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New Airline Horizons

By W. A. PATTERSON
President, United Air Lines

It is becoming almost trite to say that there will be an extremely large-scale expansion of air transportation after the war. The general public has read and heard so much on the subject during recent months that the possibilities are rather well understood even by those who have no acquaintance with the airplane.

W. A. Patterson

Many airline authorities feel that the time has come to rationalize this post-war

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In This Issue

OHIO SECURITIES section containing information and comment pertinent to dealer activities in that State starts on page 1958; a similar section devoted to MICHIGAN SECURITIES appears on page 1960.

Special editorial material pertaining to SAVINGS and LOAN ASSOCIATIONS starts on page 1964. The State of Ohio is featured this week.

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. Some of these expressions were carried in our issue of May 20 and others are given herewith:

HARRY C. CARR
President, The First National Bank of Philadelphia

In my opinion, the most unfortunate thing about such discussions is that the subject should be discussed at all. Its very discussion leads the unwise to think that perhaps we should avoid, by some means or another, trying to honestly pay off their debts.

Harry C. Carr

It happens that from 1919 on through the 20's, I made regular visits to Europe two or three times a year on business and was able to see at first hand the results on the economy of the countries and on the welfare of the people of inflation in its varying stages, and its varying degrees of intensity in one country or another. Nothing, in my judgment, can be more tragic, particularly for the middle and lower income class groups than any form or any degree of inflation.

I strongly feel that when this war is over, every honest effort should be made to cut expenses, to maintain taxes at a high, but not too high a rate, and to devote the next two generations or more to getting our debt into manageable proportions.

E. M. ELKIN
General Tax Attorney, Westinghouse Electric and Manufacturing Company

Dear Dr. Saxon: I have read your very excellent and timely article, "Can The United States Support a $300,000,000,000 Debt?", published in The Commercial and Financial Chronicle, May 13, 1943.

I have been hopeful that a single post-war plan may be developed which will represent the combined viewpoint of all business and industry. I think that a copy of your article should be

(Continued on page 1967)

Govt. Methods Tend To Destroy Civilian Economy Says Crowther

Contends All Shortages Due To Planless Planning; Criticizes "Antics" of OPA

In an address delivered in New York last Thursday, Samuel Crowther, author and economist, discussing "Capitalism On Crutches," declared that "we are already well along on our way toward losing that sturdy, pernickety independence which most of us were reared to believe was our birthright." Speaking before the rotary Club of New York, at the Hotel Commodore, he sought to bring the gathering to "an acute realization that in our mad scramble to escape from from thinking, we are permitting an American to be redefined as a supine animal which acts and thinks exactly as it is told." Mr. Crowther commented on the spread of bureaucrats, which he said "are multiplying until now in every State there are more Federal than State employees, and in some States several times as many." He likewise asserted that "the manner and methods of Government are so swiftly destroying our civilian economy that all at once we may find that the props have been knocked from under us."

Samuel Crowther

Referring "to the extraordinary antics of the OPA" Mr. Crowther stated that "our food shortage is not due to the people eating too much, or the soldiers eating too much, or Lend-Lease sending abroad too much. The shortage is due wholly to the OPA. Its ceilings, its regulations and its horde of busybodies have turned upside down our whole structure of food production and distribution." Mr. Crowther further declared that "the rationing which was designed to limit the spending power of the dollar was so clumsily conceived and executed that it is forcing the spending of more dollars. The regulations are not preventing inflation. They are preventing production and making inflation more acute. "It is time," said Mr. Crowther, "for the real spirit of America to assert itself." "It is on the home, as well as the foreign fronts that crisis impends," he asserted, adding "if we fail here, all else will fail." Mr. Crowther's address follows in large part:

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The War And American Foreign Investments

In an article published in the "Chronicle" of May 20, carrying the above caption, Dr. Max Winkler discussed the status of the external obligations of various foreign governments and pointed out that the aggregate market value of such securities has enhanced materially since the outbreak of the present war. While he attributed the disrepute attaching to foreign securities generally to "propaganda," not deterioration of investment status, he nevertheless questioned the justification for the increase in the prices of bonds issued on behalf of Czarist Russia. The "Chronicle" has received several letters taking issue with the opinions expressed by Dr. Winkler regarding the actual worth of these Russian obligations. The letters are reprinted herewith:

CARL MARKS

President, Carl Marks & Co., Inc.

I cannot help but wonder why Dr. Max Winkler in his article, "The War and American Foreign Investments," is so dogmatic in his views on Russian Dollar Bonds. With an air of finality which will no doubt influence a good number of your readers, he tells us that "all foreign loans, without exception, are absolutely repudiated" and that "there has been no intimation from Moscow or elsewhere that the decree invalidating Russia's public debt has been or is about to be revoked or modified."

If the year were 1932 or earlier, we would all agree. But, this is 1943 and official records, persons, and events tell us that conditions have changed. Suppose we discuss only enough of these to arouse your readers' doubts about repudiation.

Exhibit I is the Department of State pamphlet called Eastern European Series No. 1, printed in 1933, and entitled, "The Establishment of Diplomatic Relations with the Union of Soviet Socialist Republics." On page 15 we find the following interesting statement (quoted in full):

The White House,
Washington, Nov. 16, 1933.
Joint Statement by the President and Mr. Litvinov:

"In addition to the agreements which we have signed today,

(Continued on page 1972)

Electronics

An electron is an invisible particle of electricity, one of the parts of an atom. Electronics is the science of electrons. Electrons can be controlled and put to work by means of vacuum tubes. Although the term "electronics" has come into common use only during the past year, the science is not new. Well-known applications include: radio, frequency modulation, television, X-ray, talking pictures, electric eyes.

Recent intensified interest in the subject arises from the fact that electronic devices are being employed in great quantities to win the war. Many of the new applications are secret, for military reasons, but we are now informed by the use of "Radar" (an electronic device) we can detect ships, submarines, reefs and planes with a high degree of accuracy at considerable distances, despite darkness, fog or clouds.

The electron microscope magnifies 100,000 times; opens great new fields of study in bacteria and metals. Million-volt X-rays photograph the internal structure of thick metals, detect flaws.

Electronic devices count traffic, match false teeth, reverse rolls in steel mills, control furnace temperatures, prospect for oil and ore, control humidity, help ships dock, send news pictures long distances almost instantaneously, control safety doors in mines, detect presence of gas, control bleaching processes, fill tooth paste tubes, sterilize foods, inspect razor blades, guard factories by invisible light-ray "fences," cure disease by internal body heat (diathermy), add precision and uniformity to welding.

Fluorescent lamps, an electronic application, have had rapid growth in the past five years. Radio facsimile transmission has been used principally for transmission of photographs, but it might become a competitor of telegraph systems and newspapers later on. The spectrophotometer accurately detects 2,000,000 color shades, compared with about 10,000 for human eyes. Other electronic eyes straighten threads in weaving, inspect fast-moving

(Continued on page 1972)

George Kranz Joins Cohu & Torrey Dept.

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, announce that George Kranz has become associated with them in their corporate trading department. Mr. Kranz was formerly manager of the trading department for Amott, Baker & Co., Inc. Prior thereto he was with the New York office of Bankamerica Co. and was manager of the bond trading department for Distributors Group, Inc., and was with Halsey, Stuart & Co., Inc.

John Miller With Amott, Baker & Co.

John Miller is now in the Corporate Trading Department of Amott, Baker & Co., Incorporated, 150 Broadway, New York City. Mr. Miller was formerly with Auchincloss, Parker & Redpath, and prior thereto was manager of the trading department for Reynolds, Fish & Co.; in the past he was with Clarence Hodson & Co., Inc.

Kimball & Cross Is Formed In Boston

(Special to The Financial Chronicle)

BOSTON, MASS.—Robert F. Kimball and Everett Clellan Cross have formed Kimball & Cross with offices at 82 Devonshire Street, to engage in a general securities business. Partners in the new firm were both formerly partners in Collins, Breed & Co.

Air Transport Lines Offer Possibilities

Ward & Company, 120 Broadway, New York City, have a circular available on Braniff Airways, Inc., and on Chicago and Southern Airlines, Incorporated. These two circulars are the first and second of a series of studies of over-the-counter air transport issues and are available to dealers upon request.

E. Walker A Director

Elisha Walker, partner in Kuhn, Loeb & Co., New York City, was elected a director of the Westinghouse Electric & Manufacturing Company. Charles E. Hook, President of the American Rolling Mill Company, has also been elected a director.

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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.

Scott & Stringfellow Fiftieth Anniversary

RICHMOND, VA.—Scott & Stringfellow, Mutual Building, members of the New York Stock and Curb Exchanges and the Richmond Stock Exchange, are this month celebrating the fiftieth anniversary of the firm's founding in 1893. It was originally formed as a partnership by Frederic W. Scott and Charles S. Stringfellow and, although both of the founders are now deceased, the firm has been carried on under the policies they outlined.

At the beginning of the war partners were Buford Scott, Edward C. Anderson, Walter S. Robertson, Marion N. Fitzgerald, James H. Scott, and Thomas D. Neal. Mr. Anderson retired in the summer of 1942 to become executive manager of the Victory Fund Committee of the Fifth Federal Reserve District. Later James H. Scott retired to join the Lend-Lease Administration in Washington. Mr. Robertson is also with Lend-Lease on a foreign assignment.

E. G. Ringrose Forms Own Firm In N. Y. C.

E. G. Ringrose, specialist in United States Government Bond trading, has formed his own firm, E. G. Ringrose Co., to act as dealers in United States Government obligations, both direct and indirect. The new firm will be located at 76 Beaver Street, New York City.

Mr. Ringrose was formerly office manager for Wm. E. Lohrman Co. with which he had been associated for the past six years. Prior thereto he was with the Guaranty Trust Company. Wm. E. Lohrman Co. is referring all inquiries and orders for United States Government or Federal Land Bank, etc., bond orders to the new company.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Persistent absorption of offerings points to higher prices. Widespread optimism unhealthy. But buying now advised with close stops.

* * *

There may be other fields where a man is a hero one day and a bum the next, but not being familiar with all of them, I can say, from personal experience, that nowhere does this feeling reach such a crescendo than in this business of stock market speculation.

* * *

The man who wrote: "Hell hath no fury like a woman scorned" should lend an ear to a trader who listened to advice to get out of his stocks just before said stocks started off on another bender. He'd learn something new about fury and the diabolical delights of the nether regions.

* * *

For the past month this writer has persisted in a stand that no new buying should be done. Anybody who reads this is aware that after the break of mid-April, when the Dow industrials reacted to 129.17 from a high of 137.45, that prices not only firmed but went on up to cross 140. Obviously this made me not only a candidate for drawing and quartering but at the least an ideal applicant for a permanent home in the booby hatch. So since I returned to my desk I have spent hours poring over what looks like miles of ticker tape,

(Continued on page 1960)

Inflation—And The United States

Over-Warnings Against Inflation May Produce Evils They Seek to Combat, Says Dr. Hirsch

Too many warnings against inflation may, by creating public alarm, produce the very evils they seek to combat. This is the opinion of Dr. Julius Hirsch, who as minister of economics in Germany before and during the disastrous inflation of 1923, was the Leon Henderson of that day. Having left Germany in 1933 when the Nazis came to power, he is now in this country, dividing his time between New York and Washington as a chief consultant to the Office of Price Administration. His new book, "Price Control in the War Economy," has just been published by Harper & Brothers, with a foreword by Leon Henderson.

Dr. Hirsch arrived in America on one of his periodic visits in the War Economy," "to find that 1935, he writes in "Price Control in the War Economy," "to find that the enemies of the New Deal were predicting that its financial policies would plunge the country into inflation. On my return to this country six years later, in 1941—to remain, I hope—I found, to my amazement, that high officials of the New Deal itself were warning the country about inflation.

"I hadn't been in the country long in 1935 before I was able to learn enough about affairs here to make the prediction that the forebodings of the New Deal's foes were groundless. In 1941, however, it was a little disconcerting to hear government officials telling the people that prices would run away and that the country stood upon the brink of devastating inflation. However, once again, a survey of fiscal and industrial conditions convinced me that, if the proper controls are applied, the danger of runaway inflation in this country is remote.

"I was sensitive to this subject because my service as German secretary of economics came during the wild inflation which descended on that country after the last war. Naturally, we learned much from that disaster. Hitler's government has certainly also learned much. One lesson is not

(Continued on page 1961)

"Is The Market High?"

Every individual who is connected with the securities profession is having this question propounded almost daily. Investors, large and small, and regardless of whether their outlook is short-term or long, all want an answer to the question. Investment brokers would also like an answer to the question.

As a matter of fact, few perhaps stop to realize just what is behind the inquiry. When one stops to consider whether stocks are high, there are almost countless factors to be considered. Are stocks high historically; i.e., as compared with the averages in past years? Are stocks high in relation to the earnings outlook? Are stocks high when the current and future dividend return is measured? These are but three of the factors that one must appraise when looking at equity prices.

Historically, it seems quite simple and obvious that the level of equity prices is not inordinately high. The D-J averages closed May 18 around 138. During 1937 this same average was over 190, and in each of the years 1938, 1939 and 1940 the averages were at one time or another over 150. True, the average of equity prices is currently about 5% above the best figures reached in 1941 and about 14% above 1942's best. But the fact that equities are above last year and the year before in itself means little. For the war outlook, both East and West, is immeasurably better and brighter, and while taxes are high, and properly so, corporate profits are not being confiscated and one hears fewer misgivings today as to the survival of the profit enterprise system.

Whether stocks are high or not, based on the earnings outlook, is of course a far more comlex question. In the first place, it should be stated that the earnings outlook for all companies and all industries is far from identical. Some companies will experience difficulty in making a future transition to peace. Some lines, and perhaps the railroad industry should be included, have passed their peaks and may be fighting a rear-guard action for survival in future decades. Contrariwise, many industries qualify as dynamic, growth industries; and perhaps airlines, the electronics field,

(Continued on page 1959)

House-Senate Conferees Agree on Compromise Legislation For Pay-As-You-Go Income Tax

75% Of Year's Taxes Cancelled For Those Owing Over $50; Full Cancellation For Those Owing $50 Or Less

The pay-as-you-go tax stalemate was broken on May 25 when the Senate-House conference committee agreed on compromise legislation under which a full year's taxes would be cancelled for persons owing $50 or less and 75% would be abated for all whose tax exceeds $50.

Payment of the unabated 25% of one year's tax—1942 or 1943, whichever is the greater—would be deferred over a two-year period, 1944 and 1945.

To bring taxpayers to a current basis, a 20% withholding levy (above basic exemptions) would be installed against all wages and salaries, effective July 1.

The compromise plan, which is regarded as virtually certain of final passage by Congress, was adopted by the Joint Conference Committee by 11 to 3.

Representative Doughton (Dem. N. C.) Chairman of the House Ways and Means Committee, estimated the bill would abate about $6,000,000,000 of one year's tax liability, or about 64% of the total taxes for a year.

In Associated Press Washington advices May 25 the following was indicated as the way the abatement provisions of the compromise would work:

1. Persons with $50 or less liability on the incomes of 1942 and 1943 would have 100% credit of this abated on the one year in which their liability was the smaller. Tax experts said that 2,036,000 returns filed on 1942 income were by persons or in joint (husband-wife) returns where the obligation was lower than $50.

2. Persons with liabilities over $50 in 1942 and 1943 would have 75% of their obligation canceled for the one of the two years in which they had the smaller taxable income.

3. The 25% obligation remaining for those gaining three-fourths abatement would be amortized over two years, with half falling due next March and the other half March 15, 1945. this would mean roughly a 12.5% increase in the amount of taxes the taxpayers would remit in the two-year period.

"To iron out inequalities which would exist in cases where the tax liability for 1942 or 1943 is only slightly above $50, the conferees said a 'notch' provision will be added to the bill. Without such a provision, a man with a $52 tax liability would have to pay 25% of it, or $13, while his friend across the street with a $50 liability would see it all erased."

The Associated Press also said: "House conferees accepted with an amendment a Senate anti-

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OUR REPORTER'S REPORT

A situation developed in the municipal market, coincident with the public offering today of 4 per cent revenue bonds of the Lower Colorado River Authority which clearly indicated the effect that the long dearth of new issues has had in that field.

True, there has been a considerable sprinkling of public housing authority bonds, but by and large, issues of that type are limited in the scope of their appeal.

Naturally a substantial backlog of demand has accumulated among the general clientele of houses doing straight municipal business and the Texas Works loan naturally proved decidedly attractive.

So much so in fact that it was reported among dealers that some potential buyers were inquiring for the bonds "at the issue price," without knowing definitely what price would be set.

This inquiry, however, should not be interpreted as suggesting any rush to buy at any price, for perhaps no group in the investment world is capable of calculating markets any closer than the municipal faction. They had a pretty good idea of how the issue would be priced.

Proceeds from the sale of the $21,635,000 issue, which will mature semi-annually from 1944 to 1970, with $4,615,000 of 2½s falling due in 1975, will be used to refund an equal amount of 4s held by the Reconstruction Finance Corporation, which are subject to call starting June 1, 1945, at 105.

Portfolio Troubles

Increasingly frequent calls for redemption of whole bond issues, along with sinking fund operations, are giving the rank and file of institutional portfolio managers many an anxious day at the moment.

(Continued on page 1969)

Shawell Dept. Mgr. For J. R. Phillips

HOUSTON, TEX.—J. R. Phillips Investment Co., Inc., Commerce Building, announces that William J. Shawell has become associated with the firm as manager of the investment department. Mr. Shawell was formerly manager of the local office of the Ranson-Davidson Co.

Tatro And Doyle Are With Hoit, Rose Co.

Edwin L. Tatro and John A. Doyle have become associated with Hoit, Rose & Troster, 74 Trinity Place, New York City, in the firm's trading department, it is announced by Howard S. Hoit and Thomas C. Brown, partners in the firm.

Magid On Active Duty

David H. Magid, Secretary and Treasurer of Hill, Thompson & Co., Inc., 120 Broadway, New York City, is now on active duty with the U. S. Naval Reserve at the U. S. Naval Training Station at Sampson, N. Y.

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)

KANSAS CITY, MO.—**Frank I. Finucane** has become connected with **Lamson Bros. & Co.**, Commerce Trust Building. Mr. Finucane was formerly with Harris, Upham & Co. and prior thereto was local manager for Auerbach, Pollak & Richardson.

(Special to The Financial Chronicle)

MAYSVILLE, KY.—**Ralph L. Gardner** has been added to the staff of **D. P. Newell**, State National Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Henry M. Hellerud** has become associated with **Slayton & Co., Inc.**, 111 North Fourth Street.

(Special to The Financial Chronicle)

WORCESTER, MASS.—**Hyman H. Berman** has joined the staff of **Tifft Brothers**, 332 Main Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Harry Albert Donovan** is with **Charles A. Day & Co., Inc.**, Sears Building.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Karl S. MacLean** has been added to the staff of **Hayden, Stone & Co.**, 85 Water Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Orlin I. Wahl** is now associated with **Sills, Troxell & Minton, Inc.**, 209 South La Salle Street. Mr. Wahl was formerly with A. C. Allyn & Co. and Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Cecil E. Harrow** is with **Barrett Herrick & Co., Inc.**, 1012 Baltimore Ave.

Good Post-War Outlook For Farm Machinery Seen

The deferred demand for agricultural machinery, brought about by government restrictions on production in the face of record-breaking farm purchasing power, may reach 1½ billion dollars or more, according to an analysis of the industry just completed by the research department of E. W. Axe & Co., Inc., investment counsel, of New York City. Cash farm income in 1943 will be more than 18 billion dollars, unless there are crop failures, and normally such a large income would bring about sales of about 1.3 billion dollars' worth of farm machinery. Production has been sharply curtailed, however, so that both in 1942 and 1943 there has been and will continue to be a large unsatisfied demand. Since farm income will probably remain high for several years after the war, the post-war outlook for the farm machinery industry is favorable, the analysis shows.

The study traces the history and probable longer-range development of the industry with respect to such influences as the declining rate of population increase, the position of the United States in world trade in agriculture and farm machinery, and the progress of scientific research in producing more efficient and lower cost machinery. It concludes with an analysis of the investment positions of seven leading agricultural machinery companies, including a comparison of sales, earnings, total assets, book values and other items obtainable by an investment of $100 in the common stock of each company.

Copies of this analysis may be obtained from the Tarrytown Press, P. O. Box 147, Tarrytown, N. Y. The cost is 45 cents per copy—free to public libraries and non-profit institutions.

Chas. Seaver Forms Own Investment Firm

Charles H. Seaver has formed Seaver & Company with offices at 40 Wall Street, New York City, to act as dealers and brokers in listed and unlisted securities. Associated with Mr. Seaver as manager of the trading department will be Philip T. Barmonde.

Both were formerly with Cooke & Lucas, of which firm Mr. Seaver was manager of the investment department.

Railroad Securities

The increasing difficulty being encountered by the railroads in furthering their debt retirement programs through open market purchases had been highlighted recently by New York Central's action in calling the 3¾s for redemption at a premium, and a similar call for redemption of $18,000,000 of the Great Northern General "G" 4s, 1946. The problem is now further emphasized by Pere Marquette's call for tenders of its 1st 4s and 1st 5s, 1956, to exhaust $2,000,000. Previously the road had been able to acquire the bonds in the market but apparently this method has been found to be too slow and, with present very thin markets, to exert too strong an influence on prices.

There is no more dramatic evidence than this of the changed investment sentiment towards the entire railroad industry. Less than a year ago the marginal carriers could readily purchase all the bonds they wanted or could handle at substantial discounts, and in most cases without undue influence on market levels. The strangest part of it is that the sudden investment appeal of the Pere Marquette bonds is not based on any spectacular improvement in its debt position such as has been accomplished by such roads as Nickel Plate, Great Northern and Southern Pacific.

Pere Marquette was one of the tardiest of the marginal roads to embark on any program of debt reduction. Until late in 1943 there had been no retirement of debt with the exception of the regular serial payments on equipments. When the policy was changed the company had a total of $64,535,000 of mortgage debt, represented entirely by the three series of 1st mortgage bonds. With net income of $3,569,000 in 1943, cash of $1,578,468 was utilized for the purchase of bonds and a total of $2,259,000 face value was acquired. Based on recent market prices it seems likely that the current tender operation will result in retirements approximately equal to those of all last year. This would bring the aggregate reduction in the amount of 1st Mortgage bonds outstanding to 7%.

The progress made so far can hardly be considered as affording an answer to all of Pere Marquette's long-term financial problems, even though the belated start must be considered constructive. Of the $62,276,000 of 1st Mortgage debt outstanding as of the end of last year, $40,556,000 was in the 1956 maturities and $21,720.000 was represented by the 4½s, 1980. Certainly a maturity 13 years hence may hardly be considered as a pressing problem in relation to the broad objective of reducing total fixed charges to a level conservatively supportable under depression conditions. Nevertheless, Pere Marquette has followed the policy, less efficacious in bringing about the greatest possible reduction in interest requirements, of concentrating on the 1956 maturities, with the result that the 4s have pushed ahead to a substantial premium over the 4½s.

With the price discrepancy that has now developed the 4½s, 1980, are considered by many rail men as possessing particularly attractive income and price potentialities. It is pointed out that even if the company continues on its recent course, and the 4½s therefore do not get the benefit of any company buying, they will still eventually have to reflect the improvement in the over-all credit position of the property due to reduced debt and charges. At the same time, there is always a possibility that the management will change its buying habits, on the theory that the more rapid reduction in charges possible through retirement of the lower-priced bonds would make more feasible a refunding of the 1956 maturities when that problem arises.

Meantime, the road is making a far better-than-average year-to-year showing as far as earnings are concerned and this should continue for some months to come. Last year at this time the road's operations were handicapped by the changing over of industry in the service area to war work. These plants are now producing at capacity. Net income for the four months through April was more than 180% above the level of the like 1942 interval.

James Borden Dies

James Bean Borden, partner in J. W. Sparks & Co., Philadelphia, died after a short illness at the age of 66. Mr. Borden began his business career with the National Bank of Mount Holly, N. J., later joining the staff of Charles A. Sims & Co., railroad contractors. He became associated with The Tradesmen's National Bank of Philadelphia, remaining there for eleven years and leaving to set up his own investment business, Borden & Knoblauch. Fifteen years ago he joined the staff of J. W. Sparks & Co., becoming a partner ten years ago.

Ohio Brevities

Upward trend in Cleveland bank stocks has slowed but nevertheless several are at their best prices in years.

The most sensational performer has been the stock of the Union Bank of Commerce, successor to the old Union Trust Co. This stock, following merger proposals by two Cleveland banks, vaulted an unbelievable 130 points within two weeks in over-the-counter markets.

A little over a month ago, the stock was quoted at 149 bid. When the offer of Central National Bank came out, proposing to purchase the Union Commerce, it bolted 30 points to 179. Central's proposal would have permitted Union Commerce to liquidate at about $225 a share and retain its interest in liquidation of assets in the former Union Trust. The offer, which was made by letter to stockholders, met with a cool reception on the part of Union Commerce officials.

It stayed at the 179 price for about two weeks when National City Bank announced it was inviting Union Commerce to negotiate for consolidation. The morning of the announcement the stock went to 230 and before the day was out had soared to 280, an advance of approximately 100 points. During the day there were some odd-lot transactions at $275 per share. At the close, a small block of stock was offered at $325 a share. Brokers called it the fastest advance in a local bank stock in a couple of decades.

The stock has settled down now and in the last week or two has been see-sawing between 245 and 275 bid.

Stock of Cleveland Trust Co., which has not been involved in any merger proposals, also has staged a steady upward surge. About six weeks ago it passed the 100 mark for the first time in six years and currently is quoted at around 130 bid and 140 offered.

Current quotations (May 21) as compared with last January 1 follow:

	Bid	Asked
Cl. Trust	130	140
Jan. 1	83½	85
Nat'l City	31⅝	34
Jan. 1	26⅞	27⅜
Union Bank	260	295
Jan. 1	92	
Central Nat'l	15½	17⅜
Jan. 1	12	12¼

* * *

Muny Ownership Plan Dies

City Council's utilities committee, after weeks of public hearings, voted 5 to 3 against the proposed purchase by the city of the Cleveland Electric Illuminating Co., North American subsidiary.

At a final hearing a week ago, Mayo Fesler, director of the Citizens' League, challenged statements of Paul W. Walter, chairman of the Municipal Light Plant Association, chief advocate of the purchase.

He challenged Walter's predictions of profitable operations under public ownership, and also contended that the city could not acquire the utility under the constitution as so much of the company's business is outside of the city. The city law director said the only legal obstacle was the constitutional prohibition.

* * *

Honors Woman

Cleveland Chapter of the American Institute of Banking has rewarded one of the hard-working members by electing her a member of the board of governors.

She is Dorothy Druckenbrod, secretary to F. J. Zurlinden, first vice-president of the Federal Reserve Bank of Cleveland.

Miss Druckenbrod, who had been serving an unexpired term, became the first woman ever to be chosen a governor by the local chapter.

Also elected was Wallace H. Wood, manager of the distributing department of the Central National Bank. Ralph J. Perry, of Morris Plan Bank, and Edward Ritenour, of Lorain Street Bank, were re-elected.

Miss Druckenbrod organized the Women's Public Speaking Club of the chapter, is secretary of the group's Victory Chorus and is past chairman of the women's committee.

* * *

Eugene S. Lindemann has been elected a vice-president in charge of the trust department of the National City Bank of Cleveland. He fills the vacancy caused by the death of Arthur F. Young, March 26.

Lindemann has had considerable banking experience as general counsel for Union Properties, Inc., and prior to that as special counsel to the attorney-general handling legal matters for the liquidator of the Union Trust Co.

* * *

With The Armed Forces

Dave Field, manager of the Cleveland office of the First Boston Corp. since 1937, has left for the armed forces and now is sta-

(Continued on page 1969)

Geo. F. Wagner Joins McDonald-Coolidge Co.

R. Diehl Also With Firm

CLEVELAND, OHIO—McDonald-Coolidge & Co., Union Commerce Building, members of the Cleveland Stock Exchange, announce that George H. Wagner, formerly Vice President of the Federal Reserve Bank of Cleveland, has become associated with them in their Investment Department.

Mr. Wagner came to Cleveland from Toledo in 1914 to join the force of the Federal Reserve Bank in the capacity of bookkeeper. After serving the bank in various capacities, he was made Vice President in 1938.

Mr. Wagner was active in the Cleveland Chapter of the Institute of Banking, serving as President in 1923.

Robert D. Diehl has also become associated with McDonald-Coolidge & Co. Mr. Diehl in the past was trading manager for Fahey, Clark & Co. Prior thereto he was with Mitchell, Herrick & Co., and E. A. Pierce & Co.

Ohio Municipal Comment

By J. AUSTIN WHITE

Of course, the outstanding feature of the municipal market during May has been the rise in prices. This rise started the early part of April and continued slowly and quietly right through the Second War Loan Drive. But with the return of the investment banking fraternity to business in municipal and other securities, the rise in prices has gone forward with renewed vigor.

As was indicated in this column last month, the thousands of men engaged in the investment business who returned in May to their usual work of distributing municipals, found the supply of such securities exceedingly small. Concurrently, the demand is considerable, for funds are indeed plentiful. The expected rise in prices has therefore developed. In fact, it has been so vigorous this month that one is constrained to wonder if it has not been too fast.

Supply of Ohios Especially Small

But the dearth of supply of Ohios seems especially acute. The first large issue in Ohio to be sold this month was the $656,000 Toledo issue sold May 18 as 1½s to Messrs. Halsey, Stuart & Co., with maturities running from 1945 to 1954. This coupon compares with a 2% rate on a larger issue of Toledos sold in July of 1942 with like maturities. And the bidding last week was especially close, the winning bid being 100.286, the second bid 100.28 and the third 100.22, all for 1½s. Three days later Youngstown sold an issue of $200,000 refunding bonds at 100.33 for 1½s, with maturities running from 1947 to 1956, or approximately a two-year longer average than the Toledo issue.

High premium bonds appear to be coming back into their own also. During the month one of the smaller State funds sold a half million dollars worth of Ohios, mostly with coupon rates of 5½% and 6%. Although the largest block apparently sold on an order, nevertheless the bidding was strong and close.

To close these comments about small supply, it is enlightening to note that the total amount of municipals shown in the Blue List has declined steadily to about $44,600,000 at the close of last week, a decline for the month of approximately $10,000,000. It would seem, therefore, that the market is in excellent condition to receive further offerings. (Insurance companies, and others who do not need tax exempt municipals, please take note.)

Overlapping Debt Being Shown More Widely

It was interesting to receive on one day recently, three circulars which showed the overlapping debt as well as the direct debt of the community in question. These circulars were from Messrs. Leftwich & Ross, on their offering of Knoxvilles, from Messrs. Paine, Webber, Jackson & Curtis, on their offering of West Allis, Wis., and from the Harris Trust and Savings Bank, on their offering of Jacksonvilles. This last bank, at least, may it be said to their credit, has made it a practice to show overlapping debt figures for some time.

The tendency among invest-

(Continued on page 1969)

Ohio Dealer Literature

Cayne, Ralston & Co., Union Commerce Building, Cleveland, have prepared a recent analysis on **Mohawk Rubber Co.** Common stock, copies of which may be had upon request.

W. D. Gradison & Co., Dixie Terminal Building, Cincinnati, Ohio, will furnish late information on **General Machinery** common, **Globe Werneke** preferred and bonds, and **Gruen Watch** preferred and common, upon request.

Clair S. Hall & Co., Union Trust Building, Cincinnati, Ohio, will send upon request monthly financial reports on **Marathon Paper** and **Rhinelander Paper** and will supply data on **Cincinnati Bank Stocks.**

Real Estate Securities

Post-War Future Of New York City Hotels

New York City hotel bonds are still continuing to advance in keeping with the continued increasing trend in hotel business.

The natural question on everybody's lips is how long is this state of affairs going to keep up? Will this type of business decline when the war is over?

The writer's personal opinion is that there is a good chance of the hotel business being better than ever after the war.

This theory is based on several factors—among which are the following:

Resumption of Vacation Travel Should Certainly Aid New York

With the increase of national income, there is no doubt but that thousands of people seeking an outlet for their savings will consider a holiday. New York, with its magnitude and variety, should be a Mecca for these visitors.

New York and a Post-War Shipping Boom

Ralph H. Tapscott, President of the Consolidated Edison Co. of New York, recently stated:

"The very factors that have prevented New York from being a war-boom town will prevent it from having a serious post-war slump. New York is a consumers' goods town. Consumers' goods will be in demand when hostilities cease."

Mayor La Guardia also made an interesting comment in this connection. On shipping, the Mayor pointed out that foreign steamship companies, which have been forced to discontinue service during the war, are all holding their leases in the Port of New York and are paying rent currently to be assured of their ability to resume business when the war ends. He said:

"No other State or any other port can compete with or belittle the great advantageous and the fine modern equipment for ships in our port."

New Airports Will Raise City's Commerce After the War

In disclosing that the city already is receiving application for space at the vast new Idlewood Airport being built on Jamaica Bay in Queens, New York City, Mayor La Guardia pointed out that the new field will be five times the size of the present municipal airport. He said it is estimated that 900 planes will arrive at and depart from the airport every day. He stated that the most important aspect of the new form of airplane commerce is the tremendous surge that will come at the end of the war. Huge cargo planes will be carrying thousands of tons of freight to New York to augment its present huge volume of commerce. Tropical fruit will come to New York by giant cargo airships. He predicted daily and even hourly trips from New York to London and Paris.

Some New York City hotel bonds have been more popular than others. However, there are a great many less known issues that are worthwhile. For your convenience we are enumerating a list of those on which securities are publicly held:

Hotel Abbey, Alden, Allerton, Ambassador
Bancroft, Barbizon Beacon, Bellaire, Beverly, Brierfield, Broadmoor
Chesterfield, Croydon
Dorset, Drake, Dryden
Elysee
5th Avenue, 44th Street, Franconia
George Washington, Governor Clinton, Gramercy Park
Holland, Holly, Hyde Park
King Edward, Lexington, Lombardy
Madison, Mayfair House, Marcy, New Weston
Olcott, Oliver Cromwell
Park Central, Park Crescent, Park Royal, Parkside, Piccadilly
Ritz Tower, St. George, Savoy Plaza, Sherry Netherland
Taft, Tudor, Victoria
Waldorf, Wellington, Westover

R. M. Horner Co. To Have Branch In Albany, N. Y.

R. M. Horner Co., recently formed investment firm of 30 Broad Street, New York City, will maintain a branch in Albany, N. Y., at 75 State Street under the management of Walter H. Eisenhut and Edwin F. Coffin. Mr. Eisenhut was formerly an officer of George R. Cooley & Co., Inc. Mr. Coffin was connected with Amott, Baker & Co., Inc.

Associated with R. M. Horner Co. in the New York office as cashier will be James M. Halliday.

"Is The Market High?"

(Continued from page 1955)

and rubber chemistry based on synthetics, are three clear examples. . . . Taxes, too, are an all-important factor in determing the outlook for earnings, and as an instance of this, one must keep in mind the effect on utility earnings if the corporate normal-surtax is to be substantially increased.

So in appraising the market level, we might look back one year and survey the country's morale at that time and further give weight to the investors' desire to retire from positions that show a red light ahead and add to positions where large development and expansion are indicated.

(Comment on dividend returns is more or less needless. For dividends stem from earnings and the factors that influence earnings influence dividends.)

Generally speaking, now that we find that there is no definitive answer to the definitive question, we would emphasize once more that the world is going through transition years. No one can look ahead and with any certainty predict the future pattern of our economy or the moderate-term outlook for this industry or that. We would feel that a proper course for an investor to follow now, as for the past year or two, would be to keep from 1/3 to 1/2 of his capital in the form of cash, government bonds and high-grade obligations;—a sheltered category to protect a portion of one's capital against the sudden and unexpected arrival of a world downtrend. The balance of one's funds, 1/2 to 2/3, we should think can well be invested in sound equities, and in this category we would emphasize high-grade oil stocks as protection against inflation, and we would mention, too, companies and industries that are featured by dynamic, growth possibilities. A program and a division of this type should provide the investor with protection on two fronts;—safeguarding his capital against both inflation and deflation and with no attempt to depend on quick and nimble investment changes to meet the sudden arrival of the unexpected. For we would always follow an investment policy with due regard for the popular proverb that "The unexpected always happens."—*Ralph E. Samuel & Co.*

Mail Order Cos. Should Enjoy Good Outlook

Leading mail order companies should continue to prosper despite the hampering influences of the war economy, according to a study of the industry published by Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange. From the investment standpoint, however, the study reveals, the chief appeal of these companies lies in their post-war outlook.

"A tremendous pent-up demand will have accumulated for auto accessories, refrigerators, radios, furniture, rugs and carpets, washing machines, and other household appliances, production of which has been banned for the duration. Residential building should enjoy a big revival and indirectly stimulate demand for numerous household furnishings and appliances in which mail order companies have long been dominant factors."

Copies of this interesting study may be had from Shields & Co. upon request.

F. L. Blewer Now A Major

Captain Francis L. Blewer, a partner of W. E. Burnet & Co., 11 Wall Street, New York, members of the New York Stock Exchange, has just been promoted to the rank of Major.

Investment Trusts

The investment company field has come a long way from those early days when portfolio selections were often made on the basis of "saleability" rather than investment value. Performance records for recent years reveal a high and improving quality of investment management. But even more significant are the changes which have taken place in the sales policies of representative sponsor organizations.

While it is true that certain sponsors followed conservative sales policies from the very beginning, the tendency in the field generally was to follow the line of least resistance. This meant selling what was easiest to sell when it was easiest to sell it. Unfortunately, such a policy does not produce the best results for the investor—it preys on his inexperience and emotions instead of protecting him from them.

The immediate effects of this "least resistance" sales policy were highly satisfactory to the early sponsors, but the "after-effects" were almost disastrous for the industry. The investment companies learned that satisfied customers are just as important in their field as in any other—and sales policies have been largely tempered by this knowledge.

A good example of the present-day enlightened attitude toward the sales problems of the industry is afforded by a recent memorandum from Distributors Group to dealers participating in the sale of Group Securities. The memorandum lists the 20 classes of Group Securities' Shares and shows the percentage price advance for each class from Dec. 31, 1941, to April 30, 1943. The percentage gains ranged from a high of 201.9% for the Investing Company Shares to a low of 4.6% for the Steel Shares.

The memorandum comments as follows:

"Here is the record of price advance of each class of Group Securities, Inc. from the end of 1941 to date—a 16 month period. Note the wide divergence—how much more profitable some groups have been than the averages.

"Note also that the stock groups on which we have placed most emphasis are at the top of the list in performance—Investing Company Shares, Automobile Shares, Petroleum Shares, and more recently Low Priced Shares.

"We have based such emphasis in the past on **relative undervaluation**. The industry which almost invariably gives best results is one that is **unpopular** at the time, but unpopular **for reasons that do not stand up under investigation** and hence **undervalued.**

"That is exactly the present situation of the **steels.** The stocks held by Steel Shares are sharply undervalued. They have lagged behind the market. **We recommend special emphasis on Steel Shares at this time.**"

This column is not concerned with the investment merit of that recommendation. (Although we should like to note incidentally that Hugh W. Long & Co. has taken the same stand with respect to the Steel Industry Series of New York Stocks, Inc.)

(Continued on page 1970)

Michigan Brevities

Detroit became airport conscious in a big way during the last 30 days and of the several plans for municipal, national and international airports, the financial district took considerable interest in at least one.

A plan for an international airport to be located in Windsor, just across the Detroit River, calls for sealed highways connecting the port to the International Bridge and limited access highways from the Detroit side of the bridge to the downtown district.

While taking a normal civic interest in the project itself, many were even more interested in the potential effect of such plan on the revenues of the bridge.

The great structure was completed in 1928 at a cost of about $20,000,000 but lost money from the start. With the bonds in default, the company was finally reorganized in 1939 and the entire capitalization consisted of new common stock. This was issued to holders of the First Mortgage Bonds on the basis of 16 shares of stock for each $1,000 principal amount and accrued interest thereon, 2 shares of stock for each $1,000 principal amount plus interest of the debenture bonds and the old common stockholders were given warrants to buy the new stock at $12 a share.

With revenues off to $358,000 last year from approximately $417,000 in the previous year, earnings slumped to $95,954.

Prospects of considerable passenger and freight revenue from an international airport was intriguing but was too far in the future to have any tangible effect on the stock which continues to sell around $5.

However, the airport plan is receiving considerable support both in Detroit and Canada and many investors in the ill-fated bridge see it as the only hope for recouping.

* * *

In contrast to the bridge, the Detroit and Windsor Tunnel last week reported a net profit of $190.932 as compared with $175,593 in 1941. The earnings were made from gross revenues of $881,693.

* * *

Banking circles, with the successful conclusion of the Second War Loan, were busy making plans for the annual Michigan Bankers Association convention which is scheduled for Mackinac Island late next month.

Trains are sold out and many are taking the D. & C. boat, which operates a regular cruise service to the island. A number of New York bankers are expected to attend.

Reflecting the steadiness of the general banking picture, leading Detroit bank stocks continue virtually unchanged in the last 30 days, with brokers reporting little activity.

Election of Bert T. Haberkorn as Vice-President of the Surety Savings and Loan Association was announced and Fred E. Van Alstyne, President of the Wyandotte Savings Bank celebrated his fiftieth year with that institution.

* * *

Announcement by President John Robinson of the West Michigan Consumers Company that his firm may build a 60 mile, 8-inch pipe line from Muskegon to the Reed City oil field, created somewhat of a stir in Michigan oil and gas circles.

If the project wins WPB approval, it will permit utilization of the estimated 24,000,000 foot daily gas production in the field. A casing head plant, which would remove gasoline and sulphur would be moved from the Grand Rapids field to Reed City.

The state oil advisory board is supporting the project and has been for the last six months attempting to work out a conservation gas program for the field.

* * *

The improvement in Michigan's financial position was a heartening piece of news for financial circles also.

Auditor General Vernon Brown announced that general fund revenue for April was $1,880,920 over April a year ago.

His monthly summary of the state's fiscal standings showed general fund receipts for the fiscal year beginning July 1, 1942 are now $142,960,081. This represents a gain of $7,175,060 for the 10-month period over the like period a year ago.

Brown said that the increase exceeds expectations and that if it continues at the present rate, a general fund revenue of $178,000,000 will have been achieved during the fiscal year for an all time record.

Operating expenses to date total $119,946,805 as against $120,106,393 during a comparable period last year, the financial statement showed.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1955)

going over charts with technicians for whose ability I have a respect, to discover not so much as to what the market had done but what it will do from here on.

* * *

Before explaining anything I'll relieve your suspense by saying the market now looks higher. Now for the explanations.

* * *

In the beginning of April, when everybody was cheerful, I began warning readers to get out of stocks. In the column of April 1 I called attention to the prevailing rampant bullishness and advised readers that ". . . . a one-point minor down-flurry of today can easily turn into a major break of tomorrow. . . . if there is any time for the new buyer to tread cautiously that time is today." Stocks, in terms of Dow averages, were then selling at about 136. By April 13 they were down to 129.79.

* * *

In the column of April 8 I sharpened my previous warnings by flatly advising readers to cash in paper profits. What these stocks were need not be gone into here. You can discover them easily by referring to the "Chronicle" of that date.

* * *

Ever since you got out with profits this column has seen fit to keep you out of the market. But since mid-April, stocks, instead of going down some more, crawled back to about 135, spent almost all of April between 133 and 135 and in the beginning of May started up again. By May 10 the Dow averages hit 139.30. Four days later they sold off to 136.13.

* * *

It was at this point that the picture began changing. For instead of going down some more to confirm the new low made in the rails the industrials reversed their trend and once again began to climb. On May 20 the Dow industrials crossed 140.

* * *

What was equally important was volume. There were days when volume on decline looked ominous but in retrospect it is seen that most of the volume occurred on days of strength, not on weakness. Frankly, such action does not spell "bear market." On the contrary, it indicates the opposite. Yet there are flies in the ointment.

* * *

There are entirely too many people in this market wearing rose-colored glasses. There are too many advisory services recommending purchases. In fact, there are just too many bulls for my comfort. I have always found trading a lonesome affair. I don't like people to agree with me. If too many of them do then I begin looking for an exit. Yet I can't argue with a railroad train that has the right of way. But I can protect myself. Maybe not as well as I should like but well enough for the time being.

* * *

In one of my recent columns I wrote that it was possible that stocks would go on up through recent highs. If they did you would have to pay more for them but the added cost would be a kind of insurance. Well, the time has come. And here are the stocks.

* * *

Buy Raybestos-Manhattan at 28½ to 29; stop at 27. Buy National Distillers, 30 to 31; stop at 28½. Buy Newport Industries, 15 to 16; stop at 14. Buy Bethlehem Steel, 64-65; stop at 63. Incidentally, on your last trade in BS you got out at 64 with a 5-point profit. Buy Certainteed, 21-22; stop at 19. Buy U. S. Steel, 54-55; stop at 53. (In your last trade in X you bought it at 50 and got out across 58.) Buy U. S. Industrial Alcohol, 34½ to 35½; stop at 33. Buy Youngstown Sheet and Tube, 34½ to 35½; stop at 34.

* * *

As to where any or all of these are likely to go on the upside doesn't make much difference yet. But it isn't their up-trend that worries me; it's their possible down-trend. So to get back to the protection I spoke about above, don't forget the stops are put in for a purpose and not just for window dressing.

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.]

Customers' Brokers Receive Slate For Nominating Committee

At its regular business meeting on June 9, the Association of Customers' Brokers will select nine members from a slate of 21 who will make up the 1943 Nominating Committee. Those chosen for this group will have charge of selecting the officers and Executive Committee nominees to be voted upon at the Association's annual business meeting in September.

Following is the slate to be voted on:

Kenneth Ward, Delafield & Delafield.
A. E. Rhinehart, Eastman Dillon.
Harold C. Shea, Fahnestock & Co.
Henry A. Barclay, Carl M. Loeb Rhodes & Co.
Harold Strohm, Stillman, Maynard & Co.
Benjamin Powers, P. P. McDermott.
Spencer Phillips, Tucker Anthony.
John Gordohn, Newman Bros. & Worms.
Edward Bender, Steiner Rouse & Co.
Walter B. Eaton, Gude, Winmill.
Alfred W. Graef, Shields & Co.
Frank S. Slee, Merrill Lynch, Pierce, Fenner & Beane.
John V. Jewell, Jr., Green, Ellis & Anderson.
Chester B. Keating, Stern Lauer & Co.
Allen B. Kendrick, Burton Cluett & Dana.
William E. Kohn, Josepthal & Co.
John S. McLean, Laidlaw & Co.
Arthur S. Mawhinney, Auerbach Pollak & Richardson.
Elmer W. McCarthy, E. W. Clucas & Co.
Maurice Glinert, Hirsch, Lilienthal & Co.
Samuel Brown, Whitehouse & Co.

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.

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 Simons, Linburn & Co. upon request.

A. O. Foster In Hospital

Albert O. Foster, partner in Foster & Marshall, 1411 Fourth Avenue, Seattle, Wash., members of the New York Stock Exchange, is in the Maynard Hospital at Summitt & University, Seattle, where he was operated on for a stomach ailment. Mr. Foster will be confined to the hospital for at least a month.

The Securities Salesman's Corner

Opportunities For Salesmen In Stocks of Post-War Industries

Some weeks ago the salesmanager of an aggressive retail organization told us he thought he would put on a "new account campaign," because it was his opinion that the opportunity was right for it today.

Last week his firm completed a mail campaign which was based upon the "return card" approach. The salesmanager's predictions were borne out by the results. There is more interest in securities today than any time in years. We were also told that due to the smaller number of salesmen now engaged in the business that people are more willing to talk—they are more willing to have salesmen call—the competition isn't so keen! This paves the way for better interviews and resulting opportunities for business.

There is also considerable interest in the securities of companies whose products are likely to participate in post-war developments. It seems likely that if you are contemplating a "new account drive" that such an approach would have a strong appeal at this time. Plastics, electronics, aviation, television, air-condition and companies that might participate in the new housng developments of the future —these are the knd of securities that have sales appeal.

A few reminders might be in order, however, if you plan such a campaign. From our experience we have found the following procedure brings the best results. (1) Select one security of a single company instead of several—concentrate your efforts. (2) Pick a company that is not only statistically right from an analytical standpoint, but also having a background that can be "romanced." (3) Get behind the figures and dig out the "color" for that is what people want to buy. (4) By all means sell yourself first and by this method of self-conviction you will be able to convince others. (5) Set up an attractive pre-mailing using the return card approach. (6) Follow up every lead and be ready to tell your story in such an interesting manner that you will either open an account or make such a good impression that future business will naturally follow.

For some years we know that a certain dealer has been very much interested in a progressive company that has been rapidly expanding into the chemical and plastic fields. He keeps a close contact with this firm and whenever they have a new product he usually procures a sample. One day he showed us a small dark, brown, square of plastic material and he said, "See this stuff, it's weight for weight as strong as steel, and all made out of by-products they used to throw away because they thought it was worthless." You couldn't resist the opportunity to take the stuff in your hands and examine it closely. That's what his clients did when he showed it to them. They were interested in this new plastic, they wanted to know more about the company that was making it, they wanted to know if it was profitable, what the future was for such a product—they bought thousands of shares of stock in this company over a period of years from this dealer. He knew his story and he knew how to tell it well.

There are many companies today that will lead the field tomorrow. Those of us who have watched the history of the public's reactions, particularly over the past twenty-five years, can be assured that **the cycle theory of the past is still valid.** Many people who were expressing the opinion two years ago that they wouldn't buy a security for love nor money have forgotten all about their gloomy predictions and are today interested in making investments in securities. This is the TIME TO TELL THEM YOU HAVE WHAT THEY ARE LOOKING FOR.

Inflation—And The United States

(Continued from page 1955)

to frighten the people unduly about the stability of their currency. For at the bottom of a sharp inflation is the people's loss of confidence in their own money. Sometimes, they lose confidence, as they did in Germany, because there is no longer any reason for confidence. But it is also possible to make them lose confidence before a good reason appears. One way is to advertise the fact that the money is going to lose its value. If the enemies of the government in power do this it can cause great damage. But if the Government itself does it the result is apt to be grave. It can set in motion the thing it fears. Whatever sacrifices Hitler or Mussolini have demanded of their people, inflation is one subject they would not touch with a ten-foot pole. As a matter of fact, they have stressed again and again that they will never permit it.

"There is, of course, confusion about the meaning of the word inflation. When economists speak of it they refer to a phenomenon which produces a general rise in prices. The rise may be mild or moderate. But to the public the word inflation is generally taken to mean a runaway and devastating rise such as occurred in Germany in 1923. The administration is wisely determined to prevent any serious rise in prices by setting up an adequate system of controls, and hence has invoked the devil of inflation to induce the people to accept these controls. But this devil is a dangerous one to play with. Much harm can be done with his shadow."

Dr. Hirsch describes some of the evil he saw done by this devil in Germany. He saw his father's insurance, representing his life savings of 50,000 marks (about $12,000) paid with two postage stamps—and some months later saw one of these stamps go to 50,000,000 marks in value. He saw a baker's apprentice with borrowed money and a flair for gambling in currency run up a fortune of $7,000,000 in ten months and lose it when the mark was stabilized in November, 1923. He saw housewives go marketing early in the day so that they could lay in provisions before the value of their money went down still more. On a holiday in Holland he saw the saying that money is not worth the paper it is printed on dramatized in the form of motion picture handbills printed on the backs of German 20,000 mark notes.

But Dr. Hirsch does not expect the "devil of inflation" to appear in this country and gives these six reasons for his opinon:

1. Germany had lost after four years of war. "Her whole industrial system was exhausted and disorganized." Even in the unthinkable event that America lost this war it would be impossible for the disaster to produce such an upheaval in the life of the country.

2. Germany was saddled by the Versailles Treaty with a huge foreign debt—132,000,000,000 gold marks, or about $32,000,000,000. America's debt is also huge, but it is an internal debt, owed to the people themselves and hence not a disrupting force.

3. Germany had an inadequate gold reserve; ours is $23,000,000,000.

4. Germany lost control over her frontier, and since she depended so much on imports and exports this was a fatal restriction. America is so nearly self-sustaining that such a restriction would have relatively little effect.

5. Territories which were taken from Germany included much of her natural resources—coal, ores, agricultural land.

6. When inflation threatened Germany she was able to control prices on goods produced at home. But she depended much on imports and over the prices of these she had not control.

Canada Manufacturing Reaches New Peak

In April, manufacturing activity in Canada reached a new peak, with the great majority of industrial plants operating at a level above their rated capacity, the Bank of Montreal reports in its "Business Summary" dated May 22. The review further says:

"There has, however, been a slight decline in the operations of the primary iron and steel industries and also of the cotton mills. The clothing factories remain busy with war orders and the packing plants are well employed. There is a shortage of beef and rationing of this and other meats will begin, under a coupon system, on May 27. Production of newsprint continues to be somewhat lower than in the corresponding period of last year. In April, the value of construction contracts placed was $16,047,300 as compared with $11,110,600 in March. The flour-milling industry remains very active.

"Retail trade, despite the limitation of supply in many lines of goods, is being maintained at a high level; its dollar value in March, the latest month for which data are available, being 16% higher than in February and 5% higher than in March, 1942."

Sprague Vice-Chairman Of NYSE Governing Bd.

Raymond Sprague, who has been a member of the New York Stock Exchange for 24 years, was elected Vice Chairman of the Board of Governors at the first meeting of the new Board on May 20. He succeeds John A. Coleman, who recently was advanced to the Chairmanship of the Board. Mr. Sprague was a member of the Board of Governors from 1929 to 1938 and was again elected a Governor in May, 1942. He was born in New York City in 1887. Entering the brokerage business as a collateral loan clerk, he became a partner in the firm of Drake Brothers in 1918, which partnership he continued until the dissolution of that firm in 1931. Since that time he has acted as a specialist. His firm is Raymond Sprague & Co.

The election of Mr. Coleman as Chairman was reported in these columns May 13, page 1776.

New York Stock Exchange Weekly Firm Changes

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

Logan B. Gill, limited partner in Crouter, Bodine & Gill, Philadelphia, Pa., will become a general partner, effective today.

Kennard G. Keen, partner in Keen & Co., Philadelphia, died on May 10th, his interest in the firm of Keen & Co., ceasing as of that date.

Canadian Securities

By BRUCE WILLIAMS

The Canadian Excess Profits Tax did not go into effect until July, 1942. Hence, last year it applied only to earnings for the final six months. This year the full burden of the tax will be felt and the question naturally arises as to how it will affect earnings and dividends of Canadian corporations.

Canada's EPT is simple to calculate. It's 100% of earnings which are in excess of a fixed percentage of average pre-war profits. The four years 1936 to 1939 constitute the base period used to determine a company's average pre-war earnings. A company may earn up to 116⅔% of its pre-war average before it pays any EPT. All earnings in excess of that percentage are taken by EPT.

A moderate financial incentive to all-out production is preserved by reason of the 20% refund which is to be made on EPT sometime after the war. Although no interest will be paid on the refundable portion of the tax and no definite time for its repayment has been set, present Government policy indicates that corporations will be unrestricted in their use of the money when received.

With a 100% EPT cutting in on corporate earnings at a fixed level (116⅔% of the pre-war average), the 40% normal income tax reduces the net profit which a company may retain to a maximum of 70% of its pre-war average earnings. In other words, regardless of how large a company's earnings are before taxes, the effective ceiling on its net income is 30% below its average earnings in the base period before the war.

This ceiling enables Canadian corporations to calculate in advance the maximum net earnings which they can achieve in 1943. For companies whose earnings will place them well into the EPT bracket, their net profit for the year—barring changes in present tax schedules—is already established. Comparative figures for ten companies are as follows:

	1943 Est. Profit Ceiling Per Shr.	1942 Actual Profits Per Shr.	1943 Ref'dable Tax (Est.) Per Shr.
Building Products..	$0.68	$0.88	$0.21
Can. Cement (pref)	5.24	7.03	1.74
Canadian Celanese	1.88	3.19	1.70
Ford Mot. (A & B)	1.45	1.94	0.56
Guelph Carpet....	1.53	3.02	1.63
Harding Carpets...	0.39	0.50	0.08
Imperial Varnish..	0.75	1.59	0.53
Robert Mitchell Co.	1.35	4.76	7.30
Ottawa Elec. Ry...	2.73	4.71	3.83
National Breweries.	1.96	2.47	0.35

From these sample figures, it is clear that Canadian corporations are faced generally with lower earnings in 1943 as a result of the ceilings imposed by EPT. In quite a number of instances the reduction in earnings will threaten present dividend rates. For example, four of the ten companies in the tabulation paid larger dividends last year than they will be able to earning this year under their estimated profit ceilings. These companies and their 1942 dividend rates are as follows: Building Products, $0.80; Canadian Celanese, $2.00; Robert Mitchell Co., $2.00; National Breweries, $2.00.

Offsetting the outlook for sharply restricted earnings during the remainder of the war period, is the fact that substantial post-war assets are being built up by many companies through the 20% EPT refund. This item bulks large in practically all war-stimulated companies. In many cases the 1943 refundable tax will exceed net earnings for the year. An outstanding example of this is Robert Mitchell Co., whose refundable tax is estimated at $7.30 per share compared with 1943 estimated net earnings of $1.35.

There is also the larger gain to the national welfare which a sound wartime tax program contributes by checking inflation and preserving the national credit. Canadians have shown themselves to be acutely conscious of the need to keep their financial house in order during the period of wartime stress. Moreover, the measures they have taken are designed to prepare them for the opportunities which the post-war world will afford. Taxing all "excess" corporate profits now while permitting companies to build up large post-war credits is a logical and important phase of the over-all program.

NASD Governors Held Meeting In Chicago

The Board of Governors of the National Association of Securities Dealers, Inc., met in Chicago on May 25 and 26, the scene of its previous meeting in January, at which time Henry G. Riter, 3rd, of Riter & Co., New York, was elected Chairman. Governors of the Association, which is the self-regulating instrument of the securities business, represent 2,300 members in all parts of the country.

A major topic of discussion at the meetings was the progress of this year's examination program, which is an annual review of business practices of all members, particularly with respect to their profit and pricing policies. The Association has disciplinary power over members who violate its Rules of Fair Practice. Wallace H. Fulton, Executive Director, reported to the Board on the examination program, as well as the membership trend and other administrative activities.

Our Reporter On "Governments"

By S. F. PORTER

This is guess-work and as such, it must be viewed with considerable caution and suspicion. . . . And now, having admitted that, let's go on to the assumption that Secretary Morgenthau will repay his major June maturity rather than refund it into new securities. . . . His most recent statements and the "feelers" around the Street indicate this may be the outcome. . . . Repayment of the $454,000,000 U. S. 3⅜% bonds of 6/15/47/43 and of the $629,000,000 U. S. 1⅛% notes of 6/15/43 out of cash on hand. . . . Cash on hand totaling close to $14,000,000,000 will be used, if the story turns out. . . . The working balance will be drawn down sharply, of course, by this redemption as well as by war expenditures running into the multi-billions, but Morgenthau has another plan to build up this balance. . . . And that report comes later. . . .

Remember, the forecast that the June maturity is to be redeemed rather than refunded is only a guess. . . . But again, assuming it turns out to be accurate, let's continue to the proper course of action for any holder of the maturing 3⅜s or 1⅛s. . . .

The 3⅜s are selling at a premium of 5/32 as of this writing. . . . The 1⅛s are at a premium of 1/32. . . . If these issues are to be refunded, the premiums quoted now are too small. . . . But if they are to be redeemed, the premiums are in line—another signpost, perhaps. . . .

If you hold the 3⅜s or 1⅛s, why are you continuing to stay to the last minute? . . . Because you anticipate a profitable refunding and think you may have "rights"? . . . A pretty dangerous expectation, it seems. . . . Because you haven't thought of taking action? . . . Not an especially wise policy at this time. . . . So consider these points:

"Roll over" your own maturity. . . . If you want longer term securities, sell your 3⅜s or 1⅛s now and buy the particular issue you want. . . . Perhaps the new 2s. . . . Perhaps the last issue of 1¾s due in 1948. . . Perhaps you can even go out into a longer bracket. . .

If you want short-terms because the money represented is in the "hot" classification, still do your own refunding. . . . Sell your issues now and swing into the securities you prefer at your own leisure. . . . There's no sense to waiting, for you have little to gain—if anything—and a lot more in interest and 32nds to lose. . . .

Incidentally, one trader reports there already has been considerable switching into longer-term stuff and it is his opinion that much of this represents switching from the maturing issues. . . . He believes the larger banks holding the maturing notes and bonds and confined to shorts are still to take action on moving into other obligations. . . . And from that he draws the conclusion that we may see a pick-up in prices and activity in the short-term category between now and June 15. . . .

A SPECIAL BANK ISSUE?

And now to the rest of this story, which is of utmost importance, even though it may be based on "talk" rather than actual statistical informaion at this point. . . .

If Morgenthau redeems the June issues instead of refunding them, he draws down his balance by more than $1,000,000,000 . . . At a time when war expenditures are running at the rate of $7,290,000,000 a month, at the daily rate of $280,000,000. . . .

His balance is only at the $14,000,000,000 mark to start with and it won't be built up too much by the June income tax payments and regular sales of war bonds and tax notes. . . .

So. . . . Another in-between issue is to be looked for, prior to the time of the next war loan campaign, aimed directly at individuals and non-banking investors. . . .

For the exact timing of the financing, look to the maturity of the $1,609,000,000 ⅞% certificates, due August 1. . . . Assuming Morgenthau is going to roll over this one, he'll take action in July and give the issue an August 1 dating. . . .

At the same time, he may ask for another few billions from the usual market sources, particularly from the big commercial banks. . . .

Now, what does this mean? According to the data available, here's what we can look for:

(1) A repayment of the June issues. . . .

(2) A big bank issue in July, simultaneously with a rolling over of the c.is. . . . Maybe totaling $3,000,000,000 or $4,000,000,000 or even $5,000,000,000. . . .

(3) No fanfare on this one. . . . Just a market issue, along the lines of the ones we had before the war. . . . Quickly subscribed, easily handled, restricted pretty much to the experts and the investors who actively deal in the open market. . . .

(4) And in September or so, a third war loan drive, directed at non-banking investors and designed for anti-inflation as much as for financing purposes. . . . With the commercial banks to be eliminated. . . .

Sure, it's guess-work. . . . But it makes sense and the story is worth consideration on the basis that it may help you formulate your investment policy between now and the middle of summer. . . .

THE MARKET

Market still looks beautiful, according to consensus among dealers. . . . At the moment, it's consolidating its gains, is resting for a bit after a three-month advance. . . . Nearly all issues have caught up to the general level and there's virtually no loan out of line at the present writing. . . .

Which is another way of saying that there are few switching opportunities in the market now. . . .

The new bonds have moved up to the point where they're in with the rest of the list today too. . . . The 2½s of 69/64, for instance, at a price of 100.18, yield 2.46 to call date, as compared with 2.46 on the 1968/63s and 2.44 on the 1972/67s. . . . The 2s of 1952/50 at a price of 100.21, yield 1.89% to call, as compared with 1.87 on the shorter-term 2s of 1952/50 and this seems a logical enough spread. . . .

So, if you've been holding off on selling the new ones and getting into other issues that appear more sensible for your particular position, you can act now. . . . When the 2½s and 2s go up from now on, they'll rise with the rest of the market, not ahead of it. . . .

And if you've been playing the switches, you can return to your original position or the position you prefer. . . .

As for the market's course over the coming weeks, stability to slight advance may be expected. . . . Even some reaction is possible, depending on the news and on the actions of individual banks of large size. . . . Toward June, some advance in the short-terms can be looked for. . . .

INSIDE THE MARKET

In the earlier tax-exempt and taxable categories, according to dealers, there's not much difference in yields after taxes. . . . Meaning that you can sell whatever short-terms you want without sacrifice on this score. . . .

In the longer-term tax-exempt and taxable categories, there still is considerable difference in yields after taxes, meaning that switches out of the short-term tax-exempts and into the long-term tax-exempts or out of the long-term taxables and into the long-term tax-empts are sensible and probably will be profitable. . . .

One point that doesn't get any attention among experts or amateurs but which seems of growing significance is to consider the "popularity" as well as the position of a bond, when you're determining your portfolio. . . . The 2¾s of 1965/60, for instance, are a popular bond and as such, they will have a favored position in any market reaction in the future. . . . Some of the short-term tax-exempts are leaving that classification because of their high premiums and the obvious short-term life of the privilege they carry. . . .

Open market portfolio of the Federal Reserve System reveals preponderance of longs—two-thirds of the issues held having maturities shorter than five years. . . . Reason is this is a central bank, of course, and its operations are entirely different from those of an ordinary bank. . . .

Government Methods Tend To Destroy Civilian Economy, Says Samuel Crowther

(Continued from first page)

"At the risk of being classed as a pessimist, let me say it has not been made wholly plain, at least to me, how the path to freedom of speech will be cleared by its suppression, nor how the path away from want will be cleared by death and destruction, nor how the way from fear will be cleared by more fear, nor how freedom to worship will emerge from the smoking ruins of a world made bare by stimulated hate.

"It is all well enough to play at being Alice in Wonderland and it is fun to go to Never-Never Land by airplane with Eleanor or Henry or Wendell. They do not ask us to do anything about anything at the moment and they provide a fluent patter for those of us who wish to be considered intelligent and a good show for the rest of us. But may I remind you that, although one may seem to escape from reality by getting drunk on glory, just as one may seem to escape by getting drunk on a different sort of spirits, there is always a morning after with a more complicated set of realities than we had the day before.

"Therefore, instead of asking you lightly to skip with me up to the top of my pet mountain and there unfolding to you a panorama of my pet world, I am going to ask you to sit right where you are and look around, and I am asking you to do this in the hope of bringing an acute realization that, in our mad scramble to escape from thinking, we are permitting an American to be redefined as a supine animal which acts and thinks exactly as it is told. We are already well along on our way toward losing that sturdy, pernickety independence which most of us were reared to believe was our birthright. We are not exchanging it for some supposedly higher form of life in which dependence and interdependence become hallowed. We are not losing it because anyone planned it that way.

"We are losing it because, as a people, we have been too cowardly to come to grips with reality, and in trying to escape from reality we have set up a manner and a form of Government which has no means of going forward and therefore must go backward and is now mired in the bog of planless socialism, and it does not matter that those who are on the political bandwagon shriek that they are not in the mud at all but on a fine paved highway.

"I hold that it is not only the solemn right but the holy duty of an American citizen to criticize his Government, and especially in wartime. And I further hold that it is stark desecration for any Government officer to wrap himself in the flag to hide his errors or his incapacity. In peace time we can put up with errors and incapacity because usually we can change personalities before too much harm has been done, but today we are at war and the manner and methods of Government are so swiftly destroying our civilian economy that all at once we may find that the props have been knocked from under us and, in the hour when most they need us, we may in sheer helplessness let our boys down. That would be to our eternal shame.

"We have been taking the Washington bureaucracy as something of a joke. It is no longer a joke and it is no longer just in Washington. It has spawned all over the country and pretty much all over the world. While the factories and farms are acutely short of manpower, the bureaucrats are multiplying until now in every State there are more Federal than State employees and in some States several times as many. I do not know how many are outside the United States, but I am informed that in Brazil alone we have around 10,000 civilian employees. We thought we were rid of the WPA, but it is back again in a new hat, and, where the primitive WPA's had to learn to doze on shovels, the modern WPA's have desks.

"It is a most extraordinary bureaucracy and presents a phenomenon, the like of which the world has never known. Never has any group anywhere at any time had so low a general level of ability. Having said all that, I have said exactly nothing, for this bureaucracy is not a cause but a result. The members of this bureaucracy are not to be blamed for being what they are. We, the people, put them there by insisting that government do what government is incapable of doing. And a change in government which would merely mean the Republican Party displacing the Democratic Party, while it would bring in a lot of new faces, would not change the manner of government or lessen the weight of bureaucracy or enlarge the freedom of the average man.

"We, the people, are getting what we asked for, although neither the package nor the contents are what we expected, and, so long as we ask government for that which is not in the power of government to deliver, we are going to get an ever-increasing dose of exactly what we are getting now—regardless of what party is nominally in power.

"That needs some explaining. We have been drifting away from the historic American conception of individual independence for a long while, but more especially since the 16th Amendment, which became a part of the Constitution just before the first World War, gave to the Congress the right to levy graduated income taxes and thereby centered in the Federal Government a life and death power over all citizens and all corporations. Almost at the same time, we established the Federal Reserve System as an aid to better banking. We never thought these two laws would ever or could ever be used except in the general welfare, but they did strengthen the power of central government, and one may take for granted that a power given is a power that will sometime be used. It was thus not unnatural that in the great depression people should turn helplessly to the government to do for them what they thought they could not do for themselves. The cry for help called forth the NRA and you will remember that was a complete departure from the American theory of free private enterprise and an experiment in a kind of guild socialism with business grouped into guilds, with codes of laws supervised by the government. That act was killed by the Supreme Court. But it lived long enough to establish in Washington the flat principle that the American people have not the mental capacity to think, act or spend for themselves and therefore must be regulated, supervised and kidded by government.

"The kidding phase—which has now come to be known as morale building—was also new in American life. Never before had a government elected by us become a thing of itself with a vast publicity crew trying to sell policies to the people in exactly the same fashion and with most of the same devices that the Soviet and Nazi governments used to sell themselves to their peoples. The NRA may be considered a comic interlude in our national life, and some of you who are here may have walked up Fifth Avenue wearing buttons and carrying flags, in the hope that depression was a kind of Jericho whose walls would fall, if only you marched around them.

"The NRA was quickly followed by the AAA, the WPA and no end of other agencies that not only shoveled out the public money but bore prodigious litters of bureaucrats who were nearly all the kind of people who believed that our citizens were incapable of deciding anything of importance for themselves and needed to be cared for. And of course these bureaucrats had to have petty, legalistic, mono-rail minds, else they could not have found themselves capable of directing the American people.

"All this took money. There are only three ways in which a government can raise money. The first is by taxing. The second is by borrowing savings. The third is by printing money. The first notion was that wealth could be redistributed through taxes, and the income taxes, which had been sanctioned by the 16th Amendment, were raised to such heights that it was no longer worth while for anyone to venture. The Government, while wailing about unemployment, took away the only means which has ever given useful and self-sustaining employment. And, what is more, these taxes took away the power of business to sustain itself. The National Industrial Conference Board several years ago compiled some figures on production per capita of population and compared them with Federal expenditures and gross Federal debt. They are significant. During the years 1923-1929, which was the Administration of President Coolidge, the production index figure was 405 per capita, the Federal expenditures were $1,314 per capita and the gross Federal debt was $5,017 per capita. During the years 1933-1940, which was the Administration of President Franklin Roosevelt, the production per capita fell to 312—which was four points lower than during the period 1901-1909, which was the Administration of President Theodore Roosevelt—the

Federal expenditures per capita rose to $3,108 and the gross Federal debt to $11,709. That is, as the Government tried to replace American individual initiative and free private enterprise with a system of doles and regulations administered by welfare workers, production fell by nearly a quarter, Federal expenditures nearly tripled and the gross Federal debt more than doubled. Remember that those figures are per head of population. Any man with ordinary sense knows that the end is not far away if, on a declining volume of business, one increases spending and debt.

"That brings us to another highly important point which somehow does not seem generally to be grasped, and that is government borrowing. I think the reason for the confusion is partly the sort of statistics that have been coming out of Washington and partly the mystery that somehow surrounds banking. A commercial bank as distinguished from a savings bank, which is not a bank at all but an investment trust, does not lend money. It lends credit. That a bank does not lend money but lends a credit which serves as money, sounds as though queer business were going on somewhere but that is nonsense. Probably no single factor has been so important in the growth of British and American trade as the flexible banking system which can circulate credit as money. But that system will work only in private hands, because it depends on loans being paid off out of new production. In government hands, the banking system may serve to create the illusion of money, and that is exactly what has happened here and is at the root of our trouble.

"Although the New Deal pretended to redistribute wealth, it never collected in taxes more than half the money it spent, and I may say right here that the kind of social reform which has to be supported by borrowing—which, as I shall develop, turns into money printing—is not social reform at all but something in the nature of fake stock selling. The Government borrows from the banks. When a bank buys Government securities, it opens a deposit to the credit of the Government to the amount of the securities and puts them among its assets. It follows the same procedure as with an individual borrower. If the Government does not retire its securities, the bank deposits created by their purchase remain, and it may surprise you to know that the increase in our bank deposits since 1916 has been entirely due to Government borrowing, for business, up until the opening of the war period, was borrowing less than in 1916.

"Our bank deposits are no longer an evidence of wealth or of savings. They simply represent unpaid Government borrowing. Since they may be turned into hand money at any time, they are simply a Government way of printing paper money, and you will remember that our money is no longer exchangeable for gold. If there had been an attempt to spend these bank deposits at any time between, say, 1937 and 1941, we would have had an inflation of prices which would have made a piker out of the 1929 stock market. If such an attempt at individual spending had then occurred, we would have then had all the controls that we have now. But it was just not worth while for the individual to spend for gain, because under the tax laws the Government said: 'Heads I win and tails you lose.'

"Now we are at war but, financially speaking, we are continuing to do what we did during the social welfare days of the New Deal. The Government then raised by borrowing about half of what it spent. Now it is spending sums far beyond human comprehension and raising about three-quarters of the money through the commercial banks—or, to put it bluntly, by printing money. A change in the basic law and character of the Federal Reserve System has made this possible.

"Now let us see what all this means. You have heard a lot of fancy talk out of Washington about the 'inflationary gap' and about the necessity of controlling inflation through controlling prices, and so on and so on. It may or may not have struck you that no matter what happens turns out to be a reason for more Government control.' The 'inflationary gap' is supposed to be the difference between the amount of goods available to buy, which in turn is supposed to be exactly the amount of goods on which our civilian population can stay alive and work, and the amount which the Government is spending. The notion is that through taxes, forced savings, price control and rationing, the Government can create money at will and make it act, smell and taste like money, and at the same time prevent it from being used as money. This is exactly the manner in which Hitler managed to re-arm Germany, although by now, both in Germany and in Russia, money is only a ticket entitling one to use a ration book. We are in a half-socialistic planned economy, but unfortunately our chief planners have astigmatism and are working without their glasses.

"We have in this nation no shortages that are not man-made. I include both materials and manpower. You are familiar with the mess in manpower. We have a national shortage of rubber and sectional shortages of petroleum products. Even elementary provision would have supplied us with a great rubber stockpile and a synthetic rubber industry which would have been in production by the time the pile was used up. Equally elementary provision would have provided either a petroleum transportation safe from enemy attacks or an adequate defense against these attacks. The recklessness which ignored these vital supplies has cut deeply into the efficiency of our war effort, both directly by crippling a great section of our transport and indirectly by wasting, before various sorts of boards manpower that could have usefully been employed. It is quite evident that the bureaucrats applied to the motor problem the same grade of reasoning that stopped for a few weeks the selling of sliced bread.

"There is not now and never was a shortage of sugar except for a little while after Mrs. Roosevelt and Secretary Wickard reassured us on the radio. There need be no shortage of coffee. Practically all of our shortages have been due to loose talking, planless planning, hopelessly involved and ever-changing procedures and competition between Governmental buying agencies. It is a magnificent tribute to American industry that it has been able to produce so gloriously in spite of Governmental regulation.

"That is over the dam, but a new series of regulations are not over the dam and we can do something about them before they take us into another winter so cold and so hungry that we may become helpless.

"I refer to the extraordinary antics of the OPA. Our food shortage is not due to the people eating too much or the soldiers eating too much or Lend-Lease sending abroad too much. The shortage is due wholly to the OPA. Its ceilings, its regulations and its horde of busybodies have turned upside down our whole structure of food production and distribution. The official pleas that the people or the black markets or causes outside the OPA are to blame are untrue. They are getting pretty tiresome. The flag-waving pleas are contemptible. In the last war, Herbert Hoover, without rationing or regulations, sent twice as much food overseas as is being sent in this war and not only provided the home table with ample food, but also, at the war's end, had more beef cattle on the farms than at the beginning. He relied on the voluntary cooperation of American citizens. The present Administration talks about cooperation but relies solely on regimentation and compulsion. The order fixing prices was an order for the winds to cease and the seas to still. The order to roll back prices was an order for the seas to part and open a passage. It set a new high in bumptious ignorance until the order came through to compensate losses and to spur production through subsidies. The intricacy of that undertaking baffles the imagination and it is wholly evident that its projectors have not the slightest idea of the nature of the bull or the nature of the tail they have grabbed. The OPA, having caused an acute food shortage through its policies and regulations, now replies with more regulations and, if unchecked, will surely bring this nation into acute hunger. It has withdrawn from our economy the one thing which kept the economy alive—the spark of individual initiative. The rationing which was designed to limit the spending power of the dollar was so clumsily conceived and executed that it is forcing the spending of more dollars. The regulations are not preventing inflation. They are preventing production and making inflation more acute.

"Let us put aside the bright-colored blocks with which so many are playing 'Post-War World' and get on with the grim job of winning the war on the home front. For it is on the home as well as the foreign fronts that crisis impends. If we fail here, all else will fail. It is time for the real spirit of America to assert itself."

Calls For Overhauling Obsolete Mortgage And Foreclosure Laws

Legislatures in at least one half of the States have it in their power to make one of the most important contributions possible to a healthy post-war housing revival by acting now to get rid of their obsolete mortgage and foreclosure laws most of which have been on the law books since "horse and buggy" days, according to Charles A. Mullenix, President of the Mortgage Bankers Association of America, in a statement issued May 15.

Mr. Mullenix's views were expressed in a report to the Association's members in which he said that the time is now here to renew the attack on these statutes. He said it would represent "post war planning that can not only be planned now but actually done now as well. It will require the use of no critical materials—only some honest vision, a realistic approach to facts as they exist today and the death of some sacred cows of politics." It is noted in the report that in at least one-half of the State's present laws governing the making of mortgages and the foreclosure of property have long been out of date, benefit neither the borrower or lender, tend to make foreclosures costly which, in turn, makes it impossible for mortgage bankers to lend as liberally as they would otherwise, and, in general, will act as deterrent to the great post war expansion in new residential building which, he said, "is estimated to run anywhere from 900,000 to 1,200,000 units annually for the decade after the war."

Mr. Mullenix pointed out that in about a fifth of the State mortgage and foreclosure laws are relatively favorable in that foreclosure costs are less than $100 on an average and probably nearer to $50; and, further, that the time required for foreclosure is short, usually less than three months. In three other States costs are equally low but the time required is longer and the redemption period permitted is even longer. He estimated that in about a fifth of the remaining States foreclosure costs are high, at least $100 on an average and probably nearly $150; time required to foreclose is long, well over three months. In the remaining States costs are high, at least $150 on an average, and the time consumed in effecting it is long. Redemption periods are also unnecessarily long.

Short Sale Rule Amended

The Securities and Exchange Commission announced on May 20 a revision of Rule X-10A-1 under the Securities Exchange Act of 1934, dealing with short sales effected on a national securities exchange.

The SEC explained the change as follows:

"It has been called to the Commission's attention that the present wording of the rule operates to prevent short sales in certain cases not intended at the time of its adoption, namely, when price declines occurred resulting from the fact that the security has gone ex-distribution. Accordingly, the revised rule provides that in determining the price at which a short sale may be effected in a security that has gone ex-dividend, ex-right, or ex-any other distribution, all sale prices for the security prior to the 'ex' date may be reduced by the value of such distribution.

"The revision consists of an additional sentence added to the end of the present subsection (a) of the rule."

Casualty Index Up

The upward trend of casualty stocks continued during the month of April, while the Fire Index declined fractionally, according to the Insurance Stock Index prepared by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of the Index, and current memorandums on American Reserve Insurance Company, Baltimore American Insurance Company, Carolina Insurance Company, General Reinsurance Corporation, Georgia Home Insurance Company, Gibraltar Fire & Marine Insurance Company, Pacific Indemnity Company, and Preferred Accident Insurance Company, which offer interesting possibilities at the present time, according to the firm, may be had from the Insurance Stocks Department of Mackubin, Legg & Company upon request.

Treasury Seeks 50% Bond Sale Increase

The United States Treasury will now seek to sell $600,000,000 of war savings bonds each month under payroll deduction plans, instead of the present $400,000,000 by this method, Ralph G. Engelsman, Director of the Treasury's payroll savings division, told 300 volunteer members of the New York War Savings Staff on May 17. Mr. Englesman estimated that more than 26,000,000 persons are now buying war bonds through payroll deduction plans.

Ohio Savings And Loan Associations Occupy Leading Place In Field; Authors Of Innovations

By W. MEGRUE BROCK

President, Ohio Savings and Loan League

Ohio, fourth in wealth and fourth in population among the 48 States, proudly occupies the number one position in the savings and loan field, with its nearly 700 progressive thrift and home financing institutions and more than $975,000,000 in total resources.

The founding of the savings and loan movement in Ohio goes back to Civil War days. It was a logical time for the birth of these institutions. Practically no home construction had been done during the years of the terrific struggle between the States. With the ending of the war, thousands of returning soldiers found that they could not obtain sufficient credit from the existing financial institutions to build homes for a new start in life.

W. M. Brock

As the clamor and demand for houses increased, a group of citizens in Delaware, Ohio, on February 20, 1867, incorporated the Delaware Building Association, forerunner of the growth in Ohio of a mighty new thrift and home financing movement.

During the quarter of a century preceding the beginning of State supervision in 1891, the savings and loans experienced a mushroom growth, with some 1,548 associations organized and 700 of them actually in existence as of that date. The great fluctuation in the number of existing building and loans in any one time was due to a unique terminating plan of operation under which they were organized in the early days. Later the serial plan of operation, which became so prevalent in other parts of the country, followed—but never developed great popularity in Ohio. If not actually the birthplace, Ohio at least can lay claim to being the developing ground for what is popularly known as the direct reduction mortgage, which flourished and grew in Ohio to such extent that its popularity has spread over the entire country and this plan, which calls for steady monthly amortization of both principal and interest, with uniform payments throughout the life of the mortgage, is today in operation in every one of the 48 States.

In the middle 70s, particularly, many associations were organized in Ohio for the sole purpose of group community home building. Back in those days it was exceptional and rare for a bank to pay interest on deposits. Few banks took small deposits from people who wanted to save regularly, and none made a practice of lending on real estate security.

It was in the early 80's, following the panic of 1873, that savings and loan associations in Ohio for the first time began to be more than mere neighborhood societies. People began to demand, following the severe depression, home financing funds and the small saver was also seeking a place to deposit his money where he could secure both safety and a reasonable return for the use of his money. It was under conditions such as these that the savings and loan movement in Ohio began to expand rapidly, under efficient management and an active lending and borrowing market. It was in the late 80's that what has come to be known as the Dayton plan came into operation. This plan subsequently affected savings and loan practises throughout the country. It differed from other plans, then in use, in four main particulars. New members could join the association at any time without paying back dues. Paid-up stock was issued, premiums were entirely abolished, with each member being entitled to borrow money in the order of his application at such interest as the board of directors might set from time to time, and, under the plan, earnings were not only determined and divided semi-annually but when deposited to the depositor's account, were subject to withdrawal the same as money payments. Obviously the significance of the Dayton plan proved to be far-reaching. Its appearance marked a new stage in the development of savings and loan practises and this plan is a primary development in Ohio savings and loan history.

During this period and succeeding years, wide differences in operation, with a diversity in ideas and methods, were followed by associations scattered throughout the state. There was no particular community of interests or interchange of views. This somewhat chaotic state of affairs was becoming more and more vividly reflected in the laws enacted as each succeeding legislature swayed to the pressure of different groups. New laws were repealed and old ones amended by the dozen.

It was in 1888, and as a direct result of conditions just described, that a need for statewide leadership in the business became clearly apparent. This need was crystallized in Dayton on February 22, 1889, when the Dayton Building Association League was organized, with Judge Ambrose Winters (generally credited with conceiving the Dayton plan of operation) as chairman and H. F. Cellarius, Cincinnati, secretary, who later became and is to this day the honored and revered treasurer of the United States Savings and Loan League.

As a direct result of the organization of the first Dayton League, the Ohio Building Association League was organized in Columbus, Aug. 15, 1889. Only 40 associations were represented in the original meeting, with Judge Winters again presiding and Emery R. Hiett, of Toledo, as first secretary. Founding officers of the Ohio Building Association League (the title later being changed to the Ohio Savings and Loan League) were: President, A. A. Winters, Dayton; First Vice President, Henry Stueve, Cincinnati; Second Vice President, Honorable Duncan S. Dow, Bellefontaine; Secretary, Emery R. Hiett, Toledo, and Treasurer, L. M. Studevant, Sidney. The Executive Committee consisted of A. A. Winters, Dayton; Emery R. Hiett, Toledo; John A. Whitaker, Cincinnati; A. H. Noah, Akron; T. G. Bristor, Mansfield; K. V. Haymaker, Defiance; and James M. McKay, Youngstown.

No compendium of savings and loan activity in Ohio would be complete without a few highlights from the legislative activites of the League, which became tremendously influential in safeguarding savings and loans, not only in Ohio but in our national Congress as well, in subsequent years. When the Corcoran Act, setting up state supervision over Ohio savings and loan operation, was before the Legislature in 1891, an attempt was made in the Senate to deprive building and loan associations of the right to receive and pay interest on deposits as had been the practise of Ohio associations since the passage of the original law of 1868.

Furthermore, during the passage of the Corcoran Act, so many hostile amendments were offered that Judge Winters, who was leading the fight in behalf of the measure, had tremendous difficulty before finally securing its passage. It may be said that the passage of the Corcoran Act was one of the first pieces of legislation secured under the direct sponsorship of the Ohio League. It was this same Corcoran Act which brought associations, located in other states but doing business in Ohio, under the same practises as local associations.

The associations from outside the state, in those days, called "nationals," had a legislative representative in Columbus who, after the fight was over, wrote an article in one of the "national" journals in which he said "the concerted efforts of the Ohio locals' league against us resulted in an exclusion act being passed, which is without its kind in the annals of American legislation."

The Ohio League succeeded in preventing any material amendments to the Corcoran law for some 16 years following its passage, at which time the Legislative Committee of the Ohio League was itself directed in 1907 to prepare a re-codification which contained many of the provisions and privileges still in effect.

No substantial changes were made in the building and loan laws for another 15 years until, in 1923, the passage of the King Law afforded such important changes as requiring the approval of constitution and by-laws by the state superintendent, the abolishing of initiation fees, forbidding payments of commissions on sale of stock, and prohibiting branches unless specifically authorized, and several others.

Back in 1911 the Ohio League made a notable demonstration of its ability to combat unfavorable legislation when it defeated an effort to force building and loan associations to return under oath to the County Auditor for taxation purposes, the amount of the reserve and undivided profits funds, together with a full list of names and residences of shareholders and depositors and the amounts of their credits. During this controversy, the State League

(Continued on page 1966)

Management Conference Studies Savings-Loan Problems

Finds Problems Facing The Industry Much The Same As Those Of Business Generally

By CARL F. DISTELHORST

Asst. V.-P., United States Savings and Loan League

Two hundred and twenty-five representatives of the nation's savings building and loan cooperative banking system in 35 States met in Chicago in mid-May for their annual Management Conference and found that their individual attacks on today's problems are pretty generally those of the business as a whole. Unanimity on such programs as increased investment in Government Bonds was obvious. Disparity in opinions about the future was more evident among the conferees than any diversity of practice in the present. Operators of institutions ranging from $2,000,000 to $57,000,000 in assets sat in the four conferences into which the group was divided and there was an overall sense of their determination to keep on lending money either to Uncle Sam or to home-buyers, to take the money that is offered them for investment in apparently undiminishing amounts, and to keep reserve and liquidity positions at unusual highs. Presiding officers of the four groups were John F. Scott, St. Paul, Minnesota, who is first Vice President, United States Savings and Loan League; George B. Campbell, San Jose, California, District 8, Director of the League; George W. West, Atlanta, Past President of the League; and W. W. McAllister, San Antonio, Texas.

Carl Distelhorst

Some highlights of the opinions of these men show how the war economy has made them change their approach to their jobs without disrupting the traditional savings and loan refusal to get excited about supposed-to-be crises. The advantage of a grass-roots position in the American economy, which benefit is enjoyed to a singular extent by these thrift and home financing institutions, always shows up best when the nation is confronted by today's kind of situation.

Many managers felt that even after Victory they would continue to buy government bonds as permanent investments of the associations alongside their monthly-repayment, long-term home loans. And practically all of them thought they would keep adding Governments to their portfolios for the duration. Their estimated increase for the six months of 1943 in volume of Government bonds held was 69.7%, so that they would have about 12.2% of their assets in Government securities by June 30. This is an amazing development when one realizes that most savings and loan institutions had no bonds at all at the time of Pearl Harbor. Of those associations represented at the Conference, the most frequently reported percentage of bonds held to total assets at the present time is 10 to 15%.

Repayments on loans ahead of scheduled monthly amortization are a marked characteristic of 1943. No manager objects to this process of improving his loan portfolio by decreasing the amount outstanding in proportion to the value of the property, but it has increased their problem of finding outlets and thus enhanced the desirability of government securities as a savings and loan investment.

More time was spent on the lending side of the business than any other conference subject. Faced with an increase in the price levels of real estate which reflects the inflationary trends in the past three years' defense and war economy, these savings and loan operators know that they have to lend more on a property now than they would have loaned three years ago, or they will not have a ghost of a show against competing lending agencies. That is only one half of the story, however. Faced with the necessity of lifting their sights a bit in their judgment of property values the association operators have been devising ways of placing additional safeguards around the loans made under these circumstances.

Generally the methods of safeguarding embody one or more of these devices: (1) accelerated amortization of the principal of the loan in the earlier years so that when and if the deflation in values comes the loan will be paid down sufficiently to take care of that contingency; (2) requests of additional collateral from the borrower over and above the mortgage on the property, including such collateral as life insurance policies, stock or bond-holdings, or associations' pass books; and (3) keeping the appraisal of the property to be loaned on at least six months behind the market levels of real estate values. With these alternate safeguards for today's inherent lending risks, the associations are applying their usual scrutiny of the personal risk and especially in the case of a rapidly stepped-up income for a borrower in a defense area, the personal credit risk is customarily based on the credit rating of the applicant before the inflated payrolls became customary in the community.

Other conclusions which the conference prompted were the fact that all associations without exception are aiming at higher reserve ratios in order to be prepared for any emergencies which they think are more likely to come with the ending of the War than during its continuance. As for wartime measures associations which last year emphasized to their borrowers the need for carrying War Damage insurance under the Government plan, are planning this year to use the same persuasion on their borrowers to renew it under the plans recently announced by the board of the War Damage Corporation. These are mainly the cities in coastal regions. It is noteworthy that some of the institutions were reported to be absorbing part of the cost of this insurance, although it did not seem to be general practice.

The associations represented at the Chicago Conference held about one-fifth of the total assets of associations in this country and therefore should constitute a reliable cross-section of today's thinking on the part of operators from all over the country.

Savings and Loan Institute Marks Fifteenth Graduation

Institute Has Developed Ever-Extending Curriculum Many New Chapters Each Year

By DOUGLAS C. VAILE

Director of Education, American Savings and Loan Institute

Saturday will mark the 15th anniversary of the first class of savings and loan executives and junior executives to graduate with Three-Year Diplomas from the American Savings and Loan Institute. A group of ten, seven of whom are still active in New York savings and loan circles, was graduated on May 29, 1928, at a ceremony at the St. George Hotel, in Brooklyn, after studying the standard three-year course prescribed by the national savings and loan educational organization. The Institute began in 1922 but its New York Chapter, the 18th to be founded, presented it with its first Graduating Class. Pioneering by this class has resulted in the granting of some 1,100 Three-Year Diplomas by the Institute in 71 cities in the past 15 years, creating for the first time in the 112 years' history of this business a body of trained people whose knowledge of the operations and purpose of the savings and loan type of institution assures progressive approaches to the program of this business in the future.

D. C. Vaile

In those fifteen years since the first class graduated the Institute has developed an ever-extending curriculum and practically every year it starts one or two new chapters in cities where this direct educational work for the savings and loan personnel has not previously been available. This May and June will see the addition of some 100 to 125 to the alumni group, the Three-Year Diploma Holders.

Charles L. Plumb, New York City who was a member of that first Graduating class in 1928, is now national president of the Institute. Among other Institute Graduates who are on the Executive Council of the United States Savings and Loan League are Fermor S. Cannon, Indianapolis, Immediate Past President; James Clawson, Muncie, Indiana; Roger W. Nutt, Boston, Massachusetts; E. Clinton Wolcott, Rochester, New York; Henry N. Stam, Paterson, New Jersey; Ralph R. Crosby, Providence, Rhode Island; Philip Lieber, Shreveport, Louisiana; Clarence T. Rice, Kansas City, Kansas; George W. West, Atlanta, Georgia; L. H. Allen, Houston, Texas; G. VanderEnde, Berkeley, California.

The American Savings and Loan Institute is now in process of compiling a directory of its Three-Year Graduates, the first ever to be made available to the savings and loan business and to the financial world in general. It will contain brief sketches of these men and women who have this outstanding preparation for leadership in a growing business which bids fair to have its greatest opportunity in the post-war period.

Eight years ago this organization awarded its first diplomas for more advanced work in the study of the savings and loan business, the Graduate Diplomas, and there are now 464 with this additional training. Their number will be brought up close to 500 by the awards made at current commencement exercises. The directory will also include their names and brief biographical sketches.

FHLB Advances Pass Billion Dollar Mark

The one billion dollar figure has been passed in advances of the 12 Federal Home Loan Banks to their member thrift and home-financing institutions, James Twohy, Governor of the Federal Home Loan Bank System, announced on May 22. Mr. Twohy said that total employment of reserve credit supplied by the regional Home Loan Banks since they were established reached $1,004,504,000 on May 11. Repayments amounted to $917,135,039, leaving outstanding advances at $87,369,000. The advices also point out:

"With a cumulative figure of $141,472,000, the Federal Home Loan Bank of Winston-Salem reported the largest volume of advances by a regional bank. The Winston-Salem Bank serves member institutions in seven southeastern States and the District of Columbia. The Federal Home Loan Bank of Chicago (Ill. and Wis.) was second with $127,581,000.

"Founded in 1932, the membership of the Federal Home Loan Bank System now includes 3,736 savings and loan associations and similar institutions, 23 insurance companies and 22 savings banks—with total assets of more than $5,800,000,000. Geographically, its member institutions are located to serve almost the entire non-farm population of the country. The regional banks grant long and short-term credits to their members, enabling them to meet demands for home loans when in excess of the volume of funds available locally."

Mr. Twohy reported that both the 12 regional banks and their member institutions are now in the most liquid condition in their history. With new home building limited to housing for war workers, outlets for construction loans by members have shrunken recently. However, it is noted they are active in financing the sales of existing houses in crowded cities. This situation, combined with their steady growth in capital, has permitted these institutions to invest heavily in government securities, as a wartime supplement to their aggressive sale of War Bonds and stamps.

It is indicated that the 3,781 members of the System have made a total of approximately $6,700,000,000 in home loans since they became affiliated with their regional Home Loan Banks, including $2,135,000,000 loaned on homes in war industry areas since the summer of 1940. It is estimated that they serve a total of about seven million savers, investors and home-owner borrowers.

Ohio Savings And Loan Associations Occupy Leading Place In Field;

(Continued from page 1964)

brought its forces to Columbus in special trains and marched in a solid phalanx into the hall of the House of Representatives on the evening of March 15, 1911, and made known its opposition in no uncertain terms. This was probably the most spirited hearing ever heard in Ohio legislative halls.

Time and again the Ohio League has similarly defeated the efforts of those who have attempted to foist harmful legislation upon the savings and loan associations of the state.

The history of the Ohio League is particularly scintillating in its efforts on behalf of the industry on matters affecting national legislation. After the Congress of the United States granted an exemption from Federal taxation to building and loan associations in the Excise Tax Act of 1909, the Commissioner of Internal Revenue sought to give the language of the Act a narrow and restricted construction, which would have deprived associations throughout the United States of many of the benefits to which they were entitled. The Ohio Savings and Loan League again came to the rescue with suits well known in savings and loan history, which were successfully fought in the Federal court, and defeated the restrictive efforts of the Treasury Department.

The League also prosecuted, under its own authority, other cases such as that, which became known as the Cambridge case, where five Federal judges in the United States Court of Claims completely reversed the rulings of the Commissioner of Internal Revenue, which denied associations proper exemptions under the Revenue Acts of 1918 and 1921. This case was appealed to the Supreme Court of the United States by the Government but the judgment of the lower court was affirmed. This was a most important and far-reaching decision because it definitely determined the rights of building and loan associations under the various revenue acts passed since that time, which contain building and loan exemptions in identical language. This is probably the crowning legislative achievement of the Ohio Savings and Loan League.

However, the League has rendered other and far-reaching services to its members down through the years, among which should be mentioned, particularly, the active part the League took in attempting to change Ohio's archaic uniform rule of taxation. In 1925 the League led the fight for classification which, although defeated in that year, laid the groundwork for a successful classification fight in 1929.

Again in the spring of 1941 the League demonstrated its progressiveness by instituting and sponsoring the first state wide industry-selling radio campaign. Scripts for the broadcasts were prepared by the League office and aired three times weekly over practically every station in Ohio until the encroachment of conditions, brought about by the rapidly approaching war, made discontinuation of the program advisable until a more favorable post-war period.

However, much favorable publicity was achieved in behalf of Ohio savings and loan associations and numerous inquiries on the plan were received from association managers and state leagues throughout the country.

Many names have loomed large in Ohio Savings and Loan League annals. No historian, who must confine his efforts to the limited space available for this article, could attempt to pay tribute to all who deserve public recognition for their part in promoting and extending the welfare of the savings and loan movement in Ohio and throughout the nation.

Ohio might be accused of selfishness in claiming such founding fathers as Herman F. Cellarius, Treasurer of the United States Savings and Loan League, and Henry S. Rosenthal, editor and publisher of the American Savings and Loan News, both of whom have for half a century been prominently identified with savings and loan affairs nationally. Ohio has furnished four Presidents of the United States Savings and Loan League, as well as having acted as host for the national convention on four different occasions. The four past presidents include Ferd Bader, Cincinnati (1899); James M. McKay, Youngstown (1911); L. L. Rankin (1918), and J. E. Kinney (1923), of Columbus. In addition, we may well add the name of W. Megrue Brock, Dayton, current First Vice President of the United States League, who will undoubtedly be advanced to the presidency at the next convention.

The significant growth in Ohio League history dates from 1919 when the Ohio Savings and Loan League established permanent offices in Columbus under the direction of a fulltime executive secretary. In 1921 the League established its own publicity department, a unique departure and the first of its kind to be maintained by any savings and loan organization in Ohio. From 1919 to 1931 the assets of United States savings and loan associations grew from $381,000,000 to almost $1,250,000,000. Even after depression shrinkage in values, Ohio savings and loan associations have staged a remarkable comeback and are again close to the billion dollar mark in total resources.

The League points with pride to the fact that in addition to many other achievements, Ohio savings and loan associations are leading all other states in both the purchase of Government securities for their own portfolios and the sale of War Bonds to the associations' membership and the general public.

The League's brilliant executive secretary, Don L. Tobin, is an experienced and able savings and loan counselor, nationally recognized as a leader in the thrift and home financing field. Mr. Tobin started with the League as Director of Publicity in 1921 and was elevated to executive head of the Ohio Savings and Loan League in 1940, at which time Donald A. King, formerly managing editor of the American Savings and Loan News, assumed the post of Director of Public Relations.

WLB Gives All NYSE Employees Pay Raises

The situation in which 384 unionized employes of the New York Stock Exchange were granted a wage increase while 531 non-unionized employees received no higher pay was resolved on May 21 by the Regional War Labor Board in New York with approval of increases for the remaining workers. All of the increases are retroactive to Jan. 1, 1943.

The Labor Board's announcement explained the ruling as follows:

"The new increases range from 33 cents to $12.81 a week for the 531 employees of the Exchange, and of the Stock Clearing Corp., the New York Quotation Co., and the New York Stock Exchange Building Co., all wholly-owned subsidiaries of the Exchange. Average increase per hour is 6.4 cents for quotation employees, 6.8 cents for the building maintenance men, 7.2 cents for the remaining Stock Exchange employees and 15.7 cents for employees of the stock clearing house.

"The complication arose over the issuance of the 'hold-the-line' Executive Order 9328 on April 8, the same day as the first RWLB decision granting pay rises of $2 to $5 a week to floor clerks on the Exchange. As a result of this order, four applications of the Exchange asking similar increases for its remaining workers were frozen.

"On May 12 a directive on Executive Order 9328 by Economic Stabilization Director James F. Byrnes opened a way for approval of the remaining increases to correct intra-company or intra-plant discrepancies.

"In the meantime, a 10-minute unauthorized strike took place on the Exchange floor on May 10, the first in the history of the Exchange.

"Both of the decisions are retroactive to Jan. 1, 1943. Including the April 8 order—an increase of $2 to $5 a week for floor clerks—the total wage increase for the Exchange will be 10.5% over present payroll. This will lift the hourly earnings of the total 915 employees from $1.02 to slightly over $1.12."

Emil Schram, President of the Stock Exchange, appealed to the WLB last month for equal treatment for all employees; his petition was referred to in these columns of May 6, page 1687.

New Security Firms Formed In Increasing Numbers, NASD Reports

CHICAGO, ILL.—New organizations to deal in securities have been formed in growing numbers since last December in contrast with the trend in 1942, when hundreds withdrew from the business, principally because of entry of the owners into military service or war work. This picture of the current situation in the securities business was drawn by Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, Inc., at a meeting of the Board of Governors of the NASD. Mr. Fulton reported that although NASD membership figures show a net decline for the period from December 31, 1942 to April 30, 1943, the period was marked by a steady increase in applications for membership with the result that during the first four months of the year the Association admitted 30 new members with nine applications pending as of April 30, when the Association had 2,221 members. At its peak in 1942, NASD members numbered more than 2,900.

"Entry of new organizations into the business has not as yet been in volume sufficient to offset declines in our membership which occur for a number of reasons, including expulsions, but it has been encouraging that new members and new applications for membership have increased noticeably in recent months," Mr. Fulton said. Another indication of the healthier condition of the business, Mr. Fulton said, was the response of members to mid-year assessment billings of the Association. Normally, he said, a number of withdrawals of inactive members follow receipt of assessment notices. No such exodus occurred this year, he added.

NASD is accumulating a wealth of valuable information on members' business practices through the medium of this year's examination program, Mr. Fulton reported to the Board. This second annual examination of members is now about half completed and the balance of examinations should be completed well before the end of the year, he said. NASD, through its Rules of Fair Practice, has disciplinary power over members' dealings with the public. This year's examination program, Mr. Fulton stated, is primarily concerned with pricing and profit policies of members.

Post-War Rebuilding Of Cities Called Challenge To Private Enterprise

Employment of the Nation's manpower and industrial capacity in work that can "easily involve $25,000,000,000 in work and material in the first few years following the end of the war" is definitely possibly if government will cooperate with private business in rebuilding worn-out city areas, Albert M. Greenfield, Philadelphia, Chairman of the Urban Land Institute Executive Committee, declared in an address May 18 to the Philadelphia Poor Richard Club.

In his remarks to the Philadelphia group, Mr. Greenfield pointed to wholesale reconstruction of urban areas as the greatest civic challenge of the post-war years. "Year after year we have seen our substantial citizens follow each other to the periphery of the city, and there establish newer and newer peripheries," he said. "The process has been continually draining away the civic health and economic stability of the old districts."

The problem of clearing away the dinginess left in the wake of this outward movement was appraised by Mr. Greenfield as "staggering but not insurmountable." The creation of good neighborhood environment in the old areas was cited as the key to its solution. "Good neighborhood environment," he said, "is not created by accident in this age." He added:

"When it is present, it is the result of planning. All of the excellence in construction, in architecture and in landscaping that we can lavish on a single city lot, or even on a single city block, cannot create the livability that is now competing with the districts we must save. This illusive quality of livability is a neighborhood product. If we want to produce it in the old areas, we must rebuild them completely by neighborhoods. The neighborhood has become the real unit in city planning. It offers the only hope for combining the undisputed amenity advantages of small-town living with the equally evident cultural and economic advantages of the metropolis."

The complex nature of building afresh on sites that contain worn-out buildings requires certain co-operation on the part of Federal, State and local governments for land acquisition, in the opinion of Mr. Greenfield. "The monumental task of rebuilding," he said, "is the kind of undertaking that the imagination, inventiveness and daring of American business is especially equipped to do."

The advices from the Institute state:

"The Urban Land Institute proposes that the Federal Government extend its credit to the cities for this type of land acquisition. The Institute proposes no grants or subsidies for purchase of land, but suggests the use of Federal credit over a long period of time with low interest rates, so that this combination of factors may be employed to absorb any discrepancies between the actual price paid for land and the new value put upon it to encourage the type of rebuilding that is actually needed by the community."

Concluding his remarks, Mr. Greenfield urged a three-point program of local action for urban redevelopment, viz.:

"First, sponsorship by municipal authorities, in cooperation with business groups, of State legislation comparable to the recent Maryland Act which authorizes the establishment of municipal land development commissions to acquire land for private redevolpment;

"Second, the preparation of city plans which give full attention to the possibilities of rebuilding specific deterioriated areas in conformity with accepted principles of neighborhood buildings;

"Finally, the formation of local civic groups to explore the possibilities of urban redevelopment and to engage in public education to that end."

New Magazines Cannot Get Paper Allotment

The War Production Board on May 15 warned publishers and prospective publishers against the issuance of new magazines without permission. United Press advices further reported:

Officials said that increased public interest in world affairs and the technical aspects of the war, such as aviation, radio and chemistry, has prompted many publishers to consider publication of new magazines.

"Any publisher who did not issue a magazine in 1942, the base period, has no allotment of paper for publication," a WPB statement said. "Some prospective publishers have assumed that this limitation order does not apply to them. This is a wrong impression. The decreasing supplies of wood and wood pulp make it necessary to curtail usage by established magazines, which means that a request for an allotment of paper to start a new publication will probably not be granted."

Can The U. S. Support A $300 Billion Debt?

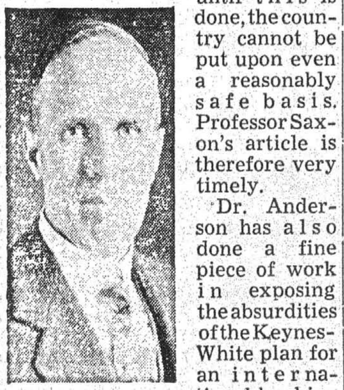
(Continued from first page)

placed in the hands of those agencies, and particularly those individuals representing business groups, who are studying post-war planning. It is about time we got down to earth instead of wasting our energies on high-sounding theories that are impracticable of accomplishment.

I am sure that more such fine articles on this subject will be of constructive benefit at this time.

WILLFORD I. KING
Professor of Economics, New York University

As I see it, one of our most fundamental postwar problems is the retirement of the Government's debt to the banks, and until this is done, the country cannot be put upon even a reasonably safe basis. Professor Saxon's article is therefore very timely.



Wilford I. King

Dr. Anderson has also done a fine piece of work in exposing the absurdities of the Keynes-White plan for an international banking system. He has extracted from the maze of camouflage the fact that, in essence, these plans are nothing more nor less than devices for turning over the assets of the people of the United States to other nations. If Congress comes to understand that this is the only reason for these plans being proposed, enthusiasm for their adoption is likely to wane.

W. W. GASSER
President, The Gary State Bank, Gary, Ind.

I think there is some very sound thinking forwarded by Mr. Saxon. There are some things, however, that I cannot quite agree with him on. First, I cannot agree that $75,000,000,000 will be salvaged on lend-lease, from governments' debts to us, etc. No foreign government except poor little Finland even attempted to pay their indebtedness caused by World War I. How can we hope for any better treatment in this war?

Second, Mr. Saxon thinks we will have a post-war national income of from 100 to 150 billion dollars. I cannot see any such income at all unless we have a big dose of inflation. Our present national income, in my opinion, is greatly enlarged by federal spending. When we begin to live within our income and stop squandering the taxpayers' money, I very much doubt if we can maintain a healthy national income of over 75 billion dollars per year.

I quite agree with Mr. Saxon that the Federal tax structure must be revamped to secure a larger yield from the lower income groups. Whether this can be done or not in the face of an antagonistic Government and in the face of the redistribution of wealth idea on the part of politicians, is very doubtful.

I very much doubt if American industry can hold its own in the coming years. Hostile Government on one side and uncontrolled unions on the other are badly crippling American industry and business.

I am one of the old-fashioned individuals who believes we can not spend ourselves to prosperity. I believe wealth comes only from production. I believe in low-cost mass production. I believe you can not enrich the poor by destroying the rich. I believe our standard of living can be raised in only way—by thrift, economy, hard work, more hours of labor, and this applies to the national economy as well as to the individual.

GEORGE V. McLAUGHLIN
President, Brooklyn Trust Co.

As I understand it, Dr. Saxon's thesis is that a post-war debt of $300,000,000,000 can be serviced and repaid without devaluation—notnecessarily that it will be. It appears to me that the post-war public debt will not be paid off during the lifetime of anyone now living, but rather that it will be kept alive by refunding the various issues as they mature.

G. V. McLaughlin

I think the rise in the general price level resulting from the war will probably make the servicing of this debt considerably easier than would have been the case on the basis of 1940 prices. The huge volume of currency and bank deposits created and yet to be created out of war financing would seem to insure a considerably higher general price level than that which existed prior to 1941.

HAROLD L. HARSCH
Vice President and Cashier, The First National Bank of Peoria, Ill.

I believe this is a very well written article and if the debt and its problems are not handled in a careful and conservative way, we certainly will run into the worst kind of troubles.

Disclose Effect Of Renegotiation On Earnings, Schram Urges

Emil Schram, President of the New York Stock Exchange, suggested earlier this month, in a letter to the heads of corporations having securities listed on the Exchange, that they inform stockholders of the results of any renegotiation proceedings and the effect that the adjustment may have on their operating earnings.

Mr. Schram's letter follows:

"Because it is desirable to release the results of operations to stockholders as soon as possible after the close of the year, the earnings of a number of companies were reported as subject to the renegotiation provisions of the National Defense Appropriation Act.

"Due to the great current interest in the results of renegotiation proceedings and the effect that the settlements may have on the operating figures, we feel sure it is your intention to keep stockholders currently informed and we would suggest that, upon completion of these proceedings which affect a previously published earnings statement, a notice be sent to stockholders as soon as the revised results of operations have been determined. The extent and scope of such a notice would depend upon the circumstances in each individual case. If the change in earnings is relatively small, a brief notice would still appear desirable in order that the stockholders may have a complete understanding of the financial effect of the adjustment which has taken place."

A Gold Standard Based Upon Gold Bullion

By WILLIAM T. SKINNER
Normal, Ill.

I have read with much interest the article by Dr. Kemmerer on "The Future of the Gold Standard" and also the discussions by others which have been provoked by his article. In the article entitled "International Currency," by Dr. Stewart Iglehart, much emphasis is placed upon "honest money." It seems to me that in much that is said about money there is implied certain conceptions of the nature and function of money. These conceptions show that the writers and speakers have in mind the orthodox theory of money taught in most textbooks before World War I.

Mr. Iglehart evidently regards the gold standard as essential to honest money. I think that many students of money are beginning to realize that gold is not as essential to a sound monetary system as it was once thought to be. Any monetary system must necessarily be managed to some extent by government regulation.

I am of the opinion that the United States is in a position to make the American dollar an international currency. Perhaps what I have in mind is what W. W. Aldrich suggests in his proposal concerning the "free dollar." He does not discuss his proposal sufficiently to make clear what he means. There seems to be quite general agreement that gold must be made the basis of any international system which may be adopted. This is because of the idea that a monetary standard must have intrinsic value. Financiers and economists have generally believed that sound money must have intrinsic value or be redeemable in money which has intrinsic value.

The gold standard used to mean that the monetary unit was a gold coin containing a certain number of grains of gold. In recent years we have had various modifications of the gold standard. If the gold standard means the redeemability of all our money in gold coins then the United States is not now on the gold standard. But if a country is on the gold standard if its money is in some way based upon gold then the United States is still on the gold standard.

Here is my plan for making the American dollar an international monetary unit. I am in favor of a gold bullion monetary system. There is no good reason why gold should be coined at all. The essential feature of a gold standard is that whatever money is issued as a circulating medium it must be redeemable in gold—not gold coins but just gold bullion.

This feature of redeemability can be brought about by the government being both a buyer and a seller of gold bullion. If the government will both buy and sell gold at a fixed price it will establish the value of gold in the circulating medium. If the government will either buy or sell 15 5/21 grains of gold for one dollar of the circulating medium, it fixes the price of 15 5/21 grains of gold at that price.

The price of gold should be so regulated that there is a demand for gold in the commercial and industrial world. This is for the purpose of maintaining the value of gold on a commercial basis. If at the price of one dollar for 15 5/21 grains of gold there are no buyers, then the price of gold is too high. There should be some government authority established to raise or lower the content of the gold dollar in order to make the government both a buyer and a seller of gold. That is the law of supply and demand should operate in regard to gold just as it operates with any other commodity. There need not be any fear that this change in the gold content of the gold dollar would make the circulating medium unstable. Any change would be so slight that it would not disturb business in any way.

The gold bullion standard simply requires that the government by law should make a certain number of grains of gold a monetary standard unit for its monetary system. It should also buy and sell gold at the price of one dollar of its circulating medium for that number of grains. The circulating medium should be redeemable in gold bullion through the regular process of buying and selling.

If the United States should establish its monetary system on a gold bullion basis, how would that make the American dollar an international currency? To be an international money, money must have international value. Gold has international value. By that I mean it is a commodity that has value everywhere. The American dollar when based upon gold bullion will be recognized internationally because it has a real gold basis.

If the United States becomes both a buyer and a seller of gold bullion, other nations can obtain gold by selling to the United States some of their own products receiving dollars which can be exchanged for gold bullion. For example, if Brazil desired to obtain gold bullion, the government of Brazil could buy coffee of its producers and sell that coffee to United States importers for dollars with which it could buy gold bullion from the United States government.

The world will not return to any gold standard until there is a wider distribution of gold among the different nations. As long as the United States maintains a monopoly of the gold supply, it is to the advantage of other nations to remain off the gold standard. My plan offers the best method for the distribution of gold among the nations. Many of the plans which are proposed for the distribution of gold really are plans for the United States to play Santa Claus and give its gold away. Every such plan is an injustice to every American citizen because when Uncle Sam distributes his gold gratuitously he is giving away what really belongs to the American people. According to my plan any nation could get gold from the United States by giving equivalent value in goods for gold.

Harper Leaves WMC Post

Fowler V. Harper, has resigned as Deputy Chairman of the War Manpower Commission and has accepted a post with the Board of Economic Warfare's Office of Imports. WMC Chairman Paul V. McNutt in accepting Mr. Harper's resignation praised his services in helping to organize the agency.

In the BEW's Office of Imports, Mr. Harper will be in charge of procurement and economic development in occupied countries.

Industry Has Every Chance To Meet Successfully Challenge Of Post-War Production, Employment

Small Businesses "Grass Roots From Which Business Economy Grows"

American industry has every chance of meeting the challenge of post-war production and employment successfully, if "given a favorable economic climate, given the courage to plan boldly, and given the will to do the job," according to Paul G. Hoffman, President of The Studebaker Corp. and Chairman of the Committee for Economic Development, "because," he said, "the market is going to be there in a big way."

In an address at the annual meeting of the National Industrial Conference Board at the Waldorf-Astoria Hotel last night (May 26), Mr. Hoffman said: "It is my studied opinion that after World War II, or more specifically, after the conclusion of the European phase of World War II, American industry will have to attain peacetime production and employment levels which, three years ago, would have seemed fantastic. Its failure to do so would endanger our free society."

Paul G. Hoffman

He declared that "attacking this task of insuring high-level production and employment gives us as businessmen an inspiring chance—by bold action based on bold planning—to help build a great new world. Americans are fighting and dying all over the world to preserve your freedom and mine. The least we can do is to insure for their return a better post-war world—a world in which your boys and mine may be assured of the most vital security of all—the security of opportunity."

In part, Mr. Hoffman also said: "Industry must attain a high level of employment quickly after peace comes, because it has been long recognized that too much unemployment for too long is a direct invitation to dictatorship. Perhaps what has not been so clearly recognized is the important fact that, if Government provides too many jobs for too long, the result will be exactly the same, so far as the effect on the maintenance of free society is concerned. Too much unemployment, too much Government employment, either or both, spell death to a free society.

"While we must keep the need for jobs in private industry in the forefront of our minds, only out of high-level production in private industry can we be assured of the kind of jobs that will bring us a high standard of living. High-level employment by itself is not enough. High-level employment alone could be attained very easily if, in striving for that goal, we disregarded completely the reasons for its attainment—a high standard of living and the maintenance of our free society. Industry could easily provide a temporary job for everyone who wants to work by giving up steam shovels and going back to hand shovels, or by adopting a 12-hour week. But it is obvious that these jobs would not last long.

"In my approach to this problem of post-war employment in private industry, you will note I use the term high-level employment, and not full employment.

* * *

"If we are to succeed in our efforts to attain a satisfactory level of employment after the war, we must take off our rose-colored glasses and forget such meaningless terms as full employment. We must be specific, and I propose to be specific when I tell you what I consider to be industry's task in the post-war period.

"In order to arrive at a specific goal, let us go back for a moment to 1940, our last peacetime year. In that year approximately 46,000,000 people were gainfully employed in the United States. Less than 600,000 of them were serving in the armed forces or working in armament production. From an employment standpoint, the situation was not satisfactory. From six to nine million were unemployed.

"By the end of this war year of 1943, it is estimated more than 64,000,000 people will be employed in our working-fighting force—and of this number no less than 20,000,000 will be directly engaged in the manufacture of war goods.

"Leading economists estimate that even when several million women, along with overage and underage men, return to their homes after the fighting stops, we will have to provide regularly something like 58,000,000 jobs, with a normal work-week, to have a reasonably satisfactory situation—58,000,000 as against the 1940 level of 46,000,000. Approximately 2,000,000 of these will be in the armed forces.

"Jobs stem from the output of goods and services. The economists estimate that to provide 56,00,000 jobs our output of civilian goods and services would have to total between $135,000,000,000 and $145,000,000,000 a year. You can appreciate the enormity of the job we face when I tell you that in 1940, when we produced more goods and services than in any previous single year, our gross output totaled less than $100,000,000,000.

"How can private industry achieve the high-level production necessary to provide what we consider a satisfactory level of employment?

"I should like to answer that question by telling you that in the consideration of this problem the men associated with me in the Commitee for Economic Development have come to two main conclusions:

"1. Individual business enterprises must start **now** to plan their own post-war products and post-war markets;

"2. The environment in the post-war period must be favorable to the expansion of enterprise.

"As far as I am concerned, I have no confidence whatever in the ability of any agency—public or private—to make overall plans for our economic system, or for our business program. But I do have the highest confidence in the ability of individual business men to plan for the future of their own businesses. That's why I say individual enterprisers must do this planning for themselves—and I mean all 3,000,000 of them. Only a small part of the necessary job can be done by the approximately 500 concerns which properly can be classified as large employers. The real shock troops of this campaign of bold and intelligent planning by individual enterprise are the smaller businesses and the men in business as individuals who make up the 3,000,000 individual enterprisers in America.

"These small businesses supply many millions of people with their livelihood. They are the grass roots from which our business economy grows—and they embody a vast proportion of that initiative and resourcefulness which is one of America's greatest natural resources. Certainly, it is upon this intiative and resourcefulness that we must rely to find ways to provide the high-level employment which must prevail if the freedoms of business and labor are to survive.

"But the economic environment—the business climate in the post-war world—must be favorable to expansion of enterprise or the soundest of individual planning will come a cropper.

* * *

"I am strongly inclined to believe that a few conditions must characterize any economy in which free enterprise is to remain the structural base. Among them are:

"1. There must be a restoration of rewards for risk-taking on the part of business and industry. Our tax laws must be so revised as to stimulate vigorously the entrance of venture-capital into productive enterprises—where jobs can and will be created.

"2. Some solution must be found for the special problems of small businesses. It has been too tough for small businesses to be born of late—and even tougher for them to stay alive. Small business is the bedrock of the free enterprise system.

"3. Both business and government must make every effort to see that competition is put back into the competitive system—to the fullest extent possible. Competition is a stimulant for the enterpriser. Without it his initiative and resourcefulness cannot be brought into full play.

"4. All Americans must recognize that the America of the post-war period will hold an entirely different position in this world of ours than the America of the '30's. Because of the great strides being made in the field of aeronautics all natural boundaries are disappearing rapidly. By the time this war ends every country in the world will be our close neighbor. In the light of this geographical revolution isolationism becomes a thing of the past and, in my opinion, those of us who persist in thinking as isolationists are headed down a blind alley."

Public Utility Prospects Held Encouraging By W. H. Duff Speaking At Mutual Banks Meeting

Public utility prospects, from the investment viewpoint and development of the country, were viewed as essentially encouraging in an address made by W. H. Duff, of Duff & Phelps, Chicago, before the National Association of Mutual Savings Banks.

The benefits of amortized mortgage loans under war conditions were analyzed by Charles F. Chubb, President of the Dollar Savings Bank, Pittsburgh, while the question of granting to all mutual savings banks the privilege of making mortgage loans beyond their State borders was reviewed by Harry J. Landbeck, Vice-President of the Hopkins Place Savings Bank, Baltimore.

In another address, L. A. Tobie, President of the Meriden (Conn.) Savings Bank, discussed the question whether private lending institutions, such as mutual savings banks, should raise the ratio of mortgage loans to conform more closely with standards of the Federal Housing Administration.

Harrison G. Taylor, President of the Savings Banks Association of Massachusetts and Treasurer of the Worcester Five Cents Savings Bank, stressed the cultivation of public good-will as an essential war-time need for mutual savings banks.

The vital necessity for school savings in a time of national emergency was emphasized at the meeting on May 6 by Judge Edward A. Richards, President of the East New York Savings Bank of Brooklyn. Declaring that "school savings perhaps are more important than ever before," Mr. Richards added:

"The generation now in school has been subjected to the theory that the people of a nation may spend its way to prosperity. Great emphasis has been and still is placed upon Government social security for old age. They have heard about the prospects of a provision for $30 every Thursday. For some of them, WPA and other relief programs have brought the only security that they had. Until a year or so ago thousands of boys and girls in our country knew of no other source of family income but relief checks, and no prospect of anything else. At the present time jobs and money are plentiful but, of course, money is not worth so much and may be worth less. After this war comes to an end there is likely to be a great campaign to buy; buy now and pay later; buy upon the instalment plan.

"Now that there is a real family income, more especially it is our bounden duty to do all we can, in all proper ways, to teach the value of thrift and personal economic independence; the value of regular systematic savings against the time of need. One of the best and surest methods of teaching thrift and the value of saving is by the school savings system."

Among other speakers at the meeting were William P. Snow, Jr., President of the Suffolk Savings Bank for Seamen and Others, of Boston, who discussed "How Can We Obtain More Accurate Evaluations?"; Edwin C. Northrop, President of the Connecticut Savings Banks Association, and Vice-President, Waterbury (Conn.) Savings Bank, who surveyed Banking Personal Problems under war conditions, and Walter R. MacCornack, Dean of the School of Architecture, Massachusetts Institute of Technology and Chairman of the Committee on Post-War Reconstruction, American Institute of Architects, whose remarks dealt with building "in the light of post-war reconstruction."

SEC's New Annual Report Forms For Investment Cos.

The Securities and Exchange Commission on May 8 announced the adoption of two new annual report forms under the Investment Company Act of 1940, designed particularly for use by unit investment trusts currently issuing securities and by unincorporated management investment companies currently issuing periodic payment plan certificates. These forms, designated Form N-30A-2 and Form N-30A-3, respectively, are prescribed for use by such companies in filing reports not only under Section 30 (a) of the Investment Company Act of 1940 but also under Section 15 (d) of the Securities Exchange Act of 1934, thus eliminating duplicate filings under the two Acts. They supplant Form 2-MD insofar as that form is applicable to these types of investment companies.

The Commission's announcement added:

"The forms are designated to bring up to date, as of the close of each fiscal year, the information originally furnished in registration statements filed under the Investment Company Act. Most of the items of the forms are required to be answered only if some change has occurred during the fiscal year in the information previously furnished.

"Reports on Forms N-30A-2 and N-30A-3 must be filed within 120 days after the close of each fiscal year of the registrant. However, a registrant required to file an annual report on either of these forms for any fiscal year ending on or before February 28, 1943 need not file such report prior to June 30, 1943.

"In connection with the adoption of Forms N-30A-2 and N-30A-3, the Commission also amended Rule N-30A-2 under the Investment Company Act, Rule X-15D-2 under the Securities Exchange Act and the Instruction Book for Form 2-MD."

ANPA Warns Of Need To Cut Newsprint Use

Newspapers were urged on May 19 by the American Newspaper Publishers Association to bring consumption of newsprint into balance with newsprint production to check the decline of stocks on hand.

In its current bulletin, reporting a 2% increase in newsprint consumption during April, the ANPA asserted that "the situation would not be so serious if newsprint was being manufactured with stocks growing at the mills, but a casual review of all recent statistics shows that mill stocks generally have been going down, and the same thing has been happening with the stocks in the hands of publishers."

The bulletin further said:

"More disturbing than anything else is the fact that the stocks of newsprint on hand in newspaper plants dropped to 52 days' supply at the end of April in contrast with 56 days' supply at the end of March, 1943; 60 days at the end of February, 1943, and 63 days at the end of January, 1943. This supply of 52 days on hand at the end of April, 1943, is in contrast with 54 days' supply on hand at the end of April, 1942.

"Newspapers seem to be heading for an evil day which will come soon if steps are not taken immediately to bring consumption into balance with production.

"Publishers, generally speaking, cannot delay until next week or next month the decision involving use of no more newsprint than they are now able to get, because continued use of newsprint out of stocks will impair ability to meet the unknown developments of the future, certainly until this war is over."

The April increase in newsprint consumption over the same month in 1942 compared with a 5.1% decrease from April 1941 month. For the first four months of 1943 there was a decrease of 2.4%, compared with the like 1942 period and a 5.1% decrease under the same period two years ago.

Chicago S. E. To Change Closing Time

The Board of Governors of the Chicago Exchange at a meeting held on May 21, voted to re-establish 2:00 o'clock p.m. on weekdays and 11:00 o'clock a.m. on Saturdays as the closing time of the Exchange, effective June 1.

In announcing this action, Arthur M. Betts, Chairman of the Board, said:

"The sharply increased volume transacted thus far this year has put a strain on the operating personnel of our members. During recent lean years many member firms had reduced the number of their employees and now further depletions and dislocations have been caused by the war. This action was taken to relieve, to some extent, this condition."

Cgo. & Southern Airlines Situation Of Interest

Common stock and common v.t.c. of the Chicago & Southern Airlines, Inc. offer a most attractive situation according to a circular just issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this circular, discussing the situation in some detail may be had from Scherck, Richter Company upon request.

Scarff Serving As Lt. Col.

James G. Scarff, Vice-President and Director of Harriman Ripley & Co., Incorporated, has been commissioned a Lieut.-Colonel in the Army of the United States and has left for active duty in the Air Corps.

Our Reporter's Report

(Continued from page 1956)

The latest such instance involves the decision of directors of the Atchison, Topeka & Santa Fe Railway to call for payment, as of Sept. 1 next, $33,132,000 of that road's California-Arizona Lines 4½ per cent bonds.

This action marks the elimination of the last portion of the road's debt carrying a coupon higher than 4 per cent.

Recognized as a high-grade lien, the disappearance of the issue from the market leaves insurance company and bank bond buyers with no easy problem of replacement, since these institutions have their full share of governments which are about the only type available.

$35,000,000 Stock Offer

One of the largest operations involving the sale to the public of a block of stock hitherto closely held came into sight recently with the filing of the necessary registration covering the projected marketing of 764,500 shares of Gulf Oil Corporation stock.

At current market prices this enormous block has an indicated value of approximately $35,000,000, and represent in part holdings of the Mellon Securities Corporation which had been carried in inventory for some time with a view to eventual sale. The balance consists of holdings of other large interests who are concerned with seeking diversification.

But substantial though the block is, its distribution does not involve any shift of control of the property, since the combined Mellon interests are credited with holding upward of 6,000,000 shares. And no further sales are contemplated.

Middle West Deal

Little interest is apparent in this area in the forthcoming offering of $2,500,000 of fifteen-year 5 per cent bonds of the Interstate Bakeries Corporation, expected to be offered early next month.

The company is well-known through the Middle West, and discussion in market circles here indicates that the bulk if not all of the forthcoming issue will find buyers in that region.

Proceeds will be used in part to retire assumed first mortgage 6 per cent bonds, of the Schulze Baking Company, due in 1945.

Twentieth-Century-Fox Stock

Current report indicates that announcement may be near relative to the sale by Chase National Bank of its holdings of Twentieth Century-Fox Film Corporation stock running close to 700,000 shares.

This stock, which is convertible into the common at the rate of one share for one and one-quarter shares of the junior equity, is selling currently in the open market just above 30.

The bank has been disposing of holdings of stock which accrued to it as collateral for loans over a decade ago.

Mohawk Rubber Attractive

Common stock of the Mohawk Rubber Company offers interesting possibilities according to a memorandum issued by Cayne, Ralston & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. Copies of this memorandum discussing the current situation and including comparative figures for the past five years as well as a balance sheet may be had from Cayne, Ralston & Co. upon request.

Ohio Municipal Comment

(Continued from page 1958)

ment bankers generally has been to show more and more this overlapping debt information. Consequently, there is reason to hope that dealers in Ohio municipals will also eventually adopt such a very commendable practice. With the Ohio Municipal Advisory Council providing this datum (and considerable other information) on practically all Ohio bonds, there is little, if any, reason why we cannot show it on our offerings. Probably the most fundamental reason is simply that investors themselves have not learned to demand this valuable information.

"The Money Changers"

Since the Second War Loan Drive I have had the pleasure of taking a tour around Ohio and talking with many bankers, large and small. One could not help but notice the difficult personnel problems in which every bank finds itself now. Every one was especially busy during the War Loan drive and I, for one, doubt that another such drive could be made successful without the tireless efforts of the banks, both in selling and handling the details of deliveries. On top of all this work, which of course is being handled without protest or grudge, has now been added the important and heavy duty of "ration banking." Suffice it to say that the Lord should certainly punish anyone who calls the bankers "money changers."

Ohio Brevities

(Continued from page 1958)

tioned with the military police at Fort Custer, Battle Creek, Mich. He was with First Boston for over 12 years, nearly all of that time being spent in Cleveland. He was a member of the Bond Club of Cleveland and the Chamber of Commerce. He also was an air raid warden in Hudson, a Cleveland suburb, where his wife resides. He is just a few months under the 38-year-old limit.

John Day, of the company's Boston office, has succeeded Field as manager.

* * *

Captain Charles Andes, formerly a salesman with Wm. J. Mericka & Co., who was commissioned last February in the Marines, has been placed in charge of marine recruiting at Cleveland. He was manager of Mericka's Chicago office in 1935 and 1936. Another Mericka man, Howard Eble, who was assistant vice-president of the company, has been transferred to Camp Crowder, Mo. He was with Mericka's 13 years and was a trader specializing in real estate securities. He is in the Air Force Signal Corps.

* * *

At least seven members of the Cleveland Security Traders Association are at night war jobs in Cleveland plants.

Clem Gunn, of Robbins, Gunn & Co., and Tom Melody, of First Boston Corp., are employed at Warner & Swasey Co., machine tool builder. The remainder are working at the Harris Calorific Co. They are George Placky, of Schultz & Co., Richard Cone of Findley & Co., Walter J. Carey of Robbins, Gunn, Everett King, of Maynard H. Murch & Co., and Roy Bock, of Dodge Securities Corp.

Gurnett With J. S. Bache

(Special to The Financial Chronicle)

BOSTON, MASS.—Edward F. Gurnett is now associated with J. S. Bache & Co., 30 Federal Street. Mr. Gurnett was formerly with Weston & Co. and prior thereto was an officer of Reed & Co. of Worcester.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Many fire insurance companies have heavy stock interests in other insurance companies, but which are carried on their balance sheets at substantially lower values than their real worth. The difference between their real worth and the balance sheet value is referred to as a "hidden equity." Furthermore, there are also "hidden earnings" represented by the difference between dividends paid by the subsidiary on the holdings of the parent company and the subsidiary's earnings which apply to these holdings. As a result of this situation, liquidating values and net operating earnings of such fire insurance companies are frequently reported on two bases: viz: parent company basis and consolidated basis. In the latter case the "hidden equity" and "hidden earnings" are combined with the parent company figures and reflect a truer representation of the financial position and operation of the company. Some interesting examples of subsidiary holdings and parent vs. consolidated figures are cited below.

Aetna Insurance Company: owns capital stock of Century Indemnity Co., Piedmont Fire Insurance Co., Standard Insurance Co., Standard Surety Co., and World Fire and Marine Insurance Co.

Agricultural Insurance Company: owns capital stock of Empire State Insurance Co.

Continental Insurance Company: owns 50% of capital stock of American Eagle Fire Insurance Co., First American Fire Insurance Co., Niagara Fire Insurance Co., and Fidelity and Casualty Co.

Fidelity Phenix Fire Insurance Company: owns 50% of capital stock of American Eagle Fire Insurance Co., First American Fire Insurance Co., Niagara Fire Insurance Co., and Fidelity and Casualty Co.

Fire Association of Philadelphia: owns capital stock of Lumbermens' Insurance Co., and through it 55% of Philadelphia National Insurance Co., also 22% of Reliance Insurance Co. of Philadelphia.

Great American Insurance Company (with Great American Investing Co.): owns capital stock of American National Fire Insurance Co., County Fire Insurance Co., Detroit Fire and Marine Insurance Co., and Massachusetts Fire and Marine Insurance Co., also approximately 90% of Rochester American Insurance Co., 90% of Great American Indemnity Co., 80% of North Carolina Home Insurance Co., and 10% of American Alliance Insurance Co.

Home Insurance Company: owns approximately 39% of Baltimore American Insurance Co., 48% of Georgia Home Insurance Co., 50% of Gibraltar Fire and Marine Insurance Co., 76% of Home Indemnity Co., 19% of Homestead Fire Insurance Co., and 48.5% of National Liberty Insurance Co.

Insurance Company of North America: owns capital stock of Alliance Insurance Co. of Philadelphia, Central Insurance Co. of Baltimore, Indemnity Insurance Co. of North America, National Security Insurance Co., and Philadelphia Fire and Marine Insurance Co.

National Fire Insurance Company: owns capital stock of Franklin National Insurance Co., Mechanics and Traders Insurance Co., Transcontinental Insurance Co., and also 13% of National Casualty Co.

Providence-Washington Insurance Company: owns capital stock of Anchor Insurance Co.

Security Insurance Company of New Haven: owns capital stock of Connecticut Indemnity Co., and East and West Insurance Co.

Springfield Fire & Marine Insurance Company: owns capital stock of Michigan Fire and Marine Insurance Co., New England Casualty Co., Sentinel Fire Insurance Co., and approximately 89% of New England Fire Insurance Co.

It will be noted that many subsidiaries are owned outright, while in other instances either a majority of the stock is held or else a substantial minority. In cases where outright ownership is indicated, this is exclusive of directors' qualifying shares. In the two tabulations below are shown the effects of this ownership, on 1942 liquidating values and earnings.

Liquidating values for the 12 stocks under review average 8.9% higher on the consolidated basis than on the parent basis. Net investment income averages 16.0% higher and total net operating profits 31.1% higher.

The stock whose consolidated liquidating value shows the greatest gain over the parent company value is Great American with 28.4%, while Providence Washington shows the lowest of 2.5%. Aetna shows the greatest gain in net investment income of 45.5%, while Home shows a gain of less than 1.0%. Consolidated net underwriting results are very erratic. Agricultural and Fire Association both indicate greater losses than on a parent company basis, but all the others show improvement. In this connection it must be recollected that 1942 underwritings were badly distorted by heavy marine losses in the early part of the year. As re-

(Continued on page 1970)

Municipal News & Notes

The North Carolina Local Government Commission created by act of the 1931 legislature to exercise general control over the power of local governmental units to create new debt, and authorized two years later to supervise the refinancing of outstanding indebtedness, has succeeded in reducing to only six the number of subdivisions still in default. The extent of the commission's accomplishments is graphically illustrated in the fact that in 1933 no less than 62 counties, 152 cities and towns and approximately 200 other local units were in default on their obligations. Since that time, refinancing plans have been devised and completed under the commission's supervision, involving nearly $120,000,000 of bonds. Nor does this fact alone tell the complete story, as was recently noted in a summary of the commission's operations by its Chairman, Charles M. Johnson, who is also State Treasurer.

Aside from the complete rehabilitation of the State's local debt structure, the commission also succeeded in lopping off a substantial part of the total debt originally outstanding. This is shown in the fact that as against a grand aggregate of $362,400,000 on June 30, 1932, the comparable total on June 30, 1942, was $289,000,000, despite the issuance of $39,400,000 in new bonds during the period to finance such essential facilities as water and sewerage projects.

The net result of these developments, Mr. Johnson noted, is that "generally, the financial position of our local governmental units is now the best it has been in the history of the State. In view of this position the general assembly of 1943 authorized counties and municipalities to establish capital reserve funds with any part or all of the cash surplus accumulated at the close of the fiscal year.

"The purpose of a capital reserve fund is to permit a local unit to withhold and earmark this money for necessary post-war improvements or for further debt retirement. Properties are rapidly depreciating due to the present lack of available materials and equipment for needed repairs and replacements. The commission advocates use of this authority given by the general assembly wherever practical because it will avoid the necessity of issuing any new bonds for improvements needed after the close of the war.

"Practically no new bonds for improvements are being issued at this time and the necessity for some new issues will naturally prevail. A span of years during which no improvements can be made and the simple fact that extensive improvements cannot always otherwise be financed, unless by excessive tax levy, will give rise to the need of funds from new bond issues. Although capital reserve funds are intended to reduce issuance of new bonds to a minimum, when this time comes the commission's control will extend to limiting these new issues to intelligent financing and to proper maturity arrangements so as to prevent peak loads which have caused trouble in the past."

Still another member of the commission who has contributed importantly to the success of its efforts is W. E. Easterling, whose position as Secretary has brought him in close contact with dealers and investors in North Carolina municipals. Mr. Easterling performs the vital task involving the placement of both refunding and new issues on behalf of the local bodies and is a stern disciplinarian in all matters involving fiscal operations and procedure.

The Local Government Commission's problem, it is said, was without precedent anywhere in this country. The problem was a complex, three-fold one: some units needed an extension of time for the payment of defaulted and early maturing bonds; some needed to refinance their entire debt with some compromise and reduction of interest rate; others had an accumulated principal so excessive and burdensome that reduction of this principal was the only alternative as a solution. With the refinancing accomplished to date, all counties, cities, towns and districts have been restored to current conditions and are meeting their maturing obligations, except for a few small towns.

Philadelphia's Cash Position Extolled

With receipts from all general fund revenue sources for the first four months of the year running 1.34% above the same period last year, the city was reported to be in a "splendid cash position" by the Bureau of Municipal Research recently.

At the beginning of May the treasury reported a general fund cash balance of $33,993,199.77, according to the Bureau, with practically all bills paid, no temporary or emergency loans outstanding and with the second and third sinking fund installments paid in advance.

The first four months' receipts, totaling $46,083,449.88, amounts to 56.33% of the budget estimate of $81,816,388.96 for 1943, the Bureau reported. Current real estate tax collections, amusement tax receipts and transit company payments, the Bureau stated, all are in excess of last year's income from these sources.

Among the city's income sources and the amounts yielded reported by the Bureau are:

Real estate—$28,781,603.94.
Income Tax—$8,116,988.80.
State liquor tax—$1,645,300.
Transit company payments—$1,464,312.46.
Amusement tax—$461,404.40.

N. Y. City High Tax Burden Due To Utility Operating Deficits

Necessity of meeting operating deficits from tax revenues on all but one of the six major municipally owned and operated revenue-producing utilities is responsible for the inability of New York City to reduce the tax burden on real estate, according to a survey just released by the Institute of Public Administration.

The survey, prepared by Herbert S. Swan, industrial consultant, states that despite the maintenance of real estate valuations for tax purposes at levels far in excess of market values, the city's present unreserved margin of free borrowing power is no more than approximately $153,000,000.

In outlining reasons for the city's present financial situation, the industrial consultant stressed the fact that every one of the six major municipally owned and operated revenue-producing utilities, with the exception of water, shows a current deficit when fixed charges on capital are included in the expense of operation.

If airports, docks, ferries, markets and transit, like water, were placed on a self-supporting basis, a great contribution would be made toward placing local real estate upon a competitive basis as compared with that in suburban communities, Mr. Swan said.

The rapid transist system—with a gross funded debt of $1,149,880,000, or $25,860,000 more than the city's total funded debt on Jan. 1, 1915—is listed as representing the

principal single drain on municipal finances. During the current fiscal year debt charges on account of rapid transit involve $56,200,000, $16,000,000 for amortization and redemption and $40,200,000 on account of interest.

Mr. Swan emphasized that subsidies this year to five uneconomic municipally operated enterprises are equal to a levy of $20.56 upon every occupied dwelling in the city, whether an apartment or a private home.

Chattanooga, Tenn., Utility Head Cites Large Savings

Chattanooga users of TVA electricity through the city's Electric Power Board have saved $9,000,000 in the three years and nine months that TVA power has been furnished, it was stated recently by S. R. Finley, General Superintendent of the power board. These savings are based on the average cost of electricity in 1938.

The city's purchase of the privately owned power system for $10,850,000 on Aug. 15, 1939, was financed by an issue of revenue bonds. With a regular schedule of retirement of these obligations over a 30-year period, approximately $1,000,000 will have been retired from the income of the electric system by July 1 of the present year, Mr. Finley said. Approximately $1,700,000 from income has been put back into the system in the form of renewals, replacements and additions. The outstanding bonds draw 2.70%, payable semi-annually in January and July.

The Electric Power Board of Chattanooga is an independent arm of the city, administered by a board of five citizens. Its operations are those of a publicly owned enterprise doing business at cost.

At the time the private power system was purchased, a policy was set up of replacing to the city and county governments annually the taxes formerly paid by the privately owned company. These payments required approximately 7% of the board's income since its inception, and, in addition, other tax replacements made by the TVA from money paid in by the board for the purchase of power have amounted to a substantial sum.

As the board has no generating plant, the largest item of its expenses is for the purchase of power—this requiring 42% of the board's income since its beginning. These and other expenses are shown in these percentages of the board's income required for its various expenses:

Purchase of power	42%
Operation expenses	19%
Depreciation	7%
Tax replacement	7%
Bond interest	7%
Retirement of bonds	8%
Additions to system	7%
Surplus	3%
	100%

Texas River Authority Bonds Offered by First Boston Group

A syndicate headed by the First Boston Corp. and Stranahan, Harris & Co., Inc., is advertising today an issue of $21,635,000 Lower Colorado River Authority, Texas, revenue bonds, consisting of a series of 3s, due semi-annually on May 1 and Nov. 1 from 1944 to 1960, inclusive; a series of 2¾s maturing semi-annually from 1961 to 1970, inclusive, and a block of $4,615,000 2½s due on May 1, 1975. The syndicate states that arrangements have been made for the sale of the 3s, due from 1944 to 1953, and these bonds do not constitute part of the offering. The remaining bonds are priced to yield from 2.30% to 2.85% for maturities to and including May 1, 1970; the $4,615,000 2½s of 1975 are priced at 97.50. Proceeds of the financing will be used by the River Authority to redeem an issue of 4s held by the Reconstruction Finance Corporation.

Other members of the underwriting group include: Smith, Barney & Co., Harriman Ripley & Co., Inc., Blyth & Co., Inc., and Lazard Freres & Co. Preliminary inquiry for the bonds indicated strong investment demand in the offering.

Halsey Stuart & Co. Buys Arkansas Bonds

Halsey, Stuart & Co., Inc., New York, has purchased from the Reconstruction Finance Corporation $9,763,000 State of Arkansas highway refunding bonds at a price of 104, it was announced on May 26.

Major Sales Scheduled

May 28

$4,178,000 Alabama Bridge Finance Corp.

Not exceeding 2% refundings, due Jan.-July, 1944-1953.

June 8

$1,500,000 Allegheny County, Pa.

Not exceeding 3% improvement, due 1950-1973. Successful bidder at previous sale was account headed by Halsey, Stuart & Co., Inc.; second high bid named by Chase National Bank of New York and Associates.

June 21

$13,815,000 Imperial Irrigation District, Calif.

Not exceeding 3½% refundings, due 1983.

Share Teletype

CHICAGO, ILL.—Due to priority restrictions, Leason & Co., Inc., 39 S. La Salle Street, have made teletype arrangements on a joint basis with Francoeur, Moran & Co., 39 South La Salle Street. Teletype No. CG 993.

Investment Trusts

(Continued from page 1959)

The point we wish to emphasize is that here is an investment company sponsor directing its major sales effort toward the particular offering which, judged by market performance, is least popular in its entire list of 20. The selection was made on the basis of investment judgment rather than sales expediency. It is on that basis that the investment company field is building a sound long-term sales policy.

* * *

"Dollars At A Discount" is the title of Keystone Corp.'s latest case for discount bonds. You may find it as convincing as we did. We quote:

"If it were possible to buy dollars for fifty or seventy-five cents, it would be an incredible piece of good fortune. Strangely enough, such a thing is, in effect, possible.

"Many corporations are able to buy bonds at substantial discounts from par value. Thus, by an expenditure of fifty or sevent-five cents, they are able to cancel a dollar's worth of debt. This policy is being followed actively and aggressively by many companies.

"As the present high rate of earnings caused by our war economy continues—more and more companies are taking advantage of the substantial discounts in bond prices to buy 'dollars at a discount.' One large railroad has received tenders of bonds at prices as low as 38. Many others have retired millions of dollars face amount of bonds at sizable discounts.

"These policies have three direct advantages to the holders of discount bonds:

"1. As the size of the issue is reduced, the floating supply dwindles and appreciation possibilities increase.

"2. As debt is whittled away, the basic quality of the bond is improved, attracting new buyers.

"3. Long-term improvement in basic quality makes future interest payments less of a burden and gives greater assurance of their continuance.

"Since interest comes before taxes, high war-time earnings naturally favor discount bonds. The added factor of improving asset protection through debt retirement—which of itself would make many issues attractive—broadens the opportunity in this field—at least while the supply lasts."

Insured Investment With Liberal Return

The First Federal Savings and Loan Association of Toledo, 335 Erie Street, Toledo, Ohio, have prepared an interesting descriptive circular discussing the advantages of insured Federal Savings & Loan investments, particularly of the Great Lakes manufacturing area. Current dividend rate of 2½% per annum.

Bank & Insurance Stocks

(Continued from page 1969)

gards total net operating profits on the consolidated basis, Aetna's were 118.2% higher, Agricultural's 39.5% lower and National Fire's nearest average with 27.1% higher.

PARENT COMPANY BASIS

	Net Inv. Inc. ($ Per Share)	Net Und. Profits ($ Per Share)	Total Net Oper Profits ($ Per Share)	12/31/42 Liq. Value ($Per Share)
Aetna	1.91	—0.48	1.43	53.31
Agricultural	4.25	—1.24	3.01	81.23
Continental	2.09	0.40	2.49	39.83
Fidelity-Phenix	2.44	0.03	2.47	41.53
Fire Association	4.09	—1.75	2.34	74.89
Great American	1.18	—0.11	1.07	22.80
Home	1.50	—0.65	0.85	24.71
Insurance Co. of N. A.	3.63	0.03	3.66	73.71
National Fire	2.54	0.34	2.88	76.53
Providence-Washington	1.71	—0.62	1.09	36.23
Security	1.81	—0.01	1.80	44.65
Springfield	4.81	3.57	8.38	128.41

CONSOLIDATED BASIS

	Net Inv. Inc. ($ Per Share)	Net Und. Profits ($ Per Share)	Total Net Oper Profits ($ Per Share)	12/31/42 Liq. Value ($Per Share)
Aetna	2.78	0.34	3.12	62.01
Agricultural	4.51	—2.69	1.82	86.33
Continental	2.19	0.73	2.92	42.33
Fidelity-Phenix	2.57	0.47	3.04	44.86
Fire Association	4.46	—2.26	2.20	79.43
Great American	1.58	0.40	1.98	29.27
Home	1.51	—0.57	0.94	25.81
Insurance Co. of N. A.	4.07	1.73	5.80	79.60
National Fire	3.32	0.34	3.66	80.50
Providence-Washington	1.84	—0.56	1.28	37.15
Security	2.36	0.37	2.73	48.58
Springfield	5.12	4.12	9.24	136.53

J. S. Bache Employees Form 25-Year Club

At a dinner party on May 23rd, 27 employees and five partners of the New York Stock Exchange firm of J. S. Bache & Co., 36 Wall Street, New York City, met to form a Quarter Century Club. The Bache firm, which holds memberships in the New York Stock Exchange and other leading Exchanges, celebrated its 50th anniversary last year. Among the charter members of the club present were Miss Martha Eisner, Miss Gertrude Schoendorf and Christian Schaefer who joined the organization in 1892, the year the firm was founded. Edward P. Goetz, who became associated with the firm in 1897, was also present.

Partners of the firm who are charter members of the Quarter Century Club are Jules S. Bache, founder of the firm, Harold L. Bache, Morton F. Stern, Hugo J. Lion and Walter F. Schultze.

Other partners of the firm were guests of the new club at its first dinner party.

Customers' Brokers Head Urges Adherence To Code Of Ethics

Members of the Association of Customers' Brokers were urged to adhere closely to its code of ethics, despite the pressure of more active markets, by Armand E. Fontaine, President of the Association. The code has been reprinted by the Association with a foreword by Mr. Fontaine.

"Today the public believes, and rightly so," he declared, "that Wall Street has been purged of undesirable elements and practices. For ten years there has been regulation, education and slow attrition in the securities brokerage business. Those firms and individuals who have survived have acquired greater knowledge, experience and consciousness of their responsibilities. We do not wish to see these hard-won gains dissipated."

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an anlysis 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.

Now Barnes & Turley

CHICAGO, ILL. — Barnes & Turley, 120 South La Salle Street, has been formed to succeed the over-the-counter dealer and brokerage business of the Peoples Investment Company. Partners of the new organization are Blanche C. Barnes, Charles E. Barnes, and George R. Turley, all of whom were with the predecessor firm.

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.

Ins. Stocks Of Interest

An interesting comparative analysis of insurance stocks with consolidated data and ratios has been prepared by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Laird, Bissell & Meeds upon request.

Pity The Poor Draft Board—They Got This

William Groom Leftwich of Leftwich & Ross, Memphis, Tenn., serves on his local Draft Board. One of the registrants could not be located and after sending notices everywhere, the Board finally got the F.B.I. to help out. A little later they received the following masterpiece from the missing registrant:

Dear Local Board:

I guess you got my questionnaire back after such a long time. I left San Pedro in the middle of the night and on a moment's notice, so if I mailed you a Change of Address, I do not remember it. You apparently found that out because the F.B.I. did, they also found out where I was. The day I got the questionnaire I was lit to the ears; I guess I filled it out correctly because I went to the Police Station (A place I always avoid) and someone there helped me fill it out and told me that there was no Notary Public there and that I would have to find one elsewhere. I know that I went looking for one but I guess that there were too many saloons and not nearly enough Notary Publics, because a few days later when I came to I had not only quit my job but the guy who quit with me told me that I had mailed the questionnaire without the N. P.'s signature. About that time I come to realize that I also did not have a crying dime. I not only couldn't mail a change of address but also I couldn't even buy a short beer which I needed very badly. I don't like to be broke so I grabbed myself another job, I am now on the S.S. ————. This ship is under the Panamanian flag so we never know where we are going or when, so I guess my best bet is to give you a New York address. They always know where we are. I guess if you want me you can get me. The Los Angeles police can't even do that. However, if you want me and they get me first, I guess you'll have to wait a year or so while I work out a year's back alimony, you see I don't like to pay alimony either. Wives, beer, alimony, tropical heat, monkeys, jungles, pipelines, police dept., F.B.I., German raiders, rum cokes, draft boards, all this and heaven too, and me without a peso to my name.

Anyway my best address at present is—

The War And American Foreign Investments

(Continued from page 1954)

there has taken place an exchange of views with regards to methods of settling all outstanding questions of indebtedness and claims that permits us to hope for a speedy and satisfactory solution of these questions which both our Governments desire to have out of the way as soon as possible.

"Mr. Litvinov will remain in Washington for several days for further discussions."

This apparently is the first indication that Russian debts repudiated in 1918 were again being considered. And, I might add, the source of the information is unquestionable.

To give this story continuity, I'll state briefly that Litvinov returned to Moscow before arrangements could be completed, leaving for guidance a gentleman's agreement initialed by the President and himself. After numerous negotiations, the United States made an offer in 1935 which was rejected and a general misunderstanding regarding the original agreement arose. In 1936 President Roosevelt appointed Mr. Davies our Ambassador to the U. S. S. R. in an endeavor to solve the debt and other economic problems.

This brings us to Exhibit II, the book, "Mission to Moscow," written by the man appointed to the task—Mr. Joseph E. Davies. Please note that the book contains official and confidential dispatches to our State Department as well as a record of his diary and personal correspondence. On pages 353 and 563 we find that Premier Molotov delivered to Ambassador Davies a written proposal for the settlement of the Kerensky Intergovernmental Loan made in 1917 which in turn our Ambassador submitted to our State Department (page 566). As regards the private claims of American citizens, Mr. Davies tells us that in his opinion it would be impossible for the Soviet Government to consider this part of the Russian debt without being obliged to give similar favorable treatment to twenty-seven other different nations under the U. S. S. R.'s general treaty and contractual obligations. He states that as a practical matter this was financially impossible (page 568).

So far, we have an agreement—a misunderstanding of the agreement—an offer to settle in part. The Russian Dollar Bonds have not been mentioned by name and were omitted in the proposal for the settlement of the intergovernmental debts in 1938, but there is little doubt that these bonds were included in the 1933 understanding and that they remain a matter for consideration at some future time.

So we find that Moscow *has* modified her attitude since the original decree of invalidation and that there *is* some question as to whether these securities remain absolutely repudiated at present. Q. E. D.

As to the future, I think that the general treaty and contractual obligations which were previously advanced by the Soviet Union as an excuse for not being able to consider the question of settlement of private claims will to some extent be eliminated by the war. The increasingly friendly relations and lend-lease advances to the U. S. S. R., and the expressed intentions of the United Nations for closer post-war economic and political cooperation, may also be considered as favorable factors.

The Russian debt to the United States is not as great a burden as one would imagine. According to the best available statistics, the total pre-Soviet obligation is less than $300,000,000 principal amount. It is composed of the Kerensky Loan of 1917 amounting to $187,000,000 between the Governments of the United States and Russia; the $11,000,000 National City Bank Loan (1917); and the $75,000,000 Russian 5½% and 6½% Dollar securities issued in 1916 which are listed on the New York Curb Exchange.

Having presented such a favorable picture, I think it necessary for your readers' protection and my own, to state that I have and control substantial amounts of Russian securities. These have been accumulated in the past few years at (I am happy to say) lower than present market prices. I wish it understood that my views on this subject at this time are not intended as a recommendation for the purchase, sale, or retention of these securities. I have no "private" or "inside" information and strongly suggest that those interested in Russians carefully peruse the references mentioned as well as other sources available in order that they may decide for themselves the status of the bonds. My primary purpose in replying to Dr. Winkler is to show that an entirely independent and divergent line of thought exists even between those closely acquainted with the subject.

Taking several other controversial matters in the same order in which they are mentioned by Dr. Winkler, we come to the question of Belgium, France, Denmark, and Norway. As stated, these bonds continue to pay their interest.

I reason that the high quotations of the Belgian, French, and Norwegian securities are probably due to repatriation out of "blocked" funds and to the fact that large amounts of these securities held in Continental Europe cannot now be sold in our market. What better use could these countries find for such funds under existing circumstances?

But after the war—what? Isn't it possible that the balances held here may be withdrawn for reconstruction and rehabilitation purposes? I do not predict that this will happen, but I do say it is a possibility. Present quotations could not go much higher under the best of circumstances, and when we consider that there may be some future risk involved the conclusion seems obvious.

As to Bolivian securities, General Enrique Penaranda, President of the Republic of Bolivia, stated at a press conference held on May 13, 1943, that a Commission had been appointed by his Government to study the foreign debt problem and that it was hoped a report would be given to the Bolivian Congress in August. He indicated that negotiations might then be expected to proceed with bondholders' representatives in this country.

Perhaps your readers will see, in this and succeeding articles by others, the importance of a thorough and individual investigation of all matters pertaining to securities. If so, then my purpose in writing this note to you has been accomplished.

V. H. MARDFIN
New York City

Dr. Winkler's glib observations on "repudiated" Russian bonds seem to me to be interesting solely because of his glibness. As to the merits or demerits of these bonds he offers nothing approaching the concrete—only glibness.

As one who has watched these bonds simmer for nearly 20 years the writer feels definitely that these "repudiated" Russian bonds have a very definite speculative value which the market is endeavoring to appraise. Perhaps, at the moment, a price of 9 is too high, maybe much too high, just as a price of 1 and less in the last couple of years was much too low. Despite the learned Doctor's offhand treatment of Ambassador Davies' reports on the Russian debt situation in "Mission to Moscow," the writer believes any fair-minded speculator will find much on which to speculate in reading carefully the evidence which Mr. Davies meticulously presents. As a speculator—and Dr. Winkler must obviously be one since his metier seems to be confined largely to foreign bond situations and prospects of various countries whose bonds are in default—it must mean something, even to Dr. Winkler, when these "repudiated" Russian bonds can sell in an open, competitive market around 9. This price was a "breakthrough" of a resistance point of about 8 which has prevailed since 1929. In all honesty, "there must be a reason." What it is time only can tell. The writer feels there is much factual and hearsay evidence, particularly in view of an American-Russian rapprochement, to justify some price for these bonds that registers their present approximate speculative worth. But we will confine our further remarks only to Dr. Winkler's one concrete premise, to wit: that these $75,000,000 par of Imperial Russian Government 5½s and 6½s have registered a record appreciation .... "despite provisions of a Soviet decree according to which 'all foreign loans, without exception, are absolutely repudiated.'"

In a discussion of the speculative possibilities of these bonds, which the writer published, not recently, but in January, 1933 (Russian recognition came to pass late in 1933), we stated that "the impression maintains in many quarters that the Soviet Government had repudiated all Czarist debts, and that these bonds, therefore, should be considered as worthless," and added: "However, there is much ground for believing that these bonds have a very definite nuisance value and the appraisal of this so-called nuisance value is what makes these bonds speculatively attractive from now on."

We pointed out the sensitiveness of these bonds to rumors and cited a N. Y. "Times" story in the Summer of 1932 which caused an overnight advance in the Russian bonds of 2¼ points—from ¾ to 3. The N. Y. "Times" account had it that the Soviet Government contemplated a huge international 10% loan to enable them to arrange settlements with outstanding Czarist Russian indebtedness all over the world. And it is only fair to Dr. Winkler to say that rumor has been responsible for all fluctuations in these bonds and that rumor will continue to govern their future market behavior. But rumor usually, or often, presages fact. In the discussion referred to, for example, we said in January, 1933, that "it is reported frequently that recognition of the Soviet Government by the United States may become fait accompli before the current year is out." That rumor did develop into fact. And the writer is reasonably certain from the evidence at hand lately that some form of settlement regarding these "repudiated" bonds is better than a speculative possibility.

The following, regarding Soviet repudiation, was contained in an article in the "Nation" by Mr. Louis Fischer discussing the contention that the Bolsheviks have refused to pay Czarist debts:

"The Soviet Government annulled the foreign obligations of the Russian State on Jan. 21, 1918. But since then it has on scores of occasions offered to pay those very obligations. In a letter to the Versailles Peace Conference dated Feb. 4, 1919, Moscow volunteered to 'recognize its financial obligations to its creditors in Entente countries' and to guarantee interest payments on them. Lenin gave Ambassador Bullitt a written proposal for transmission to President Wilson 'to recognize their responsibility for the financial obligations of the former Russian Empire (March 14, 1919).' The Soviet Government officially informed Premier Lloyd George on July 7, 1920 of its willingness to meet Russia's indebtedness to Great Britain. At the Genoa and Hague conferences in 1922 the Russians made concrete suggestions for the payment of Russia's debts. . . . The last statement was made by Stalin to Walter Duranty of the N. Y. "Times" on Dec. 1, 1930: 'We still are willing to do what I said before: get the debt question settled by the payment of an extra percentage on credits or a loan and resume normal relations, as we have done with the rest of the great powers. . . . A debt settlement with America—that is easy enough. It is a comparatively small matter anyway.'"

True, Dr. Winkler, Russia may eventually repudiate these Russian bonds you are talking about, but there does seem to be evidence that repudiation is not as yet a settled matter. The rise of the bonds to 9 indicates that some speculators, foolishly perhaps, figure that the chances are gradually improving that Russia will not repudiate.

New Airline Horizons

(Continued from first page)

picture of air transportation and, perhaps, to curb some of the boundless enthusiasm which seems to have carried away a number of the prophets. We feel this must be done in justice to the public and to ourselves.

There is not a one of us in the aviation industry who can fail to see the immense possibilities which lie ahead on that day when airplanes begin fulfilling their true constructive mission of making a more closely-knit, neighborly and better world.

I have stated, that, carrying statisticians' trends to their logical conclusions, we may expect, within possibly ten years, to see the airlines carrying 40% of all express now carried by rail; 80% of all passenger business now carried in first-class Pullman service; all first-class mail between points where overnight delivery is not possible by surface means of transportation; 33½% of railway coach and inter-city bus passenger travel; 80% of parcel post; 10% of rail "less than carload" freight, and 5% of motor truck "less than truck load" freight.

This would mean an air transport system at least 30 times greater than the existing domestic airline systems and the need for 5,250 airplanes of the type which we expect to be available for transport use immediately after the end of the war, as contrasted with the 350 airplanes owned by the domestic airlines at the beginning of the war.

We must recognize the fact, however, that the airplane of tomorrow will supplement rather than supplant other forms of transportation. We do not hold with the view that the airplane is going to be the "cure-all" for our post-war transportation problems. Rather, we foresee the airliner, the train, the ocean carrier and the bus working together in moving the great range in types of passengers and cargoes which must be transported.

We, of course, foresee a great expansion of airlines internationally as well as domestically. The global operations being carried on today by the airlines under contract for the Air Transport Command of the Army Air Forces, with converted airliners carrying men and materials of war to combat fronts virtually everywhere and anywhere, is but laying the pattern for the vast world-wide network of airways which we will see in regular operation in the Age of Flight. That will be the day when Chicago and Singapore will be only 47 hours apart; New York and Capetown, 39 hours from each other; Washington and Moscow, 24 hours apart, and New York just 17 hours from London.

The air transport users of our pre-war period, coupled with those who have been learning the benefits of air speed during the present war crisis, and the vast number of men who will return from the war with a new conception of the airplane's possibilities, will swell the traffic of the airways to undreamed-of proportions.

Right now, of course, the job of the airlines—like that of everyone else—is that of helping to win the war. Until we have achieved victory, there can be no certainty about any future plans. When that victory comes, as it must, the airlines will be ready to accept the new and far greater responsibilities which will be theirs in the era of world reconstruction.

Electronics

(Continued from page 1954)

sheets of metal, mark defective materials for discard.

It is easy, from this brief summary, to see why the possibilities in electronics have captured the investment imagination. Big things are expected of the science in the post-war period as the result of the huge stimulus provided by the war.

Among the companies which are leaders in electronics are the following in which "Selected" has investments (number of shares indicated): General Electric (7,000); Minneapolis-Honeywell (100); National Cash Register (1,500); Sperry (1,500); Westinghouse Electric (2,000).

The "Selected" shareholders thus participate in this almost "magical" industry. If the industry proves as profitable as some anticipate, "Selected" shareholders will benefit. On the other hand, if the industry should prove more magical than profitable, "Selected" has many other attractive investments to balance it off. This is one of the great advantages provided by a well-diversified investment company.—*From May Bulletin of Selected Investments Company.*

House-Senate Group Agree on Pay-Go Plan

(Continued from page 1956)

windfall provision designed to recover for the Treasury part of any extraordinary increases in income this year or last, compared with normal years.

"The years 1938, 1939 and 1940 were designated as base or normal years. To the highest income of any of those years, the taxpayer would be allowed to add $20,000 (the Senate had proposed $10,000). That total then would be compared with the taxable income for the partly abated year, 1942 or 1943, whichever was the smaller, and the regular income-tax rates would be applied to the difference.

"The compromise provides blanket exclusion of $1,500 basic pay received by military personnel from income taxes, over and above basic exemptions for other taxpayers, making basic exemption for single military personnel $2,000 and for married, $2,700.

"Also, for members of the armed forces, the legislation provides that any tax obligation outstanding at time of death shall be canceled."

The House's rejection of the Ruml skip-a-year plan was noted in our issue of May 20 page 1879. In the same issue (page 1890) the President's opposition to a full year's tax cancellation was reported.

Stallman Elected

R. J. Stallman, formerly of the Wells-Dickey Co., Minneapolis, was elected treasurer and a director of American Gas Machine Co., Albert Lea, Minn., at the recent annual meeting.

100% Reserve Plan Of Commercial Banking Would Inject New Disturbances Into System

Dean Madden Calls Plan Untried, Revolutionary Proposal That Would Fail Of Objective

A bulletin entitled "The 100% Reserve Plan," issued May 24 by Dean John T. Madden, Director of the Institute of International Finance of New York University, states that it was suggested that the 100% Reserve Plan could be used as an effective means of reducing the public debt, which at the end of the war may amount to between $200,000,000,000 and $275,000,000,000. The demands for the introduction of this or a similar plan will undoubtedly be revived in the post-war period when prices and business activity may again fluctuate widely, said the advices from the University, which state:

Dean J. T. Madden

"According to its proponents the 100% Reserve Plan of commercial banking would maintain a stable price level and iron out the swings of the business cycle. They base this claim entirely upon the assumption that if the Government could control the volume of bank deposits, it could keep commodity prices and business activity stable.

"Experience has repeatedly and conclusively shown that the amount of outstanding currency and bank deposits is merely one factor, and frequently a relatively minor influence, determining commodity price movements and the volume of business activity. Since 1933 an expansion of bank deposits of unexampled proportions has taken place, but commodity prices have failed to rise to the desired level until the war effort created a huge demand for commodities and labor accompanied by a sharp reduction in the volume of consumer's goods.

"In view of the demonstrated fact that the level of commodity prices and business activity has not been determined by changes in the volume of outstanding bank credit the 100% Reserve Plan is bound to fail to achieve the objectives of its advocates.

"If this plan were to be adopted, however, it would precipitate profound changes not only in the banking business, but also in other phases of the nation's economic system. The lending powers of the banks would be severely restricted, and many banks would probably be forced out of business. Since demand deposits would have to be held in cash or its equivalent, the banks would no longer be able to render free of charge the many valuable services that the American public in general, and American business in particular, now take for granted as typical of present-day banking. The highly efficient and convenient checking-account system would be jeopardized and in many instances would be replaced by the use of currency.

"Many of the broad economic consequences of the introduction of the 100% Reserve Plan would be particularly unfortunate. The agency entrusted with the administration of the plan would be given the task of varying the volume of currency and bank deposits with the object of stabilizing commodity prices and business. This, of course, would at times necessitate the issuance of large additional amounts of paper money, which would undermine confidence in the national monetary system. At other times, it would have to ration credit and withhold it from many prospective borrowers in order to prevent an expansion in the volume of deposits when prices are rising or business activity is increasing. A politically appointed body vested with such vast discretionary power would be subjected to pressure to provide for the expansion of the currency involving the danger of runaway paper-money inflation.

"The 100% Reserve Plan is an untried revolutionary proposal that not only would not achieve the objectives sought through it, but would inject new major disturbances into our financial and economic system, and curtail the services that the banks render to business, the public and the Government, and would probably exaggerate rather than prevent fluctuations in business. These disturbances would almost certainly lead to widespread popular demands for nationalization of the banks, so that the Government could undo the harm caused through the introduction of this system, and thus pave the way for the adoption of state socialism."

On the question whether the 100% Reserve Plan would produce the desired effects, the bulletin issued by Dean Madden states:

"Commodity prices and business activity are profoundly affected by a number of non-monetary factors, such as the volume of production in relation to consumption, wage rates and other costs, taxes, tariffs, conditions in foreign markets, and the political situation at home and abroad, etc. During the decade of the twenties, for example, the volume of bank deposits expanded steadily, but commodity prices remained relatively stable. Much more conclusive evidence that no definite relationship exists between deposits and commodity prices is afforded by developments from 1934 up to the middle of 1940. Economic developments since June, 1940, have been entirely under the influence of national defense and the war effort. Thus the index of net demand deposits subject to reserves (1926=100) rose to 104.6 in 1929, the rate of turnover of demand deposits in 100 leading cities, excluding New York City (1935-39=100) increased to 187.9 from 156.8 in 1926, while the index of wholesale prices (1926=100) declined to 94.3 in 1929. In June, 1940, the index of deposits was at 171.8, the rate of turnover of deposits was 83.8, while the wholesale price index stood at 77.5.

"Secondly, the price level and business conditions are influenced not only by the volume of bank deposits, but equally by the velocity of turnover of these deposits. Obviously, in so far as existing bank deposits are not utilized to pay for goods or services, they do not influence either the price level or business activity. A small volume of deposits turned over rapidly will have more effect upon prices and business activity than a large amount of deposits not used by the owners.

"The velocity of deposits reflects the willingness of the people to make purchases and embark upon new ventures of all kinds. This willingness to spend, it has been amply demonstrated, does not depend solely upon the volume of money available. The velocity of turnover of bank deposits fluctuates far more widely than their volume.

"Similarly, it can be proved conclusively that no direct relationship exists between the volume of deposits and business activity. During the last few years, prior to the middle of 1940, when the effort began to play a predominant role in the economic life of the country, the volume of adjusted demand deposits has been larger than during the most prosperous years of the twenties, yet, as is well known, business activity has failed to keep pace with the huge increase in the volume of deposits.

"It may be concluded, therefore, that the 100% Reserve Plan would fail to stabilize commodity prices and business activity. If its advocates go further and seek to regulate the forces that determine the velocity of turnover of bank deposits, then the powers of the Government over business in general would have to be materially increased. Only in this way could the Government effectively determine not only how large the volume of bank deposits shall be, but also the extent to which the owners of these deposits may or must use them."

In discussing the effect of the Plan on the lending service of the banks the bulletin has the following to say:

"The extent to which funds available for making new bank loans would disappear under the 100% Reserve Plan may be gauged from the application of this plan to member banks of the Federal Reserve System as of Dec. 31, 1942. On that date all member banks had $78,276,671,000 of deposits, including interbank and public funds, of which $65,435,697,000, i.e., over 83%, were demand deposits. If a 100% cash reserve had to be maintained against demand deposits only $12,840,974,000 of time deposits would have been available for making loans and investments by the savings and loan banks or departments that would be established to take them over. A considerable amount of the banks' capital funds is tied up in bank premises, furniture and fixtures, and other real estate.

"It is by no means certain, however, that even this limited amount would remain available for lending by the banks. A number of large depositors who now keep a part of their funds on time deposit, in order to obtain some interest on their money, would probably transfer them to demand deposits, apprehensive lest time deposits could not be withdrawn from the savings banks without the required notice of intention. Any such shift of deposits from the time to the demand category would further reduce the volume of funds from which loans and investments could be made."

The bulletin concludes:

"There is no real basis for the assertion, repeatedly made by advocates of the 100% Reserve Plan, that the volume of bank deposits could be more properly determined by a Government agency than through the lending and investing activities of the banks, by which they satisfy the credit demands of business and government.

"On the other hand, there can be little doubt that the introduction of this revolutionary plan would have a number of seriously disturbing effects upon business, banking and the well-being of the population of the United States. It would curtail the volume of available banking facilities since a number of banks would have to liquidated their business. Business concerns may find it extremely difficult to obtain loans, particularly in periods of expanding activity. The Government and other long-term borrowers would find the banks on the whole unable to buy their newly issued securities, thus doubtless leading to the creation of new credit agencies that would merely do the kind of business that the commercial banks of the country are now performing as a matter of course. Both individual and corporate check-account depositors would have to absorb costly service charges, unless they could conduct their business with currency and dispense with numerous services which they have been receiving daily from the banks. Monetary control would be concentrated in the hands of a currency commission, or a Government-owned reserve system, which would have to be given broad powers for issuing fiat currency, subject only to vague and inadequate restrictions. The plan would probably open the way for the ultimate nationalization of banking and for increased control by the Government over business. In times of stress, such as war, the whole arrangement could readily degenerate into crude paper-money inflation, of the kind that developed in a number of European countries after the first World War.

"A number of the basic reforms desired by the advocates of the 100% Plan have already been attained. The bank failure evil has been practically eliminated through bank deposit insurance and the improvement in the quality of the bank assets. The instability of the volume of deposits brought about by sharp increases and decreases in the total of security loans has been brought under control through the margin regulation power of the Board of Governors of the Federal Reserve System. Under these circumstances, there is less reason than ever to give any consideration to so drastic, untried and disruptive an experiment as the 100% Reserve Plan."

Says RR Credit Restored

In a recent address, Patrick B. McGinnis, analyst for Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, stated that "Railroad credit has been restored yet unrecognized." Copies of the address may be had upon request from Pflugfelder, Bampton & Rust upon request.

Boston-Maine Looks Good

Income Mortgage "A" 4½s of 1970 of the Boston & Maine Railroad offer interesting possibilities according to a circular being distributed by McLaughlin, Baird & Reuss, One Wall Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from the firm.

Interesting Situations

The current situation in Standard Silica Corp., Utica & Mohawk Valley Railway, Fort Dodge, Des Moines & Southern Railway, and Consolidated Dearborn Corporation offer interesting possibilities according to statistical analyses prepared by Blair F. Claybaugh & Co., 72 Wall Street, New York City. Copies of these analyses may be had from the firm upon request.

DIVIDEND NOTICES

Allied Chemical & Dye Corporation
61 Broadway, New York

May 25, 1943

Allied Chemical & Dye Corporation has declared quarterly dividend No. 89 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable June 19, 1943, to common stockholders of record at the close of business June 4, 1943.

W. C. KING, *Secretary*

DU PONT E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *May 17, 1943*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable July 24, 1943, to stockholders of record at the close of business on July 9, 1943; also $1.00 a share, as the second "interim" dividend for 1943, on the outstanding Common Stock, payable June 14, 1943, to stockholders of record at the close of business on May 24, 1943.

W. F. RASKOB, *Secretary*

DIVIDEND NOTICES

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.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable June 30, 1943, to stockholders of record at the close of business on June 9, 1943. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*

Philadelphia, May 21, 1943.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable July 15, 1943, to all holders of record at the close of business on June 19, 1943.

SANFORD B. WHITE, *Secretary.*

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable June 15, 1943, to stockholders of record at the close of business on June 5, 1943. Checks will be mailed.

ALBERT J. FELDMAN, Sec.

Newark, N. J.
May 24, 1943

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable July 1, 1943, to stockholders of record at the close of business on June 15, 1943. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

JM **Johns-Manville Corporation**
DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock payable July 1, 1943, to holders of record on June 17, 1943, and a dividend of 50c per share on the Common Stock payable June 24, 1943 to holders of record on June 10, 1943.

ROGER HACKNEY, *Treasurer*

KANSAS CITY POWER & LIGHT COMPANY
First Preferred, Series B Dividend No. 66
Kansas City, Missouri May 19, 1943

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B", Stock of the Kansas City Power & Light Company has been declared payable July 1, 1943, to stockholders of record at the close of business June 14, 1943.

All persons holding stock of the company are requested to transfer on or before June 14, 1943, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, *Assistant Secretary.*

KENNECOTT COPPER CORPORATION
120 Broadway, New York City

May 21, 1943

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on June 30, 1943 to stockholders of record at the close of business on June 1, 1943.

A. S. CHEROUNY, *Secretary.*

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)
Chicago Illinois

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on May 18, 1943, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check June 1, 1943, to stockholders of record as of the close of business May 20, 1943, for the quarter ending May 31, 1943.

N. H. BUCKSTAFF, Treasurer.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 10 cents** a share on Common Stock have been declared, payable June 30, 1943, to respective holders of record May 28, 1943.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
April 27, 1943 Philadelphia, Pa.

THE UNITED STATES LEATHER COMPANY

A quarterly dividend of $1.75 per share will be paid July 1, 1943, to all holders of record at the close of business June 10, 1943, of Prior Preference stock of this Company.

C. CAMERON, *Treasurer.*

New York, May 26, 1943.

THE YALE & TOWNE MFG. CO.

On May 25, 1943, a dividend No. 212 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable July 1, 1943, to stockholders of record at the close of business June 10, 1943.

F. DUNNING, *Secretary.*

Calendar of New Security Flotations

OFFERINGS

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.

Registration statement effective 2:45 p.m. (EWT) on May 19, 1943.

Offered May 20, 1943, at 100 and interest by Laird, Bissell & Meads and associates.

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: Eastman, Dillon & Co., Goldman, Sachs & Co., and Hemphill, Noyes & Co.

Offering—Holders of common stock of record 3 p.m. May 13, 1943, were offered the right to subscribe to the new common stock at the rate of one-fifth of a share for each share of common held, at $5.50 per share. Rights expired at 3 p.m. May 24, 1943. Unsubscribed stock will be purchased by the underwriters.

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.

DURIRON COMPANY, INC.

Duriron Company, Inc., has filed a registration statement for 70,000 shares of common stock, par value $5 per share. Of the total registered 57,700 are now issued and outstanding and owned by the Chase National Bank of New York. The remaining 12,300 shares are authorized for issue.

Address—450 North Findlay St., Dayton, O.

Business—Produces equipment and castings used in manufacturing, conveying, controlling and otherwise handling corrosive liquids and gases.

Offering—Price to public will be supplied by amendment.

Underwriters — Lee Higginson Corporation, New York, heads the underwriters. Names of others will be supplied by amendment.

Proceeds—Net proceeds from sale of 12,300 shares by the company will be added to its general funds. Net proceeds from 57,700 shares will go to the selling stockholder.

Registration Statement No. 2-5141. Form S-2 (5-19-43).

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).

SUNDAY, JUNE 6

PRESIDENT APARTMENTS CORP.

President Apartments Corp. has registered with the SEC $336,333 of first mortgage 4½% real estate bonds and warrants due July 1, 1955, and certificates of deposit representing $336,333 of first mortgage 5% real estate bonds and warrants due July 1, 1943.

Address — 1630 Boatmen's Bank Building, St. Louis, Mo.

Business—Apartment building.

Purpose—It is proposed to issue certificates of deposit to the holders of the first mortgage 5% real estate bonds and warrants due July 1, 1943, and, upon the consummation of the plan of extension and revision of the bond issue, to issue in lieu and instead of such certificates of deposit said first mortgage 4½% real estate bonds and warrants due July 1, 1955, which will be created and issued by the execution and delivery of an extension and revision agreement, the stamping of said first mortgage 5% real estate bonds and warrants due July 1, 1943, with an appropriate legend, and affixing of new coupon sheets.

Registration Statement No. 2-5140. Form S-1 (5-18-43).

MONDAY, JUNE 7

INTERSTATE BAKERIES CORPORATION

Interstate Bakeries Corporation has filed a registration statement for $2,500,000 first (closed) mortgage 5% refunding bonds due June 1, 1958.

Address—406 W. 34th St., Kansas City, Mo.

Business—Engaged in the manufacture and wholesale distribution of bread, cake and other bakery products.

Offering—Price to public to be supplied by amendment.

Underwriting — The underwriters and amounts underwritten are: H. M. Byllesby & Co., Inc., Chicago, $1,100,000; A. C. Allyn & Co., Inc., Chicago, $500,000; Central Republic Co., Inc., Chicago, $500,000; Farwell, Chapman & Co., Chicago, $200,000; and Stern Brothers & Co., Kansas City, Mo., $200,000.

Proceeds—Of the proceeds approximately $2,067,000 will be used for the redemption on Sept. 1, 1943, at 105% and accrued interest, of all of the outstanding first mortgage 6% sinking fund gold bonds, due Sept. 1, 1945, issued by Schulze Baking Co. and subsequently assumed by Interstate; $151,875 to the prepayment of the real estate 5% note, payable Sept. 7, 1945, originally issued by Western Bakeries Corp., Ltd., and subsequently assumed by Interstate, and as an addition to working capital.

Registration Statement No. 2-5141. Form S-1 (5-19-43).

TUESDAY, JUNE 8

GULF OIL CORPORATION

Gulf Oil Corporation has registered 764,500 shares of capital stock, par $25 per share. All of the shares registered are presently issued and outstanding and none of the proceeds from the sale thereof will be received by Gulf Oil Corporation.

Address—Gulf Building, Pittsburgh, Pa.

Business—Is engaged principally in the production, purchase, transportation, refining and sale of crude petroleum and products derived therefrom, or in businesses related thereto, in the United States and in foreign countries. The corporation and certain of its subsidiaries are actively engaged in exploratory and development work in connection with the acquisition of oil for future requirements.

Underwriting—The shares registered are outstanding shares owned by certain persons and trusts who desire to sell such shares. There is at present no firm commitment to take such shares from the owners thereof. Mellon Securities Corporation owns 546,400 of the shares registered.

Offering—The price at which the shares may be offered to the public, the underwriting discounts or commissions, and the proceeds to the owners thereof have not been determined. The selling stockholders intend not to enter into any agreements for the sale of such shares prior to the effective date of the registration statement. They intend, however, to enter into agreements of such character within a few days after effective date, and to furnish to the corporation the terms of such agreements, the names of the underwriters, the price at which the shares will be offered to the public, etc.

Proceeds—Will go to the selling stockholders.

Registration Statement No. 2-5143. Form A-2 (5-20-43).

WEDNESDAY, JUNE 9

SIXTY SEVEN HOLDING COMPANY

Sixty Seven Holding Company has registered 3,412 shares of preferred stock, $100 par value, to be authorized.

Address — Bankers Securities Building, Philadelphia, Pa.

Business — Owns and operates a ten-story brick and stone apartment house located at 67 South Munn Avenue, East Orange, N. J.

Offering — The perferred stock being registered is to be offered otherwise than for cash. It is to be distributed to holders of the unsubordinated bonds presently secured by the first mortgage on the property of the registrant at 67 South Munn Avenue, East Orange, N. J., at the rate of four shares of $100 value each, in addition to $600 in cash, in consideration for the surrender for cancellation of each $1,000 face value of such bonds.

Registration Statement No. 2-5144. Form S-1 (5-21-43).

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.

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 slaughter 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.

The exchange offer will expire at 3 p.m. June 3, 1943, local War Time, in the city of the depositary. Depositaries are Chase National Bank, New York; Continental Illinois National Bank & Trust Co., Chicago, and Bank of America N. T. & S. A., San Francisco.

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.

Registration effective 5 p.m. (EWT) on May 18, 1943.

BURTONITE CORPORATION

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

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

Business—Manufacture of face brick.

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

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

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

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

CELOTEX CORPORATION

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

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

Business—Company is engaged in the building material business.

Underwriting—There are no underwriters.

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

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

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

Amendment filed 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.

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.

Registration statement effective 3:50 p.m. (EFT) on May 21, 1943, as of 5:30 p.m. (EWT) May 8, 1943.

STOVALL PROPERTIES, INC.

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

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

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

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

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

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

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

Amendment filed May 21, 1943, to defer effective date.

UNION LIGHT, HEAT AND POWER COMPANY

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

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

Amendment filed May 20, 1943, to defer effective date.

YORK CORRUGATING CO.

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

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

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

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

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

Proceeds—To selling stockholders.

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

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

Hirshon Co. To Admit Daly

Richard E. Daly will be admited to partnership in Hirshon & Co., 61 Broadway, New York City, members of the New York Stock Exchange, as of June 3. Mr. Daly will be a member of the Stock Exchange, acquiring the membership of the late Eugene L. Maxwell.

The Business Man's Bookshelf

AGRICULTURAL MACHINERY INDUSTRY—E. W. Axe & Co., Inc.—Tarrytown Press, P. O. Box 57, Tarrytown, N. Y.—Paper—45¢ —Free to public libraries and non-profit institutions.

EVALUATION OF RECEIVABLES AND INVENTORIES AS AN INTEGRAL PART OF CREDIT ANALYSIS—Edward F. Gee, Assistant Cashier of the State-Planters Bank & Trust Co., Richmond, Va.—Bankers Publishing Co., Cambridge, Mass.—Cloth —$3.50.

INFLATION AND INVESTMENT POLICY—A. M. Clifford —A. M. Clifford & Associates, 639 Spring St., Los Angeles, Calif.—Paper.

INTEREST AND USURY—Bernard W. Dempsey, with an introduction by Joseph A. Schumpeter —American Council on Public Affairs, 2153 Florida Ave., Washington, D. C.—Paper, $3.00; Cloth, $3.50.

MANUAL OF INDUSTRIAL NUTRITION — Food Distribution Administration, Nutrition and Food Conservation Branch — United States Government Printing Office, Washington, D. C.— Paper.

MONETARY REFORM MOVEMENTS (A Survey of Recent Plans and Panaceas)—Joseph E. Reeve, with introduction by Willard L. Thorp—American Council on Public Affairs, 2153 Florida Avenue, Washington, D. C.—Paper, $3.25; Cloth, $3.75.

NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS (Annotated and revised to April 26, 1943)—United States Corporation Company, 150 Broadway, New York City—Paper—$2.00.

PROBLEMS OF POST-WAR MONETARY STABILIZATION— An Address by Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank of the City of New York— Chase National Bank—Paper.

POST-WAR STABILIZATION OF FOREIGN EXCHANGE—Benjamin M. Anderson—In "The Economic Bulletin" for May 11, 1943, issued by Capital Research Co., 650 South Spring St., Los Angeles, Calif.—Paper.

SAVINGS AND WAR FINANCE —An Address by Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank of the City of New York— The Chase National Bank—Paper.

SURVEY OF FEDERAL HOUSING AND MORTGAGE POLICIES—Dr. Robert H. Skilton— American Council on Public Affairs, 2153 Florida Ave., Washington, D. C.—Bulletin.

SEC Rejects Application For Brokerage Permit

The application of George L. Ohrstrom, doing business as G. L. Ohrstrom & Co., 40 Wall Street, New York City, was denied by the Securities and Exchange Commission. Simultaneously Hood & Co., also of 40 Wall Street, was permitted to withdraw its registration as an over-the-counter broker and dealer. The SEC had instituted proceedings against the latter firm, which dissolved in 1942, to determine whether its registration should be revoked under the securities acts.

The SEC found that Mr. Ohrstrom, whose registrations of two former companies bearing his name had been revoked in 1939, had organized a third company to continue his business "in an attempt to enable Ohrstrom to evade the possible consequences of his admission of violation made in connection" with the 1939 order of revocation. Since Hood & Co. had requested withdrawal of its registration, the SEC stated that it was not "necessary to decide whether the record discloses control of Hood & Co. by Ohrstrom within the meaning of the act." Ohrstrom had been a "contact" salesman for Hood & Co.

The Commission also declared that Ohrstrom's application had been found to contain "false statements and omitted to state important information," which failure to file a truthful statement was especially serious in view of the prior revocation order against him.

New England Pub. Service Situation of Interest

Ira Haupt & Co., 111 Broadway, New York City, member of the New York Stock Exchange, have prepared an analysis of the New England Public Service Company. Copies of this interesting analysis may be had upon request from Ira Haupt & Co.

Question Of National Fiscal & Monetary Policy In Relation To Business & Employment Vital

Ruml Calls This A Most Important Post-War Problem

The statement that "it is fortunate that today most business men agree that the elimination of mass unemployment is the first requirement for the post-war period" was made by Beardsley Ruml, author of the Ruml "pay-as-you-go tax" plan in addressing a meeting of the American Society of Planning Officials in New York on May 18. "Many," said Mr. Ruml "will go so far as to agree that unless mass unemployment can be eliminated under a system of private business enterprise, private business enterprise will be supplanted by some other arrangements for the production and distribution of goods and services." Continuing he said:

"The demonstration of what we are able to produce under the rules of a war-time economy is unanswerable evidence of what machines and men and organization can accomplish if their technical capacities are given full rein. And we know that at the present time, with the newness of the war-time conditions under which we are working, the organizational and administrative arrangements are of much less effectiveness than they will become with longer experience. Accordingly, today many business men and many associations of business men, not only in the Committee for Economic Development by any means, are giving thought to the responsibilities of private enterprise in doing its full part in achieving high production and high employment in the post-war period. I hasten to say that as far as I know, these business men would in every case subordinate this thinking about post-war employment to efforts directed toward the winning of the war, and each, in his capacity as a business manager, has made sure that his responsibilities for present wartime production are being efficiently discharged.

"Although the task is difficult, the rewards of success are so great from every material and human point of view that it is an effort which can be undertaken with real zest and enthusiasm. Little difference of opinion and petty special interests become insignificant and can be brushed aside in view of the prospect that lies ahead. Business is definitely committed to take the initiative and to do its proper part.

"But it would be folly to expect that business can make the transition from full war-time employment to high peace-time employment without cooperation from public government at every level.

"These measures of cooperation between government and business are good, but in my opinion they are not enough. In addition, we require for success in the attack by business and government on mass unemployment a commitment on the part of government that, through an explicit fiscal and monetary policy, it will act when business, as business, cannot act to sustain employment and efective demand.

"At the present time, even if a fiscal and monetary policy to complement and supplement the activities of private business were generally agreed upon, there is no possibility under the present organization of the Federal government of its being made operative or effective.

"There are three principal causes for this inadequacy, and ways must be found for eliminating them, or at least reducing the severity of their influence.

"The first change that needs to be made is in the organization of the adminstrative branch of the Federal government. The administration of any fiscal policy at all calls for cooperation among agencies and for singleness of policy in at least several respects: the Federal budget; the Federal lending policy at home and abroad; the credit and monetary policies under the jurisdiction of the Federal Reserve System; the creation and refunding of Federal debt, which is now managed by the Treasury; the tax program; and, possibly, the activities of the Securities and Exchange Commission. These several functions are all intimately associated in giving reality to any governmental fiscal and monetary policy designed to cooperate with private business in achieving high productivity and high employment. These functions are scattered among several departments and agencies, and, during the 30's, there was clear evidence of conflict in basic policy. This meant that during that period the administration had no consistent or continuing fiscal policy and was unable to use the full power of fiscal measures to support its attempts to reach the humane goals it had set for itself in other fields.

"A similar situation exists in Congress with the several committees of both House and Senate that must consider legislative policy on fiscal and monetary matters. Even if a consistently strong policy should emerge from the administrative branch, it would be subject to delay and possible damaging amendment before the necessary legislation would be forthcoming. As far as taking the initiative is concerned, Congress is handicapped both by organizational and procedural difficulties and also by grossly inadequate staffing of its technical services.

"Another very serious difficulty is the lack of close collaboration on policies of expenditure and taxation between the Federal government on the one hand and the State and local governments on the other. This weakness has been well understood for years, but the initiative which might have been expected from the Federal government in analyzing the problem and making some preliminary suggestions has not been forthcoming until recent weeks. The Report of the Treasury Committee on Inter-Governmental Levels treats of this problem in a somewhat timid and ineffective way, in sharp contrast to the bold assurance of the more recent Treasury report on currency stabilization as among the sovereign nations of the whole world.

"Here, at the point of fiscal and monetary policy, where the relations between government and business are of the greatest importance for the working out of our post-war employment and production problems, business may properly be apprehensive. It may be aprehensive, not that the intentions of government will be hostile or even indifferent, but that, unless the preparatory organizational work is done now, the Federal government will be helpless in executing even the most elementary collaborative program.

"In concluding these remarks, let me point up what I have to say, with three observations.

"First, in our thinking and planning about the post-war period, there is plenty of work to be done, and every organization has its own proper contribution to make. We should get along with this planning, subject only to the reservation that nothing must be permitted to interfere with direct measures for winning the war.

"Second, let us avoid wasteful duplication but let us recognize that not all duplication of effort is wasteful. For example, one of the great post-war problems in this whole question of national fiscal and monetary policy in relation to sound business activity and high employment. Although we want a consistent policy, we should not leave such a question to be studied by any single agency. The Federal Reserve System, of course, must work on it, but so will the National Resources Planning Board and the National Planning Association. And I feel sure that the Committee for Economic Development will also give this matter extensive consideration. We must judge whether duplication of effort is wasteful by more penetrating standards than merely whether more than one agency is working on a single topic.

"And third and finally, business in the United States has created an organization to think about and to work for expansion of private business activity and a high level of employment. This is the single function of this new organization, the Committee for Economic Development. Those who have organized the Committee hope that it may be a focus for the cooperative eforts of other business men who feel as they do about the role of business in the post-war world."

Mr. Ruml is Treasurer of R. H. Macy & Co. and Advisor of the National Resources Planning Board. At the meeting before which he spoke, Frederic A. Delano, Chairman of the National Resources Planning Board introduced Mr. Ruml, and said, according to the New York "Times" that he was in agreement on the point that government must find measures to encourage "the healthy and aggressive development of private enterprise."

From the "Times" we also quote:

Mr. Delano asserted that "full employment" after the war did not mean regimentation or that government would be "running business and industry." He said it meant that government and industry must each bear responsibility for providing jobs "at wages that will turn into buying power."

"In periods where business and industry are not at full capacity, for example, during such times as may be needed to reconvert from war to peace-time production, government must be responsible for having ready definite and sound programs to provide jobs and income, with resultant buying power, until business and industry can again reach the full production level," he said.

International Food Bank Urged By British At Food Conference—Favor Greater Production

The British delegation to the United Nations Conference on Food and Agriculture, at Hot Springs, Va., proposed on May 23 the establishment of an international food bank. The bank, according to the Associated Press, would take the form of "an internationally held balancing or buffer stock which could be increased when production for the time being outruns demands, and drawn upon when it falls short."

Richard Law, British Undersecretary for Foreign Affairs and Chairman of the delegation, presented a 3,000-word statement describing this and other elements of a British blueprint for a world free from want. Under it, the advices from which we quote added, the plow-it-under philosophy would be supplanted by a bold policy of expanded production. Production and consumption of protective foods would be subsidized. An internationally financed organization would be empowered to give foodstuffs to populations in need.

From Hot Springs the Associated Press further reported:

"The proposal stresses, however, that before such long-range plans can be put into effect the urgent problems of the immediate post-war period must be met.

"This period of drastic shortage growing out of the war's widespread destruction and disorganization of production is described as falling into two phases, the first of which will be dominated by the struggle to prevent hunger in wide areas.

"The second phase, Mr. Law explains, will be one of transition in which production and distribution will still be gravely disorganized, with enough food available to satisfy hunger, but not enough to achieve a balanced diet.

"During this phase," says the memorandum, "we cannot hope to abolish want, but we can alleviate it."

"The United Kingdom delegation suggests the food conference should do these things toward pointing the way through the period of shortage to achievement of a well-fed world:

"1. It should go on record as stating that the common goal of all the governments here represented is 'to insure to all mankind a supply of food which is secure, adequate and suitable.'

"2. It should, despite exclusion of relief from the conference agenda, consider both phases of the period of shortage and 'resolve that, so long as this state of affairs exists, international arrangements should exist to encourage the maximum production of the commodities which are most needed and to secure an orderly and equitable distribution of the commodities which are in short supply.'

"3. It should 'enunciate basic principles of food production' which every nation can follow in deciding its own food supply policy and which it will 'recognize as right for other nations, too.'

"4. It should recommend a bold policy of expansion as against the policy of restricted production. 'We believe that the only unquestionable justification for reducing the production of a desirable commodity is to release capacity for the production of some other still more desirable one.'

"5 It should recommend the buffer stock, or food bank.

"'Such a stock would serve a double purpose,' the delegation said. 'Not only would it insure that the consumer always has ample supplies available for him and that the producer always has a purchaser for his product, also, if properly managed, it would shield both parties from violent short-term fluctuations in price.

"'In the view of the United Kingdom delegation those responsible for operating a buffer stock should aim at combining a short period stabilization of prices with a long period price policy which balances supply and demand and allows a steady rate of expansion to the most efficient producers. It should be possible to achieve this aim through varitions in the prices at which the authority controlling the buffer stock is a buyer and a seller. . . . A buffer stock of the type described above is of a buffer stock designed simply to maintain prices.'

"6. The conference should adopt a declaration that 'there should be no regulation of quotas of the export of any agricultural commodity except under the control of some authority fully representative of both producers and consumers.'

"7. It should recommend creation of an international body with authority to buy foodstuffs for international distribution 'and give them to populations in need.'

"8. It should recommend creation of a 'new' and comprehensive organization' to collect and distribute scientific and statistical data on food problems and to 'study the problems continuously.'

"On this point the memorandum adds that such an organization might also serve a useful purpose by 'giving authoritative advice regarding the free distribution of foodstuffs.'

"While advocating steps toward achievement of a well-fed world, the British delegation warns against any attempt at regimentation of appetities or solution of problems as though all nations and peoples were alike.

"'Improving the consumption habits of peoples,' says the memorandum, 'does not imply that every one in every part of the world should have exactly the same diet. . . . In approaching our main task of abolishing want, we must cater for wide differences in type and adequacy of diets both within and between countries.'"

Twin City Bond Club To Hold Annual Picnic

MINNEAPOLIS, MINN. — The Twin City Bond Club will hold its annual picnic at the Midland Hills Golf Club on June 24th. Some changes have taken place in the program of pre-war days—the affair to be an afternoon and evening affair as compared with the former all day outing; there will be no luncheon, but golf and tennis will be features of the afternoon, dinner, bridge etc. in the evening.

Members of the picnic committee are: Ray F. Weidenborner, Henderson-Weidenborner Co., St. Paul, chairman; Cecil Burnham, First National Bank of Minneapolis; Elmer Williams, Allison-Williams Co., Minneapolis; H. N. Tufvesson, H. M. Byllesby & Co; Rollie Andrews, J. M. Dain & Co., Minneapolis; Fred Goth, Piper, Jaffray & Hopwood, H. T. Booth, Paine, Webber, Jackson & Curtis. H. T. Booth, who was chairman of the committee, found his duties serving on his draft board taking so much time that he could not do justice to the arrangements committee.

Form New Denver Firm

(Special to The Financial Chronicle)

DENVER, COLO.—The Regional Agency, Inc., has been formed with offices in the Midland Savings Building, to engage in a securities business. Officers of the new firm are Harold W. Thorne, President; Byron G. Rogers, Vice President, and M. G. Kimsey, Secretary. Mr. Thorne was formerly an officer of the Colonial Service Corporation of Denver.

Chicago Exchange Members

CHICAGO, ILL. — Sidney L. Castle, of Chicago, partner of Carter H. Harrison & Co., and Dr. Henry G. Langworthy of Dubuque, Iowa, were elected to membership in the Chicago Stock Exchange by the Executive Committee, it was announced.

STANY Opens Drive To Raise Ambulance Fund For U. S. Armed Forces

The Security Traders Association of New York, Incorporated, today are inaugurating a drive in the security business and district to raise funds for the purpose of supplying ambulances to the United States Armed Forces. It is believed that this is the first time that this has been attempted in the industry and STANY is very anxious to do the best job possible.

Walter Saunders

The 400 members of the Association in New York have all been appointed members of a general committee to get the job done and done well. The members will serve on subcommittees under the leadership of captains listed below:

Walter F. Saunders, Chairman, The Dominion Securities Corp.
Jerry Aal, Abraham & Co.
Chester De Willers, C. E. De Willers & Co.
Michael J. Heaney, Joseph McManus & Co.
Thomas A. Larkin, Goodbody & Co.
John J. O'Kane, John J. O'Kane, Jr., & Co.
Harry Peiser, Ira Haupt & Co.
Fred Preller, Eastman, Dillon & Co.
Abraham Strauss, Strauss Bros.
Edward Thompson, Smith, Barney & Co.
Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.

Contributions are to be sent directly to the Chairman or any of the Captains mentioned, and checks are to be drawn to the order of Security Traders of New York Ambulance Fund.

All administrative expenses in connection with the above will be paid by the Association and every penny collected will be used for the purpose intended.

Chicago Traction Issue Appears Interesting

The collateral trust sinking fund 5% gold bonds of the Chicago City and Connecting Railways offers an interesting situation at current levels, according to a detailed memorandum issued by Straus Securities Company, 135 South La Salle Street, Chicago, Ill. Copies of the memorandum, which contains interesting price range figures and graphic representation of market range, is available to registered dealers and banks upon request; copies may be obtained from Straus Securities Co.

White & Co. Is Formed—New St. Louis Firm

ST. LOUIS, MO.—G. M. (Jim) White and Julian M. White announce that they have terminated their connection with the firm of Murdoch, Dearth & White, Inc., and that they will hereafter engage in the securities business under the firm name of White & Company from offices in the Mississippi Valley Trust Building.

Associated with the new firm will be Leonard P. Betz, Raymond D. Gremp, Theodore C. Honig, Hiram Neuwoehner, Paul T. Phiambolis, and Arthur E. Smith, all formerly with Murdoch, Dearth & White.

Sees Seaboard Plan Soon To Be Made Public

With the question of "interest on interest" settled, it is the opinion of L. H. Rothchild & Co., 120 Broadway, New York City, that Special Master Tazewell Taylor's plan for the reorganization of the Seaboard Air Line will be made public by the middle of June. L. H. Rothchild & Co. are preparing an analysis of the significance of this plan which will be ready shortly thereafter and may be obtained from them upon request.