousand persons who on Sept. 15, 1942, were receiving salaries in excess of $67,200 may continue to receive them. About 750 persons will be able to receive salaries in excess of $100,000; about thirty persons, salaries in excess of $250,000, and three or four persons, salaries in excess of $500,000.

"One hundred and thirty million Americans can make the stabilization program work even though a relative handful of persons are not obliged to cooperate as they should. The exemption accorded these excessively high salaries does not help morale, but American morale is too strong to be permanently injured by this ill-considered action.

"The act of Oct 2, 1942, set up a stabilization program covering wages, salaries and prices. It could, of course, be revised or repealed by the Congress but subject, under the Constitution, to the approval or veto by the President.

"The Congress, however, did not adopt this constitutional method.

"It chose to take away the authority of the President to adjust salaries which were grossly inequitable, not by a separate law but by attaching a rider to a bill increasing the debt limit.

"This system of attaching riders to bills relating to a wholly different subject has been used by former Congresses in a number of notable cases. Such abuses of sound legislative procedure have been protested by many former Presidents, and the practice has been condemned by sound opinion. It is noteworthy that the constitutions of many States require that a proposed law shall relate to only one subject.

"In this particular case the problem is easy to understand.

"If I veto this bill, with its rider, the Treasury's war financing plans may be seriously retarded. I have no means of assuring prompt action by the Congress prior to a great bond issue, the sale of which is about to start. I have no means of preventing indefinite delay if either branch of the national legislature should decide to recommit the measure to a committee for further study.

"If I sign the bill I would be accused of giving my approval to salaries which most persons regard as excessive in the midst of a war for the survival of this nation.

"Thus, the Congress has successfully and effectively circumvented my power to veto.

"All that remains to me is to permit the act to become a law without my signature.

"I am doing this with two earnest objections. The first is against the practice of attaching extraneous riders to any bill. The second is to make clear to the country that I still hope and trust that the Congress, at the earliest possible moment, will give consideration to imposing a special war supertax on net income, from whatever source derived, which after the payment of all taxes exceeds $25,000.

"I still believe that the nation has a common purpose—equality of sacrifice in war time."

Robert Erb Now V.-P. Of Green, Wolfe Co.

CLEVELAND, OHIO — Robert L. Erb has joined Green, Wolfe & Co., Incorporated, N. B. C. Building, members of the Cleveland Stock Exchange, as vice-president and manager of the trading department. Mr. Erb is well known in New York and Cleveland trading circles having been in the securities business for the past 10 years starting with Tillotson & Company. Recently he was an officer of Dodge Securities Corp., where he specialized in real estate bonds, land trust certificates and unlisted securities.

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

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

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. has filed a statement with the SEC for 242,664 shares of common stock, without nominal or par value. The stock is already issued and outstanding.

Address—900 Fannin St., Houston, Tex.

Business—Operating public utility.

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

Underwriting—The shares to be offered are owned by National Power & Light Co. Statement which was filed by Houston says that latter has been advised by National that no firm commitment to purchase the securities registered has been made.

Proceeds—Proceeds from sales will go to National Power & Light Co. The proposed sale is part of the program of National to liquidate in compliance with an order of the Securities and Exchange Commission. As part of this program National proposed to divest itself of its entire holdings of Houston common through the exchange of its holdings of Houston common for its own $6 preferred on basis of two shares of Houston common for one share of National preferred. The total amount of Houston common offered was 500,000 shares, of which 257,336 shares were accepted in exchange to Dec. 31, 1942, termination of the offer. The stock being registered represents the balance of National's holdings after the termination of the exchange offer.

Registration Statement No. 2-5117. Form A-2 (3-30-43).

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

SPROUSE-REITZ CO., INC.

Sprouse-Reitz Co., Inc., has filed a registration statement for 3,000 shares of nonvoting common stock, par value $100 per share.

Address—1900 N. W. 22nd Avenue, Portland, Ore.

Business—Operates a chain of 179 retail stores in nine western states, selling a wide variety of merchandise for cash and at unit prices ranging principally from five cents to $1.

Offering—The shares are to be offered at $100 per share first to present holders of all classes of stock ratably in accordance with their present holdings of stock. It is not expected that the entire issue will be subscribed by present stockholders, and any stock not so subscribed is to be offered at the same price, $100 per share, to the public, including particularly employees, associates and customers.

Underwriting—No underwriters are to be employed in connection with the sale.

Proceeds—To provide working capital to carry additional inventories for wholesale and retail stores.

Registration Statement No. 2-5120. Form A-2 (3-31-43).

SUNDAY, APRIL 25

SYLVANIA ELECTRIC PRODUCTS, INC.

Sylvania Electric Products, Inc., has filed a registration statement for 175,000 shares of common stock, without par value, subject to reduction depending on offering price and other factors.

Address—500 Fifth Ave., New York City.

Business—Prior to the development of its present wartime production manufactured and sold to the public electric incandescent lamps, radio tubes, fluorescent lamps and fixtures and other electronic products. At the end of 1942 about 85% of its products were going directly or indirectly into the war effort.

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

Underwriting—Paine, Webber, Jackson & Curtis; White, Weld & Co.; Lee Higginson Corp.; Estabrook & Co.; Merrill Lynch, Pierce, Fenner & Beane; Putnam & Co.; Graham, Parsons & Co.; Whiting, Weeks & Stubbs, Inc.; Brush, Slocumb & Co.; Yarnall & Co.; Minsch, Monell & Co.; Mackubin, Legg & Co.; Stein Bros. & Boyce; Herbert W. Schaefer & Co.; Van Alstyne & Co., and Wyeth & Co.

Proceeds—Upon issuance of the common stock company plans to call for redemption on 30 days' notice all of the outstanding 4½% cumulative convertible preferred stock, at the redemption price of $46 per share, plus accrued dividends. At the close of business March 23, 1943, there were outstanding 80,032 shares of preferred subject to redemption. The preferred is convertible at the option of the holders into common stock at any time up to the close of business on the third business day prior to the redemption date. Until the expiration of conversion rights the company states it is impossible to tell how much preferred will remain unconverted to receive the redemption price. Any balance of net proceeds not required for the redemption, so far as deemed advisable by the management, will be added to working capital with the expectation that it will be used upon and after termination of the war to meet conversion to a peacetime basis. Any proceeds not required for redemption and not added to working capital will be applied toward the purchase or redemption of a part of the company's outstanding 3¼% sinking fund debentures due June 1, 1957.

Registration Statement No. 2-5122. Form S-1 (4-6-43).

MONDAY, APRIL 26

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., has filed a registration statement for $38,000,000 first mortgage bonds, series E, 3¼%, due May 1, 1973.

Address—110 North Illinois Street, Indianapolis, Ind.

Business—Public utility operating in the State of Indiana and is engaged principally in the production, generation, manufacture, purchase, transmission, supply, distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Offering—Bonds to be offered for sale at competitive bidding under Rule U-50 of the Commission. Price to the public will be supplied by post-effective amendment.

Underwriters—Names of underwriters and amounts of underwriting will be supplied by post-effective amendment.

Proceeds—To be applied toward the redemption, within 40 days after the issuance and sale of series E bonds, of $38,000,000 face amount of Public Service Co. of Indiana, first mortgage bonds, series A, 4%, due Sept. 1, 1969, at 106¼% of the face amount which will require $40,375,000, exclusive of accrued interest and expenses. Any additional moneys will be paid out of other funds in the company's treasury.

Registration Statement No. 2-5123. Form A-2 (4-7-43).

WEDNESDAY, APRIL 28

INTERNATIONAL MINERALS & CHEMICAL CORP.

International Minerals & Chemical Corp. has filed a registration statement for 184,861 stock purchase warrants and 184,861 shares of common stock, par value $5 per share.

Address—20 North Wacker Drive, Chic.

Business—Engaged, directly or through subsidiaries, in the mining and sale of phosphate rock and preparation and sale of complete or mixed fertilizers.

Underwriters—Hornblower & Weeks and Hallgarten & Co. may be deemed to be underwriters as defined in the Securities Act of 1933.

Offering—A total of 150,000 stock purchase warrants are to be offered to the public at prices to be fixed by amendment. If the balance of 34,862 stock purchase warrants are offered the terms will be supplied by post-effective amendment. All of the present outstanding stock purchase warrants of the company were originally acquired by the First York Corp. Hornblower & Weeks and Hallgarten & Co. purchased 25,000 of the stock purchase warrants from First York Corp. and have the right to purchase additional warrants.

Proceeds—The company will not receive any of the proceeds of the stock purchase warrants being offered, but will receive $8.125 per share for each share of common stock, if any, sold through exercise of stock purchase warrants. Any proceeds received by the company will be added to the working capital.

Registration Statement No. 2-5124. Form S-1 (4-9-43).

DATES OF OFFERING UNDETERMINED

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

AMERICAN VITRIFIED PRODUCTS CO.

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

Address—1500 Union Commerce Building, Cleveland, Ohio.

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

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

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

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

Purposes—For consolidation.

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

Registration statement withdrawn April 6, 1943.

BURTONITE CORPORATION

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

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

Business—Manufacture of face brick.

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

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

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

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

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).

Amendment filed April 9, 1943, to defer effective date.

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).

Amendment filed April 9, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

Amendment filed April 2, 1943, to defer effective date.

MIDLAND COOPERATIVE WHOLESALE

Midland Cooperative Wholesale has filed a registration statement for $500,000 4% 15-year subordinated debenture notes.

Address—739 Johnson St., N. E., Minneapolis, Minn.

Business—Registrant is a cooperative association organized under the laws of Minnesota. It is a non-profit association. All of its common or voting stock is owned by cooperative associations doing business in the States of Minnesota, Wisconsin, Iowa, North and South Dakota. More than 85% of the common stockholders are associations of farmers.

Underwriting—None.

Offering—At face value. The notes will be dated as of the date of sale. Each note will mature on or before 15 years from its date. The notes will be issued in denominations of $25, $100, $500 and $1,000.

Proceeds—Will be used for part purchase of a refinery for the refining of gasoline, kerosene and other light oils, located at Cushing, Okla., together with pipelines, tanks, tank cars and inventories.

Registration Statement No. 2-5107. Form A-2. (3-17-43).

In an amendment filed April 5, 1943, company proposes to issue 5,000 shares of 3% non-cumulative preferred stock B, par $100, and reduces the amount of subordinated debentures to be issued to $250,000, the latter to be sold only to company's common stockholders at $100 per unit.

PACIFIC MUTUAL LIFE INSURANCE CO. OF CALIFORNIA

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

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

Business—Life insurance.

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

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

Amendment filed March 29, 1943, to defer effective date.

STOVALL PROPERTIES, INC.

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

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

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

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

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

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

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

fer effective date.

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

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed March 25, 1943, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed April 3, 1943, to defer effective date.

(This list is incomplete this week)

A Post-War Speculation

Kellett Autogiro Corporation (manufacturers of Rotary Wing Aircraft) offers an interesting post-war speculation according to a circular just issued by R. F. Gladwin & Co., 115 Broadway, New York City. Copies of the circular may be had from R. F. Gladwin & Co. upon request.

NYSE Governors Favor Revising Procedure On Special Offerings And Secondary Distributions

Emil Schram, President of the New York Stock Exchange, made known, on April 6, the approval of the Board of Governors of the Exchange of the report of the special committee which was created for the purpose of making a study of special offerings and secondary distributions "with the view to further development of Exchange policy." Mr. Schram added that the various recommendations will now be discussed with the Securities and Exchange Commission.

The members of the Committee which undertook the study were Albert H. Gordon, Robert J. Hamershlag, Joseph Klingenstein and Mr. Schram. Nine recommendations were made for improving the fundamental policy and administrative procedure covering special offerings.

In its report the Committee indicated that numerous hearings were held, at which members, allied members and non-members, representing the points of view of the distributing houses, commission firms, out-of-town firms, specialists and floor brokers, presented their criticisms and suggestions with respect to all aspects of the matter.

The report goes on to say:

"There was general agreement that the maintenance of the auction market is of first importance, in the interest of the public and the membership at large, and that everything should be done to preserve its efficiency.

"Such criticisms and suggestions as were presented to the Committee were addressed almost entirely to the mechanics and procedure in the handling of special offerings and secondary distributions.

"The principal criticism from a fundamental standpoint was directed to the fact that under existing policy the Exchange insists upon the handling of blocks, where practicable, through special offerings where the distributing firm might prefer a secondary distribution.

"It was contended by some that there may be circumstances in which a secondary should be permitted even though a special offering might be possible, and that, in the interest of proper administration, representation should be given to those in the distributing business on any group which may be consulted by the staff in arriving at decisions.

"The major criticisms regarding special offerings were with respect to

"(1) the inability of member firms to be certain that orders developed by them could be filled, because of the present method of allotting stock to members on a pro rata basis rather than on a firm basis, and

"(2) the possible difficulty in the handling of a distribution through a special offering made concurrently with the auction market.

"Other criticisms presented were with regard to

"(1) the inability to compensate customers' brokers and salesmen on a straight commission basis,

"(2) the inability to over-allot, and

"(3) the inability of members and member firms to participate on their own account and receive the benefits of the special commission.

"As to the criticism of the present method of allotments on special offerings, the suggestions for remedying this situation fell into three general categories: (1) that special offerings be made on a first-come first-served basis, (2) that the distributing firms be permitted to allot on an arbitrary basis as in the case of secondary distributions, and (3) that the mechanics of special offerings be changed so that a substantial portion of a block may be allotted on a firm basis, the remainder to be handled as at present on an allotment basis.

"With regard to compensation of customers' brokers and salesmen on a straight commission basis, it was argued that the Exchange's present policy is unrealistic and impractical; that while admittedly the end result may be the same, customers' brokers and salesmen generally are dissatisfied with the present method, and many of them are reluctant to interest themselves actively in special offerings.

"It was also contended by many active in the distributing business that, in the interest of maintaining the equilibrium of the aftermarket in the stock on the floor of the Exchange following a special offering, provision should be made for over-allotments, as in the case of secondary distributions. It was felt that, to avoid any possibility of abuse, such over-allotments could be limited to a maximum percentage of the block being distributed.

"Some of those who appeared, while in sympathy with the underlying objective of the Exchange in not permitting members and firms to receive the benefit of the special commission in taking down stock for their own account, felt that our rule in this regard is too rigid. It was contended that, since the main purpose is the sale or distribution of the block of stock being offered, members and member firms should be permitted to participate for their own account and receive the same benefit of the special commission as in the case of orders handled by them for the general public, after a special offering has been open for a minimum period of time so as to give preference to orders of the public."

The Committee's recommendations follow:

"1. Your Committee *recommends* that the Exchange continue its policy of permitting the auction market to be supplemented by authorizing both secondary distributions and special offerings, and that, administratively, substantially the same bases be used for determining whether a special offering or a secondary distribution should be permitted; that is, if a block cannot be disposed of in the auction market within a reasonable time and at a reasonable price, then consideration should be given to the possibility of a special offering; and if neither the auction market nor a special offering provides the required facilities, then a secondary distribution should be permitted.

"2. Your Committee is convinced that in changing the procedure with respect to special offerings, in order to bring them more closely into conformity with secondary distributions, the principal objections will be eliminated, and that the special offering method of distribution will thus be more generally acceptable. The Committee feels, moreover, that a decision as to whether a distribution may be affected through a special offering or a secondary should be arrived at only after the fullest consideration has been given to the viewpoint of the distributing house. It is *recommended* that the staff be instructed to consult in all questionable cases with a governor whose firm is active in the distributing business, in addition to other governors whose judgment as to floor conditions is needed.

"3. It is the feeling of your Committee that the procedure with regard to special offerings and secondary distributions should be otherwise amended so as to bring them, wherever practicable, more closely into conformity fundamentally and mechanically. To this end, it is *recommended* that the distributing firms be permitted, within their discretion, to supply stock to members on a firm basis, for allotment against orders up to 45% of the block being distributed, and that the remainder of the stock be allotted to members and firms (including those who receive firm stock) on a pro rata basis, for allotment in their discretion to individual customers.

"4. It is also the feeling of your Committee that, in furtherance of present requirements and especially in view of the foregoing, where a secondary distribution is approved the distributing firm should make available to members of the Exchange who are not associated in a particular distribution a reasonable amount of stock on the same basis as that allowed to selected dealers. It is *recommended* that this principle be adopted as a matter of Exchange policy and that the staff be instructed to examine from time to time into this phase of the secondary distribution of securities in order to assure its proper observance.

"5. Your Committee recognizes that the handling of a secondary distribution or special offering in the most economical manner possible is desirable in the interest of the public as well as of the member firms. It is, therefore, *recommended* that approved secondary distributions be permitted on an agency as well as on a principal basis.

"6. Your Committee feels that there is no valid reason why customers' brokers and salesmen should not be compensated on a straight commission basis on sales of stock involved in a special offering as is the case with secondary distributions. Likewise, it feels that over-allotments to a reasonable extent, up to say 15% of the block, should be permitted. We also believe that members and member firms should be permitted to take down for their own account stock which is the subject of a special offering and receive the benefit of the special commission, where a block remains undistributed after a reasonable period of time. It is, therefore, *recommended* that the staff be instructed to confer with the Securities and Exchange Commission with respect to the amendment of the rules and procedure governing special offerings so as to permit

"(a) compensation of customers' brokers and salesmen on a straight commission basis,

"(b) over-allotments, and

"(c) allowance of the special commission to members and member firms purchasing stock for their own accounts, after a special offering has been extant for some reasonable minimum period.

"7. It is the feeling of the Committee that experience with special offerings indicates that their success or failure is usually determined in less than the minimum period of three hours presently prescribed and that no useful purpose is served in requiring a special offering to remain open for three hours if the offering member firm, after a reasonable time has expired, desires to discontinue the offering. It is, therefore, *recommended* that the staff also be instructed to confer with the Securities and Exchange Commission with regard to reducing the minimum period to such time as the Exchange shall determine to be reasonable for a particular offering.

"8. Various suggestions were also made with regard to eliminating the 15-minute period during which a special offering must remain open following announcement of its effectiveness. In this connection, it was suggested that announcement be made on the New York Stock Exchange ticker as well as through the news services of a proposed special offering as soon as possible before the offering is actually made, preferably after the close the preceding day. Your Committee feels that some period of time following announcement of the effectiveness of a special offering must be allowed for receiving subscriptions to an offering and that 15 minutes is the practical minimum which should be allowed for this purpose. Your Committee feels that, wherever possible, the staff should require the announcement of proposed special offerings at least an hour before the offering becomes effective, and that distributing organizations should be urged to make such preliminary announcement on the New York Stock Exchange ticker tape at the earliest possible moment.

"9. Your Committee has considered the various suggestions with respect to permitting non-members to participate in special offerings and feels that this is a fundamental privilege of membership and should be so restricted."

Stock Market Comments

(Continued from page 1377)

above 1942 lows. We would be inclined to switch airline stocks, which have had such a sharp advance based largely upon their *post-war* prospects, into other groups which also have especially promising prospects after peace but which at the same time are more soundly valued in relation to a well-established earnings record (which, frankly, the air-transportation business does not enjoy) current earnings and immediate future prospects.

Preferred Stocks With Arrears

This class of security, in a number of instances, has been outstanding for large yield and substantial appreciation. At this time, Armour of Illinois Cumulative Convertible $6.00 Prior Preferred and $7 Cumulative $100 par Preferred, available at 57 and 60, respectively, should provide profit and eventual dividends to clients who prefer this type of issue. Earnings on the large $6.00 issue, of which there are 533,000 shares outstanding, were $20.85 per share for the fiscal year ended Oct. 31, 1942, $21.30 a share in the previous year, $8.56 in 1940 and $6.13 in 1939. Thus, in each of the past four years the company has earned its Prior Preferred dividend as shown by the company's consolidated income account, which includes the strong and profitable Armour of Delaware company. The $7 Preferred stock, after allowing for full dividends on the $6 Preferred, earned only $1.99 per share in the 1939 fiscal year, but $40.41 per share in 1940, $241.00 in 1941 and $234.00 in 1942, due to the fact that this is a rather small issue—less than 34,000 shares. It is anticipated that Armour of Delaware $7 Preferred may be refinanced at a considerably lower rate in the next year or so. It seems likely that the meat packing industry, in fact the food industry generally, will operate at capacity during the war and perhaps for two or three years after the war to restock the nation's depleted shelves and to feed a starving, war-ravaged world. Former Governor Lehman is now in England laying plans to feed Europe as and when various Nazi-occupied territories are recovered. It is presumed that most meat-yielding animals in occupied countries have been killed for the Nazi armies or shipped to Germany for the benefit of civilian workers. All reports from those returning from Europe lead to the firm belief that it probably will take at least two years and perhaps three to replenish Europe's livestock population. And, even before that, Russia probably will require much more food than we have yet sent and we have sent much.

Investment Type Stocks

For the many investors who constantly have the problem of investing a certain portion of their funds in stocks of good quality, we believe that such funds should be directed to companies headed by capable management. Next to management, at this stage of the market, we would prefer issues which have not advanced excitedly or which have not reflected the material improvement which we believe has occurred within their business or financial structures. We believe the following companies may be included among attractive stocks which are soundly valued and which have distinct promise:

American Home Products
Anchor Hocking Glass
Associated Dry Goods 1st $6 Pfd.
Bower Roller Bearing
Canada Dry
Consolidated Vultee Conv. $1.25 Pfd.
Dresser Manufacturing
General Mills
McKesson & Robbins
National Dairy
Swift
Sylvania Electric
Thompson Products
United Aircraft Conv. $5 Pfd.
United Fruit
Wilson & Co. $6 Pfd.

* * *

Among the most attractive low-priced issues we again call attention to the common stocks of *Emerson Electric Manufacturing Co.*, *Mengel Co.* and *Wilson & Co.* The latter company successfully sold its $20,000,000 First Mortgage 3% bond issue day before yesterday. Mengel Co.'s $2.50 Cumulative Preferred stock offers a very attractive yield together with convertibility into 3 shares of common. Latest reports concerning Emerson are that the huge backlog which has continued to build up is now being converted into high monthly volume; the company is understood to have disposed of an old plant, at a substantial loss, which will be offset largely by excess profits taxes, which otherwise would have been paid on an equal amount of profits, thus increasing materially the company's working capital in the past 60 days. At the same time, Emerson has leased the plant for five years at a low rental so that the company will continue to enjoy its facilities during the war and perhaps for the first two or three years after the war when Emerson's currently accumulating backlog in normal products and latent markets should materialize in substantial business and profits.—*J. R. Williston & Co.'s Research Department (Henry Gully).*

New York Stock Exch. Borrowings Higher

The New York Stock Exchange announced on April 5 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business March 31 totaled $386,894,993, an increase of $31,259,789 over the Feb. 27 aggregate of $355,635,204.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $75,368,500; (2) on all other collateral, $311,526,493; reported by New York Stock Exchange member firms as of the close of business March 31, 1943, aggregated $386,894,993.

The total of money borrowed as of the close of business Feb. 27, 1943, was $355,635,204.

Our Reporter On "Governments"

By S. F. PORTER

The drive is on . . . . $13,000,000,000 of new money to be raised with only $5,000,000,000 coming from banks and the balance from all sorts of investors with cash . . . The biggest loan campaign in the history of the world . . . The hardest distribution job in the history of the securities business . . . . The most crucial financing task we've had to face to date . . . . And all the figures we're reading now and are going to read over the coming weeks really are "under-estimates," for what we're out to get is $15,000,000,000 or more—enough money to carry the Treasury comfortably into mid-Summer and probably August . . . .

At this moment there is no point to discussing the new securities and the way the drive is going, for you're getting the statistics as quickly as any one else . . . And what we're hearing now are reports of first-out subscriptions which are always better-than-usual . . . . Suffice it to say that the drive is going over and must go over and will . . . . The market will be stabilized because it warrants it and because the authorities have the power and willingness to handle the situation . . . . And now to some less obvious points . . . .

One factor which deserves watching as this campaign progresses is the actual distribution of the issues . . . . The generally known fact is that only 340,000 subscriptions were placed to the December issue of nearly $13,000,000,000 and it doesn't take much knowledge to realize that number was entirely too restricted . . . . This time, subscriptions must be many times that figure, especially since $8,000,000,000 must be raised from non-banking sources . . . . That means a real door-to-door campaign, an honest salesmanship effort . . . . And it also implies a responsibility on the shoulders of investors to come through or run the risk of compulsory quotas . . . A not too pleasant prospect . . . .

This last forecast is not an idle guess . . . . This deal must be widely subscribed . . . . The non-banking holders of cash must put up millions and satisfy the Treasury's hopes for non-inflationary borrowing . . . . Bank buying of Governments may be an easy way to finance a war but in the long run it will be the most expensive method . . . . Casual attention to a war loan drive may be a simple way to handle financial affairs now but in the long run it will lead to greater and greater Government control and restriction of freedom . . . . These are obvious points which you know as well as the Treasury knows them . . . . And the distribution of the April basket—as well as the total of dollars raised—is, therefore, a vital factor in the determination of the financing's success . . . .

QUIET MARKETS?

Another point worth attention well may be the exact market pattern shown during these weeks of money-raising . . . . With each deal, the Federal Reserve and Treasury become more astute in the managing of open market operations and in refined control methods . . . . This time, as far as observers can judge, not a single step was ignored, not a single move was omitted . . . . So we may anticipate that the market's action during this drive will be as "ordered" and as "preferred" . . . . And we may guess that it will be a pattern for markets in drives to come . . . .

What type of market is best during a huge war loan? . . . . It seems fairly probable that the best market at a time like this is a quiet, stable one . . . . Little doing on either side . . . . Few buyers in the open market because of concentration on the new offerings . . . . Few sellers in the usual sense of the word because of the likelihood that most already have realigned their position and were entirely ready for this period two to three weeks ago . . . . And the Federal Reserve on hand at all times to take offerings or to supply the market with issues called for . . . . With the object of stabilization rather than of advancing prices . . . .

That, at any rate, seems the logical course . . . . And if the market follows this pattern you may accept this as a guide to future movements (in August and late this year, when the next deals are due) . . . .

DISCOUNT BILLS

A few weeks ago the rumor was around the financial district that the Federal Reserve had refused to take down bills offered by dealers at the established 3/8 of 1% rate . . . . The story was that the Reserve figured the dealers would find plenty of other buyers in a few days and that there was no reason for pampering them with "always ready" markets . . . . From that rumor grew the belief that the Reserve was letting down on what had been considered a rigid policy of buying bills back at 3/8 . . . .

That rumor now has been entirely killed . . . . The facts of the matter, as explained by a Reserve spokesman, are that the Reserve simply had hesitated to take down bills from offering dealers at ABOVE the set rate of 3/8 of 1% and that its transactions were limited to one or two dealers who had indicated they had supplies of bills at a "premium" . . . . The dealers have reported they are 100% satisfied with the Reserve's program and have absolutely no complaints to make . . . The Reserve has said it is making and will make no change in its discount bill buying policy . . . .

The rate of 3/8 of 1% stands as ever, then . . . . The story is over and done with . . . . And we may go along on the basis that the bottom of the market has been established and will remain where it is . . . .

Translating these recent reports into another story, the general feeling that interest rates are safe where they are for the duration and for as long thereafter as is necessary may be considered to have been strengthened by this tempest in a teapot . . . It's nice to know at this particular moment . . . .

WAR LOAN ACCOUNTS

Important suggestion going the rounds now is that banks should invest all their excess reserves and a good portion of the funds they can raise through War Loan Deposit Account in the new Governments . . . . Story seems to have "official" backing, is coming out of some significant sources . . . . And it makes sense . . . .

Angle is that the market is safe for the duration and that any bank which refuses to take down bonds and hesitates to get the maximum earnings from its Government holdings now is being (1) uncooperative and (2) unwise . . . . Banks certainly can buy Governments to the limit of their excess funds now . . . . With the Federal Reserve openly committed to a policy of constant market support, the need for excess reserves is less today than it has been in years . . . . And, as a matter of fact, the Reserve probably would prefer banks to cut their excess funds to a minimum so that whenever the market happens to need support (or to put it bluntly, a "shot in the arm") the Reserve can tender it by increasing excess reserves and giving the entire market a stronger appearance . . . .

A 100% invested position surely is indicated at this point . . . . It will do away with the suggestion that compulsory quotas are necessary . . . . It is the patriotic thing to do . . . . It is sensible investment policy in that the earnings are there and there's no reason for ignoring them . . . . If you're afraid of the longs—because of the post-war possibilities—then confine your extra purchases to the shorts . . . .

But investigate now the advantages in using the War Loan Deposit Account method . . . . And by all means, invest your excess reserves . . . . Keeping them idle today is foolhardy conservatism . . . .

Coming from a casual observer of market trends, this advice might seem too extravagant . . . . But coming from sources so close to official quarters that they might be termed "official quarters," it takes on added meaning . . . .

INSIDE THE MARKET

"Everything in market" in line these days, according to one observer . . . . Bonds and notes seem to have been pushed into proper position in recent weeks, indicating market is set to remain in this range for time of loan . . . .

Issues believed "cheap" for institutions afraid of longs or preferring short-term bonds because of individual policy considerations are those between the 4s of 1954/44 and the 2s of 12/15/47 . . . . Bonds have been in supply lately, apparently because of sales by insurance companies and others not needing tax-exemption feature . . . . Have risen as much as 12 basis points in last fortnight . . . .

They're not cheap unless you want short-term tax-exempts, but if you do, look at this range—especially, it is said, the 3s of 1948/46, the 3 1/8s of 1949/46, the 4 1/4s of 1952/47 and the 2s of December, 1947 . . . .

Discount Railroad Bonds

Implications Of I. C. C. Freight Rate Ruling More Bullish Than Bearish

Despite the initial reaction of the market, our interpretation of the action of the Interstate Commerce Commission in rescinding, from May 15, 1943, until Jan. 1, 1944, the freight rate increases granted last year, is that it is more bullish than bearish. For it carries with it the strong implication that railroad wage rates will not be substantially increased—and the threat of increased wages, in our opinion, has done more to restrain railroad bond prices than any other single factor.

The Government itself shares substantially in the reduction because taxes must absorb an important part of any resulting decline in gross revenues. The net effect, after taxes, on Class I railroads will probably be in the range of $60,000,000 to a maximum of $100,000,000. This is so small in relation to total annual operating income as to be within the margin of error in any estimates that are made for 1943. In fact, it is probable that earnings from Jan. 1 through May 15, 1943, will exceed the results for the same period in 1942 to such an extent that the subsequent loss resulting from the rescision may be about offset for the year as a whole.

We feel strongly that any recession in market prices of railroad discount bonds will offer opportunities for investment that are not likely to be duplicated.—*Distributors Group, Inc.*

Interesting Situations

American Business Credit "A" and Quaker City Cold Storage Co. 5s of 1953, 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.

Bank Stock Anaylsis

An interesting comparative analysis of bank stocks has been prepared by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this analysis are available from the firm upon request.

The Business Man's Bookshelf

General Fund Surplus Problem in California, The—Dorothy C. Tompkins—Bureau of Public Administration—University of California, Berkeley, Calif.—paper.

Gold and Its Functions—Victor H. Rossetti, President, The Farmers & Merchants National Bank of Los Angeles—paper.

Minimum Retainment Periods for Bank Records—Chicago Bank Auditors Conference—Copies may be obtained from R. Ostengaard, Comptroller—Auditor of The Live Stock National Bank of Chicago and President of the Conference—fifty cents.

Price - Level Stabizilation Through Monetary Control—Frederic Albert Jackson—New York University, Washington Square, New York—paper.

World Minerals and World Peace—C. K. Leith, J. W. Furness and Cleona Lewis—The Brookings Institution, Washington, D. C.

Nine New Members Are Elected By IBA Groups

The Investment Bankers Association of America announced on April 9 the election of nine new members, as follows:

California Group: Shuman, Agnew & Co., San Francisco; Wilson, Johnson & Higgins, San Francisco.

Central States Group: Mason, Moran & Co., Chicago; John J. O'Brien & Co., Chicago.

Minnesota Group: Park-Shaughnessy & Co., St. Paul.

New England Group: Schirmer, Atherton & Co., Boston.

New York Group: Ira Haupt & Co., New York; Huff, Geyer & Hecht, Inc., New York.

Northern Ohio Group: Society for Savings in the City of Cleveland.

Associated Electric Bonds Situation of Interest

The Bonds of the Associated Electric Co. offer interesting possibilities according to a study just issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo., which brings the information on this situation up to date. Copies of the study may be had by dealers from Peltason, Tenenbaum upon request.

Gruntal Co. To Admit Two

Harry F. Kattenhorn and Louis Kohl will become partners in Gruntal & Co., 30 Broad Street, New York City, members of the New York Stock and Curb Exchanges as of May 1. Mr. Kohl has been associated with the firm for many years.

J. F. Reilly Moves

J. F. Reilly & Co., members New York Security Dealers Association, announce the removal of their offices to 111 Broadway, New York City.