Gersten Elected Head
Of H. Y. State Bankers

The 50th annual election of office
ners held by the New York State
ankers Association, and the first
ver conducted by mail ballot, re-
sulted on May
8 in the elec-
tion of E.
stone Gersten,
President of the
Public National
Bank and Trust
Co., of Platts-
burg, to a
third
renewal to
May
14. successive
John P. Myers,
President of the
Plattsburg
National
Bank and Trust
Co., Platts-
burg.

Other officers elected included C.
George Niehans, President, Bank of
Jamestown, Vice-President; and E.
Burnham Guild, President, First
National Bank and Trust Co.,
Wilton, Treasurer.

The Association, whose mem-
bership of 648 includes 671 of the
State's 697 commercial banks
and trust companies, voted last
January to abandon plans for its
annual convention in order to
conserve transportation services and
manpower needed in the prosecu-
(Continued on page 1777)

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In 2 Sections—Section 1

The Commercial and
FINANCIAL CHRONICLE

Volume 157 Number 4176

New York, N. Y.

Can The United States Support
A 300 Billion Dollar Debt?

By OLIN GLENN SAXON
President of Pennsylvania Economy League
and
Professor of Economics, Yale University

In 1943, it is estimated, the U. S. will spend about 62%
of its national income for war purposes, the United King-
dom 69% of its income, New Zealand, 63%, Canada 45%,
and Australia 49%.

Estimates of the post-war national debt of the United
States vary widely, ranging from $250,-
000,000,000 to $500,000,000,000, depending
upon the length of the war. In any case
the debt, in honest money, will be an all-
time world's record. It stagger's all imagina-
tion as well as the comprehension of all who do not believe in the "deficit
spending" and "we will owe it to our-
selves" doctrines, preached by Keynes, of
London, and Hansen, of Harvard, and prac-
ticed for so fervently of late years on the Po-
tones.

At the reported current rate of Federal expenditure of $2,000,000,000 per week,
some estimates that the debt will be $900,-
000,000,000 on June 30, 1944, with $700,-
000,000,000 to $1,000,000,000,000 more for
each year of global war thereafter.

It is quite doubtful if we can actually spend $2,000,000,000
per week. But it is reasonable to assume that the war
will necessitate a total debt of $300,000,000,000 to $350,-
000,000,000 by the end of 1945 or before the world has once
again settled down to relative stability.

Assuming a final gross debt of say, $350,000,000,000, can this gigantic sum, the equivalent of our entire national
wealth in 1940, be redeemed in money of present or pre-war
purchasing power, or will it be repudiated directly or
inflated out indirectly in whole or in part?

The answer is, it can be paid, and will be, if our people
have the moral fibre and economic good sense to do it. If
(Continued on page 1764)

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Comment On “The Future Of The Gold Standard”

By FRANK CIST

“The Commercial and Financial Chronicle” of April 1 has invited reader comment on an article in that issue entitled “The Future of the Gold Standard” written by the internationally famous monetary expert, Dr. E. W. Kemmerer, of Princeton, N. J. The timeliness of this article was emphasized within the week by publication, April 7, of a plan for an “International Clearing Union” drawn up by Lord Keynes and sponsored by the Bank for International Settlements.

The plan is based on the theory that “supplement gold as a government reserve, but allow it to continue to function as a reserve for international trade, therefore, to appear to be drawn between these, like the Kellogg-Kennedy, who cling to gold, and those, like Lord Keynes, who want discountary powers to ‘correct a potential deficiency,’ or even an excess of ‘world purchasing power.’” What, let us ask on the other hand, is the matter with the gold standard that makes people want to lose it?

A number of authors are usually cited as having written against the gold standard. But is it not vastly more sanguine to say that the severe fluctuations of the gold standard. It is said to be unstable in value, fluctuating with the discovery of new mine fields. It is accused of permitting some management of money without being consistent and allowing complete management of money, in a modern age it is called “un-scientific.” But the pain complaint is that the gold standard causes such cycles which is the opening of his book, “The Newgold Standard.”

Hilte-Hart, A New Kind of Advertising Agency Is in the Making, outlines his proposed policies. New products and processes will be emphasized, it was stated, by the new agency, Mr. Hill stated.

Staff personnel, accounts and other details will be announced in forthcoming announcements.

Weston Hill Forms Own Advertising Agency

Weston Hill, well-known for his work as a copy writer and creative executive for Rutland and Byrnes and Balliett-Sample-Hum.

Mr. Hill recently inserted an advertising trade papers a full-page advertisement and has advertised in The American Curb Exchange, and other publications in the opening of large accounts in advertising trade papers. Weston Hill Advertising, Inc., with offices at 230 Park Avenue, New York, a branch office will be opened soon in Chicago.

In this fashion, we would regard Sears as possessing a means of advertising that is not only a burden on the mercy of the money maker, interfering with obscuring them for long.

In the other case, Montgomery Ward has had the better comparative sales record in the last 12 or 15 months, but this business has been done at a gross profit margin inferior to Sears. By and large we feel that both of these stocks are reasonably priced if one looks beyond the war, although it appears quite clear that current purchases may require a reasonable degree of patience.

Near-Term Market Outlook

The market as a whole is a mix of Widget's and perhaps it will be somewhat less dynamic as Congressional corporate-tax discussions get under way.—Ralph E. Samuel & Co.

We take pleasure in announcing that Mr. Charles J. Stimpson has become associated with us in our trading department.

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Cliffon A. Hippkins and James D. Topping, formerly partners in Hippkins & Topping, have now associated with Braun, Bosworth & Co., Inc., 1617 intoxicated, and aschemy in charge of their newly-opened New York City office.

The new desk will be on the west wall.

Stewart R. Tertill and James F. Wolanski, who have also been associated with Hippkins & Topping, will be in the trading department of the new Braun Bosworth office.

Offer Convenient Record For Security Transactions

Wayne Hummer & Co., 100 West Adams Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges, has published a simple and convenient loose-leaf record for listing security transactions and holdings; it includes sections for bond and stock records, taxable income, profit or loss on sales, and other information of importance to investors. Copies of this record may be secured from Wayne Hummer & Co. at a cost of one dollar each.
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Avers Keyes And Morgenthau Stabilization Plans Would Set Up Super-National Brain Trust
Dr. B. M. Anderson Views Both As Relieving England Of Burden Of Paying Capital Frozen In England Belonging To Those In Foreign Countries

In an analysis of the Keynes and Morgenthau foreign exchange stabilization plans, Benjamin M. Anderson, Ph. D., asserts that "obviously foreign exchange stabilization is desirable if we can get it in a sound way without creating worse evils." But, he observes, "instability of a weak currency in the foreign exchanges is merely symptomatic of an underlying financial disease, and to peg the foreign exchange rate with¬ out the fundamental is merely to mask the symptom and to let the disease grow worse."

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Bolivia's Good Neighbor

The President has chosen again to place conspicuously before the public what he is pleased to term his "good neighbor" policy toward Latin America. This time he has chosen one of his favorite techniques—that of grandly summoning investment bankers. At the conclusion of his long series of conversations with the President of Bolivia, he made it a point to inform the apologue to his visitor for a loan to made some years ago to Bolivia by American investors through an underlying firm, which President Roosevelt appears to feel "exploited" the bowing country's chargé d'affaires on the deal and fixing the interest rate on the loan made by this country's banks rather plainly to imply that Bol¬ via did not really need until the money, but was persuaded to accept it "superlatively handsome" on the part of the underwriters. Since upon such occasions the President does not permit himself to be quoted exactly, it is not easy to determine precisely what he did say about this transaction. All accounts of the matter have the President saying that an inter¬ est rate of 8% was charged, and some have him adding an 8% "commission." The only loan by the investors of this country to Bolivia within the dates fixed by the President was a $1,450,000 311 2-060 001 31-year loan (or some part thereof), a portion of it being with the loan insurers in Europe bearing a discount rate of 7% and 0.5%.

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Savannah, GA.

Savannah, Chisholm & Co., Inc., Savannah Bank & Trust Co. Building, announce that Millard Thompson Bolt is now associated with them as manager of the trading department. Mr. Bolt was for¬ merly with E. M. Fitch & Co., Inc. of Philadelphia.

West Va.-Pittsburgh Coal Situation Interesting

The current situation in West Virginia-Pittsburgh Coal Co. First Mortgage Income 6s of 1947 office attractive possibilities according to D. F. Bernscheiner & Co., Inc, 42 Broadway, New York City, from whom interesting descriptive ma¬ terial on this issue may be had upon request.

Ferron R. Davis Opens
SOUTH BEND, IND. — Ferron R. Davis has opened offices in the City National Bank Building to engage in a general securities business. Mr. Davis was formerly with H. E. Marshall & Co. for many years.

We are pleased to announce that
Mr. Millard Thompson Bolt (formerly with E. M. Fitch & Co., Inc. Philadelphia) is now associated with us as Manager of our Trading Department.

Varnedee, Chisholm & Co., Inc.
Savannah, Georgia
Tomorrow’s Markets
Walter Whyte

By WALTER WHYTE

Despite bull market resumption signal market action is not convincing. Continue advising staying away from long side. * * *

Looking at the market from a day-to-day angle there is nothing ominous to the eye that is disturbing. Yes, back in the beginning of April the market was obviously high; and if a period of a couple of weeks, it snapped back nicely, with some of the stocks even getting above their old highs. * * *

This action is so obviously good that nobody feels pessimistic about the near-term future. Of course, where the longer term is considered you can argue both sides. However, this column is concerned with the immediate, rather than the future trend.

According to the much-discussed Dow theory if the averages make a high, that is, in both averages, a signal of a continuation of a bull market has been given. If the same averages decline and if such a decline is followed by a rally which does not get above the former highs; and if subsequently they get under their previous lows, then a bear market signal has been given. If contradictory, both averages don’t break the previous lows and go through their old highs, a bull market is still on. In the week just passed the latter is what you saw. * * *

The averages did go through on the upside. Their ability to go through was so obvious and so well advertised that there is hardly a person interested in the stock market who wasn’t aware of it. And even the small shake-out of the end of last week is more a sop to the bullish enthusiasm.

There is little doubt but that the speculative public is in the market. If I had any doubts about when I was in New York I have no doubts after speaking to people in the Southwest, from where (Continued on page 1769)

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On the Treasury’s Plan
For the Stabilization of Currencies

BY RENÉ LÉON

Once upon a time, testifying before the Finance Committee of the Senate, your humble servant stated, in part, “The most recent and, let it be recognized, the most effective artificially devised to achieve stabilization of exchange, its effectiveness is the more complete and deceptive instrument of price control.” To establish this principle is to challenge competition in the same way... This system must be broken, or... it can be terminated by international agreement.”

This was 10 years ago, Feb. 15, 1918, to be exact, and although it has taken time, considerable agreement with his conclusion is now being expressed. On April 7, last there were published our suggestions that the international fund to stabilize currencies, No. 6 of its stated object was to “help eliminate bilateral exchange clearing arrangements, multiple currency devices, and discriminating exchange prices.”

The following day the British Government made its decision, clearing union after the war were also made public. Object “B” of this plan was expressed as follows: “We need an orderly and agreed method of determining the relative exchange values of national currency units, so that nobody... exchange depreciations are prevented.”

It remained for a layman, Wendell Willkie by name, to state in plain language what we all understood that, after the last war, “...the instability of foreign exchange remained the principal cause of economic reaction in the world,” (page 198).

These three distinct expressions of the same thought came from high places on both sides of the Atlantic, and were all propelled by the force of circumstance. This is our problem. How do we solve it?

To question some of the authors of the British and American plans would manifestly be unfair. It would be to credit them with the loftiest of ideals and styles of interest in objectives familiar to us all. As a point of view, let us consider their proposals. By what method do they plan to succeed (Continued on page 1774)

Securities And Inflation

Obviously the market is inflationary in character. All the harbingers of such markets have appeared—increased prices, increased prices of securities, flow ofiong activity from group to group, ignoring of unfavorable news, temporarily and then quickly recovery, warnings against uninformed speculation, continued disregard of guide-posts, huge turnover in speculative bonds and unquoted in high-grades, Government spending beyond the means, Leases-Lend distribution at breakdown-taking expense. These things, How can it be inflation as well as attend it. They are inflation, so plan that he who runs may read. Surplus funds are seeking sanctuary.

Helping It Along

The advance, cropping up over a year, has produced many solid-out of him long of cash and yearning for returns, and numerous bearish signals in the long, Leases-Lend distribution at breakdown-taking expense. There is a law to be inflation as well as attend it. They are inflation, so plan that he who runs may read. Surplus funds are seeking sanctuary.

Transportation facilities, procuring equipment, manufacturing plants, sales organizations, are a part of the first thing we want. The second thing we want is what everybody wants, with all dependent on the raw mate- rials, including food, that come from abroad. The stock buyers lack confidence. They are afraid that the bright ma- teri¬

The Substance of Wealth

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The Shadow of Inflation

The ever-present question: What can I do to preserve my cap- ital while the inflation is upon us? That question has been a constant in every mind. There are dif-

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New Haven Railroad Continues To Forge Ahead

Reports Highest Gross Income For Any April On Record; Substantial Portion Of Gross Carried To Net

Howard S. Palmer, President of the New York, New Haven & Hartford Railroad Co., is estimating that gross revenues in April, 1932, will have reached an all-time peak. This will be the highest gross for any April on record and 20% above the highly satisfactory showing of any comparable month. The figures contrast sharply with the New Haven's depression experience when monthly grosses was running at only about a third of the April estimate.

The April budget will bring gross revenues for the last four months of the year at approximately $1,050,000. From here on out the figures will be affected by the suspension of freight rate increases.

In the first quarter of the year, the railroad gross realized in five of the ten principal freight-movement centers was 8% higher than reported in the same period of last year. This means that aggregate revenues per mile will be 10% per mile and passenger miles in total, and 15%, respectively, lower than in the previous peak, 1929.

While increased costs and taxes are taking a heavy toll, a substantial portion of the increase in gross is being carried down to net. Net earnings for the first quarter of the year was 3½ above a year ago and further year-to-year gains are indicated in the five major freight-movement centers.

It is estimated that the percentage of the railroad's gross income is being utilized for the rapid repayment of capital; this past due interest on the company's mortgage bonds. Dividends have already been made current as to interest and it seems likely that bonds secured under the 1st & Refunding Mortgage will be current by the time the final plan of reorganization is decided upon.

Jos. A. McCord, Jr., with Merrill Lynch, Pierce, Co., (Chamber of the Pacific), ATL, NY, 1932, has become associated with Mr. Hyman, Lynch, Pierce, Fenner & Beane, 25 North Pryor Street, Denver, Colorado, and R. J. McCord was formerly assistant manager of the Atlanta office of Thomson & McKinnon.

R. M. Horner Forms Own Investment Co.

John B. Cornell to Head Trading Department

Robert M. Horner has formed R. M. Horner Co., with offices at 30 Broad Street, New York City, to engage in a general securities business. Associated with Mr. Horner as manager of the trading department are Mr. John B. Cornell, Mr. H. F. Orton, and Mr. C. S. plates, for the first half of the year. monies are reported for the company, showing that average rates per mile and passenger miles increased 1% and 2%, respectively, lower than in the previous peak, 1929.

Certain fixed interest bearing Railroad Reorganization Securities will be legal investments for sav-

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Chicago Brevities

Chicago Brevities
8-Cent Fare For Chicago Traction Made Permanent; Unification Plan Rejected

Prices of Chicago traction bond issues rose to peak levels for the last two or three years in heavy trading in the over-the-counter market last week, following a request in a Commission in rejecting to plan a great local transpor-
tation plan for the unification of the street car and elevated lines.

Dealers reported that issues of the Chicago Surface (street car) Lines rose to 5 points, and that bonds of the Chicago Rapid Transit (elevated lines) Co. bore a narrow range.

The Chicago City and Connecting Railways Co. has been said to have shown the widest percentage advance in moving from a price of 4 34 on May 19th.

Meanwhile the decision of the City to reorganize and unify the plan was also con-
tinued by the City.

The Commission declared that the unification plan was fi-
nally ununion without the virtual muddle that it has been in for years.

The plan proposed the setting up of a new public street-car company to be called the Chicago Transit Co., which was to operate as a single unit in the street-car properties, elevated lines and the new sub-
way system appointed by Federal Judges.

A. With the proposal a total $197,000,000 of securities to be issued, of which $136,000,000 would be given to present holders of street line securities, and $43,000,000 to holders of elevated line securities.

8-Cent Fare Made Permanent

The Commission in its deci-
sion pointed out that the "forward line" of the Chicago Surface Lines the authority to permit passenger fare at 8 cents.

A year ago the Commis-
sion had authorized a tempora-
ry rate of 8 cents only from 7 A.M. to 7 P.M., and the higher rate has been in effect since April 28, 1912.

In making the 8-cent fare permanent the Commission is said to be based on the facts that Judge Joge is handling the case.

The ICC has requested various parties in the case to file briefs discussing the extent of the Commission of-

The Commission decided that a return to a 7-cent fare "would result in an operating loss on the part of the company, in view of higher operating costs and payroll expenses.

The rulings of the Commerce Commission are based on the expectations of local se-
curity dealers, who have freely predicted that the 8-cent fare would be rejected.

The general idea was that the 8-cent fare would be placed in line with the low bids because it was understood, as the Commis-

The decision in the case is said to have resulted in the reversion to the lower charge as an antitrust monetary measure.

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curity dealers, who have freely predicted that the 8-cent fare would be lost.

The general idea was that the 8-cent fare would be placed in line with the low bids because it was understood, as the Commis-

The decision in the case is said to have resulted in the reversion to the lower charge as an antitrust monetary measure.

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Security dealers are said to have been disappointed by the Commission in rejecting the 8-cent fare plan.

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William A. Fuller & Co.; John J. Griffin, 120 South LaSalle Street, and Robert J. Vehmeyer, 120 South LaSalle Street, were chosen as members of the 1944 Nominating Committee.

The 1943 Nominating Committee reported on May 4 consisted of Paul H. Davis, Chairman; Paul H. Davis & Co., Michael J. O'Brien, Palme, Weber, Jackson & Curtis; Frederick H. C. Cutten; Arthur F. Leary; Richard Dougall and Clyde H. Bolognese.

The Exchange's announcement had been widely followed regarding Mr. Payne's career.

Harry M. Payne, the nominee for Chairman of the Board of Governors, is a partner of the firm of Baty & Co., 120 South LaSalle Street. His firm has been one of the two generalodd dealers on the Exchange since 1924, and are also specialists in 23 issues on the Exchange, among which are Commonwealth Edison Co., Radio Corporation of America and Swift & Co., three of the most active dual listed issues on the board.

Mr. Payne is 44 years of age and a native of Chicago. He attended Hyde Park High School in Chicago. He started his business career as advertising representative of the Chicago "Tribune" in 1918. When the "Journal of Commerce" was organized, Mr. Payne continued his connection with the newspaper, and continued in the advertising business until he was admitted to membership in the Exchange on Nov. 6, 1922. He has been a member of the Exchange continuously since that time.

He has been prominently identified with the Chicago Stock Exchange for many years. He was first elected a Governor in 1929. He has served as President of the Executive Board, as a member of the Executive Committee of the Exchange since 1931, and as a member of the Executive Committee of the Exchange for three years and was Chairman of that group during a part of 1942.

Hempstead Washburne & With Harris, Hall Co. (Special to The Financial Chronicle) CHICAGO, ILL. — Hempstead Washburne has become associated with Harris, Hall & Company, 111 W. Adams Street, Chicago. Mr. Washburne was formerly Chicago correspondent of the Commercial Bank & Trust Co., a member of the Chicago Board of Trade, and a representative of the American Bankers Commercial Credit Corporation. Mr. Washburne was formerly with Farwell, Chapman & Co., was an officer of McGovern, Camden & White, Inc. and the First of Michigan Corporation.

J. C. Culbertson & Co. (Special to The Financial Chronicle) CHICAGO, ILL.—J. C. Culbertson has become associated with Doyle, O'Conner & Co., 130 South LaSalle Street. Mr. Culbertson previously was with Mason, Moran & Co. Prior thereto he was a partner in Culbertson & Hall, Inc. and Charles Sincere & Co.

Thomson, McKinnon Florida Offices Open

Thomson & McKinnon announce that they have closed their seasonable offices in Miami, Jackson, Tampa, St. Petersburg and Sarasota, Florida, for the Summer, but that the personnel of that office will maintain their headquarters there at their West Palm Beach office, which is a year-round office. Their offices at Miami, Jacksonville, Tampa, Orlando and St. Petersburg will also remain open during the Summer months.
Bank and Insurance Stocks

This Week — Insurance Stocks

By A. VAN DER USEN

It is no simple matter to appraise the relative investment worth of bank and insurance stocks on the basis of near-term earning prospects. Generally speaking, it seems quite certain that this year's premium volume will, in all probability, exceed that of last year; that total funds available for investment by banks in 1942, that there will be no repetition of last year's experience; that the business ratio is likely to compare favorably with that of recent years, etc. On the less favorable side, it is known that expenses are increasing, that taxes will be higher, and that the rate of return on invested assets will be lower. Offsetting this last item is the fact that a large amount of funds invested by the companies through 1943 will be substantial enough to offset this.

As of March 19, the market price of fire insurance stocks has been Stronger than the close of the class of 1942. As measured by Standard & Poor's weekly index of 10 stocks, they have advanced from an index of 105.4 on Dec. 30, 1940, to an index of 128 on March 19, showing an appreciation of 23%. Since the laws of Auto Insurance Association has been 31.5%

At present market levels, which does the investor in fire insurance stocks get for his money? It is impossible to answer this question in one sentence; it is entitled to a fair answer. It is not necessary, however, to elaborate on what has already been told so extensively regarding the fundamental nature of the fire insurance business, the realization of risk which it represents, its long and historical history of earnings and dividends.

Louis W. Holand With Finch, Wilson & Co.

James P. Cleaver has become associated with Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, and leading banks and industrial stocks department of Greene & Company. Prior thereto, Mr. Cleaver was a principal of James P. Cleaver & Co., Inc.

Augenblick & Kohn, NYSE Firm In Newark

NEWARK, N. J.—Augenblick, Kohn, members of the New York Stock Exchange, will be formed by consolidation of Offices at 11 Edissen Place. Partners will be Harry A. Augenblick, Exchange of R. B. Kohn, and M. Augenblick. Mr. Augenblick has been active in the Newark City and prior thereto was a partner in Eilerts & Kohn.

United Corp. Attractive

The $2 preference stock of United Corporation, an investment company whose holdings are as follows: 82% in large Eastern utility systems, represents an attractive vehicle for participation in the rise in prices of utility shares, according to a memorandum prepared by Mr. H. & Co. 111 Broadway, New York City, members of the New York Stock Exchange and others in the national exchanges. Copies of the memorandum dis- cussing the situation may be had from Mr. H. & Co.

DIVIDEND NOTICES

"New York, NY.—The Board of Directors of the New York Stock Exchange, Inc., has declared the following dividends payable May 15, 1942, to stockholders of record as follows:

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<th>Dividend</th>
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<td>5%</td>
<td>May 15, 1942</td>
<td>May 8, 1942</td>
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Investment Trusts — First Quarter Reports

A balance sheet item which in recent years of depressed mar- kets had become something of a rarity in investment company re- ports was again to be found rather frequently in their statements for the quarter ended on March 31, 1942. This item, variously de- scribed by different accountants, represents the excess market value over cost of securities held. The existence of such excess market value may have been going on not only in the markets, but in the investment company. Companies involved.

The following figures are from reports covering the first quarter of 1942.

**AFFILIATED FUND, INC.**

"Assets on March 31, 1942, including $10,000,000 of loan funds, totalled $22,002,006 as compared with $16,030,004 a year earlier. Offering price of the common stock rose during the year from $1.04 to $2.20 a share, a gain of 26.9%.

**Butler-Huff & Co.**

"Net assets on March 31, 1942, totalled $87,760,830 which was equivalent to a liquidating value of $28.44 a share of preferred stock and asset value of $12.44 a share of common stock.

**Chemical Fund, Inc.**

"Net assets increased during the quarter from March 31, 1943, from $58,400,000 to $64,400,000, an increase of $6,000,000. Net asset value per share increased from $18.04 to $18.94. Per share income for the quarter was $0.16.

**Incorporated Investors**

"Net assets increased during the quarter from March 31, 1943, from $3,353,145 to $4,414,500, or 32.86%. Net asset value of outstanding shares increased by $1,000,000, or 30.4%. Net asset value per share increased from $18.64 to $18.32. From the balance sheets for the quarter ending June 30, 1943, to March 31, 1943, the net asset value per share increased from $18.32 to $18.64.

**Insurancshares Certificates, Inc.**

"Net assets on March 31, 1943, totalled $1,000,004. Net asset value per share amounted to $1.04.

**KEYSTONE CUSTODIAN FUND, SERIES S**

"Net assets at the fiscal year ended March 31, 1943, amounted to $545,673. During the fiscal year, net asset value per share increased from $17.96 to $23.76, or more than 32%.

**KEYSTONE CUSTODIAN FUND, SERIES S**

"During the fiscal year ended March 31, 1943, the net assets increased from $139,227 to $139,337, or 0.07%. Net asset value per share (Continued on page 772).
Simplification Of Proxy Rules Desirable For All Concerned

(Continued from first page)

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Simplification of Those
Proxy Rules Desirable

(Continued from page 1961)

pect to any matter not specifically
covered in the proxy statement.

13. Also, if the persons making
the proxy solicitation are unable to
inform that any other person
will act for action at any security
holders
meetings, the proxy state-
tion must be amended to
show the disposition of t
shareholders on the
proposing the proxies.

It is apparent that the
proxy rules cover a
tremendous number of corpora-
tions, and the policy if
corporate voting by
proxy is a tremendous
cost of those
security holders.is

As the Commission has
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such a broad field in its
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SECRET OF ‘RADAR’ OUT; DEVICE TO SPOT ENEMY

WASHINGTON, April 24.—The War and Navy Departments today lifted, in part, the veil of secrecy that has surrounded one of the world’s most vital defense devices—the detection device known as Radar. The United States entered the war. Radar had been kept secret until the Army and Navy were convinced that the secrecy had helped to keep from the enemy vital information on some devices used by the enemy.

WASHINGTON, April 24.— Washington Daily News. The Army and Navy Departments today lifted, in part, the veil of secrecy that has surrounded one of the world’s most vital defense devices—the detection device known as Radar. The United States entered the war. Radar had been kept secret until the Army and Navy were convinced that the secrecy had helped to keep from the enemy vital information on some devices used by the enemy.

NOR THE SECRET IS OUT! The story of Philco’s vital contribution to victory is officially revealed. It’s Radar—the fabulous secret weapon whose miraculous power seeks out the enemy “through fog, clouds, storms or darkness”!

Throughout Philco’s overwhelming leadership in radio, its laboratories have pioneered in the field of ultra-high frequency radio waves, upon which Radar is based. When the Jap struck and our fighting forces asked Philco to perform “impossible” tasks of Radar development and production, Philco laboratories and production lines were ready. And they won their Army-Navy “E” for “performing today what yesterday seemed impossible”!

While Philco soldiers of production are turning out tank radios, communications equipment, ordnance and storage batteries, Radar, the once secret weapon, is one of their major war assignments. Theirs is the most dramatic story that has yet been told from the annals of war production.

But even more important is the vision of the peacetime sequel to their war achievements. In radio, television, refrigeration, air conditioning, only the future can reveal the untold progress that will appear under the famous Philco name... when peace is made secure!
Can The United States Support A 300 Billion Dollar Debt?

(Continued from first page)

we want to preserve our constitutional democracy and to avoid totalitarian dictatorship, the debt must be repaid in dollars of approximately their present value. Otherwise we will have fought the war to end dictatorship only to embark upon the road to dictatorship, despite victory, through the unchecked assumption of national debts by one or another of the Italian, Russian and German dictatorships of today.

The Nation's Debt Record

However, our debt record as a nation is confusing and conflicting. Despite our present good intentions, our past actions have not been adequate to meet the test of the future. In the future, the new proxy rules require that the proxy statement must not only name each proposed nominee for a director, but also state his principal occupation and the name of the corporation or other occupation in which the occupation is carried on. Further, it is necessary for the shareholder to have been previously elected a director, and to have some business experience for the last five years must be briefly described. This information is known to, in soliciting proxies, it may be pertinent that the stockholders of the corporation were elected as directors, and that such information might be used to determine the relationship among the stockholders of their corporation, the effect of which is that the management will be discouraged from proposing candidates for the board of directors to persons who cannot meet the test of five years of business experience.

Yet, less than 50 years later, the new nation was able to declare a dividend to the States from a surplus in the national treasury. A little political courage and patience might have redeemed the bonds in gold dollars of the same value as of date of issue. This clause had become necessary to assure their sale to the public, which was skeptical of Government promises in the light of the record. In the 10 years following 1919 and 1920, $12,200,000,000, at the rate of almost $1,000,000,000 per year, with an average annual national income of about $72,000,000,000 for the period, federal taxes were substantially reduced from 8.7% of the revised federal income tax, 1921 to an average of only 5.8%.

The Gold Clause Repudiation

The depression years, 1930-33, increased the debt to $22,500,000,000, but gold bonds were outlawed by the Federal Government, both for Government and private contracts, thereby repudiating the Government's promise to redeem its bonds and currency in gold dollars at a fixed weight. This promise was finally renounced by the Supreme Court in 1935. All bonds, Federal and private, since then, have been permitted to carry no protection against devaluation.

From 1933 to 1941 the Federal debt almost doubled, reaching $42,500,000,000. Since the outbreak of war in 1941, it has risen largely to about $100,000,000,000 today, and will approximate $250,000,000,000 by June 30, 1944. It is all payable in dollars of no definite standard. It can be redeemed in dollars of no standard or for an amount commensurate with the rate of the dollar (if the power of devaluation is again delegated, as it was in 1933), by the President at his discretion.

On the record, therefore, the chances of redemption, in dollars of no standard or for an amount commensurate with the rate of the dollar, of the Federal debt of $300,000,000,000 or more would appear uncertain.

The higher the debt goes, the greater will be the pressure to redeem it in dollars of much lower value than at present, either with the same amount of dollars or with many times the amount of dollars, yet of no standard value.

The People's State

Secretary Morgenthau on March 22 announced that at that time there were over 50,000,000 investors in war bonds and 25,000,000 participants in payroll savings. In addition, there are about 25,000,000 bank depositors and more than 50,000,000 insurance policyholders in the United States. Approximately 30,000,000 persons are being taxed on their payrolls, establishing credits in Washington for old-age pensions and unemployment compensation. There are several millions of holders of obligations of private corporations and government debt obligations of the States, counties and cities totaling $16,000,000,000. In January, 1943, the banks of the country held more than $14,000,000,000 of the total Federal interest-bearing debt and the insurance companies held 10%., a total between them of 57% of the entire Federal debt, then estimated at $114,300,000,000. In the aggregate, therefore, more than half our population is in one way or another invested in a direct and vital stake in preservation of the present or pre-war purchasing power of the dollar.

Will Politics Force Repudiation?

At present, in light of various over-ambitious, unofficial post-war plans of the present administration, for instance, assume for the moment a national income after the war of $100,000,000,000 and a gross national debt of $350,000,000,000. The introduction of the war has been a literal and figurative inflation. By 1941 the nation was spending $9,000,000,000 annually; the Federal expenditures over the past 10 years averaged $8,000,000,000. This makes a total of $37,000,000,000 for ordinary expenses of government. In 1941, Addis Adami, an Italian economist, said that the war debt, between $10,000,000,000 to $20,000,000,000 estimated for "Crade to the Grave" social security, $20,000,000,000 for the post-war armed services (as estimated recently by Vice-President Wallace), and $1,000,000,000 at least for veterans and dependents. This totals to about $70,000,000,000 of the $100,000,000,000 estimated national income without allowances for debt redemption, world-wide relief, and other favorite projects. There's the major cause of most of the debit. Merely to tabulate the costs shows the absurdity of the program. 

Recent assurances have come from Washington. The Congress has just voted to discontinue the President's power to devalue the currency. The present huge holdings of gold by the Government, totaling 15 million fine ounces, the gold held by the London market, the Berne' gold held by the countries of the world, supply are cited as a safeguard against currency deprecation.

There would still be more confidence in the future, if the Fed were to announce that in any order of priority—those are the main points that must be safeguarded, if gold were again allowed to circulate freely. This move would go far to prevent any current currency deprecation. The revival of the sanctity of the gold clause, protected by constitutional safeguards is a great hope for the future.

The next question is the vital one—can we redeem a $350,000,000,000 gross debt in honest dollars, and if so, how?

The answer is yes, if we have the political courage to attempt it.

The British Experience

Great Britain for many years has carried a national debt more than 200% greater than its national income,
treating the debt more or less as a permanent one. Yet it quite consistently maintained a balanced budget in the years preceding the present war.

In 1919-20, $45,000,000,000 was raised by direct taxation in Great Britain, and 1921-22, $75,000,000,000. This debt is reported to have been greater in relation to British national income at that time than the debt of the 1930s in relation to us national income. In fact, between 1915 and 1935 this debt of British remained stationary, yet, because of the rapid increase in population and the associated increase in productive and productive capacity resulting from the Industrial Revolution, the debt, while much less in proportion to the national income in 1915 seemed unbearable, in subsequent years was negligible.

Our First World War Experience

National income is, at best, an inadequate and dangerous concept. It is variously defined and its methods of determination are not uniformly applied. It is defined as the sum of receipts from the sale of goods and services of all persons in the economy of a country, at market prices in constant dollars. Unfortunately, it is possible to reduce prices and produce a spurious increase in national income. Therefore, it is possible to make a spurious increase in national income by the reduction of prices. If prices fall, then the same goods and services are sold for a smaller amount of money, and thus the national income is increased. This increase is due to the fall in prices, and not to an increase in the quantity of goods and services produced.

In the period 1915-18, our estimated national income increased from $30,000,000,000 to $40,000,000,000. The Federal tax during this period was only 2.2% of the national income. The war inflation raised prices from 1919-1920 and 1920-1921, so that the real national income probably did not increase as much as 10%. During the war, however, the Federal tax rose to a high of 33%. This was due to the high rates of income tax in 1919, 44% in 1920, and 57% in 1921. This was the high point until the Roosevelt Administration took office.

From 1920 through 1925 years prices fell sharply, but national income rose to a peak of $30,000,000,000 in 1929 (before adjustment to price changes) and fell to $25,000,000,000 in 1933. This is a total reduction of $5,000,000,000. In 1933, the average national income was $13,000,000,000, which was $3,000,000,000 lower than the average in 1929.

Average national income, therefore, after price adjustments, rose about 5% during the period 1913-1928 over the period 1919-13.

This real gain of 5% was due to a sharp increase in population and a decrease in unemployment due to improved machine technology. We not only held the gains of the war period, but greatly improved upon them. Despite the subsequent "great depression" years 1930-33, in 1939 estimated national income was $71,000,000,000 in 1920, and $53,000,000,000 in 1939. This is a total reduction of $18,000,000,000 (37%), or about half the adjusted reduction in national income.

In 1940, the Wholesale Commodity Index (1929-100) stood at 70.6 (13 points over 1929), a decrease of 70.6% from the 1929 level, and an increase of almost 35% over 1935. Reduced to 1939 price levels, the estimated national income would be $31,000,000,000 compared with $71,000,000,000 in 1939, evidencing an increase of $40,000,000,000.

Can The Debt Be Paid In Dollars?

Consequently, if the last war and post-war periods are fairly accurate precedents, we can expect, at least, to hold and even to improve upon the present war level of production and of national income, despite sharp fluctuations in prices and in national income which can be expected over a period of time. We should, if the forces of production, capital and labor are permitted to operate without bureau\-cratic interference and manipulation, maintain national income in the present 50 years very substantially, despite the fact that by 1960-70 our population is expected to be doubled. The increase in national income is expected to vary from an average increase of about 50,000,000 persons per year under present conditions, and, if necessary, by a longer work week over 40 hours.

If we in the meantime take advantage of our reduced costs of production (resulting from increased supply of skilled labor, improved plant and equipment, and increased machine technology) to reduce prices and tap the huge unexploited markets at home and abroad, we will have the capacity to produce the products of the lower income-groups, we will use our productive plant, our magnificent labor force, and our huge capital funds to the maximum. Our national income in dollars, despite lower prices based on lower costs, could increase substantially over present levels, more or less as a permanent one. Yet it quite consistently maintained a balanced budget in the years preceding the present war.

In the immediate post-war years of reconstruction abroad and satisfaction of bottled-up demands at home, it is quite possible that profits and wages will be higher than in the years before the war. If so, we will have the means to pay our debts in surpluses of our imports over our exports, can we receive repayment of huge sums to which we will be entitled.

Necessary Changes In Federal Policies

All this, however, will require governmental policies fostering maximum production based on lower costs rather than subsidized restriction of production with prices artifi¬cally pegged by government above their true level. It will require maximum employment rather than subsidized unemployment, wages and hours determined by collective bargaining and collective agreements. The national income of the country is the sum total of the national income of all those who produce and are paid for that production. If our real standards of living will be raised thereby, through lower prices, and huge foreign markets will be opened to us. It will require a new generation of administraters that the cost of living will rise if we pay our debts in surpluses of our imports over our exports, we can receive repayment of huge sums to which we will be entitled.

How The Debt Can Be Paid

From 1922 through 1932 the Federal tax take averaged only 6% of the national income, but under the present administration it is now 13% of the national income (1930-33). It is likely to rise, however, to a high of 20% in 1936 and 25% in 1938, with the increase in national income due to the war. In 1925 Federal, State and local taxes took 17.4% of the national income, 4% going to the Federal Government, 13.4% to the states. By 1938 the tax take was 22.4% of the national income, 5.7% going to the Federal Government. In 1935 Federal, State and local taxes took 26.7% and 27.3%, respectively, of their national income, while in 1936 they took only 21.7% and 24.5%, respectively.

With a minimum national income of $100,000,000,000, expanding over the coming years, and an annual tax take of more than 25% for all government purposes (State, local and Federal) we can have a minimum annual tax of $25,000,000,000 for all governmental purposes. In the '30s the State and local expenditures averaged $8,000,000,000 and the Federal expenditures $8,100,000,000 through the average Federal expenditures in 1923-1933 were only $3,000,000,000 per year.

Allowing $8,000,000,000 for State and local governments, we will have $17,000,000,000 for Federal purposes out of the $25,000,000,000 total tax take. Since the national income of $100,000,000,000, with a relatively static Federal governmental structure, it is reasonable to assume a Federal government having all the functions, including a Federal social security system, Federal debt service, Federal bankruptcy laws, etc. It is safe to assume that the Federal expenditures of the '30s can therefore reasonably be cut from an average of $8,100,000,000 to $6,000,000,000, still a 100% increase over the average Federal expenditures of the '20s.

Subtracting the $6,000,000,000 from the $17,000,000,000 left after the State and local expenditures, leaves only $11,000,000,000. If we assume that the government has $10,000,000,000 in 1940, for annual debt retirement and investment, and for additional costs of the armed services. Allowing $1,000,000,000 for additional veterans and dependent's benefits, $10,000,000,000 for debt retirement, leaves us with more than enough for purposes.

This clearly does not allow much for interest, amortization, the armed forces, and emergency expenditures, but we are using minimum figures.

Offsetting, Realizable Assets

Assuming a gross debt of $350,000,000,000, there are (Continued on page 1766)
Can The United States Support A 300 Billion Dollar Debt?

(Continued from page 768)

or the information would not have to be set forth. This makes many off-setting items which can be listed. The Director of the Federal Budget Bureau recently stated that at the end of the fiscal year 1939 there was $275,000,000 worth of surplus supplies (exclusive of plant and equipment) scattered all over the world. This sum is greater than the national debt at present exchange rates as Britain's entire national debt in 1942 after three years of the present war.

We have advanced to our Allies under "lease-loan" agreements $500,000,000 and will be account to reach $25,000,000,000 before the end. There is also the matter of about $14,000,000,000 due from the Allies in the form of the last three years.

The Government has also invested at least $5,000,000,000 in Government owned plants for war production and $25,000,000,000 in other construction. Probably another $8,000,000,000 will have been invested in real estate and $5,000,000,000 in loans to Latin American countries. Probably as much as $25,000,000,000 will be in Government owned shipping at the end of the war. These figures do not include many billions of dollars of Government financed plants and equipment, industrial and other, much of which is under option to private industries at the end of the war. Further, taxes levied for the war, of which the Government will have the ultimate disposal, will amount to more than $50,000,000,000, more than three times our national debt in 1941.

Let's hope that at least $75,000,000,000 will be salvaged to reduce the great national debt by years from $250,000,000,000 to, say, $275,000,000,000. It can be done, if there is the will to do it. And it will be much easier to salvage 50% ($75,000,000,000) than to produce that same volume of goods.

But let's figure a salvage of only one-third, or $50,000,000,000, leaving a net debt of $300,000,000,000 to be repaid over the years. With a minimum national income of $100,000,000,000 we should be as low as possible but sufficiently high to "satisfy human curiosity" requests. Any net national debt could then circulate through the economy as use of the savings of the material citizen. As long as it made no false or misleading impression it would not have a negative effect on the material facts. In this way, it is believed that the debt of the general public is not a job well done and is not vulnerable to the myriad undesirable effects of the present promise.

On the other hand, those few management-minded individuals who attacked would undoubtedly encounter just as vigorous opposition. It is to be hoped that the present project rules, and how to measure their performance, will be left to themselves, to answer and explain any difficulties or advantages. It is, therefore, necessary only by opposition in at least as much detail but probably on fewer and more special points than would have resulted through the unknown in the present form of project statement.

Interest On The Debt

A debt of $300,000,000,000, converted into bonds with an indefinite maturity date, the Government could possibly be called at an interest rate of, say, 4%. If necessary, to assure this rate, special inducements could be offered, such as partial insurance or income tax exemption, or redemption in gold of a fixed weight. This rate would mean an interest charge annually of $6,000,000,000, leaving only $1,000,000,000 for the armed forces and emergency expenditures.

With some substantial support from the rest of the world, which we presumably will be policing for some years to come to maintain peace, $1,000,000,000 should, after a reasonable time, suffice for maintenance of the armed forces.

In case of emergencies, such as necessary subsidies in various quarters, or additional funds for the armed services, we have the amount of debt to be sold at 5% or less by lower prices resulting from lower production costs, arising out of the war and from increased competition and rising production, as prices in the early stages began to
rise. Furthermore, devaluation can and will be used by competitive devaluations by other nations, which makes it difficult for us to escape from it. Thus, it seems that simultaneous devaluations by the various nations would have any effect at all, if the same rates were used by all. Finally, controlled inflation in the form of a very small annual increase in prices, has never worked without complete dictatorship. Small doses are ineffectual and are offset. They are then followed by larger and larger doses until the middle class is destroyed. Inflation is, therefore, enjoined by the bayonet, the firing squad, and the concentration camp.

No Easy Way Out

There is no easy road out of debt. "Taxes are paid in the sweat of every man who labors, because they are a burden to the rich and a blessing to the poor." Low farmers tend to be discouraged and underpaid and underemployed. But the rich farmer is smaller, prices rise higher and the "taxes" become less. What remains then tends to overstay and overproduce, until there come about a normal two-year cycle. In the case of a crop, this takes the form of a bring into being, the error in estimate becomes more and more manifest and the cycle is longer, as are those of gold or money.

The important point, however, is that it is not the production of gold, and of any money on a metallic base, that caused the boom and collapse of 1929. Gold had relatively little to do with it. Whatever is the cause of the boom collapse, it must have been a deficiency which caused the collapse.

It was, in the first place, not a surplus of gold which caused the boom. Sir George Peacock had on the Federa l Reserve Bank of St. Louis.

The problem is, of course, that the standard of gold cannot be "economized," and therefore at least the legal amount of bank credit which would be available is gold. The national base cannot be indefinitely removed from the controls. What the sponsors of the Fed eral Reserve Act have not fully understood is that gold cannot be "economized," and therefore at least the legal amount of bank credit which would be available is gold. The national base cannot be indefinitely removed from the controls.

Comment On "The Future Of The Gold Standard"

(Continued from page 1754)

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The experience of 1942 strikingly demonstrates that the transportation facilities of its railroads. Never before, in the history of the industry, had such an enormous volume of their performance constitutes an outstanding contribution to the needs of the community, and it has been fully carried out with the cooperation of the government and the transportation effort.

Operating Revenues and Expenses
Railway operating revenues totaled $3,858,000,000, more than 75% in 1942 revenue was received from the sale of products and services, which included an increase of $917,737,246, or 29.5%, in 1941. The volume of freight revenue, measured as a percentage of total operating revenues, increased 5.5% above 1941. Revenue per ton mile in 1942 was $7.50, as compared with $7.66, or 2.1%, in 1941. The volume of passenger revenue, measured as a percentage of total operating revenues, increased 5.5% above 1941. Revenue per passenger mile in 1942 was $3.50, as compared with $3.30, or 6.1%, in 1941.

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New WLB Wage Edict Is Inflationary

Says L. H. Brown, President of Johns-Manville

Lewis H. Brown, President of John-Manville, has asserted on May 8 that the War Labor Board has no intention of breaking through its own "Little Steel formula," and that the "new" one that the New York "Wall Street Journal" also gives is the following:

De la Chapelle Heads NY Bond Club

Richard de la Chapelle, of Shields & Co., has been nominated for President of the Bond Club of New York for the ensuing year, according to H. H. Blyth, president of Kidder, Peabody & Co. The elections were held at the Club's annual meeting to be held.

Henry G. Ritter, 3rd, of Ritter & Co., has been nominated for the office of vice-president, the post held by Mr. de la Chapelle during the past year.

W. Fenton Johnston, of Smith, Barney & Co., has been nominated for secretary, and Walter W. Wilson, of Morgan Stanley & Co., for treasurer.

Nominations for members of the board of directors are as follows for three years, including T. Jerrard Aitken, Jr., of the firm of Aitken & Co., Frederick H. Brandt, of Dillon, Read & Co., and Henry C. Brunie, of Brown, de Tar & Co., which Company has been nominated to serve the unexpired term of George D. Wood. Continuing as governors will be Harry W. Beebe, of Hartmann Ripley & Co., Inc., Eugene H. Black, of The Chase National Bank, Joseph A. W. Iglehart, of W. E. Hutton & Co., Joseph H. King, of Union Securities Corporation, and Lee M. Lambert of Blyth & Co., Inc.

Members of the nominating committee were Perry E. Hall, chairman, Walter C. Carpenter, Harry H. Egly Joseph H. King, and Joseph A. W. Iglehart.

Robt. Laffan Joins Chas. W. Sceroton Co.

NEW HAVEN, CONN.—Robert Laffan, a member of the "Wall Street Journal" editorial staff for more than eleven years, has resigned his position with Chas. W. Sceroton & Co., 300 Broad street, members of the New York Stock Exchange.

Mr. Laffan came to the "Wall Street Journal" in 1930, having been associated with the New York "Wall Street Journal" for three years prior to 1930. He also wrote a feature column for the "London Daily Telegraph" weekly twice prior to the war. Early in 1942 he discontinued writing about the stock market to cover communications, rubber and other industries. With Chas. W. Sceroton & Co. Mr. Laffan will write general portfolio and engage in promotional work in the firm's research and analysis department.

Eric A. Johnston Will Address N. Y. Bond Club

Eric A. Johnston, President of the Chamber of Commerce of the United States, will address the Bond Club of New York at its next meeting to be held at the Bankers Club on May 18. Albert H. Gordon, President of the Bond Club, will preside at the luncheon.

New David Morris & Co.

The name of John Morris & Co. has been changed to David Morris & Co., although the firm is still associated with William Morgan & Co., 22 Wall street, New York City. Specialists in over-the-counter securities have been changed to David Morris & Co. on this basis. David Morris & Co. was previously reported in the "Chronicle" of April 29.

Tomorrow's Markets

Policy Wharton Says—

(Continued from page 1754)

This is written. Almost everybody in Arkansas, Louisiana and Texas who is interested in security prices (and their number surprised me) is convinced that prices are bound to rise. They point to all sorts of reasons, and with their own businesses so obviously good in the market as too high, or on the verge of a break seems sheer madness.

I have stressed here time and again that nowhere is unanimity so dangerous as in the stock market. The reasons for this defy analysis. You either accept it or leave it alone. You can't argue with it.

This doesn't mean that prices are going down immediately. The very reason that the public is in and anxious to get in deeper with it for fear they are either being marked up for higher prices or a prevention of any wide open break. But the basis on which prices advanced originally is gone. From now on advances are based on hope, a mass hope.

Of course, the question of timing now becomes paramount. But with the public buying by with wide open purser the answer is not easy to find.

It is possible that a piece of news may set off a decline; a minor piece of news which under ordinary market conditions would leave the price structure untouched. But there may be a wave in the market that start may cause the market downfall the fact remains that the fat has been removed. It's not an easy thing to sit by and watch stocks go through old highs. I remember, however, when there were times when not only both ayeayers gave a bull market signal only to step back and do pratt-falls but before going into acrobatics managed to pull a lot of people along with it.

There is something about this present market which does not ring true. What it is I can't put my finger on. But whatever it is I can't bring myself to buy. And, if I can't, I won't advise readers to do it. Perhaps by the time the next column is written, whatever my opinion will appear to change my opinion. But until it does the advice given the last week and the week before to hold all profits and wait still applies. More next Thursday.

—Walter Wharton

[The views expressed in this article do not necessarily at this time coincide with those of the author.]

Ins. & Bank Evaluator

The current issue of the "Insurance and Bank Stock Executive" issued by Butler-Huff & Co. of California, 210 West Seventh St., is now being distributed. The "Evaluators" contains a comparative analysis of 82 insurance companies and 37 banks as at May 1, brief discussion of the position of the insurance business. Copies of the "Evaluators" may be had from Butler-Huff & Co. upon request, together with the current number of "Vikings" containing interesting notes on various insurance companies.

New York Central Railroad Equipment Trust of 1943

2% Equipment Trust Certificates (PHILADELPHIA PLAN)

To be due annually $5,300,000 on each June 1, 1944 to 1953, inclusive.

To be guaranteed unconditionally as to principal and dividends by endorsed by The New York Central Railroad Company.

These Certificates are to be issued under an Agreement to be dated as of June 1, 1943 which will provide for the issuance of a stated number of Certificates to be secured by new standard gauge rolling stock, estimated to cost approximately $7,175,000.

Maturities and Yields

<table>
<thead>
<tr>
<th>Year</th>
<th>Yield</th>
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<tbody>
<tr>
<td>1944</td>
<td>6.875%</td>
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<tr>
<td>1945</td>
<td>6.875%</td>
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<tr>
<td>1946</td>
<td>6.875%</td>
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<tr>
<td>1950</td>
<td>2.10%</td>
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Interest and sale of these Certificates are subject to approval by the Interstate Commerce Commission. The Offering Circular may be obtained in any form to which this announcement is circulated from any of the underwriters and other dealers as may be helpful of their securities in such form.

HALSEY, STUART & CO., INC.
LADENBURG, THALMANN & CO., BLAIR & CO., INC.
E. H. ROLLINS & SONS, CENTRAL REPUBLIC COMPANY
EQUITABLE SECURITIES CORPORATION
HALLGARTEN & CO.
HORNBLOWER & WEEKES
FIRK FIRST OF MICHIGAN CORPORATION
GREGORY & SON
SCHWABACHER & CO.
EDWARD LOWBER STOKES & CO.

F. S. YANTIS & CO.

To be dated June 1, 1943. Principal and annual dividends December 1 and June 1 payable in New York City. Deducting Certificates in original form will be distributed at the new York Central Railroad Company's office.

LADENBURG, THALMANN & CO., BLAIR & CO., INC.
E. H. ROLLINS & SONS, CENTRAL REPUBLIC COMPANY
EQUITABLE SECURITIES CORPORATION
HALLGARTEN & CO.
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EDWARD LOWBER STOKES & CO.

To be dated June 1, 1943. Principal and annual dividends December 1 and June 1 payable in New York City. Deducting Certificates in original form will be distributed at the new York Central Railroad Company's office.
Real Estate Securities

Series C-2 Mortgage Trustees Sell A Property Which Has Been A Drain On The Trust Estate For 55% of Cost

We believe that this sale is significant in that it shows clearly that the Series C-2 Mortgage Certificates at present levels of approximately 28 are considerably underpriced.

If a property such as the Mecca Theatre and the adjoining stores, occupying the west side of Avenue A from 14th to 15th Streets, New York City, can be sold for all cash in the amount of $70,000 when the actual income from it could not cover operating expenses and real estate taxes, it is not surprising that the conclusion is that good properties providing net income to the Trust Estates is for many years past. Owners of mortgage securities must concur in this view for this type of investment to completely liquidate in excess of a 5% ratio to cost.

Ownership of real estate as a reliable hedge against inflation is a well-known phenomenon in the building industry. Buildings limited for the duration, purchasing power of any kind, the owner must confine his search for this type of investment to completed properties in good physical condition with hotel and occupancy sufficient to meet the expenses. This method should create a substantial demand for the Certificates.

We are informed that it is the intention of the Trustees to submit to the Court for consideration the sale of the remaining properties in which, together with the cash involved, the trust will be in a position to carry on the business and to take advantage of greatly improved real estate conditions and to liquidate as much or as much as is possible to the extent of $1,000,000. We are informed that the properties are in most cases the result of their efforts to keep these properties in the hands of the Trustees.

The interest on the bondholders fixed interest and raises the cost of raising money. This is evident from the fact that the bondholders were not able to pay the interest of the mortgage bonds. Of course, this is not a good market.
**OUR REPORTER'S REPORT**

Preliminary inquiry reported by those in the узная, now that the market issues of the New York Central and the older issues such as "Photo-Finish" and "E," is the first offering of National Power & Light Co. would cause withdrawal of the last 20,500,000 in order to sale the $20,500,000 in order to sale the stock of the New York Central which had been whittled down considerably. The present offering marks taking a half-interest, both institutional and individual, was turning strong in the direction of the huge war-financing.

The public undertakings considerably smaller than the Public Service Company of Indiana project, the public offering of John Morell & Company debentures was likewise catalogued among dealers as an issue which would "go out the window" in the parlance of the Street.

Sponsored by a Chicago house, and with the issuer well known in the middle West, it was indicated that the bulk of the offering would find buyers in that area. None-the-less, it was expected that a sizable part of the loan would wind up in the hands of New York interests.

Totaling $7,500,000, the sale of the debentures in large, ma-
turity, would provide the company with funds for liquidation of certain notes, aggregating about $5,384,700, and with money for carrying interest receivables and to reduce current liabilities.

A "Photo-Finish"

When it comes to salesmen and intermediaries, such as railroad equipment trust obligations, bank-

ing trust obligations, the "Photo-Finish" is a pretty much in the same price terms these days.

This was quite clearly illus-

trated again early in the week when the New York Central marketed an issue of $5,300,000 of 9% one-to-ten-year certificates.

Three groups bid for the is-

sue, all of them specifying a maximum of $5,500,000. A differ-

ential of only nine cents on a $1,000 issue is the result of the winning group and its nearest competitor.

The New York Central paid a price of 90.27 while the runner-up bid was 90.27, fixing a price of 90.39.

Older Issues Cleaning Up

With returns reported to be more or less normal in the investment market now that the Treasury has temporarily satisfied its current needs, reports indicate that buyers are showing more interest in issues that have been resting on the shelves for a while.

These are the securities which preceded the Treasury's under-

at 654, will complete the distribu-

tion to the public of the entire 500,000 shares of Houston Lighting & Power common stock formerly owned by National Power & Light Co. These shares represent the rest of the common stock of Hous-

on Lighting & Power Co., owned by National which were unex-

changed under the offer of the holders of National's 8% preferred stock, made last year. Of the total of $40,000,000 in outstanding, 297, 538 shares were distributed pub-

licly through the operation of the exchange offer.

The present offering marks a further step toward the dissolution of National Power & Light Co, and with the completion of the sale of these shares Houston Light-

ing & Power will cease to be either a subsidiary or an affiliate of National Power & Light or Electric Bond & Share Co.

Houston Lighting & Power Co. will apply in due course for listing of the stock on the New York Stock Exchange.

The Houston company serves Houston and Galveston and 148 other cities, towns, villages and communities as well as an extensive rural area in Texas. Its five-year income from Dec. 31, 1942 net income after provision for Fed-

eral taxes has been $5,090,000, and after preferred divi-

dend requirements, it was $2,526,490, equal to $5.65 per share on the 500,000 shares of no par common stock outstanding. For the past ten years Houston common has paid dividends of $3.60 per share per annum.

The Securities Salesmen's Corner

Open New Accounts—Use "Big Name" Securities GUARANTEED RAILS LOOK LIKE ONE ANSWER!

One of the difficulties encountered by salesmen specializing in over-the-counter securities is that they are often met with the objec-

tion that their offerings are not representative of well-known companies. Although the fact that a security of a well-known company is certain nothing in itself to recommend an investment, from the standpoint of the sales psychology behind such an objection, it is important, and must be overcome in many cases before the sale can be made.

There are experienced salesmen who actually use "big name" securities against an account. They quote a nationally known stock that is listed on the Stock Exchange, and although they can make no recommendation on this first sale, the charge is charged to the cost of opening the new account.

It is a fact that people like to talk about things which they are acquainted. Confidence is inspired when well-known securities are recommended. It's the same situation from a selling standpoint as when your baby-sitter tells you it's an Arrow collar, or a Stetson hat.

Your new prospect, who has just recently made your acquaintance, has the same reaction if you recommend a security that is a household by-word.

A salesman's job is to do business. Any legitimate procedure that will help him to gain this objective should have the support of his organization and his salesmen. Whenever a salesman can offer a "big name" security to his clientele (providing, of course, that such a security is suitable for recommendation) then we believe he should do so. These companies have spent millions of dollars in advertising to build up their names with the public—WHY NOT CASH IN ON OUR "MILLION DOLLAR" IMAGES?

In this connection we suggest that the guaranteed stocks of our major railroads today offer one of the best opportunities to the salesman who wishes to sell prestige-building securities that we know OF. In addition, these stocks are traded over the counter. Look at them—notice their long records of con-

tinuous dividend payments, their bright outlook today, their still reasonable prices in comparison with many other railroad securities—

and remember that you can say to your prospects, "Here is a dividend that is guaranteed by the New York Central, or the Reading, or the Baltimore & Ohio for a sale campaign if YOU WANT TO OFFER SECURITIES TO PEOPLE KNOW ABOUT. PLUS, THE RAILS ARE IN FAVOR NOW, WITH BOTH INVESTORS AS WELL AS SPECULATORS."

Here is a combination of "Big Name" securities, attractive yields, favorably market position, and in addition, THE PUBLIC IS IN A RECEPTIVE MOOD TOWARD RAILROAD SECURITIES NOW! A sales campaign of known securities offering a GUARANTEED RAIL that you believe to be attractive today should bring results.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these Bonds for sale or as a solicitation of an offer to buy any such Bonds. - The offer is made only by the Prospectus.

NEW ISSUE

$38,000,000

Public Service Company of Indiana, Inc.

First Mortgage Bonds, Series E, 3%, due May 1, 1973

Dated May 1, 1943 
Dued May 1, 1973

PRICE 102% ACCRUED INTEREST

Copies of the Prospectus may be obtained in any State from only such dealers participating in this issue as may legally offer these Bonds under the securities laws of such State.

Kuhn, Loeb & Co. 

Harriman, Richy & Co. 

Blyth & Co., Inc. 

The First Boston Corporation 

Mellon Securities Corporation 

Drexel & Co. 

Goldman, Sachs & Co. 

Kidder, Peabody & Co. 

Eastman, Dillon & Co. 

Spencer Trask & Co. 

A. G. Becker & Co. 

Dominick & Dominick & Co. 

W. F. Hutton & Co. 

L. F. Rothschild & Co.

New York, May 13, 1943.
DIVIDEND NOTICES

ROYAL BANK OF CANADA

$1.00 per share in cash on common stock,

The second quarterly dividend is payable on September 1, 1943, to stockholders of record at close of business September 1, 1943.

Head Office—Edinburgh

LONDON OFFICES: 3 Bishopsgate, E. C. 2

Bawden Street, W. 1

TOTAL ASSETS £28,023,226

An Arsenal in Time of War

The Railroad Equipment industry is an arsenal in wartime and a great industry in peace, and its securities offer interesting possibilities according to a study of the industry and the Railroad Equipment common stocks by Decatur, Inc., being distributed by Hugh W. Long & Company, Inc., 4 Exchange Place, New York, N. Y., copies of this interesting study may be had from Hugh W. Long & Co. upon request.

The current quarterly dividend declared on 8% preferred stock is $0.20 per share, and a dividend of $0.10 per share has been declared, payable March 15, 1943, on the common stock.

Kuhn Loeb Group Offers Public Service of Indiana Bonds

A large banking group headed by Kuhn, Loeb & Co., New York, is today offering for public auction a total of $80,000,000 of Public Service Company of Indiana, Inc., 3½% series E first mortgage bonds, due May 1, 1973, and priced at 102½% and accrued interest. Preliminary interest in the bonds is sufficient to indicate that the sale would be quickly absorbed.

Proceeds of the financing will be applied by the company toward the redemption of an equivalent amount of $4 series A first mortgage bonds which have a maturity date of Sept. 1, 1969. Redemption price of the bonds is 106.25.

Cyrtn Now a Partner in E. F. Waterbury Co.

Edward Cyrtn has been admitted to partnership with Edward F. Waterbury in E. F. Waterbury & Co., 60 Broad Street, New York City.
Says Keynes And Morgenthau Plans Would Create Super-National Brain Trust

(Continued from page 1755)

plans are in existence and are believed to have been three billion dollars from our Government. Very much smaller sums properly used would have solved the problem, had they been conditioned on drastic internal financial reforms. Two hundred million dollars, loaned to Germany in 1924, after the mark had fallen to a trillion to the dollar, accompanied by drastic internal reforms and a measure of foreign supervision, set Germany on the upward path again under the Dawes Plan. Very much smaller loans, accompanied by drastic internal reforms and foreign supervision, straightened out Hungary in 1925 and Poland in 1927. But when we gave them no money without strings, after the Armistice, and they used it for supporting the foreign exchange, the Continental European Finance Ministers continued to drift, refrained from taxing, retapped from balancing their budgets, borrowed banknotes from their central banks, refrained from controlling their money markets and took the easy way. Three billion dollars did no lasting good.

A shortlived reaction which followed the Armistice was turned into a strong boom by our Government's continued loans to Europe. Our exports to Europe were approximately $800 million in December, 1919, and had an export surplus of 451 million dollars in January, 1919. In June, 1919, we had an export surplus of approximately $600 million with Europe. Our markets con-
tinued to be drained of goods. Our commodity prices rose. We went into our violent post-war boom of 1919-20, and our violent crisis of 1920-21. Had we taken our logic following the Armistice, when everybody was braced for it, we should have had no worse shock as we had in 1920 and the first eight months of 1921. This boom and crisis were due to the fact that the Keynes-Morgenthau plans were not made, and the exchange rates collapsed. The explanation was that England interposed her great credit and financial prestige between us and the Continent. She was buying here in great quantities, giving us her sterling and dollar obligations and reselling on the Continent the French francs, Swiss francs, and Danish crowns. She, too, had a great credit, and for a time got great profits. She had ultimately great losses.

"One of Lord Keynes' hidden purposes grows purely, I think, out of his desire to go on the track of section 14 of the Keynes plan says, this would give everyone the right to sell gold at any time to the banks, whereby (for example) Great Britain got the advantage of favorable balances arising out of her deficit, owing to a reduction of adverse balances due to the United States... How, indeed, can any country hope to start up trade with Russia during the relief and reconstruction period on any other terms?"

"It would, indeed, have been very nice for England if the proposed Keynes or Morgenthau arrangements had been in existence during the boom of 1919-20. If there had been an international fund into which the gold could have poured the francs and the lira and the drachmae as constituting liquidation in full of her dollar and sterling obligations to the United States, then she would have had her profits clear of risk as long as she took pains to remain net debtor to the deteriorating international fund. But we should have been net creditor, and it would not have been good for us.

"The attitude of the Morgenthau and Keynes plans toward 'abnormal war balances' is a very incredible one. By what right can we refuse to give back to the outside world the gold which they have got here for safety and for their and our support and help in meeting this crisis? By what right can England refuse to help thester-
cing countries of the Scandinavian banks which have trusted her, or to help the nation of the International Bank of Norway which is supposed to have come to England when in 1919 England invaded that country?" By what right can Eng-
land hope after the war to be able to unload her gold in the sterling bloc or in India?"

"If England cannot pay, let her say so, and let the gold be redeemed of her creditors, and do the best she can. She will find herself in a very different financial world than she was in before."

In general: Economic Policy

One thing is clear: No country can come out of the war and remain solvent except as the trade of the world is restored. The only way that can be done is by cheapening consumption, rising wages, and a comparative continuity of our money, unlike the money of the German mark which was changed in value from 20 to 20,000 in a year. Our money is cheap enough and is likely to remain so unless we get into another war. By the time we get to the end of the war our consumers are likely to have been made much more thrifty by their longer experience of the scarcity of goods, and by their long experience of the scarcity of money, including the trouble of keeping their gold and silver, and the fear of loss of their money. Our currency is bad enough already, and we are likely to have a lot of trouble about it in the decade to come. It is not likely to become a good or anything like a good currency unless we have a lot of trouble about it in the decade to come. It is not likely to become a good or anything like a good currency unless we have a lot of trouble about it in the decade to come.

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not funded debt of the City of Chicago having a face amount of more than $95,000,000 during the fiscal year ending May 31, 1943. The Treasurer of Philadelphia, states that since the close of the fiscal year in 1943, $453,300,000 of this already outstanding debt had been retired. What an almighty task it was to accomplish this feat! Even considering the steady increase in the nation's debt during the last few years, the probable demand for new debt would have seemed an insurmountable problem. The fact that Philadelphia will complete the year 1943 with a net reduction of $453,300,000 is a striking example of the progress that has been made in recent years.

Alabama Legislature

Approves Bridge Refunding

Legislature have approved bills authorizing the issue of bond certificates of the Chicago Bridge and Iron Co. to refund the State Bridge Finance Corporation and empowering it to refund the United States Government's bonds of the Alabama National Bank of Birmingham, the Bankers Bridge and Trust Co. of Birmingham, the Holyoke National Bank of Holyoke, and the S & H National Bank of Hattiesburg, Mississippi, by the issue of bond certificates

Chicago Area Debtors Cut

1942 Debts By $24,500,000

The Chicago area has cut its total of $24,500,000 in debts during the fiscal year ending May 31, 1943. The total amount of debts cut during this period was $1,500,000,000.

Bolivia's Good Neighbor

(Continued from page 775)

The Administration has, moreover, for a good while past, actively engaged in the same type of exploitation. On June 1, 1942, the Administration announced its intention to enter into a business relationship with Bolivia, but this failure of understanding is but a slight step in the right direction. Under this scheme, the Administration is to be paid in gold bullion in the amount of $100,000,000 for 100,000,000 shares of a new corporation created by the Administration.

Major Sales Scheduled

The calendar of pending bond sales is currently冲刺ed to the $2,700,000,000 mark. The Treasury Department has just announced that it will sell $750,000,000 in low-interest bonds, which have not been previously issued. These securities will mature on July 1, 1943, and will be sold at par. The Treasury Department has also announced that it will sell $1,000,000,000 in higher-interest bonds, which will mature on July 1, 1945. These securities will be sold at a discount.

Gilt edged for FRASER
giltfraserr@fraserribrary.org

The COMMERCEAL & FINANCIAL CHRONICLE

Thursday, May 13, 1943

Page 1774

Discusses Treasury Plan for Stabilization of World Currencies

(Continued from page 1766)

they propose to achieve this by the stabilization of currencies in the dynamic stage of development. This is not a new idea, but it is a long-standing and not altogether a bad one. In the case of the United States, the system of stabilizing currency has been successful, but more convincing to offer a plan for the future is the fact that such a stabilization has been achieved in various parts of the world.

The Treasury plan for stabilization of world currencies is based on the principle that the value of a currency is determined by its purchasing power. The plan provides for the creation of a central authority, the International Monetary Authority, which would be responsible for maintaining the stability of the world's currencies. The Authority would be financed by a contribution from each member country, based on its share of the world's trade. The contribution would be used to purchase and sell gold and silver, adjusting the supply of money to the demand for it.

The Treasury plan also provides for the establishment of a gold standard, with the value of the dollar determined by a fixed rate of exchange. It also proposes the introduction of a world currency, the "Unitas," which would be accepted as a medium of exchange throughout the world.

The Treasury plan is based on the assumption that the world is ready for a new world currency, and that the international community is ready to accept it. The plan is designed to provide a stable and reliable medium of exchange for the world, and to promote the development of international trade.

The plan is not without its critics, however. Some argue that the plan is too ambitious and that it will be difficult to implement. Others argue that the plan is too complex and that it will be difficult to understand. Nonetheless, the plan is a significant step forward in the development of a stable international monetary system. The plan is a testament to the ingenuity and creativity of the world's financial leaders, who are working to create a world that is stable and prosperous.
Scarce? Sure, but I'll enjoy it that much more!

SCHELNEY ROYAL RESERVE

100% grain neutral spirits. Bottled Whiskey. 80° Proof. Schenley Distilleries Corporation, N. Y. C.

3 Liters 15.60

12 Liters 55.20

In 15.60


This ad is a snapshot of a historical news article about the stock market and financial markets from May 15, 1958. It contains information about stock offerings, debentures, warrants, and other financial instruments. The article discusses the proceeds from the issuance of stock, debentures, and warrants, and the offering of additional shares for the stockholders' benefit. It also mentions the proceeds from the sale of stock to the public and the listing of these shares on the New York Stock Exchange. The article provides details about the companies involved and the amounts raised from these offerings. The text is in a readable format, with a focus on financial and business matters.
For Dealers . . .

Bendix Home Appliances, Inc.

Magister Juice & Television Corp.

Two common stocks with post-war prospects, selling between $3 and $4.

Trading markets and information on request.

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...small Net Markets...

D. A. Schulte, Inc.

Cumulative Convertible Preferred and Common

The preferred has the 6.75 dividend accumulations and is presently selling not more than 90c per share. Preferred Octuber 31, 1942 equal to more than $5 per share of preferred.

EARNINGS

Preferred, per share.

10.15

Common, per share.

3.95

...Hill, Thompson Co., Inc... Markets and Schedules for Dealers

120 Broadway, New York

Tel. Rector 2-920

...New Developments In... 

Lackawanna Leased Lines

The current issue of "Railroad Security Quotations" being distributed by B. W. Pizzi & Co., 50 Broadway, New York City, discusses recent developments in "Lackawanna" leased line securities particularly affecting stockholders in suggestions presented for adjusting the back income tax debts of the company. Copies of "Railroad Security Quotations," which contains guaranteed to "k" notes, underlying mortgage bonded notes, reorganization railroad bond quotations, and guaranteed telegraph company bonds are available upon request from B. W. Pizzi & Co.

...Becker & Co. Offers...

John Morrell & Co. Deb.

A. G. Becker & Co., Inc., dealers in Common Securities, made public offering May 12, of $7,500,000 of John Morrell & Co. 13-year 3% debentures at 99$. This marks the first public financing for the 10-year-old Ottumwa (Iowa) meat-packing firm, which was established in England in 1837 and which first extended operations to the United States in 1865. The company and his descendants have continued to grow in financial strength. In 1929 a block of common stock was publicly distributed on request of certain stockholders.

In addition to A. G. Becker & Co., Inc., other members of the Exchange—Edward Bosson, Putnam & Company, and Herbert H. Bosson, F. Mosley & Company—have been involved in the financing.

Nominees of these officers reporting for our issue of April 15, page 1381.

Issues Report On Active Foreign Securities

In answer to many requests for comments on market developments in foreign securities or interesting situations in the foreign field, the members of the Exchange—"Foreign," Carl Marks & Co., 45 Sassaure St., New York City, have issued their first periodical report on active foreign issues, offering closing rates at May 1, 1943. The firm analyzed one of the foreign exchange issues for the preparation of this quotation list, and also compiled about three-fourths of these as being of lesser interest. Copies of this interesting report may be had from Carl Marks & Co. upon request.

...Situation Of Interest...

Federal Machine & Welder Co., a Pennant Preferred, offers attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, the Exchange of New York Stock. In connection with this basic report upon these companies may be had from Reynolds & Co. upon request.

John A. Coleman Elected Chairman Of Board

Of Governors of New York Stock Exchange

At the annual election of the New York Stock Exchange, held on May 3, John A. Coleman of Adler & Coleman, was elected Chairman of the Board of Governors for a one-year term, in addition to the election of the Officers. Mr. Coleman was the only candidate for re-election. Mr. Coleman has been a member of the Stock Exchange since 1924, a Governor since 1929, and Vice-Chairman of the Board since May, 1941.

Following are the names of the other newly-elected officers of the Exchange:

Nine Members of the Board of Governors:

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

For the term of one year:


Two members of the Board—Robert L. Scott, Co., New York, who is general agent or limited partners in member firms engaged in a business involving direct contact with the public.

For the term of two years:


Five nominees of the Exchange for officers for the term of one year, May 1, 1943:

G. H. Prestrett Green, G. H. Walker & Co., New York City, who is president of the Exchange.

G. H. Prestrett Green, G. H. Walker & Co., New York City, who is president of the Exchange.

Winfield E. Brown, Kuhn, Loeb & Co., New York, who is general agent or limited partners in member firms engaged in a business involving direct contact with the public.

For the term of two years,


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