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Post-War Aviation

By P. G. JOHNSON
President, Boeing Aircraft Co.

The aircraft industry, which has a large responsibility in the prosecution of the war, will have a new kind of responsibility when the war is over. Because of war, this industry has been built up to huge proportions. After the war will come the job of building up the use of peacetime aviation to the point where it can take the fullest possible advantage of the industry's wartime growth.

P. G. Johnson

The "air age" will have to be built, not inherited. It will not come by the mystic dawning of a new era, but only by a concerted program of development of commercial and civilian aviation, which may take a number of years, and by the perfection of new aircraft designs and airways facilities that will

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Illinois Corporate-Municipals

Special material and items of interest with reference to dealer activities in the above State starts on page 2166.

Packard Head Sees Ways To Speed Transition For Post-War Economy

Geo. T. Christopher Says Legal "Paper Work" On Re-Conversion Should Be Handled In Advance To Hasten Production

PLANT CLEARANCE IS PROBLEM

Seven months of experience by the Packard Motor Car Company in planning for peace-time re-conversion while, at the same time, continuing to meet and beat its war production schedules, has made it clear that the transition from a war to a peace economy can be expedited so that post-war employment will be accelerated, Geo. T. Christopher, President and General Manager of Packard, declared while here last week for a press conference at the Hotel Biltmore.

"We want to shorten the interval between all-out war and all-out peace production to provide the quickest possible post-war employment," Mr. Christopher said. "To accomplish this, definite decisions and action relating to the re-conversion period are necessary now on the part of both industry and Government.

Geo. T. Christopher

"Industry must plan its post-war production lines so it will be prepared to move quickly into peace-time manufacturing when it receives the green light. The Government must provide the necessary legal steps to demobilize its war production functions as soon as peace comes."

Mr. Christopher disclosed that he has been discussing the need for legal procedures with various representatives of the Government who have agreed that prompt action, perhaps legislation by Congress, is necessary to insure the rapid demobilization of war plants, machines and war contracts when peace comes.

War Plants Face Two Problems

"Packard's post-war re-conversion planning has been going on since last October without interfering in the slightest with our production of Packard-built Rolls-Royce aircraft engines for Lancaster, Warhawks, Hurricane and Mosquito planes and our production of engines for the United States Navy's famed PT-boats," he said.

"Our five-man post-war planning committee, consisting of motor car production veterans, meets after hours and Saturday afternoons. They have discovered two major problems confronting future re-conversion. These two problems can be broadly classified as 'paper work' and 'actual work.'

"The first of these major problems is the lack of definite legal provisions that will enable us to reconvert our war plants. These plants were laid out, and highly-specialized equipment installed,

(Continued on page 2169)

Can The United States Support A 300 Billion Dollar Debt?

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. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to supply an answer to this question of primary concern to the entire nation and, at the same time, discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution of the problem, in an extremely timely article, bearing the above caption, which appeared in the "Chronicle" of May 13.

In line with its suggestion, the "Chronicle" received various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Some of these letters were given in previous issues and others are given herewith:

WILLIAM K. PATON
President, Farmers Bank of the State of Delaware, Dover, Delaware

I was much interested in reading the article by Dr. Olin Glenn Saxon, Professor of Economics at Yale University, on the question of our being able to support a national debt in the neighborhood of three hundred billion dollars. His approach to the subject makes sense to me.

William K. Paton

Personally, I feel that our people must be educated to the realization of having a permanent national debt of some size. In place of, or perhaps in addition to, their usual savings accounts, our citizens generally must be sold on the idea of investing continually in United States Treasury Bonds as the years go on, very much as the British and French were formerly accustomed to Consols and Rentes. To expect a budget which each year will include some amortization of our outstanding debt may place too heavy a tax burden on our economy. We will have to look to prosperous years with a budgetary surplus with which to gain reductions.

NORMAN C. NORMAN
New York

I have just read the article written by Dr. O. Glenn Saxon "Can the United States Support a 300 Billion Dollar Debt."

It is indeed very interesting and

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INDEX

Gov. Bricker Hails Two Party System As Guardian Of Liberty And Free Government

The prelude to the destruction of any free government is the destruction of the party system, Governor John W. Bricker of Ohio declared, speaking before the Republican Women's Clubs of Missouri. Scoring the bureaucratic system of government, he said there is no place in America for secret understandings.

"Where there is open debate," Governor Bricker stated, "where there is competition upon issues for the votes of the people there is no need for alarm. But when we become a one-party government, when no one lifts his voice in opposition, then the liberty of America will be dead. I congratulate you upon the great gains made in the last election, and upon the solid delegation which you sent to the lower house of the Congress. You join Ohio in our honor of having the largest Republican delegation in Congress of any state of the Union.


John W. Bricker

War knows no party lines. Republicans and Democrats fight and suffer and die. In war-time, leadership of both parties should be used by any administration to the full limit of their capacity to serve. There are some who believe and even say that in war reckless expenditures, unsound business principles, political manipulation and unsound financing are the rule. I say to you that in war, government ought to be even more efficient. The best men should be utilized in every instance. Money should be more carefully spent. Labor should diligently work. The amazing production of American business and labor in this war is a bright spot. There have been some stoppages of work. These should cease. Nevertheless, business and labor have responded in a magnificent way.

We should not let our judgment be clouded by the apparent and, I grant you, all too many flagrant abuses; but there is a grave need

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De La Chapelle Pres. of Bond Club of N. Y.

Richard de La Chapelle of Shields & Company, was elected president of the Bond Club of New York at its annual meeting held June 9 at the Bankers Club. He succeeds Albert H. Gordon, of Kidder, Peabody & Co.

The new president of the Bond Club has been in the investment business since shortly after the previous World War and is a member of the firm of Shields & Company.

Henry G. Riter, 3rd, of Riter & Co., was elected vice-president of the club, filling the post held by Mr. de La Chapelle during the past year. Other officers elected at the meeting were W. Fenton Johnston, of Smith, Barney & Co., secretary, and Walter W. Wilson, of Morgan Stanley & Co., treasurer.

Three members were elected to the Board of Governors for three-year terms. They are: T. Jerrold Bryce of Clark, Dodge & Co., Frederic H. Brandi of Dillon, Read & Co., and Henry C. Brunie of the Empire Trust Co.

James Coggeshall, Jr., of The First Boston Corp., was elected a governor to serve the unexpired term of George D. Woods.

Governors whose terms carry over are: Harry W. Beebe of Harriman Ripley & Co., Inc., Eugene R. Black of The Chase National Bank, Joseph A. W. Iglehart of W. E. Hutton & Co., Joseph H. King of Union Securities Corp., and Lee M. Limbert of Blyth & Co., Inc.

Hoover Urges Reorganization Of Food System—Offers Nine-Point Program To Clear Up 'Muddle'

Former President Herbert Hoover on June 8 called for reorganization of the nation's food system in order to win victory and secure the peace.

In an address delivered before the American Farm Bureau Federation at New York City, Mr. Hoover offered a nine-point program "to clear up this muddle of uncontrolled food prices, local famines, profiteering, black markets and stifled farm production." He said the only course "is to abandon the obsolete methods now in use which were proved a failure in other nations, in the last war, or are copied from the British, whose situation is wholly different from ours." Mr. Hoover declared that "remedy for the 1943 harvest is now too late, as the planting is mostly done," but he said there is still time to redeem the situation if "drastic changes in national policies" are made to build up the harvest for 1944.

The text of Mr. Hoover's address follows, according to the New York "Herald Tribune":

I propose tonight to make a checkup on where we have got to on the food front.

I propose to explore what happened during the 1942 food year.

I shall then examine the prospects before us for the 1943 food year.

I shall from this experience and the world need state our problem.

And I will make some recommendations for the future.

The strategy of the food front is second only to the military front in winning total war. It is of more importance than the military front in establishing peace. Total wars can be lost on the food front. Failure to recognize the importance of the food front has lost wars before now.

Through the glorious courage and ability of our Army and Navy we are making progress against a most cruel and mighty enemy. We grow stronger on the military front. We must now build up the food front. It should be reorganized again. Our job is not de-

(Continued on page 2176)

STANY Ambulance Fund Drive Progresses

Results of the first week of the campaign of the Security Traders Association of New York to raise funds to purchase ambulances for the United States Armed Forces has proved quite gratifying according to the report from the committee. Contributions should be made to members of the committee, checks made payable to the Security Traders of New York Ambulance Fund.

Contributors to Date

Samuel Goldschmidt
Frazier, Free & Co.
Edwin F. Peet
Charles W. Goodeve
Goodbody and Co.
F. B. Ashplant & Co.
Gordon Saunders Co.
H. H. Egly
F. Taylor Root
Hornblower & Weeks
William A. Rosshandler
Franklin and Co.

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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.

Pell & Co. To Admit

Pell & Co., 14 Wall St., New York City, members of the New York Stock and Curb Exchanges, will admit Miss May Moore to partnership in the firm as of June 17.

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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.

DEALER BRIEFS

Easton, Pa.

Business has had a remarkable pick-up since the first of the year. Confidence seems to be returning, but idle money is seeking seasoned securities. Inquiries denote a continuance of good business for an indefinite period ahead.—*LeRoy H. Snyder, LeRoy H. Snyder & Co.*

Shea & Co. Opens; Jas. Lynch Associated

BOSTON, MASS. — Announcement is made of the opening, effective June 14, of Shea & Co., which will engage in a securities business from offices at 31 State Street. Principal of the firm is John L. Shea, and associated with him will be James J. Lynch.

Mr. Shea was formerly an officer of Sears Corp. and its predecessor, Sears & Co., Inc., for many years. Mr. Lynch was with the Sears Corp., and prior thereto was in the trading department of R. F. Marshall & Co. In the past he was a partner in the firm of H. D. Knox & Co.

Formation of Shea & Co. was previously reported in the "Financial Chronicle" of June 3.

OUR REPORTER'S REPORT

Bullish activity in secondary and speculative railroad obligations was tempered considerably in the course of the past week and sufficient selling developed in spots to turn the average prices of such issues down to the levels of almost a month ago.

Speculators who have been active in that section of the market, and it has been the backbone of the turnover in listed bonds, revealed evidence of considerable confusion and when a smart trader finds himself in that state he proceeds to shorten sail.

It is widely recognized that the present prosperous state of the carriers in general is not the result of the waving of any magic wand, but rather a direct outcome of vast war-created traffic.

Consequently all the talk of impending collapse of Italy, and speeding up of preparations for Allied invasion of the European continent have been interpreted as signalling the beginning of the end for the Axis, at least in that part of the world.

Rather liberal selling which came into the rail bond list, however, seems to some observers to suggest quite hasty jumping to conclusions, even though it is recognized that the cards are being stacked rapidly against our enemies.

Yet even should the war be terminated suddenly, it is argued, the vast job of world-wide rehabilitation might be expected to keep the railroads busy for some time in the future transporting the goods of peace.

But as one commentator put it, the speculator has not changed and still leans to the short-term view, perhaps in the hope of catching another turn when more sober judgment takes hold.

80% For Banks

When the Treasury offers its new $2,500,000,000 loan around the end of the month, banks will be limited, in their subscriptions, to 80% of the total, or $2,000,000,000.

Details of the new issue will
(Continued on page 2174)

The Future Of The Oil Industry

At the annual meeting of stockholders held last week, Ralph W. Gallagher, President of the Standard Oil Co. of New Jersey, made the following remarks regarding the peace time prospects for the oil industry:

"Along with day-to-day effort to win this war, we are giving a great deal of thought to the post-war world. We are all interested in trying to foresee what the world after this war holds for the oil industry and for this company.

"In the 25 years since World War I, transportation in the United States has been revolutionized. Automobile registrations have increased more than 500%. Consumption of motor fuel has increased more 600%. Before rationing this country was consuming the tremendous total of 500,000,000 barrels of gasoline each year.


R. W. Gallagher

"They tell us that the automobile of the future will run better on less fuel. But there will be a much wider use of automobiles. Cars will be more comfortable, easier and cheaper to operate. They will use super-highways fed by new secondary roads—roads which will use newly developed petroleum asphalt products. Cars equipped with two-way radio, air conditioning, portable refrigeration and similar features will be a constant inducement to owners toward greatly expanded use of the automobile for pleasure and travel.

"But the future of the oil industry is not dependent alone upon the automobile. New fields of transportation are being opened up which will depend heavily on oil products.

"Before the war, airplanes were relatively small customers. The stimulus which the war has given to aircraft will show itself in post-war development. It is currently estimated that passenger travel by air immediately after the war will be 10 times what it was when the
(Continued on page 2177)

Industrial Production Nearing Its Peak?

It is now obvious that the pace of the rise in industrial production, as measured by the Federal Reserve Index of Industrial production (seasonally-adjusted) has definitely slowed. From January to April this year the gain was only from 199 to 203, and May is probably only a point or two higher. Furthermore, the Federal Reserve statisticians have recently been tending to lower their final figures from the preliminaries and estimates.

It is true that the January-April rise last year was only from 171 to 173, and that the Index later that year rose rapidly, reaching 197 in December. But surrounding conditions are now different, and the peak of production likely to be attained (which might be in the 210-220 area) is not very far above present levels. Moreover the rise in industrial production has now persisted for about five years without a major setback.

The chief limiting factor is the labor supply. With the armed forces still expanding, and with the necessity for maintaining food production, it is difficult to increase the industrial labor force.

Another factor is that conversion to war production has gone about as far as it can, with some two-thirds of production along war lines. And in some types of war materials, production is sufficient or even more than sufficient, so that large contracts for some war equipment (tanks, for example) are being canceled.

Of course, these contracts will be replaced, from the over-all standpoint, by contracts for other types of war equipment which are still in insufficient supply. Any slack will undoubtedly be taken up by allowing larger civilian production in important lines with shortages.

In a normal economic cycle, indications that industrial production was nearing its peak would be highly significant, as it would indicate the approaching culmination of the cycle, and once a decline set in, it would usually be considerable and probably rather rapid.

But, should it prove correct that industrial production is now near its peak in volume, no such sequence is likely, at least while
(Continued on page 2177)

New England Public Serv. Situation Attractive

The current situation in New England Public Service Co. has interesting possibilities, according to a circular prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of this circular may be obtained from Ira Haupt & Co. upon request.

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

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

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

Real Estate Securities

Prospects Appear Bright For Holders Of New York Title And Mortgage Co. Certificates

PURCHASES AT PRESENT LEVELS OFFER PROFIT POSSIBILITIES

The increased activity in the real estate market should have the effect of creating opportunities for the liquidation of real estate assets held by the Trustees of various certificated issues such as New York Title BK, F-1, C-2 and Q at more advantageous prices than for many years.

The sound belief that the purchase of real estate as an inflationary hedge has, we believe, been in part responsible for the increase in open-market sales of Manhattan real estate. During the first four months of this year the total number of sales reached a higher point than for any similar period in any year covered by Real Estate Board statistics, and the dollar volume of trading higher than any except that of 1937.

Most of the properties held in these trusts, which the trustees are charged by the court to liquidate, show an attractive net income on the trust's cost (in most cases the amount of the foreclosed mortgage) and upon analysis should be sound purchases for the real estate investor.

While no accurate estimate can be made as to the amount certificate holders will receive in final liquidation of these various New York Title and Mortgage Co. trusts, it is generally conceded that some figure between 75% and 85% is reasonable and in some cases as high as 100%. A recent sale of a property by the trustees of series C-2, with income insufficient to cover operating expenses and taxes, in fact was a drain on the trust for about $5,000 a year, was sold for all cash at about 60% of cost. It seems reasonable to assume that if such an asset can be disposed of at such a figure, other properties showing substantial earnings can be liquidated at a much higher ratio to cost. Even this sale at 60% of cost in relation to current market of series C-2 of around 38½ is an indication of how the security is underpriced at present levels. An analysis of the real estate assets of the various trusts shows very few properties that do not carry fixed charges. Other recent sales show liquidations at 100% and better than 90%. The generally conceded 75% to 85% final liquidation estimate under these circumstances appears conservative. As present market levels of the various series are considerably below this estimated ratio prospects seem bright for appreciation.

* * *

Acceptance of Certificates in Part Payment on Sales

At the time these trusts were created and jurisdiction retained by the New York Supreme Court, Justice Alfred Frankenthaler considered proposals for sale of assets in which payment would be made to the trusts in part cash, part purchase-money mortgage and part certificates which the purchaser of the property would acquire in the open market. This procedure seemed practical as it created an active market for the benefit of the certificate holders and actually worked to the advantage of the trust estate in that it raised the ratio of liquidation to cost. In fact, the following example shows how this procedure resulted in a "Net Asset Gain to the Trust Estate" of $127,600.02:

Cost of assets liquidated (plus brokerage)	$2,589,910.09
Rec'd by the trust in payment:	
Cash	1,333,855.00
New mortgages	829,100.00
Certificates in part payment	*554,555.11
	$2,717,510.11
Net asset gain to trust	127,600.02

*Actually the loss on the sale of the properties was $426,955.09, but due to the fact that the trust's liability was reduced by the acceptance of these certificates the net asset gain resulted.

Successors to Justice Frankenthaler upon his death did not allow this procedure to be followed with the result that the liquidation problems of the trustees in maintaining a high ratio to cost became a little more difficult.

Recently a new Justice has assumed jurisdiction over all reorganized certificated issues. The information coming to this column is that trustees of various issues intend to submit to the court for consideration certain proposals for sale which will involve acceptance of certificates as part payment. The recent market activity in these securities would seem to indicate that such proposals will at least be considered with an open mind from the most practical viewpoint.

At present market levels, it seems logical for original purchasers to average cost and to investors to consider purchases as an inflation hedge and for attractive yield and appreciation.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Last week's bear signals intensified last few days. Labor troubles not a cause but an effect. Keep trading house in order and prepare for storms.

The latter part of last week saw the stock market advancing again. The leaders in this move were the old line favorites Chrysler and General Motors. But while their advance was gratifying to see it is not generally known that they started up not on so-called good buying but by shorts getting out over the week-end.

* * *

There is the possibility, of course, that such a short "run in" can be the spark to set off a general advance. But that possibility was eliminated by the subsequent action of not only the two stocks mentioned above but the rest of the market in the past two days.

* * *

On June 5th the Dow averages closed on their highs, or close to them, 143.08. A high close for Saturday is often indicative of at least two to three more days of strength. But the next trading day, Monday, they opened at 142.92, reacted to 141.50 and finally closed at 141.82. But if the industrials closed well on Saturday the rails acted exactly opposite. I won't bore you with figures. If you're interested you can check the comparative action of the rails as against the industrials by examining various records. What I'm interested in is conclusions. Here is one conclusion.

* * *

A market which closes well at the end of the week but

(Continued on page 2168)

PERSONNEL ITEMS

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

NEW YORK, N. Y.—**Albert D. Beliveau** has joined the statistical department of **R. M. Horner Co.**, 30 Broad Street.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**Ralph Edison Randall** has been added to the staff of **Thomson & McKinnon**, Johnston Building. In the past Mr. Randall was with E. A. Pierce & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio.—**D. B. Chapman** has become associated with **Hawley, Shepard & Co.**, Union Commerce Building. Mr. Chapman in the past was with Field, Richards & Co., Braun, Bosworth & Co., and Johnson, Kase & Co.

(Special to The Financial Chronicle)

DENVER, Colo.—**Cortland S. Dines** is now with **Merrill Lynch, Pierce, Fenner & Beanne**, First National Bank Building.

(Special to The Financial Chronicle)

DETROIT, Mich. — **MacKenzie C. Baird** has become affiliated with **Mercier, McDowell & Dolphyn**, Buhl Building. Mr. Baird was formerly with C. G. McDonald & Co. In the past he was secretary of M. L. Pardee & Co.

(Special to The Financial Chronicle)

MIAMI, Fla.—**Mrs. Frances S. Huey** has joined the staff of **Corrigan & Co., Inc.**, Security Building.

(Special to The Financial Chronicle)

PORTLAND, Maine.—**Charles E. Files** is now with **White, Weld & Co.**, 111 Devonshire Street, Boston, Mass. Mr. Files was previously with H. C. Wainwright & Co. and the Portland office of Townsend, Anthony & Tyson. In the past he represented Edward B. Smith & Co. in Maine.

M. Carter Gunn Is Now C. F. Cassell Partner

CHARLOTTESVILLE, VA.—M. Carter Gunn, formerly connected with Scott, Horner & Mason of Lynchburg, Va., has been admitted to general partnershop in C. F. Cassell & Co., 112 Second St., N. E. Mr. Gunn has been in the investment business for the last eight years and has specialized in handling Virginia municipal bonds.

Peterson Now In N. Y. C.

Peterson & Company is now doing business from offices at 52 William Street, New York City. The firm was previously engaged in the investment business in Passaic, N. J. Partners are Carl O. Peterson and A. M. Johnson.

Announce Change of Name

Corrigan, Miller & Company, Inc., Security Building, Miami, Fla. announce a change of corporate name of Corrigan & Company, Incorporated.

Railroad Securities

The long-awaited Special Master's reorganization plan for Seaboard Air Line was handed to the federal district court in draft form last week. Hearings will be held on June 16 at which time objections and suggestions as to the treatment proposed for the various liens will be received. Although the Special Master had consulted at great length with committees representing bondholders' groups prior to setting up his draft report, it is generally expected that there will be many serious objections to the treatment accorded. Many rail men visualize important changes before any definite final plan can be set up.

The general disappointment with the proposal was evident in price declines throughout practically the entire Seaboard list. This was particularly true of some divisionals secured on strategic lines with good freight volume which did not even receive new junior securities sufficient to satisfy their full claims. There was also considerable surprise that the formula used resulted in the claims of some of the best divisionals being settled by far more than 100% in face or stated value in new securities. In some quarters this is construed as designed to meet the "qualitative or quantitative" question brought up in the Supreme Court decision in the St. Paul case. Be that as it may, such treatment will almost certainly be under fire from other security holders who bear the brunt of the necessary sacrifices.

The weakness that developed in Seaboard Air Line bonds is apparently based on the assumption that at least the over-all treatment recommended by the Special Master is the best that can be expected. This viewpoint fails to give any recognition at all to the strong cash position the road has already built up and the certainty that this will be further materially bolstered before any plan could be consummated. Press reports covering the draft ignored the factor of cash and this apparently led to an assumption on the part of many speculators and investors that the Special Master had himself ignored the question of utilization of cash and that the cash would have no influence on the reorganization or on the allocation of new securities. This is a false promise.

One weakness of ICC reorganization plans under Section 77, particularly the earlier ones, has been their inflexibility with respect to the use of large cash balances that have been built up. This has been typified by refusal of the courts to allow Western Pacific, North Western, and Missouri Pacific to pay off senior claims in cash. Such payments would obviously have allowed correspondingly more liberal allocations to the remaining bond holders, but they would just as certainly have resulted in automatic upsetting of the respective plans.

This inflexibility was also highlighted by the District Court's remanding of the Rock Island plan to the Commission for reconsideration. In the Rock Island plan there were $11,000,000 of new 1st Mortgage bonds provided for cash which was needed at the time the plan was set up but which would now be superfluous. The way the plan was drawn the new financing could not be eliminated and the $11,000,000 of bonds distributed to the bondholders. This factor was one of the major reasons for remanding the proceeding to the ICC.

That Special Master Taylor is alive to the possibility of some similar development in the Seaboard reorganization seems obvious from his remarks (Section XVI—Subsection 3) that "In the event of purchase, between the time of the filing of this report and the Effective Date of the Plan, of any outstanding securities for which provision is herein made, the securities of the New Company thereby released for distribution to the others will be allocated in accordance with the principles governing the secondary allocations herein set out. * * *"

It has been estimated that by the end of this year, not allowing for any interim bond retirements, Seaboard will have at least $50,000,000 and perhaps as much as $60,000,000 in cash or equivalent. On such a basis there should be between $30,000,000 and $40,000,000 available for debt retirement. Retirement of the remaining Receivers' Certificates, the Carolina Central 4s, and the Florida, Central & Peninsula 5s (aggregate face value outstanding with the public $19,242,000) would appear as quite feasible. In the plan these three issues are allocated a total of *$13,284,000 of new 1st Mortgage bonds, in addition to junior securities and, in the case of the Receivers' Certificates cash.*

The purchase of these three obligations in their entirely would, therefore, presumably release the $13,284,000 new 1st Mortgage bonds for allocation to other bondholders in accordance with the orginal formula. The implications are obvious when it is considered that there other bondholders are now allocated a total of only $19,200,000 of new 1st Mortgage under the plan. Debt retirement might go even further than the events suggested above with a further material strengthening of the other remaining outstanding bonds. With this background it seems obvious that the recent pessimism over most Seaboard bonds is not justified.

Chicago Brevities

The reorganization of the war financing program effected by the Treasury Department was a lively topic of conversation in La Salle Street quarters last week. While official statements of opinion by commercial and investment bankers were lacking, it was quite definite that financial men generally found the move objectionable. The undercurrent of feeling was that the federal reserve banks were being relegated to a secondary position in future major war financing drives, and that the Victory Fund Committees, staffed by commercial and investment bankers, were being virtually sidetracked.

The focal point of criticism centered on the merger of the War Savings Staff and the Victory Fund organization into a new unit, known as the War Finance Committee. The new group has been set up along state lines, as was the War Savings Staff, with a chairman in each state. These chairmen will report directly to the Treasury Department. Announcement was made late last week of the heads of the new committee for Illinois. These appointments went to men that formerly headed the War Savings Staff in the state.

Harold W. Swift, vice-chairman of the board of Swift & Co. was named chairman of the new committee in Illinois. Norman B. Collins was named executive vice chairman, and Renslow P. Sherer was appointed executive Manager. Previously, Mr. Swift was chairman of the War Savings Staff in Illinois. Mr. Collins was administrator of this group, and Mr. Sherer served as assistant to Mr. Collins.

Points of Criticism

Persons aroused over the reorganization of the war financing set-up pointed out that the Treasury in the December Victory Loan Drive asked for $9,000,000,000 in subscriptions and actually obtained nearly $13,000,000,000. Moreover, they asserted that the Treasury asked for $13,000,000,000 in the Second War Loan Drive of April and received $18,500,000,000. Now, instead of the groups chiefly responsible for the success of these drives being given credit for a job well done, the major role in future war financing drives is to be placed in other hands. The federal reserve banks spearheaded the April drive, and the Victory Fund organization played a prominent role in both the December and April money raising campaigns.

Under the reorganization, the War Finance Committee will handle the sale of Treasury securities in war financing drives to the public, and the federal reserve banks will confine their efforts to obtaining subscriptions from commercial banks, government bond dealers, and insurance companies.

One point appeared definite, however. This was that financial men, notwithstanding their feelings about the reorganization, would exert full efforts to make the third war loan drive a complete success. This drive is scheduled to get under way shortly after the middle of September. About the only comment leading financial men would make, when rumblings of discontent with the reorganization first were heard, was that the third war loan of the Treasury must be made a success.

Jay N. Whipple, president of the Investment Bankers Association of America has promised Mr. Swift the full cooperation of the association. Mr. Whipple, who served as chairman for the Second War Loan Drive in Metropolitan Chicago, was in New York at the time a meeting was held there for the purpose of outlining plans for the War Finance Committee of Illinois. Mr. Swift's appointment was announced following the New York meeting.

Morgenthau at Meeting

Henry Morgenthau, Jr., Secretary of the Treasury, attended the New York meeting. Also attending were representatives of the old War Savings Staff of Illinois and representatives of the Victory Fund Committee for the seventh (Chicago) federal reserve district. Herbert E. Gaston, Theodore R. Gamble, and George Buffington, assistant secretaries of the Treasury, also were present. The meeting originally was scheduled to be held in Chicago, but it was switched to New York.

Representatives of the old War Savings Staff of Illinois at the meetings were Messrs. Swift, Collins, and Sherer. C. S. Young, president of the Federal Reserve Bank of Chicago, and F. F. Patton, executive manager of the Victory Fund Committee for the seventh federal reserve district, represented the Victory Fund organization.

When announcement was made of his appointment, Mr. Swift said the merger of the War Savings Staff and the Victory Fund organization was "a recognition of the value of both organizations working as a unit." He added that he hoped to announce shortly the organization of the merged groups for the successful operation of war financing in Illinois.

TRACTION CASE

Chicago's ever-present traction case crept into the limelight again last week. Prentiss M. Brown, head of the Office of Price Administration, in a scathing rebuke of the Illinois Commerce Commission, demanded that the regulating body rescind a recent order authorizing a permanent fare of 8 cents on the Chicago Surface (street car) Lines. He urged a reversion to the previous rate of 7 cents or, as an alternative, a fare of 7½ cents.

At the same time, the City of Chicago and the Chicago Transit Co. filed separate, although similar petitions, asking the commission to set aside its order of May 3, which rejected a plan to unify the Chicago Surface Lines and the Chicago Rapid Transit (elevated lines) Company. The city also filed another petition requesting the state body to vacate its order making the 8-cent street car permanent, and asked for a rehearing on this matter.

The Chicago Transit Co. is a new company that has been set up to operate both the street car and elevated lines under the unification plan, which the commission rejected.

The OPA in its petition charged that it was denied a full and fair hearing on the question of the street car fare. Prior to April 20, 1942, a 7-cent fare was charged on the street cars. The commission authorized the street car company to place an 8-cent fare into effect on a temporary basis and, in conjunction with its ruling on the unification plan last month, made this fare permanent.

The petitions of the city and the Chicago Transit Co. relative to the unification plan asked for an opportunity to produce additional evidence on the desirability and practicability of the proposal. The city expressed opposition to the order making the 8-cent fare permanent, because the commission had not specifically required the street car company to make corresponding improvements in service.

"This unification, which makes possible improvements in service, was denied by the commission, while in the concurrent order entered on the same day a very substantial increase from 7 to 8 cents, was ordered as the permanent rate of fare," the city's petition said.

MUNICIPAL BONDS

Comments continued to be heard last week on the current strength of the municipal bond market, which has shown a steady rise to higher ground for nearly two months. Local dealers remarked that they had made further markups in prices on bonds on their lists. The consensus appeared to be that the market as a whole probably did not move higher last week, but the markups made did serve to indicate that the broad upward movement had not been entirely arrested.

The problem that many local dealers are experiencing these days is one of maintaining the inventory position they would like. Every time a block of bonds is sold from their lists, they experience the problem of how to replace this inventory. Many of the markups in prices that have occurred recently is the result of dealers buying bonds from other houses to build up their inventories somewhat. Yet, even at these higher quotations, the securities involved have been in demand.

Geo. B. Brunton With Daniel F. Rice & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—George B. Brunton, member of the Chicago Board of Trade, has become associated with Daniel F. Rice & Co., 141 West Jackson Boulevard, members of the New York Stock Exchange.

IBA Pledges Support To War Bond Drive

Jay N. Whipple, President of the Investment Bankers Association of America, pledged "intensification" of the investment bankers' activities in support of the Treasury's war financing at the close of the regular spring meeting of the Association's Board of Governors. His announcement followed a forum on war finance at which Henry Morgenthau Jr., Secretary of the Treasury, discussed plans for future drives with the securities men.

Jay N. Whipple

The IBA has had a clear cut policy of complete cooperation with the Treasury in financing the war since before Pearl Habor, said Mr. Whipple who is a partner of the Chicago investment house of Bacon, Whipple & Co.

"In spite of the fact that more than 2,500 of our partners and associates are now in the armed services of our country, those of us who are still left in the investment banking field are fulfilling the promise of cooperation which we pledged in our convention two days before our country entered the war," he said. "I know I speak for every member of our association in pledging not only the continuance but the intensification of these activities."

He added that the primary purpose of the meeting had been to discuss and plan the part investment bankers can take in future war financing. In addition, preliminary reports of plans for a study of investment banking's part in the post-war were made at the meeting by committees working in the fields of industrial, railroad, public utility and municipal finance.

These studies are being directed by the following men:

Percy M. Stewart, Kuhn, Loeb & Co., New York, chairman of the Industrial Securities Committee; Albert T. Armitage, Coffin & Burr, Boston, chairman of the Public Service Securities Committee; John S. Loomis, Illinois Company of Chicago, chairman of the Railroad Securities Committee; and H. Fred Hagemann, Jr., Boatmen's National Bank, St. Louis, chairman of the Municipal Securities Corporation.

Edw. Curran Dead

Edward F. Curran, Treasurer of A. G. Becker & Co., Inc., 120 South La Salle St., Chicago, Ill., died recently after a brief illness. Mr. Curran's entire business career had been spent with A. G. Becker & Co., whose employ he entered in 1906 as an office boy. For the last several years he served as Treasurer.

Hornblower & Weeks Add G. D. McCracken

(Special to The Financial Chronicle)

CHICAGO, ILL.—Gordon D. McCracken has become associated with Farwell, Chapman & Co., 208 South La Salle St., members of the New York and Chicago Stock Exchanges. Mr. McCracken was formerly associated with Hornblower & Weeks for many years.

Harry Payne Elected Chairman Of Board Of Governors Of Chicago Stock Exchange

CHICAGO, ILL.—Harry M. Payne, partner of Webster, Marsh & Co., was elected Chairman of the Board of Governors of the Chicago Stock Exchange, at the Annual Election of the Exchange, succeeding Arthur M. Betts who has served five consecutive terms.

Joseph E. Dempsey, Dempsey-Detmer & Co.; F. Fletcher Garlock, F. S. Moseley & Co.; and Charles R. Perrigo, Hornblower & Weeks were reelected members of the Board to serve three years.

Arthur M. Betts, former Chairman of the Board, Alfred L. Baker & Co.; John W. Billings, Sadler & Co.; Frederick J. Stannard; Barrett Wendell, Lee Higginson Corp.; and Edwin T. Wood were elected members of the Board to serve three years; Elmer A. Kurzka, Fred W. Fairman & Co. was elected to a two-year term, and John R. Burdick, Jr. was elected to a one-year term. They succeed Messrs. Walter J. Buhler; M. Ralph Cleary, Cleary & Co.; Thomas E. Hosty, Sincere & Co.; Harry M. Payne; Richard W. Phillips; Sampson Rogers, Jr., McMaster, Hutchinson & Co.; and R. Arthur Wood.

Harry M. Payne

Paul B. Skinner, of Hornblower & Weeks, was elected Chairman of the 1944 Nominating Committee and Messrs. Leo M. Apgar, Apgar, Daniels & Co.; William A. Fuller, William A. Fuller & Co.; John J. Griffin and Henry L. Vehmeyer were elected members of the Committee.

Platin With Link, Gorman

(Special to The Financial Chronicle)

CHICAGO, ILL.—Sven V. Platin has become affiliated with Link, Gorman & Co., Inc., 208 South La Salle St. Mr. Platin was previous connected with Joseph F. Dixon & Co., Thompson Ross Securities Co., and Dempsey-Detmer & Co.

Withdraws As Partner

J. Carney Howell retired from partnership in McMaster Hutchinson & Co., 105 South La Salle St., members of the Chicago Stock Exchange, as of May 31.

McInerney Rejoins Fairman

CHICAGO, ILL.—E. J. McInerney, sales manager of Fred W. Fairman & Co., 208 South La Salle Street, members of the Chicago Stock Exchange, who was on leave of absence wth the Alien Property Custodian, has rejoined the firm.

With Negley, Jens & Rowe

(Special to The Financial Chronicle)

PEORIA, ILL.—Harold M. Roe has become associated with Negley, Jens & Rowe, Jefferson Building. Mr. Roe was formerly district agent for United Securities Company of Missouri.

Cgo. Bond Traders Club Members In Services

The following members of the Bond Traders Club of Chicago are in the armed forces:

Sgt. Richard J. Aldworth, Salomon Bros. & Hutzler; Pvt. Joseph G. Ballisch, A. C. Allyn & Co.; Pvt. N. B. Baum, Selected Investments Co.; Lt. K. S. Beall, killed in line of duty, Cruttenden & Co.; Lt. George Fabian Brewer, Lazard Freres & Co.; Corp. Frank Buller, Hickey & Co.; Sgt. James J. Callan, Riter & Co.; Major John W. Clarke, John W. Clarke, Inc.; RT 2 James E. Czarnecki, Harris, Hall & Co.; Lt. Richard Cooley, Thomson & McKinnon; Corp. Walter E. Cooney, Fred W. Fairman & Co.; Lt. J. Smith Ferebee, Chicago; Ensign John H. Fyfe, Harris, Hall & Co.; Richard H. Goodman, Cohu & Torrey, New York; Lt. Wm. A. Grigsby, John Nuveen & Co.; Pvt. Charles Hofer, Ernst & Co.; Petty Officer Henry Jensen, Blair Securities Corp.; Lt. Fred F. Johnson, Brown, Bennett & Johnson; Pvt. Hugh Kearns, Doyle, O'Connor & Co.; Lt. W. W. Leahy, Francoeur, Moran & Co.; Sgt. Ed. Liening, Valiquet & Co.; Sgt. Donald R. Muller, Harris, Upham & Co.; Lt. Paul M. Ohnemus, Enyart, Van Camp & Co.; Sgt. Arthur Sacco, Alexander & Co.; Pvt. George R. Torrey, Kebbon, McCormick & Co.; Pvt. Richard J. Wallace, Remer, Mitchell & Reitzel; Pvt. Thomas D. Walsh, Doyle, O'Connor & Co.; Pvt. Raymond C. Wauchop, Doyle, O'Connor & Co.; Pvt. Chapin N. Wright, Fred E. Busbey & Co.; Lt. Burnham Yates, Weeden & Co.

Chicago Bond Traders To Hold Summer Outing

CHICAGO, ILL.—The Bond Traders Club of Chicago announces that its annual golf and summer outing will be held on Saturday, June 19, at the Mohawk Country Club (Bensenville, Ill.). Features of the outing will be golf, baseball, tennis, horseshoe pitching and bridge.

Peter J. Conlan, of Hornblower & Weeks, is Chairman of the Program Committee, assisted by Thomas R. Montgomery of Glore, Forgan & Co.; Charles G. Scheuer of Valiquet & Co.; Charles Enyart of Enyart, Van Camp & Co.; Gilbert E. Egbert of McMaster, Hutchinson & Co.

Officers of the club are: Richard W. Simmons of Lee Higginson Corporation, President; James H. Murphy of Cruttenden & Co., Vice President; Loren A. Cochran of Glore, Forgan & Co., Secretary, and F. Girard Schoettler of Wayne Hummer & Co., Treasurer.

Thirty members of the Bond Traders Club are now in the armed services.

Chicago Recommendations

Brailsford & Co., 208 So. La Salle Street, have recent figures on **Jacobs Aircraft Engine Co.,** Common, **Leece-Neville Co.,** Common, and **Vinco Corp.** Common. On request.

* * *

Doyle, O'Connor & Co., 135 So. La Salle Street, have prepared recent figures on **Peoples Light & Power Co.** Preferred Stock, and will send same on request.

* * *

Farroll Bros., 208 So. La Salle Street, have prepared complete data on new 4s of '91 of **Ft. Dodge, Des Moines & So. Ry.** and a new comprehensive circular on **Standard Silica Corp.** These are available for the asking.

* * *

Kneeland & Co., Board of Trade Building, will furnish late figures on **Globe American Corp.** Common, **Consolidated Gas Utilities,** Common, and **North Shore Gas Co.,** Common.

* * *

John J. O'Brien & Co., 231 So. La Salle Street, will send on request late figures on **Braniff Airways, Inc.**

* * *

Straus Securities Co., 135 So. La Salle Street, have prepared recent analyses on **Palace Travel Coach Corp.,** Common, **American States Utilities Corp.,** Preferred and Common, and **Foote Bros. Gear & Machine Corp.** Sent on request.

* * *

Caswell & Co., 120 South La Salle Street, have prepared interesting memoranda on **Hammond Instrument Co.** and **Western Grocer,** copies of which may be obtained from the firm upon request.

* * *

Enyart, Van Camp & Co., 100 West Monroe Street, will furnish quotations on **Chicago and Suburban Bank Stocks** on request.

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William A. Fuller & Co., 209 South La Salle Street, will supply upon request late information on **Durez Plastics & Chemicals, Inc.**

* * *

Straus Securities Company, 135 South La Salle Street, will send upon request copies of a detailed memorandum on the collateral trust sinking fund 5% gold bonds of the **Chicago City and Connecting Railways.**

* * *

Zippin & Company, 208 South La Salle Street, will furnish on request late data on **Foreign Securities,** including bonds, stocks, coupons, and scrip.

* * *

Thomson & McKinnon's current **Weekly Review** has some interesting statistics with reference to **railroad earnings.** This issue is correlated with their **Weekly Bond Review,** which devotes considerable space to the **Atchison Bond Retirement, the St. Paul Plan** and **Rail Wage Increases.** Recognizing the growing public interest in the subject, they have also just issued a special release on the **Plastic industry,** pointing out the tremendous long-range growth possibilities and discussing leaders in this field.

Copies of any or all of these reviews may be obtained free for the asking, by communicating with **Thomson & McKinnon's Statistical Library,** 231 South La Salle St., Chicago, Ill.

Life Insur. Payments Down 10% In April

Total payments to American families by the life insurance companies of the country totaled $205,253,000 in April, compared with $227,512,000 in the same month of last year, it was reported June 10 by the Institute of Life Insurance. The 10% decrease, the Institute reports, is due in large part to the very sharp decrease in emergency calls for policy cash values, these being $26,630,000 in April, 39% less than in April a year ago.

For the first four months of the year total payments to policyholders and beneficiaries were $826,593,000, compared with $852,893,000 in the same period of 1942.

Death benefit payments are still running ahead of a year ago, the April payments of $93,508,000 comparing with $92,409,000 in the same month last year. For the year to date, they are 9% greater than last year.

April payments reported by the Institute were:

	April, 1943	April, 1942
Death benefits	$93,508,000	$92,409,000
Matured endowments	31,709,000	23,404,000
Disability	7,710,000	7,943,000
Annuity payments	14,016,000	13,694,000
Surrender values	26,630,000	43,415,000
Dividends to policyholders	31,680,000	46,647,000
Total	$205,253,000	$227,512,000

Investment Trusts

The ABC Of Something Or Other

When the Government sells bonds to the commercial banks, new deposits are created—$1 of new deposits for every $1 of bonds sold. (That's easy.) The Federal debt stands today at approximately $135 billion. The commercial banking system holds about $54 billion of this debt. That's the main reason why commercial bank deposits are about $85 billion now as compared with only $22 billion back in 1917: (Are you still with me?)

Suppose the Federal debt goes to $250 billion (and that's being conservative), where will bank deposits be? Well, if the banks continue to take bonds in about the same ratio as heretofore, they'll sop up approximately $46 billion more, or 40% of the increase. That will boost total deposits to $131 billion, or about $1,000 for every man, woman and child in the country. (Brother, that ain't hay!)

There's a lot more to the story, including money in circulation, savings bank deposits and a mere $85 billion of Federal debt now held by the "public." But why get all fussed up with figures? (All I want to know is who's going to have the first billion-dollar investment company!)

Investment Company Briefs

Calvin Bullock's **Bulletin** points out that the true situation with respect to many companies is much better than net earnings after reserves would indicate. This is because of the heavy allocations to Special Reserves. For example, ten companies whose stocks are held in Dividend Shares' portfolio reported total net earnings of $438,469,811 last year after taxes but before special reserves. $116,427,315 or nearly 27% of this amount was allocated to special reserve funds.

* * *

National Securities & Research Corp.'s **Investment Timing** discusses the trend of industrial production and concludes that while the peak may be near in point of volume, it might be a year or more off in point of time. The service continues to forecast the intermediate trend of stock prices as being upward.

* * *

Hugh W. Long & Co.'s **New York Letter** draws heavily on New York newspaper talent. The lead article, "Wall Streeters In Washington," is by John G. Forrest, Financial Editor of the New York Times. Another feature is a reprint of "Public Returns To Wall Street" by Ralph Hendershot, World-Telegram Financial Editor.

Another innovation by the Long Company is the mailing of a complete engineering report of the well-known technical research firm, Kerr & Co., on the steel industry outlook to all affiliated dealers. It is hard to see how dealers can respond other than favorably to such friendly, helpful service.

* * *

With the market today about where it was in 1940 before the fall of France, Keystone Corp's **Keynotes** asks: "Is the outlook better today than it was in June, 1940?"

Granted that the range of securities offered by Keystone Custodian Funds facilities a specialized marketing technique, a good deal of credit is due the sponsor for the effectiveness of the tools developed to aid dealers in merchandising the Funds. The "Block of Capital" forms, the "Security Selector" and the "Position" and "Transfer Schedule" forms have undoubtedly had quite a little to do with the $18,000,000 increase in net assets this year.

* * *

"Imagine a demented farmer who first spent all his income and then spent all the proceeds of a mortgage to the full value of his farm—all to buy hay for a giant bonfire. When the fire is out how will he pay the interest on his mortgage? Only a great increase in the price of farms and of his farm products can save him from bankruptcy. The farmer is powerless to cause such a price increase. But Government can, and does, increase the general price level when it is faced with essentially the same problem.

"But note carefully, Government does not try to increase the price level while it is spending great sums for armaments. On the contrary it makes a determined effort, as now in this country, to keep prices from rising while government is the big buyer. But after the war spending is over and the critical problem is no longer victory but solvency, the emphasis is reversed. Because interest on the war debt looms so large, prices are then permitted, encouraged, forced to go higher. It is the only way that the debt can be brought into reasonable relationship to the value of the nation's producing property.

"Price rises will be moderate during the war—it is the post-war period which will bring the substantial price advances."—From Distributors Group's folder on "INFLATION—What It is . . How It Affects You . . . What You Can Do About It."

* * *

Investment Company Distributors has published a leaflet showing the nine and one-quarter year record of the Investment Company of America through March 31, 1943. In that period the total gain for the fund was 205.9% as compared with an average gain of 69.1% for 24 other companies.

Investment Company Reports

Dividend Shares had net assets of $43,682,288 as of April 30, 1943. Net asset value per share gained 20.04% over October 31, 1942 as compared with a gain of 18.77% for the Dow-Jones Industrial Average in the same period.

Keystone Custodian Fund Series "B2" reported total net assets of $8,516,012 on April 30, 1943 equivalent to $25.10 per share. This compares with net assets of $5,816,848, or $21.45 per share a year earlier. As of April 30, 1943 unrealized appreciation of securities owned amounted to $1,184,147.

Bond Investment Trust reports assets over $1,000,000 compared with approximately $47,000 last September when the trust became an open-end company.

Dividends

Eaton & Howard Balanced Fund—A dividend of 20c payable June 25 to stock of record June 17, 1943.

Group Securities, Inc.—The following dividends payable June 30 to stock of record June 16, 1943.

Class	Regular	Extra	Total
Agricultural	.05	.05	.10
Automobile	.07	.08	.15
Aviation	.14	.01	.15
Building	.04	.06	.10
Chemical	.03	.03	.06
Elec. Equipment	.06	--	.06
Food	.03	--	.03
Fully Administ'd	.11	.02	.13
Gen'l Bond Shrs.	.11	.02	.13
Indus. Machinery	.08	--	.08
Investing Co.	.03	.05	.08
Low Priced	.04	.04	.08
Merchandising	.07	.01	.08
Mining	.07	--	.07
Petroleum	.06	.06	.12
Railroad	.05	.03	.08
Railroad Equip.	.07	--	.07
Steel	.06	--	.06
Tobacco	.04	--	.04
Utilities	.03	--	.03

Union Trusteed Funds, Inc.—A dividend of 18c on UCSA and 8c on UCSB payable June 19, 1943.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2164)

does not live up to its promises in the subsequent week is immediately to be considered dangerous. This is further heightened if one set of averages does not confirm the bullish indication given by the other average.

Up to the time this was written there was nothing in the action of either of the averages or the market as a whole to make me change the position I took in last week's column. The danger signs I called attention to last week are not only still there but seem to be gathering force. On what or why these are based is difficult to explain. Perhaps it's the war; perhaps it's something else. But whatever it is the time is here to not only stop buying stocks but stop thinking about what to do with what you have and act.

* * *

There is a good deal of talk around about the post war world and how business will adjust itself to it. My suggestion is that, so far as the market is concerned, you forget this post war world and give more thought to what is going around you today. Yes, we are winning the war on the battlefronts, but we are losing it at home.

* * *

Last week we were faced by another strike, a major strike in the coal industry. But this was just one strike. There were sporadic outbursts of labor trouble in other plants as well. It is all well and good to call Lewis, the coal miners and other strikers a sabotaging dirty bunch of so-and-sos. But this outraged feeling no matter how justified doesn't recognize the true picture. The harsh fact is that labor unrest, which hampers the war effort, is a direct reflection of our week kneed home front policy.

We all remember the Hold-the-Line order from FDR. Yet we are painfully aware that under Prentiss Brown and Chester Davis the OPA and Food Administration has become a joke. Price ceilings are meaningless. The line is being held at one end and being blithely broken at the other. Legislation, such as the Connolly bill, to outlaw strikes will not settle the problem. Labor troubles are a natural result of the ferment the OPA and other bodies are stewing. Business caught between WPB regulations and dissatisfied labor is doing as good a job as can be expected but it too must eventually feel the grinding power of the millstones.

* * *

In discussing the above I've tried to be dispassionate and see what is behind the current market uncertainty. Perhaps my reasoning may be lopsided. But I doubt if my conclusions are.

* * *

Inflation, a wild eyed sort, may change the entire picture. I hardly think, however, that despite its ineptitude that the administration will permit this to occur. I feel that more efforts to check inflation will shortly be made. What they will be I don't know. But the market in its own way will act accordingly. I recognize the possibility that governmental edicts do not permanently change economic laws. But even the threat of such a change will drive the market down.

* * *

Obviously no one will ring a bell and warn you when to get out. The market itself will give the signals. If you're able to read them you will act If you can't you'll be left high, but not so dry, screaming at "administrative muddling." So remember the stops given you last week and don't start thinking "it can't happen to you."

* * *

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.]

Bank Stock Attractive

Stock of the Irving Trust Company offers an interesting possibility for investors according to a circular being distributed by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

Packard Head Sees Ways To Speed Transition For Post-War Economy

(Continued from first page)

for mass-production of Rolls-Royce aircraft engines and Packard marine engines.

"Obviously, there will be plenty of legal 'paper work' before we can start re-arranging the plants and setting up the machines needed for motor car production. If this 'paper work' is postponed until after the war, post-war employment will be correspondingly delayed. Therefore, Government steps to provide this legal machinery are needed now.

"The second major problem is that of mapping out our post-war plant lay-outs and installing the required production equipment. This is a tremendous job in itself, particularly with Packard, because our plants were so completely torn up for war production. However, we estimate that rearrangement can be rushed through in as short a time as it will be possible to get materials to produce automobiles."

Mr. Christopher also pointed out that similar re-conversion problems face Packard's 350 subcontractors on war production work. Here again, Government steps to provide the necessary legal machinery are necessary, he declared.

"Unless the post-war situation is faced squarely now we may find it a whole lot harder and a lot longer to get out of war production than it was to get into it," Mr. Christopher commented.

Re-conversion Harder Than Conversion

"When war was declared, private enterprise lost no time in converting to war production, leaving the legal 'paper work' between Government and industry to follow along later. But that process cannot be reversed with equal ease. The 'paper work' will have to precede the changeover back to peace production or we will have to wait too long for authority to move a single Government-owned machine out of the plants.

"We may find our difficulties greater at Packard than those of some other plants because of our need to replace large numbers of our machines and tools released to help break production bottlenecks of other companies. Packard was the first company to supply a complete list of its available equipment to WPB and, as a result, we were drawn upon heavily by other manufacturers who couldn't get vital equipment soon enough from other sources."

Responsibility To Dealers Remembered

In all of its post-war planning, the company is particularly conscious of its obligations to the many loyal Packard dealers as well as to Packard employees, Mr. Christopher declared. It is in the interest of dealers as well as employees that the gap between war and peace production be made as narrow as possible, he said.

"Because our conversion from the manufacture of motor cars to war engines was so complete, our re-conversion will be like starting from scratch. Therefore, the Packard post-war planning committee is working toward a totally new peace-time production arrangement. We will incorporate not only the best methods known to the automobile industry at the stoppage of car production in early 1942 but many new ideas which we have developed in the mass production of aircraft and marine engines.

Post-War Production Line To Be More Efficient

"We expect that our motor car production will be one-third higher than it was during our previous peak year. Better utilization of floor space and more efficiently planned production lines will aid this result.

"To speed employment and production, Packard intends to manufacture its streamlined Packard Clipper model. If we did not resume with these models, production and employment would be delayed for months during the designing and building of new dies and tools for brand-new models."

Bacon Elected Gov. Of NY Stock Exchange

Francis M. Bacon, III, a member of the New York Stock Exchange and a partner of Bacon, Stevenson & Co. since Sept. 1, 1927, was elected a member of the Board of Governors of the Exchange on June 3 to fill the vacancy in the Board created by the election of John A. Coleman to Chairman. Mr. Bacon will serve as a Governor until the next annual election.

The Exchange's announcement further said:

"Born 44 years ago in Short Hills, N. J., Mr. Bacon attended St. Paul's School and was graduated by Harvard University in 1921. While a student at Harvard, he enlisted and served with the U. S. Army. He subsequently attended Magdalen College, Oxford University.

"Following 3 years employment with the Farmers' Loan and Trust Co., and several months association, in 1927, with Edward B. Smith & Co., he formed his own firm."

NYSE To Continue 1% Net Commission Charge

The Board of Governors of the New York Stock Exchange approved on June 3 an amendment to the Constitution to continue, at a maximum 1% rate, the present charge on net commissions retained by members and member firms on transactions effected on the Exchange but to remove the restrictions on total receipts. The proposed amendment has been submitted to the Exchange membership for balloting. This section now provides that when receipts from this source during any year have exceeded $500,000 the rate of charge for the rest of the year shall be cut in half and when receipts during any year have exceeded $750,000 the charge shall be discontinued entirely during the remainder of the year.

In a letter to the members, Emil Schram, President of the Exchange, explained that removing the restrictions is designed to permit the Exchange to take advantage of the recent increase in volume of trading to strengthen its financial position. His letter further stated, in part:

"As you are aware, the Exchange has operated at substantial deficits during recent years. The charge on net commissions was instituted a year ago as part of a broad program designed to establish the finances of the Exchange on a sound basis and to provide a fairer allocation of charges in relation to the use by members of the facilities of the Exchange. At that time (when volume of trading was averaging less than 400,000 shares a day) it was felt that no substantial additional revenue should be sought by the Exchange. Reductions in dues and other charges approximately offset, at the then volume of trading, receipts from the new charge on commissions.

"There appears to be a general opinion among the membership that the Exchange should now take advantage of the recent increase in volume of trading to strengthen its financial position. Such a program would be in the best interest of the Exchange.

"During recent years the emphasis of those responsible for the administration of the Exchange has necessarily been on reduction of expenses, the lowering of charges to members and the conservation of the cash resources of the Exchange. The Exchange expects to continue its policy of economy and to hold expenses to the minimum level necessary to provide adequate facilities and services for the investing public. We are now in a period, however, when we should seek to do more than merely conserve the Exchange's existing resouces; we should plan to increase these resources reasonably in order that the Exchange may be equipped to meet its responsibilities in the future."

Insurance Stock Attractive

The current situation in Home Insurance Company offers attractive possibilities, according to a circular being distributed by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Calif. Copies of this circular which contains a history of the company and interesting comparative figures may be had from Butler-Huff & Co. upon request.

Correction In Report On NYSE Borrowings

Emil Schram, President of the New York Stock Exchange, issued the following statement on June 4 regarding a correction in the money borrowings report for April 30:

"The New York Stock Exchange regrets that, in its tabulation of the total amount of borrowings on collateral by its member firms, as of the close of business April 30, 1943, the amount of such borrowings on United States Government securities was given as $219,709,310 when it should have been $362,043,810 and the amount of borrowings on all other collateral was given as $349,904,989 when it should have been $365,039,646.

"Thus, the total of all borrowings on collateral as of the close of business on April 30, 1943, should have been reported as $727,083,456 instead of $569,614,299."

The tabulation as made public at the time by the Stock Exchange appeared in these columns May 20, page 1866.

"St. Pauls" vs. "MOPS"

A most interesting comparative study of the relative merits of "St. Pauls" and "MOPS" has been compiled by W. Wendell Reuss, partner in McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of the study, giving the author's reasons for his present preference for "MOP" securities may be had upon request from McLaughlin, Baird & Reuss.

Laval Mobilizes More Workers For Germany

Pierre Laval ordered France's 1942 military class mobilized for work on June 5 and told the French people that 200,000 more workers must go to Germany, said Associated Press advices from London on June 5, which also stated:

Speaking on the Paris radio, the Chief of the Vichy government said: "French volunteers at the eastern front (Russia) demand that we equal their sacrifice. I have decided to call up the 1942 class without exception for work in order to avoid arbitrariness. They will all go without exception. I tell all not to withdraw from this obligation. Present yourselves to the calling-up authorities.

"Rigorous measures will be taken against any one who tries to avoid the call-up. Two hundred thousand workers must go as the result of a convention between Germany and France between March 1 and July 1. Many have said that during my recent trip to Germany I had to agree to stringent measures.

"This is entirely untrue. On the contrary Hitler was cordial and understanding."

Laval declared "I bear with you the burden of defeat" in the loss of North Africa, and he cried out against the black market, blaming it for French food difficulties.

"I know that only too many people expect salvation from England, America and Russia," he said. "They rejoice at recent military events, but military events have not borne out that hope. It took the Allies six month to reduce a few German and Italian divisions.

"Those people forget that Europe now is a fortress, that war is everywhere in the air and sea and Far East and that Russia herself is invaded.

"Those who think that in order to be free their women and children must be killed are mistaken. Indeed, it shows a profound upset of our souls that any one can believe this. I prefer my policy"

On post-war prospects, Laval said: "If the Anglo-Americans achieve victory on the European Continent, the Anglo-Saxon world would begin to measure itself with the Soviets and the results of that fight would not be in doubt. Bolshevism would then engulf Europe. Europe would then be a Soviet state."

Interesting Speculation

The $3 preference stock of United Corporation appears as an interesting speculation in the public utility field, according to a detailed memorandum discussing the current situation affecting the corporation, prepared by S. Fink of Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Copies of this memorandum which discusses the situation in some detail may be had upon request from Ira Haupt & Co.

Changes In Payment Of NY Stock Transfer Taxes By Stamps

The attention of member firms of the New York Stock Exchange was directed on June 4 to the action taken on the elimination of stamps in payment of Federal and New York State transfer taxes.

The following is a circular mailed to members by Max Jacquin, Jr., Assistant Secretary of the Stock Exchange:

"The New York Stock Exchange and the Association of Stock Exchange Firms for a number of years have been endeavoring to induce the Federal and State taxing authorities to permit the payment of taxes due on sales, transfers and deliveries of securities, covered by their respective regulations, other than by the physical attachment of stamps as presently required.

"In so far as New York State transfer taxes are concerned, this required specific changes in the law. These changes were enacted by the New York State legislature and approved by Governor Dewey at the last session, and the New York State Tax Commission is now in the process of preparing appropriate regulations. It is expected that these regulations will be issued in sufficient time so that these taxes may be paid through the Stock Clearing Corporation on or about July 1, 1943.

"The attention of members is directed to the fact that the amendments in the New York State law provide for the payment of such taxes only in respect of transactions effected on a registered securities Exchange located within the State of New York. Conversely, it will not permit of such payment of taxes in respect of over-the-counter transactions in listed securities. Members are urged to regulate their purchases of New York State Transfer stamps so as to have on hand after July 1, 1943, only such stamps as are necessary to cover over-the-counter transactions.

"With regard to Federal taxes, Regulations 71 covering this matter does not, in its present form, permit of a method for the payment of such taxes suitable for our purposes in that, although it permits payment through a clearing house, the work entailed in providing and maintaining the required records is prohibitive from a practical standpoint. After many conferences, we are confident that our proposals for amending Regulation 71 will be approved and said regulation will be amended in the near future. It is hoped that these amendments may be accomplished by the issuance of an appropriate Treasury Department during in sufficient time to enable us to proceed in this connection also, on or about July 1, 1943. Members are similarly urged to regulate their purchases of Federal stamps accordingly."

NYSE Members To Vote On Amending Gratuities

An amendment to the Constitution of the New York Stock Exchange with respect to gratuities payable to adopted children was approved by the Exchange's Board of Governors on June 3 and has been submitted to the membership for balloting. The proposed amendment to Section 4 of Article XVI provides that legally adopted children of a member of the Exchange would share in the gratuities payable on his death to the same extent as actual children. The purpose of this amendment, which was suggested by the Trustees of the Gratuity Fund, is to give adopted children the same standing with respect to gratuity payments as they now have under the laws of the State of New York with respect to the estate of a parent who dies without a will.

Production Costs Up Since Beginning of Year—Further Increase Expected: Conference Board

Industrial production costs have risen rather generally since the first of this year, and the upward trend is expected by the majority to continue during the next six months, according to returns to the National Industrial Conference Board which has just completed a survey of the current situation in a number of representative industrial concerns.

Under date of June 9, the Conference Board stated:

"Three-quarters of the reporting companies recorded an increase during the past four months. Costs held relatively steady for about one-seventh, particularly those in the food and metal products industries. One executive in 12 reports a decline in costs.

"Labor was the greatest production cost problem for over half of those reporting, while about a quarter found raw materials their chief cost worry. Labor productivity and efficiency have directly affected wage costs in the majority of reporting companies which state that declining efficiency has been the rule. Among the labor factors increasing production costs are manpower shortages, an increase in absenteeism, turnover, wages, the 48-hour week, occasional work stoppages, and the greater cost of supervision.

"Raw material costs are holding steady in about 45% of the concerns, particularly those in the heavy machinery, metal products and foundry industries. The paper, food and chemical industries are prominent among the three-tenths reporting increases in costs of raw materials. Among the causes stated are shortages and higher prices, transportation difficulties and additional freight charges, subcontracting at higher prices, rationing, and the use of more expensive grades of substitutes. Except for certain food companies, all industries anticipate an increase in raw material costs this year.

"Most companies have been unable to pass on any increase in costs and their profit margins have narrowed. About one-tenth report that they are not being 'squeezed,' but most of these companies have been operating under 'cost-plus' contracts or their unit costs have been lowered as a result of a larger volume of production.

"Costs of production are expected to go higher by about three-fifths of those reporting. A very small percentage of the cooperators anticipate that production costs will hold steady or decline during the second and third quarters of 1943.

"The paper, food and chemical industries are prominent among the three-tenths reporting increases in costs of raw materials. Among the causes stated are shortages and higher prices, transportation difficulties and additional freight charges, subcontracting at higher prices, rationing, and the use of more expensive grades of substitutes. Except for certain food companies, all industries anticipate an increase in raw material costs this year.

Food Rationing In France Reported Most Stringent

A young Frenchwoman permitted by the German government to leave Vichy, France, to join her fiance in the United States, speaking of food conditions in France, reported that there was "plenty of starvation" there.

"If the people are lucky enough," she stated, "they are able to get about 250 grams of fat weekly and 120 grams of meat, including bone. That is about the size of a big hamburger. They are allowed 200 grams of bread daily, equal to about four slices, and just a few vegetables. The children are allowed some milk, but there is no more concentrated milk in France."

Clarifies Status Of Persons Named On Beneficiary War Bonds

Under a decision handed down in New York City on June 5 by Surrogate James A. Foley, the beneficial status of persons named on "beneficiary war bonds" appears to be clarified, it was noted in the New York "Times" of June 5. Stating that the ruling, involving millions of dollars, was given in the case of the estate of William J. Deyo, who died Dec. 25, 1940, the "Times" reported as follows regarding the decision:

"In substance it holds that any war bond registered in the name of the purchaser and payable on his death to a beneficiary becomes the property of the beneficiary on the death of the purchaser.

"A previous decision made at Special Term held that any such bonds were assets of the purchaser or the decedent's estate and did not belong to the surviving beneficiary.

"Surrogate Foley discussed at length the contractual rights conferred on the beneficiary upon the purchase of any war bonds which will pass to another on the death of the purchaser.

"In his decision the Court held: "'The rights of a beneficiary under these bonds is somewhat analogous to the rights of a beneficiary under an insurance policy, a beneficiary under a trust agreement, or a beneficiary of a 'Totten Trust.' The latter is the ordinary form of bank account which passes to the party named upon the death of the original owner or depositor.'"

A ruling similar to that of Surrogate Foley was contained in an International News Service dispatch from Scranton, Pa., which appeared as follows in the "Wall Street Journal" of May 22:

"Federal Judge Albert W. Johnson has ruled that U. S. Savings and War Bonds cannot be considered part of a decedent's estate where there is a provision for payment of their redemption price to the beneficiary designated in the bonds.

The court opinion also made the decision applicable to cases where the bonds were issued to co-owners.

Denied SEC Registration

A broker-dealer registration has been denied to William K. Archer and Edward G. Mader, members of the recently formed Archer, Mader & Co. of Kansas City, Mo., on the ground that Mr. Archer's past record did not justify his re-entry into business. The action was apparently directed at Mr. Archer alone, as no mention was made of Mr. Mader except that he was a member of Rrcher, Mader & Co.

The SEC had revoked registration of W. K. Archer & Co. and ordered its expulsion from the National Association of Securities Dealers, Inc. on charges that it had violated fraud provisions of the Securities Act, and that Mr. Archer had "over-reached" in his dealings with customers and fellow broker-dealers and that he aided Claude Westfall, an employe of a larger securities house in double dealing against the employe's own concern and its customers.

McDonough Dead

William E. McDonough, trader in unlisted securities for Paine, Webber, Jackson & Curtis, Chicago, Ill., died suddenly on May 28. He had been connected with Paine, Webber since 1919.

The Securities Salesman's Corner

Securities Must Be Sold—They Do Not Sell Themselves

There is a wise old saying that goes "its not WHAT you know but what the other fellow **thinks** you know that counts." Apply this to the securities business and half your battle is won.

There may be those who deplore the fact the sales psychology must be used in order to convince many investors that they should do what is often best for their own interests. But it nevertheless is more than often times the case that many investors insist upon making serious investment mistakes just because some salesman didn't have enough sales ability to convince them to do otherwise.

No matter how attractive an investment may be, no one will benefit (either salesman or investor) unless someone goes out and tells investors in such a way as to convince them that they should take advantage of the opportunity. Even when it is necessary to use what some might call "tricks in the trade of selling" in order to reach a desirable objective it should be done. Some people have to be led, others cajoled, others enticed and there are even some who have to be shoved. That's the way everything else in this world is accomplished and securities have to be sold in just the same manner.

Here is an example. Let's take the case of the procrastinating investor who always has an excuse for not doing business at the time that he should do so and as a result usually waits until the price of the security you have offered has advanced sharply in price. By this time the situation is usually too high to be an attractive purchase but in as much as he now insists upon doing something that was originally suggested by the salesman he is allowed to make the investment even at higher prices. Many times the security recommended originally at its first price was a real attractive purchase—later not the case. There is hardly a salesman who hasn't met this particular brand of self styled investor; nor is there a salesman who hasn't said whenever he met this rather exasperating individual—"what I'd give for a formula to make that fellow ACT WHEN HE SHOULD"!

Sometimes salesmen have taken the frontal attack when they have bumped up against these cases. Usually this doesn't work so well. We do know of one salesman who actually can "bawl the hell" out of these "think it over fellows" and he claims he gets away with it. In other cases its helpful at times to REVERSE THE PROCEDURE. Instead of presenting a security and its good points—MAKE IT HARD TO GET!

One salesman we know handled one of these cases by telling his prospect that he didn't have a security to offer but that he expected to have some information on a very attractive situation in a short period of time. The second call back a week later he was still working on the matter—then he made a call and released a bit of information that was designed to "whet Mr. Hard To Get's" appetite just a wee bit. Finally he sprung a really attractive railroad reorganization (that he had known about all the time) and it resulted in a substantial commitment for a very attractive investment that this investor is now mighty pleased he owns today.

The not very strange part of the story is that of course this brilliant investor has told several of his friends at the country club about the "smart buy HE MADE in the rails"—when all the while he was practically anesthetized into making the purchase.

Canadian Securities

By BRUCE WILLIAMS

The new Canadian-American agreement for joint programming of exports to Latin America provides a further indication of the growing importance of Canada in the field of international commerce, and exemplifies the attempts which are being made to solve the problem of the division of world trade, at least in part, by international cooperation instead of competition. This latest form of collaboration follows closely upon the decision of the Joint Economic Committees of the two countries to explore the possibilities of economic expansion in the million-mile area of northern British Columbia, the North West Territories, the Yukon and Alaska.

In the Canadian bond market the most interesting recent item of news was probably the announcement by Mr. Garson, Premier of Manitoba, of the sale in this country of $1,185,000 5-year refunding 2¾% debentures callable in 3 years. A significant feature of these bonds is that, contrary to the usual custom of issuing provincial bonds with payment optional in U.S. or Canadian currency, on this occasion payment is in U.S. dollars only. This naturally suggests that the province has in mind the possibility that before the bonds are paid, the U.S.-Canadian exchange will be at parity, with a consequent saving of the 10% premium on U.S. currency.

A certain revival of interest in Canadian internal securities recently may have resulted from observation of this point. Since the great activity in this section of the market some months ago, this market had been almost at a standstill with a slight easing of prices. Recent sales have taken place on the basis of 10% discount. In some quarters it is felt that following the firmness of the Canadian dollar in the free market over a long period, and with the present trend towards parity, it is conceivable that an investment demand might arise in the U.S. for the internal bonds of the Dominion.

The market for external bonds has continued to maintain its firm tone with prices steadily advancing in all sections. Manitoba bonds, following the almost surprisingly low coupon on the new refunding issue, have improved sharply. The 4½'s of 1956 at 105 now yield only a shade over 4%. So remarkable has been the recent improvement in these bonds that long-term Manitobas now return less than comparable bonds of the Province of New Brunswick. As previously suggested, however, this situation should soon be corrected with the increasing recognition of the fact that New Brunswick 5's of 1959, for example, at 108¾ to yield 4¼% appear definitely underpriced. Saskatchewans still continue to attract popular attention with the 4½'s of 1960 quoted 91-92. British Columbias continue in steady demand with the 5's of 1954 now 110¾ bid.

In the Dominion guaranteed section, Canadian National Railway bonds move steadily ahead, and as anticipated, are slowly coming more into line with the direct obligations of the Dominion. Canadian dealers are now having the unusual experience of encountering difficulty in securing these bonds in Canada. It would appear that the long expected exhaustion of this source of supply is now in sight. The 4¾'s of 1955, the 4½'s of 1956 and 1957 now yield only about 3⅛%. However, the 5's of July 1969 callable in 1 year still remain on about a 2% basis to call date. It is possible that before long a commercial bank demand will arise for this bond when the callable term is within one year. When compared with 1 year U.S. Certificates of Indebtedness on about a ¾% basis, the July 1944 Canadian Nationals, with the possibility of earning the 5% coupon for a considerable period, appear very attractive.

There is a further possibility that the Dominion 2¼'s of Jan. 15, 1944 and the 2½'s of August 15, 1945-43 might be paid off together at the maturity of the 2¼'s. It must be remembered that Canada has recently acquired quite a considerable surplus of U.S. dollars. Thus it would be possible in liquidating these obligations to reduce to a considerable extent this seemingly embarrassing surplus and to reduce the outstanding external debt at the same time. Should this materialize, the C.N.R. July's would be the only short-term Dominion obligations available.

The Canadian Chamber of Commerce has just presented some excellent proposals in connection with post-war reconstruction among which is one which could very well be dealt with without further delay. That is the complete overhaul of the Canadian tax structure. There are at present quite a number of unsettled tax situations involving U.S. individuals and corporations which have mostly occurred because the complicated Canadian revenue laws can easily give rise to misunderstanding and dispute.

It is to be deplored that the good will created in this country by other official departments of the Canadian Government, as, for example, the Foreign Exchange Control Board, should be offset through failure to make a long overdue reform. Mr. Ilsley, Minister of Finance, who has already done splendid work in his difficult department of the Government, has a wonderful opportunity still further to enhance his reputation by presenting before Parliament a bill to simplify and amend Canadian tax laws.

Ideal Cement Interesting

The current situation in Ideal Cement Company offers interesting possibilities, with a promising post-war outlook, according to a memorandum issued by Amos C. Sudler & Co., First National Bank Building, Denver, Colo. Copies of this memorandum may be obtained from the firm upon request.

Subsidies Seen Increasing Danger Of Inflation And Removing Incentive For Efficiency

A Real Price Rise is Concealed In Subsidies National City Bank Declares

In citing objections to subsidies, the National City Bank of New York in its June "Monthly Letter" observes that "subsidies naturally remove incentive for efficiency and low cost production and distribution. By keeping prices to consumers down they make goods more attractive to buyers, and add to the difficulties of rationing. Finally, they are habit forming. Once used they tend to spread and enlarge, and they are hard to drop." The Bank in its comments also says:

"Within limits, and particularly where they are confined to high-cost producers or designed to cover temporary and abnormal increases in costs, subsidies may be the least costly and most effective method of accomplishing a necessary objective. Where separate study of each problem establishes the desirability of subsidies, their cost may be added to the other costs of the war and accepted as inevitable under the circumstances.

"But the more extensive and elaborate a subsidy program the greater is the opportunity for mistakes and the more costly the mistakes will be; also the greater is the inflationary effect. As subsidies widen and tend to cover all producers, and their costs mount, the argument that they save people more as consumers than they cost them as taxpayers naturally becomes weaker. The advocates of solving the stabilization problem by payment of subsidies running up to $3, $4 or $5 billions, which are figures seen in the press, should give heed to the danger of creating a mechanism which is not only inflationary but has potentialities for evil in other ways."

Regarding the foods subsidy program the Bank also stated in part:

"Food distributors welcome any modification of the OPA's habit of appeasing both the farmer and the consumer by cutting the distributor's margin, but they are suspicious of the subsidy proposal. They find it improvised and vague, and they do not know what the eventual attitude of Congress will be. They know that the roll back will compel them to take markdowns on inventory. Wholesalers and retailers fear that processors will get the subsidy, and they will get the roll back. Basically, business men do not like subsidies; they do not want the question whether they are to make a profit or loss to be determined by the decision of a government official as to a subsidy rate, and they fear the regulations that may go with subsidies.

"The initial cost of the subsidies on meats, butter and coffee is estimated at upward of $300 millions a year. The funds will be provided by the Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation. The RFC, however, cannot finance a program of great magnitude and if that is intended it will come under Congressional review. The attitude of Congress towards subsidies has in general been highly critical. It has rejected all proposals for huge appropriations to finance elaborate subsidy schemes.

"While the new program is the most important application of the subsidy principle yet made in this country, subsidies amounting to an estimated $700 millions annually are already being paid for various purposes. These include payments to cover extra transportation costs, caused by the war, on sugar, gasoline and coal; premiums paid for production of high-cost copper, lead and zinc; payments to producers of vegetables and fruits for canning; and subsidies on cheese production, oilseed crushing and processing, and some other commodities.

"The justification offered for the subsidies is that the necessary production and distribution of these commodities must be maintained, and that subsidies cost the country less than an over-all price increase, which is the alternative, would cost. Where subsidies are restricted to the higher-cost production, this claim is manifestly correct. For example, the OPA calculates that if market prices of copper, lead and zinc were allowed to advance to equal the premium prices paid on a limited part of the production, the cost to consumers of the three metals would be raised by $400 millions, whereas the premium payments total only $20 millions. This high-cost production is clearly needed, and there is not much argument as to the appropriateness of government payments in the circumstances.

"Even subsidies paid to all producers may cost the public less than advances in market prices, for when prices are held down at the source of production pyramiding of markups through the distribution system is avoided. In general, subsidies restore an element of flexibility to a "frozen" price system by providing means to stimulate production of essential commodities (and correspondingly discourage production of non-essentials) without upsetting price levels or the stabilization program. They facilitate enforcement of price ceiling regulations. These are strong, practical, arguments in their favor.

"On the other hand, reliance upon a greatly extended use of subsidies to solve all the problems of price stabilization would be largely deceptive. If the costs of maintaining production and distribution are not borne by consumers through higher prices they must be borne by them either through taxes or through further inflation of government debt. Thus subsidies conceal a real price rise, which becomes more important as the subsidies grow. Arguments that they cost the public less than market price advances may overlook the cost of administration and of the mistakes that administrators make. Subsidy programs are not automatic in their operation and impersonal in their judgment, as are prices in free markets. They must be administered by overhead authority, and at every point along the line the authority must make decisions. The way is open not only for errors in judgment but for political abuses, for discrimination, and for another entering wedge for detailed government control of business and agriculture."

Montreal Bank Reports Canadian Crops Late

Crops are late throughout the Dominion of Canada due to the backward season, and wheat seeding has been virtually completed in the Prairie Provinces with the sowing of coarse grains well advanced, according to the current crop report of the Bank of Montreal, issued June 4. Germination is satisfactory but crops are late and warm weather is now required to stimulate development. Early sown crops show a healthy, even growth.

The bank's report continued:

"In the Province of Quebec seeding of grain is under way and planting of field and root crops is general in most districts. The season is from two to three weeks later than normal. Hay lands and pastures show good growth. Fruit trees are blossoming well and strawberry plants show promise of a good crop. Moisture is ample and warm weather is required to stimulate growth.

"In Ontario operations on the land have been greatly curtailed by excessive rainful and cool weather. . . . The acreage seeded to spring cereal grains is expected to be reduced materially and substitute crops of corn roots and buckwheat will be planted. Pastures are in good condition.

"In British Columbia below-average crops of tree fruits are indicated generally. Soft fruits and vegetables are making progress, but the season is backward, owing to lack of sufficient warmth."

N. Y. Analysts To Meet

Subjects of discussion at coming luncheon meetings of the New York Society of Security Analysts, Inc., will be:

June 11—Netherlands in Europe and in the East Indies from the Standpoint of Investments—Dr. Edward Von Saher, Chairman of the Netherlands Circle.

June 14—Rate of Return on Public Utilities—discussion group to be led by E. Ralph Sterling, Merrill Lynch, Pierce, Fenner & Beane.

June 16—The SEC and the Street—Robert H. O'Brien, member of the SEC. Preceding Mr. O'Brien's speech, Benjamin Graham will render a report to the membership from the Committee on Standards.

All meetings will be held at 56 Broad St., New York, at 12:30 p.m.

Bendix, Luitweiler To Admit Philip G. Volpe

Philip G. Volpe will acquire the New York Stock Exchange membership of Leeds Johnson as of June 17, on which date he will be admitted to partnership in Bendix, Luitweiler & Co., 52 Wall St., New York City, members of the New York Stock Exchange.

Attractive Situations

The current situations in Stromberg-Carlson, Federal Screw Works, Bartgis Brothers, and Miller Tool & Manufacturing Co. offer interesting possibilities according to memoranda issued by Herzog & Co., 170 Broadway, New York City. Copies of these memoranda may be had from the firm upon request.

The Morgenthau And Keynes Stabilization Plans

By CLYDE WILLIAM PHELPS

Head of the Department of Economics, University of Chattanooga, Chattanooga, Tennessee

The Morgenthau and Keynes Plans are simply proposals for erecting a grandiose and elaborate mechanism for accomplishing a desirable objective (post-war exchange stabilization) which can be achieved much more effectively in a simple, direct, frank, and straightforward way — and to accomplish other purposes some of which are not to be fully understood by the public.

If it turns out, as I am afraid it will, that the Administration's policy will be to force the American public to choose between such plans (plus unsoundly conceived plans for international AAA's, WPA's Food Stamp Plans, etc.) on the one hand, and no plan at all for international cooperation on the other hand, I can foresee in the future a rise of what will be termed "Isolationism."

Sincere and serious international cooperation by the United States in meeting post-war problems is not dependent upon the creation of Rube Goldbergian structures. The United States can best engage in international cooperation for exchange stabilization after the war by simply taking the lead. This means, first of all, setting our own house in order, checking domestic inflation, determining definitively the par or gold content of the dollar, restoring a fully functioning gold standard, taking the lead in reducing tariffs and other trade barriers, thereby giving the world a sound international standard money to which other countries could tie or adjust their currencies and bring about world-wide exchange stabilization.

It will be necessary for someone to make loans to many countries in order to assist them in restoring sound monetary systems and effecting exchange stabilization, and it will be necessary for someone to make loans to many countries for their reconstruction and rehabilitation. Just who is going to make these loans? Who, indeed, is in position to make them, and who is expected by all the world to furnish practically all of the loans? The answer, of course, is the United States.

Why, then, erect an elaborate structure which may tend to camouflage these operations and deceive the American people into thinking that the funds loaned to various countries for exchange stabilization, reconstruction and rehabilitation are coming from some "international organization" rather than mainly from their own pockets? If we are to do most of the lending for all of these worthy purposes, why not do it simply, directly, and in an honest and straightforward manner, accompanying each loan with conditions to insure its productive use by the borrowing country?

The lending by a nation of its own funds to another country for agreed-upon purposes (budget balancing, exchange stabilization, etc.) may be called imperialism or some other disparaging word by New Dealers. Apparently what they would prefer would be an international organization in which the debtor countries would have the power to force a creditor nation to furnish them its funds upon their own terms.

Are Utilities Undervalued?

We have been asking ourselves this question for some months past. It is, of course, obvious that the better grade utility operating company bonds and preferred stocks are, with few exceptions, selling at fancy prices. The equity side of the picture is quite different, however, for here the price structure is historically low. Leaving out the many "special situations" that exist today in the holding company field, the question can be narrowed down still further to a consideration of the position of operating company common stocks.

We believe that as a group these securities have considerable attraction for the patient investor who is looking for a better than average current return, some chance of a modest capital appreciation and a reasonably secure position in the postwar period. This conclusion rests very largely on these three beliefs, none of which we can prove: (1) belief that the political trend is in a conservative direction and hence favorable to privately owned utilities; (2) belief that utility earnings and dividends are pretty well stabilized around present levels for the duration and that the postwar outlook is for some moderate improvement (this in spite of the continuing inflation threat); (3) belief that, given increased confidence in the political situation and the maintenance of dividends, utility common stocks will not continue indefinitely to sell at prices to return present comparatively high yields ranging from 6% to 8%.

We aren't expecting big appreciation from the better grade operating company common stocks because we are not overly impressed with the long term growth prospects of the utility field as far as the stockholder is concerned. We prefer to approach these securities more largely from an income standpoint and we hope for a nice current return, some modest capital appreciation from present levels and a satisfactory performance under peace conditions.

Unusual discrimination should be exercised in selecting utility equities under present conditions. In particular it appears to us that the recent speculative splurge in low priced holding company common stocks has been more in the realm of fancy than demonstrable fact.—*From the Portfolio Review of the George Putnam Fund of Boston.*

Continental Air Lines Post-War Outlook Bright

Continental Air Lines offer interesting possibilities, according to a circular just issued by Ward & Co., 120 Broadway, New York City, which states that although war-stimulated traffic has been a major factor in building "Continental's" business and profits, the growing industrial importance of the area served tends to assure it increasing future business. Copies of this circular, describing the situation in detail, may be had upon request from Ward & Co.

Seaboard Air Line Data

Prior to the issuance of their report on the significance of Special Master Taylor's reorganization plan for the Seaboard Air Line, which will be ready shortly after the hearings in Norfolk on June 16, L. H. Rothchild & Co., 120 Broadway, New York City, have prepared a brief comparison of the net operating income of various systems with the Seaboard for the first four months of 1943.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

The Securities Insurance Company of New Haven recently filed with the Securities Exchange Commission registration covering 50,000 shares of capital stock, $10 par, to be offered to stockholders. This is the first time in many years that an important old-line fire insurance company has made such an offering. Present capitalization of the company comprises 200,000 shares of $10 par stock, while its net surplus as of December 31, 1942 was $4,000,000. The offering price of the new issue has not yet been announced, but assuming it at $30, or three times par, their capital would become $2,500,000 and net surplus $5,000,000, representing a 25% increase in capitalization. In addition to the net surplus of $4,000,000 the company has voluntary reserves as of December 31, 1942 amounting to $764,868.

This action naturally causes some speculation as to the possibility of other insurance companies making similar offerings and increasing their capitalization. The question also arises as to why Security should need additional capital funds, particularly in view of its conservative dividend policy over many years whereby a large share of its annual net earnings have been retained in the business. It may be of interest, therefore, to review the operations and financial situation of the company from the year 1925, and to compare this with the aggregate figures of a group of thirty representative fire companies, which includes Security of New Haven.

In 1925 Security's capital was $1,500,000, surplus funds $2,486,000 and total capital funds $3,986,000. This capitalization supported a premium volume of $5,687,000 and unearned premium reserves of $5,310,000, or $1.43 and $1.33 per dollar per capital funds respectively. In 1928 capital was increased to $2,000,000, surplus funds to $4,375,000 and thus total capital funds to $6,375,000. Premium volume in 1928 was $6,277,000 and unearned premium reserves, $6,007,000, or $.98 and $.94 per dollar of capital funds respectively. There has been no increase in capital since 1928, and surplus funds have increased but slightly to $4,765,000 as of December 31, 1942, providing total capital funds of $6,765,000. Premium volume in 1942 was $7,258,000 and unearned premium reserves $5,412,000, or $1.07 and $.80 per dollar of capital funds, respectively. Over the eighteen year period capital funds have increased from $3,986,000 to $6,375,000, or by $2,389,000 equivalent to approximately 60%. Premium volume in 1942 was $1,571,000, greater than in 1925, or 27.7%, and unearned premium reserves $102,000 or 1.9% greater. From these figures it would not appear that Security's present capitalization is inadequate. Certainly the proposed 25% capital increase will place the company in position to write a substantially larger volume of business.

It is now of interest to review aggregate figures for the group of thirty representative companies. In 1925 their aggregate capital was $117,800,000,000, surplus $240,148,000 and, thus, total capital funds $357,948,000. This capitalization supported a premium volume of $416,190,000 and unearned premium reserves of $368,615,000, or $1.16 and $1.03 per dollar of capital funds, respectively. In 1942, aggregate capital was $135,047,000, surplus $598,546,000 and total capital funds $733,593,000. Premium volume in 1942 was $501,521,000 and unearned premium reserves $384,557,000, representing $0.68 and $0.52 per dollar of capital funds, respectively. It will be noted that as a group, capital funds have expanded during the eighteen year period from $357,948,000 to $733,593,000, an increase of $375,645,000 or 104.9%. Premium volume in 1942 was $85,331,000 greater, approximately 20%, than in 1925, and unearned premium reserves $15,942,000 or 4.3% greater.

For the sake of clarity the above figures are recapitulated below.

		Premium Volume		Unearned Premium Res.	
	Capital Funds	Amount	Per $ of C. F.	Amount	Per $ of C. F.
		1925			
Security Ins. Co.	$3,986,000	$5,687,000	$1.43	$5,310,000	$1.33
Thirty Companies	357,948,000	416,190,000	1,16	368,615,000	1.03
		1942			
Security Ins. Co.	6,765,000	7,258,000	1.07	5,412,000	0.80
Thirty Companies	733,593,000	501,521,000	0.68	384,557,000	0.52
		Increase, 1942 over 1925			
Security Ins. Co.		60.0%		27.7%	1.9%
Thirty Companies		104.9%		20.0%	4.3%

To judge from the above figures, the fire insurance industry is amply capitalized to handle a quite substantial expansion of business, particularly when present ratios of premium volume and unearned premium reserves to capital funds are compared with the higher ratios which prevailed in 1925.

Few companies today write more than a dollar of premium business for each dollar of capital funds. Security is one such company, writing in 1942 $1.07 per $1.00. Others are: Agricultural $1.28, Hanover $1.09, Home $1.14 and Providence Washington $1.12. On the other hand, Continental wrote only 39c per $1.00, Fidelity-Phenix 41c, New Hampshire 46c,

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Gov. Bricker Hails Two Party System As Guardian Of Liberty And Free Government

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for cleaning out political parasites that have attached themselves to many boards, bureaus, and commissions and have handicapped the war program. Every man on the public payroll, who is using this time of high emotion and danger to attach to our system of government his own personal revolutionary ideas, should be driven from his position of power at once. It should not be necessary for Congress to do this. The administration itself ought to do it without delay. The favoring pedof special groups should be stopped at once. This is the time for united action. If every man on the federal payroll, and we have ninety thousand of them in Ohio as compared with twenty thousand five hundred State employees, were to give their every effort to the winning of the war, the fear of the effects of internal mismanagement would be immediately dissipated. The winning of the war would be nearer and the cost of it all would be greatly lessened.

Every agency of government should be utilized to the limit of its ability to aid in the war effort. The use of federal funds for the spreading of New Deal propaganda should cease at once. There are many opportunities for federal, state and local cooperation. Federal money should be spent through local government wherever possible. This administration has not used local government either to the extent of ability to serve or their desire to aid in the war program.

Civilian Defense throughout the nation is an example of what federal and local government can do in the war effort. Yet even today constant vigilance must be given to prevent the Office of Civilian Defense being used by the Office of War Information for the selfish benefit of the New Deal and its satellites. Let us keep civilian defense what it was intended to be and what it is, a great civilian effort to defend ourselves from attack and from all subversive elements within or without our society. It also can render great aid in time of crisis, storm, accident and fire, as it has already done throughout the country. It is a noble and inspiring example of the peoples' response to need. It is self-government in its highest form. Even in time of war, local government can be strengthened and utilized, not only for the winning of the war, but for the preservation of the very foundations of free government.

The bureaucratic system of government, greedy for power, constantly must be watched in every state and in every community. In education, welfare and health, the ever-expanding power of centralized government reaches out into new fields. It not only is increasing the burden of government upon the citizens themselves, but too often is costing much more than is justified by sound business of efficient government.

I have no fears for the future of my country if we preserve free government, if the party system is maintained, if the right to vote is not imperilled, and if the channels for information and unbiased education are kept ever open.

I have an abiding confidence in the judgment of the people of our country when they know the facts. There is no place in America for secret understandings. There is no place here for secret conferences. One of the black marks upon the war effort has been the use of the army to keep newspaper reporters and the elected representatives of the people, their congressmen, out of the food conference at White Springs. That conference may be reaching to the table of every American citizen not only now, but for many years to come. We work to produce the food. We have a right to know what our government is planning to do with it or its use and distribution.

America will make any sacrifice to win the war. We are sacrificing that others might be helped, but certainly America is entitled to know the aims and purposes of our government in its food program or any other activity so vitally affecting the individual lives of our people, both during and after war. The Congress of the United States should immediately order an investigation to determine the reason for this secrecy and the action of the conference. When this has been done, it then should reveal the facts to the people of this country.

One of the most humiliating experiences of this whole war is that much information which concerns our liberties, our rights and our participation in the war comes to us from foreign countries before it is released by our own government.

We are told that we are fighting for freedom around the world. Well, then, let's fight for freedom here at home. Our soldiers are fighting in strange lands. They are fighting among people whose languages they do not understand. They are lighting anew the fires of liberty around the world. They must not be dimmed here at home. The ballot box may be our last recourse. Unless I misread the signs of times, the American people are going to demand that the federal government, even in war must properly represent them and their best interests. If, in some way, we could only have the efficiency in civil government that the army and navy are now displaying in the conduct of the war, new light would shine across this land—a new confidence would inspire the American people — a new determination would arise everywhere—and our boys at the battlefronts would respond with new strength and courage and faith.

Armour Of Delaware Bonds On Market

A banking group of ninety firms, headed by Kuhn, Loeb & Co., offered June 7 $15,517,700 of Armour & Co. of Delaware 7% cumulative income debentures (subordinated) at 110 and accrued interest. Other principal underwriters are: The First Boston Corp., Harriman Ripley & Co., Inc., Smith, Barney & Co., Blyth & Co., Inc., Goldman, Sachs & Co., the Lee Higginson Corp. and Lehman Brothers.

The debentures are the unsubscribed portion of a $35,000,000 issue offered recently to holders of the 7% preferred stock under rights expiring June 3. They mature in 1978 and are redeemable for sinking fund on any April 1, at 110 to and including April 1, 1966, and thereafter at diminishing premiums. Other than for sinking fund, the debentures are callable at any time at 112½ until April 1, 1948, at 110 during the succeeding twenty years and thereafter on a descending scale.

Proceeds will be used to redeem the balance of the 7% guaranteed preferred stock. Upon completion of this operation the company's capitalization will consist of $44,220,000 of first mortgage 4% bonds due in 1955; $18,676,000 of 4s due in 1957; the new income debentures, 173,581 shares of 7% preferred stock and 100,000 shares of common stock, both stocks of $100 par value.

Our Reporter's Report

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be made known within a week or so, but it was indicated that the maturity of the bonds would not exceed ten years, suggesting an interest rate of around 2%.

The balance of the loan will be available for subscription by institutional investors, other than banks. Such individuals as subscribe will be given full allotments even though this occasions the total loan exceeding the set figure.

A Pioneering Job

The syndicate now engaged in marketing the $15,517,000 of Armour & Co. of Delaware 7% subordinated income debentures, comprising some 90 firms, is understood to have placed in excess of 50% of the issue up to this time.

The securities represent the unsubscribed portion of a total issue of $35,000,000 recently offered to holders of the 7% guaranteed cumulative preferred stock on which rights expired June 3.

Bankers in the group point out that the stage was not set in this instance for a "fast deal." Rather they contend that it is really an "investment bankers' engineering job," pointing out that an entirely new type of security is involved. Thus far they are represented as more than satisfied with the progress made in distribution.

Gulf Oil Corp. Stock

Bankers disposed of the 764,000 shares of capital stock of the Gulf Oil Corporation, for the account of Mellon interests and affiliated trust funds, with great rapidity.

This undertaking was handled by an unusually substantial marketing group which included some 149 firms, though it involved only some 8% of the total of 9,078,202 shares of the company's outstanding stock.

Quick consummation of this transaction suggested to market observers the disposition of investors to absorb seasoned equities in lieu of more normal flow of fixed obligations in the corporate field.

Big Refinancing In Sight

Another large piece of potential refinancing came into sight with the revelation by the head of United Drug, Inc., that the company contemplates redemption, later in the year, of its 25 year 5% debentures which are not due until March of 1953.

Last reports showed some $30,499,000 of this issue outstanding exclusive of some $2,500,000 held in the Treasury.

Funds for the retirement of the 5s will be raised chiefly through the sale of new securities and the company and bankers already are discussing the form which the new issue will take.

Bank & Insurance Stocks

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and Great American, about average, 67c per $1.00. With regard to unearned premium reserves, the ratio is even more conservative. Security shows 80c per $1.00 as already noted, Agricultural shows approximately $1.00, Fire Association 87c, Home 91c and Aetna 75c. Companies with exceptionally low ratios of unearned premium reserves to capital funds (i. e. conversely, high ratios of capital funds to unearned premium reserves) include: Boston 34c, Continental 34c, Fidelity Phenix 33c, Hartford 48c, Ins. of North American 35c, Phoenix 21c and St. Paul 31c.

Can U. S. Support A 300 Billion Dollar Debt?

(Continued from first page)

enlightening and since you request comments on the views expressed I address this letter to you.

I only hope that the views expressed by Dr. Saxon will prevail and that however heavy the burden, the people will decide to pay the debt we are building up in honest dollars. However I have my doubts.

In 1935, or to be exact in 1934, I instituted an action against the B. & O. Railroad for payment of some coupons in gold or its equivalent as a test of the "gold clause" in contracts. That suit was one of those which since became known as the "Gold Clause Cases," which were decided in February 1935. Everyone today admits that the decision of the Supreme Court was one not only of bad law but expediency to say the least. And at that time we had an unpacked court to decide cases on their merits.

Since that time the New Deal has made its own record and in my opinion has sacrificed the welfare of the country to the expediency of politics and the gathering in of votes at the elections. Moreover, the type of person appointed to high office has been such that they have cared little or nothing of financial morals.

They have among other things led the people to believe that the Government owes everyone a living, has not hesitated to dig into the public treasury via WPA, NYA and a host of other schemes to hand out money to the people in return for votes. The result is that today the American people are soft, bankrupt in ethics and financial morals, unwilling to put up with any hardships and the politicians in both parties have come to see that the way to obtain office is to cater and pander to the unthinking element of the population.

After the war, I fear that the people will not give a damn about the debt, or the bonds they bought, or the insurance policies they have paid for, or the money they may have in the savings banks, but ruthlessly rebel at the imposition of crushing taxes and demand repudiation of the debt, on the erroneous theory that the other fellow will be hurt and not themselves. At that time the dire prophecies of Lord Macauley in his now famous letter to John Randall written 100 years ago, wherein he predicts disaster for our country and in which he outlines the exact method will no doubt come true.

RUSSELL WEISMAN

Professor of Business & Economics, Western Reserve University and Chief Editorial Writer, The Cleveland Plain Dealer

I have read Dr. Saxon's article with interest and profit. I am very glad that attention is being called by your publication and by others to the serious implications of rapid public debt expansion. It seems to me current discussions of the inflation danger stress too much the matter of current prices rises and altogether too little the ultimate effects of heavy indebtedness upon the stability of our economy.

Rollback Of Fresh Vegetable Prices Cannot Be Enforced Senator Taft Declares

In spite of a warning by Senator Taft that the Office of Price Administration's fresh vegetable price rollback plan would not have a chance to be enforced, Richard Gilbert, OPA official, disclosed on June 8 that the OPA was planning a rollback of fresh vegetable prices, said an International News Service dispatch from Washington on June 8, which went on to say:

Mr. Gilbert, economic advisor to Price Administrator Brown, questioned at a Senate Banking and Currency Committee investigation, declared that "no affirmative action on the part of Congress is needed," to give OPA subsidy powers.

Senator Taft challenged this, saying:

"I don't think Congress had any such idea when it passed the Price Control Act and I do think the OPA has greatly stretched the intent of the act."

"A very poorly administered OPA is responsible for our present increases in living costs," Senator Taft added.

The OPA, Mr. Gilbert disclosed, also is planning a rollback on canned goods, the latter program being "still under consideration."

Senator Taft bitterly criticized the planned rollback on vegetable prices, calling it "the hardest of all to enforce."

Washichek Made A Director Of US Junior Chamber

Bernard J. Washichek, of A. W. Benkert & Co., Inc., New York, has been elected a National Director of the United States Junior Chamber of Commerce, it was announced June 8. Mr. Washichek will address the Executive Committee of the Chamber in Chicago tomorrow (June 11). That meeting will be followed by the annual meeting of the delegates, representing 1,000 or more local groups of the Chamber in Chicago from June 12 to June 14. The Chamber is at present conducting a national drive to help recruit 90,000 WAACS for the Army by July 1.

Interesting RR. Situations

The current situation in Delaware Lackawanna & Western Railroad Co., Boston & Maine Railroad, and Kansas City, St. Louis & Chicago Railroad Co. offer interesting possibilities according to a discussion of the current position of these issues contained in "Railroad Securities Quotations" issued by B. W. Pizzini & Co., 55 Broadway, New York City. Copies of the June issue of the "Quotations," containing comparative figures on guaranteed rail stocks, underlying mortgage railroad bond quotations, reorganization railroad bond quotations, minority stock quotations and guaranteed telegraph stock quotations, may be obtained from B. W. Pizzini & Co. upon request. A four-page comprehensive financial analysis of Delaware, Lackawanna & Western may also be had from the firm for the asking.

Attractive Possibilities Seen In Davis Coal & Coke

Common stock of the Davis Coal & Coke Co. offers an attractive situation, according to a memorandum just issued by Hill Thompson & Co., Inc., 120 Broadway, New York City, which calls attention to the fact that the 1942 dividends on this stock were over 13% on present price and the stock itself is selling currently at less than net quick asset value. Copies of this interesting memorandum describing the situation in detail may be had from the firm upon request.

Municipal News & Notes

American cities made the largest annual reduction of all time in their bonded debt structures during 1942, the National Municipal Review reported June 4. The total gross bonded debt of 343 cities of more than 30,000 population declined 3 per cent during the year to continue a downward trend in evidence for a six-year period. On Jan. 1, the 343 cities had an estimated gross bonded debt of $8,492,000,000.

Rosina Mohaupt, statistician for the Detroit Bureau of Governmental Research, wrote in the June issue of the review that the debt represented a per capita load of $166.75, as compared with a 1942 figure of $171, and a federal per capita debt of $814.50.

The decline in bonded debt of the municipalities, Miss Mohaupt said, resulted in a large measure from the part taken by the Federal Government in financing local capital improvements during the depression and to present inability of local governments to undertake improvements because of war restrictions. The policy adopted for financing of post-war programs will do much to accelerate or counteract this trend, she said.

Gross debt of a group of 240 cities reporting from 1938 to 1943 increased by ½ of 1%, the report said, but added that without the "undue influence" of New York City because of its disproportionate size, the gross debt fell 10% in the same period.

Trends Listed

The report listed the following trends:

1. Per capita net debt of four cities of more than 1,000,000 population, New York excepted, declined from $101.56 in 1942 to $98.72 in 1943, but these cities which "have shown the greatest reduction in debt over the last five years apparently are having difficulty in maintaining this enviable record." The 1943 decrease was 2.8%.

2. Per capita debt reduction in nine cities (500,000 to 4,000,000 population) remained constant at 5.5% in 1942 and 1943. Their five year debt reduction was 16.6%, second only to that of cities of more than 1,000,000.

3. Per capita debt of medium-sized cities (250,000 to 500,000) was reduced 4.8% for the second successive year.

4. Per capita debt reduction of smaller cities (30,000 to 250,000) was equal to or greater than the average of all cities of 4.7%."

The per capita net bonded debt, excluding utilities, reported for representative cities included:

New York, $117.61; Chicago, $71.59; Philadelphia, $133.63; Detroit, $151.72; Los Angeles, $57.95; Cleveland, $98.39; Baltimore, $103.19; St. Louis, $64.59; Boston, $77.90; Pittsburgh, $98.75; Washington, D. C., no bonded debt; San Francisco, $57.92; Milwaukee, $40.19; Buffalo, $144.52; New Orleans, $136.11; Newark, N. J., $152.79; Kansas City, Mo., $105.83; Atlanta, $26.53; Dallas, $80.16.

Port Authority To Assess Military Vehicles

The Commissioners of The Port of New York Authority have decided to assess tolls against military vehicles using Port Authority crossings, it was announced June 7. The step was made necessary by curtailed revenues resulting from the gasoline and rubber shortage. A method of billing will be worked out permitting military traffic to pass through toll lanes without interruption, as has already been done by other public bridge agencies. Existing Army regulations authorize the payment of tolls by military vehicles on ferries, toll bridges and for all forms of rail, air and other transportation. Military tolls are charged by many publicly owned bridges in New York State, including the Lake Champlain, Rouses Point, Thousand Islands and Peace Bridges. Fourteen ferries in the Port of New York District which compete with the interstate bridges and tunnels charge tolls to military vehicles.

Local Units Empowered To Establish Post-War Reserves

Wide interest of the nation's municipalities in preparing now for the postwar era is reflected by 1943 legislation giving cities and towns legal authority to build up cash reserve funds for public works construction after the war.

Seven state legislatures gave their local governments such authority this year, raising to 16 the number of states where local governmental units have been given legal authority by the state to lay money aside for the future, the American Municipal Association reports.

States taking action this year were Arizona, Connecticut, North Carolina, North Dakota, Minnesota, Pennsylvania and Rhode Island. The nine states enacting the legislation previous to 1943 were Oregon, California, Nebraska, New York, Michigan, Washington, Kentucky, New Jersey and Massachusetts.

Three of the latter states—Michigan, New Jersey and Oregon—broadened their previously-enacted statutes this year. Oregon, the association pointed out, was the first state to authorize municipalities to build up reserve funds, taking the action in 1931. Reason for the move at the time, a reason which the association says holds good today, was to help cities out of situations where they would be paying off long-term loans long after the projects for which the money was borrowed had worn out.

Of the 16 states, California, Connecticut, Minnesota, New York and Washington have the broadest laws. California cities are authorized by a 1937 law to set up cash reserve funds by ordinance which specifies their use, with no limit on the amount of tax levied for the purpose or the time levies may be imposed.

Connecticut cities and towns, under the new state law, may use surplus funds to build up a reserve fund, or they can make special levies up to 2 mills on the dollar. Such funds may be spent only for postwar construction. Under the Minnesota law local governments may levy taxes to support postwar funds, which may not be spent until one year after the end of the war.

The New York act authorizes the local governing body to make levies without limit on time or amount and without election; Washington's law is similar, but requires that purpose of any proposed levy must be specified in the ordinance making the levy and may be changed only by a majority vote at a general or special election.

The association said that cities of several states, including Wisconsin, have been setting up reserve funds by charter amendment, an action authorized by home rule provisions of the states.

In addition to postwar reserve fund measures enacted by the various states this year, two Canadian provinces — Ontario and Quebec—adopted legislation allowing their municipalities to set up cash reserves for the postwar period. Laws of the two provinces, broad in scope, are similar to those of several of the states.

State Income Tax Revenues Reviewed

Revenues from State income taxes have assumed new importance since the national economy has been geared to war, and they undoubtedly will increase in amount and importance as revenues from excise taxes fall off.

This conclusion was reached by the Federation of Tax Administrators after study of the State income tax picture for the last few years. The study showed the following:

After reaching a high of nearly $400,000,000 in 1938, based on 1937 incomes, collections for 1939 fell to approximately $330,000,000. But in succeeding fiscal years income tax collections increased at an accelerated rate, passing the $400,000,000 mark in 1941 and the $500,000,000 mark in 1942.

It should be noted, however, the Federation said, that individual State income tax collections made virtually no gains from 1941 to 1942, whereas corporation income taxes jumped from $153,000,000 to $269,000,000, an increase of 65%.

Figures for the first three quarters of the 1943 fiscal year continue the upward trend, the Federation said, though the rate of increase has fallen off considerably. Figures based on calendar years, which reflect more accurately changes in taxable income, reveal substantially the same trend.

Individual variations among States are great, the Federation said. In the 1942 calendar year, Mississippi collected more than twice as much—203.5%—from income taxes as it did in 1941, while collections for South Dakota in contrast decreased 30.5%. In most instances, variations can be accounted for to some degree by distribution of war activities or by legislation changes.

The 25% cut in New York's individual income tax payments, by far the largest in the United States, offset increased collections in other States to hold down the 1942 total individual income tax collections. Iowa followed in 1943 with a 50% cut, while South Dakota and West Virginia repealed their laws this year. South Dakota, however, will collect on 1942 income. Oregon has made several changes in its laws which, it is estimated, will reduce taxes on 1943 income in that State by as much as a third.

"The tendency for income tax collections to rise in the future will be offset by several factors," the Federation said. "Legislatures of States with large cash balances may repeal taxes or slash rates. Deduction of Federal taxes, permitted in most States levying the State income tax, will have an adverse effect on collections, particularly in States which derive large revenues from taxing corporate income, although the full effect of recent increases will not be felt until 1944. More and more potential taxpayers are entering the armed forces, thereby reducing their taxable income almost to the vanishing point.

The Federation said predictions of widespread adoption of State income taxes in those States which do not have them "seem thus far unfulfilled, although other States may follow the example of Delaware in levying flat rate income taxes similar to the Federal 'Victory tax.'"

With J. W. Yeaman

MARTINSVILLE, Va.—George C. Wiebel has become associated with John W. Yeaman, Burch Building, securities dealer, and will be in charge of the insurance end of the business. Mr. Wiebel has been assistant principal of the Martinsville High School for a number of years.

John Rust Heads State Of Municipal Forum

John J. Rust, Assistant Vice-President of Equitable Securities Corporation, has been chosen by the Nominating Committee as the candidate for presidency of The Municipal Forum of New York for the fiscal year 1943-44.

Other officers selected for election at the annual meeting to be held shortly are: Phillips T. Barbour, of The First Boston Corporation, Vice President; Elmo P. Brown, of United States Trust Company, to succeed himself as Secretary, and John R. Camp, of Central Hanover Bank and Trust Company, Treasurer.

Nominated for membership on the Board of Governors to serve three-year terms are: Carl O. Sayward, of United States Trust Company, and Thomas F. McEntee, of Adams, McEntee & Co., Inc.

Members of the Nominating Committee are: W. Manning Barr, of Barr Bros. & Co., Inc., chairman; Arnold Frye of Hawkins, Delafield & Longfellow; Otto H. Goettert, Central Hanover Bank & Trust Company; Sanders Shanks Jr., of The Daily Bond Buyer, and A. Edward Scherr, Jr., of the Dime Savings Bank.

Herbert J. Lacy Is With Van Tuyl & Abbe

Herbert J. Lacy is now associated with Van Tuyl & Abbe, 72 Wall Street, New York City, in their trading department. Mr. Lacy was formerly in the trading department of J. F. Reilly & Co., and prior thereto was with Doty, Fay & Co. and J. Arthur Warner & Co.

Gulf Oil Stock Offered Publicly At $47.50 A Share

Mellon Securities Corp. and associated underwriters offered June 7 764,500 shares of Gulf Oil Corp. capital stock at a price of $47.50 a share. The issue was fully subscribed.

The offering of the stock was made in behalf of a group of shareholders which includes Mellon Securities Corp., owner of 546,400 of the shares, and manager of the underwriting group. Members of the Mellon family and various trusts are listed in the prospetus as owners of approximately 70% of the 9,076,202 shares of Gulf Oil Corp. stock outstanding. The 764,500 offered yesterday represent approximately 8% of the total. The stock, which has a par value of $25, is traded on the New York Curb Exchange.

The prospectus, issued by Gulf Oil Corp. for the offering, reveals net crude-oil reserves amounting to $1,076,000,000 barrels in the United States, and $600,000,000 barrels in Venezuela. Of the Venezuelan reserve, one-half is under contract to be sold as produced.

The prospectus further discloses ownership, by a wholly-owned subsidiary, of 50% of the Kuwait Oil Co., Ltd. The latter company has a long-term concession, states the prospectus, to produce and refine crude oil in an area of approximately 3,897,155 acres of the State of Kuwait on the Persian Gulf.

Florida Bond Quotations

Clyde C. Pierce Corporation, Barnett Building, Jacksonville, Fla., has prepared an interesting circular containing quotations and information on Florida Municipal bonds. Copies of this circular may be had upon request from Clyde C. Pierce Corporation.

Hoover Urges Reorganization Of Food System—Offers Nine-Point Program To Clear Up 'Muddle'

(Continued from page 2162)

structive criticism. It is to contribute constructive suggestions. The only thing that counts now is to win victory and secure the peace.

To those who are not familiar with food problems, let me say that our food year is approximately from July when the harvest starts to the next July when it begins again.

We are still eating mostly on the 1942 production.

Newspaper headlines of official statements from Washington as to our present food year read:

"The most abundant harvest in 41 years."

"Harvest per acre 12% above all records."

"There are abundant food supplies."

"The ever-normal granary assures no shortages of food."

"Greatest food production in our history."

"We have more beef cattle, dairy cows and hogs than ever before."

"Food Administrator says food outlook is good."

This happiness and exultation in Washington did not seem to be reflected in the realistic land of housewives. A few quotations from many thousands of city press headlines over the last four months carry less enthusiasm.

New York City: "City facing first famine in our history." "Less than 20% of normal meat supplies for eight weeks." "Shops cannot supply the Government ration." "Prices above ceilings." "1,055 black market convictions."

"Mayor comes to the rescue and imports 600,000 pounds of potatoes."

Thus the Mayor was lighting up the dark scene with one potato for every third person among the 7,000,000 people in New York. The headlines blazed for days over the Mayor's having "secured 1,000,000 pounds of meat." That nourished each person with a gorge of meat equal to the weight of two silver dollars for just one meal. The Mayor, however, was doing his best to keep up good cheer.

Boston: "A desperate food shortage." Meat and vegetables nonexistent to thousands of families." "Arrivals lowest in history." "Hundred indicted in black markets."

San Francisco: "Shortage meat and vegetables critical all along the coast." And even in the food belt we hear:

Chicago: "Shortage of meat, vegetables; black markets all about." "Housewives cannot find meat promised on ration cards."

In Philadelphia, Baltimore, Cleveland, Seattle, Omaha, St. Louis and a dozen other cities are headlines of the same import. "Scarcity," "Famine," "Black Markets," "Shops Closing; Cannot Get the Ration in Meats, Fats, Vegetables."

Somewhat all this leads me to the notion that the situation is bewildering.

The statistics are also perplexing. The Department of Agriculture states that the extraordinarily favorable weather at last harvest gave us a 12% greater yield an acre than ever before in our history. It shows a greater production of meats and fats than ever before in our history. Lend-lease says we are shipping under 10% of our total meats and fats abroad. O. P. A. says it has rationed down meat consumption by 30%. Seaboard city marketing officials say not half of the meat and fat ration is available in the markets. Perhaps some statisticians can tie these figures together. They might also try to tie up the potato figures. I am aware of all the explanations. But one thing is certain. If the statistics are correct, and I do not challenge them, then some bureaucracy is strangling the flow of food from the farmer to the housewife.

But underlying all this turmoil there is a fundamental disorder. It may surprise some people to know that in the seven years between the harvests of 1932 and 1939, through Government restrictions, the acreage in 17 leading crops harvested was reduced by 47,000,000 acres. These 17 crops are about 95% of our whole harvested area.

When lend-lease was passed in March, 1941, we undertook thereby a vast increased burden of food production. Yet payments to farmers to restrict production were not all removed for the two plantings of '41 and '42. By 1942 we had recovered only 9,000,000 of these 47,000,000 lost acres in the 17 leading crops.

During the last year we were saved, and our Allies were saved, from disaster by the super-bumper crop. It is not likely to be repeated soon.

However, we have eaten our way to the end of that super-bumper crop. We may, therefore, explore the prospects for the next food year that is now just coming on the horizon.

Two years ago, one year ago, six months ago you and I warned that failure to place food production on an equality with munitions would bring disaster. Last Winter the Mid-West Governors, Congress, your organization, all of us, demanded drastic reforms in food control, increased manpower for the farms and more farm machinery. We wanted to recover more of the 47,000,000 lost acres.

Following this, the Department of Agriculture issued a report on "farmers' intentions to plant," indicating an increase of 4% in the acreage the coming year over that of last Summer. The implication of that figure to the public was a probable increase of 4% of food over the super-bumper harvest of last year. We vitally needed an increased production over last year. But to assure this with normal yields we should have had not a 4% increase but a 15% increase in planting. However, the use of this comforting 4% figure led the country into a statistical paradise. And such is the power of statistics that the demands for reform were flattened out. We were told we were alarmists and something worse.

We did secure part reforms. They were not accepted with the speed of light. But finally the War Department, after unkind remarks, gave concessions by deferring some farm boys from draft. The W. P. B. authorized a modest increase in farm machinery. One more agency was added to the eight separate and conflicting agencies dealing with food. It was all too little and too late.

Now let us examine what has become of this statistical paradise of increasing food supply. To present to you an independent view, I have canvassed the agricultural authorities in several leading farm States. These reports indicate that the 4% increase is likely to vanish. And the indication is that we shall have a normal, not an extraordinary, yield like that of last year. If so, we will have a decrease in the national grain crops of anything from 10% to 15% from that of last year. The outlook for wheat and rye is certainly a decrease of 260,000,000 bushels less than 1942, or at least 26%.

We have increased our flocks and herds beyond our ability to feed them without the lost 47,000,000 acres. The agricultural experts are estimating a shortage of 10% to 15% in full supply of feed for our animals during the next year. We can get some feed from Canada. But it appears that we will have about exhausted the surplus of feed of the whole North American continent during the next twelve months. Already we are feeding large amounts of wheat to our livestock and we are using it for industrial alcohol. By this time next year we will have a little surplus of bread grains beyond our own needs.

Thus our supply of food is declining while at the same time the demand is dangerously rising. And these decreases cannot be blamed upon floods which have destroyed less than one-half of 1%, nor upon the weather, for that promises about normal crops. Nor can they be laid upon the farmer.

The American farm folks are the most skilled farmers in the world. They produce more per person than any agricultural people on earth. They have done a heroic job in planting this crop with but little help. In January last they were promised an agricultural army of 3,500,000 city folks. But it has not arrived at the food front yet. They must be there before the harvest.

The blunt conclusion from all this is: (a) Our cities will have less food supply during the next winter and spring even than they had in the last few months; (b) We will not starve; (c) We can, by better organization and by tightening our belts, continue to feed our Allies; (d) If the war in Europe should come to an end within the next twelve months, we should have no consequential food supplies with which to meet three or four hundred millions of starving people.

Remedy for the 1943 harvest year is now too late, as the planting is mostly done. We must begin to build up the harvest of a year from now. That is in 1944.

We still have time to redeem the situation. If it is to be redeemed, we must have far wider vision. We must have drastic changes in national policies.

We simply must take seriously certain elemental facts. We must realize that the major burden of the world's food front falls on the North American farmer and the American consumer. We must realize that in peace time on balance, we are a food importing country and today we are blockaded against many imports. We must furnish extra food to our military forces. We must ship large amounts of food to our allies to support them in the war. We must realize that there is a minimum level in food for our 130,000,000 civilians without impairing their physical and moral resistance.

And we have also pledged ourselves to hundreds of millions of people in the world that they will be rescued from the terrible famine which has been brought upon them by a monstrous enemy. Without this action there will be no peace.

We must realize that this food shortage will last for a minimum of four and possibly six years. These are stupendous burdens.

But we have an answer to Hitler.

We can ration down our own consumption further with good management. And we can make sure that we do not lose the war on the food front if we stop the degeneration in agriculture and bring in a far greater production in 1944. We must do it. Otherwise we are headed for a world trouble. We have the resources to do it.

As a foundation for 1944 we must get all that lost 47,000,000 acres back into cultivation. To do that, our authorities must decide whether they will spare the manpower and farm machinery manufacture from other activities. And we must begin now or again it will be too late and too little.

Organizing the food front means far more than just increasing acreage, manpower, and farm machinery. It also requires wise co-ordination, of prices, of processors, of distributors and rationing.

A month ago the press reported a spokesman of the O. P. A. as saying "food prices and food distribution are out of control." It was denied by another spokesman the next day. But the second spokesman had not discussed it with the housewives nor with the farmers. However, when we are fighting a war grief over spilled milk does not make more milk. Our question must be, where do we go from here?

There is only one course which will clear up this muddle of uncontrolled food prices, local famines, profiteering, black markets and stifled farm production. That is to abandon the obsolete methods now in use which were proved a failure in other nations, in the last war, or are copied from the British, whose situation is wholly different from ours. We should start with the system which proved a success under the Americans in the last war and improve it.

And let me say this about food control while we were in the last war.

We steadily increased our food production. We shipped more food to our Allies monthly than is being shipped today. We had no local famines in the United States as we are having now. We had no black markets. We had a people zealous in a moral crusade to help win the war with food, instead of lots of people trying to beat the game. Including the Department of Agriculture, we had only 23,000 paid Federal employees connected with food. Today we have over 120,000. Moreover, food prices rose only 17.9% in the 17 months after we declared war in 1917. Washington statisticians admit a rise of 24.3% in the 17 months since Pearl Harbor. The housewives will admit a rise of at least 35%.

I do not pretend that our methods were perfect in that war. We had to pioneer an unknown field. Results ought to be better in this war and not worse.

But what should we do now?

First. The first necessity is to consolidate all authority over food production and distribution under one single responsible administrator. There are too many cooks for too little food. Control of food is now divided nine ways over the Department of Agriculture, the O. P. A., the Lend-Lease, the Board of Economic Warfare, the Army, the Navy, the Man-Power Commission and the W. P. B.

The recent addition of the ninth wheel even though so able a man as Mr. Chester Davis as Food Administrator does not make a food administration. The food functions of all these agencies must be moved into his office. He must have the right to hire and fire. The Food Administrator must today be Secretary of Agriculture. And the importance of food in the outcome of the war and peace should be recognized by his appointment to the new Office of War Mobilization.

Second. Decentralize the work under State, municipal and county administrators. In no other way can farmers' and consumers' needs be adjusted to our varied local conditions.

Third. Increase the manpower on the farms to a higher level than before the war and plant 40 or 50 million acres more in 1944 than in this year. On this question of manpower I offer a suggestion because we must have more skilled labor on the farms.

Public pressure upon our farm boys to join the forces is very great. They are not slackers and do not want to be called slackers. They do not want their gates painted yellow. They are doing a great and indispensable service. If we are to save this situation, I believe farm boys should be called to the Army from the farms immediately after this harvest; that the farm boys should be called up from industry; that they should be given some military training. Then as many of them as are necessary should from time to time be ordered back to the farms with their uniforms. They should receive their pay from the farms, and not the Army. They should be subject to call in national danger. That would give dignity to their service. They could constitute a great national reserve both for production of food and the direct military effort.

Fourth. Agricultural machinery on an average lasts about twelve years. Theoretically about one year's supply or one-twelfth of our machinery has been used up through suppression of manufacture. It will also require great additions to handle this extra 40 or 50 million acres in 1944.

Fifth. Abolish the system of retail and wholesale price ceilings. It begins at the wrong end. Price fixing in a great food-producing country must begin as near as possible to the farmer and controls proceed from there on by regulation of the trades against profiteering. Prices rose less when this system was applied in the last war than they have under the present retail ceilings. We must regulate the flow of water at the nozzle instead of chasing the drops from the shower.

This present price system is stifling farm production. It is not stopping inflation.

Sixth. Ask the farmers to appoint their own war committee on prices and do a little collective bargaining with them in fixing prices. The so-called "parities" should be abandoned for the war. Prices to the farmer must include floors as well as ceilings. Prices should be fixed that will take into account labor and other costs, and above all, that will stimulate production.

Such a revolution in the price system would save a few tens of thousands of policemen. It is difficult to catch an economic force with a policeman, anyway.

Seventh. Rations should be set to balance consumption to production. It only adds muddle to put the ration higher than the available supplies. And it brings great injustice, for some people get the ration and some don't. We should simplify the whole rationing business by over 50% or 60%. It can be done by decreasing the number and variety of articles rationed and by excluding all absolutely non-essential food from rationing.

It would certainly give a mighty lift of spirit to the housewife and to the grocer. Also, it would save some of their time for other war duties. Also a good way to check inflation is to let food luxuries go to the highest bidder. That would spigot off spare money and get it into channels where the 90% profit taxes can bite into it.

Eighth. We should recognize that processing and distributing foods are righteous and necessary callings. Thousands of small firms are being driven out of business. It would help win the war if left-wing reforms in our food economy were suspended for the duration. We should establish war committees in all the processing and distributing trades. They should be given major responsibilities in keeping the flow of food moving to the right spots. They could greatly assist State and local officials in policing the trades. They, too, have sons in the war. They are just as patiotic men as lawyers and economists. They are the only people who know how. Their interest is to stamp out black markets. And their profits can be absolutely controlled.

Enforce the condition of dealers' licenses so that they may deal only with another licensed dealer and then direct the railways and trucks to transport only for licensed dealers. This would stop most of the black markets.

Ninth. Such a system will avoid subsidies either to farmers or the trades or the consumers. Subsidies will not stop inflation. Subsidies are a delayed aggravation. The New York "Times" properly says they "do not in the least deal with primary causes. They are like cleaning a room by sweeping the dirt under the bed."

And who is supposed to benefit by subsidies? It is supposed to be the worker, but the worker is also the taxpayer. So is the farmer. And taxes are, sooner or later, increased by just the same amount as the subsidy. Subsidies consist of taking money out of one pocket and putting it into another with an illusion attached that the cost of living has been reduced. It is both more painful and more costly to take money out of the tax pocket than it is to get it out of the price pocket. A wage based on subsidy foundations will break down sooner or later. Moreover, subsidy money increases Government borrowing and debt to the banks and that adds to inflation pressure. Far more serious, however, is the result to the farmer and the consumer. Price fixing based on any such concept will strangle production. Its operation in the distribution trades will clog the flow of commodities and will in the end increase prices and black markets. Likewise, subsidies can become a weapon of favoritism or of punishment in the lands of the huge bureaucracy. They will sooner or later lead to scandal.

If these broad lines, policies, and organization be adopted then food will flow naturally from farm to processor to wholesaler, to retailer and to the consumer. Prices will be better restrained. They will be lower, for the black markets can be blacked out. The housewives will have less trouble and worry. And above all, farm production will be stimulated, not stifled.

But over and beyond better methods of food control, we must absolutely assure the maximum production of America.

Let me say again that that is the only road that leads to the defeat of inflation, to decreased hardship in our homes, to assured support of our Allies and to peace for mankind.

If those in power and those not in power shall have wisdom, implacable resolve, a spirit of sacrifice, the field of America will blossom with an abundant life that will save vast human life in a world given to human destruction.

Coal Strike Called Off

Nearly all of the approximately half million of coal miners who went on a general strike on Tuesday, June 1, returned to work on Monday, June 7, following the adoption by the policy committee of the United Mine Workers of America of the recommendation of John L. Lewis that this action be taken. This new strike truce will expire on June 20. On June 4, Secretary of the Interior, Harold L. Ickes, Federal Operator of the coal mines, released a letter he sent to Mr. Lewis, in which he said: "As operator of the coal mines on behalf of the United States Government, I expect that you will direct the members of the U. M. W. of A. to return to work on Monday, June 7."

With the end of the strike, the wage controversy will revert to the National War Labor Board. Collective-bargaining negotiations were immediately resumed (on June 7) between the miners and the operators, but, it was reported, ran into a snag over the question of portal-to-portal pay.

Chicago North Westerns Situation Of Interest

The Chicago North Western income 4½s of 1999 "when issued" offer an interesting situation, according to a circular now being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be obtained upon request from the firm.

The Future Of The Oil Industry

(Continued from page 2163)

war started. Cargo transportation by air is expected to be multiplied by three or four.

"On the railroads' use of diesel locomotives was constantly increasing even before the war. Economies being developed in fuel cost and in maintenance and operating expense will speed this trend.

"Ocean shipping, too, has greatly increased as a part of the war effort. After the war international trade will be called upon to meet pent-up demand for the exchange of commodities direly needed by all nations. The great bulk of this hauling must be done by ocean shipping. At the beginning of World War I only 5% of the world's ship tonnage was oil-burning. At the beginning of the present war this percentage had increased to about 50%. This trend, too, will continue to develop in the post-war world. After the war the operating merchant tonnage seems likely to be preponderantly oil-fired.

"Thus transportation — whether by automobile, airplane, bus, truck, by diesel-powered train or ship—will expand rapidly its demands for petrolem.

"Fields of demand other than transportation are also opening up. The use of oils for domestic heating purposes has proved convenient and desirable. Its expansion in the post-war fields seems inevitable as the pent-up demand for new home construction is met.

"All of this considers only developments within the United States. In the world outside of our borders, it seems inevitable that highly developed areas must also turn to greater use of transport and power.

"What is probably more important, areas traditionally considered remote undoubtedly face an era of general development.

"For example, mineral wealth in such parts of the world as Canada, South America, Africa and Asia will no longer be dependent upon roads and railroads for their developments. They can now be opened up through the use of air transport. People we scarcely know now will be close neighbors tomorrow.

"This, then, is the world of civilization-on-the-march that seems to be ahead for us.

"But the post-war world cannot be measured in terms of economics alone.

"The post-war world will offer to all of us another chance to work out better ways in which men can live together under the Four Freedoms.

"American business has a great responsibility in this task. For every man, freedom of opportunity starts with a job. No political philosophy can work for long if it does not give men jobs—and ladders out of those jobs into better jobs for men who are able and ambitious.

"For more than 150 years the democratic system of free enterprise in this country has created jobs for the people of this country. There came a time when we failed to create and assure jobs—when the numbers of unemployed reached critical high levels.

"We cannot let that happen again.

"That is the responsibility of American Business. Standard Oil Company hopes to fulfill its share of that responsibility in plans for the world of tomorrow."

Industrial Production Nearing Its Peak?

(Continued from page 2163)

the war continues in both the European and Asiatic theatres. Combined war and civilian demands are beyond our productive capacity to meet fully. Furthermore, while the peak may be near from the point of view of volume, it might be a year or more off from the point of view of time.

Capacity Production Still Indicated

Hence, in the first place, the prospect is for a further rise in industrial production, even though gradual or irregular, and somewhat limited. Secondly, no significant decline is in prospect while the war continues global, and the available labor force should, apart from strikes, continue fully employed. This means that national income also will continue at extremely high levels.

Indeed, except for irregularities caused by reconversion to civilian uses, it is at least probable that neither the expected ending of the war in Europe before it ends in the East, nor the final victory and peace will necessarily cause an extended and heavy decline in production.

And there is another highly important consideration. In 1942, industrial production averaged 181 in the Federal Reserve Index, against 156 in 1941. Yet corporate earnings showed an average decline of about 15% from 1941 to 1942. In normal times, greater business activity, in which industrial production is the most important element, would mean higher earnings. Of course, the normal relationship between business activity and corporate earnings has been greatly distorted by wartime taxes, and by profit margin variations arising from such factors as price ceilings, production limitations, unfamiliar products, and government contract considerations.

Thus a levelling out of industrial production need not be significant from the earnings standpoint; a further rise in production might not be significant either. Just as high tax rates have prevented high pre-tax income from being carried through (partly or even entirely) to earnings after taxes, such high rates would also cushion earnings declines.

In 1929, industrial production averaged 110. In 1937, it averaged 113. These are extremely low figures by present standards, yet both years showed high corporate earnings. At present, of course, comparable levels from an earnings standpoint would have to be much higher. But it is worth considering that, at some future time when taxes are lower and conditions more normal, earnings substantially higher than those now being shown could well accompany industrial production (and general business activity comparable on a normal basis to industrial production) substantially below current levels.

Conclusion

Though industrial production may not be far from volume peak, full utilization of capacity and manpower can be expected while the global war lasts. Closeness to the production peak has not necessarily wide significance from the general corporate earnings standpoint, though effects as between industry and industry, or in individual companies, may be important. It should likewise be remembered that market prices for securities tend to give weight not only to present factors of production and earnings, but also to future factors such as post-war trends and post-war positions of various industries.—*Economics & Investment Dept., National Securities and Research Corporation, New York City.*

Union Complies With Skip-A-Day Delivery

The Milk Wagon Drivers Union, an A. F. of L. affiliate, on Friday, June 4, agreed to comply with the skip-a-day delivery plan and permit the National War Labor Board to settle its dispute with the milk companies in Metropolitan New York, Westchester County (N. Y) and Northern New Jersey, after a one-day milk drought. Milk trucks loaded to capacity rolled through the City of New York on Saturday, June 5, although half of the doorstep deliveries scheduled by one of the larger milk companies for Manhattan were tied up by untractable drivers who refused to heed an appeal from Mayor F. H. LaGuardia of New York and orders from the union.

On Sunday, June 6, the city's milk supply crisis appeared to have passed as members of the union operated fully in enforcement of the skip-a-day order for doorstep deliveries.

Hincks Bros. Acquires F. T. Phillips Business

WATERBURY, CONN.—Hincks Brothers & Co., Inc., is acquiring the investment business of the Francis T. Phillips Company. William T. Moore, previously with the Phillips Company, has become associated with Hincks Bros. & Co., which maintains a Waterbury office at 111 West Main St.

Nehemiah Friedman With Abraham Arbitrage Dept.

Nehemiah Friedman is now with Abraham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, in their arbitrage department. Mr. Friedman in the past was trading manager for Albert Fried & Co., and was with Gearhart & Lichenstein and M. S. Wien & Co.

New Faroll Bros. Partner

Winfield H. Schweickart will become a partner in Faroll Bros., members of the New York and Chicago Stock Exchanges, as of June 15. Mr. Schweickart will make his headquarters at the firm's New York office, 29 Broadway.

Peoples Lt. & Pr. Interesting

An interesting circular on the preferred stock of Peoples Light & Power Co. has been prepared for distribution by Doyle, O'Connor & Co., Incorporated, 135 South La Salle Street, Chicago, Ill. Copies may be had from the firm upon request.

Situations of Interest

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

Dr. A. Loudon Says Political Stability Is Necessary For Economic Security

Dr. A. Loudon, Ambassador of the Netherlands to the United States, in an address before the Economic Club of New York at the Hotel Astor on June 8, contended that the main lesson of the last 25 years is that there can be no economic security without political stability. The New York "Times" of June 9, from which the foregoing is taken, indicated the further remarks of Dr. Loudon as follows:

"If international security is achieved, the struggle for self-sufficiency, so aggressively selfish, may well abate," Dr. Loudon said. "On the other hand, should we witness once more a situation of international insecurity such as occurred in the inter-war period, then we must be prepared to see the mad pursuit of autarchy resumed."

Dr. Loudon declared that among the dangers which will develop after the war are currency inflation and the resultant threat of exchange dumping. He said it is vitally important that the United Nations agree on some plan for international currency regulation to lessen this danger.

"If chaos is to be avoided, monetary stability between the principal currencies of the world will have to be assured," the Netherlands envoy said. "This does not mean that the external value of any currency could not be modified if it were seriously strained. On the contrary, it is now understood that a certain flexibility which could not be achieved under the gold standard is desirable.

"But it does mean that the participating governments will endeavor to abstain from disturbing the system of international exchange on which they will have agreed, and that no country will modify the exchange value of its own currency without prior consultations with the other nations."

The chances are that Holland will have changed positions from a creditor country to a debtor country by the end of the war, and several other nations may find themselves in the same position, Dr. Loudon said. He pointed out that this was bound to cause them to limit their imports to the foreign exchange which they could buy with their exports.

Post-War Aviation

(Continued from first page)

make aviation of more direct service to more and more people throughout the world.

The engineering developments that will help to bring this about are already taking shape in the military planes of today. Developments forced by war, many of them now secret, will be converted for commercial use after the war to make flying safer and more practical.

At the Boeing Aircraft Company, for instance, the engineering force which created and developed the Flying Fortress, the Stratoliner, and the largest Pan American Clippers, has been constantly enlarged until it now numbers not hundreds but thousands. These engineers are engaged in many phases of research and design and detail engineering devoted to the improvement of military airplanes to speed the competion of the war. Scores of engineering fields, electrical, hydraulic, acoustical, radio, refrigerating, architectural, metallurgical, structural, aerodynamic, and many others are represented—a wealth of engineering talent to be one day unleashed on the job of making better products for a peacetime world.

The opportunities for development of post-war aviation lie in several directions — passenger transportation, private flying, first class mail, air express and air air freight. Not all should be expected to mature immediately and suddenly, the development of these fields will have to come not merely from desire, but from economic justification. Air cargo, for instance, has competitive limitations where weight and bulk are concerned. On the other hand there are extensive opportunities in many foreign countries that are under-developed because of lack of adequate transportation.

The post-war opportunity before us will be that of making a war-developed aviation industry serve to build a better, more united world.

STANY Ambulance Fund Drive Progresses

(Continued from page 2162)

Van Alstyne, Noel and Co.
M. Edwin Birkins
D. F. Bernheimer & Co., Inc.
F. H. Winter & Co.
Lober Bros. & Co.
Tellier and Co.
F. William Harder
H. L. Schwamm & Co.
Frank L. Scheffey
Samuel W. Stern
William H. Hays, Jr.
Arthur W. Marks
Cornelius B. Sheridan
B. S. Lichtenstein
Eastman, Dillon & Co.
Scott, Horner & Mason, Inc.
Bendix, Luitweiler & Co.
F. Buell
Gertler, Stearns & Co.
Stern, Lauer & Co.
Elam Miller
Collin, Norton & Co.
Asiel & Co.
Charles King & Co.
J. A. Ritchie & Co., Inc.
George E. Rieber
Harris Upham & Co.
B. W. Pizzini & Co.
Abraham & Co.
E. H. Gibb & Co.
Bernard, Winkler & Co.
Pflugfelder, Bampton & Rust
T. J. Feibleman & Co.
G. A. Saxton & Co., Inc.
C. J. Aal
Karl Aal
Carl Marks & Co., Inc.
Alfred I. Abel
Carl Stalle
Arthur Bertch
A. L. Stamm & Co.
Employees—A. L. Stamm & Co.
Employees—Abraham & Co.
J. M. Macdonald
W. F. Saunders
Wood, Gundy & Co.
Bacon, Stevenson & Co.
Laurie & Co.
Al Marsland
National Quotation Bureau, Inc.
Cowan & Co.
C. E. de Willers & Co.
120 Broadway Gym & Health Club
Jacques Coe & Co.
Harvey Fisk & Sons
Gruntal & Co.
King & King
A. E. Ames & Co.
Dominion Securities Corporation

Members of the Committee are; Walter F. Saunders, Dominion Securities Corporation, Chairman; 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.; and Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.

Sentenced In Stock Fraud

Edmund B. Bronson, former head of the Bagdad Copper Corporation, was sentenced in Federal Court to 18 months in prison on conviction for mail fraud, violation of the Securities and Exchange Act and conspiracy in connection with a scheme to defraud Bagdad stockholders by creating an artificial rise in price of the company's stock.

James Ward and Howard Phillips, also defandants in the case, were fined $1,000 each and given suspended sentences of 18 months.

Morgenthau Urges All To Put 25% Of Income Into War Bonds

Secretary of the Treasury Morgenthau declared on June 2 that by the end of this year the average American family should be investing about 25% of its net income after taxes in war bonds. The Secretary made this statement at a press conference in Newark, N. J., after attending a luncheon meeting with New Jersey leaders of war finance. Mr. Morgenthau, explaining the need for larger investments by the public, said:

"Of the $45,000,000,000 still necessary to complete our war financing needs for 1943, at least $18,000,000,000, or almost 25% of the national income for the remainder of the year, should come from purchases of bonds by individuals.

"From those workers earning $1,000 to $5,000 net, who will have seven-eighths of all the current individual savings, 25 cents of each dollar is not too much to expect. In fact, they should and must invest more if our goal is to be met."

Special advices from Newark June 2 to the New York "Times" further indicated Secretary Morgenthau as saying:

Mr. Morgenthau explained that "family income" meant income remaining after deduction of taxes. Asked whether he thought institution of the plan under which income taxes would be deducted at the source might not hamper his efforts to obtain wider bond purchases by the "little man," he replied:

"At the beginning, I think, we will meet with a little opposition. But after deduction at the source is understood, it will not make much difference to people who have been investing regularly. This has been established by surveys that have been made by the Treasury Department."

Mr. Morgenthau gave the interview in the Essex Club here this afternoon after he had addressed 40 New Jersey business and financial leaders on arrangements made to streamline the State's bond-selling organization. These arrangements stem from a master plan formulated in Washington, under which bond-selling activities throughout the country are to be headed in each State by a single committee instead of being organized under 12 Federal Reserve banks.

Regarding this, the New York "Herald Tribune," in advices from Newark June 2, said:

In his address to the bond-selling group here, the Secretary formally merged the War Savings staff and the Victory Fund committee of New Jersey, setting up the combined organization on State lines. Colonel Franklin D'Olier, President of Prudential Insurance Co. and former Chairman of the New Jersey War Savings staff, was appointed to head the combined organization, and Horace K. Corbin, President of Fidelity Union Trust Co. and former head of the local Victory Fund committee, was named Vice-Chairman.

Hession Sentenced

John W. Hession, financial analyst, was sentenced to prison for a year and a day in Federal Court, following his conviction on charges of mail fraud and violation of the Securities Act in connection with his manipulation of the price of Superior & Duluth Division bonds of the Wisconsin Central Railroad.

Arnold R. Hanson and S. Wellmer Hanson, partners in the New York securities firm of Hanson & Hanson, were acquitted of similar charges.

The Business Man's Bookshelf

WANTED—AN ECONOMIC UNION OF NATIONS—Report of speeches delivered at a public meeting held under the auspices of the Citizens Conference on International Economic Union, 105 East 22nd St., New York City—Paper—25¢.

WARTIME FACTS AND POST-WAR PROBLEMS — Twentieth Century Fund, 330 West 42nd St., New York City—Paper—50¢.

POST WAR PLANNING IN THE UNITED STATES—An Organization Directory—Twentieth Century Fund, 330 West 42nd St., New York City—Paper—$1.00.

PUBLIC TRUSTEESHIP—Norman Stewart Heaney—Johns Hopkins University Studies in Historical and Political Science—Johns Hopkins Press, Baltimore, Md.—Paper—$1.50.

NEW PHILOSOPHY OF PUBLIC DEBT, THE—Harold G. Moulton—The Brookings Institution, Washington, D. C.—Paper.

PROBLEMS OF LASTING PEACE, THE—Revised Edition—Herbert Hoover and Hugh Gibson—Doubleday, Doran & Company, Inc., Garden City, N. Y.—Cloth—$2.00.

TRANSITION FROM WAR TO PEACE ECONOMY—Report of the Delegation on Economic Depressions Part I—League of Nations Publication 1943. II.A.3—Columbia University Press, New York, N. Y.—Paper—$1.00.

WORLD TRADE IN AGRICULTURAL PRODUCTS—Henry C. Taylor and Anne Dewees Taylor—The Macmillan Company, 60 Fifth Avenue, New York, N. Y.—Cloth—$3.50.

ASSIGNATS, THE—The depreciation of a paper currency—Shepard Pond—reprinted from The Numismatist, January 1935 by courtesy of the Board of Governors, American Numismatic Association—Boston Numismatic Society, Boston, Mass.—paper.

RADIO NETWORKS AND THE FEDERAL GOVERNMENT—Thomas Porter Robinson—Columbia University Press, New York City—Cloth — $3.50 — publication date June 12, 1943.

REPORT OF THE WARTIME PRICES AND TRADE BOARD—September 3, 1939, to March 31, 1943, for the Dominion of Canada—Printed by Edmond Cloutier, Ottawa, Ont., Canada—paper.

SMALL LOAN BUSINESS, THE, and how its helps the people of New York State—New York State Association of Small Loan Companies, 60 East 42nd Street, New York City—paper.

SEC Registration Revoked

The Securities and Exchange Commission has formally revoked the registration of H. Vaughan Clarke of Philadelphia as a broker-dealer. Mr. Clarke had been sentenced in April by a Federal Court in New York to 90 days in prison and fined $1,000 on charges of mail fraud and conspiracy to violate the Securities Act of 1933. The charges were similar to those lodged in the Federal Court in connection with dealings in stock of the Kinsey Distilling Company, of which Clarke was President at one time.

Proceedings to determine whether he should be expelled from the National Association of Securities Dealers were discontinued since the membership had already been cancelled for non-payment of assessments.

Food Shortage Caused By Government Control

The growing food shortage which is being felt in New York State was blamed on June 8 by Governor Dewey's Emergency Food Commission on Government mismanagement of price ceilings and crop control, said the New York "Journal American" of June 8, which also had the following to say:

After studying the first report submitted to him by the EFC, Governor Dewey said its contents "scream of crisis."

"As is always the case, a nation at war moves from a meat diet to a grain diet," the report said.

It emphasized that Federal action is needed to enable the State's 13,500,000 residents to make the change to a cereal diet without injuring their health.

Victory gardens, home food preservation and the stepping up of productive efforts of farmers will be of no avail, the EFC said, unless there is an alteration of the present price and crop control program.

"Obviously," it pointed out, "our capacity to assist the rest of the world is even more gravely in jeopardy."

"Steps taken by the Federal Government to increase food production have been merely added to agricultural programs established during the 30's and designed to restrict production.

"These restrictive programs, although modified, are still applied and limit the acreage of the best-adapted crops than can be grown, thus preventing farmers from freely organizing their resources for maximum production of essential foods."

The report, recommending a cutting down to a minimum on animal products such as meat, milk and eggs in favor of greater human use of wheat, beans, soybeans, corn and similar products, and in liquidating part of present livestocks, urged that the approach should be made on a truly scientific basis.

Ten NY Meat Packing Plants Closed Because Of Price Ceilings

Ten independent veal and lamb packers have closed their slaughter houses in the New York City area in the last few days and another is expected to close this week because of the price ceilings, said the New York "Journal American" of June 8, which added:

Anthony Lester, business agent for Local 5, Packing House Workers' Union, who made the announcement, said the firms have done 70% of the slaughtering of kosher veal and lamb sold in the city.

Much of the veal and lamb distributed by the closed firms has been supplied to the Army and Navy, as well as for civilian consumption.

Lester listed the firms that shut down as follows:

Eastern Veal & Mutton Co., J. Rothman & Co., Manhattan Veal & Mutton Co., D. Blumberg & Sons, Emanuel Straus, Victory Veal Co., American Veal Co., Feldman Brothers (14th St. veal firm—there is a beef firm by the same name), Charles Beekman & Zucker & Friend.

An eleventh firm, Miller Abattoir, in North Bergen, N. J., will close at the end of the week, Mr. Lester said.

The closing of these firms, which slaughtered 20,000 carcasses a week, means the loss of jobs for 3,000 men in the slaughter houses, wholesale and retail shops, he said.

Calendar of New Security Flotations

OFFERINGS

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., $200,000; 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.

Offered—$15,517,700 debentures June 7, 1943, by Kuhn, Loeb & Co., and associates, the balance of the issue having been subscribed for by preferred stockholders.

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).

According to an amendment filed June 3, the underwriting group, headed by Mellon Securities Corp., includes: Morgan Stanley & Co.; Dillon, Read & Co.; Blyth & Co.; First Boston Corp.; Harriman Ripley & Co.; Smith, Barney & Co.; Drexel & Co.; Kidder, Peabody & Co.; Ladenburg, Thalmann & Co.; Lee Higginson Corp.; Shields & Co.; Stone & Webster and Blodget; White, Weld & Co.; Clark, Dodge & Co.; Dominick & Dominick; Eastman, Dillon & Co.; Glore, Forgan & Co.;

Hallgarten & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Lazard Freres & Co.; Merrill Lynch, Pierce, Fenner & Beane; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; Union Securities Corp.; Dean Witter & Co.; Wood, Struthers & Co.; Bear, Stearns & Co.; Auchincloss, Parker & Redpath; A. G. Becker & Co.; Blair & Co.; Coffin & Burr; Estabrook & Co.; Harris, Hall & Co.; Hayden, Stone & Co.; W. C. Langley & Co.; Carl M. Loeb, Rhoades & Co.; Reynolds & Co.; Riter & Co.; E. H. Rollins & Sons; L. F. Rothschild & Co.; Spencer Trask Co.; Tucker, Anthony & Co.; Wertheim & Co.; The Wisconsin Co.; A. C. Allyn & Co.; Baker, Weeks & Harden; Alex. Brown & Sons; H. M. Byllesby & Co.; Dick & Merle-Smith; Graham, Parsons & Co.; E. F. Hutton & Co.; Laurence M. Marks & Co.; Schoellkopf, Hutton & Pomeroy; G. H. Walker & Co.; Bacon, Whipple & Co.; R. S. Dickson & Co.; F. I. du Pont & Co.; Emanuel & Co.; Equitable Securities Corp.; Hayden, Miller & Co.; J. J. B. Hilliard & Son; McDonald, Coolidge & Co.; Mitchum, Tully & Co.; Biddle, Whelen & Co.; Blair, Bonner & Co.; Central Republic Co.; Cooley & Co.;

Cruttenden & Co.; Fahnestock & Co.; Field, Richards & Co.; Granbery, Marache & Lord; Hawley, Shepard & Co.; Illinois Co.; Janney & Co.; Kay, Richards & Co.; Kebbon, McCormick & Co.; A. M. Kidder & Co.; Laird, Bissell & Meeds; Mackubin, Legg & Co.; Milwaukee Co.; Moore, Leonard & Lynch; Neuhaus & Co.; W. H. Newbold's Sons & Co.; Parrish & Co.; Rauscher, Pierce & Co.; Robinson-Humphrey Co.; Schwabacher & Co.; Chas. W. Scranton & Co.; Singer, Deane & Scribner; Stein Bros. & Boyce; Stillman, Maynard & Co.; Stroud & Co.; Whiting, Weeks & Stubbs; Yarnall & Co.; Almstedt Bros.; Curtiss, House & Co.; First of Michigan Corp.; Folger, Nolan & Co.; Kalman & Co.; A. E. Masten & Co.; Merrill, Turben & Co.; Maynard H. Murch & Co.;

Pacific Company; Watling, Lerchen & Co.; Boettcher & Co.; Bosworth, Chanute, Loughridge & Co.; Brush, Slocumb & Co.; Butcher & Sherrerd; Ferris & Hardgrove; Ingalls, Snyder & Co.; Johnston, Lemon & Co.; Newhard, Cook & Co.; The Ohio Company; Piper, Jaffray & Hopwood; Putnam & Co.; Reinholdt & Gardner; Geo. V. Rotan & Co.; Starkweather & Co.; Stern Bros. & Co.; Geo. G. Applegate; Burns, Potter & Co.; Chaplin & Co.; B. V. Christie & Co.; C. C. Collings & Co.;

J. M. Dain & Co.; R. L. Day & Co.; Fahey, Clark & Co.; Farwell, Chapman & Co.; Ferris, Exnicios & Co.; First Cleveland Corp; Grubbs, Scott & Co.; Jenks, Kirkland & Co.; Johnson, Lane, Space & Co.; Schmidt, Poole & Co.; Schneider, Bernet & Hickman; Shuman, Agnew & Co.; Sills, Troxell & Minton; I. M. Simon & Co.; Wm. R. Staats & Co.; Stix & Co.; Lowrey Sweney & Co.; Swiss-American Corp.; Walker, Austin & Waggener; Weeden & Co.; Whitaker & Co.; Harold E. Wood & Co., and Woodard-Elwood & Co.

Registration effective 5:30 p. m. EWT on June 3, 1943.

Offered June 7, 1943, by Mellon Securities Corp. and associates, at $47.50 per share.

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).

Offered June 4, 1943, at 100 and int. by H. M. Byllesby & Co., Inc., and associates.

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 June 1, 1943, to defer effective date.

(This list is incomplete this week.)

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

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

Offerings will rarely be made before the day following.

SUNDAY, JUNE 13

SECURITY INSURANCEE COMPANY OF NEW HAVEN

Security Insurance Company of New Haven has filed a registration statement for 50,000 shares of capital stock, par value $10 per share, and subscription warrants evidencing rights to subscribe to the stock.

Address—175 Whitney Ave., New Haven, Conn.

Business—Company is a fire and marine insurance company.

Offering — Company proposed to offer the new stock to present stockholders at a price to be named by amendment one share of new stock for each four shares held on the record date. The record date will be supplied by amendment. Provision has been made for the offering of any unsubscribed shares of capital stock by certain underwriters.

Underwriting—The names of the underwriters and the amounts of stock to be purchased by each will be supplied by amendment.

Proceeds — Net proceeds from the sale will be added to, and used as a part of, the company's general funds. Of such proceeds, an amount equal to the total par value of shares sold will be credited to capital stock account and the balance will be credited to surplus.

Registration Statement No. 2-5145. Form S-1 (5-25-43).

TUESDAY, JUNE 15

BEATRICE CREAMERY COMPANY

Beatrice Creamery Company has filed a registration statement covering 91,317 shares of $4.25 cumulative preferred stock, without par value.

Address—1526 South State St., Chicago. Company expects to move its executive office to 120 South La Salle St., Chicago, on or about July 1.

Business—Company and its subsidiaries are engaged principally in the manufacture and sale of butter, ice cream, condensed milk, buttermilk, dried milk and cheese, the distribution of milk, eggs, frozen foods, oleomargarine, operation of cold storage plants, and in practically every branch of the dairy business.

Offering — The $4.25 cumulative preferred is offered for exchange by the company to the holders of its outstanding $5 cumulative preferred stock on a share for share basis. Holders of $5 cumulative preferred accepting the offer of exchange will receive the quarterly dividend, payable July 1, 1943, with respect to their shares of stock.

Underwriting—The shares of $4.25 cumulative preferred not exchanged have been underwritten. The underwriters are: Glore, Forgan & Co., Chicago; Hayden, Stone & Co., New York; W. E. Hutton & Co., New York; Mellon Securities Corp., Pittsburgh; First Trust Co. of Lincoln, Lincoln, Neb.; Central Republic Co., Inc., Chicago; Kebbon, McCormick & Co., Chicago; Lee Higginson Corp., Chicago; Wisconsin Company, Milwaukee; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farwell, Chapman & Co., Chicago; G. H. Walker & Co., St. Louis; Boettcher & Co., Denver; Bosworth, Chanute, Loughbridge & Co., Denver; Maynard H. Murch & Co., Cleveland; Kirkpatrick-Pettis Co., Omaha, and Burns, Potter & Co., Omaha. Offering price to the public will be supplied by amendment.

Proceeds — Proceeds from sale of any stock to underwriters, with other funds of the company, will be used to effect the redemption on Oct. 1, 1943, of all of the then outstanding $5 cumulative preferred stock at $102.50 per share plus accrued dividends.

Registration Statement No. 2-5146. Form A-2 (5-27-43).

WEDNESDAY, JUNE 16

ALL AMERICAN AVIATION, INC.

All American Aviation, Inc., has filed a registration statement for 26,218 shares of convertible non-cumulative preferred stock, par $25 per share, and an indeterminate number of shares of common stock, par $1 per share, to be reserved for issuance upon the conversion of convertible non-cumulative preferred stock into common stock.

Address—200 West Ninth St., Wilmington, Del.

Business—Present business is conducted by its two major divisions, Air Transport Division and the Manufacturing Division.

Underwriting—If any offering is made through underwriters their names will be supplied by amendment.

Offering — The preferred stock will be initially offered by the company for sale at $25 a share to holders of ten or more shares of company's common stock on the basis of one share of preferred stock for each full ten shares of common. The period within which holders of common stock may exercise their rights to subscribe to shares of preferred stock will expire ten days after the initial date of offering. Thereafter any remaining shares of preferred stock will be offered to the general public at $25 a share, or the company may offer any remaining shares to underwriters for sale to the public at $25 a share.

Proceeds — Will be applied to finance the company's operations under its contracts with the U. S. Government and to discharge certain of its outstanding obligations.

Registration Statement No. 2-5147. Form S-2. (5-28-43).

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.

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 June 1, 1943, to defer effective date.

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

Rail-Union Wage Inquiry Opened—No Strike Threat Seen

Edward J. Flynn, former Chairman of the Democratic National Committee, and Counsel for the five railroad brotherhoods, at a hearing in New York, before an Emergency Board appointed by the President from the National Railway Labor Panel, on June 7 gave assurance that no strike is contemplated if the demands of the approximately 400,000 railroad employees for a 30% increase in pay are not met. Walter P. Stacey (Chief Justice of the South Carolina Supreme Court), Dr. I. L. Sharfman (Professor of Economics at the University of Michigan) and Frank M. Swacker (New York attorney) constitute the Board.

Jacob Aronson, Vice President of the New York Central RR., and General Counsel for the railroads, stated that present wages of railroad employees are very substantially above the average wages of other industrial workers of this country and declared the belief of *the management that no wage increase is warranted and none is* permissible under the stabilization program of the Federal Government. He added: "I know that the members of the brotherhoods are making no threat to strike. I do not think, however, that they are entitled to capitalize on the threat of a strike. Such a strike now on the railroads, in wartime, would make all of us hang our heads in shame."

N. Y. Stock Exchange Weekly Firm Changes

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

Proposed transfer of the Exchange membership of Harold R. Sweet to Davies Tainter will be considered by the Exchange on June 10. Both are partners in Pell & Company.

Uzal Oakley retired from partnership in A. M. Kidder & Co., New York City, as of May 31.

Transfer of the Exchange membership of Zalmon G. Simmons, Jr., to H. Walter Mewing will be considered on June 17. Mr. Ewing will continue as a partner in D'Assern & Co., New York City.

Jules S. Bache, general partner in J. S. Bache & Co., New York City, also became a limited partner effective June 1.

Interest of the late Reginald Bradlee in Chandler Hovey & Co., Boston, Mass., ceased as of May 19.

Rail Situation Interesting

The current situation in Chicago North Shore & Milwaukee Railroad Company offers attractive possibilities according to a comprehensive memorandum issued by Brailsford & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. Copies of this interesting memorandum may be had from the firm upon request.

"Our Reporter On Governments"

By S. F. PORTER

The way this market goes "down" is to "stand still". . . . It rallies for weeks, then quiets down, holds, gets nowhere and gathers strength in so doing. . . . It looks good all right and no one who has been watching the situation closely would dare deny that. . . . But. . . . It's a long way from the bottom. . . . The advance has been continuing for many months. . . . Thousands of institutions with their attention concentrated on the market now have nice profits and are thinking in terms of those profits. . . . The dealers are reporting in statements that indicate growing caution. . . . For instance, one says "I've my fingers crossed at this stage even though I can't see any reason why it should react". . . . And when you've seen a market rise persistently and consistently for months, it's logical to draw back. . . . Others outside of you probably are feeling the same way. . . .

A major decline? . . . No, the Federal Reserve Committee wouldn't permit that, even if the cause arose. . . . But a check among the authorities reveals they wouldn't mind seeing just a steady market for a bit. . . . They're willing to sell and are selling bonds to accomplish this end. . . . And that's an atmosphere you should be cognizant of at this market level. . . . Incidentally, watch the weekly figures on Federal Reserve purchases and sales in the open market and on the totals of various obligations held. . . . In those statistics, published Friday, released late Thursday night from Washington, you'll find the clue to the way the Federal Reserve views things. . . . When it's selling heavily, you may conclude with ample justification that the market has been much stronger in the previous week than you can tell from the surface price quotations. . . . When it begins buying, you may judge that the market has been weaker and some large-scale liquidation from a commercial bank or insurance company has appeared. . . .

Lately, the Federal Reserve has been selling. . . . To hold back the price rise. . . .

THE NEW ISSUE

While Secretary Morgenthau has stated the $2,500,000,000 issue will be open to all subscribers on the offering date, June 28, the general opinion around the Street is that this will be one of the old-time regular open market deals. . . . Which means. . . . Quick over-subscriptions. . . . Primarily bank buying. . . . Free riding. . . . The public won't know the deal is on until it's over. . . . A 24 to 48-hour limit on the opening of books. . . . Some premium to be anticipated on the new issue immediately. . . .

This is the way the June 28 operation shapes up now, and unless Morgenthau decides to fool us all, this is exactly the sort of operation you should count on. . . .

Of course, the purpose of the offering is redemption of the $454,099,000 3⅜s and $629,000,000 of 1⅛s, coming up for payment June 15. . . . Only Morgenthau is going through the intriguing and most significant process of "delayed refunding," so that holders will not get the benefit of "rights" and so that no precedent for privileges on refunding will be set at this time. . . . The 3⅜s and 1⅛s will be paid off. . . . The money to make up for this drain and to provide another billion-plus will be obtained two weeks later. . . . It's sensible; makes a good picture all around for the Treasury. . . . As for holders, they should not have anticipated anything but outright redemption, anyway. . . . For weeks this column has been pointing out that fact and suggesting that the program was (1) a separate offering for banks, and (2) a public bond drive in late Fall. . . .

Morgenthau is getting plenty of cash, incidentally. . . . Bill offerings now are up to the $1,000,000,000 mark, for the maturing issues are at the $800,000,000 level and the policy is to obtain $200,000,000 of new money a week. . . . It's hard to say whether a billion will be the limit on these bill offerings. . . . Until now, that has been the idea, but there are no signs that the saturation point has been reached on bill flotations and it may be that the Treasury will try to get up to the $1,500,000,000 mark eventually. . . .

England has done a superb job in putting over these short-term financings. . . . We've caught on to the technique, too, and may go on indefinitely as long as the Federal Reserve maintains its repurchase agreement. . . .

By September the cycle will be complete and all bill issues out will total $1,000,000,000. . . . Then the Treasury will have to decide on what to do about increasing the total of new offerings at the roll-over date each week. . . .

A NOTE OR BOND?

At first, the impression around the financial district was that the new $2,500,000,000 issue would be in the form of 2% bonds due in 10 years or less. . . . Morgenthau had said the loan would be within the 10-year limit. . . . The first idea was a 2% issue again, therefore, and the consequence was a slight fall-back in the intermediate bond bracket. . . .

But is that so sure? . . . Might it not be a note instead? . . . A note due in, say, four years? . . . In 1947, so that the note classification is built up for a while. . . . There haven't been many note issues out recently. . . . Banks seem to want these as much as anything else. . . . There is no reason why Morgenthau should neglect this section of the market in order to over-emphasize a section which has had plenty to absorb in the last few months. . . .

Banks have plenty of ⅞% certificates. . . . They've had considerable opportunity to buy 2% bonds and build portfolios of these. . . .

They've had mighty little chance recently to buy notes. . . .

So look for a 1947 note, extending this part of the list into a new year. . . . And expect an instantaneous reaction on the part of the banks if the Treasury decides to follow this course. . . .

As for the bond section, which felt the pressure of the financing announcement, some indication of the growing belief that a note may be what's ahead may be seen in the come-back in the intermediates the day after the announcement. . . .

INSIDE THE MARKET

Selection of W. Randolph Burgess, Vice-Chairman of the Board of National City Bank to be Chairman of the New York State War Finance Committee greeted with enthusiasm by bond dealers and bankers. . . . Burgess is considered an expert on all fields of financing. . . . His record as Vice-President of the New York Federal Reserve Bank was superb. . . . Feeling is he'll handle the bond drives with expert tact and success. . . .

Morgenthau due to get more than $4,000,000,000 from June tax collections. . . . Along with new issue and proceeds from war bond and tax note sales, he'll be in excellent shape to go through Summer and September. . . . Bond drive due in mid-October, according to latest estimates. . . .

One guess about the significance of the bracketing of bond dealers, insurance companies and banks under the guidance of the Reserve Banks is that the Treasury has a plan for getting cash from these sources at set intervals throughout the year. . . . Idea would be to have dealers in this so they could handle whatever shifts in bonds and funds take place. . . . And Reserve Banks are at head because they know what the deposit-cash situation in those institutions is and can report it at the proper times. . . .

Feeling among experts still is that many small banks hold too many certificates of indebtedness on the theory that these are safest. . . . They are—for a large bank which must have diversification and a greater total of funds on hand for demand calls. . . . They're not and are a waste of precious interest for a smaller bank which needn't follow the diversification rules to such an extent. . . . These well might sell the c.is, stretch out into the five to eight-year maturity brackets and make considerably more on interest. . . .

J. J. Flanigan With Buckley Bros. In L. A.

LOS ANGELES, CALIF.—John J. Flanigan, formerly bond trader with Pledger & Co., has become associated with Buckley Brothers, members of the New York and Philadelphia Stock Exchanges, as manager of the trading department of their local office at 530 West Sixth St. In the past Mr. Flanigan was with Akin-Lambert Co., Chas. E. Quincey & Co., Conrad, Bruce & Co., Citizens National Co., Bancamerica Blair Corp., and C. F. Childs & Co.

Situations Look Good

J. F. Reilly & Co., 111 Broadway, New York City, have prepared interesting circulars on Botany Worsted Mills, Punta Alegre Sugar, and York Ice, which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had from J. F. Reilly & Co. upon request.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, have prepared the current issue of their "Over-the-counter Review," copies of which may be obtained upon request from the firm.

First Bonus Bill Is Introduced In House

Representative Baldwin introduced in the House on June 8 a bill to provide an average of $300 to $400 in bonuses for each member of our armed forces and Merchant Marine at the end of the war, said a United Press advice from Washington on June 8, which also said that it was the first measure introduced to provide a post-war bonus for veterans of the present war.