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When Will The War End?

Roger W. Babson Says Not Until After Election Of November, 1944

First let us remember that the United States is the only functioning constitutional democracy engaged in the war. Neither China nor Russia are democracies. Certainly none of the Axis countries are democracies. England has no written constitution, although this fact is not necessary for my thesis this week. Certainly England and her Empire group are run on entirely different principles than is the United States.

Roger W. Babson

All the above means that whether we like it or not World War II is gradually bound to get into politics. Furthermore, the longer the war lasts the more it will become involved in politics. This is especially true as fear of American invasion or bombing disappears and there is a

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Connecticut Corporates-Municipals

Special material and items of interest with reference to dealer activities in the above State appears on page 1862.

The War And American Foreign Investments

Attributes Disrepute Of Foreign Securities To "Propaganda," Not Deterioration Of Investment Status Offers Suggestions To Facilitate New Borrowings Here In Post-War Period

By DR. MAX WINKLER

Exclusive of obligations outstanding on behalf of Axis nations and their satellites, foreign bonds dealt in on American markets have, since the outbreak of the present conflict registered an aggregate enhancement in price, on the basis of recent quotations of more than $269 million. Details are presented in the table shown at the end of the article.

Bonds issued on behalf of Czarist Russia and held by American investors (sic), individuals, as well as institutions, have registered the record appreciation of 2,780% during the period under review despite provisions of a Soviet decree according to which "all foreign loans, without exception, are absolutely repudiated." From a quotation of only 5/16th, that is, 3.12½ per bond of $1,000 in August, 1939, Russian dollar bonds have risen to a recently recorded price of 9, or $90 per bond. It may well be doubted whether there has been a corresponding enhancement in value. There has been no intimation from Moscow or elsewhere that the decree invalidating Russia's public debts has been or is about to be revoked or modified. To be sure, there are various references to Russia's obligations in "Mission to Moscow," the diary of Joseph E. Davies, America's former Ambassador to the Kremlin, and to the desirability of reaching an agreement regarding them. It is also possible that Mr. Davies' second Mission to Moscow has given rise to renewed speculative activities in repudiated Russian loans. Even though there is not the slightest connection between Russia's regard for contractual commitments entered into prior to 1917 and the bravery and heroism of the Red Army in its struggle against Hitlerite Germany, the trading and speculative fraternity may have felt the need of expressing their satisfaction with the courage of the Russian soldiers by buying Russian bonds irrespective of their inherent worth.

Dr. Max Winkler

Bonds of European neutrals outstanding in the American markets have shown relatively little change. The decline, aggregating about $3,500,000, is of no special significance. However, the status of Finnish loans may change substantially if the United States were to break off relations with the Republic, which is now allied with Germany against Russia and

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Some Questionable Inferences Drawn From Estimates Of National Income

By WALTER E. SPAHR
Professor of Economics, New York University

The estimates of national income, such as those for 1942, supplied by the Department of Commerce, are being used these days to support contentions regarding "inflation" and a Federal tax program that should be subjected to more careful scrutiny than they are receiving.

For example, the Department of Commerce's report says that national income for 1942 was $119,800,000,000, that it is expected to reach $140,000,000,000 in 1943, that total Government expentitures—State, local, and Federal—may exceed $100,000,000,000 in 1943, that consumer expenditures should decline to $77,000,000,000 in 1943 from the almost $82,000,000,000 of 1942, that if consumers' expenditures for available supplies are limited to about $77,000,000,000, savings will soar to above $40,000,000,000, and that "a severe intensification of the inflation" is predicted.

Dr. Walter E. Spahr

Out of these figures comes an estimate of what is popularly called "the inflation gap" which many people insist should be taxed away if "inflation" (whatever that may mean) is to be prevented.

It is doubtful whether many people are aware of the nature of the concepts which are implied in these national income figures, or of the great practical limitations to the usefulness of these concepts, or of the great gaps in the data available to those who compile such estimates.

To take only one example: The apparently simple concept of saving is in fact difficult to define in any uniformly practical way. The question of saving always involves the element of time. But how much? It can involve months, weeks, days, or hours, and in the last analysis reduces itself to the degree of slowness in the velocity of money. Any individual would be hard put to it to calculate his savings at any time. Is money spent for a home a saving (to the extent that borrowed funds are not used), or is it spent for consumption? Is non-borrowed money spent for a car, which is used for pleasure on Sunday and for business on other days, a sav-

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Over-the-Counter Sales as Principal

By ABRAHAM M. METZ and EDWARD A. KOLE

During various phases of our activities, one group or another has from time to time become a group favored by law. Thus, landlords, real estate mortgagees, and management, have had their beneficial periods. Then along came new legislation and new administrative bodies, the emergency rent laws, The Wagner Act, the moratorium on foreclosures, and the Securities and Exchange Act, amongst others. The pendulum was swinging the other way.


Abraham M. Metz


Edward A. Kole

No doubt, there are well defined reasons for this trend, reasons which the writers do not intend to go into. It is enough to say that lack of vigilance on the part of those who in the end, were vitally affected, is one of the prime reasons.

Now is the time that security dealers must be particularly alert lest many of them who have already been regulated to the breaking point, find themselves in the position where it will be impossible to continue doing business.

Under the manifesto of an "existing emergency," the

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Inflation Would Leave Health Best Asset Of All

By EDWIN J. SCHLESINGER

The subject of inflation is rightfully receiving a great deal of attention now, particularly in respect to the type of investments to make which will supposedly carry one through the inflationary period without paying too great a penalty.

In discussing inflation one hears considerable about "limited inflation." Perhaps of all the perils in connection with inflation the most insidious is that of being lulled into a sense of false security by banking on "limited inflation." When inflation once takes hold, there is no telling how far it will go, and it would seem that what happened in Germany in 1923 is something worth keeping in mind.

Perhaps one of the best ways to portray the ravages of the German inflation is through the vivid picture given by viewing the postal rates for sending a letter. The increase in the cost of postage in Germany from the beginning of 1922 to the end of November, 1923, can be seen from the following figures:

	Marks
January 1, 1922	2
December 15, 1922	25
March 1, 1923	100
August 1, 1923	1,000
September 1, 1923	75,000
October 1, 1923	2,000,000
November 1, 1923	100,000,000
November 26, 1923	40,000,000,000

While nothing on the order of the German inflation need necessarily be contemplated as likely to take place in the United States at this time, it is important to know what has happened elsewhere when inflation reached the nth degree.

In the United States we ran into inflation during 1919 and the early months of 1920, at which time a dozen eggs reached the price of $1.20 and sugar sold as high as 33 cents a pound. The general price level, before the explosion in the spring of 1920, was approximately 235 on a basis of 100 for 1913. That, of course, could not commence to hold a candle to what happened later in Germany. In fact, until the collapse occurred in 1920 we spoke of the period as a business boom and not as inflation.

Inflation, even though terribly dangerous, seems to be a welcome visitor to those who eagerly look forward to higher stock and com-

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G. L. Worthington To Be R. Samuel Partner

George L. Worthington will shortly become a partner in Ralph E. Samuel & Co., 115 Broadway, New York City, members of the New York Stock Exchange and will act as alternate on the floor of the Exchange for Harold Eliasberg. In the past, Mr. Worthington was a member of the Exchange and active as an individual floor broker.

M. J. Slepack Co. Will Be Formed

Moses J. Slepack will acquire the New York Stock Exchange membership of Earl W. Hance as of May 27th and will form the Exchange firm of M. J. Slepack & Co., with offices at 120 Broadway, New York City, in partnership with Edward J. Davis, also an Exchange member. Mr. Slepack and Mr. Davis were formerly partners in Slepack & Co. Mr. Davis has recently been active as an individual floor broker.

Clark, Dodge & Co. To Admit Bradshaw

Sydney P. Bradshaw, member of the New York Stock Exchange, will become a partner in Clark, Dodge & Co., 61 Wall Street, New York City, Exchange member firm, as of today. Mr. Bradshaw for many years has been active as an individual floor broker.

Correction

In the "Financial Chronicle" of May 6, it was reported that Wells-Dickey, Incorporated, had been formed in Minneapolis and that Stuart Wells, Jr. and Edward P. Wells, previously with the Dayton Company and the Northwestern National Bank respectively, would be officers.

We have been informed that this is in error as the corporation is at the present time entirely inactive and Stuart Wells, Jr. and Edward P. Wells are remaining actively connected with the Dayton Company and the Northwestern National Bank.

Robt. D. White Dies

Robert Davis White, partner in R. D. White & Company, New York investment firm, died at the age of seventy-two. Mr. White had been in Wall Street for forty-two years, forming his own firm in 1937.

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

New Members Elected By NY Dealers Ass'n

At a meeting of the Board of Governors of the New York Security Dealers Association Howard S. Hoit, Hoit, Rose & Troster, 74 Trinity Place, New York, N. Y.; Samuel H. Junger, S. H. Junger Co., 40 Exchange Place, New York, N. Y.; and L. D. Sherman, L. D. Sherman & Co., 30 Pine Street, New York, N. Y., were elected to membership in the Association.

Also James Currie, Jr., a Governor, was elected as representative of his new firm of Troster, Currie & Summers of 74 Trinity Place, and the membership of Luckhurst & Co., Inc., was transferred to Luckhurst & Co., a copartnership, with Herbert Singer continuing as representative.

Gordon March Forms Own Investment Firm

(Special to The Financial Chronicle)

BOSTON, MASS.—Gordon B. March has formed Gordon B. March & Company, with offices at 111 Devonshire Street, to engage in a general securities business. Mr. March was formerly a partner in March & Kimball which was established in 1922.

OUR REPORTER'S REPORT

The railroad bond market is rapidly coming to be recognized as a barometer of how the trading fraternity views the outlook for the duration of the war, judging by discussion around investment houses.

The rail lien market, particularly that for secondary and lesser grades, admittedly has been reflecting the stimulus afforded by the tremendous burden of business thrust on the carriers by the movement or war materials, transportation of troops, etc.

Now, however, the situation has reached the point where traders find themselves more or less compelled to take into consideration the matter of whether hostilities are destined to be prolonged, or whether the war may come to a sudden end.

For it is fully realized among those who are speculating in the rails, that the near-term prospects for the carriers are linked closely with the war and its duration.

If the war is to be prolonged for several years, it is argued, chances favor sustained traffic volume, consequent high earnings, and persistent strengthening of financial position.

A sudden collapse of the Axis, however, would naturally reflect in a considerable letdown in traffic and revenues, though it is contended that the period of postwar reconstruction assures the railroads of substantial traffic volume for at least several years after the return of peace.

Back in the Doldrums

The corporate new issue market dropped back pretty much into the doldrums this week after the momentary bulge of activity in the preceding period. Only one sizeable offering, $3,000,000 of Flintkote Co. fifteen-year 3 per cent debentures was offered publicly.

There was in addition an issue of $3,500,000 of Baltimore & Ohio Railroad equipment trust certificates maturing serially in from one to ten years.

But things were comparatively

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Are We Giving Away Our Gold?

By W. W. PHILLIPS

Almost unnoticed we have, in the 18 weeks ended April 21, lost $262,000,000 gold, or at an annual rate of nearly $760,000,000.

Another point that may be a distinct surprise to some of our "liberals" who are agonizing over our disinclination to do more for our neighbors and for our comrades in arms, is that foreign countries have now, today, approximately $3,000,000,000 under "ear-mark" in this country. This can be stated on the highest authority, though the source of the information cannot be revealed.

The truth is the money situation in this country is of far greater importance to the future of world developments than is generally supposed. While it is true that we now—April 21—have $22,482,000,000 monetary gold in this country, our surplus gold is not only NOT burdensome but as the world war progresses toward world ruin this sky-kissing pile of yellow metal is going to become more interesting and far more important in shaping the future of civilization. Well do some of the foreign money experts know it. For that reason they have hatched plans to spread the idea among our gullible citizens that "Well, under certain conditions we might be induced to accept some of your 'saint-seducing' gold, but only as a favor to our rather, may we say, obtuse? American friends. They mean so well and understand so little. And then, besides, gold has lost much of its old-time magic; or could we say that possession of a glut of gold may cause innumerable economic diseases on the American side of the Atlantic? Yes, yes; in the hands of Europeans, gold is a blessing; in the hands of Americans a curse."

And this campaign has met with singular success among our policy-making New Dealers. They feel that possibly we may be facing economic collapse unless we take a broad, forward-looking view of the gold problem and "redistribute it." Which, of course, means that the gold that we have because we were willing to exchange more goods for it than any other country should be returned gratis. How very original! How capacious minded! It now turns out that after years of toil, sweat and planning to get this gold the cleverest thing that we can do is to return it to those perspicacious, sapient foreigners, who will then be able to sent it to us again in return for the fruits of our toil!

This view is not entirely new. As far back as May, 1921, A. C. Miller, then a member of the board of governors (as they were then called) of the Federal Reserve System prepared an elaborate and erudite study of our gold problem. He sagely concluded that we had far more gold than we should have and the surplus should be treated as "warehouse gold to be returned to Europe when it was needed to rehabilitate that war-torn continent." But Dr. Miller did not offer any suggestions as to how we should

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This Thing Might Last 5 To 10 Years

Sees Long-Term Trend of Stock Market Upward

After more than a year of rather steadily rising stock prices there are those who believe that some kind of an intermediate correction is overdue. They recognize, however, that the important thing on which to concentrate is the longer-term trend. And currently there are several good reasons for believing that longer-term trend is probably upward:

1. Rising Government debt, circulating money, and bank deposits mark a strongly inflationary situation.

2. Month after month post-war needs in the form of autos, tires, refrigerators and countless other things are piling up—and at the same time the purchasing power with which to buy them is also accumulating.

3. The political trend seems to have changed to a direction more favorable to private enterprise.

4. Military victory for United Nations forces lies ahead; after victory, a twice-taught statesmanship should be able to lay the groundwork for at least 21 years of peace—a minimum duplicate of 1918-1939.

5. There is at least the remote possibility that the next peace will witness expansion, rather than contraction, of international trade.

6. A number of new or young industries—plastics, airlines, the helicopter, synthetic rubber, television, other electronics, light

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H. V. Blickensderfer Opens In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Harold V. Blickensderfer is engaging in a general securities business from offices at 523 West Sixth Street. Mr. Blickensderfer was formerly with Van Denburgh & Bruce, Davies & Co. and Sutro & Co.

Thos. Fahey Dept. Mgr. For Baker & Company

Thomas J. Fahey has become associated with Baker & Company, 40 Wall Street, New York City, in charge of the municipal department. Mr. Fahey was formerly with Churchill, Sims & Co., Inc. and prior thereto was manager of the municipal bond department of Herbert M. May & Co.

The Steel Stocks In World War II

The steel stocks as a group have been laggards during the bull market of World War II. While many industrial stocks have risen 50% to 100% from their lows in 1942, the steel stocks advanced about 25%. No doubt a major contributing cause is the investors' apparent attitude of uncertainty regarding the post-war outlook for the industry.

Some see the possibility of post-war over-capacity as a factor, but after the last war capacity was increased to 63.3 million tons in 1919 and 65.4 in 1921, against a pre-war figure of about 35 million. The industry prospered. Competition from aluminum, magnesium, plywood and plastics is another potential post-war development, but none of these matches steel in low cost, strength, durability or abundant supply. Furthermore, the production capacity for aluminum and magnesium, present and projected, is but an insignificant percentage of steel consumption.

Conservatism may well have been carried to an extreme. The steel stocks have a habit of being "behind the market" in the initial stages of a major advance. Later, however, they have an equally well established habit of making up the lost ground.

Steel will have to make a major contribution to the rebuilding of the world after the war. A huge deferred demand is now accumulating in the automobile, rail equipment, construction and other fields. As far as "new" materials are concerned, the steel industry itself is rapidly expanding its manufacturing facilities of those alloys best known to the layman as "stainless steel." In addition to toughness, hardness and resistence to corrosion and "fatigue," these have a high ratio of strength to weight—making them adaptable to a vast variety of uses.

The record gives little support to those who class the steels merely as "war babies." In this connection it is interesting to compare the net earnings of peace-time 1937, and the highs of that year with the net of 1942 and present quotations. Net in 1937 was $196.7 millions for 27 steel and iron companies as reported by Standard & Poor's; in 1942 these companies showed a net of $215 millions.—*From "The New York Letter" issued by Hugh W. Long & Co.*

William T. Burney Now Is With Sutro & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—William Travis Burney has become associated with Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges and other leading exchanges. Mr. Burney for many years was in business for himself in San Francisco under the name of Burney & Co.

George Cavis Joins Clark Dodge, Boston

(Special to The Financial Chronicle)

BOSTON, MASS.—George C. Cavis has become associated with Clark, Dodge & Co., 70 Federal Street. Mr. Cavis in the past was Manager of the statistical department of the Boston office of Smith, Barney & Co. Recently he was a director of Industrial Associates of Massachusetts.

Paul Muth Associated With Blyth & Co. Inc.

(Special to The Financial Chronicle)

SAN JOSE, CALIF.—Paul L. Muth has become associated with Blyth & Co., Inc., Russ Building, San Francisco, Calif. Mr. Muth was formerly an officer of Bankamerica Company, in charge of their local office. Prior thereto he was San Jose Manager for Gersten & Co. and Murray A. Schutz & Co.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

A temporary oversold short position indicates further extension of rally. Believe risks involved in catching such rally too large to consider.

* * *

With the warm weather—well, anyway, the last two days were warm—the market acts like it, too, is overcome by the heat. Volume has gradually dwindled to a point where some brokers are beginning to mutter about something called "conditions."

* * *

The rank and file are still bullish; a couple of days of dullness isn't scaring them out. But if the public is bullish, its customary optimism is now being tempered by caution. Others a little bolder have thrown caution to the winds, gotten out of their long positions and are, perhaps for the first time in their lives, actually short of stocks. Meanwhile the news continues to be conspicuous by its absence.

* * *

The North African campaign is over. We are now driving the Japs out of Attu and last but hardly least our block busters are making hash out of Central Germany. But while all these events make cheerful reading only the very naive will consider them as bullish market ammunition. As a matter of fact only the first landing in North Africa found a reflection in the price movement. Subsequent events in that theatre or in the South Pacific found the market strangely lackadaisical. The answer, or a partial answer,

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Strauss Bros. Marks Tenth Anniversary

May 15 marked the tenth anniversary of the formation of the firm of Strauss Bros., 32 Broadway, New York City, which was founded on a principle that has proved itself by practical application. In May, 1933, Abraham and Robert Strauss, who gained their financial training with the firm of Logan & Bryan, saw the need of a specialized merchandising service for dealers in unlisted securities. They established their business to furnish primary markets for dealers, together with statistical data and pertinent information on unlisted securities.

Abraham Strauss

The idea was an immediate success and the firm established dealer contacts throughout the country as the service was expanded. In 1938 the firm inaugurated the Strauss Bulletin, "Geared to the News," which is circulated among unlisted dealers, together with "Dealer Chats," edited by Frank Ginberg, who became head of the firm's statistical department in 1936.

Robert Strauss

For nine years the firm maintained its service to dealers throughout the country from its office in New York. Early last year they opened a branch office in Chicago in the Board of Trade Building, to expand further the service to dealers in the Middle West. This office is now under the supervision of Robert Strauss, Resident Partner. In addition to a direct wire to its Chicago office the firm has through wires to correspondents in other cities.

West Va.-Pittsburgh Coal Situation Interesting

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

New York Curb Belittles Rule By Theorists

In the May 8 issue of "Know Your Exchange," issued weekly by the Public Relations Department of the New York Curb Exchange, reference is made to the steadily improving volume of sales and the observation made that—

"While such a notable increase has many effects on many people and things, it is significant of a well-managed, well-organized industry that the market is orderly; that it has controlling forces within the Exchanges' managements capable of keeping it that way despite the thoughts of those who feel that outside regulation applied by theorists can be more helpful than self-administered rules by men experienced in the securities business."

Geo. Griffin Rejoins McAlister, Smith Co.

GREENVILLE, S. C.—McAlister, Smith and Pate, Southern investment securities dealers, with headquarters in the Woodside Building, have re-opened their branch office in the City of Raleigh, N. C., in the Insurance Building, with George I. Griffin, as local manager, according to an announcement made by Herman B. McManaway, President of the firm.

Mr. Griffin, who returns to McAlister, Smith & Pate as Vice-President, from the Raleigh office of Barrett Herrick Company of New York, has had a wide experience in the stock and bond business.

John Cusack Promoted By Amott, Baker Co.

John T. Cusack has been promoted to the management of the trading department of Amott, Baker & Co., Incorporated, 150 Broadway, New York.

Mr. Cusack has been with the firm since 1934, and his host of friends throughout the Street will be delighted to hear of his promotion.

Cornelius Kip Richardson has become associated with the firm, it is announced.

Western Pacific Issues Look Attractive

Securities of the Western Pacific Railroad, both old and new, offer interesting possibilities, according to a memorandum just issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this memorandum may be had upon request from Pflugfelder, Bampton & Rust.

Railroad Securities

The rail market has developed decidedly divergent trends in the past week or so. For the most part the defaulted section has been notably on the soft side and the speculative stocks have followed much the same course. On the other hand, "and interest" obligations of the marginal carriers have been consistently steady, and in some instances actually buoyant. It has been years since the second-grade bond section has been able to give a better performance than the defaulted section, even in short or intermediate term swings. In fact, the general pattern of the market for a long time back has highlighted the ability of reorganization securities to push forward substantially in the face of declining trends throughout the rest of the list.

The recent rail market has apparently been influenced largely by war developments. The final liquidation of the African affair again brought up thoughts of an early end to the war—it will be remembered that a similar mild peace psychology was in evidence when our troops first landed. This optimism was given additional impetus by the widely publicized reports of growing unrest throughout the European continent, and of riots even in Germany itself. Informed military quarters are inclined to take a more sober view of the entire war picture and it does seem premature to be thinking in terms of an early peace when the Continent has not even been invaded at this writing.

It seems probably that the peace psychology will run its course in a short time and that rail securities will again be dominated by factors within the industry itself. In that respect the outlook continues highly favorable, with virtual assurance of a high level of earnings even though the suspension of the freight rate increases has now become effective. Imminence of a decision on the wage question may have a temporary moderating influence on bullishness, but if the administration is at all serious in its "hold the line" drive there should certainly be no threat to the railroads in wages.

The independent firmness of the second-grade "and interest" list may be traced to the gradual and belated recognition by investors of the full implications of the high earnings and tremendous cash receipts of the marginal roads, factors which students of rail securities have been emphasizing for a long time. It is no longer possible to ignore the painless reorganizations through which many of these roads have been going and the fact that a large proportion of the group will emerge into the post-war era as eminently sound railroad credits. Coincident with the good market tone, the air has been thick with rumors, many of them sufficiently plausible to attract a following. It is difficult to decide whether the market action has inspired the rumors or the rumors have inspired the higher price levels.

Typical of the rumors have been those affecting Nickel Plate and Southern Pacific, both of which received wide circulation last week. In the case of Nickel Plate there has been talk of the possibility of a large RFC loan, the proceeds to be utilized to retire the entire debt (excluding equipments) now outstanding. Such a loan would then be secured by first lien on the entire property, and would be a sound bond with fixed charges reduced in the operation to around $4,600,000. The rumor also covers an exchange offer of Chesapeake & Ohio common for the Nickel Plate preferred with its heavy dividend accumulations. In the case of Southern Pacific the rumor contemplates that the present substantial cash balance and a refunding operation be utilized to take care of all maturities through 1949.

These pages have consistently advocated a constructive attitude towards both Southern Pacific and Nickel Plate, and it is still considered that these are two of the marginal roads most likely to maintain a high credit standing after the war. Nevertheless, it seems that neither of the recent rumors should be given too much weight, and certainly purchases based on the possibility that these rumored plans will be carried through cannot be justified. Rather, an attitude of caution is indicated.

Connecticut Brevities

There is a lack of activity at the moment in Connecticut municipal issues, and, while it appears that a secondary market is developing in respect to those bonds issued in recent months, there are fewer such secondary offerings now than there have been for some time. Price trends still continue upward.

During recent weeks, the **City of Waterbury** sold $135,000 bonds, due May 1, 1957, with a **1.30% Coupon.** This issue was sold at a price slightly above par.

An issue of $200,000 **City of Meriden** 1s due from 1944 to 1953 has also been sold recently. These bonds appeared on about a **.87% basis**, on the average, a price level probably higher than any yet recorded for Connecticut.

During the past few weeks, the market for Connecticut industrial stocks has shown a subtle change. A certain amount of publicity has been given, of late, to reports and opinions that machine tool orders have been falling off, that the United States is now completely tooled up for war production, and that from now on the manufacturers of this country will devote their energies to the production of war materials, using the equipment already on hand, and calculated to be sufficient to meet all possible requirements.

As might be expected, the result of such reasoning has been a slight decrease in market prices of the stocks of such companies as are understood to be principally engaged in the machine tool business, while the stocks of those companies which may be engaged in the production of war material—even though such material may be quite different from the usual product of such companies—has strengthened somewhat.

It might also be noted that the stocks of those companies whose products might meet a large peacetime demand at the cessation of hostilities have received more attention from local investors in recent weeks, with some emphasis on the issues of such companies as American Hardware, Landers Frary & Clark, Stanley Works, and Torrington Company.

* * *

The City of New Britain, one of Connecticut's important manufacturing centers, has recently engaged in a highly successful campaign to recruit women for war work in local factories. Because the city's housing and transportation facilities were taxed to the utmost, it was evident that it would be practically impossible to bring more workers into the area. It was therefore decided to conduct an advertising campaign to persuade some of the women residents to accept factory jobs.

A series of advertisements appeared in the local press, followed up by a door-to-door campaign by a sales force composed of women factory workers.

The advertising program was designed to break down the resistance to factory work on the part of women not accustomed to such occupation. Descriptive circulars were printed and distributed to every home in the city.

A letter was sent to every unemployed woman, and to women not employed in essential industry. In addition, a group of women factory workers called on possible candidates.

As a result of these efforts, 850 women workers were added to factory payrolls in the first 15 days of the campaign.

Efforts were continued until, at the end of two months, approximately 1,789 women were hired by the 13 firms participating in the campaign. No record has been kept of the number hired by non-participating companies, although many women found employment in such establishments.

It is interesting to note that, as a result of the advertising campaign, many men who were unemployed, or were employed in unessential industries, applied for, and received, factory jobs.

In the course of the campaign inquiries were received from 7,233 women, a record of considerable interest.

* * *

Connecticut Railway & Lighting has reported net income for the year ended Dec. 31, 1942, before provisions for contingencies, amounting to $1,085,349, as compared with $604,752 for 1941. A contingency reserve of $500,000 was established during the year. Operating revenues of $5,016,411 compared with $3,438,335.

Royal Typewriter Co. is now in full production on the sub-contract with United Aircraft Corp. in the manufacture of airplane assemblies. Royal also has subcontracts with Colt's Patent Fire Arms, Pratt & Whitney, the Springfield Arsenal, and other prime war contracts.

Whitney Blake Co. reported net income for the year ended Dec. 31, 1942, of $190,383, equal to $1.90 a share.

Yale & Towne Mfg. Co. reported a net profit for the first quarter of 1943, after provision of $902,343 for Federal taxes, amounting to $300,781, or 62 cents a share, compared with $383,001, or 79 cents for the first quarter of 1942.

Hartford Electric Light Co.'s power sales for April increased, reversing normal seasonal trend and, at 42,125,000 kilowatts, produced the second highest monthly output on record.

Bigelow Sanford Carpet Co. reports earnings in the second quarter of 1943 showing some improvement over the first quarter, which revealed a loss. The company has recently received a contract for 1,650,000 blankets in the amount of $12,500,000.

The Connecticut Banking Department will issue its list of legal investments on July 1 each year hereafter, the banking statute recently having been amended to discontinue publication of lists on May 1 and Nov. 1, each year.

Additions to the list include: Allentown, Pa.; Auburn, N. Y.; Chester, Pa.; Durham, N. C.; Fairmont, W. Va.; Granite City, Ill.; Hazleton, Pa.; Johnstown, Pa.; Kenosha, Wisc.; Uniontown, Pa.; University City, Mo., and Wyandotte, Mich.

Cincinnati New Orleans & Texas Pacific Ry. equipment series J, 1¾s, to April 15, 1953.

Public Service Co. of New Hampshire first mortgage series A, 3¼s, Jan. 1, 1973.

Dallas Bond Club To Hold Spring Outing

DALLAS, TEX.—The Dallas Bond Club announces that its spring outing will be held on Monday, May 31st, at the Lakewood Country Club. Features of the day will be golf, swimming and tennis. Cost is $3.50 per person with golf; $2.00 without golf. Reservations should be mailed with check to H. N. McConnell, Secretary of the Club, c/o Crummer & Co., Inc., Kirby Building, Dallas. Because of the food problem, reservations will close May 28th.

Directors of the outing are: John Canavan, Rauscher, Pierce & Company; P. B. (Jack) Garrett, Garrett & Company; W. R. Newsom, Jr., Sanders & Newsom; and J. W. Hickman, Schneider-Bernet & Hickman.

Can The United States Support A 300 Billion Dollar Debt?

In a carefully documented article published in the "Chronicle" of May 13 bearing the above caption, Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to provide an answer to the question of primary concern to the entire nation, viz.: Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly, or indirectly, in whole or in part? Dr. Saxon holds that the debt can be paid in what he terms "honest dollars," provided, of course, that the nation's leaders "have the political courage to attempt it." In his article, the author discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution to the post-war debt problem.

In line with its suggestion, the "Chronicle" has been favored with various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Those that can be accommodated at this time are given herewith and the others will be carried in subsequent issues.

PHILIP M. McKENNA
McKenna Metals Company, Latrobe, Pa.

Money is a tool which mankind has found useful. Without this invention of a common denominator by which evaluation of alternate courses of action can be accomplished, mankind is without a guiding compass. The industrialist asks, for instance, should I replace one process of manufacture by another method, and calls on the cost engineer to make an equation. Into this equation go the hours of work of persons at the varying rates of pay to which their skill, training and other considerations entitle them; the amounts of materials, electricity instead of gas, for instance, or a larger weight of cast iron for a smaller weight of higher-priced steel; and the labor and skill required to make the changes. The farmer asks does it pay to grow corn on this field and feed it to hogs, or should I grow wheat and sell it for making flour. The politician is not aware of the nicety and accuracy of these computations required for wise conduct of business, industry and agriculture, and how distortion of the measuring tool, money, may lose our country actual man hours and physical goods. To destroy a large animal it is only necessary to strike certain brain centers with a bullet, and the animal dies because its faculty of coordination is destroyed. Similarly, when an important economic principle, normally guiding and coordinating the activity of a nation, is destroyed, the nation is apt to be rendered impotent and unable to defend itself. "Whom the Gods would destroy they first make mad."

When the normal functions of money are inhibited by laws, and restraints are put upon the use of money for facilitating exchanges of goods and services the country as a whole loses efficiency, because a clumsy barter method or the like must be employed instead. By doing away with money, in whole or in part, we do not alter the underlying motivation of the individual, which is the possibility of gain. Exchange simply takes another and often wasteful form. For example, since monetary profit in war industry is frowned upon means are found to induce corporation managers to expand facilities with Government money, with the unstated but real motivation that they shall have control of the acquired machinery and plant after the war. Logrolling of all sorts takes place. Instead of having to produce only the goods necessary to fight the war an equal amount of goods in value must also be ordered and to induce the producers to accept in lieu of monetary profits the additional facilities they will acquire and which it is deemed impolitic to allow as monetary profits. Small wonder that our living standards are lowered because of the inefficiency of motivation by barter!

This assault upon freedom of use of money as a standard began when we technically abandoned the gold standard about 1933. It came to my attention in 1942, by the proposals to seize from the "haves" not only money but also patents and other property, that the "revolutionists" had become aware that inequality prevailed not only in differences in the amount of money possessed by individuals, but in differences in the possession of profitable ideas and knowledge. Inasmuch as ideas are definitely intangible property they sought to seize the only tangible and visible form of this property that they could see, namely the printed patent paper. By this time they have learned that nothing short of the seizure of the **persons** possessing the ideas will accomplish their purposes—hence the Kilgore Bill S 702 and the Pattman Bill HR 2100. These bills presume to make available skilled personnel, at the order of the Government, to carry on work ostensibly, but not actually, for war emergencies, the intention being apparently that they are to be used for the upbuilding of strong political sections which are weak in human abilities or resources; in other words, for the benefit of the "have-nots."

It is not realized that the well-being of the "have nots" would be more rapidly and more surely improved by the normal effect of the competitive system. Those favoring such seizures remind me of the half-grown chickens to whom I fed sour milk in a large pan; in their haste to get at it they got into the pan and wasted this valuable food by splattering. An orderly method of feeding them was necessary to avoid loss and provide for the general welfare of all.

Therefore, in regard to Mr. Saxon's article, I should say that whether we can support a 300-billion-dollar debt, or any debt, is dependent upon whether we are to have restored to us a sound currency, upon which all present and future commitments in business can be reasonably and fairly based, and whether invention and technical progress will be protected by law as guaranteed by the Constitution or destroyed by attempts to hamper and shackle those having special knowledge and the will to improve our common lot.

NORMAN STEELMAN
Great Neck, L. I.

I was very much interested in Dr. Saxon's article in last week's issue and shall keep it for future reference as to the figures but I do not agree with his major conclusion which is that THE UNITED STATES CAN SUPPORT A 300 BILLION DOLLAR DEBT **with a dollar of present or pre-war purchasing power.**

Anyone old enough to remember the cost of things forty years ago knows very well that the dollar of today is a vastly different measure of value from what it was at the beginning of the century. If you take the trouble to trace the steady increase in national debt—and by national debt

(Continued on page 1875)

Real Estate Securities

In this column we have often called attention to outstanding real estate properties, the mortgage bond issues and the low value placed upon the real estate by the depressed prices at which the bonds were selling.

Purchase of New York real estate bonds is, in a great measure, predicated upon what the future holds for New York real estate.

That of course is a matter of hope and opinion. The correct "guesser" will in all probability make a great deal of money. We personally believe that New York will continue to add to its glory and wealth. It will continue to be rebuilt and rebuilt again and again, but it should still remain the leading city in the world.

So much for the future—it is also interesting to look into the past. How many people recall the buildings which preceded these modern buildings whose mortgage bonds are now being traded in?

Take for instance the 36 story office building at 50 Broadway that we have occassionally discussed in this column. Who recalls the building that preceded it? Actually it was New York's first skyscraper called the Tower Building. The building was 13 stories high. According to the publication "Mid-Manhattan" its history is very interesting: "Fifty-seven years ago when Bradford Lee Gilbert, the architect, proposed the building, he had a fight on his hands. He had a difficult time convincing the city officials that his proposal to 'stand a steel structure on end' would support the weight of the building. The building laws at that time provided that the weight of a building must be supported entirely by the thickness of the walls. It was months before he succeeded in getting his plans officially approved. Even then his idea was so sensational that John Noble Stearns, the silk merchant who owned the twenty-one foot plot expressed his fears that it would collapse. Finally Gilbert spiked all doubts by declaring the building would be safest in a hundred mile gale and that he would occupy the top floors himself. The contract was awarded to Dawson and Archer. Operations began immediately and unfavorable comment gained in volume as the structure mounted. The first seven floors were built on the steel frame, the remainder being of solid brick. Crowds gathered daily on Broadway to watch the mad venture. The man who owned the adjoining building became panic stricken and when New York's first skyscraper reached the dizzy height of ten stories he sold his property and moved from the shadow of the towering menace.

"The records of the weather bureau show that on Sunday morning in 1886 when the building was up ten stories there came a windstorm of gale proportions. The wind blew at eighty miles an hour and the street—at a safe distance from the building—was crowded with sensation seekers who came to tarry while the 'fool' building came tumbling down. Gilbert himself came downtown to see how his building was weathering the storm. He had a plumb line in his pocket. Watchmen and janitors of neighboring buildings who had deserted their posts recognized him and were indignant in their outspoken criticisms of him. Gilbert climbed the stairs to the tenth floor and lowered his plumb line. The uncompleted edifice was solid as a rock. Not the slightest vibration was revealed. The storm and the test silenced all critics. The era of the skyscraper was on."

The building was eventually demolished and now we have a 36 story modern office building occupying the same location. The only thing about this new building that has fallen is the income and the price of its first mortgage bonds. From a high of $1,037,000 of income in 1931, the income of the building shrunk to only $322,060 in 1942. A ray of hope for the future is in the trustee's estimate of $410,496 income for 1943 and expenses of $287,345 leaving $123,151 before corporate and franchise taxes and depreciation. 3% on the bond issue of $3,692,000 would require about $111,000. The trustee pointed out that about $167,000 of this gross income came from a lease to the War Department.

However, at current market price of about 22 on the bonds, a value on the entire mortgage is placed at approximately $800,000 while the City of New York in its 1943 assessment values the property at $4,150,000. It would therefor seem as if these first mortgage bonds should have some speculative appeal.

FIC Banks Place Debs.

An offering of $47,485,000 consolidated debentures of the Federal Intermediate Credit Banks was made May 18, at par, by Charles R. Dunn, New York, fiscal agent for the banks. The offering consisted of two issues, viz.: $21,930,000 0.75%, due Dec. 1, 1943, and $25,555,000 0.85%, due March 1, 1944. Both issues are dated June 1, 1943. Of the proceeds from the sale of the debentures, $44,036,000 will be used to pay off a like amount of maturing issues due June 1, 1943, and the balance is for new capital purposes. At the close of busiess May 1, 1943, the banks will have a total of $291,985,000 debentures outstanding.

Johnson & Southwood

Leeds Johnson and Herbert V. Southwood, both members of the New York Stock Exchange, will form Johnson & Southwood, with offices at 49 Wall Street, New York City, as of June 11th.

NY Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Company.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Situations of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

Investment Trusts

(Items are grouped under name of sponsor company)

Hugh W. Long & Co. (15 Exchange Place, Jersey City)—Out with one of those delightful little booklets combining a bit of philosophy, some sound investment advice, and the record of a particular fund's performance. "Successful Investment Management" is the title of this one and Fundamental Invesors is the company dealt with. A $10,000 investment in this fund on Jan. 2, 1933, had a market (liquidating) value of $15,928 on March 31, 1943. Including dividends paid during the period, the over-all gain was to $23,526. . . . Total dividends paid by Manhattan Bond Fund to date (shares first offered in 1938) amount to $2,178,416—not bad for a five-year-old, depression-born, war-nurtured, New-Deal anathematized investment company! . . . New York Stocks reports that in the first four months of 1943 its Bank Stock, Insurance Stock, Railroad and Public Utility Series all bettered the performance of generally accepted averages in their particular fields. Of the 16 Series comparable to the Dow-Jones Industrial Average, 15 outperformed it, five doing one and one-half times as well and seven doing twice as well. . . . A new folder on the Railroad Equipment Series sets a high standard for pictorial and statistical presentation of the industry, "An Arsenal in War; A Great Industry in Peace."

* * *

Lord, Abbett & Co. (63 Wall Street, New York)—Rings the bell with a unique folder, "Maybe You're Overlooking Something!" It lists five points that the investor may be overlooking and they all point to Union Preferred Stock Fund. . . . "In times like these the essence of common stock success is selectivity." That is the essence of the latest **Union Dealer.** It stresses that "The old concept of the business cycle is either gone or indefinitely deferred," and adds, "You get out of a portfolio whatever you put into it." The purpose of the discussion is to introduce a new folder on Union Common Stock Fund "A." We hasten to add that, in our opinion, the folder is highly deserving of such an introduction. It's called "36 Stand-Out Common Stocks," and we won't try to describe it beyond saying that it's a four-color job which commands attention both by reason of the "copy" and the "lay-out."

* * *

National Securities & Research Corp. (120 Broadway, New York)—National Securities Series, first offered in the Fall of 1940, has the following growth record:

	No. Shares Outstanding	Assets
April 30, 1941	223,512	$1,078,599
April 30, 1942	569,892	2,599,555
April 30, 1943	909,428	5,013,805

Sponsor believes "that emphasis on income in four of the Series has been an important factor in building up this comparatively new fund." . . . "Investment Implications of the Outlook for a Longer War" and "Investing for Profit" are the titles to the main discussions in the last two issues of **Investment Timing.** Since May 6 this service has given a bullish forecast for the intermediate trend of stock prices.

* * *

Distributors Group, Inc. (63 Wall Street, New York)—Recent dealer helps are aimed at the Railroad Shares, General Bond Shares, and in particular the Steel Shares. Thesis is that the steels are undervalued. "If steel consumers prosper, steel producers must also prosper." Charts show the growing backlog of demand in steel-consuming industries. Another chart shows that while the securities of steel-consuming industries have advanced from 31% to 71%, the shares of the steel companies have advanced only 3.6%.

* * *

Bull, Wheaton & Co. (40 Exchange Place, New York)—The asset value of Republic Investors Fund common shares gained 63.5% from the low of 1942 to March 31, 1943. This is a leverage fund, but despite a substantial cash position the common shares advanced during the first three months of this year by 24.7% as compared with a gain of 14.4% for the Dow-Jones Industrial Average.

A. W. Smith & Co. (111 Devonshire Street, Boston)—Mr. Ray Vance, Trustee of New England Fund and of General Investors Trust, writing in **Economic Pre-View,** discusses the extent to which inflation has been checked in this country. His conclusions: "The new developments in the fight against inflation are of a type which will delay but not prevent its growth. Certain basic remedies have been used already but in an ineffective degree. The final determination will rest on future policies. At present, it is wiser to expect a considerable ultimate inflation."

* * *

Keystone Corporation (50 Congress Street, Boston)—Again applying the principle of simplicity which it has used so effectively in the past, this sponsor has prepared a neat, pocket-size card designed to help analyze the investor's individual requirements. Simply by checking off the appropriate answers to the carefully (and tactfully) stated questions, the investor provides an excellent "case history" of his needs and objectives. The selection of appropriate classes of securities for him is thus rendered easy.

(Continued on page 1877)

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

The Second War Loan drive in April netted total subscriptions of $18,533,000,000, or $5,533,000,000 in excess of the $13,000,000,000 goal. It is reported that banking sources accounted for $5,048,000,000, or 27.2%. The Treasury Department states that the success of this drive will probably permit the postponement of the next major drive until September. However, a special intermediate offering may be made to the banks before then.

The December "Victory Fund" drive, it will be recollected, resulted in subscriptions which totalled $12,937,000,000, of which 39.2% were subscribed by the commercial banks. The two drives thus aggregated $31,470,000,000, of which commercial banking sources took $10,120,000,000, or 32.2%.

There is no means of determining from published data the amount subscribed by individual banks. Some light will be thrown on this when their June 30 statements of condition are issued, for a comparison can then be made with their March 31 statements, and the change in Government holdings calculated.

Meanwhile the weekly condition reports from Washington on Federal Reserve Member Banks are of interest. For New York City, as of May 12, the total Government obligations held (comprising Treasury Bills, Certificates and Notes and U. S. Bonds) aggregated $12,287,000,000 compared with $10,611,000,000 on April 7, the last reporting date preceding the "Drive." The increase is $1,676,000,000. For Chicago member banks, total Governments were $3,203,000,000 on May 12, compared with $2,511,000,000 on April 7, an increase of $692,000,000. For member banks in 101 cities, excluding New York, total Government obligations increased between April 7 and May 5 (latest date) from $27,051,000,000 to $30,498,000,000, an expansion of $3,447,000,000. The total of $1,676,000,000 and $3,447,000,000 is $5,123,000,000. This is extremely close to the $5,048,000,000 which is the amount the commercial banks of the country are reported to have subscribed to the Second War Loan.

Since New York City's leading commercial banks have opened "War Loan" accounts with the Government whereby subscriptions to the Government's war issues are credited to the deposit account of the U. S. Treasury, it is possible to gauge approximately the extent to which individual banks are subscribing by noting the weekly reports of the New York Clearing House Association. For instance, on April 8 total deposits of all Clearing House banks amounted to $19,154,817,000, and on May 13, $20,744,403,000, representing an expansion of $1,589,586,000, which closely approximates the increase of $1,676,000,000 in Government bond holdings by New York Federal Reserve member banks. The record for individual banks is shown in the following tabulation:

NET DEPOSIT TOTALS OF NEW YORK CITY CLEARING HOUSE BANKS

Bank	April 8, 1943	May 13, 1943	Increase
Chase	$3,992,031,000	$4,227,826,000	$235,795,000
National City	3,182,058,000	3,438,083,000	256,025,000
Guaranty Trust	2,517,735,000	2,815,904,000	298,169,000
Bankers Trust	1,359,429,000	1,356,078,000	—3,351,000
Central Hanover	1,324,498,000	1,410,337,000	85,839,000
Manufacturers Trust	1,197,687,000	1,304,696,000	107,009,000
Chemical	986,856,000	1,120,602,000	133,746,000
First National	861,579,000	969,943,000	108,364,000
Irving Trust	847 376,000	918,414,000	71,038,000
Bank of Manhattan	795,178,000	843,170,000	47,992,000
New York Trust	570,847,000	635,319,000	64,472,000
Corn Exchange	482,359,000	521,553,000	39,194,000
Bank of New York	282,238,000	318,730,000	36,492,000
Public National	224,715,000	252,108,000	27,393,000
Marine Midland	189,237,000	224,380,000	35,143,000
Commercial	161,663,000	189,731,000	28,068,000
Continental	89,849,000	102,412,000	12,563,000
Fifth Avenue	68,018,000	72,167,000	4,149,000
Title Guarantee	21,464,000	22,950,000	1,486,000
Total	$19,154,817,000	$20,744,403,000	$1,589,586,000

It will be noted that only one bank in the group, Bankers Trust, shows a decline in deposits. This does not signify, though, that no subscriptions were made to the war loan, for the decline was entirely in time deposits, while demand deposits increased approximately $24,000,000.

Turning again to the Federal Reserve Member Banks, it is interesting to note that since April 8 their expansion in Government holdings has far outstripped their decline in commercial loans, which has been fractional. New York City banks, for example, reported commercial loans of $2,255,000,000 on April 8 and $2,203,000,000 on May 12, a decline of only $52,000,000. On the other hand, their total loans and investments over this period expanded from $16,196,000,000 to $18,472,000,000, an increase of $2,276,000,000. For the 101 cities, excluding New York, commercial loans declined from $5,610,000,000 on April 8 to $5,607,000,000 on May 5, or merely $3,000,000. Total loans and investments, however, increased from $41,646,000,000 to $46,108,000,000, or $4,462,000,000.

On the basis of such figures as these it is difficult to escape the conclusion that the 1943 net operating earnings of well-managed banks, despite a possible increase in the surtax from 16% to 21%, should show from moderate to even substantial improvement over 1942 results.

Banking Group Offers $3,500,000 B. & O. Equipments

Halsey, Stuart & Co., Inc., head a group which offered, May 17, at prices to yield from 0.875% to 3.00%, according to maturity, $3,500,000 Baltimore & Ohio RR. equipment trust certificates, Series M, due $175,000 on Nov. 1, 1943, and on each May 1 and November 1 thereafter, to and including May 1, 1953, such certificates being a part of a proposed issue of not exceeding $10,760,000.

Associated with Halsey, Stuart & Co., Inc. in the offering group are: Hallgarten & Co.; Otis & Co., Inc.; A. C. Allyn and Co.; E. H. Rollins & Sons, Inc.; Gregory & Son, Inc.; The Milwaukee Co.; Schwabacher & Co.; Dempsey-Detmer & Co.; First of Michigan Corp.; Hirsch, Lilienthal & Co.; Sills, Troxell & Minton, Inc.; Stifel, Nicolaus & Co., Inc.; Kebbon, McCormick & Co.; Singer, Deane & Scribner; Stix & Co. and F. S. Yantis & Co., Inc.

The issuance and sale of the certificates, to be issued under the Philadelphia Plan, is subject to Interstate Commerce Commission approval. If the $10,760,000 par amount of equipment trust certificates shall all be issued, they are to be secured by the following railroad equipment: three new 5,400-horsepower diesel freight locomotives, each consisting of four units of 1,350 horsepower, to be constructed of all new material by General Motors Corp. Electro-Motive Division: 15 new 1,000-horsepower diesel switching locomotives, each consisting of one unit, eight of which are to be constructed of all new material by General Motors Corp. Electro-Motive Division and seven of which are to be constructed of all new material by American Locomotive Co.: 20 new Mallet freight locomotives, 2-8-8-4 type, to be constructed of all new material by the Baldwin Locomotive Works, and 965 new 50-ton composite hopper cars to be constructed of all new material by Bethlehem Steel Corp. The estimated cost of this new equipment is not less than $10,760,000.

The Baltimore & Ohio Railroad Co. proposes to sell from time to time prior to April 1, 1944, additional equipment trust certificates, to obtain funds equal to the cost of this new equipment.

R. Hoe Co. Attractive

Common stock of R. Hoe & Co., Inc., offers attractive possibilities, according to a circular being distributed by Aigeltinger & Co., 76 William Street, New York, N. Y. Copies of this interesting circular may be had from Aigeltinger & Co. upon request.

Hicks & Price Open New York Trading Dept. Under August Schenck

Cunningham With Firm In Chicago Office

Hicks & Price, members of the New York and Chicago Stock Exchanges, announce the opening of a trading department in their New York office, One Wall Street, under the direction of August A. Schenck, formerly a partner in Toerge & Schiffer. Also associated with the firm in the trading department of the Chicago office, 231 South LaSalle Street, is Bernard J. Cunningham, previously with Strauss Brothers.

Change Firm Name To Simons, Linburn & Co.

Milton Blauner has withdrawn as a partner of the firm of Blauner, Simons & Co., members of the New York Stock Exchange. The remaining partners will continue business under the firm name of Simons, Linburn & Co., 25 Broad Street, New York City. Partners in Simons, Linburn & Co. are Murray Simons, Richard Ernest Linburn, and Ernest A. Linburn, member of the New York Stock Exchange.

Consolidated Electric Situation Interesting

The Collateral Trust 6s due 1962 of Consolidated Electric & Gas Co. is a particularly interesting situation at this time, according to a memorandum contained in the Preferred Stock Guide for May issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the Guide, which contains quotations on public utility preferred and common stocks, as well as the discussion of Consolidated Electric and Gas, may be had upon request from G. A. Saxton & Co.

Barton & Brown Made Commerce & Industry Association Directors

Bruce Barton, President and Director of Batten, Barton, Durstine & Osborn, Inc., advertising agency, and John A. Brown, President and Chairman of the Executive Committee of the Socony-Vacuum Oil Co., Inc., were elected to the Board of Directors of the Commerce and Industry Association of New York at the annual meeting held on May 18 in the Association's Assembly Room in the Woolworth Building.

Six Directors were elected to three-year terms to succeed themselves. They are: Neal Dow Becker, President of the Association and President, Intertype Corporation; William C. Breed of Breed, Abbott & Morgan; Victor Emanuel, President, The Aviation Corporation; Walter Hoving, President, Lord & Taylor; Fred I. Kent, a Director, Bankers Trust Co. and Col. Allan M. Pope, President, The First Boston Corporation.

Kendrick With Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Frank E. Kendrick has become affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges and other leading national exchanges. Mr. Kendrick recently was with Bankamerica Company. In the past he was active as an individual dealer in San Francisco and was a partner in Parrish, Kendrick & Co.

Thrall, John & Space With Woodard-Elwood

MINNEAPOLIS, MINN. — Following the dissolution of Thrall West Company, Henry D. Thrall, Robert L. John, member of the Minneapolis-St. Paul Stock Exchange, and Walter P. Space have become associated with Woodard-Elwood & Co., Rand Tower, Minneapolis-St. Paul Exchange member firm. Mr. Thrall will be a director of Woodard-Elwood & Co.; Mr. John, Vice-President, and Mr. Space will be manager of the trading department.

Inflation Would Leave Health Best Asset

(Continued from page 1858)

modity prices, not to speak of higher wages. They seem to have it all figured out that they will be able to unburden themselves of their merchandise and securities before the ultimate smashup takes place; and as for wages, they will spiral forever.

There is something about the thought of inflation which carries the emotions to enthusiastic heights. So as to illustrate what is meant, it might be well to refer to the following data which shows how in 1937, when much talk about inflation was in the air, investors were willing to pay prices considerably above what they were prepared to pay in 1941 for the very same securities. In 1941, as the below figures indicate, the basic factors which normally should influence the sound purchase of stocks were better than 1937, but the buying fever was lacking:

	High	1937 Earnings Per Share	Dividends
Electric Auto-Lite	45½	$3.43	$2.60
General Motors	70½	4.39	3.75
du Pont	180⅛	7.29	6.25

	High	1941 Earnings Per Share	Dividends
Electric Auto-Lite	33⅞	$4.90	$3.00
General Motors	48½	4.42	3.75
du Pont	164¾	7.50	7.00

In weighing the possibility of inflation and viewing it from the angles of past experiences and what the future may hold in store, it would seem that the concentration of effort should be directed toward trying to prevent inflation rather than endeavoring to figure out how to wriggle through it.

The future of the country's economy would be greatly helped if everyone of the 135,000,000 people in this country, old enough to give the matter thought, were to direct all of their attention and cooperation toward trying to remove those forces which are tending inflationward. It would also be a sound and sensible idea for government, agriculture, labor, capital, industry, transportation, investors and the lowly consumer to try to work together, temporarily forgetting their differences, and to aim at preventing inflation from engulfing them all. The situation is comparable to being on a boat that has been torpedoed, at which time nothing counts other than to try to keep afloat long enough to reach shore or be rescued.

When inflation reaches the point where prices mount to astronomical figures, it ought to be apparent that business must come to a standstill. Who, for instance, could afford to buy a pound of copper or a gallon of gasoline if either of these commodities should sell on the same basis as when the German postal rates in November, 1923, required 40,000,000,000 marks to carry a single letter? How many people would have enough money to buy shoes or butter under those circumstances; and in the light of that condition, who would want to buy stocks when there are neither earnings nor surplus available for dividends which even if they could be paid would have no purchasing power?

It is well to engrave upon one's mind that if the United States should be unfortunate enough to be blitzed by an all-out inflation the chief asset of practically all individuals regardless of station would be a sufficient quantity of good health to enable them to hold down some job so as to earn enough to live from day to day.

Sen. Tydings Urges Agencies To Liquidate Government Holdings

At the "Democracy and Jobs" luncheon session of the Chamber of Commerce of the United States annual meeting in New York, the latter part of last month, Senator Millard E. Tydings, (Dem., Md.), offered a program for action by the government during the war as preparation for the solution of post-war problems.

Speaking on "Effects of Disposal of Surplus Property," Senator Tydings, according to the Chamber's publication "Washington Review," said the government must at an early date do the following things:

1. It must set up a liquidating agency, comprehend all the factors and plan to re-sell that part of the national domain which our government will not longer need.

2. It must set up another liquidating agency to sell, in an orderly fashion and with a minimum interference to private business, the $60,000,000,000 worth of varied materials which the government now owns.

3. We must have another governmental agency set up with its plans ready which will go to work at once in settling the $75,000,000,000 of cancelled war contracts.

4. It is not unlikely that the national government will have to take some measures to deal with unemployment during the transition period.

5. The President and the Congress, through the medium of national laws, should announce to the people of the country that its primary objective is the complete withdrawal of government from private business and that all governmental measures will be directed toward the complete and speedy restoration of our system of private enterprise, as we have known it in this great nation.

Senator Tydings urged that the Chamber of Commerce through proper committees prepare legislation to deal with these various subjects.

Canadian Securities

By BRUCE WILLIAMS

Canada, in introducing this week into the House of Commons the Mutual War Aid Bill, takes the lead once more in demonstrating to the world a sane method of approach to the problems of Lend-Lease. Although Canada does not accept Lend-Lease aid in any form whatsoever for her own account, the Dominion has already rendered assistance of this kind to other United Nations on a considerable scale. Now it is desired to place such aid on a more formal basis and the main points of the bill are as follows:

1. The Government wishes to share what war supplies the country is able to produce above its own needs and does not want a shortage of Canadian dollars to prevent any Allies from obtaining such surpluses.

2. Agreements will be made with those countries that are able to do so to provide Canada with supplies or services in return, but inability to reciprocate will not disqualify a recipient of aid.

3. Canada wishes to avoid piling up huge war debts by selling supplies to Allies for payment after the war, or creating indefinite and uncertain post-war obligations. Where terms and conditions are provided, these will be clearly specified at the time of transfer.

4. All dealings will be directly with the countries requiring assistance.

* * *

The Canadian bond market continues to display considerable strength at a time when there is usually a certain weakness caused by offerings from Canada in connection with Victory Loan activities. On this occasion, the Canadian supply has been on a reduced scale and bonds have been readily absorbed on a rising market.

It is confidently expected that on the return of the Canadian dealers, who during the course of these drives virtually close their offices for ordinary business, inventories will have to be replenished, with the consequence that the market will advance in a still more marked fashion. Successive loan drives, and liquidation on the part of Canadian holders for the purpose of realizing the U. S. dollar premium, have so depleted the potential supply of bonds from Canada that we are now approaching the point when it will be difficult to supply the mounting U. S. demand for Canadian securities.

The hitherto steady supply of bonds from Canada consisted principally of the Dominion-guaranteed Canadian National Railways bonds, which accounts to a great degree for the existing wide disparity with the direct issues of the Dominion. However, if the Canadian market were more closely studied by the larger commercial banks, this state of affairs would not be of long duration. Insurance companies and small banks throughout the country have over a long period of years profited from their foresight in making substantial investment in high-grade Canadian securities, but their operations have not been of sufficient scope to iron out the many disparities which exist between comparable issues. This function could be well and profitably performed by the larger commercial banks.

For example, the Dominion-guaranteed Canadian National Railways 5% bonds, which are callable July 1, 1944, and which currently yield 2¼% to call date, appear to be definitely out of line when compared with the following issues:

Issue—	Yield
City of Ottawa 4½% 7-1-1944	1.35%
City of Toronto 4½% 7-1-1944	1.50%
Province of Ontario 4½% 9-1-1944	1.65%

Similarly the following comparison of other Canadian National Railways bonds with direct Dominion issues is equally illuminating:

Canadian National Railways

Issue—	Yield
5% 10- 1 69/49	3.10%
4½% 9- 1-51	3.20%
4¾% 6-15-55	3.25%
4½% 2- 1-56	3.00%

Dominion of Canada

Issue—	Yield
2½% 1-15-48	1.95%
4% 10- 1-60/50	2.60%
3% 1-15-53	2.60%
3% 1-15-58	2.75%

Now that the U. S. bond drive is over and in view of the small allotments of bonds to the commercial banks it is quite possible that the Canadian market will now have an enhanced attraction for these institutions, especially as it is a possibility that future U. S. issues designed for investment by banks may not carry a coupon in excess of 1¾%.

Taylor Named To Head Baltimore Stock Exch.

BALTIMORE, MD.—Howard R. Taylor of Howard R. Taylor & Co. has been nominated to serve as President of the Baltimore Stock Exchange for a one-year term. The election is scheduled to be held on June 7.

The Nominating Committee has also submitted to the members of the Exchange for their approval the names of these additional nominees for the election:

Four members of the Governing Committee (to serve for three years to 1946)—C. Prevost Boyce (Stein Bros. & Boyce), Frank Fisher, Chas. W. L. Johnson, Philip L. Poe (Philip L. Poe & Co.).

One member of the Governing Committee (to serve for two years to 1945)—F. Grainger Marburg (Alex Brown & Sons).

One member of the Governing Committee (to serve for one year to 1944)—Charles H. Pinkerton (Baker, Watts & Co.).

For Trustee of the Gratuity Fund (to serve for three years)—William G. Baker, Jr. (Baker, Watts & Co.).

The members of the Nominating Committee are: James S. Whedbee (Chairman), Henry Lay Duer, William V. Elder, Jr., Abel A. Rosenburg (Mackubin, Legg & Co.) and George M. Scott.

Some Questionable Inferences Drawn From Estimates Of National Income

(Continued from first page)

ing and an investment, or is it money spent for consumers' goods?

But quite apart from these difficulties are those involved in distinguishing net income from the flow of money and credit during any period. The confusion in concepts here is perhaps the most important of all.

To illustrate: We have some fairly good figures on total expenditures in this nation during the week, month, or year in the form of debits to deposit accounts. For the year 1942, these debits are reported to be $663,652,000,000. If we should assume that these represent 75% of the total for the nation then the total would be $884,869,000,000. (A better estimate could, perhaps, be obtained from the Board of Governors of the Federal Reserve System.) Just how much money is spent during a year or how many exchanges of goods and personal services are made which do not appear in these debit figures, we do not know. But if we take only these estimated debit figures, Secretary Jones' estimate of $82,000,000,000 of consumers' expenditures for 1942 means that less than 10% of the nation's expenditures as represented by debits alone were "consumers' expenditures."

I doubt that the daily experiences of most of us, plus our other knowledge, would permit us to believe that such a percentage is even approximately accurate. Or, if this less than 10% figure is accurate, what inferences may we properly draw from it?

The very important question arises as to what are the relationships between national income and total expenditures for 1942, and between national income for 1942 and total expenditures for 1943. If debits alone for 1942 were $884,869,000,000, and national income was $119,800,000,000, is it true that for every $7 spent during a year a dollar of net income is produced? In 1929, the estimated debits and national income were, respectively, 1,200 and 81 billions of dollars—a ratio of nearly $15 of debits for each dollar of national income.

If these estimates for these two years are even roughly accurate, it should be clear that there is no fixed relationship between the national expenditures for a year and the national income for the same year. And it seems reasonable to suppose that there is even less relationship between the national income for one year and the expenditures for the next. One reason is that a large proportion of expenditures can and does rest upon debt and that this proportion varies from period to period. Furthermore, a corporation can receive and spend a million dollars and have no net income, while another can receive $100,000, spend $75,000, and retain $25,000 (for a short period) as net income. In these cases, as for individuals, expenditures and net income may have little or no relationship. If this is applied to all the people of this nation, the generalization would seem to be equally true.

Perhaps the most important thing in all this today is the willingness of people to use these crude national income estimates as a basis for a Federal tax program. For instance, it is a common jargon in certain circles today that there is an "inflation gap" of so much and that all or part of this should be taken up by Federal taxes. My contention is (1) that the "inflation gap" concept is untenable and will not withstand careful analysis for the reasons pointed out above, not to mention others, and (2) that any attempt to build a Federal tax program on such a concept and estimate may lead to most unfortunate consequences. It may bring on the very things that we are attempting to avoid.

If taxes are so heavy that people cannot meet their other accumulated and unavoidable obligations, bankruptcies will follow. If tax pressures become that heavy or too heavy, people cannot buy government securities. This will compel the banks to buy even more than at present. If the people should become frightened at such a development, the government would then find itself forced to rely almost exclusively upon monetization by the banks of Federal borrowing and perhaps finally on the issuance of irredeemable paper money.

When our government says it will take 40 or 50% of the people's incomes in taxes, it is dealing with a mathematical abstraction for the nation that does not reveal what the consequences will be when that levy falls upon certain classes of people. For example, a middle-aged person with a substantial taxable income may also have accumulated obligations that cannot be dropped quickly without unfortunate results when the tax load is suddenly thrown upon him. Our income tax laws give inadequate recognition to these unavoidable commitments. Such a person is compelled to pay his tax out of his capital, or to borrow, until he collapses. Many a young single person with a much smaller income and with few accumulated obligations can absorb a much heavier rate of taxation than his much wealthier elders and with much less disaster socially. Our Federal income tax laws have a system of rates in this respect out of harmony with the economic facts and consequences. Capital levies are, in fact, already in effect, and apparently to a serious extent, because of this situation. We need to give more careful attention to this problem and danger.

What we need to do today is to feel our way along carefully; shed quickly the currently popular concepts and jargon regarding the "inflation gap"; watch the effects of our tax burdens; avoid the impairment of production which yields the income out of which taxes should be paid and bonds may be bought; avoid capital levies; keep a healthy proportion of people's incomes flowing into government bonds; hold down as well as we can the proportion of bonds going to our banks, but not assume that a considerable monetization of the Federal debt can be prevented; and avoid being the victims of the current fetishes regarding our ability to pay 40, 50, or 60% of our income in taxes.

There is, I am convinced, too much talk in this country about taking up the "inflation gap" and preventing a rise in prices at all costs without understanding what those costs may be. The first consideration is maximum production, war and civilian. If taking up the "inflation gap" causes bankruptcies and restricts productive enterprise too sharply, then incomes, taxes, and bond purchases will decline, and disaster may be the result. The argument for "guns rather than butter" advances a doctrine that becomes increasingly dangerous as the period of the war lengthens. Civilian enterprise should expand in every way possible to support the burdens of war.

Finally, what England or Canada may supposedly or actually be doing with its tax proportions may not, for many reasons, be applicable in the United States. For one thing, their figures do not, I think, reveal the pressures lifted off them (and put on ourselves) by our lease-lend shipments.

New York Stock Exch. Borrowings Higher

The New York Stock Exchange announced on May 7 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business April 30 totaled $569,614,299, an increase of $182,719,306 over the March 31 aggregate of $386,894,993. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $219,709,310; (2) on all other collateral, $349,904,989; reported by New York Stock Exchange member firms as of the close of business April 30, 1943, aggregated $569,614,299.

The total of money borrowed, compiled on the same basis, as of the close of business March 31, 1943 was (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $75,368,500; (2) on all other collateral, $311,526,493; total $386,894,993.

Canadian Crop Report

The Bank of Montreal, in its first general report on the condition of Canadian crops, issued May 6, had the following to say:

"While the season generally is from two to three weeks late east of the Great Lakes and in British Columbia, weather conditions have been favorable on the whole throughout the Prairie Provinces and land operations there are becoming general, with the seed bed in good condition and sufficient moisture to ensure germination. Precipitation to date in these provinces has been somewhat below normal and rainfalls will be needed this month in some districts. A preliminary survey indicates a reduction in wheat acreage, while the acreage sown to coarse grains, particularly barley and flax, will show an increase. Last year's unthreshed crop is being harvested, and while yield is low, the grade is better than was expected. In the Province of Quebec, Spring is from two to three weeks later than usual and snow is still in evidence in many regions. Pastures and meadows have wintered well generally, and orchards are in good condition, apart from minor damage. Prolonged cold weather reduced the run of maple sap and the crop is estimated at 50 to 75% of average, with the quality fair to good. Warm rains are needed to promote growth. In Ontario, Spring work has been delayed considerably by adverse weather conditions and in most sections seeding operations are not yet under way. The season is at least two weeks later than normal. Much of the land is very wet and warm, dry weather is badly needed. In the Maritime Provinces very little work has been done on the land as yet. Fruit trees are reported to be free from frost damage and pastures have wintered well. In British Columbia, planting is in progress but growth is backward. Some Winter damage to peach, apricot and small fruit trees is reported from the Okanagan."


Today
The Troop Gliders...
Tomorrow
The Sky Train
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.
ARMY E NAVY
Awarded to Huntington Works
THE INTERNATIONAL NICKEL COMPANY, INC.
Subsidiary of The International Nickel Company of Canada, Limited
New York, N.Y.
CLAYTON KNIGHT

The War And American Foreign Investments

(Continued from first page)

England. So far, the nation has met promptly and faithfully her contractual engagements.

Of the nine Axis-occupied countries with dollar bonds outstanding, only four were meeting the service on their debts prior to the war: Belgium, Denmark, France and Norway. Czechoslovakia had suspended payments immediately after the occupation of the country and the establishment of a protectorate, while a loan of the Czechoslovak City of Carlsbad had been in default for many years. The remaining countries had been either wholly or partly in default, a situation not necessarily connected with the conflict but merely the result of a rather unsatisfactory attitude towards the rights and privileges of creditors. Within recent months many of the bonds of Axis-occupied nations have advanced appreciably, but holders or prospective investors should not conclude that an early United Nations victory would convert these obligations from speculative issues to conservative investments. The four nations referred to above have continued to meet the service on their debt despite occupation by the Hitler hordes. They may and in all probability will continue to do so in the future out of dollar balances at their disposal. Thus, neither war nor occupation has apparently impaired the excellent credit standing which many of these countries have enjoyed in the world's financial markets, while countries whose past fiscal performance has not been of the best, easily succumbed.

The most satisfactory account has been given by the Latin-American group, even though the war and the resultant improvement in the economy of practically all the nations South of the Rio Grande have not yet decided some of these countries to resume the service on their debt which, in some instances, has been in default for more than a decade. Brazil and Mexico are the two notable exceptions. With respect to the former, payments were commenced as of April 1, 1940, at greatly reduced rates in accordance with provisions set forth in the so-called Modified Aranha Plan, which is scheduled to expire March 31, 1944. A new plan is to be presented to bondholders prior to October, 1943. If Brazil is genuinely desirous to permit her creditors to share at least a portion of her economic improvement, the new schedule of payment should be more equitable than the present. Bonds may be said to have discounted to some degree a more satisfactory adjustment. This is evident from a recorded appreciation of over 349% since August, 1939.

As regards Mexico, an arrangement has recently been effected calling for the resumption of interest and amortization of the nation's external loans on a basis drastically reduced compared with originally stipulated rates. The advance in quotations since the outbreak of the war amounts to 1,774%.

Argentina has continued to service her engagements faithfully. Failure of bonds to show more marked appreciation is due to the fact that even before the war, the nation's credit was held in high esteem, which was accurately reflected in the price of the nation's obligations.

The rise in Bolivian bonds has been most pronounced, although remaining in complete default. Whether the Republic will see its way clear to resume payments in the light of the apology by President Roosevelt to the Chief Executive of Bolivia on the grounds that American loans during the "Coolidge era" had been granted for the purpose of "exploiting" the Southern nation, remain to be seen. Parenthetically, President Roosevelt apparently overlooked a loan made by America to Bolivia during the Wilson era, on which payments have also been suspended.

Holders of bonds of enemy countries have sustained a loss of somewhat less than $400,000,000. However, this loss is wholly deductible by virtue of a ruling by the Internal Revenue Commissioner of the Treasury, which reads in part as follows:

"In accordance with the provisions of section 127(a) (2) of the Internal Revenue Code, as added by section 156 of the Revenue Act of 1942, the cost or other basis of all German, Italian and Japanese Government Bonds and bonds issued by municipalities, States and other subdivisions of those countries, is fully deductible in the year 1941 as of the respective dates war with Germany, Italy and Japan was declared by the United States, the losses being considered to be in the nature of casualty losses.

"In order for a taxpayer to avail himself of the benefit of the losses, a claim for refund on Form 843 should be filed with the Collector of Internal Revenue for the district in which his return for 1941 was filed, in accordance with the provisions of section 322(b) of the Internal Revenue Code, as amended."

The relatively satisfactory showing exhibited by foreign bonds outstanding in the American market augurs well for this type of securities in the post-war era.

When the present conflict is over and the democracies will have scored a decisive victory over Hitlerism and Fascism in general, the victors will be confronted with a most gigantic task: world reconstruction. The United States will remember the unfortunate consequences of isolation indulged in after the first World War and will assume full responsibility and will participate in rebuilding what has been destroyed by years of war and disaster. As a result of unwarranted adverse publicity in regard to foreign lending, it will take time before private capital will be able successfully to approach the investing public. After all, the disrepute into which foreign loans have fallen is the result not so much of a deterioration in the status of this particular type of investment, but rather of a propaganda unintentionally spread by legislators who were not sufficiently interested carefully to study what they were willing to condemn.

Since it is easier to tear down than to build up, the process of re-converting the American investing public will at best be slow. But the campaign will prove successful.

In order to assure the success of the educational campaign, it will be necessary to offer investors certain reassuring features as was the case during an earlier period when they were given the so-called gold and the war clause. Neither of them would be of any aid. It seems that in the next era of international lending, public offering of foreign issues should be endowed with what might be termed the Commodity Clause. That is to say, payment will be made in United States dollars or in the currency of the debtor country at a rate not lower than obtained at the time of issue. The holder should have the right to demand and receive payment either in dollars or in the currency of the debtor in the latter's country. The debtor will agree to permit the employment of such native currency by the creditor or anyone he may choose to designate without any restriction whatsoever, including the payment of Federal, State and city taxes at the full face value.

Default in the past often occurred not because of unwillingness on the part of the debtor to meet contractual commitments, but because of inability to secure dollars. This was especially true after the enactment of the rigidly protective Hawley-Smoot tariff measure, which made it increasingly difficult for debtor countries to sell their products at a profit.

The proposed introduction of the clause referred to will remove any excuse which a debtor nation might care to offer in the event of non-payment. It will be the only safe protection against default, unless, of course, the debtor wishes to go on record repudiating his obligations. With Hitler and all he stands for confidently expected to be eliminated forever, such eventuality is not anticipated.

Objections will be raised against this proposal on the grounds that accumulation of native currency might lead

(1) to a depreciation in the value of the respective exchange; and

(2) to an increase in the price of domestic products;

in short, to an inflationary economy and all its attendant evils. This could be obviated only by the adoption of measures at the forthcoming peace conference which will not contain the errors committed a quarter of a century ago. That is to say, loans and credits should be extended to nations in need of them, but the lenders should not enact such legislation as will deprive the borrower of the principal means of repayment, namely, goods and services. In this way, and in this way alone, will it be possible to bring back normality and prosperity and lasting peace.

	Amount Outstdg.	Value at Price: Prior to War	Value at Price: Recent	Appreciation: Amount	Appreciation: In %
A. United Nations—					
Australia	$232,613,000	$192,689,440	$206,734,560	$14,045,120	7.40%
Canada	294,000,000	282,535,000	306,400,000	23,865,000	7.95
China	11,097,280	943,270	2,219,455	1,276,185	135.35
Russia	75,000,000	254,375	6,750,000	6,495,625	2,780.00
B. Neutrals—					
Finland	12,186,000	11,881,785	8,371,400	*3,510,385	*29.25
Irish Free State	711,500	802,235	675,925	*126,310	*15.80
C. Axis-Occupied Countries—					
Belgium	31,657,400	30,788,240	26,885,400	*3,902,840	*12.60
Czechoslovakia	9,313,300	2,175,040	3,538,325	1,363,285	68.15
Denmark	125,381,500	95,322,895	71,583,300	*23,739,595	*25.00
Estonia	3,271,000	2,943,900	654,200	*2,289,700	*76.30
France	27,456,800	32,673,590	27,456,800	*5,216,790	*17.35
Greece	26,942,500	4,175,085	6,331,485	2,156,400	53.90
Norway	97,646,000	96,142,040	84,759,635	*11,382,405	*11.85
Poland	40,338,420	9,428,895	6,294,310	*3,134,585	*33.35
Yugoslavia	32,791,100	5,222,905	5,574,485	351,580	7.05
D. Latin American Countries—					
Argentina	201,753,400	145,765,020	168,354,035	22,589,015	15.05
Bolivia	59,500,000	1,487,500	10,710,000	9,222,500	614.85
Brazil	306,816,500	29,618,320	134,335,590	104,717,270	349.05
Chile	161,398,000	14,844,920	37,446,340	22,601,420	15.05
Colombia	107,413,500	19,266,565	33,372,510	14,105,945	70.50
Costa Rica	6,562,000	1,565,365	1,804,170	238,805	14.90
Cuba	103,247,300	62,397,950	95,792,370	33,944,200	56.55
Dominican Republic	16,292,000	11,576,485	13,962,255	2,385,775	20.55
El Salvador	10,572,000	1,218,660	2,667,600	1,448,940	120.75
Haiti	6,884,500	6,058,360	6,058,360	-------	----
Mexico	279,165,060	1,803,735	33,735,630	31,931,895	1,774.00
Panama	2,318,500	1,441,875	2,286,650	844,775	58.65
Peru	86,480,500	5,727,650	19,505,280	13,777,630	241.70
Uruguay	51,357,900	20,158,935	36,034,730	15,875,795	79.35
E. Axis Countries and Satellites—					
Germany	501,208,030	109,154,365	-------	109,154,365	100.00
Japan	315,418,440	188,134,405	-------	188,034,405	100.00
Italy	121,521,400	50,626,360	-------	50,626,360	100.00
Austria	31,390,300	3,497,130	-------	3,497,130	100.00
Bulgaria	16,634,500	2,287,250	-------	2,287,250	100.00
Hungary	42,042,350	29,611,800	-------	29,611,800	100.00
Rumania	62,895,600	11,321,210	-------	11,321,210	100.00

RECAPITULATION

	Amount Outstdg.	Value at Price: Prior to War	Value at Price: Recent	Appreciation: Amount	Appreciation: In %
United Nations	$612,710,280	$476,422,085	$522,104,015	$45,681,930	9.60%
Neutral Nations	12,897,500	12,684,020	9,047,325	*3,636,695	*28.60
Axis-Occup'd Nations	394,798,020	278,872,590	233,077,940	*45,794,650	*16.35
Latin Amer. Nations	1,399,761,160	322,931,340	596,065,520	273,134,180	84.55
Axis & Satellite Nat.	1,091,110,620	394,532,510	-------	*394,532,510	*100.00
Total (excl. Axis)	$2,420,166,960	$1,090,910,035	$1,360,294,800	$269,384,765	26.95
Total (incl. Axis)	$3,511,277,580	$1,485,442,545	-------	*$125,147,745	*8.45

*Denotes depreciation.

The CHRONICLE invites the comments of its readers on the views expressed by Dr. Winkler, or on any related phases of the subject under discussion.—Editor.

FHA Administrator Declares Private Capital Invested In Housing Will Be Protected

Outlines Changes In Mortgage Financing Brought About By The War

Weighing the prospects for private enterprise in war and post-war housing, Abner H. Ferguson, Federal Housing Administrator, in speaking before the 1943 business meeting of the National Association of Mutual Savings Banks held in New York City, outlined the extensive changes in mortgage financing brought about by the war. In his remarks Mr. Ferguson said:

"No stone has been left unturned in Washington, either by the FHA or the National Housing Administrator, to protect the interest of private capital. We sometimes have been accused—along with private builders and private capital — of being 'business-as-usual' boys. Nothing can be further from the truth. We simply believe that in many instances private capital and private enterprise can do the job that needs to be done; tha tthey can do it efficiently and speedily; that such operations, while admittedly more risky than our former peace-time building program, still are reasonably sound investments for private capital and certainly save the large expenditures the Government otherwise would have to make."

Discussing peace-time building, Mr. Ferguson continued:

"Back in the days of the last depression one of the blackest spots was in the construction industry, particularly in the financing of residential construction. Out of that tragic experience the FHA insured mortgage program was developed. It has stimulated activity in the building and allied industries; and it has offered profitable and sound investments to lending institutions. The system provides one long-term mortgage for from 80 to 90% of appraised value. The property must meet at least the minimum of established standards of design, construction, and neighborhood. The borrower must demonstrate his ability to liquidate the obligation he assumes.

"If there was necessity for such a system nine years ago, how much more necessary it will be after the war when home construction again becomes one of the dominant forces in the nation's economy. While there has not been the devastation here that other parts of the world have suffered, our own post-war period nevertheless will also be in the category of reconstruction. And the problems involved are staggering to the imagination but let us hope not insurmountable. We shall need to maintain a large part of our present industrial tempo in order to provide sufficient employment to keep the national income at a high level. We must turn present war-time manufactures into peace-time consumer goods for which the pent-up demand grows greater day by day. We must avoid a boom just as carefully as we must guard against a collapse, which will call for a very fine balance indeed.

"While it is important to think now of the post-war period any plans that we do make should be flexible enough to permit of adjustment at that time. The danger of setting up a definite pattern now is that conditions well may be completely different from those anticipated."

Protective Committee For Victims of Axis Property Seizures

Establishment of a foreign property-holders' protective committee on behalf of American industry and its 2,000,000 investors whose property valued at $5,000,000,000 has been destroyed or looted by the Axis in the global war zones, it was announced on May 2 by Eugene P. Thomas, President of the National Foreign Trade Council, Inc. According to press advices from Washington the protective committee, which will seek claims against the Axis, is headed by James A. Moffett, Chairman of the Board of the California Texas Oil Co., Ltd. The announcement said that the committee represents from 90 to 95% of the American industry engaged in foreign commerce prior to the war.

Mr. Thomas outlined the following program which the committee will follow:

1. To determine the principles which should govern calculations of the amounts of loss, the formalities required for establishment of proof of loss, and the manner in which compensation should be made.

2. To present these principles to the United States Government, and, when appropriate, to other governments, so that the interests of American property owners may be adequately taken care of in the peace treaties or other settlements.

3. To gather and collate pertinent information concerning treaties, laws and regulations in the various countries and territories.

4. To maintain close contact with the proper authorities to obtain speedy protection of property, rights and interest in territories occupied or re-occupied by the Allied nations.

Mr. Moffett indicated the objectives of his committee as follows:

"The National Foreign Trade Council is determined to take early and prompt measures to avoid the difficulties that arose following the last war in establishing proof of claims, and to prevent a repetition of inordinate delay in the settlement of claims. The problem is vastly more extensive and complicated than after the last war, due to the number of countries in enemy hands and the enormity of the dislocation and devastation wrought by the Axis powers.

"Our committee will function as a policy-forming group and as the instrument through which the individual may seek the benefits of united action in representations of principles to departments of our own and other governments."

Are We Giving Away Our Gold?

(Continued from page 1859)

return this "warehouse gold." It remained for a well-known liberal in the New Deal constellation of financial prestidigitators to offer a plan. It was the ne plus ultra of similicity. This New Dealer proposed that we distribute the world's gold by simply loading up this troublesome "dross" and shipping it back. He didn't say whether we were to pay a tariff to the receiving countries or not. But since it was clear to this cameralistic genius that the givers were the more blessed, it seems a mere cavil for us to object to paying a tariff under the circumstances.

Although that suggestion rung the bell—like a piece of cracked pottery—the plan apparently was not enthusiastically adopted. But don't be too sure. Maybe it has been. In fact, it probably has been. It may be a military secret. Or it may be a secret to be guarded until the New Dealers can rid us of this "poison" gold. There may, in fact, be trickery going on in the world—and very clever trickery at that.

To examine the problem somewhat critically: How does it come that we are losing gold? How does it come that the impecunious foreign countries who are not able to pay for goods we are sending them are able to pile up $3,000,000,000 of gold under ear-mark? And maybe these foreign countries, by the time the war ends will have several times $3,000,000,000 under ear-mark in this country, plus ALL the yellow metal that is produced in other countries.

There is one answer to those questions, and it is quite simple and certain. Here it is: When we buy, we pay. When we sell we do not collect. That is a simple, categorical statement of our position. It is the clever plan worked out with the primary object of "distributing" our gold—which is a euphemistic way of making the somewhat alarming announcement that the New Dealers ARE giving away our surplus "dross," after all. This is a sh, sh business. We must help our "allies" to the limit. Nobody should complain. Even so, is the obligation all one way? In our scheme of putting nice candy-stripes around this battered globe are we never to expect any help from others but carry the entire burden ourselves? Well, it looks that way. It is certain that the rest of the world is taking our gold, and the modus operandi is just too simple for words. It works like this: Our exports are almost entirely of a military nature. We "lend" these exports; that is, we know we are not lending them; we are giving them, but we pretend we are "lending." We pay for imports. No matter whether these imports are to be used for military use or for civilian use, we pay for them. It happens that—excluding military exports—we are buying more than we are selling. The balance is being settled in gold. Settled for in that old, worthless gold that we have the misfortune to possess! But suppose, for example, we did NOT have gold with which to meet our obligations. Wouldn't that be an awkward situation—for us? Does the rest of the world feel such superior contempt for what Will Shakespeare termed "this yellow slave" that it would send US goods on "a lend-lease" arrangement? Would our most ardent friends, or our comrades in arms do it? Do we not stand alone as the gilded, if somewhat goofy, Santa Claus of the universe—a sort of world Grand Almoner?

Leaving to one side the question of whether we are doing the best for ourselves in giving this gold away, may we not logically inquire whether we are even promoting the real interest of the world by distributing this all-powerful metal? Suppose, for instance, when the war ends we have substantially all of the world's monetary gold, and suppose, further, that we have the urgently needed producing power. May we not then logically say to the world: "We are sick of this perennial bloodshed, brought about by cracked-brained, ambitious European rulers, who manage to spatter us with blood and brains of tens of thousands of dying men. If you plan more bloodshed you can starve. That may put an end to your throat-cutting."

But if we continue to slyly give this purchasing power to these people who revel in blood, and who think there is no meat so sweet as the hot, bleeding heart of the enemy, are we not, in effect, giving them some new murder tools for future use?

We are now not only losing gold, but we are losing it at an accelerated rate. It is a deliberate plan. It is being done—in effect—behind a screen. This writer says it is being done "behind a screen" because not long ago he learned that even many well-known New York City bankers had not noticed that we have really begun to lose gold on a large scale. It will grow larger. Something can be done about it now; later on all we can do will be to wring our hands. The horse is not yet stolen. Why wouldn't it be a good plan to lock the barn—and do it now while the horse is safe?

If we continue to give away our gold, do we not lose our ace card in shaping peace? What more effective tool than gold for hewing out the shape of world peace—of futurity? What could give our views greater weight in bringing about peace of our own "brand"? If we, in effect, pull down our pants and bring in the rod, we need not cry if we get our posteriors burned.

The Securities Salesman's Corner

How One Salesman Tripled His Income In Less Than A Year

One of the most successful salesmen we have had an opportunity to meet in many years told us a story the other day of how he climbed out of the small salary class into what is now a very substantial income. His method was so simple that we are certain most securities men have often thought about such a plan and possibly many have used it to some extent in their own business. Nevertheless, we feel that this salesman's story is worth repeating because it has so much common sense behind it that even if you may find nothing new in the idea, such a plan consistently followed should help every salesman to increase his earning power.

This salesman figured out that he only had a limited amount of working time in a day. When he eliminated the time spent in traveling to and from his office, the time he spent in reading and study, in analyzing his customers and their holdings and in traveling to and from one customer to another, he began to wonder just how he found time to actually spend in making any interviews at all. He boiled it all down to about 20 hours a week that he had available for talking directly to his prospects and customers. This figure may seem small, but in our opinion we believe that the average salesman would just about agree that it would not be far off the mark.

When this salesman discovered how pressed for actual selling time he really was he became aware of one important fact which opened his eyes to the reason for his limited earning power. HE COULDN'T SEE ENOUGH PEOPLE DURING THE WEEK—THE NUMBER OF HIS CALLS WERE LIMITED BY THE TIME WHICH WAS AVAILABLE TO HIM.

The realization that only about 20 hours a week could be spent in actual selling woke him up to the fact that time was a precious thing to every salesman. He reasoned that if he had only 20 hours a week for seeing customers that when he did call upon a prospect or a customer IT WAS IMPORTANT THAT THEY WERE THE TYPE THAT WOULD NOT WASTE HIS TIME. He told us that this 20-hour week idea became so strongly entrenched in his mind that it became an incentive for him to eliminate many worthless calls, and eventually to substitute calls upon more important accounts instead of the smaller buyers that he had formerly considered the backbone of his business.

He also brought out another very important point which illustrates what a change in environment can do for anyone. He claimed that as he went along, eliminating smaller accounts and gradually building up the larger clientele, his own thinking became broader and his conception of the SIZE OF AN ORDER INCREASED AUTOMATICALLY. Where he had formerly thought in terms of odd lots and a bond or two, he unconsciously developed a mental state where the size of the order no longer presented a selling hazard which had oftentimes in the past caused him to stumble when it came time to close the sale.

During the past few years, when the securities business has been a hard row to hoe, many salesmen have been happy to take whatever business they could get. It appears that better times are here—or at least are on their way. When it is easier to do business you can afford to be a little more independent. Taking advantage of better times mean not only MORE CALLS but BETTER ONES.

Bill Would Authorize Advertising Program

A bill authorizing the Treasury to spend from $25,000,000 to $30,000,000 a year on newspaper advertising of United States war bonds to "provide for more effective use of idle currency in aid of the stabilization program and the war effort," was introduced in the Senate on May 4 by Senator Bankhead (Dem., Ala.). The legislation would require at least half of the amount to be spent on advertising in weekly, semi-weekly, tri-weekly and monthly newspapers and the remainder in daily newspapers.

Associated Press Washington advices had the following to say in the matter:

"The Secretary of the Treasury would cooperate with "recognized existing publishers' associations" in setting up the advertising campaign.

"The program would be designed, the bill stipulates, to "completely safeguard" the freedom of the press; "avoid interference in any manner with the independence of any newspaper or its responsibility to serving its readers," and "protect editors and publishers in their right to publish criticism of the policies or conduct" of the Secretary of the Treasury or any public official.

"The measure also would authorize the Secretary of the Treasury to allot parts of the fund to the Secretary of Agriculture, War Food Administrator, Price Administrator and the War Manpower Commission for advertising their respective agencies.

The legislation would be effective from June 30 until six months after the war's end.

Opposition to this proposed Government-financed advertising program was voiced at the recent convention of the American Newspaper Publishers Association as was noted in our issue of May 6, page 1688).

REDEMPTION NOTICE

To the Holders of

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

Unified Mortgage 3½% Bonds with Extension Agreements of Series A due January 1, 1950 attached

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Supplemental Indenture dated January 1, 1940 between Louisville and Nashville Railroad Company and Central Hanover Bank and Trust Company, as Trustee, supplemental to Unified Mortgage dated June 2, 1890 from Louisville and Nashville Railroad Company to Central Trust Company of New York, as Trustee, the undersigned has elected to redeem and does hereby call for redemption and payment on July 1, 1943, $5,000,000. principal amount of the above described bonds at 102% of the principal amount thereof and accrued interest on the principal amount to the date of redemption. The serial numbers of the bonds to be redeemed have been selected by Central Hanover Bank and Trust Company, as Trustee, and are numbered as follows:

BONDS IN COUPON FORM IN THE DENOMINATION OF $1,000. EACH, ALL PREFIXED WITH THE LETTER A:

3	744	1500	2222	2875	3596	4289	5039	5695	6728	7536	8251	8947	9675	10778	12837	13952	15377	16831	18140	20400	21932	23510	24396	25240	25862	26472	27390	28032	28649	29271
4	746	1512	2223	2877	3598	4293	5041	5697	6732	7542	8270	8956	9676	10779	12839	13953	15379	16832	18141	20660	21933	23513	24397	25241	25864	26474	27398	28051	28653	29272
13	747	1517	2228	2880	3608	4310	5042	5704	6734	7550	8273	8969	9679	10781	12841	13954	15386	16834	18142	20665	21941	23514	24398	25244	25866	26479	27406	28056	28654	29280
14	752	1519	2229	2886	3618	4312	5044	5709	6735	7558	8274	8973	9685	10782	12845	13955	15390	16838	18143	20667	21942	23520	24409	25246	25870	26485	27410	28057	28657	29282
19	767	1532	2234	2904	3620	4313	5048	5712	6736	7561	8275	8974	9696	10788	12853	13956	15398	16841	18146	20673	21943	23529	24412	25254	25874	26487	27411	28058	28658	29283
20	771	1553	2242	2905	3621	4321	5052	5713	6737	7562	8276	8991	9702	10802	12854	13958	15400	16844	18203	20688	21944	23530	24416	25258	25875	26489	27412	28060	28670	29287
30	776	1560	2244	2907	3622	4324	5062	5718	6739	7563	8279	8997	9706	10807	12855	13963	15401	16850	18204	20706	21946	23531	24452	25262	25876	26490	27415	28062	28671	29288
33	779	1561	2248	2911	3630	4325	5068	5724	6746	7572	8281	9003	9710	10808	12862	13964	15403	16861	18207	20710	22051	23558	24457	25274	25883	26496	27416	28063	28679	29289
34	782	1573	2249	2914	3635	4329	5071	5735	6748	7575	8282	9005	9714	10814	12863	13965	15404	16867	18208	20717	22054	23559	24458	25275	25884	26500	27417	28068	28681	29294
40	787	1576	2259	2919	3638	4339	5074	5736	6757	7586	8287	9007	9715	10817	12864	13966	15418	16872	18209	20718	22057	23580	24460	25276	25888	26503	27421	28070	28699	29296
45	801	1577	2264	2923	3646	4340	5088	5737	6773	7587	8291	9010	9717	10819	12868	13968	15420	16873	18214	20719	22064	23583	24461	25277	25889	26533	27425	28072	28701	29339
48	802	1579	2267	2927	3650	4341	5108	5738	6782	7592	8294	9015	9723	10820	12871	13969	15424	16875	18217	20720	22066	23587	24470	25278	25890	26539	27426	28073	28704	29341
54	805	1587	2270	2931	3652	4346	5109	5760	6793	7593	8311	9017	9729	10823	12875	13970	15428	16877	18221	20724	22069	23590	24474	25281	25891	26542	27431	28074	28709	29344
57	810	1588	2272	2932	3655	4347	5114	5761	6796	7601	8312	9038	9733	10846	12877	13977	15431	16880	18225	20725	22070	23591	24479	25318	25892	26554	27432	28077	28710	29345
58	815	1589	2279	2938	3667	4348	5120	5767	6799	7602	8313	9043	9760	10849	12878	13981	15432	16881	18237	20726	22071	23592	24481	25320	25896	26568	27433	28079	28711	29346
65	824	1597	2284	2941	3669	4350	5125	5774	6801	7606	8314	9045	9765	10855	12885	13984	15433	16884	18242	20727	22072	23596	24482	25321	25897	26569	27436	28079	28712	29347
67	829	1601	2287	2944	3677	4362	5132	5775	6808	7607	8321	9049	9768	10856	12889	13997	15437	16885	18244	20728	22073	23597	24485	25322	25905	26570	27442	28080	28715	29355
70	868	1604	2289	2945	3680	4364	5133	5776	6810	7614	8322	9051	9770	10858	12890	13999	15438	16886	18246	20729	22074	23710	24489	25324	25926	26571	27443	28087	28716	29356
71	869	1606	2290	2953	3681	4370	5134	5785	6812	7615	8323	9056	9775	10862	12891	14051	15461	16887	18354	20730	22075	23712	24492	25325	25930	26575	27449	28096	28721	29364
78	876	1608	2291	2955	3695	4371	5138	5788	6814	7617	8325	9060	9776	10864	12893	14054	15463	16889	18355	20731	22076	23713	24496	25332	25934	26579	27451	28098	28723	29365
79	877	1609	2292	2957	3696	4376	5139	5789	6818	7633	8329	9064	9777	10868	12902	14055	15470	16890	18365	20732	22079	23726	24498	25333	25936	26594	27454	28102	28725	29366
82	878	1624	2297	2959	3697	4380	5140	5801	6823	7635	8331	9067	9778	10869	12903	14059	15473	16891	18375	20733	22080	23803	24501	25334	25937	26606	27475	28105	28734	29367
84	881	1627	2298	2965	3701	4381	5141	5804	6846	7637	8339	9078	9783	10876	12904	14060	15476	16893	18382	20748	22088	23806	24539	25339	25940	26612	27479	28106	28741	29375
86	885	1632	2299	2968	3702	4383	5142	5805	6850	7640	8340	9085	9787	10879	12914	14061	15485	16894	18384	20801	22089	23807	24551	25350	25941	26613	27481	28107	28744	29378
87	886	1635	2300	2969	3703	4385	5147	5838	6857	7643	8354	9101	9810	10886	12920	14062	15492	16895	18386	20805	22090	23808	24553	25370	25944	26614	27502	28108	28745	29388
98	888	1643	2304	2971	3714	4394	5148	5844	6863	7645	8359	9111	9817	10896	12921	14063	15493	16896	18389	20806	22092	23809	24555	25376	25948	26617	27507	28110	28748	29389
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122	910	1656	2310	2976	3722	4425	5159	5861	6877	7668	8362	9119	9832	10911	12924	14066	15500	16958	18504	20813	22097	23818	24558	25393	25953	26625	27511	28132	28785	29394
127	917	1662	2311	2977	3723	4426	5167	5866	6884	7669	8363	9124	9835	10914	12926	14069	15705	16962	18512	20814	22107	23819	24563	25395	25955	26626	27516	28136	28793	29395
134	918	1668	2312	2995	3727	4437	5175	5871	6887	7688	8376	9127	9838	10915	12927	14074	15708	16964	18513	20815	22115	23820	24564	25397	25962	26628	27517	28141	28794	29402
142	921	1674	2313	2996	3732	4441	5176	5873	6890	7694	8377	9132	9848	10916	12928	14075	15713	16965	18514	20816	22129	23821	24581	25403	25965	26629	27521	28145	28795	29410
143	926	1676	2315	3004	3739	4447	5185	5879	6897	7713	8379	9134	9858	10921	12929	14087	15718	16970	18518	20819	22146	23822	24592	25417	25968	26630	27522	28147	28803	29428
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156	936	1685	2323	3023	3759	4455	5196	5896	6908	7727	8388	9146	9878	10951	12939	14201	15725	16985	18523	20825	22154	23828	24636	25448	25973	26640	27532	28152	28806	29454
164	938	1688	2331	3030	3762	4456	5197	5899	6910	7728	8389	9158	9885	10961	12940	14205	15735	16987	18524	20826	22155	23831	24642	25450	25983	26641	27540	28153	28812	29468
168	949	1690	2341	3031	3768	4468	5200	5904	6929	7731	8390	9162	9886	10967	12941	14207	15752	16993	18528	20827	22156	23833	24643	25457	25984	26642	27548	28154	28821	29471
177	971	1694	2355	3035	3774	4472	5201	5912	6934	7739	8393	9163	9889	10970	12942	14224	15759	16998	18533	20828	22157	23834	24644	25471	25987	26643	27549	28156	28826	29473
182	976	1695	2356	3043	3781	4473	5202	5913	6937	7741	8409	9168	9893	10975	12943	14225	15760	17001	18542	20830	22158	23835	24645	25472	25988	26644	27550	28168	28834	29475
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190	990	1697	2365	3048	3785	4476	5206	5915	6942	7744	8413	9176	9898	10979	12949	14228	15762	17005	18614	20842	22161	23841	24649	25493	25991	26651	27582	28170	28836	29477
200	995	1702	2378	3049	3787	4480	5207	5916	6943	7745	8414	9179	9899	10986	12950	14230	15765	17006	18619	20843	22173	23842	24650	25495	25992	26655	27587	28171	28837	29478
201	997	1705	2380	3057	3789	4481	5212	5930	6945	7749	8419	9180	9903	10987	13056	14231	15768	17007	18625	20848	22174	23843	24655	25496	25997	26656	27598	28172	28838	29479
203	998	1708	2381	3060	3790	4482	5213	5932	6946	7750	8422	9182	9904	10990	13064	14234	15770	17009	18633	20849	22181	23844	24663	25497	25999	26657	27599	28173	28839	29488
213	1001	1711	2382	3062	3798	4486	5214	5937	6955	7751	8425	9186	9907	10996	13067	14242	15775	17010	18634	20955	22199	23845	24664	25503	26000	26659	27601	28174	28840	29489
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222	1019	1739	2394	3075	3814	4496	5219	5944	6982	7771	8442	9196	9924	11209	13082	14452	15792	17031	18640	20981	22377	23868	24718	25520	26034	26708	27608	28178	28859	29510
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471	1235	1968	2659	3382	4053	4755	5500	6310	7234	8068	8690	9425	10239	12056	13674	14926	16097	17582	19726	21291	23203	24146	25016	25686	26236	26954	27809	28406	29069	29783
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613	1365	2098	2775	3513	4205	4924	5619	6577	7404	8168	8829	9573	10654	12276	13798	15144	16514	17837	20013	21784	23322	24275	25167	25775	26389	27270	27954	28512	29227	29892
614	1366	2099	2783	3516	4206	4927	5627	6578	7405	8173	8830	9576	10657	12279	13799	15149	16519	17845	20014	21785	23324	24276	25168	25777	26391	27271	27956	28513	29232	29893
617	1370	2104	2788	3517	4208	4933	5628	6581	7413	8174	8832	9577	10660	12287	13905	15150	16521	17855	20023	21790	23325	24278	25169	25780	26392	27292	27958	28531	29237	29907
628	1377	2113	2789	3520	4210	4941	5630	6587	7415	8175	8833	9579	10664	12294	13907	15254	16530	17856	20024	21853	23326	24281	25170	25781	26393	27301	27959	28532	29239	29916
629	1379	2121	2792	3522	4213	4951	5631	6590	7425	8197	8839	9580	10665	12503	13910	15256	16531	17867	20028	21857	23329	24290	25184	25796	26394	27303	27963	28534	29241	29919
630	1387	2143	2797	3524	4215	4964	5632	6595	7427	8198	8842	9584	10668	12505	13913	15258	16532	17870	20034	21869	23336	24291	25185	25797	26397	27313	27968	28536	29246	29927
641	1389	2145	2805	3525	4220	4968	5633	6605	7449	8200	8846	9589	10670	12507	13914	15261	16554	17872	20035	21872	23341	24292	25189	25798	26402	27314	27970	28537	29247	29928
646	1393	2161	2808	3527	4221	4969	5634	6620	7453	8201	8847	9591	10673	12508	13916	15264	16571	17881	20222	21887	23344	24293	25191	25801	26403	27315	27978	28538	29248	29929
652	1401	2162	2833	3529	4224	4975	5637	6623	7454	8204	8850	9593	10678	12512	13921	15265	16575	17882	20228	21889	23345	24299	25192	25802	26404	27316	27988	28539	29249	29933
657	1411	2164	2839	3532	4228	4978	5648	6624	7457	8212	8853	9595	10681	12513	13922	15266	16576	17887	20240	21890	23352	24307	25193	25808	26408	27319	27991	28540	29250	29934
662	1421	2167	2844	3534	4231	4979	5649	6628	7468	8215	8856	9603	10683	12514	13923	15271	16583	17888	20241	21891	23353	24308	25194	25812	26409	27324	27992	28547	29251	29935
666	1423	2171	2849	3537	4233	4982	5650	6629	7469	8216	8868	9614	10686	12521	13927	15274	16587	17894	20242	21892	23354	24309	25205	25813	26411	27328	27993	28563	29254	29936
670	1427	2172	2850	3538	4234	4995	5651	6639	7470	8222	8873	9615	10688	12522	13928	15275	16594	17895	20351	21894	23362	24312	25211	25818	26422	27338	27994	28564	29256	29937
697	1428	2175	2852	3539	4235	4996	5652	6640	7477	8223	8884	9618	10689	12523	13929	15279	16598	17896	20353	21895	23363	24317	25212	25819	26423	27342	27995	28568	29257	29938
699	1429	2176	2855	3543	4238	5001	5654	6646	7480	8225	8890	9620	10692	12532	13930	15283	16803	17897	20358	21900	23367	24319	25213	25820	26427	27352	27996	28582	29258	29939
702	1434	2177	2856	3547	4240	5002	5655	6647	7493	8228	8903	9624	10699	12533	13933	15292	16804	17898	20364	21904	23368	24334	25214	25824	26440	27354	27997	28602	29259	29941
715	1436	2178	2858	3549	4250	5012	5657	6648	7500	8233	8905	9626	10752	12534	13939	15303	16808	17899	20366	21908	23378	24351	25215	25825	26441	27356	27998	28604	29260	29944
716	1460	2183	2859	3550	4256	5023	5658	6656	7522	8236	8907	9632	10754	12545	13941	15307	16814	17900	20367	21913	23380	24361	25218	25834	26442	27357	27999	28608	29261	29946
729	1463	2186	2861	3561	4261	5025	5665	6672	7523	8242	8912	9647	10760	12812	13942	15308	16825	18102	20375	21917	23384	24362	25220	25835	26449	27360	28001	28614	29263	29949
730	1464	2192	2862	3568	4264	5028	5673	6682	7524	8243	8920	9658	10762	12815	13944	15317	16826	18112	20379	21919	23385	24364	25222	25851	26465	27363	28007	28632	29267	29950
731	1469	2199	2863	3573	4276	5030	5674	6693	7525	8245	8922	9667	10764	12822	13945	15320	16828	18115	20383	21927	23386	24389	25231	25853	26466	27382	28016	28633	29268	29951
732	1471	2203	2864	3582	4281	5031	5685	6710	7526	8246	8927	9668	10766	12829	13946	15328	16829	18116	20384	21929	23502	24392	25236	25855	26469	27384	28019	28643	29269	29955
737	1484	2205	2869	3585	4282	5038	5690	6715	7532	8247	8939	9672	10768	12833	13948	15368	16830	18136	20385	21931	23508	24395	25239	25859	26471	27385	28031	28644	29270	29959

BONDS IN FULLY REGISTERED FORM WITHOUT COUPONS AND/OR THE RESPECTIVE PORTIONS OF THE PRINCIPAL THEREOF:

AV20 $2,000 out of $5,000 principal amount   AX15 $10,000   AX16 $10,000   AX17 $10,000   AX18 $10,000   AX26 $10,000   AX27 $10,000   AX28 $10,000

On July 1, 1943 the above described Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in coupon form in the denomination of $1,000. each, the Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in fully registered form without coupons, and/or the portions thereof which have been called for redemption, will become due and payable at 102% of the principal amount thereof and accrued interest on such principal amount to the date of redemption at the office of the undersigned, Room 900, 71 Broadway, New York City, and interest on said bonds and/or said portions of fully registered bonds so called for redemption will cease to accrue from and after said date. Said Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in coupon form should be presented for redemption and payment at said office of the undersigned on July 1, 1943, accompanied by the interest coupons maturing January 1, 1944 and all subsequent coupons. The coupons due July 1, 1943 appurtenant to said Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached called for redemption should be presented for collection in the usual manner. The Unified Mortgage 3½% Bonds with Extension Agreements of Series A attached in fully registered form and/or the portions thereof which have been called for redemption should be presented in negotiable form and the holders thereof will receive a new bond and/or bonds, with Extension Agreements of Series A due January 1, 1950 attached in fully registered form or at the option of the holder in coupon form, for that portion of the registered bond not called for redemption.

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

Dated, May 14th, 1943.

By W. J. McDonald, *Vice President*

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, 15, 22 and 29. Additional ones are given herewith:

S. C. ALLYN

President, The National Cash Register Company

I have read with interest Dr. Kemmerer's article and certainly agree with his basic theory that the gold standard will take precedence over managed paper money.

CHARLES I. STEWART

Berwyn T. Moore & Co., Lexington, Ky.

Doctor Kemmerer's article, on April 1 on The Future of The Gold Standard is most interesting because it discusses one of the most important and one of the most difficult problems that will confront the post-war world, and also because of the recognized standing of the author as a monetary expert.

Perhaps a rank amateur may be permitted to offer some observations on some phases of the problem that seem to him obvious, which Doctor Kemmerer does not emphasize.

The real value of a dollar or any monetary unit is not the gold or other metal it may represent, but in the useful commodities and service it will purchase. We have seen our historic, pre-devaluation gold dollar fluctuate by this standard from the high commodity price level of May, 1920, to the low of 1932. We have seen the old coin gold standard fail in every period of great crisis every nation that has tried it. Some economists believe that the artificial measures resorted to to restore an unstable gold standard in several countries in the '20s amounted to a prime factor in the collosal collapse of the '30s.

Obviousy, each nation requires a monetary system providing a currency of uniform value throughout its area. We would have internal chaos if our currency were local rather than national, if it were necessary to maintain an exchange market to establish the relative value of 48 different currencies. The demand for a uniform international currency has not yet been so acute. However, in the One World reasonably sure to follow the war, it will be much greater than ever before.

The great need will be for a monetary system that will stabilize relative commodity values to a reasonable extent on a worldwide basis. With fair allowance for transportation costs on commodities exchanged, a bushel of wheat should have as much purchasing power in the Dakotas as in the State of New York. Why, then, should not a bushel of wheat have substantially the same value in other commodities in Argentine, Canada, Kansas, the Ukraine, France, China or India?

When we undertake the task of establishing an equitable world monetary system we cannot afford to ignore the sort of inequality in the purchasing power of money that enables a private soldier in India to indulge in the luxury of a personal valet. The chief purpose of international monetary reform should be to promote fair compensation to the producers of the basic commodities in all parts of the world, rather than to enable the financially sophisticated regions to exploit the less developed parts of the world.

It is the opinion of this amateur that the first step to this end must be to rule entirely out of consideration a coin standard of gold or any other metal.

Certain basic commodities constitute the economic foundation of all civilized society. No country approaches self-sufficiency in all of them. They are widely distributed. We have arrived at a period in our social, political and industrial evolution that demands an equitable exchange of these commodities, as the foundation of peace. The abandonment of political imperialism will mean little if we maintain a financial system designed to promote economic exploitation.

It should be practicable to establish an index of the relative values of these commodities on a world scale, with the currency unit tied to this index. These basic commodities include gold and silver. The function of the precious metals in such a system would be to provide the commodity in which trade balances among nations would be adjusted.

NYSE Short Interest Higher On April 30

The New York Stock Exchange announced on May 11 that the short interest existing as of the close of business on the April 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 882,376 shares, compared with 774,871 shares on March 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the April 30 settlement date, the total short interest in all odd-lot dealers' accounts was 35,864 shares, compared with 36,660 shares, on March 31.

The Exchange's announcement added:

"Of the 1,236 individual stock issues listed on the Exchange on April 30, there were 54 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of April 30, exclusive of odd-lot dealers' short positions, was 607 compared with 594 on March 31."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
April 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376

*Revised.

Securities Laws Should Be Changed Now To Remove Unnecessary Hindrances

Schram Declares Securities Industry Should Have All Freedom Consistent With Public Interest

Emil Schram, President of the New York Stock Exchange, recently observed that since the principles of regulation have been accepted in financial quarters and elsewhere, "there is no reason why the details of these laws should not be changed to remove unnecessary hindrances and irritations and give the securities industry the greatest possible freedom consistent with the public interest."

Addressing a luncheon meeting of the Atlanta (Ga.) Rotary Club, Mr. Schram explained, however, that in making amendments "we must not think of breaking down the bars against the evils and abuses which formerly existed." The manipulative system, he added, "has been eliminated only at a great cost, and the price paid must not be in vain." At the same he said:

Emil Schram

"We can refine the details of stock exchange regulation, and we can refine, and even redefine, other economic controls; but we must not permit a popular reaction to lead to a repetition of the mistakes of the '20s. If we do, the experiences of the '30s will recur.

"The aims of the securities legislation of the early '30s were thoroughly sound. Briefly, they were to end manipulation and provide dependable information to the investor. The investor was to be protected against sharp practices. Let us keep in mind, however, that Congress had no intention of discouraging the investor from taking legitimate business risks.

"Furthermore, I am confident that the committees which prepared the original securities legislation would have expected that the first laws would have to be amended after they had been tried out in action. . . .

"Naturally, there were years of mutual hostility and distrust between Washington and Wall Street. That was inevitable, especially in an era of revolutionary reform in which the laissez-faire system was being altered in America and all over the world.

"It seems to me, however, that this period of mutual suspicion and senseless bickering between the nation's financial center and its political capital now is coming to an end. The adjustment in Wall Street is quite complete.

"Our capital markets have a highly important part to play in advancing the system of private enterprise. They must facilitate the gathering and servicing of the risk capital necessary to rebuild a better world in which abundance shall be counted a blessing, scarcity a curse, stagnation a sin, and enterprise a virtue. We must again reward the venturesome and cease to encourage those who would bury their talents in a vain quest for unfruitful security.

"How can the New York Stock Exchange, and the other registered exchanges, best function to make this contribution to the machinery of organized society?

"In two ways. First, as efficiently operated markets for securities of our corporate enterprises; and second, as leaders in sound, modern financial statesmanship.

"As a market, we are providing a meeting place for buyers and sellers of stocks and corporate bonds which have a current auction market appraisal of more than $60,000,000,000. This is the market value placed upon these securities by the investment public. This represents a large part of the wealth of America. There is hardly a family in the United States which does not own, directly or indirectly, some of the securities for which the New York Stock Exchange provides a free and open market.

"The social responsibility involved in maintaining this market makes the New York Stock Exchange nothing short of a great service institution.

"This auction market is the hub and center of a vast organization. For the convenience of those who use it, its member firms maintain branches in 313 cities in 45 States. The floor of the New York Stock Exchange is only minutes away from any telephone or telegraph instrument in the land.

"On the floor of the Exchange, through highly trained, responsible and ethical brokers, any investor can buy or sell any listed security. There are traded the highest-grade bonds and stocks, the most speculative, and all grades in between these two extremes.

"The merchandise is clearly marked and carefully catalogued. Information regarding it is readily and conveniently available to everyone. Moreover, the various member houses of the New York Stock Exchange, maintain, at great expense, staffs of experts experienced in advising clients regarding the nature and quality of listed securities.

"These experts have at their finger-tips a mass of financial and general information as to the investment equity, the fundamental merit and the risks involved in buying or holding almost any type of security. Of course, their judgment is not infallible, and no one can tell just how any risk will come out; but there is no market in the world where all the facts about the available merchandise are more readily or more quickly available than in this one.

"Neither the New York Stock Exchange, nor any other exchange, can or does guarantee an investor against loss; but it can, and does, make the nature of the speculative risk an open book in so far as that is possible.

"As a market we have always done a good job, but we have never before been able to do as good a job as we are doing now. . . .

"I am going to digress a moment and discuss a vital function of our market which of late has been neglected. There was a time when corporations habitually and importantly financed through the sale of stocks rather than through the sale of bonds. Shareholders received subscription rights, which they could either exercise or sell. In other cases buyers of equities, floated publicly off the exchanges, were informed the issues would be listed on an exchange where ready markets would be available to those desirous of selling or of subsequently purchasing. It was healthy financing, and in the public interest. We should endeavor to stimulate its revival, especially in the post-war period.

"This is of the greatest importance to our system of free enterprise. For if private investors do not provide risk capital either society will not progress materially or the Government will supply the risk capital. And, if the Government supplies the risk capital and thereby becomes the great entrepreneur, or risk-taker, the private incentive to assume great risks in hope of great gains gradually dies—and the State finally becomes socialistic rather than capitalistic.

"One reason this war is costing the Government more than the first World War is, of course, that the Government has been doing most of our corporate financing. In the last war, corporations to a much larger extent financed themselves. At the end of this war, the Government is going to own a great deal more bricks and mortar and machinery than it ever has owned before. To the extent that this new war plant is unfit for a civilian economy, this is not a good thing for the Government and the people. Furthermore, this new war plant, unless it passes quickly into private hands, is a further threat to our enterprise economy.

"And so I say that our capital markets are about to enter upon a period of great usefulness and unlimited opportunity."

'42 Corporate Sales Up; Net After Taxes Down; Current Position Deteriorates: Conference Board

Although corporate sales in the manufacturing and mining fields in 1942 were substantially larger than in 1941 and more than double those of the pre-war year, 1939, net earnings after all charges were well below 1941 and only moderately above 1939, according to data prepared by the Division of Industrial Economics of the National Industrial Conference Board, and made available May 11.

Net current assets at the end of 1942 were higher than in either the previous year or in 1939, but the ratio of total current assets to total current liabilities was lower than at the end of 1941 and very much lower than at the end of 1939.

The Board's figures covering 495 industrial corporations show net sales last year at $37,854,000,000 against $30,700,000,000 in 1941, a gain of 23%, and against $18,037,000,000 in 1939, a gain of 110%. Net after all charges is shown at $1,972,000,000 against $2,356,000,000 in 1941, a decline of 16%, and against $1,636,000,000 in 1939, a gain of 21%.

The Conference Board's announcement further explained:

"Net current assets at the end of 1942, compiled by the Board, for 459 manufacturing corporations stood at $9,213,000,000 against $8,136,000,000 a year earlier and $7,131,000,000 at the end of 1939. However, due to substantial increases in both current assets and current liabilities the current ratio fell from 5.2 in 1939 to 2.7 in 1941 and to 2.4 in 1942.

"Although affecting all groups, the expansion in sales was most pronounced among durable war goods industries, particularly transportation equipment and machinery. The 15 aircraft companies held the top of the range with a gain of 167% over 1941, and the railroad equipment group increased sales by 116%. Sales were 31% higher for 254 durable goods concerns than in 1941, and corresponded closely to the actual increase in durable goods production as reported by the Federal Reserve Board. Non-durable goods industries showed increases ranging from less than 0.5% for paper manufactures, which have been restricted, to more than 20% for manufactured food products and textiles, and the non-durable goods group as a whole aggregated sales 14% above the dollar value of sales in 1941.

"The rise in total income, before reserves, of these same companies was less steep, as higher operating costs, conversion costs, higher prices of raw materials, higher wage rates, and overtime payments combined to cut deeper into the sales dollar. However, all industries except the two whose sales volume showed the smallest increases reported gains in taxable income. A total income of $6,400,000,000 remained after all expenses were paid, 14% more than in 1941 and 176% more than in 1939.

"Contingency, renegotiation, post-war reserves, and all reserves, and all reserves other than tax reserves were almost doubled in 1942. These funds were 10 times as large as in 1939, when very few income statements made specific provision for contingencies. The total of $398,000,000 last year, however, accounted for only a minor part, about 6%, of total income. Reserves set aside to meet the Federal tax bill, $3,913,000,000 in 1942, were fully 50% greater than in 1941 and more than 10 times the 1939 provision made by these same 495 companies.

"The 1942 tax provisions took an average of 60 cents out of each dollar of taxable income. Individual reserves ran as high as 77c in the automobile parts industry and 75c in the steel and iron group. Aircraft, machinery, and railroad equipment concerns also reported reserves 70% or more of total income, whereas in 1941 the highest percentage was set aside by aircraft corporations, at 65% of total income. Among the non-durable goods producers, tax provisions have taken a relatively small proportion of earnings in each of the last four years. Textile manufacturers reserved about 68c of each dollar of total income in 1942, but the average provision made by the 205 non-durable goods companies was 53c, as compared with the average of 67c allocated by durable goods companies.

"An increase of 63% in total income of the aircraft industry was reduced to only 3% after taxes. Another war industry, railroad equipment, earned 112% more, before taxes, in 1942 than in 1941, but net income available for dividends rose less than 0.5% to $53,200,000 from $53,100,000 in 1941. These were the only two manufacturing industries to report any increase in after-tax income.

"Thirty-seven steel companies, representing $5,300,000,000 in total assets, the largest industry group, reported a decline of 32% in net income after taxes last year, in spite of increases of 21% and 14%, respectively, in sales and total income.

"The largest decrease in net income was suffered by the paper industry whose 1942 sales were almost unchanged from 1941, and whose total income before reserves was down 9%. After reserving 56% of the total for taxes, instead of 41% in 1941, the after-tax figure fell 34%. In comparison with 1939, however, net income had gain 52%.

"For the 36 mining companies tabulated, tax reserves averaged only about 47% of gross income. The gain of 8% in gross income in 1942 was changed to a decline of 6% after taxes, a more moderate movement than among the manufacturing groups. Coal-mining companies showed an increase in net income whereas metal-mining and smelting concerns followed the general downward trend."

Weston Hill Forms Own Advertising Agency

Weston Hill, well-known for many years as a copy writer and creative executive for Ruthrauff and Ryan, Blackett-Sample-Hummert and H. W. Kastor & Sons, has announced the opening of his own agency, Hill Advertising, Inc., with offices at 250 Park Avenue, New York. A branch office will be opened soon in Chicago.

Weston Hill

Mr. Hill recently inserted in advertising trade papers a full-page advertisement, **A New Kind of Advertising Agency Is in the Making**, outlining his proposed policies. New products and processes will be emphasized in the plans of the new agency, Mr. Hill stated.

Staff personnel, accounts and other similar data will be made public in forthcoming announcements.

(Editor's Note: The above report was previously given in our issue of May 13 but, owing to a mechanical error, the complete import of the item was not immediately apparent. For this reason, it is being carried again in this issue.)

NY Finance Institute Course In Electronics

In view of the increased interest in and attention being given to electronics, the New York Institute of Finance, 20 Broad Street, New York City, announces a series of lectures by men outstanding in the field. These lectures will be given on Mondays at 3:45 p.m. in the governing room of the New York Stock Exchange, 11 Wall Street, New York City. Fee for the course is five dollars.

Lectures to be given are:

May 24—"Chemistry and Electronics," Dr. Willard F. Libby, University of California.

June 7—"Radio—FM and Television," Dr. David Grimes, Philco Corporation.

June 14 — "Electronics as Applied to Industry," A. C. Montieth, Westinghouse Electric & Manufacturing Co.

June 21—"Advance and Future Thinking," Dr. W. R. G. Baker, General Electric Co.

Thanks To Newspapers For Success Of War Loan Drive

Secretary of the Treasury Morgenthau made public on May 3, the following message he has addressed to the newspapers of America in connection with the $13,000,000,000 Second War Loan:

"The Second War Loan drive has ended. The final tabulations have not been made, but it is evident that the goal has been exceeded by a substantial amount—more than $4,000,000,000.

"Our thanks are due to many people—workers, advertisers, advertising media, retailers, theaters—all who devoted themselves so wholeheartedly to this vital cause. I wish to express to the Allied Newspaper Council and to newspapers generally our sincere gratitude for the part they played. The support they gave us in the handling of news, in compelling and imaginative features, and in the promotion of sponsored advertising was as invaluable as it was unparalleled in promotional history."

Over-The-Counter Sales As Principal

(Continued from page 1858)

constitutional right to contract freely may be impaired and even destroyed. This can be done gradually and be upon us before the true gravity of the situation is appreciated.

Such a condition now faces the over-the-counter dealers. True, in the past, there has been some wild-catting in securities, and there was need of a standard of ethics in the securities field. Complete self-regulation and self-discipline would have been advisable and still is provided that with it go a concerted effort to completely abolish, or at least considerably limit the present powers of the existing regulatory agencies.

The idea behind the Securities and Exchange Act is salutary. However, the method of its enforcement, the setting up of "The Commission" and granting it a rule-making power which is equivalent to the power to legislate, may be the means through which not only security dealers, but also industry will suffer unwarranted and indefensible hardships.

The proposed SEC bid and ask disclosure rule which would compel dealers who sell as principals to the public to disclose the best bid and ask price (in reality to disclose the profit they would make) to their customers seems to us an unjustified assault upon American traditions and methods. In effect, it would appear to be an attempt on the part of the SEC to circumvent the intent of Congress by indirection. The further attempt to establish a so-called "reasonable profit," beyond which, fraud will be presumed, is contrary to the sound legal doctrine that in such transactions, in the absence of a fiduciary relationship, fraud will not be presumed.

We limit our observations to instances of transactions between the dealer as principal and the investor as customer or purchaser, i.e., where all confirmations evidencing transactions are clearly upon that basis, and that basis alone.

To those acting as brokers and investment counsel, a different rule may well apply. The question then is, when does a dealer also act as investment counsel? Does he so act when in the course of a sale as principal, he makes some observation about the soundness of a security, which is not acted upon? Does that mere observation constitute his position one of a fiduciary?

Do brokers and dealers approve of an agency which is investigator, prosecutor and judge, and possessed of the power to terminate their license to do business? Aren't the courts the proper forum to deal with a man's right to continue his livelihood?

The SEC takes the position that the relation of a securities dealer to his client is not that of an ordinary merchant to his customer. The claim is made that the provisions of the numerous state Blue Sky Laws governing the revocation of a license conferred upon the broker or a dealer, lend force and strong support to this contention.

Where and when a dealer sells as principal, we see no reason why the transaction is not the same as a sale between a merchant and a customer. In such instances, calling the customer a "client", in our opinion, does not change the result.

We take the position that the State Blue Sky Laws, when examined, will be found to deal with the subject of affirmative fraud and its prevention, and therefore, cannot be regarded as authority for an attempt to change the doctrine that fraud will not be implied in outright sales where the dealer occupies no fiduciary role. As to such sales, the rule of Caveat Emptor (Let the Buyer Beware) should apply. That doctrine, ancient in the law and well tried for thousands of years, requires no modification. It is basically sound, and its observation will prevent fraud on the part of disgruntled customers. It will place the obligation of vigilance where that obligation properly belongs.

We hold no brief for anyone indulging in fraudulent practices. The small percentage who have done this in the past are largely responsible for the cross which the industry now carries. There always has been, and still are, laws adequate to punish such practices and to give redress to the defrauded.

Transactions in securities are the life's blood of a nation. They must be kept liquid. Their impairment by so-called emergency regulations intended in the public interest, can serve to be the death-knell of liquidity.

The tendency on the part of dealers to regard the trial of one individual or of one firm, for alleged infraction, as something apart, which does not affect them, is one of the most dangerous influences threatening the industry. By means of such hearings and trials, harmful precedent has been, and will continue to be created. The "one for all and all for one" adage is important here.

Editor's Note—It will be recalled that Abraham M. Metz (165 Broadway, New York City) and Edward A. Kole (39 Broadway, New York City) represented the Stewart J. Lee Company in a case in which a client of the Lee company attempted to have a sale rescinded because of the size of the profit exacted. The court declined to uphold the SEC's contention that a large profit in itself was prima facie evidence of fraud or that quotations in the National Quotation Sheets were indicative of the market prices of securities. They are entitled to the thanks of all those in the securities field for the court's findings in this case.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1860)

to this lies in the ability of the market to foresee events rather than reflect news as it occurs.

* * *

Right now the market is trying to figure out two things. The first is the kind of taxes our legislative bodies will cook up. The second is the kind of world we can expect once all the shooting is over. As to the first a part of the answer may be given before this week is over. As to the second, there is as yet no answer. The people in charge of remaking the political and economic map of the world either don't know how to get what they want or are at daggers' ends with each other as to what each wants or expects. The loud yells about retaining the "American Way" are completely without meaning. Take ten people and you will get ten definitions of what the American Way means to them.

* * *

Currently there is a lot of showing off of various financial statements. I am not impressed. Time and again I have stated here that earnings are a record of the past and not a yardstick for the future. I know I'm sticking my neck out when I say this, but the only yardstick for the future worth a hoot is market action itself. As this is being written there are all kinds of stories around about war business cancellations. The interpretations involving such cancellations are a little amusing. It isn't so long ago that we heard that war orders were unprofitable and that everything else being even, most companies preferred to stick to established lines. Now that rumors of cancellations are being whispered about, which, if true, would give the companies the opportunity to get back into whatever production they were in before the war, the consensus of opinion is pessimistic. It all depends on what side of the street you are selling apples.

* * *

But to get back to the market. You well know that volume has fallen off and prices, after dawdling around, have rallied a bit. But the picture is so confused that neither the rally or the imminence of a break seem convincing.

* * *

From a cursory examination prices look about as high as they will get on the current move. But just a single day's action can change the entire picture again. One of the reasons is that there are too many Johnny-Come-Latelies who are looking for a spill. I'll admit that so far they are outnumbered by the bulls. But even that isn't a new condition. There are always more bulls than bears in the Street. The present crop of bears, however, has yet to taste its first run-in, and until it does it must remain not only an unknown quantity but a force which may prove explosive as well. A paragraph or so back I said that stocks are about as high as they will get on the present move. This doesn't take into account the current short position. An inexperienced short trader can easily add a couple of points to an up-move by his hasty and frightened covering. So while I see little reason to change my opinion of a few weeks back that new buying is now inadvisable I can also see the market add another two or three points before turning down again.

* * *

If you're agile enough you may make a little money out of such moves but the risks involved are entirely out of proportion. Instead I would suggest sitting tight and letting others scramble for them.

* * *

If that isn't to your liking then take a look at the rails—not to buy—to sell. Having just completed a 2,000-mile trip through the country I can tell you that despite the railroads' protestations of their difficulties they are building up a reservoir of ill-will that will take them years to overcome. I am not referring to the upset in timetables—west of the Alleghanies they simply don't exist—but to the attitude of railroad personnel. Their attitude of the public-be-damned doesn't augur any bright future for their passenger business. And if I were a shipper I'd remember many things all covered with the cloak of "war emergency" and guide myself accordingly.

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.]

Sidney Hook Now Is With Morgan & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Sidney B. Hook has become associated with Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Hook was formerly with Merrill Lynch, Pierce, Fenner & Beane in charge of the municipal department of their Los Angeles office. Prior thereto he was an officer of Banks, Huntley & Co.

L. L. Vivian Dead

Leslie L. Vivian, a partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, died at the Muhlenberg Hospital, Plainfield, N. J., where he had been admitted for surgical treatment. Mr. Vivian had been in Wall Street since 1909, when he became associated with Kissell, Kinnicutt & Co. In 1921 he became a partner in Floyd-Jones, Vivian & Co. In 1933 he became a partner in Fenner, Beane & Ungerleider, a predecessor of Merrill Lynch, Pierce, Fenner & Beane.

Keynes Denies Stabilization Plan Drawn To Favor British At Expense Of United States

Synthesis Of British And American Plans Held Possible

Denying that the British (Keynes) post-war foreign exchange stabilization proposals had been drawn up principally in the interests of Great Britain, Lord Keynes, in addressing the House of Lords on May 18, stated that "Nothing is farther from our thoughts." He also declared, according to a wireless message from London to the New York "Times" that there was no foundation whatever for the belief held in some American quarters that the purpose of his proposals was to make the United States the "milch cow" of the world in general and of Great Britain in particular.

The further discussion of the plan before the British House was indicated as follows in the account in the "Times":

"He asserted, as did other speakers, that before a formal scheme could be decided upon, the other United Nations should be consulted. He declared, amid cheers, he had not the slightest doubt that a synthesis of the British and American plans was possible.

"He maintained that the best hope for the lasting success of a post-war international policy was exactly the contrary of making the United States a 'milch cow.' His own plan, he said, did not require that the United States or any other country put up a single dollar that it would prefer to employ in any other way.

"'I cannot emphasize too strongly,' Lord Keynes added, 'that it is not the Red Cross or any philanthropic relief scheme whereby rich countries come to the rescue of poor countries.'

"He went on to say that there were only two contingencies that might lead the United States to accumulate large balances of his proposed international currency, 'bancor.' These he listed as failure to maintain employment at home or the collapse of the enterprise or initiative required to invest surplus resources abroad.

"Praising the United States proposals as being of great novelty and far-reaching importance, Lord Keynes said:

"'Neither plan conceals selfish motives. The treasuries of our two great nations come before the world in these two papers in a common purpose with high hopes of a common plan.'

"Lord Simon, the Lord Chancellor, said the terrible evil of international trade chaos must be averted after the war. Unless some system of international control was devised now to stop the misuse of international exchange in the future, he thought, the evils that arose after World War I would arise again in a more exaggerated form.

"Lord Barnby thought there was a need for some overriding scheme of international monetary practice. He favored restricting the influence of gold without its complete demonetization.

"Lord Strabolgi commented that 'until you have set up an international political government, to attempt to establish an international economic government is putting the cart before the horse.'

"Suitable names for an international money were commented on during the discussion. Lord Keynes thought both 'bancor' and 'unitas' were 'rotten bad names.' Lord Simon suggested 'moneta,' reminding the Lords that the mint in ancient Rome was in the Temple of Juno Moneta."

West Indies Sugar Stock On Market

A banking group headed by Harriman Ripley & Co., Inc., on May 17 offered 395,178 shares of West Indies Sugar Corp. common stock at $15 a share. Blyth & Co., Inc., the Lee Higginson Corp., Lazard Freres & Co., G. H. Walker & Co., Wertheim & Co. and Farr & Co., participated in the offering. The distribution of the shares was effected the day of offering.

None of the proceeds will go into the company's treasury. Of the 395,178 shares offered, 325,000 shares are for the account of the City Co. of New York, in liquidation; 53,691 shares for the National City Bank and 16,487 shares for Avery Rockefeller and the National City Bank as trustees for the estate of Percy A. Rockefeller.

The registration statement filed with the Securities & Exchange Commission covered an additional 75,000 shares of stock owned by the National City Bank which will be offered later, but not before July 17 except by consent of the underwriters. The company has outstanding 951,208 shares of common stock ($1 par value) and 12,211 shares of $2.50 cumulative preferred stock. The funded debt was retired a year ago.

West Indies Sugar Corporation, organized in 1932 as a reorganization of the Cuban Dominican Sugar Corp. and certain of its subsidiaries, is a holding company owning securities of several companies producing raw sugar and molasses.

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)
BOSTON, MASS.—**Francis Malenfant** has been added to the staff of **Raymond & Co.**, 148 Front Street.

(Special to The Financial Chronicle)
BOSTON, MASS.—**John Lee Middleton** has become associated with **White, Weld & Co.**, 111 Devonshire Street.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Robert Emmett O'Keeffe** is now with **Cruttenden & Co.**, 209 South La Salle Street. In the past Mr. O'Keeffe was with Fuller, Cruttenden & Co. and Morrill, Wilson & Co. Recently he has been engaged in special statistical work.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Emery Leland Iliff** has become affiliated with **Paul H. Davis & Co.**, 10 South La Salle Street. Mr. Iliff was previously for many years with Hornblower & Weeks.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Robert W. Jenkinson** has been added to the staff of **Dempsey-Detmer & Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Thomas S. Koehler** has become connected with **Fred W. Fairman & Co.**, 208 South La Salle Street. In the past Mr. Koehler was with Bond & Goodwin, Inc. of Illinois in charge of trading.

(Special to The Financial Chronicle)
CINCINNATI, OHIO.—**Charles A. Hall** is now with **Merrill, Lynch, Pierce, Fenner & Beane**, Union Trust Co. Building. Mr. Hall was previously with the local office of J. S. Bache & Co., was with Taylor, Wilson & Co. and in the past was local manager for Caldwell & Co.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Albert D. Gauthier** is now with **Halbert, Hargrove & Co.**, First National Bank Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Gordon E. Buckhout, Roberta D. Morrison and Walter M. Wells** are now associated with **H. R. Baker & Co.**, Bank of America Building. Mr. Wells was previously with Geo H. Grant & Co. and Stephenson, Leydecker & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **George W. Blanchard** and **Clara Jones** have joined the staff of **Bingham, Walter & Hurry**, 621 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Howard J. Davidson**, formerly with Crowell, Weedon & Co., has become connected with **Fewel, Marache & Co.**, 453 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Godfrey T. Schmidt, Jr.** has been added to the staff of **E. F. Hutton & Co.**, 523 West Sixth Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Ernest Off** is now with **Revel Miller & Co.**, 650 South Spring Street.

(Special to The Financial Chronicle)
PORTLAND, MAINE—**John J. King** has joined the staff of **C. W. Leonard & Co.**, Masonic Building.

(Special to The Financial Chronicle)
SAN DIEGO, CALIF.—**Elmer R. Spencer**, formerly local manager for Wm. R. Staats Co., is now associated with **Blyth & Co., Inc.**, 625 Broadway.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Robert E. Morton**, formerly with Davis, Skaggs & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 221 Montgomery Street.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**James D. McDonald** has become affiliated with **Dean Witter & Co.**, 45 Montgomery Street. Mr. McDonald was previously with Bacon & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF—**Michael Aquino**, formerly with Davis, Skaggs & Co., has joined the staff of **Wulff, Hansen & Co.**, Russ Building.

(Special to The Financial Chronicle)
SANTA CRUZ, CALIF.—**William A. Williams** has been added to the staff of **Richey & Baikie**, 60 Pacific Avenue.

International Cooperation; Increased Trade Foundations For Lasting Peace, Says F. B. Sayre

Urges Extension of Trade Pacts as Proof of America's Future Intentions

Stating that the vote on Congress on the bill for the extension of the trade agreements "will be regarded by other nations as the acid test of America's future intentions," Francis B. Sayre, Special Assistant to the Secretary of State, in an address on May 17 at the World Trade luncheon held at the Hotel Astor, New York City, in connection with National Foreign Trade Week, asserted that:

"If we move in the direction of economic isolation other nations closely watching us today will be forced to move accordingly in a desperate effort to get along without our help. In that event there can be no other outcome but increasing economic struggle and growing bitterness, lowered national standards of living, increasing expenditures for armament and eventually a Third World War. One thing is sure. It is utterly impossible, and will always be impossible, to build international cooperation upon economic isolation."

In his remarks regarding the bill before Congress to extend for another three-year period the President's authority to negotiate reciprocal trade agreements with foreign countries under the Act of 1934, Mr. Sayre described this as "the first great American referendum on the economic foundations of the peace, and is therefore of critical importance." He added:

"The Congressional debates are being followed with intense interest by all of the United Nations. The result will indicate, and in large measure will determine, the commercial policy which the United States will follow in the years after the war; and what we do will to a large extent determine what other countries find it possible to do so. If the people of the United States really desire a more humane world and a more abundant economic life after the war, this is the time to act. . . .

"If nations are to live together in peace they must closely cooperate in the fundamental business of making their populations secure against freedom from want. To this end collaboration in trade is an absolute essential. The solution of some of our most vital domestic issues hang upon national and international trade. Upon trade hang problems of production and employment, the price of crops, the chance to get a job, the means of paying off the mortgage. Peace cannot be made lasting except as it is built upon close collaboration in the field of international trade. . . .

"No great industrial nation is today, or can possibly be in the future, economically independent. The attempt by any nation to achieve economic isolation leads to poverty and unemployment, both for its own people and all others within reason of its influence.

"Trade constitutes the veritable lifeblood of nations in this interdependent world. Industrial nations, by selling processed products abroad in exchange for foodstuffs and raw materials, have made possible the support of vastly increased populations. The population of Europe, which in 1650 was 100,000,000, increased to 140,000,000 in 1750, 266,000,000 in 1850 and 519,000,000 in 1933. Through foreign trade alone can modern industrial nations procure necessary food for their peoples, raw materials to keep their factories in operation, or the manifold goods which make present-day civilizaton and culture possible. Through foreign trade alone can they obtain large enough markets to keep their specialized industries going."

Mr. Sayre warned that if the United States moves in the direction of economic isolation other nations will be forced to move accordingly, adding "in that even there can be no other outcome but increasing economic struggle and growing bitterness, lowered national standards of living, increasing expenditures for armament and eventually a Third World War." He also stated that to try to build international cooperation upon economic isolation "is utterly impossible, and will always be impossible."

Sgt. C. A. Levine in NYC

Sergeant Carl A. Levine, member of the Boston Traders Association, is in New York City on a brief visit. Sergeant Levine is with the 1000th Technical School Squadron, at Tomah, Wisc.

Lehman Bros. Offers Flintkote Co. Bonds

A banking group, headed by Lehman Brothers offered May 18 a new issue of $3,000,000 Flintkote Co. 15-year 3% debentures, priced at 102. This issue will constitute the only funded debt of the company, which is engaged principally in the production of building materials, paper board products and industrial, marine and railroad products. Proceeds of this financing will be used for general corporate purposes.

The issue will be callable in whole or in part on 30 days' notice at prices ranging from 104½ to and including May 14, 1944, and thereafter at prices decreasing progressively to 100 on and after May 15, 1957. In addition, the sinking fund is to retire $100,000 principal amount annually from 1945 to 1957, inclusive, at prices ranging from 102 in 1945 to 100⅜ in 1957.

The company reports 1942 net income of $1,727,154, compared with $1,737,661 in 1941 and $1,436,550 in 1940. It has outstanding 38,367 shares of $4.50 cumulative preferred stock and 713,706 shares of no-par common stock.

Can The United States Support A 300 Billion-Dollar Debt?

(Continued from page 1862)

I mean not Federal debt alone but state, municipal, corporate and private debt as well—you will see that the dollar has declined in purchasing power as the debt increased. There were fluctuations in the movement during this period but over the long term the trend was up for debt and down for the dollar.

My conclusion is that the purchasing power of money declines in more or less direct ratio to the accumulation of debt. That is a law of economics, as immutable as the law of gravitation. Attempts to thwart it may retard the effect for a time but the impact is bound to be all the more severe because of the delay.

My reasons for reaching this conclusion are difficult to put in simple language, or in any language for that matter, but I think it might be explained in this way:

The national income is the sum total of goods and services produced and consumed. Take notice that I use the word **consumed** as well as **produced** because production alone is not income. It must be purchased and consumed as otherwise a surplus of production would accumulate and lower production by a corresponding amount which in turn would lower the national income.

Now we are accustomed to think of our national income not as goods and services but as dollars which is the unit of measure for things of monetary value. If the dollar were a fixed unit of measure like the yardstick or the inch and if our income, as measured by that fixed unit, were 100 billion dollars and if the 100 billion dollars had to be consumed in order to keep the national income at a constant level, where is there any margin left for the payment of debt or interest thereon?

The answer is that there would be no margin if the dollar were really a fixed unit of measure. The dollar must be "stretchable" by an amount representing the sum required for debt service.

Imagine a new **Utopia** beginning with no debt whatsoever and a national income of—let us say $100,000 to keep the figures small. Then this new Utopia assumes a debt of—let us say $400,000 (government, corporate and private debt included) requiring interest and amortization of $20,000 annually. This sum would provide average interest of 3% per annum and amortization of 2% per annum so as to pay off the debt in half a century.

In order to obtain that extra $20,000 in money with which to meet the debt service, the $100,000 by which the national income was measured must be stretched to $120,000 but the larger sum would have no greater purchasing power. The dollar would simply be worth 20% less in purchasing power.

The reason for this, I think, is that debt represents money created by artificial means and while it may bear some relation to production and consumption of goods, it is not controlled by production of goods and can be expanded to a height out of all relation to production. It can also be supported at almost any height so long as the monetary unit remains "stretchable."

Economists of the past have advocated a debtless society as a means of curbing this evil but their ideas along that line have never met with any measure of popular approval. Personally I think it would take all the speculation and most of the fun out of business. Nevertheless, a debtless society is the only society in which a fixed unit of monetary value could be established.

In our present estimated annual income of One Hundred Billion Dollars there is obviously a great deal of stretching for debt service but the real stretching will not come until we reach the end of borrowing and settle down to pay our debts. Then and only then the full effect of this huge accumulation of debt in recent years will be felt and I think any attempt to guess at the minimum level of purchasing power which the dollar may reach would be ridiculous.

It will come to pass without legislation to spur it on and I might add that it will come to pass in spite of legislation designed to prevent it. Price controls are worth while in that they prevent unscrupulous merchants from realizing exorbitant profits for the time being but any attempt to fix the purchasing power of the dollar at any given level through price ceilings is a great deal like trying to sweep back the tide with a broom.

A business associate of mine looked over my shoulder while I was writing this and suggested that I should not write it at all in view of the fact that a new Victory Bond Drive is coming along a few weeks hence.

I do not agree with that. Since we have to have this "old debbil debt" on our shoulders for the next generation or more, we ought to study and try to understand him.

I think the American people are patriotic enough to buy bonds even though they realize that the bonds may be paid off in future years with a dollar of lesser purchasing power and that, I might add, will not necessarily be a dishonest dollar unless we are foolish enough to try experimental legislation that will make it dishonest.

AN ANONYMOUS NEW HAMPSHIRE BANKER

Every thinking man of practical experience should be able to say "Amen" to the arguments presented by Dr. Saxon. I might raise one question of doubt as to the suggestion for a State lottery —not for moral reasons particularly, but because observation seems to indicate that in actual experience they are apt to prove an evil rather than otherwise.

His thesis properly accents the basic need for honesty and courage in facing our fiscal future as a nation. That is an axiom, but on that requisite I fear our future holds little hope.

This country started as a Republic, with checks and balances carefully designed to protect it from demagogic manipulation of the unthinking mass of the electorate. It is now formally almost a pure Democracy and actually practically a dictatorship. Ten years of a Chief Executive who is admittedly not a good executive—who is a master of demagogic appeal—lacking in personal or political integrity—and who has constantly stirred up for political ends the worst sort of class dissention—these make the return to the stern virtues of Coolidge seem unlikely. Compare the Boston police strike and its handling in peace time with the weasel-worded attitude of the Administration toward the arch-traitor John L. Lewis in time of war!

The gospel of Rights and Freedoms as opposed to Duties and Responsibilities has been preached by a master of political language for so long that but few of us remember the time when Thrift and Self-Denial were virtues. What chance of selling the majority of the electorate the doctrine of self-denial now? The homely virtues have little appeal as compared to promises of Cradle-to-Grave Security. The cynicism of Harry Hopkins, our American Rasputin, in the remark attributed to him: "The public is too damn dumb to understand," seems to sum up our situation.

As a simple, middle-class country banker, it seems to me that the Great American Experiment is well on its way toward the fate that history shows us is the end of all Democracies. For our children's sake I pray God that I am wrong!

CHARLES F. SPEARE

Consolidated News Features

The prospective size of the national debt is worrying a considerable section of the American business and financial world. It may well do so. The present debt of about $140,000,000,000 is not so alarming even though nearly double that of a year ago. It is not out of balance with national income and national wealth.

However, a debt of $300,000,000,000 to $350,000,000,000, which a former high official of the Government told this writer recently was in sight, and which Dr. Olin Glenn Saxon, Professor of Economics at Yale University, discusses in the current issue of the "Commercial and Financial Chronicle" in connection with inflation, is a "horse of another color." Lieut.-Commdr. Harold E. Stassen, U.S.N., former Governor of Minnesota, in the first of a series of political articles in the "Saturday Evening Post" says one reason why the Government must quickly get on a basis of maximum production after the war is the difficulty of carrying and paying our huge Federal debt.

"This," he says, "will offer a constant temptation for Government officials to take the easy way of allowing the price and wage levels to rise, thus obtaining an artificially high national income of dollars that buy less. This would have three evil effects. It would cheat all holders of war bonds, insurance policies and security benefits of a part of their investment. It would bring the danger of uncontrolled inflation perilously nearer."

Bankers who have been questioned on the subject of the national debt at the end of the war profess a feeling of confidence in the country's ability to service it, and perhaps, begin to reduce it substantially soon after the war ends if the administration then in control of the Government initiates a policy of economy and does not launch out on one of extravagance along the line of social security.

Dr. Harold G. Moulton of the Brookings Institution has just released a study of the "New Philosophy of Public Debt" in which he contrasts the traditional way of dealing with unbalanced budgets, by cutting down Government costs and raising taxes, and the modern conception that deficit spending produces an era of economic prosperity.

The cost of the Civil War, reckoned between 1861 and 1868, was slightly more than $4,000,000,000, or $120 per capita. The public debt at the end of the war was $2,675,000,000. By 1880 this had been reduced to $2,000,000,000. In 1914, when World War I began, the debt of the United States was around $1,000,000,000. The cost of this war has been estimated at $40,000,000,000. Heavy taxation held the national debt down to $25,482,000,000 in 1919 with a reduction to about $16,000,000,000 eleven years later. Serious inflation, however, followed the ending of the war. The national income during this period was about one-third that of today and national wealth considerably less. The per capita debt in 1919 was $240. At the present time it is more than $1,000 and eventually may be from $2,200 to $2,500.

To date inflation has not seriously affected the employed members of American society, as the rise in wages and salaries has, in a majority of instances, more than balanced increased living costs. The reluctance of the Government to tax in proportion to war costs is creating a debt situation that will be beyond control at the end of the war if not soon corrected.

The fears for Government credit implied in the statements of Gov. Stassen and Dr. Moulton are gaining ground. Fiscal policies that would quiet them should be adopted before the next Government loan in September if increased subscriptions from the "man in the street" are then to be secured.

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on May 18, 1943, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable July 1, 1943 to the holders of such stock of record at the close of business June 12, 1943.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on May 18, 1943, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable July 1, 1943 to the holders of such stock of record at the close of business June 12, 1943.

W. P. STURTEVANT,
Secretary.

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable June 15, 1943, to stockholders of record May 31, 1943.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
May 14, 1943

MAKERS OF PHILLIES

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 9, 1943, to stockholders of record at the close of business May 26, 1943.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. G. SMITH, Treasurer.

May 14, 1943.

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable June 15, 1943, to stockholders of record at the close of business June 1, 1943.

H. F. J. KNOBLOCH, *Treasurer.*

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Washington, D. C., May 19th, 1943.

A dividend of $4.50 per share on the Preferred Stock of The Alabama Great Southern Railroad Company has been declared payable June 26, 1943, to stockholders of record at the close of business June 1, 1943.

A dividend of $4.50 per share on the Ordinary Stock has been declared payable June 26, 1943, to stockholders of record at the close of business June 1, 1943.

C. E. A. McCARTHY,
Vice-President and Secretary.

DIVIDEND NOTICE

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of June, 1943, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 59 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 17th day of May, 1943, and whose shares are represented by Registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 31st day of May, 1943.

The Transfer books will be closed from the 18th day of May to the 31st day of May, 1943, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an authorized dealer i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the Amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Streets, Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the Country in which they reside.

By order of the Board,
W. J. WHITLING, Secretary.

56 Church Street,
Toronto, Canada.
12th May, 1943.

Every Day!

1. Mind your own business and have plenty of it.
2. Don't bite off more than you can chew.
3. Tackle one job at a time.
4. Make your decisions promptly and don't fear the outcome.
5. Learn to delegate part of your work and responsibility.
6. Don't stake too much on success.
7. Don't be afraid of failing.
8. Don't overvalue the unattainable.
9. Don't undervalue what you have.
10. Forget the people you don't like.
11. Keep your sense of humor and your sense of proportion.
12. Forget yesterday. It's gone forever.
13. Don't dread tomorrow. It isn't here yet.

—Channing Pollock.

Consolidated Textile Situation Attractive

The current situation in Consolidated Textile Company offers interesting possibilities, according to a memorandum just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

US Has Ample Plant, Machine Tools To Beat Axis

War Contracts To Be Reviewed For Possible Cancellation

The War Production Board announced on May 12 that the United States now has all the plant and machine tools it needs to beat the Axis, and as a result 5 to 5½ billion dollars' worth of contracts for the construction of new war facilities will be re-examined with a view to their cancellation, said a special dispatch to the New York "Times" last week from Washington by John MacCormac, which continued as follows:

This announcement by the WPB today was accompanied by a statement emphasizing that the cancellation and conversion would result not in a lessened but in an increased production of war material, since the labor and materials released by it would go to making more munitions instead of more facilities.

The effect of the decision will be to stop work on some new facilities now under construction; to curtail others which are already producing direct or indirect military goods; and to bar the purchase of new machine tools, machinery or equipment or the erection of new factory buildings unless it has been proven that the work cannot be done by existing facilities.

During the first three years of the war, it was revealed today, the United States devoted almost as much effort to construction and facilities as it did to the production of arms and munitions. Much of the manufacturing capacity and materials which have so far been used to make machinery and equipment will now go to the manufacture of planes, guns and tanks.

Another important result of the decision will be to accelerate the reconversion to other types of war production of plant capacity which is being or will be released due to changes in military requirements.

For instance, the nation now has more shell-loading capacity and facilities for the manufacture of some types of artillery than it needs. Such plants, together with those which had been equipped to make light tanks, will be converted. So far, in fact, has this process already gone that some $3,500,000,000 worth of shell, gun and tank contracts have been canceled and replaced by orders for airplanes and airplane and ship parts, mobile artillery and tank destroyers.

It was pointed out that, in addition, considerable capacity will be made available for conversion to military production from civilian or indirect military use. In this connection it was emphasized that the cancellation and conversion would not mean the diversion to civilian goods of any of the facilities.

Today's action, it was pointed out, reflects a profound change in the nation's machine tool situation. Since the beginning of 1939 the United States has virtually doubled its stock of machine tools.

As for new factories, the total value of all Federally-financed new industrial facilities stood on Feb. 28 at $15,100,000,000, of which nearly $4,000,000,000 had been completed and almost another $7,000,000,000 was scheduled to be completed by the middle of this summer. The balance was supposed to be finished by the end of the year.

Actually the remaining factories are somewhat behind this schedule, which makes it possible to lop off a little more than $5,000,000,000 from the total. This will be feasible, it was explained, because machine tool plants are about the easiest to convert to other production.

The rate of facility expansion in 1942 at its peak required the labors of nearly three million men and at one time diverted between 20% and 24% of the nation's steel output to the construction field. Even during recent months authorizations have been running at an annual rate of $6,500,000,000. But during the week ended May 7, when the new policy began to go into effect, revocation orders halting $24,945,682 worth of projects were issued. It was the largest weekly total of stop orders issued this year.

To indicate how the curtailment of facilities construction could help the war program, WPB pointed out that the major limiting factor in the output of munitions has been the scarcity of materials. But the materials which will be freed by today's decision, it was said, could be used up by full two-shift operation of all machines in the metal working industries as a whole. There has been no easing off in the demand either for critical materials or labor, it was emphasized, for the overall program must be enlarged rather than reduced.

To make curtailment effective a new facilities review committee will be set up in WPB on which all claimant agencies will be represented. All orders for new tools and equipment, including those now approved only by the Army-Navy Munitions Board, must be submitted after June 1 to WPB for approval. The only exceptions will be foreign construction and certain "command" projects necessary in war theaters. WPB will centralize inventories and catalogues of idle or available machine tools against which all proposals for new facilities will be checked to determine whether they are essential.

NY Analysts Annual Meeting And Election

The New York Society of Security Analysts, Incorporated, will hold its annual meeting and election of officers on Friday, May 28, at 1 p.m., at 56 Broad Street, New York City. The following slate will be voted upon:

President: Lucien Hooper
Vice-President: Pierre Bretey
Secretary: Oscar Miller
Treasurer: Lancaster Greene

Board of Directors: B. Seth Seeley, Schroeder Boulton, and William Loss. Other members of the Board are Benjamin Graham, Charles Tatham, Jr. and C. J. Vanderhyde whose terms run until May 1944.

Following the annual meeting and election of officers, several members of the Society will outline their views on "special situations" which have come to their attention.

The Society announces that at the regular luncheon meeting to be held May 21, John W. McInerney of Wood, Walker & Co. will discuss the Rock Island lines, etc.

On May 24 Benjamin Graham will speak on The Bond Investor's Approach to a Stock Program.

Racing Stock Attractive

Capital stock of the American Turf Association offers an attractive investment speculation at current levels according to an interesting memorandum issued by The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky. Copies of this memorandum together with "Local Notes," containing quotations on stocks and comment on several issues which the Bankers Bond Co. believes offer interesting possibilities at this time may be had from the firm upon request.

When Will The War End?

(Continued from first page)

general feeling that we are bound to win. This is no reflection upon either the Republican or Democratic parties, and least of all upon President Franklin D. Roosevelt. Having once been a presidential candidate myself, I want to definitely emphasize this point: **World War II is bound to get into politics even if I or any reader of this column were President.**

Japan or Germany First?

The question of whether we shall first whip Japan or Germany, or go at them both 50-50, is already a question of politics. Many Republicans, led by General MacArthur, are for whipping Japan first, or at least giving her 50-50 of the dosage; while most of the Democrats, led by the President, are for whipping Germany first. Furthermore, sectionalism is a factor in this connection. The Pacific Coast is especially fearful of Japan, while the Atlantic Coast is especially fearful of Europe. The great Middle West, led by the Chicago "Tribune," is more or less noncommital. Before Pearl Harbor this great section of the country was largely isolationist. Since then they have been very loyal, but in their hearts often wonder what it is all about.

Then, this country is divided as to whether we are acting independently enough. Some seem to regret that when pulling our chestnuts out of the fire we also are pulling out England's. Personally, I believe we owe a tremendous debt of gratitude to England, and am not at all sympathetic with this group of "America Firsters." In order to save ourselves we are obliged to save England, although we are not in this war, per se, to save the British Empire. If after the war a vote should be taken on what we should do for the British Empire, I am afraid our good English cousins would be disappointed. Therefore, this has become more or less of a political football, with the New Dealers lining up with the British Empire and the Republicans playing with the "America Firsters'" program. This is further complicated by the leading Republican candidate for 1944, Wendell Willkie, taking a broad-minded, global viewpoint; while another spectacular Republican, Clare Boothe Luce, backed by untold millions, seems to be for grabbing all we can for ourselves.

Invasion or Strangulation?

Perhaps the most important political struggle will develop in connection with the policy to be used in bringng Germany to her knees. One group favors the immediate invasion of Europe, and I assume that President Roosevelt is back of these immediate invasion plans. By Europe I mean the invasion of the Continent itself. Taking Norway is not invading Europe. Certainly, if this is not the intention of the Roosevelt Administration, it has been deceiving the American people. It is generally assumed that the real invasion jumping off points will be England, Norway, Africa and Turkey. The invasion may be centered at one point or scattered over several points. I am not a military man and am unable to comment on this problem. I do, however, understand that the Administration favors working 100% with Russia and England. This means doing what Russia and England want, as they are in the majority. Hence, I admit that an invasion may come at any time.

Some Republicans believe that the immediate invasion program would require an uncalled-for sacrifice on the part of our people. In this belief they may be backed by a majority of the mothers and fathers, sisters and sweethearts of the boys in the Army. Furthermore, the larger the Army becomes, the more sympathizers the Republicans will have to their substitute **strangulation** policy, rather than the Democratic **invasion** policy. These Republicans might favor an invasion of Norway or Turkey in order to get bombing fields; but their primary object is to surround Germany and her conquered countries with a series of bombing fields in Russia, Norway, England, Turkey and Africa, and gradually bomb the daylights out of Germany. They also favor the same policy as to Japan. As a student of political history, I know it is inevitable that this problem will get into United States politics.

Uncertainty Results in Delay

All this will tend to delay a 100% war effort until after the 1944 elections. These are only 18 months away, and 18 months will go very rapidly. In view of the uncertainties and disagreements outlined above, such delays are inevitable. The nearer we approach the time of elections the easier it will be to leave many decisions until after the elections. Certainly, unless a **real** invasion takes place fairly soon, Germany and Japan can not be conquered before November, 1944. Therefore, it seems to me as a statistician that we will not have world peace until January, 1945, at the earliest.

What does this mean to my readers? It means that farmers, wage workers, transportation companies and other groups which have been prospering from the war are justified in planning on a honeymoon of at least 18 months longer. It means that business men and investors who have been suffering from the war must continue in their present situation for at least 18 months longer. On the other hand, all groups should remember that this global war is not going to end so suddenly as did World War I. The final end will be seen far enough in advance so as to allow for discounting the event. Therefore, those interests now prospering with the war will begin to liquidate before the 18 months are up; while those who are now in the dog house will be sticking their heads out the door and feeling chipper—likewise in advance.

This Thing Might Last Five To Ten Years

(Continued from page 1859)

metals—seem ripe for exploitation in the post-war period.

7. Plant capacity has been greatly expanded, plant layout improved, and plant efficiency generally increased. Millions of workers have been trained in new skills. Industry is ready to do a bigger job faster and cheaper than ever before.

8. Many companies are paying off arrearages, buying in or calling their bonds, setting up contingency reserves at an unprecedented rate. Quite probably American industry will end the war in the soundest financial condition in two decades.

9. Some business men are beginning again to think in terms of what can be done with a new project in five or six years, instead of one or two.

10. Probably corporate taxes will be lower five years from now than they are now.

Such forces are very powerful. They do not spend themselves overnight. Working together they could spell a long period of rising stock prices. Perhaps five to 10 years. It has happened before: 1921 to 1929, 1932 to 1937. It can happen again.—Selected American Shares, Inc.

Our Reporter's Report

(Continued from page 1859)

sluggish in contrast with activity attending the offering of last week's $50,985,000 of new securities which included $38,000,000 of Public Service Company of Indiana first mortgage 3¼s and $7,500,000 of 3 per cent debentures of the John Morrell & Co., packing firm.

I.C.C. Persistent in Stand

The Interstate Commerce Commission evidently is adamant in its determination to see that the railroads, as far as the Federal agency has it in its power to so direct, continue to apply part of current large earnings to retirement of outstanding indebtedness.

This was made plain in connection with action on the recent request of the Chesapeake & Ohio Railway for authority to issue and sell $5,200,000 of equipment trust certificates.

The Commission put its stamp of approval on the road's request, but with the proviso that the carrier would apply an equivalent amount to the reduction of its standing debt.

Wall Street Tries A New One

There is much joshing around town at the moment involving an oscillating bed, or divan, which an enterprising salesman, who has set himself up in the Stock Exchange building, is offering to Wall Street as something new.

Reports have it that the Stock Exchange has purchased several for use in its own rest rooms. The sad part of it all is that, presumably the available supply is limited and what with priorities, renewals are not likely to be large or frequent.

The gadget is explained as an electrically operated affair, of the mechanical massage type, and is described as affording the user a real "lift" after a trying day such as some of those recent 2,000,000 share sessions constituted for none-too-heavily staffed brokerage houses.

Public Buying Needed

Broadening of the Treasury's next war loan drive to induce greater buying by the individual public and other non-banking sources, is certain, according to the Federal Reserve Board.

Individuals bought $3,000,000,000 in the last drive, but this, says the Board, is not enough if inflation is to be kept in check.

Meanwhile this week's bank statement shows that member banks added almost a billion of government bonds, and approximately $400,000,000 of Treasury bills, in the period.

Finland Is Expected To Pay On War Debt

The Finnish Government is expected to meet its June payment on its World War debt to the United States. A moratorium which freed Finland from making payments during the last three years expired in December, and a payment is due on June 15. The interest amounts to $168,945 and would not include any payment on the $8,000,000 principal which the Finnish Government still owes the United States.

Finland was reported to have paid $473,474.30 to the Export-Import Bank May 1 as interest on the loan of $24,000,000 granted by the bank during the first Finnish-Russian war in 1940, according to Washington advices of May 12 to the New York "Times." A loan of $30,000,000 was made available, the advices said, but only $24,000,000 was taken up because of the difficulties of transport.

Municipal News & Notes

Gasoline tax collections for February and March in 16 Eastern States indicate the effect of a ban on pleasure driving on State motor fuel revenues already reduced substantially by local shortages and the general mileage rationing program.

February and March collections for January and February driving in 13 Eastern States were 44.7 and 44.2%, respectively, below collections for the same months in 1942, according to the Federation of Tax Administrators.

Since the ban on pleasure driving in these States was in effect during January and February only, the figures give a picture of a reduction in State revenues which might result from a nationwide ban.

For the remainder of the 46 States reporting gas tax collections to the Federation, collections for the two months were only 38 and 29% below figures for the same months last year. The over-all reductions, when compared with the general trend in collections since the gasoline rationing program was instituted a year ago, would indicate that gas tax revenue losses because of rationing were leveling off and stabilizing at between 30 and 40% under collections before rationing.

Following are figures showing monthly decreases in State gasoline tax collections in comparison to collections of the same months of the previous year:

	June	July
40 States	—16%	—18%
27 unrationed	—11	—15
13 rationed	—22	—24
	Aug.	Sept.
45 States	—14%	—26%
29 unrationed	— 8	—17
16 rationed	—24	—39
	Oct.	Nov.
40 States	—21%	—17%
27 unrationed	—15	—11
13 rationed	—34	—32

	Dec.		Jan.
44 States	—10%	39 States*	—34%
29 States	— 3	24 States**	—32
15 States***	—25	15 States***	—36

	Feb.	Mar.
46 States*	—38%	—29%
30 States**	—35	—22
16 States***	—44	—44

*All rationed States.
**Newly-rationed States.
***Originally-rationed States.

State Legislatures Enact War Housing Measures

State Legislatures, mindful of housing problems which have hampered the war effort, enacted a number of laws this year to facilitate the proper housing of war workers and others in congested areas.

The legislation, according to the National Association of Housing Officials, extends existing war-housing laws, allows initiation of housing programs, relaxes restrictions to permit war workers to live in low-rent projects, and authorizes extension of housing authority jurisdictions.

More than a dozen States extended, for another year or for the duration of the war, the authority of local housing bodies to develop and administer projects to house war workers in localities where housing shortages exist. Many of the existing laws, enacted in 1940 or 1941, terminate next Dec. 31.

Included among States extending such war-housing acts were Arkansas, Florida, Indiana, Maryland, Nebraska, New Mexico, New York, North Carolina, North Dakota, Oregon, Tennessee and Washington.

Maine, Nevada and South Dakota were among the States passing legislation authorizing local participation in war and low-cost housing programs; legislatures of Arizona, Georgia, Montana and Vermont enacted measures authorizing relaxing of low-cost housing restrictions to permit occupancy by war workers.

Rhode Island is one of several States enacting legislation allowing a local housing authority to help a neighboring community with its housing problems. The Rhode Island law allows extension of a housing authority's jurisdiction to nearby communities which are in or near war industry areas but have no housing authorities of their own. On the other hand, Arkansas enacted a law providing for cooperation of two or more housing authorities in initiating and administering a project.

Legislation authorizing the establishment of regional housing authorities was enacted this year by Arkansas, Florida, Georgia, North Carolina and Tennessee.

A new Arizona law gives counties the same powers with respect to the establishment of housing authorities, and the development and management of projects as is possessed by cities. The law is expected to help in providing war housing for flying fields, military training fields and isolated areas.

Montana, Arizona and several other States made legal the investment of funds in housing authority bonds.

Decries Treasury Efforts To Abrogate Tax-Free Status

The committee on intergovernmental fiscal relations has informed the Treasury Department that there is "some validity" for the argument that elimination of tax exemption on existing security issues would be breaking faith with those who had purchased them.

"Intergovernmental relations have been strained for many years over the tax-exempt security issue. It is the proposal to include the interest on State and local bonds in the base of the federal income tax which is most in conflict," the committee said in the sixth of a series of articles.

The committee pointed out that in the case of outstanding Federal issues, the Government is bound by contract, and that only by the gradual process of refunding and re-issue can these obligations be made fully taxable.

The immunity of State and local bonds from Federal taxation is protected by a long line of legal procedure, the committee said, as it pointed out that in the twenties and early thirties a number of attempts were made to get Congressional authorization of constitutional amendments to clear away legal impediments to the elimination of exemption, but that all were unsuccessful.

More recent efforts have been directed toward obtaining action by Congress which would present the issue squarely to the Supreme Court.

It was noted that the reciprocal immunity from taxation of the property and instrumentalities of Federal and State governments has been recognized in the constitutions of Australia, Canada and Brazil, while in Argentina interest on Government bonds has been exempt from the income tax. In Argentina, however, there have been recent efforts to do away with the exemption.

The revenue at stake in the tax-exempt security issue is substantial. At 1942 levels of business and proposed Treasury rates, the estimated loss of revenue to the Government from exemption is $275,000,000 a year, the committee said.

In recent years, State and local bond issues have amounted to about $1,000,000,000 a year and if tax-exemption were eliminated from future State and municipal issues, the committee said that the increase in interest payments would amount to only $5,000,000 in the first year and eventually to as much as $100,000,000 a year.

"This loss would be partly offset by any gains which the States might realize were the States and their subdivisions allowed to tax Federal bonds," in the committee's opinion.

That States and municipalities would find this a fatal impediment to credit operations or fiscal interests seems quite unlikely, the committee added.

It is said that States and municipalities managed very well without the tax-exempt advantage before the income tax was developed and that their bonds commanded an excellent market and considerable advantage over most other bonds in that earlier period.

Cities Levy New Taxes On Local Utilities

Increased use of taxes on local utilities to obtain revenues to finance rising costs of Government was noted recently by the International City Managers Association. The following cities, according to the Association, are among those levying new taxes on utilities during the last year or two:

Kansas City, Mo., expects to raise approximately $1,130,000 during the 1943 fiscal year from newly adopted taxes on local utilities.

The city expects to receive $420,000 from a 5% tax on gross income, except income from industrial use, of the local power and light company; $290,000 from a similar tax on its gas company; $256,000 from a 4% tax on gross income of the local telephone company; $57,000 from a tax on the local street railway company of 1 mill per street car passenger, and $106,000 from a 3% tax on bus revenue of the street railway company.

St. Louis last December adopted a 5% tax on the gross receipts of every telephone company operating in the city, while Wenatchee, Wash., obtained nearly $12,000 during the first fiscal year from a 2% tax on the telephone company and a 3% tax on the local power company.

A 2% franchise tax levied recently by El Paso, Tex., on the local telephone company will, city officials believe, increase by 100% the revenue now obtained from this source by an existing 2% tax on gross sales.

Another Missouri community, Richmond Heights, expects to receive $10,000 this year from a 2% tax levied on utility companies in December, 1941. Hornell, N. Y., also anticipated receiving $10,000 this year from a 1% utility tax levied last July.

Results of taxes levied on utilities by several Texas cities, in addition to El Paso, within the last two years was reported by the Association. Waco, for example, obtains about $33,000 a year from a street rental charge against local power and light, telephone and gas companies; the charge was levied in August, 1941.

Wichita Falls has since October, 1941, levied a 2% gross revenue tax against the local electric service company which brings in around $17,000 a year and in August, 1942, enacted a 1½% gross revenue tax expected to produce $11,500 annually from the local gas service company.

Among other Texas cities levying taxes on local utilities are Denison, Galveston, McAllen and Sweetwater, with revenues ranging from $52,000 in Galveston from a gross receipts tax on utilities to about $6,000 in Denison from a 2% gross income tax on power and light and telephone companies.

Major Sales Scheduled

May 26

$1,024,000 Fort Lauderdale, Fla.
Refunding 4s, due 1944-1971.

May 28

$4,178,000 Alabama Bridge Finance Corp.
Not exceeding 2% refundings, due Jan.-July, 1944-1953.

June 21

$13,815,000 Imperial Irrigation District, Calif.
Not exceeding 3½% refundings, due 1983.

Roosevelt Urges Food Conference To Develop World Production To Meet Nutritional Needs

The United Nations Conference on Food and Agriculture, with representatives from 45 nations in attendance, opened at Hot Springs, Va., on May 18.

President Roosevelt, in a message read by Judge Marvin Jones, Chairman of the U. S. delegation and permanent chairman of the conference, said that the purpose of the meeting was to further the policies of the Atlantic charter, the Declaration of United Nations, and the 1942 Rio de Janeiro conference of the 21 American republics insofar as they concern the post-war consumption, production and distribution of food and other agricultural products.

The President expressed regret that, due to war matters, he was unable to welcome the delegates but hoped that later on he would be able to meet them.

Mr. Roosevelt urged that all nations, see to it that no hindrances be allowed to prevent any nation or group of citizens "from obtaining the food necessary for health."

The President's letter follows in part:

"This is the first United Nations conference. Together, we are fighting a common enemy. Together, also, we are working to build a world in which men shall be free to live out their lives in peace, prosperity and security.

"The broad objectives for which we work have been stated in the Atlantic Charter, the Declaration of United Nations, and at the meeting of the 21 American republics at Rio de Janeiro in January, 1942. It is the purpose of this conference to consider how best to further these policies in so far as they concern the consumption, production and distribution of food and other agricultural products in the post-war period.

"We know that in the world for which we are fighting and working the four freedoms must be won for all men. We know, too, that each freedom is dependent upon the others; that freedom from fear, for example, cannot be secured without freedom from want. If we are to succeed, each nation individually, and all nations collectively, must undertake these responsibilities.

"They must take all necessary steps to develop world food production so that it will be adequate to meet the essential nutritional needs of the world population. And they must see to it that no hindrances, whether of international trade, of transportation or of internal distribution, be allowed to prevent any nation or group of citizens within a nation from obtaining the food necessary for health. Society must meet in full its obligation to make available to all its members at least the minimum adequate nutrition. The problems with which this conference will concern itself are the most fundamental of all human problems—for without food and clothing life itself is impossible.

"In this and other United Nations conferences we shall be extending our collaboration from war problems into important new fields. Only by working together can we learn to work together, and work together we must and will."

An item regarding the agenda of the conference appeared in these columns of April 29, page 1591.

Investment Trusts

(Continued from page 1863)

Calvin Bullock (1 Wall Street, New York)—Five-year record of $10,000 investment (at net asset value) in Dividend Shares shows a gross gain, including dividends, of $4,549. The period covered is from April 30, 1938, to April 30, 1943. Percentage gain amounted to 45.5%, or an average yearly gain of 9.1%.

* * *

Massachusetts Distributors, Inc. (111 Devonshire Street, Boston)—Discusses "Length of Bull Markets" in a recent issue of **Brevits.** Of the six bull markets since 1903 up to but not including the present one, the shortest lasted 23 months and the longest ran 70 months. In contrast, the present bull market has been under way only 12 months. Hence, the sponsor concludes that, on the basis of historical precedent, the current bull market "is still in its early youth."

* * *

W. L. Morgan & Co. (Real Estate Trust Bldg., Philadelphia)—On April 30, 1943, Wellington Fund completed its 14th year of operations. Present stockholders number over 6,500 and include churches, trustees, labor unions, hospitals and universities. Total resources now exceed $9,000,000 and total dividend distributions to shareholders exceed $2,200,000.

* * *

Selected Investments Company (135 South La Salle Street, Chicago)—To illustrate the readiness with which the load on Selected *American Shares is made up in a favorable market, this sponsor points out that in the past year* the fund has made up its load seven times.

Dividends

American Business Shares, Inc. —A dividend of $0.06 per share payable June 1 to stock of record May 17, 1943.

Treasury Opens Talks On Currency Plans

Confidence that a satisfactory plan for stabilizing world currencies in the post-war era could be agreed upon by the United Nations was expressed earlier this month by Dr. Crena D. Iongh, financial adviser to the Netherlands Government in exile.

Dr. Iongh had been conferring for a week with Treasury officials in Washington on American proposals to set up a $5,000,000,000 international currency stabilization fund.

Secretary of the Treasury Morgenthau has invited 37 nations to send technicians to Washington to discuss the plan informally and to make suggestions for changes. The talks, it was emphasized, are for the purpose of getting the views of other nations.

Harry D. White, the Treasury's director of monetary research credited with developing the American plan, revealed on April 27 that earlier talks with a Canadian delegation had proved "very satisfactory." Mr. White said the talks with the Canadian group, headed by W. A. Mackintosh of the Dominion's Department of Finance, had "clarified many points" in the stabilization proposals.

Both groups of financial technicians plan to return later to continue the informal discussions.

The Treasury plan appeared in our issue of April 8, page 1300.

Calendar of New Security Flotations

OFFERINGS

FLINTKOTE COMPANY

Flintkote Company has filed a registration statement for $3,000,000 15-year 3% debentures due May 15, 1958.

Address—30 Rockefeller Plaza, N. Y. City.

Business — Either directly, or through subsidiaries, is engaged in the manufacture and sale, and in the sale either for its own account or for the account of others, of various asphalt and asbestos-cement roofing and siding products, structural and decorative insulation board products, asphalt emulsions, chipboards and boxboards, solid and corrugated containers, set-up and folding boxes, etc.

Underwriting — Principal underwriters are Lehman Brothers, New York; A. C. Allyn & Co., Inc., Chicago; Bacon, Whipple & Co., Chicago; Bear, Stearns & Co., New York; A. G. Becker & Co., Inc., Chicago; Dominick & Dominick, New York; Graham, Parsons & Co., Phila.; Granbery, Marache & Lord, New York; Hallgarten & Co., New York; Hemphill, Noyes & Co., New York; Hornblower & Weeks, New York; Ladenburg, Thalmann & Co., New York; Laurence M. Marks & Co., New York; Merrill Lynch, Pierce, Fenner & Beane, New York; Paine, Webber, Jackson & Curtis, Boston; L. F. Rothschild & Co., New York; Schoellkopf, Hutton & Pomeroy, Inc., Buffalo; Shields & Co., New York; I. M. Simon & Co., St. Louis; Stroud & Co., Inc., Phila.; Swiss American Corporation, New York, and Wertheim & Co., New York.

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

Proceeds—Will be added to the general funds of the company.

Registration Statement No. 2-5137. Form S-1 (5-6-43).

Registration statement effective 5:30 p. m. (EWT) on May 17, 1943.

Offered May 18, 1943, by Lehman Brothers at 102 and interest.

WEST INDIES SUGAR CORPORATION

West Indies Sugar Corporation has filed a registration statement for 470,178 shares of common stock, par value $1 per share. The shares are already issued and outstanding.

Address—60 East 42nd St., N. Y. City.

Business—Is a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and black strap molasses in the Dominican Republic and Cuba.

Offering — Price to the public will be supplied by amendment. Statement says that 395,178 of the 470,178 shares registered will be publicly offered as soon as practicable after registration statement becomes effective. The remaining 75,000 shares will be offered within a reasonable time thereafter, but not before July 17, 1943, without the consent of the underwriters of the 395,178 shares. The 395,178 shares being offered initially are shares issued and outstanding, of which 325,000 shares are held by the City Company of New York, Inc., in dissolution; 53,691 shares by the National City Bank of New York, and 16,487 by Avery Rockefeller and the National City Bank of New York as trustees under the will of Percy A. Rockefeller. In addition, the National Cty Bank of New York holds 75,000 shares which it proposes to sell within a reasonable time after the initial offering.

Underwriting — Harriman Ripley & Co., Inc., head the underwriters. Other names will be supplied by amendment.

Proceeds—To the selling stockholders.

Registration Statement No. 2-5136. Form A-2 (5-5-43).

Registration statement effective 9.59 a.m. EWT on May 17, 1943

Offered May 18, 1943, at $15 per share by Harriman Ripley & Co., Inc., Blyth & Co., Inc., Lee Higginson Corp., Lazard Freres & Co., G. H. Walker & Co., Wertheim & Co. and Farr & Co.

In an amendment to its registration statement filed May 11, the corporation gives the names of the underwriters on the proposed offering of 395,178 shares of its common stock, $1 par value, as follows: Harriman Ripley & Co., Inc., N. Y.; Blyth & Co., Inc., N. Y.; Lee Higginson Corp., N. Y.; Lazard Freres & Co., N. Y.; G. H. Walker & Co., St. Louis; Wertheim & Co., N. Y.; Hemphill, Noyes & Co., N. Y.; W. E. Hutton & Co., N. Y.; Paine, Webber, Jackson & Curtis, N. Y.; Stone & Webster and Blodget, Inc., N. Y.; Clark, Dodge & Co., N. Y.; Hornblower & Weeks, N. Y.; Carl M. Loeb, Rhoades & Co., N. Y.; Riter & Co., N. Y.; Baker, Weeks & Harden, N. Y.; H. N. Whitney, Goadby & Co., N. Y.; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farr & Co., N. Y.; Graham, Parsons & Co., Philadelphia; Kebbon, McCormick & Co., Chicago; A. M. Kidder & Co., N. Y.; A. E. Masten & Co., Pittsburgh; Newhard, Cook & Co., St. Louis; Singer, Deane & Scribner, Pittsburgh; Stein Bros. & Boyce, Baltimore; White, Weld & Co., N. Y.; Auchincloss, Parker & Redpath, N. Y.; Curtiss, House & Co., Cleveland; Hayden, Miller & Co., Cleveland; Johnston, Lemon & Co., Washington, D. C., and Merrill, Turben & Co., Cleveland.

The offering does not represent new financing by the company as the shares are already issued and outstanding, and are being offered for the account of three holders of stock.

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.

MONDAY, MAY 31

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

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

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

TUESDAY, JUNE 1

CERANA APARTMENTS CORPORATION.

Edward J. Crawford, Walter McMeekan and Howard V. Williams, trustees, have filed a registration statement for voting trust certificates for 1,864 shares of capital stock, par $1 per share, of Cerana Apartments Corporation.

Address—Executive office of corporation 70 Pine Street, Room 2305, New York City.

Business—Apartments.

Purpose—The trustees are presently acting as voting trustees for all the issued capital stock of the corporation under a voting trust agreement dated April 24, 1933, which, by its terms, expired March 31, 1943. Under the terms of the voting trust certificates, however, the holders thereof are entitled to exchange their voting trust certificates for certificates of stock of the corporation on Aug. 31, 1942. It is proposed to suggest to the holders of voting trust certificates outstanding that they consent to the extension of the agreement to Aug. 31, 1947. Thus, holders of voting trust certificates, who do not consent, will receive stock certificates in exchange for their voting trust certificates. Those holding voting trust certificates who do consent to the extension, will continue to hold their voting trust certificates subject to the provisions of the voting trust agreement, except to extent provisions are amended in supplemental agreement.

Registration Statement No. 2-5139. Form F-1. (5-13-43).

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.

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

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

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

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

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

ARMOUR & CO. OF DELAWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaugther of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations, company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

Armour & Co. of Delaware filed an amendment to its registration statement on its proposed issue of $35,000,000 7% cumulative income debentures due April 1, 1978, which lists a nation-wide group of 90 underwriters. The company offers to the holders of its 523,581 outstanding shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share the right to exchange such shares for debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject to allotment if required. The offer to stockholders will expire at 3 p.m., June 3, 1943.

The debentures not taken upon the exchange offer have been underwritten, with the names of underwriters and amounts subscribed listed as follows: Kuhn, Loeb & Co., N. Y., $2,500,000; First Boston Corp., N. Y., $1,500,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Bacon, Whipple & Co., Chicago, $250,000; Baker, Watts & Co., $150,000; Ball, Coons & Co., Cleveland, $100,000; A. G. Becker & Co., Inc., N. Y., $600,000; Blair, Bonner & Co., Chicago $200,000; Blyth & Co., Inc., N. Y., $1,000,000; Alex. Brown & Sons, Baltimore, $350,000; H. M. Byllesby & Co., Inc., Chicago, $200,000; Central Republic Co., Inc., $350,000; E. W. Clark & Co., $250,000; Coffin & Burr, Inc., Boston, $300,000; Curtiss, House & Co., Cleveland, $150,000; Dempsey-Detmer & Co., Chicago, $100,000; Dick & Merle-Smith, N. Y., $200,000; Dominick & Dominick, N. Y., $500,000; Drexel & Co., Philadelphia, $600,000; Eastman, Dillon & Co., N. Y., $500,000; Emanuel & Co., N. Y., $200,000; Equitable Securities Corp., N. Y., $200,000; Estabrook & Co., Boston, $300,000; Fahey, Clark & Co., Cleveland, $100,000; Farwell, Chapman & Co., Chicago, $200,000; Ferris & Hardgrove, Seattle, $100,000; Field, Richards & Co., Cleveland, $150,000; First Cleveland Corp., Cleveland, $150,000; First of Michigan Corp., Detroit, $200,000; Glore, Forgan & Co., N. Y., $750,000; Glover & MacGregor, Inc., Pittsburgh, $100,000; Goldman, Sachs & Co., N. Y., $1,000,000; Graham, Parsons & Co., Philadelphia, $200,000; Grubbs, Scott & Co., Pittsburgh, $100,000; Hallgarten & Co., N. Y., $500,000; Harriman Ripley & Co., Inc., N. Y., $1,200,000; Harris, Hall & Co., Inc., Chicago, $350,000; Hawley, Shepard & Co., Cleveland, $200,000; Hayden, Miller & Co., Cleveland, $250,000; Hayden, Stone & Co., N. Y., $500,000; Hemphill, Noyes & Co., N. Y., $500,000; Hill & Co., Cincinnati, $100,000; J. J. B. Hilliard & Son, Louisville, $150,000; Hornblower & Weeks, N. Y., $500,000; W. E. Hutton & Co., N. Y., $500,000; Illinois Company of Chicago, Chicago, $300,000; Kebbon, McCormick & Co., Chicago, $250,000; Kidder, Peabody & Co., N. Y., $750,000; Ladenburg, Thalmann & Co., N. Y., $750,000; W. C. Langley & Co., N. Y., $300,000; Lazard Freres & Co., N. Y., $750,000; Lee Higginson Corp., N. Y., $1,000,000; Lehman Brothers, N. Y., $1,000,000; Carl M. Loeb, Rhoades & Co., N. Y., $300,000; Mackubin, Legg & Co., Baltimore, $100,000; Laurence M. Marks & Co., Baltimore, $200,000; McDonald-Coolidge & Co., Cleveland, $250,000; Merrill, Turben & Co., Cleveland, $200,000; Milwaukee Company, Milwaukee, $250,000; Moore, Leonard & Lynch, Pittsburgh, $150,000; F. S. Moseley & Co., Boston, $500,000; Mullaney, Ross & Co., Chicago, $100,000; Maynard H. Murch & Co., Cleveland, $150,000; Newhard, Cook & Co., St. Louis, $150,000; Ohio Company, Columbus, $100,000; Paine, Webber, Jackson & Curtis, N. Y., $500,000; Arthur Perry & Co., Inc., Boston, $150,000; Putnam & Co., Hartford, $150,000; Reinholdt & Gardner, St. Louis, $150,000; E. H. Rollins & Sons, Inc., N. Y., $500,000; L. F. Rothschild & Co., N. Y., $200,000; Schoellkopf, Hutton & Pomeroy, Inc., $200,000; Schwabacher & Co., San Francisco, $250,000; Singer, Deane & Scribner, Pittsburgh, $150,000; Smith, Barney & Co., N. Y., $1,000,000; Starkweather & Co., N. Y., $150,000; Stein Bros. & Boyce, Baltimore, $250,000; Stern Brothers & Co., Kansas City, $150,000; Stifel, Nicolaus & Co., Inc., St. Louis, $200,000; Stix & Co., St. Louis, $100,000; Stone & Webster and Blodget, Inc., N. Y., $750,000; Stroud & Co., Inc., Philadelphia, $250,000; Swiss American Corp., N. Y., $250,000; Union Securities Corp., N. Y., $750,000; G. H. Walker & Co., St. Louis, $250,000; Wertheim & Co., N. Y., $300,000; White, Weld & Co., N. Y., $750,000; Whiting, Weeks & Stubbs, Inc., Boston, $250,000; Wisconsin Company, Milwaukee, $500,000; and Dean Witter & Co., San Francisco, $500,000.

BURTONITE CORPORATION

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

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

Business—Manufacture of face brick.

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

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

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

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

CELOTEX CORPORATION

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

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

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

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

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

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

Amendment filed May 17, 1943, to defer effective date.

CELOTEX CORPORATION

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

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

Purpose—To form voting trust.

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

Amendment filed May 17, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

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

MERCANTILE PROPERTIES, INC.

Mercantile Properties, Inc., has filed a registration statement for $3,100,000 secured sinking fund 4½% bonds due May 1, 1963.

Address—60 Wall Street, New York City.

Business—Owns two commercial buildings in New York City, each of which is rented to F. W. Woolworth Co.

Underwriting — Principal underwriters are Laird, Bissell & Meeds and Spencer Trask & Co., both of New York City.

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

Proceeds—Net proceeds will be used, together with any necessary funds from its treasury, to redeem all of its presents outstanding secured sinking fund 5½% gold bonds in the face amount of $3,031,000.

Registration Statement No. 2-5135. Form S-1 (4-29-43).

In an amendment to its registration statement dated May 17, Mercantile Properties, Inc., gives the offering price to the public on its proposed issue of $3,100,000 secured sinking fund 4½% bonds due May 1, 1963, at $1,000 per unit, plus accrued interest from May 1, 1943, to date of delivery.

The underwriters and the face amount of bonds to be purchased by each are given in amendment as follows: Laird, Bissell & Meeds, N. Y., $600,000; Spencer Trask & Co., N. Y., $600,000; Graham, Parsons & Co., Philadelphia, $300,000; Hornblower & Weeks, N. Y., $300,000; Kidder, Peabody & Co., N. Y., $300,000; Paine, Webber, Jackson & Curtis, N. Y., $300,000; Minot, Kendall & Co., Inc., Boston, $225,000; Tucker, Anthony & Co., N. Y., $200,000; Biddle, Whelen & Co., Philadelphia, $175,000, and Schirmer, Atherton & Co., Boston, $100,000.

MIDLAND COOPERATIVE WHOLESALE

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

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

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

Underwriting—None.

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

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

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

Amendment filed May 6, 1943, to defer effective date.

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

STANDARD STEEL SPRING CO.

Standard Steel Spring Co. has filed a registration statement for 218,962 shares of common stock, par value $1 per share, and subscription warrants evidencing subscription rights in respect of such shares of common stock.

Address—843 Fourth Ave., Coraopolis, Pennsylvania.

Business—In 1941, prior to the entry of this country into the war, the principal products of the company and its wholly-owned subsidiary, included steel automobile, truck and tractor leaf springs, automobile and truck bumpers, steel gratings and treads, universal joints and assemblies, propeller shafts, steel spring parts, etc. Company now processes and fabricates armor plate, produces bomb bodies and has recently undertaken on a small scale the plating of certain aircraft parts.

Underwriting—Kuhn, Loeb & Co. is named principal underwriter. Names of other underwriters will be supplied by amendment.

Offering—Holders of common stock of record 3 p. m. May 13, 1943, are to be offered rights to subscribe to the new common stock at the rate of one-fifth of a share for each share of common held, at a price to be supplied by amendment. Such rights will expire at 3 p. m. May 24, 1943. Unsubscribed stock will be purchased by the underwriters and offered to the public at a price to be named by amendment.

Proceeds—Net proceeds from the sale of the securities will be added to the working capital of the company. The company may determine at a later date to apply part of the net proceeds to the prepayment of all or part of a long term bank note due in instalments to Dec. 15, 1951. Unpaid balance as of April 15, 1943, was $845,000.

Registration Statement No. 2-5127. Form A-2 (4-22-43).

Registration statement effective 11:30 a.m. EWT on May 13, 1943.

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).

Registration effective 12 Noon (EWT) on May 1, 1943, as of 5:30 p.m. (EWT) May 18, 1943.

(This list is incomplete this week)

All NY Mutual Banks To Be FDIC Members

Elliott V. Bell, New York State Superintendent of Banks, and Myron S. Short, President of the Savings Banks Association of the State of New York, announced jointly on May 17 that arrangements have been made with Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, for admission into the FDIC of all mutual savings banks in the State not now members of the Corporation.

The savings banks now members of the FDIC and those which have already adopted resolutions to become members have approximately 91% of all of the savings bank deposits in the State. The rest of the savings banks are taking action as rapidly as their trustees can meet. It is anticipated that the entire program will be completed by June 1.

The State Banking Department's announcement explained:

"The arrangements worked out by Mr. Bell, Mr. Short and Philip A. Benson, President of the Dime Savings Bank of Brooklyn and a member of the Banking Board with Mr. Crowley call for continuance of the Mutual Savings Banks Fund as a repair fund. However, no further assessments are to be paid into it. In connection with the program it is expected that the Mutual Fund, should the need arise, will make contributions to the surplus of some of the savings banks admitted to the FDIC. A corps of examiners of the FDIC has been working with the staff of the Banking Department in the expediting of the admission of the savings banks to the FDIC.

"Eleven savings banks, with 26.5% of the $5,677,000,000 of deposits in the mutual savings institutions in the State, are now members of the FDIC. The boards of trustees of Mutual Fund members having an additional 65% of all savings bank deposits in the State have already passed resolutions to apply for FDIC membership.

"When the Federal Deposit Insurance Corporation began business in 1934, all of the savings banks in this State were members. In 1935, however, all but two of the savings banks withdrew and established the Mutual Savings Banks Fund for the insurance of their deposits. In the last four years nine savings banks have withdrawn from the Mutual Fund and become members of the FDIC. Thus, of the 132 savings banks in the State, 121 are now members of the Fund.

"In discussions in recent weeks between Mr. Bell and Mr. Crowley, a basis for admitting to the FDIC all of the savings banks in the State was arrived at. The plans call for continuance of the Mutual Fund as a repair fund, the setting up of a Separate Fund for Mutuals in the FDIC if the savings bankers favor it, the establishing by Mr. Crowley of an advisory council on savings banks, and the adoption of a preferred assessment rate for savings banks if experience warrants it."

In commenting on the action, Mr. Bell said:

"Provision of Federal deposit insurance for our mutual savings banks is a great constructive step. It will tend to strengthen the entire banking system of our State. The action has the complete approval of the Banking Board and I have strongly recommended it. The savings bankers and Mr. Crowley have been completely cooperative in the carrying out of the program. In recent years the position of our savings banks as of all other banks in the State has been greatly strengthened. With the broad over-all coverage of Federal deposit insurance and with our Mutual Savings Banks Fund available for repair work, our savings banks can look forward with complete confidence toward whatever problems they may have to face in the post-war period."

Mr. Short had the following to say:

"Consistent with the traditional policy of providing the highest possible safety for the deposits entrusted to them, the savings banks of New York State, most of which have been operating their own fund for the insurance of their deposits, are now about to offer the additional protection afforded through membership in the Federal Deposit Insurance Corporation. It is anticipated that all of the savings banks of the State not already in the FDIC will take advantage of this further safeguard for the savings of their 6,000,000 depositors."

House Again Rejects Skip-Year Tax Bill

For the third time, the House on May 18 by a vote of 202 to 194, rejected the modified Ruml skip-a-year income tax bill. This action came on a motion to instruct its delegates to a joint Senate-House conference committee to accept the Senate-approved bill, which would abate the lesser of either 1942 or 1943 taxes for all individuals except those with "windfall" incomes. President Roosevelt had informed Congress just prior to the Houses's decision that he was opposed to full cancellation of a year's income taxes and inferred that he would veto such a measure.

Since the House conferees will now enter the conference uninstructed it is believed that a new deadlock on the pay-go issue will result. A compromise patterned after the House measure for 75% forgiveness is predicted as a possibility. However, final agreement must be completed by next week otherwise, it is said, it will be too late to put the withholding tax into effect by July 1.

Two weeks ago (May 4) the House rejected the modified Ruml plan 206 to 202 and passed a bill by Representatives Forand (Dem., R. I.) and Robertson (Dem., Va.) abating approximately 75% of the 1942 tax liabilities through the cancellation of the 6% normal and 13% first bracket surtax on last year's income for all taxpayers.

The Senate on May 14 substituted its own bill, approving by a 49 to 30 vote the modified Ruml skip-a-year plan. Both Senate and House measures call for the launching of a 20% withholding levy July 1.

Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, opposed the modified Ruml plan bill and proposed instead to abate 75% of the lesser of either 1942 or 1943 taxes. This was voted down by 50 to 32. However, the George plan which is similar to the House's measure, is looked upon as a possible compromise.

Foresees 15 Million Jobless After War

Major General Philip B. Fleming, Federal Works Administrator, in an address on Tuesday of last week, at the Sales Executive Club of New York, at the Hotel Roosevelt estimated that a $15,000,000,000 annual post-war outlay for public and private construction will be required to provide employment for about 8,000,000 persons to avoid a post-war depression; this was indicated in the New York "Herald Tribune" which continued in part as follows:

"Regarded as an asset rather than a liability, this labor could be used in a program he forsees which includes 1,000,000 new homes a year for ten years, new highways and repairs for old ones, hospitals, airfields, schools, soil conservation and flood-control works.

"General Fleming arrived at his estimate of the annual cost of the program on the basis that it requires $6,000,000,000 spent for construction to give jobs to 1,000,000 men at the site for one year. To provide jobs for 2,500,000 would, therefore, cost about $15,000,000,000 a year.

"The significance here," said General Fleming, "is that an annual expenditure for construction of $15,000,000,000 would provide jobs for about 8,000,000 persons, both on and off the site."

"Where are the $15,000,000,000 to come from?" continued General Fleming. "Perhaps it may be expected that private construction will provide half. That may be too generous an assumption. There has been so much plant expansion during the war that it seems unlikely there will be much need for further large scale industrial building immediately afterwards. In any event, it will be up to government to make up the difference between what private business can furnish and the amount needed. I don't presume to say how government should provide its share or on what terms. That is up to Congress, the state legislatures and the various municipalities."

"General Fleming said he based his unofficial estimates on labor potential figures prepared by a Washington economist. This economist's figures point to around 15,000,000 persons without jobs after the armistice, he added.

"Our economist predicts," said General Fleming, "that immediately after the war about 6,000,000 workers will have to be discharged from such industries as aircraft production, shipbuilding and machine building. Another group of industries, now under the wraps of war-time control, will probably add an additional 1,000,000 workers, leaving a net loss in manufacturing of 5,000,000.

"In addition, it would seem that transportation will have to discharge about 400,000 workers. Two million will lose their jobs in government service—which probably will occasion considerable rejoicing on the part of the taxpayers. Assuming 11,000,000 men in the armed forces, this economist thinks that perhaps 7,500,000 will be discharged at once, leaving 3,500,000 under arms somewhat longer for police duty in various parts of the world."

Of the 15,000,000 thus estimated, General Fleming assumed that 5,000,000 will retire from the labor market, including women who will return to homemaking. He also assumed that 2,000,000 of the less physically fit will be carried as permanently unemployed, that 2,000,000 will return to agriculture, that 1,000,000 will get jobs in service and finance, that another 1,000,000 will find employment as servants or become self-employed, and that trade will absorb 2,000,000.

"Still," said General Fleming, "there would be 2,000,000 employables left over, and it is this group that must be put to work immediately to fill in the gap between the armistice and the time private industry can reconvert to full peacetime activity. This 2,000,000 would join 500,000 workers in the construction industry at the peak of the war effort.."

Wood Pulp Producers To Withhold 20% Of Output

All producers of wood pulp have been ordered by the War Production Board to withhold 20% of their production of all types of wood pulp during the month of June and each month thereafter, and to make deliveries of such withheld tonnage only as ordered by WPB, it is announced.

To assure the manufacture of adequate paper and paperboard to meet wartime demands from available wood pulp, the "withholding clause" of General Preference Order M-93 was invoked through the issuance of Supplementary General Preference Order M-93-a, effective May 4.

This action was anticipated when the May pulp allocations were announced, in view of the shortage of several essential types of wood pulp, particularly unbleached kraft (sulphate), inventories of which grade of pulp are now reduced to a twenty-day basis.

The Pulp and Paper Division of the WPB announced that in the allocation of wood pulp for June shipment it will be necessary to withhold pulp from less essential paper products in order to provide pulp for the manufacture of relatively more essential paper products and to meet Lend-Lease and Latin American obligations. Attainment of the War Production Board objectives may, in some instances, require the allocation of pulp from integrated to non-integrated mills where such action is deemed to be in the best interest of the war effort. It is not to be inferred, however, that the entire 20% withheld under order M-93-a will necessarily be diverted away from the operations of each integrated mill, because in many cases all or most of the withheld wood pulp will be allocated back to the producer.

In the case of market mills, the 20% withholding provision will require that they refrain from scheduling this amount to consumers. The War Production Board may allocate this tonnage fully when returning Form PD-292 to the pulp producers, or it may leave some portion for interim emergency allocations dui ing the delivery month. In any case, producers will receive instructions as to the disposal of withheld tonnage in ample time for them to plan their deliveries accordingly.

While the wood pulp shortage has reached the point where it is deemed necessary to invoke the withholding clause of Order M-93, the power to allocate such withheld tonnage will be used only to provide for the safeguarding of production which is considered important to the war effort.

Renewal Plans Set For 'Gas' Coupons

Plans by whcih 25,000,000 car owners and 160,000 motorcylists may renew their present basic gasoline rations ("A" and "D" coupons books) by mail were announced on May 16 by Price Administrator Prentiss M. Brown.

Specific provisions for mail renewals for ration holders whose basic books will expire on July 21 are contained in a new amendment to the gasoline rationing regulations. These provisions will apply to books held by motorists outside the Eastern gasoline shortage area, and by motorcycle owners throughout the country.

While final plans for Eastern motorists, whose basic rations will expire at a later date, are not completed, arrangements for renewal by mail will be similar, Mr. Brown said. "A" books in the East will not expire July 21 because of recent OPA action extending the Period "A-5" coupons from two months to four months (March 22 through July 21). The "A-6" coupons in these books will become valid on July 22.

This is the third big job connected with rationing that is to be handled through the mails to save the public time and trouble. the others are the issuance of War Ration Book No. 3 and the renewal of fuel oil rations.

Under the streamlined procedure which eliminates another registration at school or ration board sites, a motorist outside the Gasoline Shortage Area will:

1. Pick up a simple application from any time beginning about June 22 at a service station or other conveniently located place designated by his local ration board.

2. Fill out the form and mail it to his War Price and Rationing Board together with (a) the signed back cover of his present "A" book, and (b), his current tire inspection record showing that proper inspections have been made.

Jas. H. Oliphant & Co. Operating Results

Condensed Statement of Financial Condition, March 31, 1943

ASSETS	
Current Assets—	
Cash in bank and on hand	$402,383
Drafts receivable (since coll.)	2,480
Clearing fund deposits	42,156
Deposits on acct. of secs. borr.	142,900
Receivable from other brokers or dealers on acct. of securs. sold but not delivered	381,347
Receivable from other brokers on acct. of "future" commodity accounts	3,193
Receivable from customers:	
Debit bals. in "margin" accounts, in which the margin, in ea. case, is equal to or greater than N. Y. S. E. requirements & bona fide "cash" accounts	1,779,693
Securities owned by firm—at quoted market value	12,760
Securities contrib. by partners as capital—at quot. mkt. val.	1,115,785
Miscell. curr. assets such as revenue stamps, etc.	32,551
Total current assets	$3,915,246
Other Assets—	
Membership in Exchanges — at last sale prices	45,200
Furniture and fixtures (nominal value)	1
Miscell. unsecured receivs. (less reserve, $20,888)	------
Total	$3,960,447
LIABILITIES	
Current Liabilities—	
Money borrowed on securities	$300,000
Depos. on acct. of secs. loaned	107,900
Pay. to other brokers or dealers on acct. of securs. bought but not received	291,658
Payable to customers:	
Free credit balances	1,268,721
Credit bals. in "margin" accounts, in which the margin, in each case, is equal to or greater than N. Y. S. E. requirements, and bona fide "cash" accounts	393,325
Equities in "future" commodity accounts	3,494
Dividends pay. & unclaimed	6,483
Miscell. curr. liabs. such as commiss., taxes, exps., etc. (incl. res. therefor)	15,704
Total current liabilities	$2,387,284
Net worth	1,573,163
Total	$3,960,447

Note: Contingent liabilities of the Firm at March 31, 1943 consist of items such as open trades not yet recorded because of terms of delivery, and when-issued contracts all of reasonably definite nature which would make no material change in the above statement on the basis of quoted market values at March 31, 1943.

Our Reporter On "Governments"

By S. F. PORTER

This market is terrific. . . . Again, that's the only word which rushes to the typewriter keys. . . . Maybe it won't be so terrific next week or the week after, but at this writing, the action of the market is so good that the dealers in Wall Street can't believe their own quotations. . . . Everyone seems to be buying. . . . Selling is slight, healthy, generally representative of switching. . . . It's just one of those periods when "one-way street" seems to be the catch-phrase. . . . And unless the totally unexpected occurs, there is no reason to anticipate anything except normal corrections. . . .

Perhaps some discouraging news from abroad could hurt the list now. . . . Surely, that deserves mention. . . . But as one trader expressed it, "Even if we do get a bad break, all of us know we're going to win the war eventually, so why should we get into a panic?" . . . Whether true or not, that comment reflects the general sentiment among the professionals at this time. . . .

As for specific market actions, the tax-exempts and the new issues are leading the list, and rightly so. . . . The premiums on the new 2s and 2½s are a story in themselves but half-point premiums within 10 days after the closing of books on the greatest financing in world history tells enough of the tale at the start. . . . As for tax-exempts, news stories on the pending revenue bill are now coming out, are going to absorb the headlines over the next few months. . . . And any large-scale investor who needs tax-exemption and doesn't own tax-exempts just shouldn't occupy a position where he can handle a portfolio. . . . That's blunt but it's the truth. . . .

THE 2¾s AGAIN

Last week, this writer suggested a study of the 2¾% bonds of 12/15/65/60. . . . When the column went to press, the issue was selling at a premium of 10½ points and the remark was, "There's a point or more in the 2¾s from this day on." . . .

Now look. . . . As this is being written, the 2¾s of 65 are selling at 111.11. . . . Almost a point in a week! . . .

No more need be said about that advice. . . . It's worked out so fast that it's even startling to the people who gave it. . . .

Now what? . . . . Well, a check with experts again suggests that the 2¾s still are one of the cheapest issues and one of the most attractive issues on the board. . . . The issue is tax-exempt. . . . It's in the intermediate maturity classification, coming right before the 2½s being sold on a war financing basis. . . . It is a well-absorbed bond and has considerable investment backing. . . .

And as for its price possibilities, consider these points:

(1) The yield on the 2¾s after taxes—which is the only way to figure one of these bonds—is 1.66% at a price of 111.11. . . .

(2) The yield, then, is the highest on the board, comparing with 1.46% on the 2½s of 1967/62, with 1.48% on the 2½s of 1968/63 and 1969/64 and with 1.46% on the 2½s of 1972/67. . . .

(3) These last four bonds are taxable, are outstanding in much larger amounts and haven't anywhere near the market following as the 2¾s. . . .

(4) Another comparison with the 2¾s might be the 2½s of 1958/56, selling to yield 1.28% after taxes. . . .

Take off 20 basis points, if you will, for the fact that the 2¾s are selling at a high premium and for safety sake. . . . Be as conservative as you like and just throw away 20 basis points from that 1.66% yield. . . .

The 2¾s still compare with the best yield available on the board. . . . They're still right out in front—and with a 20 basis point cushion in addition. . . .

And now consider the possibilities if this market remains strong and if prices go up generally. . . . The 2¾s can run right ahead even from this level. . . They can reach 114¼, if a 20 basis point change is to be made. . . .

Of course, 114 as compared with a present price of 111⅜ is looking ahead pretty far. . . . But that's the way some of the dealers are talking. . . . And if you're bothered about holding these bonds at this premium, these points are worth serious study. . . .

If you followed the advice in this column, of course, you're well protected now with a cushion and can afford to take a chance on further appreciation plus tax-exemption. . . .

THE 2½s

The initial flurry in the market over the 2s now seems to be over and the 2½s are coming into their own. . . . Considerable switching is reported from the 2s into the 2½s and from bonds around the 2½% maturity range into these new securities. . . . The 2½s are a good bond. . . . They are outstanding in tremendous amounts, of course—the total is $3,738,000,000—but they've been bought by permanent investors and there's little worry on the side of large-scale liquidation at any time. . . .

Might be a good switch to get into these for a short pull. . . . If you're interested in trading in and out, these bonds will give you the activity you want and need. . . .

MORGENTHAU'S PLANS

Latest statements by the Secretary indicate that we may see a repayment rather than a refunding of the $454,000,000 of 3⅜s of 6/15/47/43 and of the $629,000,000 of 1⅛s of 6/15/43, coming due this June 15. . . . It's just a guess at this moment but his remarks of the last few days suggest this might be the schedule:

The billion-dollar-plus maturity of June will be paid off in cash. . . . By so doing, Morgenthau will do away once and for all with the "right" theory in this market and holders of bonds will get out of the habit of expecting a market premium on a new issue when they hold their bonds until the last day. . . .

Then the Treasury will return to the market in July and borrow some new money on a short-term issue from the banks. . . . At the same time the $1,609,000,000 issue of ⅞% certificates coming due August 1 may be rolled over, and so Morgenthau will have an excuse for a large short-term borrowing from the banks at that time. . . .

Then in September another war-loan drive will be started. . . . And the banks will be excluded from this one. . . . The concentration will be on non-banking institutions and on individuals. . . . The banks won't be permitted to come in at all except through purchases of the discount bills sold from week to week. . . . And there'll be no criticism about inflationary borrowing at that crucial moment in political and military history. . . .

It makes sense and it sounds exactly right. . . . There has been a build-up for excluding the banks from the next campaign all along, and in the last few days the stories out of Washington have had all the earmarks of "feelers" along this line. . . . For instance, when Federal Reserve Board Chairman Eccles testified before the House Banking and Currency Committee several days ago, he remarked that the last campaign was not particularly successful despite the amount of money raised because not enough of the loan went to individual investors. . . .

"The success of bond drives depends not on the amount of money taken in by the Treasury but on the amount raised from individuals and corporations other than commercial banks," he declared. . . . And when asked by committee members whether commercial banks could be excluded from special drives, he answered "this not only could be done but should be done." . . .

Eccles is not just talking to the committee members. . . . He's talking to the country. . . . And so are all of the Treasury representatives now speaking about the last drive as "successful but not successful enough." . . .

Which would bring us back to that timing schedule. . . . As far as buyers are concerned, just knowing what's ahead in timing should give them an extra advantage. . . .

Canadian Mfg. Output At New High In April

Canadian manufacturing output reached a new high point in April, the index of industrial activity prepared by the Canadian Bank of Commerce, Toronto, at the mid-month being 209 (1937=100) against 208 at mid-March and 164 in April, 1942, while the percentage of capacity utilized rose from 129 to 130, according to S. M. Wedd, General Manager of the bank.

"The main factor in the recent increase was the food group, chiefly meat-packing," Mr. Wedd stated. "The clothing group was unchanged, but slight increases were recorded in forest products. A moderate rise occurred in the automotive trades. The other iron and steel trades as a whole, however, declined slightly, although the percentage of factory capacity rose, indicating that the maintenance or acceleration of activity is mainly in the moderate-sized and smaller plants with a comparatively low proportion of the total output.

"Our total wage payroll index for March at 228 (1937=100) reached the highest level since last December, while that of the manufacturing section at 257 was the highest on record. The corresponding indexes for February were 214 and 239. The increase in March was due in part to the greater number of paydays and certain quarterly adjustments."

The Business Man's Bookshelf

ABSENTEEISM — Guide for Plant Labor-Management Production Committees in dealing with Absenteeism — War Production Drive Headquarters, War Production Board, Washington, D. C.—Paper.

BRASS MILL OPERATIONS—Questions and answers relating to brass-mill operations under the Controlled Materials Plan—War Production Board, Washington, D. C.—Paper.

BRAZIL IN THE MAKING—Jose Jobim—The Macmillan Co., 60 Fifth Ave., New York City—Cloth—$3.50 (publication date May 25).

CON ROLLING ABSENTEEISM—A Record of War Plant Experience—United States Department of Labor, Division of Labor Standards — Superintendent of Documents, U. S. Government Printing Office, Washington, D. C.—Paper—10 Cents.

EMERGENCY WAR AGENCIES HANDBOOK—Office of War Information — Superintendent of Documents, Government Printing Office, Washington, D. C.—Paper—20 Cents.

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 Simons, Linburn & 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.