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Looking Ahead!

"The United Nations are now headed toward victory—due to their complete accord. Only through the same spirit of cooperation, after victory is won, will these nations continue united and thus maintain a stable peace.

"Production of raw materials, output of factories—all the tools of war—are being made at a rate that keeps mines, farms and factories busy as never before. Production must continue—workmen must be able to hold permanent jobs—if the post-war world is to

enjoy the fruits of a just and durable peace."

Thus writes Robert C. Stanley, President of The International Nickel Co., in a letter to the Editor of the "Chronicle," and in an effort to direct the public's attention to these thoughts his company has prepared a series of advertisements on the subject. The first one appears on page 1485 of this issue and carries these catch phrases: "Industry is (Continued on page 1478)



Robert C. Stanley

Post-War Investment Opportunities

The post-war economy of the United States will be highly abnormal, and one of the important steps to reduce abnormal conditions to the minimum is the encouragement of risk taking and maintenance of a high spirit of adventure in the community, Dr. Sumner H. Slichter of Harvard University said last Saturday, speaking before the annual Economic Seminar of the New York Chapter, American Society of Chartered Life Underwriters, at the Waldorf-Astoria Hotel in New York.



Prof. S. H. Slichter

"It is fairly easy for the economy to put to work large quantities of investment seeking funds and to adjust itself to drops in the propensity to consume, provided the spirit of risk taking flourishes," Dr. Slichter said. "The encouragement of risk taking will require new developments in public policy. During the last ten years, public policy has treated the risk taker pretty harshly. The nation which wishes a high standard of living must regard innovators, experimenters and starters of enterprises as peculiarly useful citizens and must be willing to go out of its way to furnish them a congenial and hospitable environment."

The four specific steps suggested by Dr. Slichter to minimize abnormal conditions in the post-war period were:

1. Encourage the holding of war savings bonds until maturity;
2. Discourage individuals from

rapidly spending their large accumulations of cash and demand deposits; to the extent that individuals convert these funds into annuities or insurance, the problem of shift will be facilitated;

3. Encourage business enterprises to plow back a large proportion of their earnings rather than distribute them as dividends;
4. Tax less heavily income from risk taking.

Discussing the trend of post-war business, Dr. Slichter pictured a huge "catching up" production, to meet the backlogs in all fields of consumer goods. "There will be an enormous need for goods based upon deferred purchases," he said. "No estimates of these needs pretend to be very accurate. By the middle of 1943, however, the deferred demand for durable consumer goods will exceed \$3,000,000,000. By the middle of next year it will be about \$25,000,000,000."

Commenting on post-war economy, Dr. Slichter said: "There will be a substantial need for goods arising out of geographical shifts in population. The country will have accumulated a backlog of investment opportunities because of technological progress during the war. There will be an enormous potential demand for goods based upon the great accumulation of liquid assets brought about by the war. After the war, the country will find itself with a price structure which will require many readjustments. (Continued on page 1486)

The Individual In A Corporate World

FREEDOM AND SECURITY DO NOT GO HAND IN HAND

The Ability of the World to Make the Four Freedoms of The Atlantic Charter a Reality Questioned

The methods and costs of attaining the Four Freedoms, now established as war objectives under the Atlantic Charter, must be closely scrutinized by every American, to make certain that none of the present freedoms are lost, it was asserted last Saturday by President Alan Valentine of the University of Rochester, speaking before the annual Economic Seminar of the American Society of Chartered Life Underwriters, at the Waldorf-Astoria in New York City.

"These are desirable objectives and we should all make great sacrifices toward their realization, if it is clear that they are attainable," Dr. Valentine said, "but it is not too soon to estimate the probabilities and the ultimate tangible and intangible costs. Among the costs to be estimated is the cost to Americans, in terms of their present freedoms."

Discussing the costs in terms of individual freedom of the application of the Four Freedoms, Dr. Valentine said: "First, they would cost every American so much in money that most of our present economic elbow room and nearly all of our private enterprise system would have to van-



Dr. Alan Valentine

ish. But the challenge to American freedom is not only through high taxes and loss of private capital for individual enterprise. We regard present Government controls as endurable through the war but unendurable and undemocratic in normal times. There could be no relaxation of these controls, no diminution of centralized government power and its bureaucracies if the Four Freedoms were to be realized. The economic totalitarianism of war would become the economic totalitarianism of the global (Continued on page 1481)

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Connecticut-Michigan

Special material and items of interest with reference to dealer activities in the above States appear in this issue; for Michigan see page 1478; Connecticut on page 1480.

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N. Y. Savings Bank Committee Calls For United Action To Coordinate Post-War Planning

Urges All To Cooperate In Strengthening American Economic System

Citing that any plan for post-war reconstruction and prosperity requires cooperation of all groups—industry, banking, agriculture and labor—the New York State Savings Banks Committee on Post-War Planning and Reconstruction, in its recent report, calls for the constructive and aggressive formulation of a plan with all groups participating under the leadership of one qualified organization. The



De Coursey Fales Charles Diebold, Jr.

State and New York City and suggests that for the national plan some such leadership as the United States Chamber of Commerce is desirable and for New York City, the planning should be centered in a group such as the Regional Plan Association.

In discussing the national situation the committee (composed of Charles Diebold, Jr., Harold Stone, Frank H. Williams, William L. DeBost, James T. Lee, Oliver W. Roosevelt, Joseph A. Broderick, Clarence M. Fincke, Edward A. Richards and Philip A. Benson, all leading savings bankers, under the chairmanship of DeCoursey Fales, President of The Bank for Savings, stated:

report considers the problems confronting the Nation, New York

"After this war we will possess the greatest plant capacity in our (Continued on page 1490)

Cunningham V.-P. Of Equitable Management

BOSTON, MASS.—Equitable Management Corporation of Massachusetts, 82 Devonshire St., announces the association with it of Spurgeon H. Cunningham as Vice-President in charge of distribution through investment dealers of shares of Equitable Investment Corporation of Massachusetts.

Mr. Cunningham has been actively associated with the wholesaling of Boston managed investment trust shares exclusively for the last 15 years.

Springer To Manage Carl Marks Of Chicago

William P. Springer, who has been with Carl Marks & Company, Inc., foreign securities specialists, New York and Chicago, for the past seven years, has been placed in charge of the Chicago affiliate of the firm.

Mr. Springer has been active in "Foreigns" here and abroad for over 15 years and now holds the office of Vice-President of the Illinois corporation, succeeding Mr. I. Zippin, who resigned.

Mr. Springer has had two years of training on the London Stock Exchange and has also been a member of other European Bourses.

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Foresees Television As A Vigorous Post-War Industry

When peace comes, radio manufacturers, now devoting all their facilities to war production, will be prepared to build reasonably priced television sets in large volume, Dr. W. R. G. Baker, General Electric Vice-President, told the Schenectady (N. Y.) Advertising Club earlier this month.

The size of the picture produced by a television set will depend on public demands, the advertising audience was told; but Dr. Baker pointed out that in his opinion the American people will not want a picture the size of their wall in their living rooms. The average person probably will want a picture from 12 to 15 inches square so that he can sit seven or eight feet away from the television set and enjoy the program, it was explained.

There is no technical reason why motion-picture houses cannot receive and project special television pic-



Dr. W. R. G. Baker

tures on their screens after the war if such a procedure can be made economically sound and if managers can attract audiences to the theaters to see these pictures, Dr. Baker said.

He left to the audience's imagination the effect of television on people's lives, quoting the old Chinese proverb that a picture is worth 10,000 words.

The television sets built after the war probably will produce pictures in black and white because color television may be too expensive and still has not been worked out to the engineers' satisfaction, Dr. Baker pointed out. Color television will come, he said, but probably not for some time after the war ends. Then, too, any immediate adoption of color television would make obsolete much of the transmitting equipment of the nation's eight television stations, which

(Continued on page 1478)

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Chicago Municipal Men To Vote For Officers

CHICAGO, ILL. — The annual meeting of the Municipal Bond Club to elect officers and directors for the ensuing year will be held at the Attic Club on April 30, George L. Martin, President of the association, announced.

Nominated for officers for the 1944 fiscal year are:

President: Lewis Miller, First National Bank.
 Secretary: Elton S. Emrich, Harris, Hall & Co.
 Treasurer: A. G. Pickard, C. F. Childs & Co.

Directors: Newell S. Knight, Barcus, Kindred & Co.; George L. Martin, Martin, Burns & Corbett, Inc.; L. M. Rieckhoff, Northern Trust Co.; Floyd W. Sanders, Smith, Barney & Co.; Ivan W. Wing, Weedon & Co.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Blauner, Simons & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Blauner, Simons & Co. upon request.

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OUR REPORTER'S REPORT

The Federal Government's apparent determination to end the tax-exempt status of obligations of States and other governmental subdivisions came back into the limelight this week when hearings opened in a suit by a holder of bonds of the Port of New York Authority to recover \$2,943 paid as deficiency income taxes on revenue from his holdings.

The petitioner's case is being sponsored by the Port of Authority as a test of the validity of the Treasury Department's assessment against the interest on the bonds, and is being fought in the interest of all holders of the Authority's securities.

Counsel for the plaintiff is contending that the Port Authority is a governmental subdivision falling within the definition set forth in the Revenue Act. Counsel for the Internal Revenue Bureau maintains conversely that since the Authority does not exercise sovereign powers of the State, it just not enjoys the status of a governmental subdivision.

The case is expected to ultimately bring a ruling from the United States Supreme Court, on whether or not Congress has the constitutional right to tax State and municipal issues. Meanwhile, the municipal market shows a disposition to do little more than coast along.

(Editor's Note: Further details regarding the suit now in progress will be found in the Municipal News and Notes Department in this issue.)

Hung On Technicalities?

Decision of the Kansas City Terminal Railway to forego projected refinancing of its outstanding \$49,000,000 mortgage debt at this time, sets that operation back for at least six months under the terms of the "call provision" governing the outstanding bonds.

Bankers had been confident that this deal involving \$47,000,000 of new serial bonds would go

(Continued on page 1489)

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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 issues of April 8 and April 15. Additional ones are given herewith:

ELMER THOMAS
 United States Senator From Oklahoma

I have read Dr. Kemmerer's article with interest and do not desire to take issue with any of the statements made therein.

I note reference is made to first, a managed paper-money school, and second, a gold standard school. I think you must agree that even those who favor a gold standard must admit that the money backed by gold must be managed. In other words, the fact that any monetary unit, even if tied to a fixed gold content, is not thereby made stable.



Sen. E. L. Thomas

In 1896 we were on the gold standard and the dollar had abysmal power of some \$2.15 as measured by property. Then in 1920 we were still on the gold standard and the same dollar would buy only some 64 cents' worth of property. Of course, I refer to the value of property as measured by the Bureau of Labor Statistics standard. Then we remained on the gold standard and by 1932 the dollar again had a buying power of some 167 cents.

Because of the known facts I can make the statement with assurance that the value of gold in terms of property can be placed at any point so long as the Government mangles its money can

(Continued on page 1493)

Pflugfelder Honored; 25 Years In "Street"

At an impromptu gathering at the offices of Pflugfelder, Bampton & Rust, members of the New York Stock Exchange, 61 Broadway, New York City, the senior partner of the firm, William H. Pflugfelder, was honored by his associates and friends, and was presented with a wrist watch to mark his twenty-fifth anniversary in Wall Street.



Wm. H. Pflugfelder

Mr. Pflugfelder began his career in the financial district on April 16, 1918 at the age of fourteen with Sylvester P. Larkin and was later a partner in the firm of Theodore Prince & Co.

In 1936 he formed, together with Benjamin E. Bampton and Adolf H. Rust, the firm of Pflugfelder, Bampton & Rust, which has become widely known throughout the country as specialists in railroad bonds and railroad reorganization securities. The firm publishes the well-known manual "Guide to railroad reorganization securities."

St. Paul Fire & Marine Insurance Looks Good

The St. Paul Fire & Marine Insurance Co. of St. Paul, Minn., offers attractive investment possibilities according to a memorandum just issued by F. L. Brokaw & Co., 110 William Street, New York City. Copies of this memorandum together with a consolidated balance sheet as of Dec. 31, 1942 and comparative earnings figures from 1933 to 1942 may be had upon request from F. L. Brokaw & Co.

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Pierpont Davis Heads Greater NY Fund Group

Pierpont V. Davis, President and Director of Harriman Ripley & Co., has accepted the chairmanship of the Manhattan Finance Section of the sixth annual campaign of The Greater New York Fund, on behalf of 406 voluntary hospitals, health and welfare agencies.



Pierpont V. Davis

As chairman, Mr. Davis heads one of four major business sections organized for the campaign, it has been announced by W. Randolph Burgess, Vice-Chairman of the Board of the National City Bank and General Campaign Chairman. The Finance Section includes 18 separate divisions.

"We are particularly gratified that Mr. Davis has accepted this post," Mr. Burgess declared. "It is an important assignment, calling for sound leadership. In Mr. Davis we have a chairman who will be able to rally the fullest support of New York's financial community."

Outlining his plans, Mr. Davis explained that the Finance Section will enlist the support of banks, investment houses, loan companies, insurance companies and brokers, textile factors and the various exchanges.

"On their response depends to a large degree how well the home front is to be maintained in strength and health," he added.

"United in the appeal of The Greater New York Fund are more than 400 voluntary welfare agencies including family services, child care institutions, settlement houses, hospitals, clinics, health agencies, visiting nursing services and homes for the blind, crippled and aged.

"Important always, these agencies that serve all New Yorkers and aid directly 2,000,000 every year, are vital in a period of war time emergency, guarding the front behind the front."

Mr. Davis served the Fund in 1940 as chairman of the Investment Bankers Division. He has been associated with Harriman Ripley & Co. since its formation in 1934. Prior to that he was, for 18 years, Vice President of the National City Co.

He is a trustee of the Drydock Savings Institution, and a director of the National Distillers Products Corporation, the Philadelphia and Reading Coal and Iron Co., and the Wabash Railroad Co.

He is active in the affairs of the Henry Street Visiting Nurse Service.

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Spread Gospel Of Free Enterprise Wampler Urges; Warns Against Paternalism

The American people must decide whether private enterprise or government shall rebuild the world after the war, and business men must seize every opportunity to prove that American industry is entitled to the faith of the American people, a Syracuse industrialist told the Atlantic States Shippers Advisory Board.

Speaking on April 14 at the 61st meeting of the Board, Cloud Wampler, President of the Carrier

Corporation, commended the co-operation of railroads and shippers in meeting the rail car shortage, and said that a similar candor on the part of labor and management would solve a large proportion of the country's labor problems.

Absenteeism would decline sharply, he said, if shipping losses were disclosed without revealing military secrets.

"After we have won the war abroad we shall have a battle at home to win, if we are to recapture and preserve the basic structure of our American system. . . . We can do our job most effectively by being exactly what we have proved ourselves to be during 90% of the past 150 years

—a people independent, confident and ambitious, and not a people that looks to a paternalistic government to coddle us and solve all our problems."

All the average American wants is a good chance, he said, and a good chance is incompatible with playing it safe. Opportunity and security do not thrive on each other.

The third thought that is in my mind and heart with respect to sheer honesty is one not easy to deal with. In fact, a statement of the case is rather touchy business, especially during war time. But I am going to take a whirl at it just the same.

Here is a great truth that must be driven home again and again: After we have won the war abroad we will have a battle at home to win if we are to recapture and preserve the basic structure of our American system.

The checks and balances provided by our Constitution with its division of Federal power among the executive, the legislative and

(Continued on page 1493)



Cloud Wampler

Hanes Committee Report Cites Continued Loss Of Trade By New York City

Gravity of Economic Problems Facing City Underscored; Corrective Steps Held Imperative

Joint action by the municipal government and the State of New York, coupled with active cooperation of the city's ablest leaders in industry, commerce and labor, is urgently required to arrest the continued economic decline of the City of New York and to develop a program for encouraging the future expansion of the city's economic life, it was stated in the report of the Hanes Committee on Employment in the city, which was made public by Governor Thomas E. Dewey at Albany on April 11. The committee was appointed by Governor Dewey shortly after his election last November to study business and employment opportunities in New York State, particularly in New York City. Its members included John W. Hanes, former Undersecretary of the Treasury, Chairman; David I. Dubinsky, President of the International Ladies' Garment Workers' Union; Delos Walker, Vice-President of R. H. Macy & Co., Inc., New York, and Elliott V. Bell, New York State Superintendent of Banks.



Gov. Thos. E. Dewey

In a covering letter to Governor

(Continued on page 1492)

Braniff Airways Offers Attractive Possibilities

Braniff Airways, Inc. offers attractive possibilities at the present time and for the post-war period according to an interesting circular just issued by Boettcher and Company, 828 Seventeenth Street, Denver, Colo. Copies of this circular may be had upon request from the firm's Denver office or from their New York office at 52 Wall Street.

Fed. Machine & Welder Situation of Interest

Federal Machine & Welder Co. offers attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. An interesting basic report upon the company may be had from Reynolds & Co. upon request.

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Tax Data May Be Had From STANY Com.

The new ruling obtained by the Tax Committee of the Security Traders Association of New York gave out-of-town firms the advantage of shipping drafts to New York without the necessity of affixing the New York State Tax stamps unless specified to do so at the time the transaction takes place. This supplements the article appearing in the "Chronicle" of April 15.

Copies of the rule from the New York State Tax Department may be obtained 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.

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.

Lazard in New Quarters

Lazard Freres & Co., members of the New York Stock Exchange, announce the removal of their offices from 120 Broadway to 44 Wall Street, New York City. The firm's new telephone number is Hanover 2-1200.

**ATTRACTIVE SITUATIONS IN
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REAL ESTATE SECURITIES

RUSSEK'S FIFTH AVENUE BUILDING
Earns 7.32% On Bonds
More Than Two Times Fixed Interest For 1942

An increase in net sales of well known store of Russek's has had a corresponding effect on the earnings of the 390 Fifth Avenue Corporation, a company 100% owned by Russek's, which leases the property to the parent corporation on minimum terms to cover all expenses including 3 1/2% fixed interest on \$1,287,500 First Mortgage Leasehold Bonds of 1951. The lease calling for rent to be paid the subsidiary based on 5% of its net sales provided net income sufficient to cover fixed interest more than twice.

The issue was reorganized as of July 1, 1936 and the bonds are secured by a first mortgage on the leasehold estate, extending about 95 feet on Fifth Avenue and 166 feet on West 36th Street, comprising about 16,000 square feet, located at the Southwest corner of 36th Street and Fifth Avenue, New York City, together with two contiguous buildings, eight stories high, erected thereon.

The plan of reorganization provided for certain alterations to be made for which Russek's agreed to advance the necessary funds, and for Russek's to make further advances to cover reorganization costs. The sum of \$74,675.11 was advanced for construction and \$52,187.00 for reorganization expenses. Repayments by 390 Fifth Avenue Corporation are limited to \$60,000 in any one year and can be made only from any net earnings after payment of operating expenses, ground rent and fixed interest. After repayment of these advances, net earnings are to be applied to the purchase and retirement of bonds.

The entire property is leased to Russek's until Aug. 1, 1951 (one month after the maturity of the bonds) on the basis of 5% of its net sales, made in this property, the minimum rental, however, to be an amount sufficient for 390 all fixed charges including ground rent, real estate taxes, operating expenses, and fixed interest on the bonds. Through Dec. 31, 1942, Russek's have paid net \$147,630.89 rent in addition to that based on 5% of net sales, having recovered \$49,260.64 from the 1942 net earnings of the subsidiary, as rent based on 5% of net sales of

\$5,990,129.10, provided such an excess above fixed charges.

On the basis of this lease, the figures showing the additional rent paid by Russek's as a minimum to meet fixed charges of the subsidiary are interesting in that they reflect the uptrend of business done by the store in this location.

For Year	Approximate additional rent
1938	\$72,765
1939	68,279
1940	49,025
1941	6,823

Total rent on the minimum basis paid for 1941 amounted to \$234,073.35, the sum of \$227,249.89 being based on the 5% of net sales. For 1942 sales at 5% called for payment of \$299,506.45, or \$49,260.64 more than fixed charges, including bond interest, of the subsidiary. A continuing uptrend of sales is noted from the comparison of January, 1943 sales of \$925,775.75 with \$701,630.68 for January, 1942.



**TRADING MARKETS IN
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Now Kenneth B. Hill Co.

BOSTON, MASS.—As of April 15, 1943, the firm name of Alcock, Hill & Co., 80 Federal Street, Boston, Mass., became Kenneth B. Hill & Co., with no change in address or telephone.

Mr. Hill has been operating the firm as sole proprietor since Dec. 1, 1942, previous to which it was a partnership. While specializing in municipals, the firm also conducts a corporate business.

**Chicago North Western Decision
and What the Cash Means**

New and Old Securities

Circular on request

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RAILROAD SECURITIES

The action of Pere Marquette preferred stock in advancing about 100% from the low established earlier this year is surprising to most followers of railroad securities. Granted that the company is enjoying a very high rate of earnings at the present time, there has been no inclination on the part of the management to soft pedal the fact that holders of the preferred stock have little prospect of participating directly in these earnings. In fact, the management has gone out of its way on many occasions to stress the fact that dividends of any nature are remote.

Cash released from operations has been utilized for debt reduction, and this policy will be pursued. Even when, and if, dividends are resumed the prior preference stock will be the direct beneficiary. As of the end of last year accumulations on the prior preference stock amounted to \$25.83 a share, a total of \$2,890,960, and these are increasing at the rate of \$560,000 a year. Even in 1942 net earnings of the company amounted to only \$3,569,066. Obviously even if the company were to abandon its debt retirement program entirely it would be a couple of years before the preferred stock could hope for dividends unless the management turned its back completely on sound financial practices and distributed virtually its entire net to the stockholders. This hardly seems the background for a bullish attitude towards the stock.

Granted that the retirement of debt is fundamentally constructive for the long term position of all security holders, the nature of Pere Marquette's business and the past history of operations does not lead to confidence that even the debt retirement will place the preferred stock in the consistent dividend paying investment category after the war. Strong dependence on the automobile industry leads to highly cyclical earnings as evidenced by the fact that charges were earned in only five of the 10 years 1932-1940 when war distortions were not a factor. The volatile nature of operations was apparent in the early depression years when income available for charges dipped from \$1,831,000 in 1931 to \$682,000 in 1932 and then recovered to \$2,071,000 in 1933. Again later in the decade income available for charges dropped from \$5,002,000 in 1937 to \$1,090,000 in 1938 and recovered to \$3,636,000 in the following year. The fixed charges amount to slightly more than \$3,000,000 a year.

In the past, the appeal of the preferred stock, in the face of periodic deficits, has been based on the strong recuperative powers of the road when business improves and the belief that these recovery periods would be utilized to pay off dividends that had accumulated in poor years. With this latter consideration now apparently eliminated the stock loses this questionable appeal. One other factor being pointed out is that even if the post-war years witnesses a sustained high level of railroad traffic in general there will presumably be an important lag in the operations of Pere Marquette. This is based on the theory that there will be wholesale shutdowns of plants in the territory during a period of

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reconversion to peace activities. A similar lag was noted as the plants went from peace production to war manufactures.

The stock has receded moderately from the year's high (selling at 35 at the time of this writing) but is still considered unattractive in relation to other rail securities, particularly reorganization bonds. As an example, the Chicago, Milwaukee, St. Paul & Pacific 5s, 1975 are available at a slightly lower price. For one thing, the St. Paul is undergoing a very severe reorganization and the securities that emerge therefrom will be free from even remote apprehension as to post-war solvency. Therefore, the new securities should give a higher evaluation to the war earnings.

Secondly, there will be some income coming in on the St. Paul 5s during the current phase. The amount will be small if kept to the interest due on new securities

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under the reorganization plan, but could be increased substantially if a distribution is made out of earnings on the new preferred or if some other means is found to siphon off a portion of the phenomenally swollen cash reserves for the direct benefit of present bond holders. Under the ICC plan the 5s, 1975 get a small participation in Income bonds and new common but the major portion of the claim (\$717.50) is allocated preferred stock of good earning power and quality.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—56, low—14 1/4; April 21 price—55.

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**Schram Will Visit
NYSE Firms In West**

Emil Schram, President of the New York Stock Exchange, will leave on Sunday, (April 25) to visit member firms of the Exchange in Chicago, San Francisco, and Los Angeles. Returning, he will stop in Houston, New Orleans and Atlanta. This will be Mr. Schram's first visit to the West Coast since he became President of the Exchange on July 1, 1941.

In San Francisco, he will speak at a luncheon meeting on April 29, arranged in his honor by the Chamber of Commerce, and, also, at a luncheon meeting of the Commonwealth Club on April 30. In Los Angeles, Mr. Schram will address a luncheon meeting of the Town Hall on May 3.

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Dealers . . .

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Sacrifice Of Michigan Dealers Typical Of Whole Industry

Do Yeoman Service Selling War Bonds

Not all sacrifices are made by men in the armed forces. It was last night that my wife mentioned a certain entertainer who was taking his troupe to Casablanca to put on shows for the soldiers—all at his own expense.

And I was duly impressed. But then I started to think about what some men are doing right here in Detroit. Not attempting

to detract in any way from what that entertainer was doing, I couldn't help but realize that he was gaining much in the way of public goodwill and a future following.

Not so, a group of men who are out peddling war bonds!

I'm referring specifically to the brokers and investment bankers who are deliberately switching their customers from stocks and bonds into war bonds.

Divert Commissions

It doesn't take any crystal ball to find out that dollars put into war bonds are not going to find their way into stocks or bonds for at least 10 years. And by the same token, one doesn't have to be psychic to realize that in selling war bonds to their customers the investment bankers are diverting current and future commissions right out of their own pockets.

In case your memory is short, I might remind you, too, that although things have been pretty good the last six months or so, no industry has suffered quite so heavily as the brokerage business in the last five years.

But the comparatively few survivors put personal gain to one side and stepped out to do a fine selling job.

Real Sales Talk

Yesterday afternoon I stepped into the office of a partner in one brokerage firm. He was busy on the phone, and I couldn't help but overhear the conversation.

The man on the other end was interested in the purchase of several hundred shares of a well-known stock—for purely a long-term investment.

"But Frank," said the broker, "I think that U. S. war bonds fill your needs much better than that stock. Let me put you down for some?"

And then he went into a spirited selling talk—possibly not too well received on the other end by the prospective customer, who might feel he was being touted out of something. Finally the broker offered to buy his lunch if he'd stop down and talk it over further.

When the conversation was finished, that broker looked up kind of sheepishly and mumbled something about safety plus a good interest return.

Best in History

But the fact remains that he and hundreds of other members of the fraternity are doing the to find out that dollars put into finest and most unselfish selling job in history—in some cases even antagonizing good customers.

A broker's stock in trade is his customer list and every war bond he sells is just that many dollars less potential business for him in the future.

Agreed that it's right and proper to sell war bonds now—and agreed that if we don't win this war, the brokerage industry won't be worth the powder to blow it up; but I still rate them the most unselfish of war bond salesmen.

And I sincerely hope that when Mr. Morgenthau passes out his Treasury Department equivalent of the Purple Heart and the Distinguished Service Cross, he gives one to each and every investment

broker who has worked on the war bond drive.

Ralph Simonds dropped into the office to give me a little additional data on the brokers who are doing such a grand job in the war bond drive. Simonds and McPherson Browning are the co-chairmen appointed by Walter S. McLucas, you'll recall.

Realizing that the banks are swamped with details regarding

the issuance of bonds and in many cases working with short staffs, the committee in charge of the drive has appointed teams of brokers to assist the banks in contacting potential bond buyers.

Captains of the teams are as follows: Commonwealth Bank, Fred J. Shader and Charles Parcels; the Detroit Bank, W. C. Roney and H. L. Parker; Manufacturers National Bank, Cyrus King and Fred Bargmann; the National Bank of Detroit, J. J. McFawn and Fred W. Campbell, and Industrial National Bank, Ralph A. Crookston. Banks not mentioned are using their own personnel for the work.

In addition to these captains, 43 other members of the brokerage industry are active on the teams.

We are indebted to Ward Schultz, Financial Editor of the Detroit "Times," for making it possible for us to carry the foregoing from his pen.

Detroit Recommendations

Allman, Everham & Co., Penobscot Building, members of the Detroit Stock Exchange, have prepared up-to-date analyses of Kellogg Co. Common Stock; Crowley, Milner Co. Common and Preferred; Howell Electric Motors Co., and L. A. Darling Co. These comprehensive reports may be had from the firm upon request.

First of Michigan Corp., Buhl Building, has compiled a recent bulletin on Roseville, Michigan Refunding Bonds maturing 1948 to 1967, priced to yield 2.65 to 3.25. Copies of this bulletin may be had from First of Michigan Corp. upon request.

Keane & Co., Penobscot Building, members of the Detroit Stock Exchange, have prepared up-to-date analyses of Tecumseh Products Co. Common Stock and Modern Collet & Machine Co. Common. Copies will be sent by the firm upon request.

Mercier, McDowell & Dolphyn, Buhl Building, members of the Detroit Stock Exchange, have late information on National Stamping Co. which will be given on request. This company has an outstanding peace-time record of earnings and dividends. In 1940 its engineers originated a method of making machine-gun clips and links out of stamping, which

method had never been used before. It is now the largest manufacturer of this item in the country. The company has unusual peace-time prospects.

R. C. O'Donnell & Co., Penobscot Building, members of the Detroit Stock Exchange, have compiled late information on King-Szeley Corp. Common; Leonard Refineries, Inc., Common; Federal Screw Works Common; Vincor Corp. Common and Graham-Paige Motors. This data may be had from the firm upon request.

Charles A. Parcels & Co., Penobscot Building, members of the Detroit Stock Exchange, will send upon request copies of "Business Booms & Depressions." This is an analytical chart, in color, on price inflation covering more than a century. It is intended to be helpful in achieving a more accurate perspective of the so-called business cycle over a long period of time.

Wm. C. Roney & Co., Buhl Building, members of the Detroit Stock Exchange, have prepared latest analyses of National Bank of Detroit; Michigan Steel Castings Co. Common Stock; National Electric Welding Machines Co. Common; United Drill & Tool Co. Class A. Copies will be sent by the firm upon request.

Sound Simple Post War Plans Asked By C. F. Kettering, Detroit Motor Executive

Charles F. Kettering, Vice-President of General Motors Corp., as a member of the Committee for Economic Development, spoke on April 16 at a dinner at Indianapolis, Indiana, sponsored by the Indianapolis Chamber of Commerce and the Indianapolis Sales Executives' Council. Mr. Kettering said that any post-war plan based on the assumption that the war "will change human nature" is doomed to failure, said United Press advices from Indianapolis on April 17, which added:

"The human race has had wars before and human nature did not change," Mr. Kettering said. He urged that plans be "sound and simple."

One of the major problems after the war," he said, would be how to return business rapidly to competitive operations.

"The big thing is to let business keep on being competitive," Mr. Kettering said. "Nobody is going to a ball game if you don't keep score. Profit-making is just keeping score."



Charles F. Kettering

Detroit Traders Now 11 In Armed Services

DETROIT, MICH.—President H. Russell Hastings announces that the following members of the Securities Traders' Association of Detroit and Michigan are in the Armed Forces:

Pvt. Harry B. Buckle, Allman, Everham & Co.

Major Thomas S. Clayton, Clayton & Company.

Major Fred O. Guider, Keane & Company.

Lt. Col. K. H. Owens.

2nd Lt. Herbert J. Schollenberger, Jr., Campbell, McCarty & Co.

2d Lt. David D. Williams, Campbell, McCarty & Co.

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Looking Ahead!

(Continued from first page)
Helping Win the War—"Industry Must Help Build a Peace-Time World."

It would be difficult to epitomize the dynamic part the corporations of America are playing in the world today and can play in "winning the peace," if given a full opportunity to do so, than does the copy used in this ad.

We hope that the vision being displayed by Mr. Stanley and the management of The International Nickel Company will pervade the peace and post-war planning conferences.

Sees Bright Future For Television

(Continued from page 1474)
will form the nucleus for immediate post-war television broadcasting. These stations probably will start branching out with full-scale programs shortly after the war ends, it was explained.

Before the war, a sizable portion of picture tubes, the most expensive part of television sets, were imported from Holland because they could be bought by U. S. manufacturers cheaper than they could be built. But the war has changed that, Dr. Baker explained, and when peace comes U. S. manufacturers will have tremendous capacities to make these tubes in America. Large-scale production and other developments will drastically reduce the pre-war price of these tubes, which will be among the elements that will bring about reasonably priced television sets, he said.

Dr. Baker pointed out that General Electric has had a relay station in operation for over three years. Located in the Helderberg Mountains outside Albany, N. Y., the station picks up programs from NBC television station in N. Y. City and relays them to the Albany-Schenectady-Troy area through General Electric's WRGB transmitter. This is the nation's pioneer television network, he pointed out, being in service since January 12, 1940.

United Public Utilities Preferreds Attractive

The \$3 and \$2.75 convertible cumulative preferred stocks of United Public Utilities Corporation offer attractive possibilities according to an interesting discussion of the situation in the April, 1943 issue of the Preferred Stock Guide being distributed by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the Guide which also contains interesting comparative figures for preferred and common public utility stocks may be had from G. A. Saxton & Co. upon request.

Moore & Schley To Admit

Sherwood B. Davidge will be admitted to partnership in Moore & Schley, 100 Broadway, New York City, members of the New York Stock and Curb Exchanges, as of April 29. Mr. Davidge will become a member of the New York Stock Exchange, acquiring the membership of Arthur Myles, a partner in the firm.

Tomorrow's Markets

Walter Whyte
Says

Market rally about over. Some more flurry possible but recent highs will prove a stumbling block.

By WALTER WHYTE

In concluding last week's column I said that rapid moves, up and down, would now be the order of the day. It didn't take any wizardry or unusual market acumen to arrive at such a conclusion. Markets are like pendulums. A wide swing in one direction is almost always followed by an equally wide swing in the other direction. A break of about ten points is usually compensated by a rally of anywhere from five to eight points. The initial recovery is seldom anything to sneeze at. Anybody who has the guts to buy them on the break stands a good chance of making money fast on the up-swing. But now the market has already rallied back to about 134 after breaking from about 138 to approximately 130, and is what the farmers call "between hay and grass."

The question now comes up if the market has enough get-up-and-go in its system to permit it to start out on another up-move. If you will read last week's column you will see that I wrote "... the market will just manage to avoid getting to those (April 5) highs—though some stocks may improve on them—and then turn down again." Nothing has happened in the past week to make me change my mind. If anything, the optimistic opinions stated in various market letters have convinced me that the end of the move has either already been seen or will be seen in the next few days.

A statement appearing in one brokerage house market letter to the effect that this is no time to sell stocks because the bulk of the investment opinion "is on the buying side" makes me laugh. Another says there are more "investors clamoring to buy stocks than there have been in some time." Good God, if that isn't the time to sell stocks, when everybody is

supposed to be buying them, then I don't know when is!

Of course, some piece of news may come along and send them scooting up for a couple of more points. But where such news is to come from and what it's likely to be is a guess you can take your chances at as well as I. From the war fronts? Maybe. But the best piece of news that could come from there is that we have finally driven Rommel into the sea. And that, in the market sense, is no longer news. It has been anticipated too long. Action in the South Pacific? Perhaps. But we have already seen how the market acted on the news of the Coral Sea, Bismarck Sea and Guadalcanal. There is little reason to suppose any burst of renewed activity in that theatre of war will give the market the fillip it needs.

The only impetus it can get is from the home front and here confusion still reigns supreme.

The President's order of April 8 hasn't solved a thing. If anything, it has added to the confusion. If that wasn't enough there came McNutt's job-freezing order, intended to help stop inflation. Unfortunately both the President's order and McNutt's directive will do little to solve the problem facing the country. Prices have not been kept down under OPA Administrator Brown. He either won't do the job or can't. Whatever the reason the result is the same. Congress hasn't helped any either.

I realize that all the foregoing implies inflation and advancing stock markets. But that is oversimplifying the situation. The Administration, no matter what its shortcomings, has no intention of permitting runaway prices. You can bet if present methods do not stop prices from skyrocketing the Administration will adopt other tactics.

The stock market, acutely conscious of the possibilities, will not, in my opinion, move up in the face of coming events. The best it will do is mark time. It certainly will not go up. Therefore there is only one thing for stock market followers to do. Get out of all long positions and either go short of stocks or just saunter over to the sidelines and become a spectator. Let somebody else, the Johnny-come-latelies, carry the ball for the time being.

Readers now have only two stocks. The first is Superheater, bought at 13½, in which you were advised to take partial profits at about 20 and stop the rest at 15.



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Superheater is currently selling at about 19. I consider that close enough to the objective. So take your profits.

The other stock is U. S. Steel, bought at 50. Cancel the 58 objective and get out now. It's about 55 today (Tuesday, 1 p.m.).

Last week I suggested buying two additional stocks. As neither got to the purchasing level I now cancel the advice. There may be readers who still hold part of their original commitments in Goodyear, Bethlehem and International Harvester. If there are my advice is to forget the stops and take profits now.

J. J. L., Des Moines, Iowa. Sorry, I don't give opinions on stocks other than those that appear in the column.

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.]

Old Ben Coal Earnings Up; Continues To Retire Bonds

The published statement of Old Ben Coal Corporation for 1942 shows net income before bond interest, depreciation, depletion, and Federal taxes of \$2,222,871. After deducting taxes, earnings were sufficient to permit payment on March 1, 1943, of all the remaining accumulated back interest on the Company's First Mortgage 6% bonds. During the year the Company purchased \$289,000 par value of its bonds in partial anticipation of this year's sinking fund requirement. It must still use over \$257,000 cash for bond purchase to complete sinking fund needs.

After all charges, the company reported a net profit of \$873,041 equivalent to \$5.59 per share of common stock compared with \$385,797 or \$2.47 per share in 1941.

N. Y. Banks & Trust Cos.

The New York Hanseatic Corporation, 120 Broadway, New York City, has prepared an interesting comparative table of the leading banks and trust companies of New York as of March 31, 1943, copies of which may be had from the firm upon request.



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NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York

Investment Trusts

APRIL NOTES

Required reading: Lord, Abnett's April issue of **Background**—it tells the story behind the figures, "money in circulation." . . . Manhattan Bond Fund has passed the \$13,000,000 mark; not bad for a fund that was started from scratch less than five years ago! . . . We like North American Securities' friendly "airplane" blotter—and if you've ever wondered about the kind of investment job one can get done on the West Coast,

look up the record of this sponsor's Commonwealth Shares. . . . It still gives us a chuckle to think of the surprise National Securities & Research Corp.'s forecaster of the intermediate trend must have received after writing on April 8, "we must take the position that lower prices will probably be seen before the major up-move is resumed." Next day the market dropped over four points on the President's "hold-the-line" order. . . . Now that the smoke has cleared, Distributors Group's story on second-grade rail bonds ought to be better than ever; rescinding the freight rate increase could save the railroads a lot more in wages than it will cost them in revenues—and with taxes where they are, just who is going to lose the greater part of the rate reduction, the railroads or Uncle Henry? . . . In answer to Keystone's question, "Which is best?" we'd take the blimp for a run down the coast on a peaceful, sunny day. Until that peaceful day, really has meaning, though, the B-17 will have to be our choice. . . . Note to dealers: Have you seen National Securities' sample letters and folder for prospects: "Buying Securities for What They Pay?" . . . January sales 100% above a year ago, February sales up 107%, March sales up 209%—reported by George Putnam Fund.

From Investment Company Literature

"Financial Absenteeism—Much has been written and said in recent weeks about absenteeism from war plants and factories.

"Because our industry rarely—fortunately—makes the front pages, little consideration is given to the need for consistent, thoughtful service which follows through for the investor in these times when his problems are multiplied by war.

"Manpower in the investment business has been sadly depleted. Hardly an organization in the financial fraternity has not given essential men to the armed forces. In Ohio registrations of distributors show that, compared to 1937, less than 40% of investment men

Investing Company Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED

63 WALL STREET—NEW YORK

remain. In Massachusetts some 50% are carrying on.

"So, there is financial 'absenteeism' too, but for constructive reasons. Unfortunately, it cannot be alleviated for the duration.

"Those of us who are left over the country's millions of investors continuing loyalty in the finding and dissemination of facts which will help them to sound conclusions regarding the securities they own; of opinions which will enable them to balance war investments against those of peace and to determine a road—a middle road, perhaps—which will make their investments safe and their income sufficient to meet the dollar's smaller purchasing power." —From Hugh W. Long & Co.'s New York Letter.

"Cycle—On March 27, 1943, the offering price of Dividend Shares, Inc. (computed on the basis of market value of net assets at the close on March 26, 1943) was \$1.29 per share, an advance of 45% in the 11 months since April 28, 1942. This is the first time Dividend Shares were offered at \$1.29 since March 27, 1940—exactly three years ago!

"The Dow-Jones Industrial stock average closed at 133.96 on March 26, 1943, which was 11.9 points, or 8.15% lower than on March 26, 1940!

"The dividends paid by Dividend Shares, Inc., in that three-year period (about 20% of which were derived from net securities (Continued on page 1480)

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Connecticut Brevities

During the past few weeks, the State of Connecticut has been occupied with preparations for, and prosecution of, the drive for the United States Treasury Second War Loan.

On the evening of April 12, at the Bushnell Memorial Hall, the well-known radio program, "Information Please," was presented with Wendell Willkie as a guest performer. Admission tickets were given to purchasers of bonds, and

the audience, buying bonds in denominations of \$50 to \$5,000 paid a total of \$2,617,150 as its price of admission. In addition to this, insurance companies and banks purchased 150 admission tickets by subscribing to \$200,850,000 in bonds.

Connecticut's financial and institutional personnel is giving the better part of its time, these days, to the Second War Loan, and everything else seems to be relegated to second place.

There is a general absence of borrowing on the part of Connecticut municipalities these days. On March 18th the City of New London offered \$200,000 1 1/4's which went at 100.199. Bidding was close, the second being 100.183. Many towns, in line with the State, find themselves with comfortable surpluses on hand, indicating a good record of tax collections.

The annual reports of Connecticut industrial companies, presented during the past few weeks, reveal some interesting facts regarding conversion of plants to war work. In the majority of cases, very little change has been required to place such companions on a war basis, since the war emergency merely means that most of them will continue their usual lines of manufacture at an accelerated pace. However, for a few companies a drastic change has been necessary. Take, for instance, Landers, Frary & Clark, in New Britain. In normal times, this company manufactures the well-known "Universal" line of household electric appliances such as washing machines, electric ranges, vacuum cleaners, coffee percolators, toasters, etc.

When the Government stopped the manufacture of electrical appliances, and drastically curtailed the manufacture of non-electrical merchandise, this company's regular business was brought to a standstill. Its plants were converted — a task which required several months—to the manufacture of gun-mounts, fuses, first aid kits and many other war-time necessities.

Because of the delays caused by the conversion, the company's volume for 1942 suffered somewhat, but at the present time it

is considerably better than in its best years of commercial business, with less than 7% of this volume made up of items of normal manufacture.

The new Southington plant of the Pratt & Whitney Division of the United Aircraft Corporation has just commenced operating. This is the fifth local plant set up by Pratt & Whitney, four of them being in Connecticut and one in Massachusetts.

The Automobile Insurance Company marked its 30th anniversary on April 19th. Starting with paid in capital of \$300,000 and like amount of surplus, today it is capitalized at \$5,000,000 and has total assets of over \$32,000,000.

The United Gas Improvement Corporation has petitioned the Securities and Exchange Commission for permission to sell its majority holdings in the Connecticut Railway and Lighting Company to Charles U. Bay of Bridgeport. This company operates a bus service from Stamford through Norwalk, Bridgeport, Derby, Waterbury, and New Britain. It also owns electric and gas properties which are leased to Connecticut Light and Power Company.

Recent annual reports indicate the following results for some Connecticut manufacturing companies for the year 1942:

American Chain & Cable reports earnings of \$4,005,184, equal to \$3.76 per share; Ballard Co., \$2,381,279 or \$8.63 per share; "Hartford Times," \$2,124,804, equal to \$2.15 per share; Plume & Atwood, \$162,319 or \$3.01 per share; Scovill Manufacturing Company, \$3,166,987 or \$3.02 per share.

Robt. Volkening To Be Burton Cluett Partner

Robert Volkening will be admitted to partnership in Burton, Cluett & Dana, 120 Broadway, New York City, members of the New York Stock Exchange. Mr. Volkening has been associated with the firm for some time in charge of the statistical department.

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Present Partners In Hoit, Rose & Troster To Form Troster, Currie & Summers

H. S. Hoit and T. C. Brown To Do Business As Hoit, Rose & Troster

Present active partners of the firm of Hoit, Rose & Troster, 74 Trinity Place, New York City—James Currie, Jr., Willis M. Summers and Louis P. Singer, who have conducted the business since the withdrawal of Howard S. Hoit, on and after April 26—will do business as Troster, Currie & Summers.

Howard S. Hoit will do business under the firm name of Hoit, Rose & Troster, in partnership with Thomas C. Brown, as of the same date. Mr. Hoit under the agreement made when he retired from Hoit, Rose & Troster, retained the privilege to use that firm name "together with any and all goodwill and business value attached to same" as his "sole and exclusive property."

Oliver J. Troster, who was a member of Hoit, Rose & Troster when this firm style was established, and who is now on active service as a lieutenant colonel in the Army, will be a partner and plans to take an active part in the affairs of Troster, Currie & Summers at the conclusion of the war. He is a former president of the New York Security Dealers Association, serving in that office for

Disney To Be Partner In Abbott, Proctor Co.

W. Barrett Disney will become a partner in Abbott, Proctor & Paine, 14 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges, as of May 1. Mr. Disney has been with the firm for some time as associate manager of the Richmond, Va. office, 911 East Main Street.

in Revolutionary days, could not go about the job of investing money with a light heart.

"Entirely aside from his military and political accomplishments, Washington was an influential and respected business man in his home State of Virginia. Starting out in life as a surveyor, only too glad to earn a doubloon a day, he grew steadily in wealth until he died, when his property, exclusive of that of his wife and the Mount Vernon estate, was valued at over \$500,000. At his death he was one of the wealthiest Americans of his time, and it is said that a fortune was never more honestly acquired nor more thoroughly deserved.

"In matters of finance, however, Washington was faced with essentially the same problems that exist today in the successful investment of money and the management of property. According to one of his biographers, before the Revolution he had 'a good-sized holding of Bank of England stock, and an annuity in the funds, besides considerable property on bond, the larger part of which . . . was liquidated in depreciated paper money. This paper money was for the most part put into United States securities, and eventually the 'at least \$10,000 Virginia money' proved to be worth \$6,246 in Government 6s. A great believer in the Potomac Canal Company, Washington invested \$2,400 sterling in the stock, which produced no income, and in time showed a heavy shrinkage. Another and smaller loss was an investment in the James River Canal Co.'

"Washington's letter to John West, to which we referred above, indicates how the problems of management weighed on his mind. He wrote to West: 'What with my own business, my present ward's, my mother's, which is wholly in my hands, Colonel Colville's, Mrs. Savage's, Colonel Fairfax's, and the little assistance I have undertaken to give in the management of my brother Augustine's concerns (for I have absolutely refused to qualify as an executor) I have been kept constantly engaged in writing letters, settling accounts and negotiating one piece of business or another, by which means I have really been deprived of every kind of enjoyment.'

"If George Washington had lived in our times, he might well have relieved himself of at least some of the burdensome details of which he complained. He could have placed many of his real estate problems in the hands of a competent real estate agent. His collecting and accounting problems could well have been handled for him by a qualified bank acting as custodian, and with our modern facilities for investment management, he might have avoided some of his investment losses by checking his own judgment with that of other individuals whose full-time business is the management of money."—From MIT's Brevities.

New York Stock Exchange Weekly Firm Changes

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

Privilege of William C. Beach to act as alternate on the floor of the Exchange for Bayard Dominick, II, of Dominick & Dominick, New York City, was withdrawn on April 15. Mr. Beach will act as alternate for Sheldon E. Prentice, partner in the same firm.

Robert DeF. Boomer retired from partnership in Auchincloss, Parker & Redpath, Washington, D. C., as of March 31.

H. Fraser Leith withdrew from partnership in R. Swinnerton & Co., New York City, as of Dec. 31, 1942; Henry C. Stochholm retired from the firm as of Mar. 31.

Clarence H. Clark of E. W. Clark & Co., Philadelphia, Pa., died on April 15.

York Corrugating Stock Offering About May 1

At the present time there is in registration an issue of 50,000 shares of common stock (par \$1) of York Corrugating Co. Although it is expected that the registration statement will become effective about April 20, out of deference to the War Bond Drive, the public offering will not come along until about May 1, 1943. Floyd D. Cerf Co., of Chicago, the underwriters, will offer the issue at \$6.50 per share.

York Corrugating Co. has been in continuous operation since 1902, or 41 years old. The company, while presently engaged in war work to the extent of 95% of its manufacturing facilities, is by no means a War Baby. What is being manufactured by the company today is almost identical with what it made in peace times and is in the main doing business with its peacetime customers who are engaged in war work. The company is one of those fortunate businesses that could without delay and without the expenditure of great sums of money convert its facilities from peacetime operations to wartime operations, and conversely, will be able to do likewise from wartime operations to peacetime production.

The company has no funded debt, no bank loans, no Government financing. As of Dec. 31, 1942, current assets were \$1,597,536 and current liabilities \$667,678. Cash and Government bonds amounted to \$733,567, which was more than all liabilities, including reserves for taxes.

The business of York is allied with the automotive, building and air-conditioning industries. All three of these industries are accumulating a backlog of civilian peacetime demand that should tax its facilities to capacity. The post-war prospects for York are unusual, and with the reduction or elimination of excess profits taxes at the end of the war, the earnings of this company should exceed the current attractive figures.

Company's authorized capitalization consists solely of 300,000 shares of common stock, of which 190,906 shares are outstanding.

The 50,000 shares to be offered are presently outstanding and none of the proceeds thereof will accrue to the company.

The common stock paid dividends in the past three years at the rate of 60¢ annually. Company's net sales for the year ended Dec. 31, 1942, were \$3,510,858. After Federal income and excess profits taxes of \$495,361 net profits were \$197,121.

Investment Trusts

(Continued from page 1479) profits) averaged 6.5 cents per annum, providing an average annual return of just over 5% on the offering price prevailing at the beginning and end of that period."—From Calvin Bullock's Bulletin.

"1775-1943—Some months ago, an investor friend of ours, disturbed by problems of social and economic change, and trying unhappily to peer into the future, expressed the wish that he had lived a hundred years or more ago. Our friend, who is a trustee, responsible for his family's investments as well as his own, seemed to feel that the investing of money was a relatively simple matter in this country a century ago, and that if he had lived then, he could have gone about his daily business with comparative peace of mind.

"Last week the Old Colony Trust Co. of Boston published a letter written by George Washington to his friend John West in 1775, which throws some light on this subject. Apparently a man of means and responsibility, even

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The Individual In A Corporate World

(Continued from first page)

securities. I should like to see all the ideals of the Atlantic Charter realized, but I should also like to see America remain recognizable as America.

"One omission from the Atlantic Charter is significant as applied to the individual. I find no guarantee, no stated objective, to create or preserve freedom of enterprise. It seems likely that we Americans cannot have all our freedoms, and all our security, at the same time. Perhaps we do want security more than freedom, but before we concede away freedom of enterprise let us be sure we can achieve security."

The Four Freedoms are essentially the New Deal written so large that the implications stagger the imagination, he continued. "Freedom from want and fear," he said, "are negative and passive. They are freedoms from things. They are not capable of realization through political guarantees. What is more, they are capable of realization only when a whole world is prosperous, when a whole world is at peace, when a whole world is unafraid. Such a world could be attempted only under the complete control of a world government highly centralized, very powerful and extremely bureaucratic and efficient."

The tendency towards centralization of power cannot be reversed, he continued. "It is the tendency of modern industry to increase its efficiency by centralization of direction," he commented. "It is the tendency of government to centralize for similar reasons. Labor centralizes its organization in order to be strong. What we are experiencing is a world-wide change in the sources and vehicles of power. In such a period the individual always loses some part of his hard-won rights and regains them, if at all, when the clash of old and new has quieted."

Dr. Valentine's speech, in full, follows:

Twenty years ago there was a great deal of talk about freedom and very little about security. Ten years ago there was much talk about security and very little about freedom. Today everyone talks about both at the same time.

From these contrasts come two reasonable conclusions. The first is that our thinking and our talk mirrors closely our immediate problems—with more celerity than perspective. The second is that in 1922 and 1932 we recognized a clear distinction between freedom and security, whereas today we have merged the two with little sense of difference.

Does this mean that our present thinking is more clear or more turgid? Are liberty and security parts of the same thing, or are they separate—possibly even incompatible? The question is an important one.

The President of the United States has given us his answer. Because we have not protested it, we have by implication accepted it. He talks about freedom and security in the same breath; apparently in his mind they are one and inseparable. In fact, he has emphasized security more heavily than freedom as the desired outcome of the war.

For example, in his message to Congress on Jan. 6, 1942, Mr. Roosevelt said:

"I know that I speak for the American people . . . when I say that this time we are determined not only to win the war but also to maintain the security of the peace which will follow . . . We are fighting today for security, for progress and for peace, not only for ourselves but for all men, not only for one generation but for all generations."

Those are noble sentiments and Mr. Roosevelt has already begun to implement them. But no one

would deny that they take in a lot of territory. Are they attainable through victory?

Not only has Mr. Roosevelt merged freedom and security, but Mr. Churchill has supported him. They are on public record, in the Atlantic Charter, as to their noble total global intentions. Again they merge freedom and security, and actually call security freedom, for two of the Four Freedoms are wholly concerned with security—freedom from want and freedom from fear. They promise that these will be attained not only for the forty-eight states and the British Commonwealth of Nations but for everybody, everywhere. Of course they do not expect to realize them for everyone tomorrow, but the intention, and the pledge to ultimate realization for all people, are a clear-cut promise from the official spokesmen of Britain and America.

These are desirable objectives and we should all make great sacrifices toward their realization if it is clear that they are attainable. But it is not too soon to ask a few questions, or even to estimate the probabilities and the ultimate tangible and intangible costs. Among the costs to be estimated is the cost to Americans, in terms of their present freedoms.

After all, the freedom of the individual American is extremely important to him. It is also important to America, because America is a democracy, existing for the freedom and welfare of its individual citizens. When a citizen is multiplied by 130 million he is America and his freedom is democracy. The only alternative to starting with the individual is to start with the mass—to take the total population en bloc, and then divide them by 130 million. That gets nowhere, for no one can think in terms of 130 million people all at once and still be thinking in terms of personal human problems. And what is more, that type of thinking simply is not democratic; it is totalitarian.

So we come back to the question whether, in the interests of the individual American, our President is right or wrong in regarding individual freedom and security as one and inseparable. Or he could be right in theory but questionable in practice, or vice versa. In order to suggest an opinion in that matter, I must ask you to bear with a little background.

Most of men's thinking, for hundreds of years, has centered about two questions: the relation of man to his God and the relation of man to his neighbors. Upon these questions religions have been founded, constitutions written, revolutions fought, and nations created and destroyed. Yet both problems remain unsolved in practice. Each generation has to attempt a new solution in terms of new conditions. Mr. Roosevelt is trying to lead America and the world to a long-term solution, based upon contemporary problems.

In our time, we seem more concerned about our relations to society than to God. This is partly because we are spiritually elementary or spiritually insolvent. It is also partly because we have optimistically accepted the thought that we are created in God's image, and therefore are content to substitute the image for the original. So the question in our time is translated to this: "What do I owe myself personally, and how much should I compromise my personal life and objectives to the interests of society as a whole?"

To deal with so large a problem we need a large map, even if it is also a crude one. This is not simply a controversy between conservatives and New Deal, or capitalism and socialism. There are far greater and more complicated forces at work. As much as we

can, we should keep clear of contemporary shibboleths, of fighting controversial words, for they raise emotions and prejudices which confuse our thinking and distort the picture. Whatever new world we may want after the war cannot be attained, or even envisaged, except by the clearest and most prejudiced thinking.

Most of us approach the problem from a common background of inheritance, tradition and experience, for we are all Americans and as Americans have absorbed the whole tradition of individual freedom—the belief in the importance of the individual that is fundamental to the Christian reli-

gion, fundamental to the tradition of English civilization through the Magna Charta, the Long Parliament, Milton, and the reforms of 1832. We Americans took over and advanced that tradition, making it the basis of our own democracy. That tradition, as I understand it, is what we are fighting for, just as our ancestors fought for it, according to their interpretations, on Bunker Hill and on both sides of Bull Run.

Sir Thomas Browne expressed the tradition when he wrote "A man should be something that men are not." He meant that there was something in the individual that was precious and important

and that could not be found in men in the mass. I happen to believe that, and I think you do. With it goes faith in man as a man—in his capacity to determine ultimately what is right, and his desire and ability to do it. We believe that general improvement depends upon individual improvement; and we believe that in order to improve a man needs spiritual, mental and economic elbow room. It has been our system to provide, within reason, that elbow room. And we hope to continue that system, for upon that rock have we built our democracy.

But we must recognize that

FINANCIAL CONDITION OF THE ÆTNA LIFE AFFILIATED COMPANIES

Hartford, Connecticut December 31, 1942 Morgan B. Brainard, President



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CONDENSED STATEMENTS

(As filed with the State of New York)

93rd Annual Statement of The Aetna Life Insurance Company

ASSETS	LIABILITIES	Capital Surplus	\$15,000,000.00
\$847,864,568.93	\$802,222,074.04		30,642,494.89
		Surplus to policyholders	\$45,642,494.89

Securities carried at \$14,340,366.46 in above statement are deposited with public authorities, as required by law.

36th Annual Statement of The Aetna Casualty and Surety Company

ASSETS	LIABILITIES	Capital Surplus	\$3,000,000.00
\$89,064,288.47	\$63,077,930.31		22,986,358.16
		Surplus to policyholders	\$25,986,358.16

Securities carried at \$1,097,689.57 in above statement are deposited with public authorities, as required by law.

30th Annual Statement of The Automobile Insurance Company

ASSETS	LIABILITIES	Capital Surplus	\$5,000,000.00
\$32,778,446.28	\$18,828,095.15		8,950,351.13
		Surplus to policyholders	\$13,950,351.13

Securities carried at \$591,703.24 in above statement are deposited with public authorities, as required by law.

33rd Annual Statement of The Standard Fire Insurance Company

ASSETS	LIABILITIES	Capital Surplus	\$1,000,000.00
\$6,702,551.58	\$3,523,942.51		2,178,609.07
		Surplus to policyholders	\$3,178,609.07

Securities carried at \$244,570.30 in above statement are deposited with public authorities, as required by law.

Paid to or for policyholders since organization	\$2,159,562,876.46
Total premium income—all companies—1942	209,278,373.28
Life insurance in force December 31, 1942	5,230,527,654.00
Increase in life insurance in force during 1942	373,728,582.00

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

The Individual In A Corporate World

under that system we have not achieved or provided effective economic elbow room for all Americans. Our democracy has been far from one hundred per cent successful. New conditions have bred new limitations, unforeseen by the founding fathers, upon the economic elbow room to millions of Americans. The old guarantees in the Bill of Rights do not seem to have insured the necessary freedom to the miner, the share cropper or the negro. At least so it seems to them! Hence the New Deal, which is one approach to the solution. Hence the Four Freedoms, which is essentially the New Deal writ large—so large that its implications stagger the imagination.

Why are not the old guarantees of the Bill of Rights adequate? They are inadequate because since they were written sources and forms of power have altered, reducing the economic elbow room of the individual.

The Bill of Rights was based upon an eighteenth century conception of the "natural rights of man." What was the key to man's independence, the guarantee of those natural rights? It was property, said John Locke and others. If a man could acquire a little property, through it he could gain economic independence, and if he had economic independence, then, with a few constitutional guarantees, he could speak and believe as he pleased. This was reasonable in the eighteenth century, for in eighteenth century America, at least, almost anyone who wanted to work could secure work, and, if thrifty, could accumulate property.

So the founding fathers were not concerned about economic freedom; they were satisfied to provide guarantees of religious, intellectual and political freedom.

But then what happened? England and America became rapidly industrialized. A whole new economic system developed and threw the political system completely off balance. The Bill of Rights did not seem adequate to men who could not find work and thus accumulate property and thus secure independence and individual freedom. It did not seem

adequate to a miner who had no funds to escape from a bad job in West Virginia to a good one in Minnesota. What was the use of freedom of expression if he could not live to express himself? The "freedom to starve" became the cynical expression of this new ferment. "Equality", even "equality of opportunity" meant little to the hungry man for from his point of view it did not exist. What he wanted was economic security, for that was to him the foundation of freedom. Impotent alone, he could form unions to gain and apply collective power. And he did. Such a man will share our President's conclusion that freedom and security are inseparable.

Meanwhile the average middle-class American saw two large and frightening forms of power—both extra-political and neither provided in the Constitution—battling with one another and with constituted government for control of the nation. One was the relatively small group of powerful men who directed, or were thought to direct, industry. The other was the opposing force of new potent trade unions. The average citizen demanded that duly constituted government take steps to control both. The average citizen is still demanding their control, though since 1932 he has ceased to worry about the "sixty families" and has increased his worries about the irresponsible power of unions.

He has also increased his worries about the effect of a highly centralized and highly powerful government upon the freedom of the individual. Modern industry means centralized and powerful industry. Powerful industry requires powerful, centralized government to control it. Centralized industry therefore results in centralized government. Industry must centralize to be efficient; government must centralize to control industry. Between the two, freedom for the individual receives scant attention. No one in particular is to blame; these are major forces at play. Even Jefferson or Jackson or Lincoln, in the White House today, would have to recognize these forces and adjust his policies to those forces.

This is just what the New Deal has tried to do. You will judge the results for yourselves. At any rate, those who direct the New Deal are not tired or discouraged, and through the Atlantic Charter they are now prepared to extend the same philosophy, the same promises, and presumably the same performance, to the entire world.

There are vast differences between the old freedoms of the Bill of Rights and the new added freedoms of the Atlantic Charter. The traditional freedoms are positive and active: the right to speak, to believe, to worship. They are capable of realization through political guarantees. The new freedoms—freedom from want and fear—are negative and passive. They are freedoms from things, they are rights not to have unpleasant things happen to one, even not to fear that unpleasant things might happen. They are not capable of realization through political guarantees. What is more they are capable of realization only when a whole world is prosperous, when a whole world is at peace, when a whole world is unafraid. Such a world could be attempted only under the complete control of a world government highly centralized, very powerful and extremely bureaucratic and efficient—if bureaucracy and efficiency are not mutually exclusive). Such a government would have to be far wiser, far more efficient, than any government has ever been. Then would it have a chance, and only a chance, to achieve the Utopia of global freedom from want and global freedom from fear.

One omission from the Atlantic Charter is significant as applied to the individual. I find no guarantee, no stated objective, to create or preserve freedom of enterprise. Perhaps it is recognized that in so highly efficient and pervasive a government freedom of enterprise, as we understand it, simply could not exist. It seems likely that we Americans cannot have all our freedom, and all our security, at the same time. Perhaps we do want security more than freedom.

(Continued on page 1484)

Fraser Of American Locomotive Thanks Sub-Contractors Who Helped Build Tank-Killer

Duncan W. Fraser, President of the American Locomotive Company, in an address earlier this month at Schenectady to the audience of a city-wide celebration marking the anniversary of the completion of the M-7 Tank-Killer, thanked the sub-contractors and others throughout the country who helped in building the weapon. Mr. Fraser's speech, which was broadcast over a radio network, follows:

"We at American Locomotive Company are very proud of our part in creating the M-7. We are very proud of our men. We are very proud of this city. It is a great privilege for me to speak here on behalf of the company.



D. W. Fraser

"But I would like to take this opportunity to speak also for thousands of men and women—in garages, machine shops and small manufacturing plants up and down this historic valley and in towns and cities far from here. Without the more than 500 subcontractors, suppliers and others who helped build the M-7, we could not have done our part of the job. Some 200 are with us today to share the pride of this occasion.

"We have here as fine an example of Democracy at work as anyone could wish. Let anyone who thinks well of totalitarian systems examine the magnificent cooperative job which eager free men are doing in this country—here in Schenectady and in many other places. Let anyone who feels that Big Business and Little Business are not working hand-in-glove for love of country study what is going on in America today.

"The majority of our subcontractors and suppliers are small shops—many of them with five to 15 workers and most of them with less than 200. One small company, with only six men, has been making one of the most important parts of the M-7. Another company with only seven men makes five separate parts for the tank-killer. They make the biggest and the smallest parts—the lightest and the heaviest.

"In 1940, American Locomotive had a job to do which, measured in dollars, added up to \$38,000,000. That was what we shipped that year. In 1941 we had a much bigger job to do. That year we shipped ordnance, locomotives and other items having a value of \$73,000,000. But in 1942 our job, measured in dollars, was \$302,000,000. That is a very big job. The fact that we delivered that much is a tribute to our own men—some 22,000 of them—but credit is due also to our hundreds of subcontractors and suppliers. We could not have managed without both.

"Many a time the Production Department has run into a midnight problem and called a subcontractor out of his bed. Many a time that subcontractor or supplier has called his whole organization out at one o'clock in the morning and gone to work, to work through Sunday, in order that production lines might keep moving here in Schenectady.

"This widespread cooperation during wartime may have important post-war results. Hundreds of thousands of little business men—small shops and manufacturers—are getting a technical education. They are learning how to handle new metals. They are learning new techniques. They are learning production methods, how to use new machines, how to read blueprints, and a hundred other manufacturing arts. This country will have after this war a vast new

army of trained machinists and manufacturers—men whose experience was limited until expeditors and engineers went out from companies like American Locomotive Company and helped them learn and put into practice the most modern methods of doing things.

"Many small machine shops have grown. I know of one two-man shop—a father and a son shop—which has now grown until it is doing a half a million dollars a year. It has learned not only manufacturing skills but management skills. And another thing: we have often obtained special machines for small shops—bought them and loaned them on a \$1 a year basis. Many small manufacturers have learned how to use machines they were not familiar with before.

"Everyone recognizes what a tremendous educational process is going on in this country today. Our young men in the armed forces are learning things and learning them fast. But so are our men in the shops.

"I don't want to leave this subject with the idea that the learning process runs all one way. Our subcontractors and suppliers enjoy the fifth American freedom to improvise and invent and to do things in new ways. Yankee ingenuity—in our own shops and in the shops of our subcontractors—is a grand thing to watch. We're all learning.

"To Schenectady, to the people here who helped us all keep the secret of the H-7 from Rommel, to the workers of American Locomotive who are as fine a group of Americans as any man could ask to see, to the subcontractors and suppliers who worked with us I would like to express the deep thanks and appreciation of the American Locomotive Company. To the British, whose world-famous Eighth Army so gallantly and effectively used the tank-killer, no tribute from us is necessary. We can only say what General Montgomery has said to them 'Good Hunting!'"

Thirteen Indicted

A 13-man ring, accused of conspiracy to violate the National Stolen Property Act, in transporting and selling stolen stocks and bonds, has been indicted by a Federal Grand Jury following almost a year of investigation by the Federal Bureau of Investigation.

Members of the organization include Russell Safferson and Sigmund Saxe, members of the securities firm of Biel, Russell & Saxe, 60 Broad Street, New York City; Odie V. Fluker, an escaped murderer; Benjamin Franklin Clifton, Jr., who until his resignation two years ago was in charge of detectives in Daytona Beach, Fla.; Al J. Contento, alias Al Howard, racetrack figure and owner of the old Embassy Club in New York and Miami; Frank L. Miller and George A. Turley, attorneys; John Jay O'Brien, former Manager of the Fleetwood Hotel in Miami; Paul Samuel Martoccia, Florida gambler; Harold Leroy Butler, part owner of the Quin-Se-Willa Night Club in Jacksonville; Daniel Spencer Moran, a former stock and bond salesman; Joseph W. Grober, a promoter, and Matthew Reinhardt, a former dealer in over-the-counter securities.

All except the convict, who is still at large, have been held in high bail. They face penalties of 10 years' imprisonment and \$10,000 fine each, if convicted.

Simple and Sure

The greater the percentage of life insurance in a man's estate, the simpler the problem for his heirs.

Add to your estate through one of our low-premium policies.



The Prudential Insurance Company of America

Home Office, NEWARK, N. J.

"Crop Comments"

Thomson & McKinnon received the following comments from Henry C. Donovan from Peru, Illinois, under date of April 14:

"Talk of importing livestock feed from Canada and Australia brings to my mind the millions of tons of corn fodder that were to be seen in the past put up into corn shocks all through the corn belt, to be used for feed during the winter months, and it was considered as good and substantial livestock feed. But as the use of corn husking machines increased the corn fodder feed decreased and this before the claims of scarcity of farm hands. Thus during the past three seasons little if any corn shocks were seen in the fields from the roadside, the reason being that the disposal of a corn crop is far easier and more convenient by use of mechanical pickers than putting it into shock and hauling it into the barnyard all through the winter. So there should be no mystery concerning the heavier usage of grain on farms than some years ago, regardless of the fact that corn is being used as sparingly as possible on the farms at this time.

During the 1920s and 30s, when the harvester combines were being installed on the farms, the straw from small grain diminished in proportion to the increase of the combines, for the combine leaves the straw in the fields the same as the corn pickers leave the corn fodder. But in those years, horses started to diminish as the combines increased, causing less need for horsefeed, which about balanced the loss of stray feed occasioned by the use of the combines. However, there is nothing like that to take up the slack at this time. Years before the use of power machines when horses did the work the average Illinois farm of 160 acres was equipped with about 15 horses, colts and all, and between fifty and sixty acres of the farm were used, alone, to raise feed for the horses. Then when rid of their horses the farmers had so much extra land to raise grain for sale that for a time the markets were overcrowded with wheat and corn that had no place to go, but just now if we are to feed so many others in the world beside ourselves, we should consider every bushel of grain as something worthwhile. Had nearly an inch of snow here yesterday which melted almost as fast as it fell. Spring is about 2 weeks later in this vicinity than last year, but only about one week later than normal."

Bush To Direct Drive Of National War Fund

Prescott S. Bush, a partner in the private banking firm of Brown Brothers Harriman & Co. and the 1942 national campaign Chairman of the United Service Organizations, Inc., has been named National Campaign Chairman of the National War Fund, it is announced by Winthrop W. Aldrich, President of the Fund.

Under Mr. Bush's direction, the National War Fund will undertake to raise adequate funds to meet the reasonable requirements of all approved war-related appeals, except the American Red Cross, through coordinated campaigns to be held next fall. The Fund's goal has not yet been set.

Mr. Bush, a resident of Greenwich, Conn., was born in Columbus, Ohio, and was graduated from Yale in 1917. In the last war he saw service with the 158th Field Artillery Brigade during the Meuse-Argonne offensive and remained in Germany with the Army of Occupation until April, 1919.

He is a director of the Columbia Broadcasting Co., Vanadium Corp. of America, Pennsylvania Water and Power, United States

Guarantee Co., Simmons Co. and Dresser Manufacturing Co.

The appointment of bankers as directors of the Fund was referred to in our issue of April 8, page 1291.

Railroad Bonds

The market for second-grade rails advanced further during the past fortnight and then sold off sharply, along with the stock market, on news of the President's anti-inflation proclamation and on news that the ICC had lowered rail rates. It is natural that such a decline should occur following

the extraordinary advance, and in the light of this news. Nevertheless, it would seem that, fundamentally, such an anti-inflation program is, on balance, highly beneficial to railroad bonds and railroad credit, in spite of the rate reductions. An examination of the amount of railroad earnings involved in the elimination of last year's freight increase reveals that it is decidedly small by comparison with such offsets as the wage demands. Furthermore, in the whole inflation picture the railroads stand to lose much more through rising costs, not only in

wages but in materials, supplies and other expenses, than they stand to lose by this rate reduction.

The railroads in the United States are one of the principal beneficiaries of any measures taken to curb inflation. It is, of course, as yet entirely speculative as to just what will be done about rail wages, and therefore estimates of 1943 earnings are impossible. Tax matters, furthermore, are still to be heard from and may constitute a further drain. Nevertheless, continued railroad prosperity

seems assured, whether or not the 1942 top froth is increased somewhat or decreased somewhat.

Again, as always, the most attractive investment or speculative investment media to be found among second-grade rails are those numerous items, many still very low in price, which are secure in the light of peacetime earnings and which require none of these special wartime profits to justify their price structure.—

From Homer & Co.'s Bond Bulletin of April 15.

Our business is KEEPING FAITH with America

Some day — soon, we hope — the dawn of peace will burst forth upon us, in all its splendor of promise. When that day comes, life insurance will still have a job to do, a bigger and more important job than ever before.

Widowed mothers and fatherless children — hundreds of thousands of them — will be looking to life insurance to take care of them. They can look to it safely, knowing that it keeps every promise that it makes. How important keeping those promises becomes, when a family needs money most.

Keeping faith with all who have put their trust in it, is a hallowed tradition with life insurance. In years of war, as in times of peace, it keeps right on keeping faith with families all over America.

In 1861, when civil war ravaged our land, and our national sovereignty was strained to its last fibre — even then — American families received two and a half million dollars from their life insurance. A little more than thirty years later, when our re-United States warred against Spain, life insurance payments were a hundred and forty-six million dollars. In 1917, when we entered World War I, our life insurance companies distributed benefits of five hundred ninety million dollars. And in 1942, with the whole wide world at war, life insurance payments right here in our own U. S. A. were two billion, four hundred two million dollars.



Mr. America, Mrs. America, Junior America, you may well express your gratitude to the men and women who persuaded you to buy the life insurance that made these payments possible. Theirs has been a noble service. They still have much work to do, and they keep right on doing it, in war and in peace — *always*.

Massachusetts Mutual
LIFE INSURANCE COMPANY
SPRINGFIELD, MASSACHUSETTS
BERTRAND J. PERRY, President

The Individual In A Corporate World

(Continued from page 1482)

dom of enterprise, let us be sure we can achieve security.

Let us first consider that security which is freedom from fear. The Atlantic Charter probably means only freedom from the fear of political dictatorship or external aggression. If that kind of freedom could be attained it might be worth almost any price—or so we feel at the moment as our thinking mirrors our present problems. But that is not the only kind of fear. We might come to fear other things just as much. There are all kinds of fear, and most of them cannot be removed by political means. Fear is a state of mind, a basic emotion in human psychology. Its cure is in the realm of psychology; political and economic measures may contribute to but cannot establish global peace of mind. A fearful person will find something to fear even if hunger and Hitler are purged from the world. I could still fear for my children's welfare, or my own health, or socialism in America and no world government or Atlantic Charter could help me. Freedom from fear, if limited to fear of war, might be attainable, but even then it might not be a bargain if the cost is too high.

Regarding freedom from want it is difficult to be optimistic. If the phrase means anything when considered globally, it means proposing to provide millions of people with something they do not now have, and which must therefore be created or given them by someone else. This is largely a material problem of world production, world organization, world distribution. It includes the age-old problem of poverty. Among the first immediate little problems Mr. Roosevelt and Mr. Churchill will have to face, to make good their promise, is that of preventing the annual floods in China which result in the yearly death or near-starvation of millions of Chinese. Another will be that of teaching 400 million inhabitants of India how to produce enough to feed and clothe themselves above a bare subsistence level, or else to produce enough to exchange for enough to satisfy even their modest wants. I question whether even Mr. Ickes would welcome that small part of the immediate job!

But what is probably meant (though not what is said) by the phrase "Freedom from want" is the right to work. But even a guarantee of the right to work would mean little in large areas of the world. Millions of tillers of the soil in Asia, for example, are already over-worked and exploited. To begin to give them any real economic freedom would require agricultural legislation and labor laws on a scale that would dwarf the greatest New Deal measures of this country. All that the most powerful world government could do would be to attempt to establish political and administrative conditions that might result in painfully slow but steady progress toward improved methods of production, improved standards of living, and the patient building up of capital resources. All this would have to be voluntarily accepted by hundreds of millions of people whose ideologies and values in life are far different from our own. The Four Freedoms are a Western conception, perhaps not acceptable, for centuries to come, to the East. We cannot erect a democratic world, or even a stable world, upon a set of ideas imposed upon reluctant peoples by force of arms, or by the pressure of financial aid, or even by supplies of food, goods and western education. No conceivable world federation could guarantee the global enforcement of the four freedoms.

My purpose in discussing the Four Freedoms is not to oppose them, but to analyze their impli-

cations upon the freedom of the individual in America. Assume the Four Freedoms, so ideal in theory, could be implemented; what, if anything, will they cost us in terms of our own freedom as we know it now?

First, they would cost every American so much in money—that is, in the income of his labor—that most of our present economic elbow room and nearly all of our private enterprise system would have to vanish. We know now that the duration will outlast the war, and that the taxes for the war alone will outlast the duration. Even if the national income could be brought to levels as yet undreamed of (or at least not mentioned) in Washington, it could not defray the cost of freeing the rest of the world from fear and want. And who but Americans would be able to defray the greater part of that cost? The raised standard of living for Asia alone could be realized only by a tremendous lowering of the American standard of living; a lowered standard of living means a decrease in economic freedom, and we have already learned that political freedom without economic freedom is only half a loaf.

But the challenge to American freedom is not only through high taxes and loss of private capital for individual enterprise. The realization of the Four Freedoms would demand a permanent efficiency of industrial production at least equal to present war-time levels. We know the extent to which normal American economic independence has had to be sacrificed to meet those levels. We regard present government controls as endurable through the war but unendurable and undemocratic in normal times. There could be no relaxation of those controls, no diminution of centralized government power and its bureaucracies if the Four Freedoms were to be realized. The economic totalitarianism of war would become the economic totalitarianism of the global securities. If you think that individual freedom is now limited by war controls, you must recognize that individual freedom, and particularly freedom of enterprise, would suffer at least equally from similar long-term peace controls.

This is not the argument of an isolationist—a word which in any case means little since it is so loosely applied. I should like to see all the ideals of the Atlantic Charter realized, but I should also like to see America remain recognizable as America. If both can be done, so much the better. But you have set me the subject of the individual in a corporate world, and my answer is to speculate, not without pessimism, upon that subject. Speculation upon the Four Freedoms is one method of approach, but even without the Four Freedoms the future of individual enterprise, as we have understood it in the past, does not seem to me rosy. The question is not whether individualism can be expanded but how much of it can be retained. The tendency toward centralization of power cannot be reversed. It is the tendency of modern industry to increase its efficiency by centralization of direction, and usually of production. It is the tendency of government to centralize for similar reasons, and also to be strong enough to control industry. Labor centralizes its organization in order to be strong enough to influence both. These unifying forces throw their weight toward urbanization, large scale housing and feeding plans, centralized labor markets, and all of those ways of life which add to group efficiency but diminish the stature and freedom of the individual. In fairness we should see that conservatives and busi-

ness men have contributed at least as much to these forces as liberals and farmers.

What we are experiencing is a world-wide change in the sources and vehicles of power. In such a period the individual always loses some part of his hard-won rights, and regains them, if at all, when the clash of old and new has quieted. For the balance of our lives, at least, private capitalism in America will play the role of self-starter and paid chauffeur, but government will give the general orders from the back seat! The American business man is the last person about whose four freedoms a global federation will show any concern.

There are even those who wonder whether the quest for security is good for the spirit of man. Their argument runs thus: "It has been the tradition of Americans to regard their Government as their servant, not their master. If, in times of stress, we come to depend upon government for our personal security; if we lean upon it as a staff, then that staff becomes indispensable and we will never again walk without it. Speaking of those who plan for security, Lord Bacon once wrote: "They become in the end themselves sacrifices to the inconsistency of fortune, whose wings they sought in their self-wisdom to pinion."

Ben Franklin put it more colloquially: "They that give up liberty to obtain a little temporary safety deserve neither liberty nor safety."

Certainly the cost of security for all is restricted freedom for each. To make the world physically safe for the individual man is not necessarily to make the world tolerable to him. Security of body does not insure freedom of mind or spirit. A man or woman achieves dignity and happiness by the proper use of intelligence, conscience and ability, and adequate freedom to use those endowments may be more important to them than the attempt to eliminate want and fear. As John Stuart Mill wrote:

"A state which dwarfs its men, in order that they may be more docile instruments in its hands, even for beneficial purposes, will find that with small men no great thing can really be accomplished."

The Archbishop of Canterbury recently spoke of the unavoidable increase in central control, but warned against "the enslavement of citizens" that might result, unless we "foster liberty alongside authority." If society becomes nothing more than a well-managed factory or public school then a man becomes nothing more than an employee or a pupil. Critics of big business have claimed that its heads are remote from the lives and wishes of their thousands of employees. What assurance is there that the heads of government will under similar circumstances be more aware and more sympathetic?

The welfare of democracy and the freedom of its citizens rests upon the welfare of John Jones the workman, Jim Smith the salesman, and Mary Robinson the school teacher. Their self-respect and their elbow room are what really count. They know that in the interests of a stable world and economic elbow room for others, they will have to give up some of the freedom they value. But they don't want to hand over their elbow room in return for a pig in a poke. They know these matters are complicated and they need time to think them through. John and Jim and Mary don't have much free time at present, and they don't pretend to more than average brains. It is their democracy, and its government must move slowly enough for them to keep up with it. No system will work without their voluntary support. They will stand for just so much external regula-

tion, and then they will nullify laws as they nullified Prohibition. They take their responsibilities seriously, for they believe with Mr. Justice Brandeis that "Democracy is a serious undertaking which substitutes self-restraint for external restraint." Without being able to say it quite clearly, John, Jim and Mary also know that freedom and responsibility are inseparable; that to be free one must be responsible, and that citizens who pass responsibility on to their government will have passed on the only coin which will buy their freedom. This makes them conservative about freedom, and as they watch other nations they understand what someone meant when he said "Democracy is the last refuge of the true conservative."

Because all the Johns and Jims and Marys are what they are, and as important as they are, it is essential that their government, in its concern for global freedom, move with moderation and cushion as best it can the blows of adjustment upon their personal lives.

John came home one night and read in the paper of the bill now pending in Congress which would establish permanent universal military training, after the war, for one year, for every boy of 18. John is just as patriotic as any Congressman, and just as anxious to win the war and win the peace. But he has two sons, and he knows how big and crucial is that particular year in the life of a young man of college age. He wonders if a year in the army, even admitting that it has certain advantages, is necessary for all young Americans after the war is over. Will it keep the boy from ever getting to college? John does some figuring with a pencil and wonders how America will need, in 1955, a potential army of some 10,000,000 trained soldiers, in addition to the 10,000,000 now in training. He wonders if now, when war emotions are high, is the best time to decide this matter wisely. He remembers that our forefathers feared a large standing army, and the reasons why they feared it. He recalls that his country survived some very difficult times without ever establishing universal peace-time compulsory military training. To set it up in war-time, for peace-time seems rather a drastic move. He wonders, a little cynically, who is really back of this bill, and why? He doesn't express his doubts for fear his friends will call him unpatriotic, but he isn't very happy about it. It doesn't seem to him to augur well for personal freedom under a centralized government. He thought he was alone in this reaction until he came on an old speech by John Sharp Williams, perhaps the best Senator Mississippi ever had, who said in Congress on March 28, 1918:

"A nation which lives in peacetimes under universal military service is a nation of slaves to exactly that extent."

John never took any part in politics and wouldn't know how to begin, but he wonders why someone doesn't say something, or at least ask a few questions.

Meanwhile Jim, who occasionally does a bit of heavy reading, came on a recent book by Professor Zechariah Chaffee of the Harvard Law School. The professor informed Jim for the first time of the real meaning of a bill called the Alien Registration Act, passed in Congress and signed by the President to become the law of the land on June 28, 1940. Jim discovered that most of the bill had nothing to do with aliens, but a great deal to do with the rights of American citizens.

Professor Chaffee, who should know, said it "contains the most drastic restrictions on freedom of speech ever enacted in the United States during peace." So far as Jim could make out, he and all

his friends could, under this bill, be fined \$10,000 or imprisoned for 10 years, and in addition lose their citizenship for five years, if their libraries contained certain speeches by Thomas Jefferson or Abraham Lincoln, or even the Declaration of Independence, or if they advocated changing their own municipal government to a city manager plan. It appears that the Government authorities have said they do not intend to interpret the Act that way, but there is the Act for some other authority, if he wants to, to interpret and apply to the full limit of its meaning. Jim wonders what forces got that law through Congress and what the real motives were. Is such a bill necessary to deal with all the saboteurs Mr. Dies says he has scared up, or has someone else an undisclosed axe to grind? Jim wrote his Congressman, but he didn't seem to know either. So Jim is wondering whether we ought not to clear the decks for the Bill of Rights in America before we get to work on freedom from fear for everybody in the five other continents.

Perhaps we need to sacrifice our freedom of enterprise, as we have understood it, in the interests of national efficiency, world peace, and world organization. Certainly we ought to spread that economic freedom a little more widely among all Americans; John and Jim will gladly pay their taxes and fill out all their government questionnaires, now and later, if that is necessary to give either our negroes or Madame Chiang's brave countrymen a better break. But John and Jim and I would like to be a little more clear just where that will leave us, and leave American democracy as we understand it, and above all leave our children, as regards their freedom. If we have figured it out wrongly, we would like to know whether our government has figured it out rightly, all the way through, before it moves too fast. We think we have a right to know, too!

Suspended From Exchanges

The Securities and Exchange Commission has ordered that Robert DeForest Boomer, partner in Auchincloss, Parker & Redpath with headquarters in the firm's New York office at 52 Wall Street, be suspended for a period of six months from the New York Stock Exchange, New York Curb Exchange, Washington (D. C.) Stock Exchange, and the Board of Trade of the City of Chicago, national securities exchanges.

Mr. Boomer admitted, according to the Commission, that he had induced the Legation "of a certain friendly foreign government," the name of which was withheld, to purchase bonds of the government it represented through Auchincloss, Parker & Redpath, and then confirmed the purchases to the Legation at prices in excess of their cost to the firm plus regular Stock Exchange commission. He also admitted, the Commission declared, that he had made secret profits for his firm in connection with the transactions and that he failed to make or keep any record of the transactions.

The Securities and Exchange Commission stated that it wished "to make it clear that, on the record before us, no other partner of Auchincloss, Parker & Redpath was in any way implicated in the misconduct of Boomer." The Commission also stated that "subsequent to the submission by Boomer of the . . . consent, the Legation received from Auchincloss, Parker & Redpath, a sum of money which the Legation has accepted as restitution for its losses resulting to it from the activities" of Boomer.



Today
**the Army has
 a New Mule...**

**Industry is helping win the war...
 industry must help build a peacetime world**

Today, all industries must produce as never before—must speed the output of food, tanks, planes, guns, ships and other instruments of war—must conserve vital supplies—that we may win quickly a decisive victory.

Tomorrow, all industries must continue to produce—beating swords into plowshares—to prevent world-wide unemployment leading to ultimate economic collapse.

If the world is to prosper there must be the same cohesion among the United Nations during the transition period and thereafter as now exists during the world-wide conflict. Internal stability here and in other nations can be gained and maintained only by sustained industrial production and by interdependence.

The people of this country, in common with the people of other lands, will prosper materially and spiritually when this war is ended but only if plans world-wide in scope are formulated promptly for
A JUST AND DURABLE PEACE.



THE INTERNATIONAL NICKEL COMPANY, INC.
 Subsidiary of The International Nickel Company of Canada, Limited
 New York, N. Y.



Tomorrow
**the Farmer will
 Harness It!**

ARTHUR
 TRIDLER

Post-War Investment Opportunities

(Continued from first page)

The country will be confronted with an unsolved tax problem.

"If the conditions tending to support business, the great accumulated needs and the enormous volume of surplus savings, are more powerful than the retarding influences, maladjustments in the price structure and taxes, the level of production and employment will be high. Furthermore, a high level of business will help eliminate maladjustments in the price structure and help to solve the tax problem."

Looking beyond the post-war boom, Dr. Slichter sees the real problems, however, for "the catching-up demand for durable goods will not last indefinitely." When the country has built up these to meet the demand of the particular volume of income, "shall we have another 1929?" he asked. "The shift from a catching-up economy to a self-sustaining economy will be more difficult than the shift from a war to a civilian economy. In order to achieve this shift without a severe collapse, advance planning is necessary." A summary of Dr. Slichter's paper follows:

I

The shift from war production to civilian production will not be followed immediately by an economy which may be regarded as normal. A decade or more may be required before more or less normal relationships have established themselves.

Six principal respects in which the post-war economy will be highly abnormal will be:

1. There will be an enormous need for goods based upon deferred purchases. No estimates of these needs pretend to be very accurate. By the middle of 1943, however, the deferred demand for durable consumer goods will exceed \$3,000,000,000. The deferred demand for housing will be in excess of \$1,500,000,000. There are already large postponements of private maintenance, public works and public maintenance. All in all, the accumulated deferred demand by the middle of 1943 will be about \$10,000,000,000. By the middle of next year it will be about \$25,000,000,000. These estimates are very rough, but they are on the low side. For example, they take no account of the needs produced by extra wear and tear on equipment from two and three-shift operation and from hard usage and inadequate maintenance under war conditions.

2. There will be a substantial need for goods arising out of geographical shifts in population.

3. The country will have accumulated a backlog of investment opportunities because of technological progress during the war.

4. There will be an enormous potential demand for goods based upon the great accumulation of liquid assets brought about by the war. Indeed, the growth of liquidity among individuals is perhaps the most sensational economic development of the last two years. During 1942, gross savings by individuals were \$30,600,000,000. Of this amount, \$23,000,000,000 were in highly liquid form—cash, demand deposits, time deposits, war savings bonds, and the reduction of indebtedness. The accumulation of cash and demand deposits alone by individuals in 1942 was \$10,600,000,000. In 1941 also, there were large increases in liquid savings. As the present time, individuals, apart from corporations, have accumulated well over \$30,000,000,000 of savings in liquid form. They are savings which they intend sooner or later to convert into goods. By the end of the year the liquid savings of individuals are likely to exceed \$50,000,000,000. Never in the country's history has there

been a reserve against unemployment even approaching this in magnitude.

5. After the war the country will find itself with a price structure which will require many readjustments. This is partly because the war has greatly increased the demand for some commodities and not others, it has cut off the supply of some commodities and not others, and because government controls of prices of finished goods have been more effective than its controls of raw materials and wages. Between August, 1939, and December, 1942, wholesale prices of finished goods advanced 26%; raw materials, 58.5%, and the hourly earnings of factory workers, 43.1%.

6. The country will be confronted with an unsolved tax problem. The needs of the Federal Government after the war will be roughly two or three times its prewar needs—and the Government never succeeded in meeting by taxes more than two-thirds of its prewar needs. In the twenties, the entire budget of the Federal Government was less than half of corporate profits in a good year. Hence, it was possible for the Government to meet its needs without taking a very large part of the profits of successful ventures. After the war, the ordinary budget of the Federal Government will be three or four times as large as corporate profits in a good year. It will not be easy for the Federal Government to meet such large needs without taking a large part of the income of successful business enterprises.

II

If the conditions tending to support business (the great accumulated needs and the enormous volume of "surplus savings") are more powerful than the retarding influences (maladjustments in the price structure and taxes), the level of production and employment will be high. Furthermore, a high level of business will help eliminate maladjustments in the price structure and help to solve the tax problems. If employment after the war is approximately 55,000,000,000 out of a postwar working force of 57,000,000,000, the gross national product (at 1942 prices) will be about \$155,000,000,000.

With the income created by gross national expenditures of approximately \$155,000,000,000 a year there would be an enormous amount of "catching-up" to do. For example, the stocks of various durable goods which we choose to maintain are related to the level of income. At the incomes created by a gross expenditure of \$155,000,000,000, the country would wish to have a stock of between 34,000,000 and 35,000,000 automobiles. This is over 5,000,000 more than we had in 1941 and about 11,000,000 more than we shall probably have when the war ends. If one allows for retirement of cars of 2,300,000 a year, an output of 5,000,000 cars a year for four years would be required to enable us to "catch up" in adjusting the supply of cars to the level of income. If production were 4,000,000 cars a year, about six years would be required.

The situation with respect to housing is similar. The increase of families alone will produce a demand for several million additional houses by 1945. Far more important will be the effect of higher incomes upon the quality of housing demanded. Expenditures on shelter seem to follow a more or less persistent pattern. Men spend on shelter about one-fifth of their incomes after taxes and savings, and this proportion holds as incomes rise and fall. In 1940, the outlay of non-farm families on shelter averaged ap-

proximately \$27 a month. With incomes roughly 50% above 1940 there would be an enormous increase in the demand for housing of good quality—with a rental value well above the average of 1940. Estimates of this demand cannot claim precision, but it is probable that by 1945, with the gross national expenditure of \$155,000,000, there will be a "catching-up" demand for four to five million dwelling units, representing a construction cost of \$15,000,000,000 to \$20,000,000,000. Shifts of population produced by the war will raise this demand. If one assumes normal needs of \$2,000,000,000 a year as the minimum, four or five years of residential construction at the rate of \$6,000,000,000 a year will be required for us to catch up.

Gross national expenditures of \$155,000,000,000 would mean substantial increases in the demand for all kinds of consumer goods above the levels of 1940. The increase in the demand for specific articles would vary considerably because additions to income would not necessarily be spent in the same way as incomes were spent in 1940. The rise in the demand for various articles, however, would average about 50% above the levels of 1940. Expenditures on both food and clothing, for example, would be about 50% above 1940. The index of industrial production which would accompany gross national expenditures of \$155,000,000,000 would be 180 to 185—compared to an average of 123 in 1940. For such a rate of production the plant and equipment of the country are far too small. This is indicated by the fact that an index of industrial production of 196 in December, 1942, was achieved only by the extensive use of second and third shifts and of overtime.

III

The "catching-up" demand for durable goods in plant will not last indefinitely. When the country has built up these to meet the demand of the particular volume of income, shall we have another 1929? The shift from a "catching-up" economy to a self-sustaining economy will be more difficult than the shift from a war to a civilian economy. In order to achieve this shift without a severe collapse, advance planning is necessary. The shift is likely to be accomplished more smoothly if it is spread over an extended period. It is also likely to be accomplished more smoothly if the level of consumption in relation to incomes does not become too abnormally high during the "catching-up" economy. In order to spread the "catching-up" economy over as many years as possible and to limit the abnormal rise of consumption in relation to incomes, the following steps are suggested:

1. Encourage the holding of war savings bonds until maturity.

2. Discourage individuals from rapidly spending their large accumulations of cash and demand deposits. To the extent that individuals convert cash or demand deposits into annuities or insurance, the problem of shift will be facilitated.

3. Encourage business enterprises to plow back a large proportion of their earnings rather than distribute them as dividends.

4. Tax less heavily income from risk taking.

When the critical period of transition from a "catching-up" economy to a self-sustaining economy occurs, it will be particularly important that the spirit of adventure in the community be high. It is fairly easy for the economy to put to work large quantities of investment seeking funds and to adjust itself to drops in the propensity to consume, provided the spirit of risk taking flourishes. The encouragement of risk taking will require new developments in public policy. During the last ten years, public policy has treated the

Wholesale Price Movement And Cost Of Living Compared With Stock Market For War Years

The March number of the League of Nations "Monthly Bulletin of Statistics" which has just been published by the League of Nations Mission at Princeton, N. J., contains, in addition to the usual tables, two sets of graphs, one illustrating the movement of wholesale prices and cost of living, and the other the movement of the market value of industrial shares. Both cover the war years up to the end of 1942.

Wholesale prices and the cost of living have risen in all the 34 countries included in the diagram. In most countries the cost of living has risen less than wholesale prices. The magnitude of the increase in wholesale prices and the lag between these prices and the cost of living vary considerably from one country to another.

In the United States wholesale prices at the end of 1942 were 32% higher than in the first half of 1939 and cost of living 22% higher. Both had risen more than in Canada, although prices in Canada started to rise immediately after the outbreak of war while in the United States wholesale prices did not begin to rise till the latter part of 1940 and the cost of living till the second quarter of 1941. Wholesale prices in the Argentine, Peru and Chile rose during the period covered to much the same extent (80% to 90%), but the cost of living rose 80% in Chile, rather less than 40% in Peru and as little as 13% in the Argentine.

In the United Kingdom wholesale prices were practically unaltered during the last nine months of 1942 at a level some 65% above the January-June, 1939, average, and the cost of living showed little change since the beginning of 1941 at a level about 30% above that average.

In India wholesale prices towards the end of 1942 stood about 130%, and the cost of living about 65%, above the pre-war level; more than half of these rises occurred after February, 1942, when the country was preparing for military operations. In Egypt, still closer to the war zone, wholesale prices were up over 100% and cost of living nearly 80% by July, 1942. But by far the greatest rise has been in China, where both series by the end of the third quarter of 1941 were 500% above the pre-war average.

In Australia and New Zealand wholesale prices and cost of living had risen about 40% and 20%, respectively, up to the end of 1942.

In Germany wholesale prices and cost of living have been firmly held down to about the same level, each showing at the end of 1942 an increase of less than 10% over the pre-war level. Elsewhere in Continental Europe wholesale prices have risen considerably; up to the closing months of 1942, by 90-100% in Switzerland, Denmark and Portugal, by about 80% in Norway and Sweden and by over 70% in Spain; up to July, 1942, by nearly 115% in Finland; up to April, 1942, by nearly 140% in Turkey. Corresponding increases in the cost of living were: nearly 100% in Turkey, 80% in Finland, almost 70% in Spain, about 55% in Denmark and Portugal and almost 50% in Norway and Sweden. In Yugoslavia the cost of living in July, 1942, was 230% over the pre-war level.

The market value of industrial

shares at the end of 1942 was 25% below the pre-war level in Canada, 15% below in the U. S. A., 3% above that level in Australia, and somewhat higher in the United Kingdom. In these four countries the movement has been similar, reflecting but with unequal intensity the varying fortunes of the war, and in all of them the movement has been on the upward grade since the first or second quarter of 1942. In Japan the movement has been almost exactly the reverse of that in the United States.

In Mexico there has been a remarkable rise in the share values unaccompanied by any comparable rise in the price indices amounting to nearly 300% by the end of 1942, whereas in Chile, where prices have risen considerably, share values, after wide fluctuations, dropped in the middle of 1942 to a point 7% below the pre-war level.

In Continental Europe stringent governmental measures have been adopted generally to check increases in the value of shares. Nevertheless, in Axis-dominated Europe inflationary tendencies, excessive liquidity and lack of confidence in the currency have forced up these share values far above the pre-war level. In the last month of 1942 share values exceeded that level by nearly 500% in France, by nearly 300% in Hungary, by 270% in Belgium, by over 100% in Finland and by over 80% in the Netherlands; in Denmark, however, the increase was at no time more than some 30%. In Germany share values had risen nearly 60% by the last quarter of 1941, but as a result of further restrictive orders have changed little since. No such increases occurred in neutral Sweden and Switzerland, the total increase up to December, 1942, being under 10% in both countries, although the Swedish index has been 18% over the pre-war average in the previous August.

The volume of note circulation, following the seasonal trend, fell off in many but not all countries between the end of December, 1942, and the end of January, 1943. The decline amounted in Czechoslovakia to 6.7% in Slovakia and 2% in the Bohemian and Moravian protectorate, in Colombia to 5.4%, in Sweden to 5.1%, in Turkey to 4.7%, in Switzerland and Ireland (up to 21.1) to 4.6%, in Denmark to 4.5%, in Germany and New Zealand to 2.9%, in Canada to 2.3%, in Finland to 1.8%, in the United Kingdom to 1.7%, in Roumania to 1.4%, in Cuba to 1.2% and in Venezuela to 0.5%. Increases were registered over the same period in India (4%), Australia (2.8% up to 18.1), Belgium (2.1%), Costa Rica (1.4%), France (1.3%), the Netherlands (0.8%), the United States (0.6%) and Hungary (0.5%).

risk taker pretty harshly. One might almost infer that the government did not wish anyone to attempt to make his living by giving jobs to others. No nation can become rich by discouraging risk taking. The nation which wishes a high standard of living must regard innovators, experimenters, and starters of enterprises as peculiarly useful citizens and must be willing to go out of its way to furnish them a congenial and hos-

pitable environment. This can be done while at the same time protecting the right of workers to organize and giving workers the protection of an adequate system of social security. The country should not lose sight of the fact, however, that high levels of employment require that a substantial proportion of citizens seek to derive at least part of their incomes from giving jobs to others rather than from holding jobs.



PERE MARQUETTE RAILWAY COMPANY

SUMMARY OF 1942 OPERATIONS:

OPERATING REVENUES. Reflecting the expansion of freight and passenger traffic resulting from the war, operating revenues in 1942 amounted to \$44,311,307, as compared with \$39,048,003 in 1941, an increase of \$5,263,304, or 13.5%, and were higher than in any year since 1929 when they totalled \$48,468,439.

OPERATING EXPENSES. Operating expenses in 1942 amounting to \$32,544,485, showed an increase over 1941 of 14.7%. The operating ratio, which means the proportion of revenues consumed by operating expenses, increased less than one per cent. Of the increase of \$4,181,971 in 1942 over 1941, \$1,381,014 was due to wage increases.

TAXES. Railway tax accruals in 1942 amounted to \$4,819,071, an increase over 1941 of \$1,415,682, or 41.6%, and an increase over 1929 of 62.7%. United States income tax and surtax increased \$436,049, and Canadian income and excess profits taxes increased \$928,517.

In 1942, taxes were the largest of any year in the

history of the Company, having doubled in the last three years. Taxes consumed 10.87% of operating revenues in 1942, as against 8.71% in 1941, and 6.11% in 1929.

Tax accruals amounted to 135% of net income in 1942, as compared with 105% in 1941, and 40% in 1929.

NEW INDUSTRIES. During the year, eighty-five new industries were established on the Pere Marquette, for whose account 18,342 cars of freight were handled, producing revenue in 1942 of \$1,349,811. It is estimated that in 1943 these new sources may account for 30,250 cars of freight and produce revenues of approximately \$1,850,000.

Of these 85 new industries it is believed that 63 will continue to operate after the war is over.

FINANCIAL AND DIVIDEND POLICY. While net income for the year was \$3,569,065, the directors, after full consideration, deemed it unwise to declare any dividends during 1942. There are immediate and specific reasons for this. But before considering them,

it will be interesting to review twelve years of Pere Marquette operations:

1931.....0.79%	1937.....2.74%
1932.....0.20%	1938.....0.53%
1933.....1.07%	1939.....2.07%
1934.....1.64%	1940.....2.48%
1935.....3.04%	1941.....3.54%
1936.....3.45%	1942.....3.64%
Twelve-year average.....2.10%	

While the 3.64% return for 1942 was the best in twelve years, it was considerably under 5.56%, the average return for all Class I railroads. And the average Pere Marquette return during this whole twelve-year period, 2.10%, must be compared with 2.44%, the average return for all Class I roads.

It may be well to recall that during this twelve-year period beginning with 1931, the last year in which dividends were paid on all classes of stock, the total net income of the railroad was \$5,069,262. During these same years, the total of all dividends paid to all our stockholders was \$5,061,778, which is almost equal to the entire net income for the period.

At the end of this twelve-year period, however, the outstanding debt was almost as large as at the beginning, the net reduction having been less than one million dollars; and in five of the twelve years the interest charges on debt were not fully earned. Deficits have been met and improvements to the property have been financed by short-term borrowings (since repaid) and out of depreciation and retirement charges to operating expenses. This situation has unfavorably affected the Company's credit. Even today, despite the improved earnings, the First Mortgage Bonds with high coupon rates are selling in the market at very substantial discounts. Unless the financial strength and credit rating of the railroad can be substantially improved during the next twelve years, the refunding or payment of some forty million dollars of First Mortgage Bonds coming due in 1956 will present a major problem.

REDUCTION OF DEBT. In October 1942, when it became evident that Pere Marquette earnings were on the upswing as a result of war traffic, the directors initiated a program of debt reduction to strengthen the financial position of the road by purchasing its First Mortgage Bonds at prevailing discounts. By the end of the year some two and one-quarter million dollars of these bonds had been retired, and in 1943, additional purchases have been made.

It is the present intention of the directors to pursue this policy of debt reduction as additional funds become available, to the end that the Company's credit will be strengthened, the refinancing of its bonds undertaken, and dividend payments resumed in due course.

SOURCES AND DISPOSITION OF INCOME

	1942	1941	Increase Decrease
<i>Our income came from the following sources:</i>			
Revenues from hauling freight other than coal and coke..	\$34,457,564.28	\$30,909,018.47	\$3,548,545.81-I
Revenues from hauling coal and coke.....	5,639,030.59	4,986,134.36	652,896.23-I
Revenues from hauling passengers.....	2,125,624.89	1,089,319.05	1,036,305.84-I
Other transportation revenues.....	2,089,087.74	2,063,531.40	25,556.34-I
Rent from equipment used by others, less amounts paid to others	43,372.08	580,296.74	623,668.82-I
Dividends from stocks owned.....	79,133.25	78,474.50	658.75-I
Other income from non-railroad operations.....	593,259.56	442,616.32	150,643.24-I
Total	\$45,027,072.39	\$38,988,797.36	\$6,038,275.03-I
<i>We disposed of our income as follows:</i>			
Wages	\$16,308,292.49	\$14,384,367.16	\$1,923,925.33-I
Materials, supplies, and fuel.....	6,844,531.26	6,731,155.56	113,375.70-I
Taxes, other than Federal and Canadian tax on income...	2,356,280.42	2,305,164.29	51,116.13-I
Payments to contractors, associations, other companies, and individuals for services and expenses.....	3,254,962.72	2,929,800.58	325,162.14-I
Rentals and expenses paid for facilities used jointly with others, less amounts received from others.....	2,661,891.34	2,160,177.09	501,714.25-I
Interest on debt.....	3,218,669.68	3,228,512.50	9,842.82-D
Depreciation, amortization, and retirements.....	4,350,587.60	2,914,488.60	1,436,099.00-I
Total	\$38,995,215.51	\$34,653,665.78	\$4,341,549.73-I
Net Income before Federal income and Canadian income and excess-profits taxes.....	\$ 6,031,856.88	\$ 4,335,131.58	\$ 1,696,725.30-I
Federal income and Canadian income and excess-profits taxes	2,462,791.00	1,098,225.00	1,364,566.00-I
Net Income	\$ 3,569,065.88	\$ 3,236,906.58	\$ 332,159.30-I
<i>Disposition of Net Income was as follows:</i>			
Appropriations for Sinking and Other Reserve Funds.....		1,250.00	1,250.00-D
Balance remaining for other corporate purposes.....	\$ 3,569,065.88	\$ 3,235,656.58	\$ 333,409.30-I

The above are summary excerpts from our current Annual Report and are published only for the information of stockholders. Any stockholder failing to receive a copy of the Report will be furnished one on request to the Secretary, Terminal Tower, Cleveland, O.

What Are We Fighting For?

It is most desirable that this question be answered simply and honestly by those in a position to speak for the nation. We are fighting for survival, as are the British, but then what? We have been given the Atlantic Charter and the Four Freedoms, but to the average American they mean very little. They are too general, too nebulous. What are the goals for this country as a country?

Are we fighting for a perpetuation of economic planning and bureaucratic control which run in the face of the experience and wisdom of our ancestors? Are we fighting for a strong, virile future or one of sentimental social experimentation? Are we fighting for a further factionalization of the country or for a united nation? How seldom do people now think in terms of the nation, or pass laws for the country as a unit. Are we not rapidly becoming an aggregation of factions—the farm bloc, organized labor, the bureaucracy, the unemployables, and soon there may be the veterans of the present war who politically can present a formidable front. Are we fighting for equal rights of all men under law, for the rights of minorities, however small? Are we fighting for government by law or by executive edict? Are we fighting for a way of life in which the individual is free to find his own level in the economic scale and be compensated in proportion to his contribution, or for a system which attempts to emulate the beehive? In the last analysis only the people can answer these questions, but it is high time for their spokesmen to enunciate clear cut principles which are sound and simple and can serve as a compass in the trying days ahead.

If we are to remain true to our Anglo-Saxon traditions, these principles are already formulated for us and are to be found in the social and political literature of this country, England and France. They have been gleaned by bitter experience. If we are to be a free nation, a solvent nation, a vital, united people with a high degree of economic well-being, such principles might take a form

and expression somewhat as follows.

I. There shall be the strictest economy in government.

A profligate government only leads to overpowering taxation, an uncertain currency, and ultimately to violent social change in which the rights of the individual are destroyed.

II. There shall be government by law which guarantees protection to the person and property of the individual and under which all men are equal.

Only under government by law can the person and property of the individual have protection. Without such protection, freedom is a fiction.

III. There shall be free markets throughout the nation for the goods, services and capital of the individual.

Factions, combinations in restraint of trade, blocs and all types of political pressure groups are instruments of national discord, whose sole aim is to gain artificial advantage at the expense of other citizens of the nation.

These principles guarantee no one against want. They guarantee something much more precious—the right to be free, the right for man to realize his capabilities, the right to be a man among men, to work without paying subsidy, not a creature of the State, a pawn of politicians. Just what are we fighting for? What is the goal of this country ten years hence? Let it be expressed sincerely in words we can understand, that really mean something definite.—From a recent Market Letter put out by Van Alstyne, Noel & Co.

War Contract Cancellation Policy Formulated In Advance Major Need: Conference Board

Asserting that cancellation of war contracts will again become a major national issue on Armistice Day, the Division of Industrial Economics of the National Industrial Conference Board suggests that "a fully integrated cancellation policy formulated in advance of the end of the war" would facilitate post-war readjustment.

Cancellation of war contracts by all Government agencies may aggregate from \$25,000,000,000 to \$60,000,000,000, or even more, depending upon assumptions which cannot be verified at this time, according to the Board. It points out that in the last war total cancellations of all Government agencies were the equivalent of 23% of total war expenditures through April, 1919 but whatever the actual scale of the aftermath of cancellations following the close of World War II, the disruptions and problems arising from curtailment and revocation of war work in process will necessarily be intensified as compared with World War I by the greater proportion of national resources devoted to the present conflict. The Board adds that the number of civilians engaged in war work is currently about two and a half times as great as in the last war; fully half of all industrial production and of the nation's gross national product is being channeled into the war effort as against a maximum of a fourth for World War I.

Upon conclusion of a study of the experience of World War I and of the existing situation as regards the much larger war contracts of World War II, the Board concludes that a cancellation policy carefully formulated in advance "would clarify the complex relationships developed during the war among Government, prime contractors, subcontractors, and basic material suppliers. The

Board also has the following to say:

"Cancellation problems of World War I were complicated and prolonged by failure to prepare adequately for that eventuality during the war. At the time of the Armistice, the War Department had numerous informal contracts outstanding which were legally defective while many of the formal war contracts did not contain cancellation clauses. The standard clause was not adopted until the final six weeks of hostilities. Each of the Army's 31,000 claims, according to the late Secretary Baker, was a potential law suit.

"Over two-fifths of these claims remained unliquidated by June 30, 1919, while a tenth of them required two years or more of investigation and negotiation. When cancellation terms are left to post-war decision, it is inevitable that more time is absorbed on this feature than when the contract was originally drawn. The post-war environment involves a shift of relations between Government and private industry compared with their war relationship. War urgencies invest the Government with a commanding authority overshadowing business arrangements. After an armistice the relationship is restored to a legal-economic basis, with a greater emphasis upon the relative bargaining power of each contracting party."

Controls Will Check Inflation But Cannot Halt The Spiral

Various recent anti-inflationary moves will check but not halt the inflation spiral according to the United Business Service.

The President's strong stand on prices will unquestionably stiffen the resistance of the War Labor Board to wage demands. Similarly, the cut in rail rates is expected to spike the demands for higher railroad wages, and at the same time help in the control of industrial goods prices by lowering transportation costs. The April war bond drive is aimed to take up enough purchasing power to ease the inflation pressure on both commodities and stocks.

But these efforts, or any others of a similar nature, will not stop permanently the inflationary spiral of higher prices, higher wages, rising costs of production, and still higher prices. Such legal limitations on the rise of wages and prices do not touch the roots which nourish inflation.

It is absolutely necessary for the Government to spend vast sums to

maintain and equip our military forces, and to sustain our Allies. Total spending this year will be close to \$100 billion. Of this amount, tax receipts will probably cover about 30%. About \$70 billion must be borrowed. Probably not more than \$40 billion of this will be taken up by private and institutional investors (other than banks). The rest must come from the banking system.

Member banks of the Federal Reserve System can subscribe to Government bonds by placing the price of the bond to the credit of

the Treasury on their deposit books. They need only put up a reserve of 20% of the resulting increase in their deposits with the District Federal Reserve Bank (14% in the case of "country" banks). This raises total available buying power in the form of demand deposits subject to check by the amount of the bank's subscription less required reserve. Not all banks use this privilege, but the net result is to expand bank deposits by 70-80% of the amount of bonds banks buy. More than \$20 billion will thus be added to the nation's effective money supply this year. This is a potent inflation force that cannot be nullified by legalistic restraints on wages and prices.

To Pay Further Div. On Jt. Stock Land Bank Bonds Of Portland, Ore.

George B. Guthrie, Receiver of the Oregon - Washington Joint Stock Land Bank of Portland (Ore.), issued the following announcement to all persons having claims against the bank represented by bond, coupon obligations or receiver's certificates:

"A further dividend designated as dividend number 6, in an amount equal to 10% of the outstanding principal of farm loan bonds issued by the Oregon-Washington Joint Stock Land Bank of Portland, Portland, Ore., and unmaturing interest accrued thereon up to and including April 30, 1936, has been declared as of the close of business April 15, 1943.

"This dividend is being distributed out of the proceeds derived from the liquidation of pledged assets of the bank and is payable only to persons who have proved and filed claims against the bank upon such bonds and/or interest coupons representing said unmaturing interest. Holders of interest coupons which matured prior to May 1, 1936, will not participate in this dividend as to such coupons inasmuch as such coupons are payable from a special trust fund on deposit with The United States National Bank of Portland, Ore.

"The dividend is payable to persons who, at the close of business on April 15, 1943, are registered holders of receiver's certificates as to the delivery of bonds and/or coupons to the receiver and of the making of proof of claim thereon, and to all other persons having claims against the bank which are based upon the aforesaid bond and/or coupon obligations if, as, and when such persons deliver their respective obligations to the receiver and make the required proof of claim relative thereto.

"As provided in the receiver's certificate, checks for the amount of such dividend will be mailed to said registered holders of said receiver's certificates at their respective addresses as the same appear upon the books of the Receiver. The books of the Receiver will not be open from April 15, 1943, to April 30, 1943, both dates inclusive, for registration of transfers of receiver's certificates. It is anticipated that dividend checks will be mailed on or about April 30, 1943.

"Holders of bonds and coupons, who have not delivered their bonds and coupons to the Receiver and have not made proof of claim thereon, should promptly secure from the Receiver the forms necessary for such delivery and such proof."

SEC Survey Of Return On Invested Capital

The Securities and Exchange Commission on April 11 made public another in the series of statistical reports of the "Survey of American Listed Corporations." This survey of Return on Invested Capital" is based on data taken from registration statements and annual reports filed with the Securities and Exchange Commission by corporations having securities registered on Dec. 31, 1941, under the Securities Exchange Act of 1934. From the advices made available by the SEC we also quote:

"Eight hundred and seventy-eight companies and their consolidated subsidiaries having invested capital of approximately \$29,000,000,000 in 1941 are included in this survey which covers the years 1936-1941 inclusive. The companies classified in 59 manufacturing groups were selected because of their importance to the war effort.

"It is a survey of profits and invested capital and data are presented for each company and for combined industry groups. Some of the more important items shown in the report are invested capital; net profit before prior claims, interest and income taxes; provisions for income taxes; net profit after all charges; and the ratio of net profit before prior claims, interest and income taxes to invested capital; the ratio of net profit before income taxes to invested capital, and the ratio of net profit after all charges to invested capital.

"A combined summary for all 59 manufacturing groups is presented in the following table:

	1936	1937	1938	1939	1940	1941
GRAND TOTAL (Dollar Figures in Millions)						
No. of registrants in each year	1936	1937	1938	1939	1940	1941
Invested capital	795	836	840	848	858	864
Net profit before prior claims, interest and income taxes	25,036	26,572	26,730	27,097	27,493	28,739
Prior claims and interest	2,711	3,171	1,562	2,444	3,559	6,050
Provision for income taxes	208	223	210	210	201	199
Net profit after all charges	404	522	273	413	1,052	3,009
Net profit before prior claims, interest and income taxes as a percent of invested capital	10.8	11.9	5.8	9.0	13.0	21.1
Net profit before income taxes as a percent of invested capital	10.0	11.1	5.1	8.3	12.2	20.4
Net profit after all charges as a percent of invested capital	8.4	9.1	4.0	6.7	8.4	9.9

"The combined data show that 'Net Profit before Prior Claims, Interest and Income Taxes as a percent of Invested Capital' was 10.8% in 1936, 11.9% in 1937, declined to 5.8% in 1938, and thereafter increased to 9.0% in 1939, 13.0% in 1940 and 21.1% in 1941. Following a similar pattern 'Net Profit before Income Taxes as a percent of Invested Capital' rose from 10.0% in 1936 to 11.1% in 1937, declined to 5.1% in 1938 and thereafter rose from 8.3 in 1939 to 12.2% in 1940 and 20.4% in 1941. 'Net Profit after All Charges as a percent of Invested Capital' rose from 8.4% in 1936 to 9.1% in 1937, declined to 4.0% in 1938, and then rose to 6.7% in 1939, 8.4% in 1940 and 9.9% in 1941."

The rates of return on invested capital for five of the largest industry groups in the study having assets of over \$2,000,000,000 each in 1941 are summarized in the following table:

Oil Refining:	1936	1937	1938	1939	1940	1941
Net profit before prior claims, interest and income taxes as a percent of invested capital	8.11	10.19	5.85	5.91	7.09	10.48
Net profit before income taxes as a percent of invested capital	6.94	8.96	4.75	4.90	6.11	9.50
Net profit after all charges as a percent of invested capital	6.00	7.74	3.95	4.20	4.92	6.84
Steel Producers with Blast Furnace Facilities:						
Net profit before prior claims, interest and income taxes as a percent of invested capital	5.11	7.57	0.82	4.96	9.83	17.37
Net profit before income taxes as a percent of invested capital	4.25	6.74	(0.10)	4.01	8.81	16.66
Net profit after all charges as a percent of invested capital	3.52	5.30	(0.30)	3.22	6.49	7.01
Non-Ferrous Metals Incl. Smelting and Refining:						
Net profit before prior claims, interest and income taxes as a percent of invested capital	9.21	13.33	7.19	10.48	13.54	17.67
Net profit before income taxes as a percent of invested capital	8.87	13.06	6.94	10.25	13.38	17.54
Net profit after all charges as a percent of invested capital	7.56	11.04	5.78	8.32	9.40	10.20
Chemicals:						
Net profit before prior claims, interest and income taxes as a percent of invested capital	16.17	15.55	8.85	14.30	18.56	25.96
Net profit before income taxes as a percent of invested capital	15.63	15.16	8.52	13.92	18.22	25.64
Net profit after all charges as a percent of invested capital	13.45	13.01	7.32	11.80	12.15	12.33
Automobiles:						
Net profit before prior claims, interest and income taxes as a percent of invested capital	30.35	23.91	9.92	19.84	27.20	39.76
Net profit before income taxes as a percent of invested capital	30.23	23.74	9.76	19.56	27.09	39.60
Net profit after all charges as a percent of invested capital	25.34	18.96	7.40	15.63	16.51	17.38

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Bank and Insurance Stocks
This Week — Bank Stocks
 By E. A. VAN DEUSEN

Last week this column discussed how relatively short-lived may be industrial leadership, as exemplified in the changing composition of the Dow-Jones Industrial Average, and how relatively enduring is leadership in the fire insurance field. This same quality of enduring leadership is also a characteristic of commercial banking.

Banking is an essential and irreplaceable service, without which neither business nor government could function efficiently. Hence, it is immune to those destructive technological changes which so often sound the death knell of hitherto prosperous industrial and business enterprises. As a result, leadership in banking has endured, and the leading banking institutions of our grandfathers are also among the leaders of today. They have interesting and even romantic histories, and many of them have played important roles in the Epic of America.

Bank of New York, New York; Age 159 Years—Organized five years before the adoption of the Constitution of the United States. Of all the founders of the bank, Alexander Hamilton, then but 27 years of age, played for several years the most active part. It was the first bank in New York, and for 15 years the only bank. Dividends have been paid continuously since organization.

Bank of The Manhattan Co., New York; Age 144 Years—Chartered in 1799 as a water company, but through the astuteness of Aaron Burr a clause was written into its charter permitting its surplus to be used "in any other monied transaction not inconsistent with the Constitution and laws of the State and the United States." In 1842, the City of New York inaugurated its own water system and thereafter the company devoted itself exclusively to banking operations. Its unbroken dividend record extends back 96 years.

Manufacturers Trust Co., New York; Age 131 Years—Though organized in 1905 as the Citizens Trust Co. of Brooklyn, its history dates back to the organization of the New York Manufacturing Co. in 1812 and of the old Phenix Bank founded in 1812. The present institution represents successive mergers of more than a score of smaller ones over a period of several years. Dividends have been paid in every year since 1909.

National City Bank, New York; Age 131 Years—Organized in 1812 as the City Bank of New York, it opened its doors but a few days before war broke out, and actively assisted the Government to float its war loans. It is the second largest bank in the United States. Dividends have been paid uninterruptedly since 1853.

Chemical Bank and Trust Co., New York; Age 120 Years—Chartered as the New York Chemical Manufacturing Co. in 1823, the year in which President Monroe formulated the "Monroe Doctrine." It conducted a combined chemical and banking business until 1844, when the chemical department was liquidated. In the panic of 1857 it was the only bank in New York to maintain specie payment and was dubbed "Old

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Bullion. Its unbroken dividend record is 116 years.

Irving Trust Company, New York; Age 105 Years—Established in 1851 during the early years of the California gold rush; it was named after Washington Irving, in whose honor a dinner was given to celebrate the opening of the bank. If consideration is given to banks which have been merged, its history dates back to 1838 when, during the Presidency of Martin Van Buren, The American Exchange Bank was organized. Dividends have been paid without a break over the past 38 years.

Guaranty Trust Company, New York; Age 104 Years—Although organized as the New York Guaranty and Indemnity Co. in 1864, its history actually commenced with the founding of the National Bank of Commerce in 1839, which merged with Guaranty in 1929. It became especially prominent at the time of World War I, when it was credited with handling more foreign business than any other American banking institution. Its unbroken dividend record is 51 years.

Central Hanover Bank & Trust Co., New York; Age 92 Years—Traces its history back to pre-Civil War days when, in 1851, Hanover National Bank was organized. It was originally located in the famous India House on Hanover Square, New York. Its unbroken dividend record extends back 79 years.

Corn Exchange Bank Trust Co., New York; Age 90 Years—Organized in 1853, during the period of prosperity which followed the discovery of gold in California. It was one of the first banks to realize the possibilities in branch banking, legalized by the New York State Legislature in 1898. Dividends have been paid without a break since the year of organization.

United States Trust Company, New York; Age 90 Years—Chartered in 1853 by an act of the New York State Legislature; it was one of the first companies organized in the country to transact exclusively the business of a

trust company. Dividends have been paid uninterruptedly since 1854.

First National Bank, New York; Age 80 Years—Organized in 1863, it was the first bank to receive a charter under the National Bank Act of 1863. For many years it has been closely affiliated with the House of Morgan. It deals almost exclusively with large accounts. Dividends have been paid without interruption since 1864.

Chase National Bank, New York; Age 66 Years—Organized in 1877, during the secondary post-Civil War depression, and named after Abraham Lincoln's Secretary of the Treasury, Salmon P. Chase. It now ranks as the largest bank in the country. Dividends have been paid uninterruptedly since 1878.

New York Trust Co., New York; Age 54 Years—Established in 1839 as New York Security and Trust Co., at the height of the railroad building boom. It is commonly known as a Morgan bank. Its unbroken dividend record extends back 39 years.

The above 13 banks are all leading New York City institutions. There are old-timers and leaders in other cities also, for instance in Boston, Philadelphia, Chicago, San Francisco, etc., but space does not permit sketching their histories at this time.

Interesting Opportunities For Capital Gain

An exceptionally attractive, well-prepared, concise brochure containing highlights on 15 special situations which offer better than average market enhancement possibilities is now available for dealer distribution by Adams & Co., investment brokers, 231 South La Salle St., Chicago, Ill. The issues discussed and analyzed have been selected by Adams & Co. as investments which at the present time are benefiting because of their direct or indirect war participation—and—because they appear to have a real and necessary post-war place in the nation's progress. Diversification is the keynote, with highlighted items on lumber, coal, utilities, transportation and real estate. Each of the reports have been prepared with a viewpoint of presenting the outstanding facts in a short, concise manner, and can be readily absorbed "in a glance." This "in a glance" serves as a guide to a more complete study of each of the special situations, which study can be made in any of the standard statistical services. The need by brokers for this "in a glance" procedure has been evident for some time, Adams & Co. believes, as it eliminates the "wading through" long, cumbersome reports and statistics, merely to find out if an interest is desired. This brochure gives a bird's-eye view; then if the situation looks interesting a more intensive study can be made. The available supply of brochures is limited, so it is suggested that requests be made at once.

Our Reporter's Report

(Continued from page 1475)
 through, since as it was a straight refunding, and not a new money undertaking, it would not interfere with the Treasury's vast war financing program, now in full swing.

Although no official explanation for the decision to delay the deal was given the Government's financing was generally accepted as the reason. But now there is some talk of inability to have overcome certain technicalities in the short time available to the company,

DIVIDEND NOTICES

INTERNATIONAL HARVESTER COMPANY
 Quarterly dividend No. 99 of one dollar and seventy-five cents (\$1.75) per share on the preferred stock, payable June 1, 1943, has been declared to stockholders of record at the close of business May 5, 1943.
 SANFORD B. WHITE, Secretary.

NATIONAL DISTILLERS PRODUCTS CORPORATION


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

THOS. A. CLARK
 TREASURER
 March 25, 1943

MEETING NOTICE

NORFOLK AND WESTERN RAILWAY COMPANY
 Roanoke, Virginia, April 5, 1943.
 NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
 The Annual Meeting of Stockholders of Norfolk and Western Railway Company will be held, pursuant to the By-laws, at the principal office of the Company in Roanoke, Virginia, on Thursday, May 13, 1943, at 10 o'clock A. M., to elect four Directors for the term of three years.
 Stockholders of record at the close of business April 23, 1943, will be entitled to vote at such meeting.
 L. W. COX, Secretary.

among other things the basis of guarantees by joint owners.

Mexican Bonds A Cue
 News has a way of getting around, or perhaps some people who dabble in the foreign bond list are a bit psychic.

At any rate the sudden burst of activity in Mexican bonds listed on the New York Stock Exchange just before the announcement that President Roosevelt was on tour again, aroused no little interest.

When it developed that the President was in Monterey, Mex., from where he spoke Tuesday night, some followers of the bond market must have been a bit taken back.

Insurance And War Effort To Be Discussed In N. Y. April 27-29

The place of insurance—in all of its forms—in wartime will be thoroughly canvassed at a special insurance session of the War Council which the Chamber of Commerce of the United States will hold at the Waldorf-Astoria Hotel, New York City, April 27 to 29.

The session is scheduled in the program under the heading, "Insurance and the War Effort." In attendance will be executives and leaders of the major branches of the insurance industry.

Prominent among the speakers will be Jesse H. Jones, Secretary of Commerce; W. Gibson Carey, President, Yale & Towne Manufacturing Co. and former President of the National Chamber, and Dr. James S. McLester, Professor of Medicine, University of Alabama, Birmingham, Chairman of the National Chamber's Health Advisory Council and former President of the American Medical Association.

The nation-wide Blue Network broadcast of most of the program, beginning at 1:45 o'clock, will provide a unique feature, since this will be the first radio program ever to be broadcast in connection with the entire insurance industry. In addition to the addresses, the broadcast will include dramatizations by professional talent on "The War Services of Fire, Casualty and Life Insurance."

James L. Madden, Vice-President of the Metropolitan Life Insurance Co. and Chairman of the Chamber's Insurance Committee, will be Chairman of the session, and Paul L. Hardesty, Manager of the Chamber's Insurance Department, will be Secretary.

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George V. Rotan Dead
 George V. Rotan, senior partner of George V. Rotan & Co., 806 Rusk Avenue, Houston, Texas, died of influenza at the age of 56. His illness was attributed by friends to the strain of work as co-chairman of the Houston City Committee which raised \$87,000,000 in the campaign to build a new cruiser to replace the Houston lost in the war.

Frank Moll In Buffalo
 BUFFALO, N. Y. — Frank R. Moll has formed Frank R. Moll & Co., Inc., with offices in the Liberty Bank Building, to engage in the securities business.

N. Y. Savings Bank Committee Calls For United Action To Coordinate Post-War Planning

(Continued from page 1474)

history, much of it designed for the latest productive techniques. We will have greater sources of raw materials, natural and synthetic, than ever before. We will have the greatest number of skilled mechanics and technicians ever available to any nation. There will be a gigantic demand

try, agriculture and labor combined through concerted action, and it is the duty and responsibility of these groups to meet this challenge to justify our right to be a great and free nation."

The report also points to responsibility of all groups to put aside self interest and distrust:

"Our technique of mass production, technological achievements, talent for organization and ability to convert from peaceful pursuits to war are products of our economic system, so that today we are the 'Arsenal of Democracy' and the hope of the world."

"The shape of tomorrow's world will depend on the combined ability of each group—industry, agriculture and labor—to understand



Harold Stone Frank H. Williams



William L. De Bost James T. Lee



Oliver W. Roosevelt Joseph A. Broderick



Clarence M. Fincke Edward A. Richards

for our products and services, not only in the American market but in world markets, and with our assumption of a leading position in aviation and shipbuilding we can reach the markets of the world.

"It would seem, therefore, that with intelligent post-war planning by all groups, cooperating and coordinating their activities, we might embark on an era of unprecedented prosperity guided by the accumulated experience of previous cycles of expansion and decline. This is the task of indus-



Philip A. Benson

and solve responsibilities severally and jointly. Cooperation and mutual assistance must displace self-interest and mutual distrust. Each segment of our population must consider the welfare of the others and we must be so closely knit that the welfare of one segment is integrated with the welfare of all others.

"Government also has its responsibility. All wartime and emergency powers given to it for the proper prosecution of the war, should be restored to the people after the war as quickly as possible."

It is essential, the report continues, for the country to have a tremendous production and distribution of goods to attain and maintain a record breaking national income to meet the inevitable increase in cost of Government, and for a time, rehabilitating and policing the world. Post-war plans must include a decentralization of vast bureaucratic organizations, simplification of the tax structure, and the abolition of taxes on capital gains and other restrictive measures which retard economic growth and discourage new enterprise. Social Security should be based on hard work, production of goods and services, and thrift. Private enterprise should be allowed to continue in the development of railroads and the transportation industry, and public utility fields. Employment must be made a joint objective of Government and industry during the transition from war to peace.

In New York City the Savings Banks Committee recommends planning on a broad scale by all interested groups within the City and this must be coordinated in a strong active central group such as the Regional Plan Association.

The report also recommends more equitable distribution between the state and city of taxes which originate in the city, including income, gasoline, stamp and corporate taxes. The further measures proposed are indicated as follows:

"Cost of Government should be cut down and requirements made more strict for people applying for relief. Changing conditions challenge the progress of the city. Many benefits and civic services offered by the city result in extremely high taxes which place a heavy burden upon real estate,

and the city sales tax and others do not add to its attractiveness for business. Cooperation must be given to the Citizens Budget Commission and other organizations striving for the reduction in the cost of Government. Existing industries and new industries must be fostered here in the city. Transportation companies, hotels, banks and associations should join in promoting the city throughout the country. Plans must be made to solve the traffic problem and the rehabilitations of blighted areas. Whatever plans are made in these regards by the city must be coordinated with those of private enterprise and on the whole should only be used as a last resort to meet emergencies arising from large scale unemployment. The city should be developed as a style center, as an artistic and cultural center, as a market center, insurance center, amusement center and financial center. The Federal Government should make reasonable modifications in the Securities and Exchange Laws without relaxing investor safeguards and cease to detract from the city's pre-eminent position as the world's leading financial center.

"Likewise, planning for New York State must be on a cooperative basis, the report continues,

and should provide for the welfare of all segments of the population. Many of the laws of the state have produced an adverse effect on its economy by driving out of the state desirable corporations and individuals and attracting less desirable individuals through liberal relief laws. Everything should be done to keep New York State in as favorable a position as its neighboring states. New industries and products should be studied for development within the state. Existing business should be expanded and enlarged. Agriculture and natural resources should also be expanded and developed. Educational and research facilities should be enlarged and improved and more trade schools established for the benefit of those returning to peacetime activities from the armed forces and the war industries.

"In conclusion, the people of the United States must call for free enterprise, free employment and the fullest production, consumption and exchange of goods so that increased savings and national thrift can be brought about. These recommendations are made so that savings banks as well as all industries and persons may work and progress in a sound economy now and in the future."

President On Inspection Tour Of Camps— Visits President Camacho Of Mexico

President Roosevelt and President Camacho of Mexico met in the City of Monterey in northern Mexico on April 20 and exchanged pledges to promote the closest understanding and continued unity of purpose between the peoples of the two countries.

The Chief Executives joined in a radio broadcast to the peoples of Mexico and the United States, renewing war promises to work together for a common objective and recognizing a mutual interdependence of their joint resources.

Mr. Roosevelt's visit to Mexico was in the course of an inspection tour of American war factories and training camps, which the President began on April 13, when he left Washington. This was the first time in 34 years that the Presidents of the two neighboring republics met face to face.

Mr. Roosevelt, in his address, said in part:

"Not less important than the military cooperation and the supplies needed for the maintenance of our respective economies has been the exchange of those ideas and of those moral values which give life and significance to the tremendous effort of the free peoples of the world. We in the United States have listened with admiration and profit to your statements and addresses, Mr. President, and to those of your distinguished Foreign Minister. We have gained inspiration and strength from your words.

"In the shaping of a common victory our peoples are finding that they have common aspirations. They can work together for a common objective. Let us never lose our hold upon that truth. It contains within it the secret of future happiness and prosperity for all of us on both sides of our unfortified border. Let us make sure that when our victory is won, when the forces of evil surrender—and that surrender shall be unconditional—then we, with the same spirit and with the same united courage, will face the task of the building of a better world.

"There is much work still to be done by men of good will on both sides of the border. The great

Mexican people have their feet set upon a path of ever greater progress so that each citizen may enjoy the greatest possible measure of security and opportunity. The Government of the United States and my countrymen are ready to contribute to that progress.

"We recognize a mutual interdependence of our joint resources. We know that Mexico's resources will be developed for the common good of humanity. We know that the day of the exploitation of the resources and the people of one country for the benefit of any group in another country is definitely over.

"It is time that every citizen in every one of the American republics recognizes that the good-neighbor policy means that harm to one republic means harm to every republic. We have all of us recognized the principle of independence. It is time that we recognize also the privilege of interdependence—one upon another."

President Camacho, among other things, spoke of the degree of military cooperation and the industrial and agricultural mobilization of his country.

The two Presidents spoke at a State dinner. Earlier in the day Presidents Roosevelt and Camacho had reviewed a motorized Mexican division.

Mr. Roosevelt's tour of training camps started on April 14 at the Marine Corps station at Parris Island, S. C. The following day (April 15) he visited the Army Air cadets at Maxwell Field, Ala., and later the same day Fort Benning, Ga.

The President then rested briefly at the "Little White House" at Warm Springs, Ga., and resumed his trip on April 17 reviewing the Women's Army Auxiliary Corps at Fort Oglethorpe, Ga. Other places visited were Camp Forrest, Tenn., Camp Joseph T. Robinson in Arkansas.

Personnel Items

NEW YORK, N. Y.—Harold E. Keays, formerly with W. J. Bannigan & Co., is now in the retail sales department of Amott, Baker & Co., Incorporated, 150 Broadway.

NEW YORK, N. Y.—William G. Carey, previously with Seligman, Lubetkin & Co., is now associated with Blair F. Claybaugh & Co., 72 Wall Street, as manager of the real estate bond and stock department.

(Special to The Financial Chronicle)

GLENDALE, CALIF.—Laurence Casselman, previously with Bankamerica Company and Marshall, Sanders Incorporated, has become affiliated with Searl-Merriek Company, 107 East Broadway.

(Special to The Financial Chronicle)

JACKSONVILLE, FLA.—Bert S. Long is with Cohu & Torrey, which maintains Florida branches in the Metcalf Building, Orlando, and in the Walgreen Building, St. Petersburg.

LOS ANGELES, CALIF.—Melville Bruce McLean has become affiliated with Bingham, Walter and Hurry, 621 South Spring Street.

(Special to The Financial Chronicle)

PORTLAND, MAINE—Ralph M. Sommerville has been added to the staff of Timberlake & Co., 191 Middle Street.

(Special to The Financial Chronicle)

SPRINGFIELD, MASS.—Charles E. Pease is now with Barlett Herrick & Company, Inc., Third National Bank Building. In the past Mr. Pease was with Geo. W. Smalley & Co.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on April 19 that the tenders for \$900,000,000, or thereabouts, of 91-day Treasury bills to be dated April 21 and to mature July 21, 1943, which were offered on April 16, 1943, were opened at the Federal Reserve Banks on April 19.

The details of this issue are as follows:

Total applied for \$1,622,219,000.

Total accepted, \$905,584,000.

Range of accepted bids:

High—99.935 equivalent rate of discount approximately 0.257% per annum.

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

Average price—99.906 equivalent rate of discount approximately 0.371% per annum.

(19% of the amount bid for at the low prices was accepted.)

The weekly offering of bills was increased from \$800,000,000 to \$900,000,000 on April 19 in view of the increase in maturing issues from \$600,000,000 to \$700,000,000 and the Treasury's desire to continue its present policy of obtaining \$200,000,000 weekly in "new money."

There was a maturity of \$701,511,000 in bills on April 21.

Attractive Situations

Hudson River Day Line Second Mortgage 6s of 1956, Oklahoma City Ada-Atoka Railway first 5s of 1954, and Queen Dyeing Company first 5s of 1944 offer investors interesting possibilities according to descriptive circulars on these companies just issued by D. F. Bernheimer & Co., Inc., 42 Broadway, New York City. Copies of these circulars may be had from the firm upon request.

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CANADIAN SECURITIES

By BRUCE WILLIAMS

Two recent developments afford confirmation of Canada's growing financial strength. Although hardly unexpected in view of the Dominion's soundly conceived and zealously administered fiscal policies, these developments cannot fail to give added assurance to American holders of Canadian securities.

The first was Finance Minister J. L. Ilsley's announcement in Parliament last week on Canada's position with respect to U. S. dollar exchange. During the war years when we were still neutral it was difficult for Canada to obtain sufficient U. S. currency to purchase essential war materials from this country. Only by adopting a course of strict self-denial in the matter of imports and travel was it possible for her to fill war requirements without seriously impairing the exchange value of the Canadian dollar in the American market.

The strain of this situation was recognized in the Hyde Park agreement whereby we committed ourselves to purchase sufficient war materials from Canada to balance her war purchases from us. At that time the official rate of exchange between the two countries was pegged with the Canadian dollar at a 10% discount from pre-war parity.

Even after the Hyde Park "reciprocal trade agreement" for war materials became effective, Canada maintained restrictions on civilian imports with the result that she now has an exchange balance with the United States in both her war materials and non-war accounts. This was the basis for Mr. Ilsley's announcement that it was the Government's intention henceforth to "avoid building up a large surplus or running into a deficit" with respect to U. S. dollar exchange.

Having tightened her national belt to meet the insatiable demands of war during a period of over two years when she was the only nation in the Western Hemisphere openly fighting the Axis, and having continued her all-out fiscal and productive efforts when strong allies came to take over an increasing share of the burden, Canada is now in an exceptionally sound position, both financially and morally, at the table of the United Nations.

The second development also relates to Canada's improving fi-

nanacial position, but on another front—that of food supplies. The record of Canadian agriculture is fully equal to that of our own in the vital matter of production. And in the hardly less vital matter of price control our Administration's dilatory bunglings are put to shame by the Canadian record. Although we have the largest supply of wheat in history, pressure group politics have driven the price up to a point where American millers can afford to buy Canadian wheat in spite of the 52¢-per-bushel tariff which, our Good Neighbor policy notwithstanding, still prevails.

Now, in a belated effort to head off further inflation, our Government was reported last week to be negotiating for the purchase of huge amounts of Canadian wheat for resale at low prices to dairy and livestock farmers for use as feed. Fortunately, Canada's wheat reserve of 750,000,000 bushels—approximately equal to a full year's normal consumption in this country—is ample to meet the demand. Meanwhile, our Government is in the ridiculous position of not being able to sell its own large supplies of wheat below parity (\$1.58 basis Chicago), except as permitted by Act of Congress.

However much one might wish for a more statesmanlike administration of this difficult problem in the United States, the very fact that supplies are in abundance is something to be thankful for. As long as we have them, we can rest assured that a way—most likely a cumbersome and expensive one—will be found to get them into the channels of distribution once the need has reached the "crisis" stage.

Meanwhile, Canada will no doubt be happy to sell us all the wheat and coarse grains that we want—and at fair prices, too. One result so far as Canada is concerned will be a further strengthening of her civilian or non-war account with the United States.

Treasury Offers 7/8% Certificates In Exchange For Two Maturing Issues

Secretary of the Treasury Morgenthau announced on April 19 the offering, through the Federal Reserve Banks, of one-year 7/8% Treasury Certificates of Indebtedness of Series C-1944, in exchange for 0.65% Treasury Certificates of Indebtedness of Series C-1943, maturing May 1, 1943, and 3/4% Commodity Credit Corporation Notes of Series F, also maturing May 1, 1943. Exchanges will be made par for par, and the offering of the new certificates will be limited to the amount of securities of the two maturing issues tendered and accepted in payment therefor. Cash subscriptions will not be received. As announced on March 12, this exchange operation will be conducted outside of the Second War Loan Campaign. The offering of a new security to holders of the two maturing issues, it was said, is not to be considered as a precedent for future refunding operations of the Treasury.

The Treasury's announcement further explained:

"The certificates now offered will be dated May 1, 1943, and will bear interest from that date at the rate of 7/8 of 1% per annum, payable semi-annually on Nov. 1, 1943, and May 1, 1944. They will mature May 1, 1944. They will be issued in bearer form only, in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000.

"Pursuant to the provisions of the Public Debt Act of 1941, in-

William Perry Brown Reports To NSTA On Association's Activities To Date

Over 1,100 Firms Represented In Membership

William Perry Brown, President of the National Security Traders Association, has forwarded to the members a report covering the activities of the association for the period Oct. 1, 1942 to April 15, 1943. In his report, Mr. Brown declared:

"Although it may not be necessary to point out to you the value of your membership in the association, I would like to stress this point most strongly to you because the advantage you derive in a personal and business way is unquestionably of prime importance and enables you to be closely associated with approximately 2,000 fellow members, all striving for the same purpose. The Association is constantly working in your behalf on the problems confronting the industry and is recognized as one of the outstanding factors in the



Wm. Perry Brown

Securities Industry.

"The membership has not decreased to the extent that might be expected due to those who have joined the armed forces, and I believe the total for this year will be approximately 2,000 members. It is most interesting to know that these members represent something over 1,100 firms throughout the United States. The Association is proud of the number of its members in the armed and defense forces of this country. It is likewise proud of the personal sacrifices being made by the members by devoting their efforts in the sale of War Bonds and their work with the various Victory Fund Committees.

"Economy has been uppermost in the minds of your officers and members of the Executive Council and the operations of your Association have gone forward at the least possible expense. You were called upon through your affiliates for an additional contribution of \$2.00 a member in excess of your regular \$1.00 annual dues and it is most gratifying to state that out of a total of 21 affiliates 13 have already paid their contributions and the balance have either already approved this action or they are still considering the matter.

"A most successful meeting of the National Committee was held in Chicago on Feb. 3, 1943 with 23 officers and National Committeemen present at the meeting. In addition there were in excess of 75 out of town members of the Association in attendance at the dinner of the Bond Traders Club of Chicago which was held on February 2nd. A meeting of the Executive Council was also held in Chicago on Feb. 2, 1943, six of

interest upon the certificates now offered shall not have any exemption, as such, under Federal tax acts now or hereafter enacted.

"Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates or notes, with final coupon due May 1, 1943, detached.

"The right is reserved to close the books as to any or all subscriptions at any time without notice. Subject to the reservations set forth in the official circular, all subscriptions will be allotted in full.

"The certificates will be redeemed in cash at maturity and will carry no exchange privileges.

"There are now outstanding \$1,505,727,000 of the Series C-1943 certificates and \$289,458,000 of the Series F notes."

the nine members were present.

"The Special Executive Committee, consisting of Mr. Joseph W. Sener, Mr. B. Winthrop Pizini and myself, has been most active on legislation, rules and regulations affecting our industry. This committee in its entirety met during the month of October, 1942 at Philadelphia, Pennsylvania, with Mr. Wallace H. Fulton, Executive Director of the National Association of Securities Dealers and I am pleased to report that Mr. Fulton was most cooperative and helpful. The committee at the same time met with Mr. James A. Traynor of the Securities and Exchange Commission in its office in Philadelphia, Pennsylvania. Mr. Traynor gave us the opportunity of discussing the Disclosure Rule with him in its entirety and I am pleased to report that we had a most successful meeting. This committee has worked closely with the various other associations on the problems confronting the industry and there is considerable additional work to be accomplished during this year. The membership may be assured that they are being properly represented and we are confident that the good derived from these many contacts is most beneficial.

"During the month of January the membership was furnished a copy of the article "The Wrong Formula," which was written by Mr. Irwin R. Harris, Chairman of the Public Relations Committee. This booklet was likewise distributed to the Governors and Directors of the National Association of Securities Dealers, Inc., the Securities and Exchange Commission, members of the Board of Governors of the Fed-

eral Reserve System, members of the Boards of the 12 Federal Reserve District Banks, and others. The article was reprinted in the "Commercial and Financial Chronicle" as well as other financial publications and newspapers throughout the country. The Public Relations Committee is most hopeful of the ultimate results to be derived from this article and its work concerning Regulations "T" of the Federal Reserve Board. You can readily see where this work can be of immense value to the members of this Association.

"The War Bond Committee, of which Mr. Frank P. Meyer is Chairman, has been most actively engaged in carrying on this most important work. This committee has been in communication with the Treasury Department and has offered the full cooperation and assistance of your association in the sale of War Bonds and Treasury Bonds through the Victory Fund Committees throughout the country. This committee has urged the continued good cooperation of our members and we are confident that the success of the Victory Fund Drives can be attributed in part to the excellent work being done by the members of this Association.

"The Municipal Committee, of which Mr. Russel M. Dotts is Chairman, reports that it is working very closely with Mr. Austin Tobin of New York, Secretary of the Conference on State Defense and that he had a meeting with Mr. Tobin recently in behalf of the Municipal Committee of this Association. It is felt that the Municipal Committee will complete a most successful year in the work that it is carrying on.

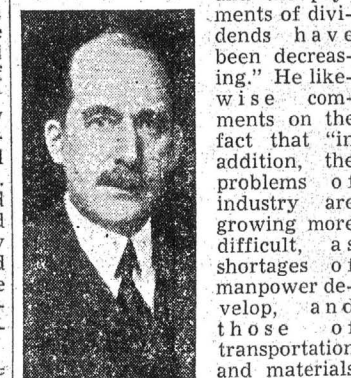
"It has been impossible to officially visit all of the affiliates because of our economy plan. However, official visits have been made by the officers to some of the fall and winter dinner meetings of various affiliates. It is hoped that the officers will be able to attend meetings of other affiliates during the balance of this year."

Impressive Increase In Trading With Trend Of Stock Prices Upward

Gen. Ayres Sees Reason For Market Strength In Profits To Speculators

Although the trend of stocks has been generally upward for a year and has carried price averages up as much as 50%, the volume of trading has shown an impressive increase, Brigadier-General Leonard P. Ayres points out in the April 15 issue of the Cleveland Trust Company's "Business Bulletin." General Ayres observes that "it is worth while to consider the probable causes of these developments because they have taken

place while the burdens of taxation have grown heavier, and while both corporate earnings and the payments of dividends have been decreasing." He likewise comments on the fact that "in addition, the problems of industry are growing more difficult, as shortages of manpower develop, and those of transportation and materials become more threatening."



Gen. L. P. Ayres

he says, "one reason for the long bull market is that people in general are increasingly confident of victory in our two wars." "Probably," he states, "an even more important explanation is to be found in the fact that people have more money to spend than ever before, and progressively fewer things to buy." Likewise, he adds,

people "cannot back new business enterprises," and "there are few opportunities for new venture capital." Continuing, he says:

"While it is true that industry is earning less than it was a year ago, and paying smaller dividends, it is also to be noted that last April, when this bull market started, stock prices were at exceptionally low levels, and even now dividend yields of high grade stocks are well above the returns available from sound bonds, or from savings deposits. Moreover, present shortages of goods keep reminding people that backlogs of demand are being built up, which will afford great opportunities in post-war times.

"Probably there is a still more important reason for the strength of this bull market after it had run for so long a time, and that is that almost everyone who speculated in it made profits. Perhaps the profits were not large, but they were consistent, and they were gained with the greatest of ease. Many of the current speculators are newcomers who have no harrowing memories of margin calls. They have been having a wonderful time."

Our Reporter On "Governments"

By S. F. PORTER

This is terrific, stupendous, magnificent and, choose your own adjective if you can find a more dramatic one This is so big, so great, so inspiring a response that even the most optimistic of the optimists are at a loss for words to describe what they are seeing Don't gasp But one forecast from a leading Government bond dealer in the country today was that the total subscription might hit the \$19,000,000,000 mark! Another man, known for his conservatism, says \$3,000,000,000 to \$4,000,000,000 over the officially stated goal of \$13,000,000,000 for the second war loan drive would not be at all surprising As for this commentator, the prediction here that \$15,000,000,000 to \$16,000,000,000 would be subscribed—and the flat statement that the objective was not \$13,000,000,000 but far above that figure—now not only are vindicated but are proved too cautious. . . . We're still at the beginning of the campaign, of course, and beyond question the impetus will be less telling at the end of this week, but what is more important is that already the orders are exceeding all estimates and the bank buying of the 2s is still to come

What has it meant to the market? And what will it mean? Consider these points, which are of vital significance to every investor, actual and potential

- (1) The market is strong, buoyant, moving ahead in a way that no one—including the Federal Reserve and the Treasury—anticipated
- (2) Prices of long-term bonds are advancing sharply for the last four tax-exempt issues in the heaviest demand of months
- (3) Buying is coming from banks all over the country, represents real investment, not speculative playing with the market
- (4) This buying is certain to continue, for the banks of the nation are just starting to recognize they must enter the open market and pick up securities if they're going to employ all their excess funds and use their war loan accounts They are not being given much of a chance at new issues and they know that, if possible, they'll be given less opportunity to buy them at par
- (5) The Federal Reserve Open Market Committee hasn't had a thing to do on the supporting side of the list, and although it may do some buying and selling, the feeling is the Federal will just sit back and let its own securities rise and show a profit, too
- (6) The sentiment of optimism around the New York financial district today is something not seen for years And the general prediction is that after this deal is over and the "over the top" figures have been disclosed, the market really will get going on the upside

TAX-EXEMPTS

Where the real strength has shown up lately is in those last four tax-exempt issues The ones mentioned in this column frequently and highly recommended during the last six weeks They are:

(1) The 2½s of 1960/55, selling at 110.10 at this writing, to yield 1.90% to call and 2.14% to maturity

These bonds have been acting beautifully Tremendous buying of them reported all over the country High coupon plus good maturity (only 12 years on the call date) plus tax-exemption contributing to movement

No telling what will happen over a period of years, but since this is a column of reporting, it's worth mention that one dealer thinks the 2½s eventually will sell at 114 Maybe in a few years—after the tax-exempts have been cut by another few billions and the investors who need them really start scrambling for the bonds

(2) The 2¾s of 1959/56, selling at 109.14, to yield 1.94% to call, 2.06% to maturity

Nothing especial to report about these except that they're in great demand, too Feeling is banks won't be selling tax-exempts when they recognize their value even if they have good profits As one commentator put it: "They just can't afford to sell them and take the burden of excess profits taxes"

(3) The 2¾s of 1963/58, selling at 109.13, to yield 2.02% to call, 2.17% to maturity

The longer the tax-exempts, the better chance they have to advance Shorter ones are held down by their own yield relationships, of course The best possibilities, therefore, lie in the longest-terms out

One interesting report is that there has been and is considerable switching from the intermediate tax-exempts to the longer-term exempts It's logical, of course

(4) The 2¾s of 1965/60, selling at 109.25, to yield 2.08% to call, 2.20% to maturity

These are preferred by some of the smartest traders around for they figure these can rise the highest and are as safe in price as any of the other shorter bonds

Calculation on possibilities indicates that the 1965/60 bonds could get up to 116.9 while the maximum on the 1960/55 bonds is 114 Meaning that the 2¾s could rise from the current level of 110.10 to 114 while the 2¾s could rise from 109.25 to 116.9, an obvious differential with an obvious moral

There are going to be a lot less tax-exempts at this time next year, incidentally About \$9,000,000,000 are going out in the next 12 months and that's going to make a definite dent on the market First out, of course, will be the \$454,000,000 of 3½s, due for repayment June 15 Then will come the \$1,401,000,000 3¼s of 10/15/45/43 No question about their call and redemption, naturally

INSIDE THE MARKET

Report from market is that buying is swinging through the entire list No special preference shown except for the tax-exempts but a glance at the price level will indicate clearly how widespread the buying has been

Considerable switching also reported from intermediates to longs, in both tax and tax-exempt classification It's bank investing—based on the desire for greater earnings and the conviction that the market is in good shape

As for total subscriptions, the forecasts vary but belief is there will be no difficulty in hitting the \$15,000,000,000 mark—which was

the original "unstated" goal What we're talking about now, then, is the real over-subscription in terms of the inside setup

Maybe \$17,000,000,000, probably even more Why the optimism? Because this drive actually is reaching into the out-of-town, out-of-the-way districts The war bond buying we're seeing was totally unexpected, and the way things look now way over the \$1,000,000,000 goal set for this month's purchase will be hit Out-of-town institutions, small firms, corporations, professional people are picking up the 2½s and 2s in tremendous quantities

So the ideas formed before the drive which were based on big institutional buying are being cast aside That big-time buying will happen anyway and the little stuff will raise the quota

Not much borrowing-to-buy bonds going on but there's enough to encourage feeling that this market will become a much more familiar trading medium in another six months When the time for picking up the bonds in full arrives and subscribers either have to put up the cash or sell out It suggests a more active market on a permanent basis

On premiums, here are the forecasts Feeling is the 2½s will get up to ½ point premium in three weeks will be selling above that by mid-May, assuming the market continues as active and strong as is indicated

As for the 2s, they may reach the 100.20 level in May, it is said Depending on how wide is the subscription to the 2s

Some switching—but not as much as could be—from the outstanding 2s of 1952/50 into the new 2s By savings banks and other non-banking investors eligible to buy the 2s at this time (Commercial banks can't until the last three days of the drive)

Fact that there's not more shifting out of the outstanding 2s into the new issue is another confirmation of market's strength

Hanes Committee Report Cites Continued Loss Of Trade By New York City

(Continued from page 1476)

nor Dewey, the committee said that it was "deeply impressed with the gravity of the economic problems facing our principal

ment in the city. These were listed in the report as follows:

Taxes and Assessments

"There was general agreement that the burden of taxation, including the New York City sales tax, had operated to the disadvantage of business in the metropolitan area. Particular stress was laid upon continued high assessments on New York City real estate which, it was claimed, militate against the expansion of existing industries in the city and discourage the location of new industries in the area. The high level of the stock transfer tax tends to drive business away from the New York Stock Exchange to out-of-town Exchanges."

Labor Differentials

"The preponderant, although not unanimous, view of those with whom the committee talked was that wages in the New York City area were generally higher than those in competing areas. This presumably arises out of the larger degree of organization of labor in New York City. The view was also expressed that there are, in some measure, restrictive shop practices within some of the organized industries in New York City which act as a handicap to their fullest effectiveness."

Congestion

"One of the frequently cited factors operating to discourage the location of new industrial enterprises in the New York City area rather than elsewhere was the lack of space for future expansion and the generally congested conditions obtaining in the city."

Traffic and Transportation Problems

"Adding to the relatively higher costs of doing business the metropolitan area, according to several of those who appeared before the committee, were the density of traffic and inadequacy of terminal and through traffic facilities in the city for all forms of transportation."

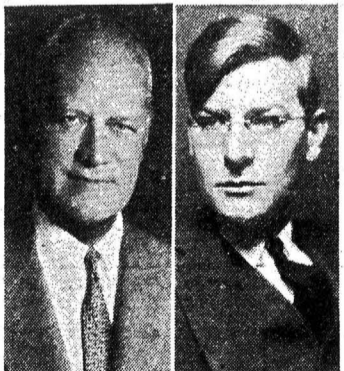
(Editor's Note—In a letter sent to Mayor LaGuardia under date of April 17, New York City Park Commissioner Robert Moses described the above-mentioned reference in the Hanes report "as an absurd summary." Actually, Mr. Moses wrote, "there is plenty of evidence to support the statement that since 1934 more has actually been done to meet the motor vehicle traffic problems of New York City than in any other large city in this or any other



John W. Hanes David Dubinsky

city, not merely during the war, but especially in the post-war period."

Stating that the "problem of business and employment opportunities in New York City are not of a character" that can immediately be solved, the committee declared that the "continuance of economic progress, or even the prevention of serious



Delos Walker Elliott V. Bell

economic deterioration in the metropolitan area of New York, constitutes a major community problem and one that demands the attention of the most able citizens of the city and State as well as the efforts of the State and municipal governments."

In carrying out its assignment the committee interviewed a large number of New York City businessmen, heads of various trade and industry associations, labor leaders, and officials of both the city and the State. During these discussions various factors were frequently cited as adversely affecting business and employ-

country. This achievement has been recognized all over the United States and abroad. This applies to main as well as local arteries and streets, and to incidental traffic improvements."

(Although admitting that the problem has not been, or ever will be, completely solved, Mr. Moses went on to say that "detailed post-war plans are under way for further improvements on a tremendous scale." Mr. Moses quoted from comments made by "a distinguished Englishman, recently sent to the United States by the British Government," who described large-scale building of express highways "as the most important development in American city planning in recent years," and declared that the "City of New York has led the way in the development of an outstanding system of express highways and parkways."

Vexatious Regulations

"A few of those consulted expressed the view that manufacturers located in New York City had in the past been harassed and discouraged by the multiplicity of regulations administered without sympathetic understanding of the problems of industry."

Washington Hostility

"A subtle but important factor in the decline of New York City according to one widely held view is the indifferent attitude which has prevailed in the National Capital and on the part of the Federal Government toward New York City. This has been particularly illustrated in the repressive measures taken with respect to the financial community which has a decisive bearing upon the economic welfare of the entire City. It is illustrated by the fact that recently, when the head office of the Securities and Exchange Commission was removed from Washington, it was transferred to Philadelphia instead of being located in New York, which would have been the logical place. New York City is especially well equipped to provide office space for various phases of the war effort and for government agencies dislodged from Washington. Available office space in the City was more than 6,000,000 square feet, according to a recent survey. There is no shortage of housing accommodation. While several Federal agencies have been moved to New York, others which might logically have been transferred here have been placed elsewhere."

Lack of Effort by City or State to Attract Business

"In contrast to other States and communities which have actively engaged in efforts to attract business and to safeguard the interests of existing enterprises, New York State and City, until recently, have made no effective efforts to bring new business into the community or to halt the existing tendency of established businesses to emigrate. This condition has been improved in recent years by the establishment on the part of the State of the Division of Commerce and on the part of the City of its Department of Commerce, but in this respect New York is still far behind other States."

A Mature Community

"In part, the economic problems of New York City are those which are common to established, mature communities. They are similar in this respect to many of the problems that have confronted industrial centers in New England and other older, settled parts of the country. Much of New York's industry is operated with antiquated methods, obsolete machinery and management that is lacking in modern and progressive point of view. As a consequence, these industries have been at a competitive disadvantage with those more recently established in other 'younger' sections of the

(Continued on page 1495)

The Future Of The Gold Standard

(Continued from page 1475)

buy and sell gold in the open market.

At the present time we pay \$35.00 per ounce for gold and because we have so much gold in reserve we can place the value of gold at any point we desire so long as we maintain this enormous surplus of the yellow metal. By this, I mean that through the issuance of paper money into circulation we could raise the price level to practically any point and still keep the paper dollar tied to a gold content of 15 5/21sts grains of gold, 9/10ths fine.

I have a book practically ready for the press giving my viewpoint with respect to the entire money question. The title of the book will be "The New Dollar," and now that the money question is developing a popular interest again I will probably get the manuscript perfected so it can be placed in printed form within the next few months.

A. F. WHITNEY

President, Brotherhood of Railroad Trainmen

While I agree that a stable monetary system is a prerequisite to the establishment of a sound economy, I am not prepared to take a partisan position in the dispute between the managed paper-money school and the gold-standard school. The important thing is to adopt a monetary unity that will not only produce domestic peace, but will also serve as a means of guaranteeing a just and durable international peace after this war is won.



A. F. Whitney

I am glad to note that official steps are being taken with this end in view.

S. G. H. TURNER
Chairman of the Board,
Elmira Bank & Trust Company,
Elmira, N. Y.

Personally, I am in thorough accord with Dr. Kemmerer's sound opinion.



S. G. H. Turner

the ability of the managers to manage.

RAY LYMAN WILBUR
Chancellor, Stanford University

In so far as I have knowledge of the subject, I am strongly of the gold standard school. It seems to me that, in the troubled world ahead of us, something substantial and appreciated, as is gold, will be of greater value in developing sound international exchange than any paper. War financing through political action is poor training for the development of a world-wide dependable financial mechanism using paper.

David M. Minton Dies

David M. Minton died at his home at the age of 73. Mr. Minton was a member of the New York Stock Exchange and a founder of D. M. Minton & Co., 120 Broadway, New York City. He retired from business in 1935 having transferred his exchange membership to Robert H. Minton, his son, now on duty with the Civil Air Patrol.

which we now so readily and willingly relinquish. And let us determine to cast out that politician, or that business man, or that labor leader, who endeavors to advance his own selfish interests, and capture our Constitutional rights by playing fast and loose with the patriotic instincts of the American people at war.

Here is another spot where a little truth-telling wouldn't do any harm. Not long ago, the National Resources Planning Board released its report containing a "Cradle to the Grave" security plan for America. To many this report made fine reading. For there isn't any question but that the average man wants a far greater degree of economic security than democracy has given him in the past.

But the program presented by the planners for tomorrow did not reveal the whole truth. The report said nothing about the price of admission either in cash, or liberty. So I'd like to raise the question: "How much will it cost—and where is the money coming from?"

All of us are more or less familiar with England's so-called Beveridge Plan. This plan includes an estimate of the financial burden it would entail in 1945 at about \$2,800,000,000. Since the population of the United States is not less than two and one-half times that of the United Kingdom, it may be surmised that an American plan of equal money benefits, if initiated now, would in 1945 cost somebody the paltry sum of \$7,000,000,000.

This calculation is based on the Beveridge Plan rates, such as the equivalent of \$8 a week for a married couple as unemployment benefit or retirement pension, plus \$1.60 for each child. As a matter of fact, the payment scale under your present social security setup is well above the proposed Beveridge level. Therefore, it seems probable that, instead of a beginning over-all cost of \$7,000,000,000 a year, we should enlarge our social horizon to something like twice that dollar dimension.

Incidentally, there are now 40,000,000 taxpayers in this country of ours, and these people are entitled to know not only the glamorous objectives of the bureaucrats, but also that these objectives cannot be reached without somebody paying the bill. And who will pay the bill? Well, there still isn't any Santa Claus.

As I study and speak of such things as post-war planning and social security, I keep asking myself these questions:

What will be the temper of the American people after the war is over? Will they support the American system of free enterprise, or will they turn away from it?

No man can give categorical answers to these questions. Nevertheless, a base on which to plan must be established. And here is my conception of what American business may count upon from the "Jones, and the Smiths, and the Browns" after Victory.

First—Those who return from war service will be—as Captain Rickenbacker says—the most rugged individualists that we can possibly imagine. They will have little love or admiration for regimentation or new schemes that promise security rather than opportunity.

Second—Those who are working in war plants today are gaining and will retain a wholesome respect for the business processes of America. Who made this country of ours the Arsenal of Democracy? Well, it wasn't the bureaucrats. And it was American business. Do the men and women in your plants and mine realize this? I believe they do. But if they don't, you and I must bring home to them the truth.

Third—The war is causing a return to the middle of the road with

respect to capital and labor. Not many years ago capital indulged in excesses that were evil. These have been pretty well washed up. More recently labor has been indulging in excesses that are evil. And these are being washed up.

Fourth—After the war the people of America are going to insist upon throwing into the ashcan most of the plans we hear so much about these days for saving the world!

Please don't think for a minute that I believe we should refuse to furnish aid either to stricken nations or to needy peoples. Nor do I believe that we should do less than our full share in the intelligent adjustment of world affairs looking toward maintenance of peace. Neither do I believe that we should not strive to further sound commercial relations between our country and the other nations of the world.

But I do believe with all the conviction I possess that—in an effort to re-design the whole world overnight—America might easily lose the qualities that should enable us to create, by good example, a world safe for democracy.

Now then, how should we set this good example? I believe that we can do our job most effectively by being exactly what we have proved ourselves to be during 90% of the past 150 years. . . . a people independent, confident and ambitious, and not a people that looks to a paternalistic Government to coddle us and solve all our problems.

However, let's not be too sure of ourselves. Personally, I'm not willing to let nature take its course, and this is the reason why I raise billy-hell in defense of the American system whenever I get the chance.

Not that I believe many Americans want to change the system. My only fear is that the system may be quite unintentionally destroyed—just because so many of our fellow citizens don't understand clearly that welfare isn't possible without wealth and that profits can be taxed away to an extent that makes new jobs impossible and old jobs insecure.

Listen to this—"It is absolutely essential that a business be profitable. I do not mean that the business should not be run at a loss. I mean that the business should be run under such conditions that the owner is willing to risk his capital in the business."

This statement was made by the late Mr. Justice Brandeis, and of course he was speaking at the moment about capital. But he might just as well have said the same thing about management and men.

For all three of the component parts of business must have the opportunity to get ahead. If they don't, the American system—and I, along with Mr. Eric Johnston, like to call it by its right name, "Capitalism"—won't work.

For there must always be a motivating force. Today that force is "Beat the Axis." Tomorrow it must be "Opportunity."

Did you ever look up "Opportunity" in the dictionary? I have. And the definition is "a good chance."

To me these words are right in the groove. What we Americans really want is "a good chance," a chance to get ahead—and under our own steam at that. What do you think our factory workers want most? They want to get ahead. They want to become group leaders; the group leaders want to become foremen; the foremen—superintendents, and so on up the ladder.

Of all the bad guesses made in recent years the guess that the average American wants somebody to take care of him is probably the worst. It just isn't so. The average American wants a good chance. And a good chance is utterly incompatible with play-

ing it safe. Opportunity and security do not thrive on each other.

The heralding of these and other fundamental truths must be a part of the war-time effort, and the post-war program of American business. This sounds as though I think that talking will turn the trick, and of course, you and I know it won't. The great essential is good deeds by business. But these are not enough. The good deeds must be described in simple language. And the principles that make the good deeds possible must be explained so that the people will understand.

"Here is the sort of thing, we must explain. The reconstruction of the war-torn world will require capital. The only capital available for investment by anyone is private capital. Governments have no capital as such. All they have is the power to take private capital. No government has money to spend except that which it takes or borrows from its citizens.

"So the proposition is this: Shall private enterprise be given the opportunity to rebuild—with its own capital—after the war, or shall the Government do the job? Well, the choice is ours. For we, the people, can still dictate the course of government here in America. And if we insist that faith be placed in American business the road will be cleared for private enterprise. If we don't, the spirit of venture in owners of capital will continue to be paralyzed by the fear that results from lack of faith.

"And I submit that the record—not only since Pearl Harbor but over the years—entitles American business to faith rather than to have government stand over it with a club.

"Today the tide is running against bureaucracy and in favor of private enterprise. It is running against a government of men, and in favor of a government of laws. It is running against regimentation, and in favor of freedom."

But for the sake of all we hold dear, we must not let ourselves be lulled into a false sense of security. For the tide might easily be turned. Therefore, you and I must do everything we can to make this tide roll on and on with ever-increasing power.

If we don't, we must be prepared to forever hold our peace if freedom does disappear.

If you forget everything else I say here today, please remember this. We business men must seize every opportunity to prove by word and by deed that American industry is entitled to the faith of the American people. "We must spread the gospel of free enterprise all over this land. We must be more articulate than we have ever been before. We must be, and we can be, more convincing in defense of business than are those who would again make business the whipping boy of Government."

Otherwise, we will lose the war after we win it. And this would mean "Double Defeat"—not "Double Victory!"

R. W. Brown, President of the Lehigh Valley Railroad, told the delegates, representing New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia and the District of Columbia, that railroads have reached the "bottom of the barrel" in increasing the supply of freight cars through repairs.

"An increased car supply," he said, "can now only occur by the addition of sufficient new equipment to more than offset cars destroyed by general conditions or accident." A similar situation, he added, prevails with locomotives.

Failure of shippers properly to clean cars after unloading was termed by Ralph C. Huntington, Chairman of the Board's less carload transportation committee, as lowering car supply "much more seriously than is commonly known."

Spread Gospel Of Free Enterprise Wampler Urges; Warns Against Paternalism

(Continued from page 1476)

the judicial branches of our Government—these checks and balances are being swept away by the necessities of war. The duality of our Government with divided authority between the States and Washington, as contemplated by the Constitution, is being largely lost sight of as the Federal Government makes its demands for necessary wartime powers. Similarly, the requirement for rule by law, rather than by men, and the Constitution's antipathy to bureaucratic dictation are being forgotten as we pile both necessary and unnecessary war bureaus on top of each other.

The same holds true with respect to the Bill of Rights, which is being disregarded with such frequency and impunity that we are inclined to become callous and indifferent to the violations.

It is probable that we are properly patriotic in disregarding for the time being our historic ways and our traditional Constitutional rights in order to concentrate the necessary power for the prosecution and winning of this war. But, I would ask you to see clearly that there are at least some in our administrative offices, our legislative bodies and our judiciary who, under the guise of patriotic necessity, would seize and keep permanently those cessions of our liberty which we now so freely make for wartime purposes.

Let us see to it that while our sons and brothers fight abroad for freedom, that they and we are not undermined at home by individuals who are more concerned with their own careers than with the nation's necessities, and by philosophies of alien origin which tend to destroy the American way of living.

Remember this! Neither the war nor the singing of the "Star Spangled Banner," nor the waving of the flag do of themselves necessarily convert a communist into a Constitutionalist, nor a radical into a reliable representative, nor a politician into a patriot, nor an internationalist into an intense American. Here, again, all I am pleading for is that we see the facts as they are. Let us properly understand and approve and vigorously and completely support every necessary and essential war measure. But, at the same time, must we not realize their ultimate significance after the war is won?

Years and years ago some great man said that, "A government is like anything else—to preserve it, we must love it." Therefore, let us see clearly and fearlessly that those, either abroad or at home, who do not love our government will not preserve it. Let us determine that when this war is over to demand and fight for the restoration of every one of our traditional liberties and privileges

The Securities Salesman's Corner

Sell Your Ability As An Investment Advisor

If you wish to build a healthy securities clientele of active retail accounts—sell your ability as an investment advisor. If you have to "hem" and "haw" every time you offer a suggestion to the majority of your clients; if you are met with evasions, excuses and suggestions that someone's outside advice is going to be asked before a decision is made; then there is a serious defect in your sales technique.

Now, before you begin to check your own experience and say to yourself: that's me, all right—possibly we had better make it plain that we honestly believe that most securities salesmen are faced with this same problem. So don't feel so badly about it—in our experience the greatest problem we have ever found in building a retail clientele is the reluctance of the average security buyer to pick out a good investment advisor and to stick to him. They jump around like Mexican jumping beans, first with one house, then another, or they subscribe to a service, or they go off on a treasure hunt of their own—most investors do not have a plan or a program of investment. It's the salesman's job to convince his customers that he can give them a plan and a program.

Here's where the selling end of the securities business presents its biggest problem. If you can develop a selling technique that will convince investors that you should be their investment advisor ON ALL OF THEIR INVESTMENT AFFAIRS you've acquired all that you need for success in this business.

We have discussed this problem of convincing the average investor that he should pick out a good securities man and stick to him, with a number of experienced salesmen—here are a few of their ideas on how to go about this most important selling task:

(1) First convince yourself that you know MORE about investment procedure than the people you are calling upon—and if you know this business as you should, this is certainly a truth.

(2) Remember that you are not selling a security—you have nothing to sell but a service. Your job is to help others do a better job of investment than they could do without your help.

(3) Stress your desire to analyze and plan a definite investment program. Show your client that you must know what he wants to do before you can help him. Insist upon his confidence, and unless you can get it, tell him frankly that you won't be able to help him. Show him that the trouble with practically everyone who has made more investment mistakes than they should, has been because they followed a hit-or-miss pattern of investment. Stick to your guns here.

(4) Be ready to spend sufficient time in making calls. For this reason try to determine on the first call if an account is worth while following up. If not, drop it. Select accounts with whom you believe you can get along. Gain their confidence, and after you reached this goal you will then have an account large enough to pay you for your efforts.

(5) Develop certain selling ideas that convey a clear-cut message along these lines: "No matter how much experience and ability an investor may have when it comes to handling his investments, he has other important tasks to take care of as well. On the other hand, you are devoting from eight to ten hours a day to the exclusive work of studying and managing investments." Or something like this is effective: "I WANT YOU TO MAKE MONEY, MR. INVESTOR, BECAUSE I AM SELFISH. When you make money on the securities you purchase from me you will buy other investments that I recommend to you. THE ONLY TIME I CAN MAKE MONEY IS WHEN I SELL YOU SOMETHING. That's why it's important to me that you should profit and benefit from the advice and suggestions that I give to you."

(6) Keep on driving for your objective—to win, never wilt—don't give up—this type of clientele is the most difficult to build but once you have it—you've got something.

NSTA Gives Entire Facilities To Treasury To Aid In Second War Loan Financing

Affiliates From Coast To Coast Join Drive

In response to the Treasury Department's appeal to the securities industry, the National Security Traders Association has offered its entire facilities to the United States Treasury War Finance Committee, and through its 21 affiliated organizations with a total membership in excess of 2,000, is giving 100% cooperation to the many well-organized committees from coast to coast to insure the success of this \$13 billion campaign. Each and every member of the N.S.T.A. considers it his patriotic duty to put forth his maximum effort, and is pledged to carry out the plans of the War Finance Committee for a complete coverage of every potential buyer.

In line with the Association's activities to aid in the War Loan Drive, Frank P. Meyer, of the First of Michigan Corporation, Detroit, Chairman of the N.S.T.A. War Bond Committee, has addressed the following letter to the presidents of the affiliated organizations:

"The Second War Loan drive is under way and it is the patriotic duty of each and every one of us



Frank P. Meyer

to put forth our maximum effort to insure its unquestionable success. The United States Treasury is counting on the securities industry to give vigorous support to the \$13 billion goal it has set for this campaign. The task is a sizable one but it can and will be done, and to this end the National Security Traders Association has volunteered its entire facilities to the United States Treasury War Finance Committee for the duration of the drive.

"As President of your affiliate you should see to it that every member of your Association is at the disposal of the committee in your particular district and giving that committee all the cooperation possible in working out the plans it has laid for a complete coverage of banks, corporations, institutions and particularly individuals. We have an important job to do and with the combined efforts of our 2,000 or more members I am certain that when the final results are tabulated in this history-making campaign, the N.S.T.A. will emerge with a record of sales second to none."

Municipal News & Notes

The question of immunity from Federal taxation of income on bonds of all similarly created bodies is at issue in the suit now in progress bearing on the tax-exempt status of the instruments of the Port of New York Authority. Outcome of this action, which will be followed with the trial of a similar proceeding pertaining to tax status of indebtedness of the Triborough Bridge Authority, New York, also may vitally influence the tax status of the approximately \$20,000,000,000 of State and municipal bonds presently outstanding, as well as future emissions.

The Port Authority case is being tried before United States Tax Court Judge Clarence V. Opper in the Tax Court of the United States, Grand Central Terminal Building, New York City. Hearings in the action, known as *Shamberg vs. Commissioner of Internal Revenue*, began on April 19. The suit is sponsored by the Port Authority, in the interests of its bondholders, to test the validity of the Treasury's assessment and collection of \$2,493 in deficiency income taxes on income from port bonds held by the estate of Alexander J. Shamberg.

The action was originally started in March, 1941, when the Treasury Department sent deficiency notices to bondholders of the Port Authority and the Triborough Bridge agency, who had not included interest from the bonds in their tax returns. It was stated at the time that the Treasury sought to substantiate its contention that such public corporations are neither States, territories, nor political subdivisions, and that the income from their securities is taxable.

Trial counsel in the Port Authority suit is Julius Henry Cohen, former chief counsel of the Port of New York Authority, and associated with him is Lewis L. Delafield Jr. of the New York municipal law firm of Hawkins, Delafield & Longfellow, and Austin J. Tobin, executive director and former assistant general counsel of the Port Authority. In the Triborough Bridge proceedings, known as the White case, Mr. Delafield is the attorney of record. Acting for the Commissioner of Internal Revenue are Mason B. Leming, assistant chief counsel of the Revenue Bureau, and J. P. Wenchel, chief counsel of the Bureau.

In outlining his case at the initial hearing, on April 19, Julius Henry Cohen contended that the Port Authority is a governmental subdivision falling within the definition of such bodies under the language of the Federal Revenue Act. Federal taxation of State and municipal bonds, he argued, "would be an interference with State and local governments and a clog to their functions." Mason B. Leming, Treasury counsel, argued in rebuttal that the Port Authority is not a governmental subdivision, since it does not exercise sovereign powers of the State.

Following the introduction of the first witness in the proceedings, Judge Opper indicated that he might wish to divorce the question of the tax-exempt status of the Port and Triborough bonds, under the language of the Federal Revenue Act, from the broad constitutional question involved in the whole subject of the immunity of State and municipal bonds from Federal taxation. This latter phase of the case may have to be tried in Washington, the jurist implied.

Two witnesses for the Port Authority testified at the initial hearing on April 19—R. Van Cleef of C. F. Childs & Co., Inc., New

York, and C. W. Laing Jr. of John Nuveen & Co., Chicago. Object of their testimony was to demonstrate the existence and extent of the price differential between municipal securities and taxable securities due to the tax-exempt status of the former.

Mr. Laing, who was qualified as an expert in the field of municipal financing, was called again on Tuesday. He testified concerning a number of issues of municipal and public revenue securities with which he or his firm have been prominently identified. Mr. Laing demonstrated the importance of the tax-exempt feature by citing a number of instances where the borrower could not dispose of taxable obligations.

Another witness was Robert C. Webster of Webster & Gibson, of Nashville, Tenn., who substantiated the views expressed by Mr. Laing and testified concerning a comparative study he had made of high-grade corporate securities, taxable U. S. Government 2½s and long-term New York State bonds.

Mr. Webster found a differential of 20 basis points between corporates and taxable Treasuries and a differential of over 100 basis points between corporates and New York States. He expressed the opinion that if New York State bonds had the same status as to income taxation as taxable Treasuries, New York State bonds would sell at yields midway between the yield on high-grade corporates and taxable Treasuries.

Expanding the point, Mr. Webster, in response to questioning, expressed the belief that a municipality able to borrow on tax-exempt 4s would have to pay a rate of 6% on taxable securities and in the case of a 6% tax-free credit the return on taxables would have to be 8½% or more.

Regardless of the outcome of the present case, it is destined for ultimate review by the United States Supreme Court, although this is not likely to take place until sometime in the latter part of 1944, according to all indications. Before the Supreme Court is asked to accept the case, it will first be continued before the United States Circuit Court of Appeals.

New York Bonus Bond Bill Seen As Tax Limit Evasion

A bill to permit municipalities to issue bonds so that they may pay salary bonuses to employees was branded April 5 by the Citizens Public Expenditure Survey not only as a flagrant violation of the pay-as-you-go principle in municipal finance but as an attempt to evade the State constitution.

The bill permits any county, city, town, village or other organized district to issue five-year serial bonds to pay salary bonuses up to \$300 in each fiscal year for any of its employees. The bill acknowledges that many municipalities are unable to pay such salary bonuses out of current taxation, without undue hardship on the taxpayers, hence it proposes going in additional debt at this time.

Many municipalities are close to the constitutional limit which prevents taxes for current expenses to exceed 2% of the total assessment. The Mahoney-Ehrlich Bill would permit these municipalities to escape this tax limit by issuing bonds to meet what is customarily considered a current expense.

The Survey is directing the attention of taxpayer organizations throughout the State to this bill (Assembly introductory 1638) which has gone to Gov. Dewey for action.

During the Assembly debate

on the salary bonus bill, Assemblyman Abbot Low Moffat, Chairman of the Ways and Means Committee, opposed the bill and declared it would: "Open the door to catastrophe in every municipality in the State. The governing board in every locality would be under pressure to issue bonds to provide salary bonuses with the result that every municipality would be disastrously affected."

Under the Constitution the amount can be raised by tax on real estate in any fiscal year is now limited in the larger cities to 2% of the average assessed valuation. This limitation will be effective after Jan. 1, in all cities and villages. Excluded from the limitation are taxes levied for debt service and when specific permission is given by special legislation, for school purposes.

Approval by Governor Dewey of the Mahoney-Ehrlich salary bonus bill, the Citizens Public Expenditure Survey warned, would result in mounting costs to taxpayers for local debt service during the next few years while they are attempting to pay the highest federal taxes in history. The bill, if approved, might also open the door to a multitude of other schemes to finance through borrowing where current expenditures for the same purpose are blocked by the constitutional tax limit.

House Committee To Study Land Acquisition

The House Public Lands Committee plans to investigate the problem of taxation of public lands by the States, Chairman Peterson, Democrat, Florida, said recently.

Peterson said figures presented his committee showed the Army had acquired within the past two years 18,789,290 acres and the Navy more than a million acres of lands which had formerly yielded important revenues to the States.

"In my State alone," Peterson told reporters, "the Government has taken over hotels and plant facilities wholesale and it has now become a problem to get enough money through taxation to provide maintenance for schools, road districts and other State services."

Peterson said a resolution presented his committee by Representative White, Democrat, Indiana, would allow a thorough investigation of the question, including consideration of bills to authorize State taxation of Federal lands.

Major Sales Scheduled

The calendar of future offerings of \$500,000 or more, at this writing, consists of the \$5,000,000 Philadelphia School District, Pa., bonds, for which bids will be opened on April 30. At the district's last sale, in December, 1939, award was made to the Pennsylvania School Employees' Retirement Board, the second high bidder being a syndicate headed by Lehman Bros. of New York.

Mexico To Sell Gold To Check Inflation

Free purchase of gold in exchange for silver coin and bank notes will soon be permitted by the Banco de Mexico, in an effort to halt inflation, according to a special dispatch to the New York "Times" on April 16. The bank has drawn on its metallic reserve at New York, including the old 10-, 20-, and 50-peso gold coins, Mexican officials state, in order to meet the demand, will issue one-peso bank notes to economize on the cost of silver transportation, and will put another 50,000,000 one-peso silver coins in circulation. The gold coins to be placed on sale will contain 37.5 grams of pure gold.

Calendar of New Security Flotations

OFFERINGS

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).

In an amendment filed April 14 to its registration statement National Fuel Gas Co. lists a nation-wide group of underwriters which will offer 412,042 shares of the company's capital stock, without par value. The shares are outstanding shares owned, and being sold to the underwriters by The Rockefeller Foundation. The com-

pany will not receive any proceeds from the sale.

The underwriters with the number of shares each has agreed to purchase follows: Dillon, Read & Co., 30,042; A. C. Allyn & Co., Inc., 8,000; Arnold and S. Bleichroeder, Inc., 2,000; Bacon, Whipple & Co., 6,000; Baker, Weeks & Harden, 6,000; Bear, Stearns & Co., 7,000; A. G. Lecker & Co., Inc., 7,000; Blyth & Co., Inc., 18,000; Central Republic Co., Inc., 7,000; E. W. Clark & Co., 3,000; E. W. Cincas & Co., 2,500; Coffin & Burr, Inc., 7,000; Coggeshall & Hicks, 2,500; Paul H. Davis & Co., 6,000; Dixon & Co., 2,500; Doolittle, Schoellkopf & Co., 5,000; Fahey, Clark & Co., 3,000; Goldman, Sachs & Co., 10,000; Graham, Parsons & Co., 5,000; Harcourt, M. Ratche & Lord, 3,000; Harris, Hall & Co., Inc., 6,000; Hemphill, Noyes & Co., 8,000; Henry Herrman & Co., 2,000; Hornblower & Weeks, 7,000; E. F. Hutton & Co., 5,000; W. E. Hutton & Co., 7,000; Ingalls & Snyder, 7,000; Jesup & Lamont, 11,000; Johnston, Lemon & Co., 2,500; Kebbon, McCormick & Co., 6,000; Kidder, Peabody & Co., 18,000; W. C. Langley & Co., 10,000; Lee, Higginson Corp., 7,000; Lehman Brothers, 10,000; Lawrence M. Marks & Co., 5,000; A. E. Masten & Co., 3,000; McDonald-Coolidge & Co., 5,000; Merrill Lynch, Pierce, Fenner & Beane, 18,000; Morgan Stanley & Co., 25,000; Maynard H. Murch & Co., 3,000; Newhard, Cook & Co., 4,000; Otis & Co., 3,000; Paine, Webber, Jackson & Curtis, 10,000; Reinholdt & Gardner, 4,000; Riter & Co., 7,000; E. H. Rollins & Sons, Inc., 6,000; L. F. Rothschild & Co., 7,000; Schoellkopf, Hutton & Pomeroy, Inc., 7,000; Shields & Co., 7,000; Stix & Co., 4,000; Spencer Trask & Co., 7,000; Tucker, Anthony & Co., 9,000; Union Securities Corp., 10,000; Wertheim & Co., 7,000; Wisconsin Co., 7,000; and Harold E. Wood & Co., 4,000.

Offered April 20, 1943, at 10³/₄ per share by Dillon, Read & Co., and associates.

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

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

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

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

Registration effective 5:30 p. m. EWT on April 10, 1943.

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 1¹/₂ 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.

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

Brof Dahlberg, C. S. Mansell and Andrew J. Dallstrom, 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.

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).

Amendment filed April 16, 1943, to defer effective date.

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 it 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 April 17, 1943, to defer effective date.

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).

(This list is incomplete this week)

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.

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. & Co.; 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 4¹/₂% 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 3¹/₄% 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, 3¹/₄%, due May 1, 1933.

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 106¹/₄% 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, Chicago, Ill.

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 CASUALTY CO. OF READING, PA.

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

Address—607 Washington St., Reading, Pennsylvania.

Business—Conducts general casualty insurance business.

Manes Committee Report Cites Continued Loss Of Trade By New York City

(Continued from page 1492)
country. This is particularly true in the case of the clothing and printing industries, which are competing in many cases with more up-to-date plants in other parts of the country."

Decentralization of Population

"The development of rapid transit, subways, parkways, tunnels, bridges and the automobile have all brought about tremendous shifts in the residential population of the City. This transfer of New York City's workers from living quarters in the City to the suburbs has been a serious factor in reducing the income of real estate on Manhattan Island. It has left behind blighted areas that will no longer support taxes levied upon them. It has also taken much revenue from the retail establishments in New York City. Many of those who derive their income from their work in the City spend an increased proportion of it outside the City where they have their homes."

The Decline of Wall Street

"A major factor influencing business and employment in the City has been the decline of the financial community during the past ten years. The business of Wall Street is one of New York City's principal industries. Since 1933, regulations affecting the securities markets have been carried out to a degree that has profoundly affected the economic welfare of the entire City. The result has depressed real estate

values at the lower end of Manhattan and has injured all trade and commerce in the City."

Among the committee's recommendations were the following:

"The entire legal code concerning incorporated business needs to be examined most carefully and streamlined to meet modern-day conditions. We believe that the corporation laws should be so revised that corporations may be attracted into the State of New York. There are many companies whose headquarters are in New York, and which would rather pay their franchise taxes to this State. Oftentimes, we are told, they have been prevented from incorporating in New York State because of the antiquity of the code affecting corporations. Since the daily life of every citizen in New York State is affected by business, we cannot urge too strongly the desirability of creating the feeling that New York State and its executives welcome wholeheartedly any kind of legitimate new business for our people."

"Since we are all agreed that New York City represents a segment of New York State which is of such vast importance to the whole state, we recommend that the studies of tax problems now being undertaken in the direction of the Governor give particular attention to the budget and tax problems of the city. We urge that further study be made of this whole problem before the Legislature extends to the city further authority to levy taxes."

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J. Reitenbaugh Heads Goodbody Co. Dept.

John S. Reitenbaugh, for many years connected with the investment field in executive capacities, has become associated with Goodbody & Co., 115 Broadway, New York City, as Manager of their Investment Securities Department. This department handling retail sales, including unlisted issues, will be greatly expanded in personnel.

Goodbody & Co., established 52 years ago, are members of the New York Stock Exchange and other principal exchanges. The head offices are in New York and Chicago, with a private wire system to branches in 19 cities. The firm maintains an unusually large research department, an unlisted trading department, Canadian securities department and investment trust trading department.



John S. Reitenbaugh

The Business Man's Bookshelf

Army Reports to the Cotton Industry, The—Transcript of proceedings of the National Cotton Conference—Forum in New York City—New York Cotton Exchange, New York City—paper.

Home Mortgage Loan Manual—American Bankers Association, 22 East 40th Street, New York City—cloth—thumb-indexed.

Investor Looks at 1943, An—E. W. Alex & Co., Inc.—Tarrytown Press, P. O. Box 157, Tarrytown, N. Y.—paper—15 cents—free to public libraries and non-profit institutions.

Postwar Investment Aspects of the Aluminum and Magnesium Industries—E. W. Axe & Co., Inc.—Tarrytown Press, P. O. 157, Tarrytown, N. Y.—paper—25 cents—free to public libraries and non-profit institutions.

Post-War Planning in Britain—Unofficial Post-War Planning 1939-1943—British Information Services, 30 Rockefeller Plaza, New York City—paper.

Student Folkways and Spending at Indiana University, A Study in Consumption—Mary M. Crawford—Columbia University Press, Morningside Heights, New York City—cloth—\$3.50.

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First 5s of 1954

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Descriptive Circulars on Request

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Fashion Park, Incorporated, Earnings Up; Peace Prospects Excellent

Makers of men's clothing are looking forward to what they believe will be an unprecedented boom for the industry when our 11,000,000 soldiers begin stepping back into civilian clothes after the war.

However, Fashion Park, Inc., has not been forced to wait for this development in order to show a substantial increase in its business. Net income for the year ended Nov. 30, 1942, rose to \$237,283.20 from \$44,865.56 in the preceding year. And these earnings do not include the income of Weber & Heilbronner, Inc., a wholly-owned subsidiary operating men's retail clothing stores. The company estimates that, with the earnings of the subsidiary included, net profit for the last fiscal year amounted to "at least \$300,000."

Fashion Park, Inc., organized in 1938 to take over the business of Allendale Corp., manufactures men's clothing in its Rochester plant and distributes its products widely under well-established brand-names. Capitalization now consists of 32,957 outstanding shares of \$3.50 cumulative preferred stock and 59,793 outstanding shares of common stock. The following figures give a condensed version of the company's balance sheet as of the fiscal year-end, Nov. 30, 1942:

ASSETS	
Cash	\$347,635.77
Receivables	1,183,235.77
Inventories	1,264,916.30
Miscellaneous	68,756.15
Total current assets	\$2,864,543.99
Fixed assets (net)	604,005.70
Invest. in sub., etc. (net)	932,788.46
Deferred charges	33,450.79
Goodwill	1.00
	\$4,434,789.94
LIABILITIES	
Notes payable	\$1,200,000.00
Accounts payable	143,543.71
Reserve for taxes	106,201.09
Total current liabilities	\$1,449,744.80
Capital stock and surplus	2,985,045.14
	\$4,434,789.94

The extent of the improvement which has taken place over the

past year in the financial position of the company is indicated by the fact that, in addition to paying off in full its funded debt of \$164,785, notes payable to banks have now been reduced to \$800,000 from the figure shown in the above statement. Another revealing sidelight on the above figures is the statement of the certified public accountant which covers the company's year-end report. We quote: "Sales invoices subsequent to the close of the period were examined and the selling prices thereon were found to be substantially in excess of the inventory valuation of the finished goods." This suggests a conservative valuation of inventories as shown in the balance sheet.

The attraction of the \$3.50 preferred stock in this situation arises from its greatly strengthened position and the possibility that dividend payments will be resumed in the not too distant future. As of April 1 dividend arrears totaled \$17.50 per share. Against this the stock now has a book value of approximately \$91 per share, and the net current assets, as shown above, were equivalent to \$43 per share. Earnings last year, excluding subsidiary company profits, amounted to \$7.19 per share.

R. D. Leahy A Partner

Raymond D. Leahy became a partner in Leahy Bros., 120 Greenwich Street, New York City, members of the New York Curb Exchange. Mr. Leahy in the past was a partner in the firm.

E. B. Grubb To Run As Independent Candidate For N. Y. S. E. Board

A petition nominating E. Burd Grubb of Coggeshall & Hicks as an independent candidate for the Board of Governors of the New York Stock Exchange was filed on April 16 with the Exchange.

Mr. Grubb, a Governor whose term expires this year, was not nominated by the Exchange's Nominating Committee, but under the Constitution members may nominate other candidates by petition. Mr. Grubb, former President of the New York Curb Exchange, has been a member of the Stock Exchange since 1935.

The official slate of the May 10 election was given in our issue of April 15, page 1381.

Cyril de Cordova Dead

Cyril de Cordova, member of the New York Stock Exchange and partner in Cyril de Cordova & Bro., 25 Broad Street, New York City, died at his home of a heart ailment after an illness of several weeks.

Irving Stein Joins L. D. Sherman Co.

Irving Stein has joined the trading department of L. D. Sherman & Co., 30 Pine Street, New York City, as manager of the industrial stock division. Mr. Stein was formerly in business as Irving Stein & Co. In the past he was a partner in Morris Stein & Co.

Chicago No. Western Decision and What The Cash Means

An interesting circular discussing the Chicago North Western Decision and what the cash means, with particular reference to the new and old securities of this carrier, has been prepared for distribution by Pflugfelder, Bamp & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

Gude, Winmill Partner

Robert H. Radsch will become a partner in Gude, Winmill & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, as of May 1.

SECURITY SALESMAN WANTED

One of our clients, an investment firm located in New York City, wishes to employ an experienced securities salesman. The man must have a well rounded experience in all phases of the business and some established retail business of his own. The firm will assign to the man chosen, a number of active retail accounts. Compensation will be arranged on an attractive basis. Replies will be held in confidence. Address Box 90.

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TRADER WANTED

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